

Billion-Dollar UAE Data Center Project Faces Persistent US Security Concerns

June 7, 2025



A multi-billion dollar initiative to establish one of the world's largest data center hubs in the United Arab Emirates (UAE), involving significant American technology contributions, continues to be hampered by persistent security concerns from U.S. officials, according to a recent report by Reuters. The ambitious deal, which aims to propel the UAE's artificial intelligence capabilities, remains unfinalized.

The proposed 10-square-mile data center site is being financed by **G42**, a UAE state-linked technology company. G42 is spearheading the development of the nation's AI industry. Major technology companies, including **Nvidia** (NASDAQ: NVDA), **OpenAI**, **Cisco** (NASDAQ: CSCO), **Oracle** (NYSE: ORCL), and Japan's **SoftBank** (TYO: 9984), are collaborating with G42 on the initial phase of the project, known as "Stargate UAE," which is slated for launch in 2026.

Despite the collaborative efforts, U.S. officials have yet to establish clear security protocols for the export of advanced chips or finalize the enforcement mechanisms for the agreement with the Gulf state. This ongoing lack of resolution has left the deal in limbo. While Abu Dhabi previously pledged to align its national security regulations with Washington's, including measures to prevent the misuse of U.S. technology during a visit by then-President Trump, concerns persist.

The core of these concerns revolves around the UAE's close ties with China. The Reuters report highlights that these issues have been consistent across both the Biden and Trump administrations, raising questions about the Gulf state's reliability as a strategic partner. Specifically, some U.S. officials remain skeptical about the UAE's ability to effectively prevent American technology from potentially reaching adversaries of Washington. Past instances, such as the UAE and other Gulf states proceeding with the deployment of Huawei 5G technology despite U.S. opposition during Trump's first term, underscore these ongoing

anxieties. The report did not indicate any new evidence had surfaced, but rather that existing concerns have yet to be satisfactorily addressed.