Trading history for investment

Carney's opportunistic play against Iran



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OPINION
EXCLUSIVE

Mark Carney's October 28 joint statement with Abu Dhabi Crown Prince Sheikh Khaled bin Mohamed bin Zayed Al Nahyan did more than reaffirm Canada's growing partnership with the United Arab Emirates. It inserted Ottawa into one of the Persian Gulf's most sensitive territorial disputes, explicitly describing Abu Musa, Greater Tunb, and Lesser Tunb as UAE islands under occupation by Iran. The language was categorical. The historical and legal questions, however, are considerably more complicated.

For Tehran, the three islands are an inseparable part of Iranian territory. Their sovereignty is not a matter that can be settled through diplomatic declarations issued by foreign governments, particularly those whose economic interests are closely intertwined with one of the parties to the dispute. Carney's intervention therefore deserves scrutiny not simply as a diplomatic disagreement, but as a case study in the increasingly transactional character of Western foreign policy.

A diplomatic declaration with an economic context

The timing of Carney's statement is difficult to overlook. The declaration followed an intensive effort by Canada and the UAE to transform their bilateral relationship into a strategic economic and security partnership. On October 27, the two governments signed a Comprehensive Economic Partnership Agreement after just 47 days of negotiations.

The agreement is designed to reduce or eliminate tariffs on more than 99 percent of current Canadian exports to the UAE. More significantly, Ottawa welcomed the UAE's commitment to invest $70 billion in Canada, covering opportunities in energy, infrastructure, technology, logistics, and other strategic industries. The two governments also advanced defence cooperation and established a broader framework for political and economic collaboration.

These are substantial interests. Canada is seeking to diversify its international trade relationships, attract foreign capital, and reduce its economic vulnerability to an increasingly uncertain relationship with the United States. Against this background, Carney's endorsement of Abu Dhabi's position on the islands raises a legitimate question: has Ottawa allowed the pursuit of economic opportunities to influence its approach to a contested question of sovereignty? There is no publicly established evidence that the islands issue was explicitly exchanged for investment commitments. Such a claim would go beyond the available record. Nevertheless, the political timing creates an appearance of alignment that Canada has a responsibility to address.

The concern is not that Canada is pursuing investment from the UAE. States are entitled to develop commercial relationships. The concern is whether the pursuit of capital has encouraged Ottawa to adopt a position on another country's territorial sovereignty without adequately confronting the historical and legal complexities involved. In that sense, Carney's approach resembles a familiar pattern in Western engagement with wealthy Persian Gulf monarchies: economic access, strategic cooperation, and political accommodation increasingly operate together.

History cannot be rewritten through a joint statement

The three islands occupy a strategically important position near the entrance to the Strait of Hormuz, one of the world's most consequential maritime energy corridors. Their history predates the establishment of the UAE in 1971. Iran's connection to the islands is rooted in a much older regional history, and Tehran maintains that its sovereignty over them is supported by historical records and long-standing administrative ties.

The events of November 1971 are particularly important. As British forces withdrew from the Persian Gulf, Iranian forces established control over Greater Tunb and Lesser Tunb, while Iran and the Emirate of Sharjah reached a memorandum of understanding concerning Abu Musa. The UAE was established on December 2, 1971, shortly after these developments. Abu Dhabi disputes Iran's interpretation of these events and maintains that all three islands belong to the UAE. This is a claim that Tehran calls it as false. The existence of a competing claim does not transform that claim into an internationally established legal fact.

Crucially, no binding judgment by the International Court of Justice has awarded sovereignty over the three islands to the UAE. Nor has a binding United Nations Security Council resolution established that Iran's administration of them constitutes an unlawful occupation. This distinction matters. Calling the islands occupied UAE territory is not simply acknowledging that a dispute exists. It is adopting one side's legal and historical interpretation as though it were an established international determination. Carney's statement offers no detailed historical or legal reasoning to justify that conclusion. A government genuinely committed to international law should be particularly careful about making categorical declarations on sovereignty disputes without explaining the evidentiary basis for its position.

Politics of Western courtship

There is a broader geopolitical dimension to this episode. For years, Western governments have competed to deepen their economic and strategic relationships with Persian Gulf monarchies. The UAE, with its sovereign investment resources, international financial networks, energy infrastructure, and growing role in regional security, has become an especially attractive partner.



Canadian Prime Minister Mark Carney (back-R) and Sheikh Khaled bin Mohamed bin Zayed Al Nahyan (back-L) participate in a signing ceremony in Ottawa, Canada, on October 27, 2026.
JUSTIN TANG/ THE CANADIAN PRESS

Canada is no exception. Carney's government has explicitly identified the UAE as a key partner in its strategy to diversify trade and attract investment. The $70 billion investment commitment has been presented as a major achievement of Canadian economic diplomacy. The relationship also extends beyond trade. Defence cooperation, energy partnerships, critical minerals, artificial intelligence, and infrastructure are all part of the expanding bilateral agenda.

In this environment, political accommodation can become an instrument of economic diplomacy. The question is whether Carney has crossed that line. His endorsement of the UAE's territorial narrative, delivered during a high-profile effort to consolidate the relationship, provides grounds for examining whether commercial priorities have taken precedence over diplomatic caution. The term opportunism is relevant here as an interpretation of the timing and political incentives, rather than as proof of a private bargain.

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Ottawa may see political alignment with Abu Dhabi as a relatively inexpensive way to strengthen a valuable partnership. For Iran, however, the implications concern territorial sovereignty and national interests. The asymmetry is striking: Canada gains access to investment and strategic opportunities, while its declaration creates diplomatic costs for a country with which it has no comparable economic partnership.

Double standard in Canada's foreign policy

Carney's position also raises questions about Canada's commitment to the principles it invokes in its own international diplomacy. The joint statement itself reaffirms the importance of sovereignty, territorial integrity, non-interference in domestic affairs, and the peaceful settlement of disputes.

Yet, in the same document, Canada endorses the UAE's claim that Iran is occupying Emirati territory! This juxtaposition is difficult to reconcile. If territorial integrity is a fundamental principle of international relations, it cannot be selectively applied according to the political preferences of a country's economic partners. Nor should the sovereignty of one state be treated as negotiable simply because another state has greater financial leverage or strategic importance.



The map shows the strategic position of the three Iranian islands of Abu Musa, Greater Tunb, and Lesser Tunb in the middle of Persian Gulf shipping and tanker lanes near the Strait of Hormuz.
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Canada would undoubtedly object if another government unilaterally endorsed a competing territorial claim against Canadian territory in an official bilateral declaration. Iran is entitled to expect the same consideration. This is particularly important because diplomatic language carries consequences. Describing a territory as occupied is not an innocent rhetorical choice.

It implies that the administering state is exercising control over territory belonging to another sovereign state. Such language can reinforce political pressure, deepen regional divisions, and complicate diplomatic efforts. Ottawa should explain why it believes this particular dispute warrants such an unequivocal formulation.

What Canada could have done differently

Canada was under no obligation to endorse Tehran's position in order to maintain constructive relations with Abu Dhabi. Equally, it was under no obligation to endorse the UAE's territorial claims. A more consistent diplomatic approach would have acknowledged the existence of the dispute, encouraged direct negotiations, and supported peaceful mechanisms for resolving competing claims without prejudging the outcome. Such a position would have allowed Canada to strengthen its economic relationship with the UAE while avoiding unnecessary confrontation with Iran. Instead, Carney chose language that effectively elevated Abu Dhabi's preferred interpretation into Canada's official diplomatic position.

That choice deserves particular attention because the joint statement simultaneously invokes international law as a foundation of bilateral cooperation. A credible commitment to international law requires more than repeating familiar principles. It requires applying them consistently, especially when doing so may be inconvenient for economic or strategic partners.

Iran's sovereignty is not a commercial bargaining chip

The Persian Gulf is not merely a geographical space through which global energy supplies pass. It is a region with deep historical connections, complex political relationships, and competing security interests. The three islands are particularly significant because of their strategic location and their importance to Iran's territorial integrity. For Tehran, the issue cannot be separated from its broader national security interests. Nor can the historical relationship between Iran and the islands be erased through declarations negotiated in Ottawa.

Canada is entitled to maintain close relations with Abu Dhabi. But neither relationship gives the Canadian government a special authority to determine the sovereignty of Iranian territory. The distinction between diplomatic support and legal determination must remain clear. Carney's statement has exposed a fundamental tension in Canada's approach to the region: Ottawa wants the economic advantages