The UAE in a Changing Geopolitical and Economic Landscape
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Editor’s Introduction

The UAE in a Changing Geopolitical and Economic Landscape

In less than 50 years since its independence in 1971, the United Arab Emirates has been transformed from barren deserts whose inhabitants depended on the fishing and pearling industries to futuristic metropolises with towering buildings and top-notch infrastructure. This transformation has served as a source of soft power, thrusting the UAE onto the global stage. In fact, the UAE’s multifarious concerted efforts to develop soft power resources have gone beyond the terrestrial realm in the form of a space mission to Mars launched in 2020, albeit with borrowed technology.

The transformation of the UAE is due largely to visionary leadership and the financial resources amassed from the discovery and exploitation of the world’s seventh-largest oil reserves. It has also been driven by the realisation that these reserves are not infinite, especially in the case of Dubai, and that there is a need to diversify the economy, focusing on the trade, shipping, tourism, construction and financial services sectors. Nevertheless, the liquidity derived from the sale of oil is still the most important element driving the UAE economy. But oil revenues have been severely hit in recent years. The shale revolution and
decarbonisation efforts in several developed countries have rendered oil less relevant, and since 2014 oil prices have been lower than in previous years.

Fast forward to 2021, and the Covid-19 pandemic and severe lockdowns in economies around the world have hit the UAE economy as well. Given the Arab Spring experience a decade ago, the Gulf monarchies like the UAE would need to be able to continue dispensing largesse to their populations in order to remain in power. The UAE will have to rely on its ability to attract capital and people. The country will continue to develop new industries such as the space industry while maintaining traditional industries such as logistics, construction, air travel, finance and entertainment to remain the hub for the Middle East, East Africa and South Asia.

On the security front, the UAE has bucked regional trends in the past two decades. The Gulf monarchies have largely failed to build strong military forces, in part because of fears that such forces could overthrow them. They have always preferred external security guarantors, notably, the United States, and diplomacy to fend off external threats. The UAE, however, has developed its military into a highly capable force, winning praise from the major powers. Indeed, US General James Mattis nicknamed the UAE the “Little Sparta” for its military capabilities. The Emirati military has been engaged in conflicts in several theatres in the Middle East and Africa with a view not only to destroying Islamist groups there that could threaten the UAE regime but also securing its own influence in the region. To put the country’s capabilities into perspective, the UAE forces have more combat experience today than China’s forces, which last fought a war in 1979 against Vietnam.
Yet, the security situation in the UAE’s neighbourhood remains challenging, with Yemen, Iraq, Libya and Syria still mired in conflict. While the United States has redefined its policy towards the Middle East in the past few years, Iran and Turkey have become more assertive in the region. Meanwhile, the UAE and several other Middle Eastern states have begun to normalise relations with Israel, which could bring about geopolitical and economic changes.

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Against this backdrop, this issue of Insights seeks to throw light on how the UAE is responding and adapting to the new realities on various fronts. Tackling the UAE’s economy, Monica Malik and Thirumalai Nagesh note that the country was already experiencing severe stresses even before the pandemic. These were due to the collapse in oil prices, the consequent contraction in regional demand and increased regional competition in sectors such as transportation, logistics and finance. Apart from looking at the government’s support measures and stimulus packages in response to the pandemic, Malik and Nagesh examine its broad-based structural reform efforts since 2018 to diversify the economy, strengthen the investment climate and boost the country’s economic competitiveness. However, as they stress, these reform efforts can only gather momentum once some of the headwinds subside.

Technology and innovation are the key drivers of productivity and economic growth today, and, as noted by Malik and Nagesh, the UAE has been especially focused on encouraging knowledge-based growth, including the development of new technology-related sectors and industries. In this connection, Martin Hvidt looks at the structural
barriers that have stood in the way of building a strong indigenous technological foundation in the UAE even as the country continues to welcome foreign investors, foreign technology and foreign technology workers. He notes that the education system has not prepared the younger generations to pursue careers in the natural or technical sciences, nor is the incentive structure in these fields sufficiently attractive, compared with that of the management track. However, the UAE government seems to be addressing these concerns, which is encouraging. As Hvidt points out, some of the country’s recent high-profile initiatives, such as its ambitious space programme, are intended in part to inspire young Emiratis to pursue careers in science and technology.

The transformation of the UAE in the last decades has been fuelled largely by the influx of foreign businessmen, professionals and labourers — an influx that has led to a huge demographic imbalance: 90% of the country’s inhabitants today are foreigners. Hadrien Dubucs analyses how the UAE has had to strike a difficult balance between preserving the privileges and identity of its citizens and protecting the rights of foreigners who live in the country and contribute to its economic development. The Covid-19 pandemic and its impact on the job market will no doubt accentuate this challenge.

Pursuing the question of the UAE’s identity, Matthew MacLean discusses how an Emirati identity developed and took shape in the young federation. He contends that the Emirati national identity derives not from pan-Arabism, a khaleeji (Gulfi) identity or tribalism but the common experience of massive modernisation that began in the 1960s and accelerated in the 1970s. MacLean stresses that Emirati identity is a contested notion, as is the question of identity in many other nations. Some Emiratis, he notes, challenge exclusivist, territorial-based notions of Emirati-ness while others reject both pan-Arabism and the rich
cosmopolitan heritage of the traders and seasonal migrants from whom today’s Emirati nationals are descended.

Changes have also taken place on the foreign policy and security fronts. The perceived US disinclination for military involvement in the Middle East, the strategic challenge posed by Iran and the existential threat posed by Islamist forces domestically and regionally have propelled the development of an independent military capability in the UAE. David Roberts looks at how, under the leadership of Crown Prince Mohammed bin Zayed, the UAE military has grown to become a potent force in the Gulf region, where armed forces have traditionally been considered paper tigers. He highlights the ability of the UAE to conduct complex military operations overseas and its emergence as a new military force in the wider Middle East and North African region as well.

Jean-Loup Samaan goes further in discussing what he calls the UAE’s desire to develop “strategic autonomy”. He highlights the UAE’s efforts to develop new international partnerships even as it maintains its traditional proximity to Western powers. Starting with the forging of a political and military alliance with Saudi Arabia in December 2017, normalisation with Israel in August 2020, and active cooperation with China to develop UAE ports and allow them to be used as regional hubs for the shipment of Chinese goods, the UAE has undertaken “diplomatic diversification to achieve greater strategic autonomy”, Samaan notes.

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Economic Policy Focusing on Supporting Economic Activity

By Monica Malik and Thirumalai Nagesh

Abstract

Among the Gulf Cooperation Council members, the UAE has been particularly proactive in carrying out economic policy adjustment and reforms over the past few years. The regional economic outlook has deteriorated since mid-2014, when oil prices collapsed, and the country today faces new challenges arising from the global pandemic. This paper explores the reforms undertaken by the UAE to support the economy and develop new sectors.

Introduction

Even before the economic stresses arising from the onset of the Covid-19 pandemic, the economy of the UAE had been affected by several developments — the collapse of oil prices towards the end of 2014; the contraction in regional demand as lower oil prices forced the other Gulf Cooperation Council (GCC) countries to cut spending and introduce fiscal reform measures (largely between 2015 and early 2018); and increased regional competition, including in areas

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1 This article was first published on the MEI website on 8 September 2020.
such as transportation, logistics and finance. Other challenges are the weakening global demand since 2018 and a strong US dollar. The open and externally oriented nature of the UAE economy, notably its oil sector and its position as a trade and services hub, makes it susceptible to these rising risks.

The UAE government’s policy focus until 2018 was on fiscal consolidation and adjustment to the weaker oil price outlook. The measures it undertook included retrenchment in government spending and consolidation of government-related entities, alongside a number of fiscal reforms. Subsidies on utilities were lowered significantly (particularly in Abu Dhabi) and fuel prices were liberalised in August 2015. Measures were also introduced to deepen non-hydrocarbon government revenues, such as the introduction in October 2017 of an excise tax on unhealthy goods, eg, tobacco products, energy drinks and carbonated drinks, and a 5% value-added tax (VAT) in January 2018.

However, since 2018, the UAE’s economic policy has largely focused on supporting economic activity, including developing new industries and reducing pressure on corporates. The fiscal reforms had been vital to boosting longer-term fiscal resilience and adjusting to the lower medium-term oil price outlook, but they placed downward pressure on domestic demand. The reforms (such as the introduction of VAT) and labour market uncertainties had thus resulted in soft household consumption and confidence.

Corporates in the UAE have been reducing prices to support external and domestic demand; this in turn has placed downward pressure on margins and resulted in a focus on lowering costs, including labour, which adds to the softness in the labour market. The reduction of prices by corporates to boost their competitiveness is a central adjustment process under the pegged currency regime.
Support Measures to Spur Economic Growth

The government’s proactive stance towards supporting growth is reflected in a number of economic packages and structural reforms announced since mid-2018. The measures have been undertaken at both the federal and emirate levels and are broad-based and diverse in nature. They include policies to reduce short-term pressure on corporates and individuals, alongside initiatives to improve the business environment and raise investment levels (domestic and international). These initiatives aim to revive economic activity, attract skilled labour, develop new industries and raise the economy’s growth potential.

The government has also moved to loosen aspects of fiscal policy, turning expansionary since 2018; no new meaningful fiscal reform measures have been introduced since the VAT. Over a two-year outlook period, we expect fiscal policy to remain accommodative, aimed at supporting and bolstering economic activity.

Government-related entities (GREs) have announced separate support initiatives. Notably, Abu Dhabi National Oil Company (ADNOC) has introduced the In-Country Value programme for its suppliers. This is a procurement-led initiative focused on local suppliers and the localisation of critical functionalities in the oil and gas industry. Moreover, the programme aims to support the economy through diversification, the building of additional industrial clusters and an Emiratisation programme, which includes developing the skills of nationals.
Abu Dhabi’s Ghadan 21 programme

In June 2018, Abu Dhabi announced a three-year package valued at AED 50 billion\(^2\) to stimulate growth, known as Ghadan 21, which means “tomorrow” in Arabic. The programme is aimed at accelerating Abu Dhabi’s transition to a competitive and productive economy and has four pillars:

(i) **Measures to support private sector activity**: including support to small and medium enterprises (SMEs);
(ii) **Knowledge-based economy**: with the key themes of research and development, a technology hub, and attracting technology talent and companies;
(iii) **Education and employment**: based around the themes of education and employment, social support, housing and communities, and civil society;
(iv) **Liveability initiatives**: centred on themes that include mobility, nature, healthy and sustainable lifestyles, marketing, and smart cities.

Within these broad categories, the package aims to: (a) create 10,000 jobs for Emiratis in the private and public sectors; (b) improve the business environment; (c) support new industries; (d) develop SMEs; and (e) encourage tourism. For the nearer term, amnesties on overdue licence renewal fees and accelerated settlement of all delayed payments to private sector contractors have been announced.

Among the details of the package announced subsequently was the issuance of dual licences for companies in free-trade zones, which was aimed at supporting the business environment by enabling these corporates to work outside of these areas and participate in government

\(^2\) As of 1 June 2018, 1 AED was approximately US$0.27.
tenders. In June 2019, Abu Dhabi announced further details of measures linked to Ghadan 2021, broadly centred around nine initiatives. These included: (a) government guarantees for SME loans; (b) instant business licences; (c) variable electricity tariffs for the industrial sector (with up to a 40% discount); and (d) support for ecotourism in the emirate. Following the outbreak of the global Covid-19 pandemic, further support measures were introduced under the Ghadan-21 programme (see box below).

**Reduction in government fees**

Meanwhile, in mid-2018, Dubai announced that it would waive or lower a number of government fees to support key sectors. Examples include the aviation industry, where the government waived fees in 19 areas, including airplane landing charges. Dubai’s Executive Council also approved plans to reduce Dubai municipality levies on businesses. Other measures included waiving the fine imposed by the Dubai Land Department for failure to register property within 60 days and freezing private school fees for the 2018–2019 academic year.

At the federal level, the Ministry of Economy announced new fee structures for some 110 government services in July 2019, with costs cancelled for 102 services and halved for the remaining eight. The amended fees constitute 47% of the total fees levied by the ministry, according to Minister of Economy Sultan bin Saeed Al Mansouri. In October 2019, the minister said he expected more government entities to reduce federal fees.
Response to Covid-19

At the federal level, the UAE announced a number of support measures in March 2020 to counter the economic impact of the Covid-19 pandemic, which will be vital in reducing near-term pressures on corporates and households. The Central Bank of the UAE announced a targeted economic support scheme to the tune of AED 100 billion to provide temporary relief for up to six months for corporates and individuals facing difficulties in meeting outstanding loans. The size of the package is meaningful, at 6.5% of estimated 2019 GDP and 5.8% of gross outstanding loans in January 2020. We believe the most significant measure is a central bank fund of AED 50 billion from which banks can access interest-free loans (collateralised). Also, AED 50 billion will also be freed up from banks’ capital buffers. A number of other support measures were announced, including lowering the capital requirements for SMEs by 15-25% in order to increase lending to this sector. The Central Bank of the UAE announced a second support package in early April, which included a reduction in the reserve requirement for demand deposits to 7%, from 14% earlier (injecting approximately AED 61 billion of system-wide liquidity), while an additional AED 95 billion of liquidity buffer relief was also announced. These measures are central to ensuring comfortable liquidity in the banking sector and lending to the UAE economy.

A number of larger corporates in Abu Dhabi and Dubai (property developers and banks) have announced relief packages to support their business partners and customers.

Abu Dhabi launched a new set of initiatives under its Ghadan 21 programme equivalent to around AED 9 billion. Some of the measures included AED 5 billion in water and electricity subsidies for citizens and the commercial and industrial sectors and AED 3 billion for an SME credit guarantee scheme.

Dubai announced an AED 1.5 billion stimulus package aimed at shielding the economy from Covid-19. The key measures will help to reduce costs for corporates and individuals for three months starting from March 2020. Water and electricity bills will be discounted by 10% for residential, commercial, and industrial facilities. A number of the initiatives are targeted at sectors particularly affected by the crisis, such as retail, trade, tourism and energy. These include a 50% reduction of municipality fees for hotels.

The measures announced at both the federal and emirate levels, such as reducing utility fees, have undone some of the earlier fiscal reforms. However, these are to counter the unprecedented impact of Covid-19 and could be temporary in nature.
A number of other GREs also have lowered their fees, such as Abu Dhabi Ports, which has waived charges beginning in August 2019 for over 75% of services offered by the Khalifa Industrial Zone Abu Dhabi (Kizad).

**Visa liberalisation**

Residency visas for the UAE have been liberalised in stages since end-2018. These include the introduction of five- and 10-year investor visas, 10-year visas for skilled professionals, five-year visas for outstanding public and private school and university students, and retiree visas. These longer-term visas are intended to entice expatriates to save and invest in the UAE, especially in the development of new sectors aimed at helping to drive the next phase of economic growth, while also attracting the associated skilled labour.

**Opening Sectors for Foreign Direct Investment**

In July 2019, the UAE announced 13 sectors eligible for up to 100% foreign ownership under a law ratified in November 2018. The broad categories under these sectors include 122 economic activities, such as renewable energy, space, agriculture, manufacturing, transport, logistics, hospitality, food services, and information and communications. Previously, foreign investors could hold only up to 49% of shares in a company registered in the UAE, unless it was in a designated free-trade zone and Emirati investors held the remaining 51% of the shares. This liberalisation could be particularly important in attracting new technology-heavy sectors, where protecting intellectual property might be a key factor. Each emirate will determine the maximum foreign
ownership allowed within its jurisdiction, which could suggest liberalisation in a specific and targeted manner, at least in the near term.

The opening of these sectors highlights the importance the UAE attaches to foreign direct investment (FDI) for broadening its non-oil activity, strengthening its investment climate and boosting its competitiveness. It is especially the case, given that the UAE is looking to expand its production base through the transfer of technology, knowledge and training, which in turn should help to create employment in new sectors.

**Time Required for Initiatives to Build Momentum**

The impact of the initiatives outlined above has been relatively limited so far amid the ongoing domestic and external challenges, which are exacerbated by the global spread of Covid-19.

Over the past few years, investment in Dubai’s Expo 2020 has contributed to the UAE’s economy, but the length of Covid-19 persistence will now be critical for the country’s ability to host the event. Meanwhile, investment activity in Abu Dhabi increased from 2018 as the government looked to progress with its medium-term development objectives (both in the hydrocarbon and non-hydrocarbon sectors). Following the outbreak of the Covid-19 crisis, Abu Dhabi indicated that it plans to continue with its approved capital expenditure and development projects. Abu Dhabi’s strong foreign exchange reserves position and low level of debt provide ample space to progress with its projects, even with the expected fall in government revenue and widening of the fiscal deficit. Some of this investment will be undertaken by GREs and thus not reflected in direct government expenditure, for example, awards related to Etihad Rail and the national housing
programme, as well as new hydrocarbon projects awarded by ADNOC in the first quarter of 2020. However, there are risks to the implementation of ongoing and newly awarded projects from global supply-chain disruptions and the inability to access additional labour.

Given these ongoing challenges facing the economy (excluding the impact of Covid-19), we have always believed that government spending and support will provide the most immediate and direct impact on supporting domestic demand and non-oil economic activity. The reduction in the costs of government services and the payment of public sector arrears will provide some important liquidity and cash flow relief to companies while reducing some cost pressures, although this is unlikely to have a significant impact in terms of generating new demand at this point. As such, we believe these measures are unlikely to lead to a marked increase in private investment beyond that already planned, especially given expectations of oversupply in a number of areas such as real estate and hospitality. There are signs that companies are continuing to discount prices to bolster demand (domestic and external), alongside cost-cutting measures, in order to reduce the compression pressure on their margins. Measures such as the credit support facilities for SMEs could have limited and only short-term impact, given the weak demand backdrop.

Policies to strengthen the investment environment and boost competitiveness are promising but will probably take time to build momentum. Moreover, the visa reform is still narrow at this stage and is thus unlikely to result in a marked rise in population or demand for real estate. Nevertheless, these reforms highlight the government’s commitment to attracting new investment and developing new sectors. The broad-based measures to boost competitiveness, reduce costs and strengthen the ease of doing business will be vital to supporting
economic activity (including capital inflows) once some of the headwinds subside. Furthermore, the high and advanced level of the UAE’s infrastructure and current moves by corporates to raise efficiency by lowering costs and enhancing productivity are positive trends. Deeper reforms and moves to raise total factor productivity growth will be central to achieving higher non-hydrocarbon growth over the medium term.

**Developing New Sectors**

Looking ahead, reforms to facilitate the development of new sectors and industries are particularly important, given the challenges facing the sectors that have driven growth over the past two decades. Two factors are central to this: (i) the oversupply seen in a number of key areas, which will require lower investment over the outlook period; and (ii) rising regional competition, including in areas such as transportation, logistics and retail, etc. The global economic slowdown, which has been increasingly evident in data since mid-2019, adds a further dimension. As such, the key sectors that have driven the economic and population growth of the last few years are not expected to provide the same degree of support in the future. These include the construction, real estate and service sectors. Notably, ongoing investment since 2015 despite the sharp fall in the oil price has meant that the UAE has not seen the same marked decline in project activity seen in the rest of the region. The investment activity has been led by Dubai and is partly linked to direct and indirect investment in Expo 2020. Many of these projects are being completed, and the focus is increasingly turning to managing the balance of supply and demand; this is especially the case for the real estate sector, but also in areas such as hospitality and infrastructure related to transportation and logistics.
The UAE is now especially focused on encouraging diversified and knowledge-based growth, including the development of new technology-related sectors and industries. Thus the 100% ownership of companies and the visa reforms are important steps. Other policies are also being undertaken to encourage development in this area, in some cases associated with wider policy initiatives. In March 2019, Abu Dhabi launching its AED 1 billion “Hub71” initiative, aimed at bringing together start-ups, innovators and global powerhouses in the technology industry. Hub71 is a key initiative of the Ghadan 21 programme and will be undertaken in collaboration with organisations such as Mubadala, Microsoft, and SoftBank. As part of this initiative, Abu Dhabi announced that it will launch an AED 535 million fund to invest in start-ups at Hub71.

Meanwhile, Dubai also has a number of accelerator initiatives, including the Dubai Future Accelerators Program. The programme will bring together top international companies and entrepreneurs to address key areas of opportunity, such as artificial intelligence and robotics, genomics, 3D printing and biotechnology, as well as new business models. Dubai is also developing infrastructure to support developments in these areas such as AstroLabs, a co-working space and academy on a mission to build a thriving technology ecosystem in the Middle East and North African region.
Developing the UAE’s Technology Sector

By Martin Hvidt

Abstract

The technology sector is of utmost importance to economic development. In the UAE, the sector is large and sophisticated. However, it is dominated by imported technology, with solutions provided by international technology firms and operated by migrant technicians. This article explains why this has been the case and discusses how the country’s indigenous technological capacity can be raised over the coming years.

On 20 July 2020, the UAE successfully launched a mission to Mars — the first for an Arab country. Onboard this unmanned mission was the “Amal” (Hope) orbiter, a sophisticated technological probe equipped to study the atmosphere and climate of Mars over the next two years. But how could such an ambitious space programme be established within just six years? And that too by a country with an indigenous population of just about 10 per cent?

The key to the UAE’s space programme was its ability to tap foreign expertise through partnerships. The probe was designed and built in partnership with an American laboratory, and it was launched from Japan by a Japanese rocket. In other words, the UAE took shortcuts to enter the exclusive club of space nations.
A related question is: what lies behind the UAE’s interest in extraterrestrial exploration?

The space programme, and with it the Mohammed bin Rashid Space Centre, was established with the overall aim of propelling the country into a knowledge-based economy by setting both visible and aspirational goals for a younger generation of natural scientists.

The technology sector is critical for any country’s economic development for at least three reasons. First, the application of technology vastly improves the productivity of the labour force. Second, the process of manufacturing technological products entails research and innovation and thus holds a range of spin-off effects for the economy. Third, there is the issue of dependency. As Samir Amin noted in his sharp analysis of capitalism four decades ago, countries that have the ability to produce the means of production, that is, the ability to produce the machines that are used in the manufacturing process, are far less dependent on other countries than countries that do not have such a capability.1

The impact of technology on a country’s growth cannot be underestimated. This point is underscored by the famous Solow growth model, which states that about half of all historical growth can be explained by the advancement in technology.2 It follows that development from an agrarian to an industrialised economy, to an information economy, and lastly to a knowledge-based economy necessitates that society adopt increasing levels of technology.

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The Technology Sector in the UAE

The technology sector in the UAE is under rapid development, judging by the value of the sector and of the solutions implemented. Estimated at US$8 billion, the country’s domestic information technology (IT) market is expected to grow 5 per cent annually between 2017 and 2022, according to the International Data Corporation (IDC).³

Seen from a consumer’s perspective, the UAE’s technology sector is doing fine. Mobile devices, personal computers, wearable technology, cameras, televisions, sound systems, home appliances, etc, are widespread in society. Just pay attention to any group of Emirati youngsters, and you will find them armed with the newest laptops, phones and wireless earphones. Or stroll through any mall in the country, and you will find megastores selling a wide array of electronic gadgets. Even though most of these stores, especially those in Dubai, target international customers, they are usually teeming with local buyers.

The local population is well off and spends readily on electronic gadgets. While estimates differ, the UAE is known to have among the highest smartphone penetration rates in the world (91 per cent).⁴ Data from the Telecommunications Regulatory Authority (TRA) support this estimate. Among the nearly 9.9 million inhabitants in the UAE, each holds 2.2 active mobile subscriptions.

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⁴ “UAE has among the highest percentages of smartphone penetration in the world”, Advancesoft.ae, n.d., https://www.advansoft.ae/blog/smartphones
The smartphone has become the day-to-day communication tool not only among friends, pizza parlours, second-hand dealers, and schools but especially also with public authorities such as the Dubai municipality and federal government bodies. A mobile phone number has become a unique identifier in the public sector, which means that speeding tickets, renewal of work permits and driver’s licences, health notifications, payment notices for parking, outcomes of applications to the public sector, etc, are all sent by phone.

This is the outcome of a deliberate attempt by the government to digitalise the public sector. First, a policy that emphasised eGovernment was implemented in the late 2000s. Later, in 2013, this policy was enhanced by the mobile governance initiative, known as the mGovernment initiative, which aims to make all priority services available through websites and mobile phone applications.

However, while consumer technology usage is widespread in the UAE, deeper knowledge of such technology is somewhat lacking. At a presentation in 2015 for new faculty members of Dubai’s Zayed University, Ali Alsaloom aka “Ask Ali”, a Dubai-based cultural interpreter, public speaker and newspaper columnist, spoke of his fellow Emiratis’ superficial knowledge of technology thus: “You all think that the reason most Emiratis have more than one phone is that they carry a phone for various different uses, eg, personal, business, family. However, that is not the case. The reason is simply that we do not understand the devices well enough to transfer address lists, data and pictures from an older phone to our new ones, so we keep them all, creating a mess for ourselves.”

While this is at best anecdotal evidence, there are good reasons to believe that this characterisation holds true as a generalised picture of the technological capabilities of Emirati nationals. This is because, as we will
see below, the UAE, like the other oil-rich Gulf states, failed to build strong incentives for its people to skill or upskill themselves technologically.

**Structural Barriers**

The present state of the technology sector in the UAE is derived from its historical context. Five points are noteworthy. First, we must recall that from a developmental perspective, the UAE is a latecomer. As pointed out by Alice Amsden, the first industrialisers developed through the inventions they came up with, the second generation of developers both by inventions and innovations, while the later developers advanced not by inventions or innovations but by imitation or learning, that is, by importing and using technology developed elsewhere that was readily available on the international market. Among the last category, we find the UAE and the other oil-rich Gulf states. When the export of oil began in the 1950s–1960s and revenues became abundant, the rulers of these oil-rich states responded to the expectations of rapid development by opening the sluice gates for the import of readily available technology. As such, appropriation of technology by learning/imitation became institutionalised, which meant that little emphasis was placed on technological innovation and domestic production of technology.

A second barrier to building a technological capacity among the UAE population was the rentier nature of the economy. Deriving income from the export of oil depended only to a limited degree on the hard work and knowledge of the population. Even after the

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nationalisation of the oil business in the Gulf in the 1970s, oil extraction was undertaken with the foreign technology brought in by international companies, which used skilled foreign engineers, and only a small fraction of the local population for blue-collar work. The result is that the export of oil fostered large numbers of management jobs but few jobs of a technical nature for the local population.

Third, the fact that income in the Gulf countries was primarily derived from trade, apart from oil, meant that the state did not have any serious incentive to stimulate the growth of a viable industrial sector. As such, the productive capacity of the UAE continues to be concentrated in a limited range of sectors and products (e.g., building materials) while all other consumer products are imported. In other words, the economy remains an undiversified, service-oriented economy with relatively little manufacturing.

A fourth element that has contributed to the lack of an indigenous technology base in the UAE is the general lack of focus on increasing productivity in the private sector through the application of technology. As noted by the International Monetary Fund (IMF), the existing development model in the Gulf Cooperation Council (GCC) countries favours the employment of low-wage foreign workers in the private sector instead of productivity-enhancing technologies. Relative to other countries, productivity gains in the GCC countries have contributed little to growth since 1970. Rather, growth has been attributable to “hiring more hands” and thus neither to capital nor total factor productivity.6

Finally, the UAE’s education sector has acted as a catalyst for technological knowledge only to a limited extent. The education system

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6 Regional Economic Outlook: Middle East and Central Asia, International Monetary Fund, October 2017, 25.
generally has not prepared and stimulated the younger generations to pursue careers in the fields of the natural or technical sciences. More significantly, owing to the abovementioned structural factors, there is a general lack of incentive when it comes to wage levels, status and job prospects for pursuing careers in the technical field, compared to pursuing the management track.7

The combination of these five elements has created a vicious circle, which has kept the technological capacity of the UAE’s native population at a relatively low level, compared to other countries at a similar developmental stage.

**Piggybacking on Imported Technology and Technology Workers**

However, this does not imply that the UAE suffers from a lack of technological knowledge, for this knowledge has so far been imported, either embedded in expatriate workers or through international IT firms. At present, the population of the UAE stands at nearly 9.9 million. Only around 1 million of these are Emirati citizens, the remaining being migrants.8

Among the migrants, an estimated 25 per cent are highly skilled.9 These are expatriates who are recruited precisely because they fill the

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gaps in the stock of local knowledge. Among them, we find large groups of IT technicians, engineers and support staff — very often of Indian origin — who maintain and further develop IT systems, both in the public and private sectors.

On top of importing technology workers, the UAE, like many other countries, welcomes international IT firms to market and sell their products in the country. The UAE is also an eager user of the services of international consultancies that help to develop software and implement digital solutions for their worldwide customers. Among these firms are the technology giants such as Microsoft, Oracle, SAP, Symantec Corporation, IBM, Accenture, Infosys and Adobe.

Microsoft, for example, is particularly active in promoting its cloud-based solutions. The company increased its commitment to the UAE market in June 2019 by opening two data centres in the country. These data centres, the company said, were intended to better cater to the needs of its business customers, but their purpose evidently was also to bring the company into a position where it can become the key provider of cloud-based technologies for the public sector.\(^\text{10}\) A specific example of the company’s success in this respect was seen in June 2019, when Microsoft and the Abu Dhabi Smart Solutions and Services Authority entered into a memorandum of understanding that committed the former to deliver “excellent government solutions”. Furthermore,\(\)

Microsoft is to provide training in its key systems for 240 government employees.¹¹

Notwithstanding the lack of indigenous capability, UAE authorities have launched various technology initiatives to promote the use of technological solutions in the country. One notable example in their efforts to foster a developer community of technology firms is the Dubai Internet City, established in 2000. It is set up as a free zone. Besides hosting a range of the largest international IT firms like HP, Microsoft, Oracle and IBM, it hosts around 1,600 medium-sized or smaller IT innovators and firms that provide digital solutions to the UAE and neighbouring countries.¹² But here, like elsewhere in the Gulf, the professional jobs in the technical field are mainly held by expatriates.

So, if a country has the financial wherewithal to hire experts from outside and buy expertise and solutions from the foremost companies in the world, there is no shortage of either IT or other technical solutions. As such, a country can at the same time have super-advanced IT and communication services while the technological capacity of its own population remains shallow.

In the case of the UAE, this situation is reflected in the Knowledge Economy Index published by the World Bank, which ranks countries on four parameters: economic regimes, innovation, education and information and communications technology (ICT). The most recent version of the index ranks the UAE at 42nd place out of 146

surveyed countries. The country is ranked far higher, namely in 13th place, when it comes to the state of ICT, bringing it on par with countries such as Austria or Denmark. At the same time, it is ranked quite low, ie, at 55th place, on the education index, on par with countries such as Moldova or Mongolia.13

**Increasing the UAE’s Technological Capacity**

Although imported technology and IT technicians form the backbone of many of the country’s high technology initiatives, a range of high-profile and high-cost initiatives are being undertaken to encourage the development of an indigenous technological capacity in the UAE, such as the aforesaid space programme, which has aims of nurturing “a knowledge-based economy and a sustainable scientific society” and encouraging young Emiratis to become “pioneering leaders in science and technology”.14 Another set of initiatives involves establishing smart cities, notably the highly published Masdar City project on the outskirts of Abu Dhabi. The common theme of the smart cities is to use state-of-the-art technology like 5G cellular technology, artificial intelligence, machine learning, the Internet of Things and virtual reality, and renewable energy to promote sustainable development and environmentally friendly communities. The smart cities initiative, too, represents efforts to raise awareness of the benefits of IT technology and

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in the long run to nurture local talent, both as users and as suppliers of these technologies.

While such high-profile and high-cost initiatives undoubtedly help to catalyse the development of a vanguard of tech-savvy young Emirati nationals, the government could embark on a much broader and simpler approach to increase the technological skill levels of the indigenous population.

All international evidence points to the fact that labour shortages or increased labour costs lead to a focus on increasing productivity. One notable example comes from the Vietnam War period, when 2.25 million young men from rural communities in the United States had to serve in the army, causing labour shortages on farms. These shortages forced farmers to become more efficient by concentrating their operations on one main crop and investing in larger, more specialised machines.15 Such productivity enhancements align perfectly with the recommendations from the IMF that the Gulf countries focus on raising productivity per worker through the application of technology.

Furthermore, it is imperative that the education system in the UAE be reformed so that science and technology become attractive study subjects and young people can be prepared to become competitive and productive members of the workforce. Within society at large, the value system needs to change for young people to be persuaded to pursue educational attainment and professional qualifications.

15 Wessels Living History Farm, https://livinghistoryfarm.org/farminginthe50s/farm-life/vietnam-war/
Demographic Changes and Social Challenges
A Multicultural Temporariness

By Hadrien Dubucs

Abstract

In a country where foreigners account for nearly 90 per cent of the population, the Covid-19 pandemic has revived the nagging question of the sustainability and resilience of the UAE’s model of society. Demographic imbalance, temporariness of stay and fragility of residency status are its essential features and raise a number of interrelated challenges: the link between residence and employment; access to Emirati citizenship; social, cultural and urban inclusion; and preservation of minority rights, privileges and identity.

Hundreds of thousands of residents stuck abroad by the closing of borders. Workers losing their jobs and only incomes and unable to fly back to their homes in Kochi, Karachi or Manila. These are some of the social challenges that the Covid-19 pandemic has shed a harsh light on. They are more acutely felt in the UAE than in the other countries in the region, and indeed in the rest of the world, because they are triggered by a unique demographic pattern: foreigners in the UAE account for nearly 90 per cent of the population.
The high rate of foreign-born inhabitants in the UAE stems from an economic development model that is based on the oil industry and fast-growing urbanisation, which together have triggered high levels of employment and substantial growth in a large number of services. From the 1960s to the 1980s, the country’s two-digit population growth was fuelled by a massive influx of foreign workers. That inflow of foreigners has been evolving, depending on the structure of national and community-based recruitment channels as well as the geopolitical context in the region — workers from Arab countries have been gradually replaced by those from Sri Lanka, Bangladesh and the Philippines — while there are also long-established and expanding communities of Pakistanis and Indians, a large number of whom came from Kerala. Over the last decades, this dependency on migrants has grown, resulting in an increased demographic imbalance that is seldom officially addressed as an issue. The demographic patterns consist of a world-record overrepresentation of males (70 per cent) and a vast majority of young adults (65 per cent belong to the 25–55 age group). The large number of foreigners also appears to be a structural feature, given that foreign children aged 0–14 outnumber Emirati ones.

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3 Françoise De Bel-Air F, “Demography, Migration and the Labour Market”.

4 Françoise De Bel-Air F, “Demography, Migration and the Labour Market”.
Guest Workers Rather than Immigrants

Beyond the quantitative patterns, these numbers highlight the question of citizenship and, more widely, the sense of identification with a national narrative as well as an urban society. As a minority, the Emiratis are keen on securing their rights, identity and privileges based on the oil windfall. The demographic imbalance has thus obviously raised the question of the conditions under which foreigners can access Emirati citizenship and the ease of becoming “nationals”. The rules are quite clearly restrictive. Effectively, a foreign-born person cannot become Emirati. There are very few exceptions, as in the case of children of a mixed couple, one of whom must be an Emirati national. Until recently, such instances of naturalisation applied only to children whose fathers were Emirati nationals. Only in 2017 was the 1972 federal law on nationality amended to enable, under strict conditions, the acquisition of Emirati nationality by children of an Emirati mother and a foreign father.

Significantly enough, the authorities and official documents seldom use the term “migrant”. Anyone in the foreign workforce, regardless of level of qualification and type of work done, is considered an “expatriate”. The emphasis on their residency status, which is tied to their employment contracts, harks back to the notion of “guest workers” prevalent in the past in some countries, referring to the system of labour importation rather than international migration, with temporary stays and precarious employment being its characteristic features.

One of the current debates relating to foreign workers focuses on the *kafala* system (or sponsorship system, as it is generally translated). This system sets up a close legal relationship between foreign workers and their *kafil* or sponsors, typically their employers, who are held responsible for the foreigners’ behaviour and their stay in the country, which cannot exceed the duration of their employment contracts. Used in most countries in the Arabian peninsula, this system has been the subject of proposed changes over the past few decades. There are two main reasons for this desire for change. The first is economic: the ties with a *kafil* are believed to hinder the fluidity of the labour market since they prevent workers from moving from one employer to another. The second is related to human rights: the one-sided dependency relationship created by the *kafala* — especially in the case of the 150,000 to 300,000 female domestic workers — is sometimes accompanied by mistreatment and abuses, such as passport retention (officially forbidden in the UAE) and unpaid or dramatically low wages. As in the case of neighbouring countries in the Gulf Cooperation Council, the UAE has come under criticism and pressure from non-governmental organisations (NGOs) and foreign embassies, resulting in the implementation of some, albeit minimal, protection for foreign low-skilled workers. This includes a minimum wage level,

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restrictions on working hours and access to mediation or juridical support in case of labour disputes. But beyond the technical and juridical questions of the *kafala*, the fragile residency status continues to characterise the vast majority, if not all, of the foreign residents.

**Temporary Residents: Between Sense of Belonging and Transient Status**

From the perspective of the foreign resident, this status has created a peculiar sense of belonging to the country and the city life, which was captured in Deepak Unnikrishnan’s *Temporary People*. His collection of testimonies from young foreigners born or raised in the UAE reflects the contradictions in the daily experience of generations of inhabitants: the tension between strong affective ties to the country and an awareness of a residency status that is essentially fragile and always subject to cancellation, given the constant risk of losing one’s job, retirement, or expulsion in the event of a political crisis (eg the Gulf war of 1990–1991, the Arab Spring of 2011 or the blockade of Qatar in 2017). This feeling of uncertainty prevails even among young, highly skilled Arab foreigners, who are well-integrated into the country and deeply attached to the city where they were born and raised. Over the past decade, a few tentative first steps have been taken towards enabling foreigners to access real estate or business ownership, under strict conditions and in specific zones. However, the job market–based management of migration flows and foreign residents remains the undisputed model. Thus, the

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temporariness as well as flexibility of migrant-dominated societies like the UAE results in their becoming essentially “transit states”\textsuperscript{10} or “temporary cities”.\textsuperscript{11}

A Pervasive Yet Hardly Visible Segregation

Given that reliable and precise data is not available, researchers struggle to draw an accurate typology of the social–spatial patterns of the foreign population. The multifarious nationalities in the country hardly fit into a clear social and professional distribution. Some jobs, especially low-skilled ones, are clearly concentrated around specific nationalities — eg construction jobs dominated by Indian nationals; domestic work dominated by Filipinas; lifeguards dominated by Sri Lankan nationals; high-rise window cleaners dominated by Nepali nationals. But, there has been an evolution of nationalities within some professions over the years. For example, taxi drivers were mostly Pakistanis or Indians at one time but today there are more Nigerians, Kenyans, Ugandans and Cameroonians among them. In addition, a single nationality can span various rungs of the social ladder. Among the Indian community, by far the largest nationality in the UAE, one can count, alongside low-skilled workers under short-term contracts, many well-off families who have been residing in the UAE for two, three and sometimes four generations and who made their fortunes in the trading or retail sector.\textsuperscript{12} The most famous example is the successful businessman Yusuff Ali. Born in

\textsuperscript{11} Yasser Elsheshtawy, \textit{Temporary Cities: Resisting Transience in Arabia} (Milton Park, Abingdon, Oxon: Routledge, 2019).
Kerala, he migrated in 1973 to Abu Dhabi and in the 1990s launched the group that owns the Lulu chain of hypermarkets, which he has since expanded into the global retail and hospitality sectors.

The interplay between social position and nationality tends to blur the frontiers of these communities. But there is still a clear divide between the single male low-skilled worker (usually called “bachelors”, even if they have wives and families back in their home countries) and others. Recruited in high numbers for short-term contracts by construction companies, they represent the main social profile in the UAE (around 2.5 million). They are a familiar sight in the city, although their daily activities are strictly contained in a few locations: construction sites surrounded by palisades; daily commuting routes; and labour camps (sometimes called “temporary camps” or “construction villages”). Hundreds of thousands of workers can be accommodated in the biggest of these labour camps, Sonapur, which is in the in the western suburb of Dubai, or in Industrial City of Abu Dhabi I and II in Musaffah, the gigantic industrial district to the southwest of Abu Dhabi. These camps look like standard mid-rise buildings, and the newer ones are equipped with services and facilities such as supermarkets, mosques and health facilities. What distinguishes these camps from common social housing neighbourhoods, however, is the precinct and 24-hour control, which creates a segregated daily life “behind the curtain”, with poor access to the city and its more appealing parts.¹³ Such living conditions have been the focus of scrutiny and criticism by NGOs, as a result of which there is now greater compliance with international humanitarian standards.¹⁴

¹⁴ As an example, ZoneCorps, one of the largest operators in industrial zones and workers’ accommodation in the UAE, state that their “high quality accommodation for
The “Tolerance” Policy: Façade or Move Towards Social Inclusion?

“Tolerance” has become a motto in the UAE’s official discourse since the late 2010s. A Minister of State for Tolerance was nominated in 2016, and 2019 and 2020 were both named “Year of Tolerance”. Based on the notion of inter-community respect and sectarian pluralism, the notion of tolerance was marked by widely publicised re-naming operations (involving bridges and mosques, for instance), high-profile events (the visit of Pope Francis in February 2019, the first papal visit to the Arabian peninsula) and multifaith initiatives such as the plan to build an “Abrahamic Family House”, a complex intended to hold a mosque, church and the UAE’s first official synagogue.15 Declaring that the Louvre Abu Dhabi will be the world’s first “universal” museum and identifying cultural diversity as one of the themes of the Dubai Expo 2020 (now rescheduled to 2021) are some of the other initiatives consistently depicting the country as an oasis of tolerance within a region torn by sectarian and cultural divides. The tolerance mantra has also percolated into more unexpected realms of public policy. For example,

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15 Examples of constructions involved in the re-naming exercise include the Sheikh Mohammed bin Zayed Mosque in Al Mushrif, Abu Dhabi, re-named “Mariam, Umm Eisa” (Arabic for “Mary, the mother of Jesus”). Also, the pedestrian bridge over Dubai Canal was named “Tolerance Bridge”.

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urban planning as well as the design of public space has displayed a notable consideration for the question of cultural diversity.\textsuperscript{16}

Notwithstanding the calls for tolerance and respect of cultural diversity, the acknowledgement and preservation of national heritage and identity has clearly been a central concern of the UAE’s as the share of nationals in the population decreases. Recurrent debates about mixed marriage and “westernisation” of behaviours have been agitating social networks and media platforms and can be seen as the product of an anxiety over the loss of national heritage. The country’s Emiratisation policy (\textit{Tawteen} in Arabic) has provided a partial answer to this fear at the level of the jobs market. Officially launched through the 1980 Federal Labour Law, it was enhanced in 2005 with the implementation of quotas, and again in 2017 with a set of measures aimed at facilitating Emirati citizens’ access to skilled jobs while also increasing their presence in the private sector.\textsuperscript{17}

The Covid-19 crisis has thrown into the spotlight the UAE’s hitherto underexamined dependence on the foreign workforce. So far, there has been no xenophobic public expression — as was the case in Kuwait, for example — even though the country’s epidemiological challenges consist mostly in coping with the spread of the disease in dense labour camps where social distancing is much more difficult to achieve. But the sustainability of the UAE’s model of society, and its resilience in the face of an unprecedented crisis, are now more than ever at stake. The dramatic impact of the pandemic on the job market, as well as the challenges of coping with strict restrictions on international travel,

\begin{itemize}
\item[\textsuperscript{17}] See the official website of the UAE government, https://u.ae/en/information-and-services/jobs/vision-2021-and-emiratisation/emiratisation-
necessarily jeopardises the stay of millions of foreign workers and serves as a clear reminder that they are not exactly at home. ✪
National Identity in the UAE

By Matthew MacLean

Abstract

Over the past half century, a strong national identity has developed in the UAE, shaped by distinctive nationwide experiences of modernisation and transformation. This identity emerged first in the 1970s as UAE citizens reacted to the enormous changes wrought in the first decade of independence. By the early 2000s, an “Emirati” identity appeared, shaped by a new phase of the country’s development and hyper-globalisation. At each stage, national identity has drawn from or reacted to local, pan-Arabist, Indian Ocean and khaleejic (Gulf) networks and connections. This examination of Emirati national identity challenges several common tropes about the UAE and the Arab Gulf states.

Visitors and new expatriates in the UAE often have a difficult time resolving an apparent paradox. Founded in 1971, the UAE is a rapidly developing nation with a hyper-modern architecture that in many places overwhelms any sense of belonging to an organic historical tradition. Yet the strength of an Emirati national identity is highly visible both in daily life and official discourse. Car parades at annual National Day celebrations attract raucous crowds, and thousands of Emiratis participate in heritage festivals — all voluntarily. In
conversations with Emiratis, one can sense a genuine pride in national belonging.

This seeming paradox challenges the notion that national identity is rooted in stable ways of life with an immediately apparent connection to the past — an assumption this article aims to question. Only recently have scholars moved beyond the old tropes of understanding Emirati identities as shaped primarily by tribal origin or emirate of citizenship, as fundamentally dichotomous (i.e. modernity vs tradition), or as primarily transactional and dependent on wealth distribution by a rentier state.

The origins of Emirati national identity lie in the collective experience of modernisation in the late 20th-century UAE. This identity should be understood not as a fixed set of beliefs or symbols, but as a constantly evolving conversation about what it means to be Emirati.¹ Over the 1970s, the new UAE saw the emergence of a political–legal term — al-muwatin or “the national” — as a category of both political–territorial space and personhood. Beginning in the late 1990s, “Emirati” gradually became the most common signifier of national identity. This article briefly traces the history of identities in the modern UAE and places them in their local, regional, and global contexts.

¹ For another example of this dynamic in the Arab world, see James McDougall, History and the Culture of Nationalism in Algeria (Cambridge: Cambridge University Press, 2006), 9–10.
The Trucial States Between the Indian Ocean and the Arab Middle East

Prior to independence, the seven emirates that make up the UAE were under British protection, a status dating from 1819, when the British imposed maritime truces upon “pirates” from Gulf coastal towns. These truces were eventually extended to land, giving the region its various names: Trucial States, Trucial Oman, Trucial Coast, or Trucial Sheikhdoms. In Arabic, the region was known as Sahil Oman, the Oman Coast. A British Political Resident settled disputes between various sheikhdoms but the British impact on daily life in the Trucial States was light. So too was the cultural impact of the Arab Middle East. While Arabic was always the primary language of the Trucial States, Arabism as a politicised identity emerged in the 1950s. Shortwave radio brought Egyptian leader Gamal Abdel Nasser’s speeches to the Gulf; many Trucial States’ subjects worked in Kuwait, Saudi Arabia and Bahrain, where they encountered Egyptians, Palestinians and other non-Gulf Arabs. Likewise, Egyptian and Palestinian teachers in the Trucial States brought Arab nationalist ideas with them. Popular demonstrations welcomed Arab League delegations to the Trucial States in 1964 and 1965, worrying the British diplomats stationed there. For the older generation of Emiratis and other Gulf Arabs, Nasser was a hero; even today, many streets and neighbourhoods in the UAE take their names from Arab nationalist icons.3

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2 The term “piracy” is contested in this context. See for example Sultan al-Qasimi, The Myth of Arab Piracy in the Gulf (London: Routledge, 1986).
Yet a radical and exclusivist Arabism never took deep root in the Trucial States or UAE; the country’s older ties to the Indian Ocean world and the Gulf littoral meant that Arabism did not reflect the lived experience of cosmopolitan Gulf societies. Coastal towns on the Arab and Iranian sides of the Gulf in some respects had more in common with each other than with their respective hinterlands, although these commonalities along the Gulf littoral did not take on a “national” character. These khaleeji (Gulfi) networks extended in turn throughout the western Indian Ocean, as far as Zanzibar and Kerala, and also overland into present-day Oman; families left coastal towns during summer for the date harvest in inland oases, and inland villagers traded in coastal markets. As a result, many Emirati citizens trace their ancestry to East Africa, South Asia, Balochistan, Oman, Yemen and Iran. Daily interactions and kinship ties with non-Arabs blunted Nasserism’s appeal.

“Qiyam al-ittihad” — the Founding of the Federation

When the British withdrew from the Gulf in 1971, a federation of seven emirates was established, with Sheikh Zayed bin Sultan Al Nahyan of Abu Dhabi as president. Much ink has been spilt about the mechanics of keeping seven emirates together in a unified federation, the survival of which was doubted by many early observers. Furthermore, most commentary has been dominated by rentier theory — the idea that oil-

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5 William Lancaster and Fidelity Lancaster, Honour is in Contentment: Life Before Oil in Ras al-Khaimah and Some Neighboring Regions (Berlin: de Gruyter, 2011).
funded patronage is the primary source of Gulf citizens’ political allegiances. In its purest form, rentier theory claimed that the development of nationalist narratives would be unnecessary for rulers’ political survival. Nevertheless a new national identity took root fairly quickly over the next decade.

Political analyses of the UAE tend to emphasise divisions rather than commonalities between the emirates. In discussions of identity, this tendency obscures more than it illuminates. Early analytical frameworks took for granted that the emirates were discrete political entities, each with its own history, economy, and territorial identity. In general, a tripartite division emerged: Abu Dhabi, Dubai, and the five poorer “northern emirates”.

From a grassroots perspective, however, the citizens of the new federation had much in common. While analysts focused on inter-emirate boundaries, for example, the Trucial States and surrounding regions were in fact tied together by dense networks of kinship and trade that crossed modern boundaries. Citizens of different emirates had similar (though unequal) experiences of modernisation.

The most powerful force behind the formation of a national identity in the UAE was the collective experience of modernisation. Emiratis usually call this qiyam al-dawla (the founding of the state) or qiyam al-ittihad (the founding of the federation), terms that are shorthand for the

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broader processes of transformation. The new state brought a national network of paved highways, suburban housing with electricity and plumbing, healthcare, education and salaried employment. The automobile became the main mode of transportation. Foreign workers arrived not only from the Indian Ocean littoral and Iran but also from other Arab countries and the West, bringing profound cultural changes and dislocations. English became the country’s *lingua franca*. Worn previously by only a few, the white *kandoora* for men and black *abaya* for women became the standard “national dress” by the late 1970s, visually differentiating UAE citizens from the large foreign population. The social bonds developed in walkable, close-knit neighbourhoods (the *freej*) before *qiyam al-dawla* were strained as UAE nationals moved to government-built *sha’abiya* homes\(^8\) in new suburbs built for automobiles. This process took place with astonishing speed from roughly the mid-1960s to the late 1970s.

**Inequality and the Emergence of *Al-muwatin***

Early development in the UAE was profoundly unequal, and the first widespread popular expression of national identity was found in protests against that inequality in 1979. Abu Dhabi and Dubai boomed, and Sharjah showed great promise but the four northern emirates lagged. By the end of the decade, the north was deep in debt. Brownouts and blackouts were common and rural areas lagged in receiving electricity and modern plumbing. Inflation was severe. *Sha’abiya* houses would eventually become a nostalgic symbol of early modernisation but

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\(^8\)A *sha’abiya* or “folk” home was typically a minimalist structure comprised of a series of rooms built around a courtyard.
complaints about their slow distribution and poor construction were common in the 1970s.⁹

In early 1979, a constitutional dispute between the governments of Abu Dhabi and Dubai over the command structure of the UAE military touched off a public conversation about the degree to which the UAE state should be centralised under Abu Dhabi’s leadership; or, conversely, whether each emirate should be able to pursue its own development trajectory, as Dubai wanted. Pan-Arabist members of the Federal National Council (the UAE’s appointed parliament) and the Cabinet published a memorandum supporting the Abu Dhabi position.¹⁰ The memorandum argued that the UAE’s growing pains and inequalities could be traced to the lack of central planning, inefficient bureaucracy and continued divisions between emirates. It proposed the creation of a unitary administrative state, abolition of internal borders, and elimination of foreign influence in the UAE military, banking, oil and business sectors. A single budget and central bureaucracy, in its view, would enable the equal distribution of resources and benefits throughout the country based on the shared identity of UAE citizenship.

The memorandum stated that the citizen (al-muwatin) was to be developed intellectually, economically and politically, and that human development should be the cornerstone of the new nation; citizenship was to be both a legal status and a territorial national identity. But, true

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to its authors’ pan-Arabist leanings, the memorandum did not specify any common UAE culture beyond a nod to membership in a broader Arab and Islamic world. This vagueness was matched by official state policies. From its founding, the UAE was ideologically oriented towards the Arab Middle East while retaining its commercial connections to the Indian Ocean world and Iran. It took a leading role in the Arab oil embargo of 1973–1974 and Sheikh Zayed regularly invoked pan-Arabist rhetoric; at the first anniversary of the UAE’s founding he said, “We want a wider union”, holding open the door for other states to join the federation.\textsuperscript{11} Even two decades later, it was difficult to distinguish a particular UAE cultural identity from a broader Arab–Islamic identity.\textsuperscript{12}

In March and April 1979, popular demonstrations took place across the UAE in support of the memorandum. Thousands marched, suggesting that the memorandum’s critique of the UAE’s modernisation was widely shared among UAE citizens who could be mobilised behind a vision of a unified state and shared national political identity.

Soon afterwards, a compromise between Abu Dhabi and Dubai was reached that maintained the constitutional status quo: the seven emirates would remain autonomous entities rather than be absorbed into a central government. Nonetheless, planning and policy has become more centralised over the subsequent decades. Dubai retains its independence as a quasi-city-state, although, in the wake of its bailout by Abu Dhabi in 2009, even that status has been somewhat diminished.

\textsuperscript{11} \textit{Al-Ittihad}, “Hadafna ittihad awsa‘ fi-l-mintaqa,” 3 December 1972, 1.

\textsuperscript{12} Sally Findlow, “The United Arab Emirates: Nationalism and Arab-Islamic Identity”, Emirates Center for Strategic Studies and Research, 2000.
While the memorandum and marches themselves have been almost entirely forgotten by UAE citizens and residents, they signalled that a national identity had indeed taken root.

Globalisation and the Emergence of the *Emirati*

Sometime in the 1990s, a new word appeared — “Emirati”. The word’s exact origins are obscure, but by the 2010s “Emirati” came to connote a common UAE national identity and culture. “Emirati” is more territorially specific and less legalistic than *al-muwatin*. Its emergence coincides with the rise of a new generation born after *qiyan al-ittihad*, the passing of the founding generation of the UAE and of pan-Arabism in the region, and increasing centralisation of the state in Abu Dhabi’s hands. All of this happened in the context of a development boom in the 2000s and 2010s as dramatic as that of the 1970s. Free-trade zones and parastatal development corporations represented a new style of urban development, as Dubai and Abu Dhabi became global hubs for tourism and logistics.

During this period of hyper-globalisation, national processes of integration have further shaped Emirati identity. Since 2011, major infrastructure improvements in the north have virtually eliminated the earlier problems and dramatically improved access to jobs in Dubai and Abu Dhabi, making mobility between the emirates much easier and safer. Emiratis moved from *sha’abiyyat* to villas in newer and even more distant suburbs (with few foreign neighbours), replicating and magnifying the original move from the *freej* to the *sha’abiyyat*. The new suburbs integrate citizens from different parts of a specific emirate; one’s neighbours are not necessarily from the same village or extended family. The military, UAE University and public sector employment offices
have, for decades, been “melting pot” spaces where Emiratis from around the country interact. Regional dialects have faded as a common accent has emerged. All of these factors have contributed to the emergence of a common Emirati public sphere.  

The Emirati Public Sphere

Globalisation has been accompanied by a booming interest in Emirati heritage. It is a mistake to imagine an Emirati identity divided between “modernity” and “tradition”. Instead, it is more productive to think of these categories as two sides of the same coin — as concepts around which conversations about Emirati national identity can revolve.

As with other national identities, Emirati identity is contested and debated. These conversations take place on social media, in newspapers, in university classrooms, and anywhere else Emiratis meet, regardless of their emirate of origin — another reason why the older “Abu Dhabi vs. Dubai vs. the rest” framework is now outmoded, at least when describing grassroots discourse. Perhaps the only touchstone agreed upon by all is allegiance to the late Sheikh Zayed, the founder of the federation; Zayed’s legacy is invoked to a variety of sometimes contradictory purposes but always serves to signify the speaker’s allegiance to the Emirati nation. Among older generations especially, narratives of Emirati-ness in general and Zayed’s life in particular, are informed by a deep sense of nostalgia for lost simplicity. This serves as a politically safe way to critique contemporary UAE society — whether rampant consumerism, loss of old lifeways, or the massive foreign

population. Much energy is spent discussing proper behaviour in public spaces, especially when wearing the easily identifiable national dress around foreigners.\textsuperscript{14} Marriage to foreigners remains a potent source of cultural anxiety; the \textit{sunduq al-zawaj} (Marriage Fund) founded in 1992 aims to encourageEmiratis to marry other citizens and raise modern families.\textsuperscript{15} Only recently has citizenship been offered to children of Emirati mothers and non-Emirati fathers. Some claim “pure Emirati” status to differentiate themselves from their fellow citizens whose ancestors migrated from places now outside UAE borders.\textsuperscript{16} For them, national identity is territorial and exclusive, rejecting pan-Arabism, the cosmopolitanism of the pre-oil Gulf and Indian Ocean, and indeed anything outside UAE borders. For others, these broader histories offer a rich source from which to challenge exclusivist notions of Emiratiness.

The UAE state puts much effort into promoting a common Emirati heritage, a difficult task, given the diversity of the citizen population. While there is a general sense that bedouin culture predominates in public representations of Emirati identity, state-sponsored heritage festivals have, over the past decade, become

somewhat more inclusive. The popular Qasr al-Hosn Festival in Abu Dhabi is organised around four natural environments of the UAE — the desert, mountains, oases, and coast — and how people eked out a living in each region before qiyam al-ittihad. The overwhelming focus is on material culture, reinforcing the rags-to-riches modernisation narrative. Notably absent, however, are any mention of links with the non-Arab world — which may speak to those of ajam (Persian), Baloch or African ancestry — or of any tribal names: state-sponsored heritage celebrations focus on the national. Tribal, local, and transnational histories, traditions and identities are largely preserved by families and local associations but there is little question that those individuals consider themselves Emirati. If anything, they tend to push against ideologies of “pure” Emirati identity and seek a more inclusive understanding of what it means to be a UAE national. But they do not seek to change or reform the state itself and in that sense, tribal and other subnational identities are depoliticised; the importance of the histories, traditions and identities they uphold lies primarily in the cultural sphere.

Conclusion

Although the 1979 memorandum and subsequent protests failed to achieve any constitutional reform, the memorandum authors’ vision to some extent prevailed in the long run. Government functions became more centralised and resources are more equitably distributed than in the 1970s, although there is still progress to be made. A robust Emirati national identity has taken shape — celebrated, debated and shaped by ordinary citizens and the state alike. ✦
The UAE and the Rise of a New Military Power

By David Roberts

Abstract

Although the armed forces of the Gulf monarchies are festooned with the most advanced weaponry money can buy, the general impression is that they are paper tigers. But several UAE military operations, including a complex, large-scale amphibious landing in Aden in 2015, challenge this notion. Mohammed bin Zayed Al Nahyan, the country’s de facto ruler, achieved such results by implementing unique policies — for example, frequent overseas military deployments and the use of foreigners in influential military roles — to build local capacity. The UAE is now a key regional power that can use military assets to exert influence across the Middle East and North Africa.

The Arabian Peninsula bristles with weaponry. The six Gulf Cooperation Council (GCC) states of Kuwait, Bahrain, Oman, Qatar, Saudi Arabia and the UAE have spent over US$1.5 trillion on their military forces since record-keeping began. Their arsenals are vast, comprising over 700 combat aircraft, including 450 modern jets, nearly 2,000 main battle tanks, over 3,000 armoured personnel carriers,
over two dozen sizable naval craft and 374,800 active service personnel.¹ Several monarchies are in the process of acquiring the most advanced US missile defence system, Thaad, to boost their existing arsenal of Patriot missile batteries. Such a bounteous mountain of weaponry vastly outmatches, in any kind of conventional sense, the weaponry found across the Gulf in Iran, the notional key adversary of the monarchies. Yet, for decades, existing wisdom argued that the GCC military forces were paper tigers. They might have looked the part, but nearly all analyses explain that they struggle to translate some of the largest defence budgets on earth into meaningful military power.²

Such conclusions reflect a pragmatic assessment of Gulf militaries. Oman needed substantial assistance from the United Kingdom in the 1960s and 1970s against a domestic insurgency; Saudi Arabia needed US guarantees and support against threats from Yemen in the 1960s; all monarchies required US assistance to protect their shipping in the 1980–1988 tanker war; Saudi Arabia requested the US-led coalition in 1991 to deter Iraq; and the Kuwaitis needed these international forces to retake their state. Since the 1990s, almost all GCC states have rooted their security on the presence of huge US (but also British, French and Turkish) military bases on their territories. When the Saudis went at it alone in 2009 against Houthi forces in Yemen, they were ignominiously grounded to a stalemate by irregular forces assembled at a mere fraction of the cost of the Saudi military.

Scholars have marshalled a litany of rationales to explain poor performance in Gulf militaries. Some argued that the systematic coup-proofing practices undertaken by political leaders to make sure their armed forces were in no position to challenge them was a factor.\(^3\) Policies like inhibiting communication between the army, navy and air force as well as within each service — lest anyone was able to corral a critical mass of military forces as opposition — had the knock-on effect of deeply undercutting the ultimate efficacy of the forces.\(^4\) Another strand of critique argued that Gulf forces, or even Arabs as a whole, were culturally disinclined or unable to mobilise effectively. As odd and anachronistic as such ideas sound, they remain prevalent in the literature.\(^5\)

The case of the UAE military clearly challenges these views. Examining a range of vignettes involving the UAE military in recent years highlights that the small state has amassed a genuinely potent military, able to achieve operational and strategic results in hostile, challenging and complex campaigns, often far from home bases and supply lines. This paper explores in detail precisely what the UAE did to buck the wider trend. Not only does the UAE provide a potential pathway for deriving military capability, but, as the first Arab state ever to demonstrate an ability to conduct complex military operations successfully, it is critical to look at the broader implications of this change in regional status quo.


An Unusual Military

A variety of vignettes highlight how the UAE military — or at least key segments of it — has managed to develop regionally atypical levels of military effectiveness. The most substantial evidence comes from the UAE’s campaigns in Yemen. These began in mid-2015 when UAE forces retook Aden, the principal port city in the south, from the Houthis. To accomplish this capture, the UAE undertook an amphibious operation of such complexity that even most Nato nations would have struggled to accomplish it by themselves.6 After building from scratch large bases in nearby Eritrea, the UAE inserted its special operations forces (SOF) to work with local partisans to secure a landing ground. Then, using their landing craft and a swiftly acquired hybrid transport catamaran, the HSV-2 Swift, they proceeded to land the majority of their heavy armour in Aden. With their own air support and air evacuation, UAE SOF, comprising elements from the Presidential Guard, managed the phased expulsion of the Houthis from Aden. With the city retaken, UAE forces then pushed north and pivoted into a counterinsurgency operation (COIN) in the east.7

There are many caveats to note. The Houthis were unwelcome interlopers in the south, so the UAE enjoyed some local support in taking them on there, but UAE forces soon became bogged down

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further north, failing to make any significant ground in other Houthi-held cities such as the capital Sana’a or Hodeida. And we must wait many years yet to see whether lasting gains will follow from the initial successes of the COIN operations in the east, which did manage to rid several towns of Al Qaeda on the Arabian Peninsula (AQAP). Nevertheless, the shock of these successes and the levels of technical sophistication demonstrated by the UAE were a complete surprise. The retaking of Aden could easily have descended into a pitched, asymmetrical urban battle against a highly trained and experienced militia.

Other examples further highlight some unique Emirati capabilities. Both in Yemen and elsewhere, UAE jet pilots have demonstrated unusual skills. In Yemen, Emirati pilots flew low enough to minimise collateral damage, unlike their Saudi counterparts. In Afghanistan, UAE pilots were the only non-Nato nation trusted to undertake close-air-support missions for the International Security Assistance Force (ISAF). In the arena of special operations, UAE forces have flown in the same helicopter as their US SOF counterparts, indicating that they are on par with their American counterparts. Small as these examples may seem, they are, nevertheless, profoundly unusual and further highlight unique features of the UAE’s military.

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An Unusual Leader

Extensive interviews in the UAE and the wider Gulf consistently revealed that the core driver of these unusual policies was Abu Dhabi’s Crown Prince and de facto leader of the UAE today, Mohammed bin Zayed Al Nahyan. Although one needs to be careful not to omit the importance of organisational factors, the Gulf is one region where specific leaders are widely recognised as having a decisive impact on the shape of a country’s policies. Indeed, certain leaders — the late Sultan Qaboos of Oman and Mohammed bin Zayed himself, for example — become synonymous with their states such that their personalities seem virtually translated into state norms and policies. Therefore, it is not surprising that an energetic, powerful and emerging leader would come to define a state-wide approach to security and defence matters. After the shock of the invasion of Kuwait by Iraq in 1990, Mohammed bin Zayed was already one of the most influential men in the UAE military and ruling apparatus. By the end of that decade, he would come to be seen as the UAE’s de facto leader in at the very least security and defence matters and by the mid-2000s the de facto leader in every respect. From this position of influence, the concerns that passionately animated Mohammed bin Zayed became transposed to the emirate of Abu Dhabi and the broader federation. Thus, the abiding fear of Islamist forces and various Iranian threats came to characterise both the man and the state.10

Partly motivated by such concerns and an intense desire not to be in Kuwait’s position — where decades of assiduously arranged external relations designed to boost the state’s security came to naught on 2 August 1990 when the state was overrun in hours — Mohammed bin Zayed set about, with purpose, drive and dedication, to forge effective military forces. In doing so, he enacted a range of policies and approaches that remain unique to this day. He procured mostly from France and the United States, eschewing a strategy often seen in the Gulf to “spread bet” and acquire from as many sources as possible. To test forces in the field, he actively sought to deploy UAE military forces as often as possible in international missions of escalating importance and complexity — in Kosovo, Afghanistan, Libya and Yemen. And, most unusually, he hired a foreigner, the former head of Australia’s Special Air Service Regiment (SAS), Mike Hindmarsh, to design from the ground up and run a new force, the Presidential Guard, roughly equivalent to the US or UK marines. Foreigners in Gulf militaries are nothing new. But in the UAE, a new kind of foreigner — one who was empowered and meaningfully influential — came to the fore, heading military institutions such as a new airpower service, the Joint Aviation Command, and one of the country’s military colleges. These unique policies meant that the UAE Presidential Guard, supported by elements of the wider UAE forces, was the first Arab military to undertake complex, coordinated military operations, at distance and into hostile territory.

12 Roberts, “Bucking the Trend”.
Now What?

While the UAE has at its disposal arguably the most capable military forces in the Arab world, the implications need to be measured. The UAE does have an impressive set of capabilities in its Presidential Guard but there is not enough evidence to draw similar conclusions about the capabilities of the wider forces such as the army. Nonetheless, even to get to this stage, the UAE has shown that it is a state willing and able to deploy a range of forces beyond its immediate neighbourhood. Notably, the UAE deployed its fast jets to attack targets on behalf of its client, General Haftar, in Libya in 2014. On a larger scale, the UAE has begun to expand its influence in the Horn of Africa region. Not only has it established its own large military bases in states like Eritrea, but it has also begun to train militaries in federal areas of Somalia as well as establish a smaller military presence on islands in the Arabian Sea. The point is that the UAE has emerged as a fairly new form of military actor in the Gulf and wider Middle East and North African region. And, as noted, in places like the Horn of Africa, UAE forces could even be described as the preeminent military power.

The UAE’s aims are relatively straightforward. The state remains concerned about the spread of Islamist forces and will consistently do what it can to counter such trends. Often linked to this concern, it actively pushes back against Iranian proxy forces. Specifically, in the Horn region, the UAE’s extensive military operations are also ranged against the re-emergence of piracy as a transnational concern, something that threatens the UAE considerably as a state whose revenue depends

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14 “Why are Gulf countries so interested in the Horn of Africa?”, The Economist, 19 January 2019.
mostly on water-borne trade. Many, if not all, of these strategic goals are aligned, or at least not antagonistic, to the goals of international organisations and the wider international community. In that sense, the significant increase in the scope of the UAE’s activities could be interpreted as a boon to pre-existing efforts in these areas.

However, the UAE is a new actor in a complex system, and it has its own, often headstrong, ways of doing things. UAE policies in Libya are a case in point. From available evidence, the UAE appears to consistently support General Haftar, often with significant arms and other forms of military support, much to the chagrin of international institutions that seek to promote the capabilities of the UN-recognised Government of National Accord (GNA).15 Thus, while everyone wants the same ultimate end — a stable Libya — different priorities and approaches, as well as the fact that each supports a different local actor add friction, undermining stability. Similar concerns are already evident in the Horn region. Intra-Gulf politics is adversely affecting Somali politics, with Qatar and Turkey heavily supporting the government in Mogadishu and the UAE supporting Somalia’s outlying regions, adding to pre-existing centrifugal pressures in the struggling federal state.

The UAE announced it was drawing down from Yemen in mid-2019. The conflict took a high toll in Emirati deaths and casualties. There are, therefore, few expectations that the state will be launching any Yemen-like operations in the near future. But regional calculations need to shift and grapple with the reality that a new actor has emerged that is far more willing to use military force as a tool of diplomacy and state.

15 Jason Burke and Patrick Wintour “Suspected military supplies pour into Libya as UN flounders”, The Guardian, 1 March 2020.
The Logic of the Emirati Grand Strategy

By Jean-Loup Samaan

Abstract

This article shows how Abu Dhabi has shifted from its once neutral stance to a more assertive approach in dealing with regional rivalries and security threats. It outlines the contours of the grand strategy that the UAE is developing to face what it perceives to be its two biggest security challenges today: Iran and Islamist movements.

As a small, young state born out of the unification of seven emirates and sharing land and maritime borders with the two regional hegemons of the Gulf — Saudi Arabia and Iran — the UAE has traditionally perceived its security to be highly dependent on the stability of its regional environment. In the first decades of the federation, its founding father, Sheikh Zayed bin Sultan Al Nahyan, crafted a foreign policy that emphasised proximity to the Western powers (namely, the United States, France and the United Kingdom), neutral if not cordial relations with neighbours and an active humanitarian programme across the Arab world. This stance was designed to avoid getting trapped into regional rivalries. But as the
security situation in the region changed in the past decade, the approach of the UAE has become more proactive.

**Challenges Arising from Political Change in the Middle East**

Over the past decade, two phenomena have shaped the Emirati assessment of its security environment: Iran’s regional assertiveness and the rise of Islamist groups, in particular, following the social upheavals in the Arab world in 2011.

Emirati decision-makers tend to characterise Iran as a strategic challenge: a neighbouring country using proxies in countries such as Iraq, Syria, Yemen or Bahrain to defy the current balance of power and establish regional hegemony. The long-running territorial dispute between the UAE and Iran over the latter’s occupation of three Emirati islands (Abu Musa, the Great Tunb and the Lesser Tunb) adds a sense of historical grievance that has long played a role in Emirati identity-building.¹ Moreover, Iran’s ballistic missiles — the most advanced arsenal in the Gulf — shape Abu Dhabi’s perception of a concrete and immediate threat since they can easily reach the UAE’s main urban centres.²

But, because Iran’s ambitions are understood as a strategic challenge rather than a threat to regime survival, they have generally been treated with pragmatism by Emirati leaders. On the one hand, officials in

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Abu Dhabi have strongly condemned Iranian influence in the Gulf and Iran’s use of proxies. The UAE was also among the first countries to support US President Donald Trump’s decision to withdraw from the 2015 Iran nuclear deal owing to its strong suspicion regarding Iran’s compliance. On the other hand, the country has maintained economic ties and diplomatic channels with Iran. As the UAE’s ambassador to the United States pointed out in 2016: “In the United Arab Emirates, we are seeking ways to coexist with Iran. Perhaps no country has more to gain from normalised relations with Tehran.”

Given the historical presence of an Iranian community in the UAE and the considerable trade relations between the two sides, Abu Dhabi’s policy towards Tehran has regularly oscillated between containment and compromise.

This stance contrasts with how the Emirati leadership deals with its second, and arguably bigger, threat, Islamist movements. This threat is deemed existential: it is seen not merely as constituting a contest for regional hegemony but rather as a threat to both regional and domestic stability. The Emirati elite view movements based on political Islam as directly challenging the stability of the regional order and aimed at exploiting the “emerging political vacuum to seize power and foster instability”.

In response to the threat, the UAE has developed an extensive counterterrorism approach that includes not only the fight against terrorist organisations but also initiatives against what it perceives to be

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4 For a fair account of the Emirati view, see the book on political Islam by the influential foreign policy thinker Jamal Sanad Al Suwaidi, The Mirage (Abu Dhabi: Emirates Center for Strategic Studies and Research, 2015).
their ideological foundations — “the extremist narrative” that, in the Emirati view, leads to violent extremism. This approach includes the creation of Hedayah, a global counterterrorism forum in Abu Dhabi. The UAE has fiercely opposed groups affiliated to the Muslim Brotherhood, the pan-Islamic movement founded in Egypt in 1928. Opposition to such groups, whether inside the UAE or across the whole region, has been pursued to a point that it is regularly portrayed as the central driver of the UAE’s regional policy, explaining the country’s dispute with Qatar or its support for General Khalifa Haftar in the Libyan civil war and for President Abdel Fatah el-Sisi in Egypt.⁶

Against these regional challenges, Emirati authorities generally emphasise regional stability. As Anwar Gargash, minister of state for foreign affairs and international cooperation, stated at the 2017 Manama Dialogue, “everything we really do as the UAE is about a return to stability”.⁷ One could argue that the UAE’s underlying assumption here is a pessimistic one: change in the region leads to chaos. In the words of Crown Prince Sheikh Mohamed bin Zayed, “weakness leads to chaos and attracts aggressors”,⁸ a point also made elsewhere by Minister Gargash: “If we have learned anything at all about the modern Middle

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East, it is that the region rarely gets its right when it comes to political transitions and revolution.”\(^9\)

This approach obviously differs from the regional approach of Qatar, which has embraced — and sometimes financially supported — Islamist groups in Tunisia, Egypt, Syria and Libya, believing that supporting political transition in these countries was more effective than opposing it.\(^10\) Eventually, the widening gap between the Emirati and Qatari approaches to the Arab upheavals led to several diplomatic crises, culminating in June 2017 with the UAE joining the Saudi-led boycott of Qatar.

**The Advent of an Emirati Grand Strategy**

Like the other small Gulf monarchies, the UAE has seen its partnerships with Western powers, namely the United States, France and the United Kingdom, as a key pillar of its security. In addition to signing various defence agreements with its Western partners, the UAE has allowed them to maintain significant military footprints in the country. The United States has by far the largest contingent, with 5,000 military personnel stationed at several facilities across the UAE. Additionally, since 2009, Abu Dhabi has hosted the French Command for the Indian Ocean, which has deployed 800 French soldiers in the country.

However, reliance on Western security partnerships has progressively been balanced by Abu Dhabi’s growing ambition to train a modern army that would allow the country to build strategic autonomy.

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The rapid growth of the UAE as a military player intervening in several regional crises (Afghanistan, Libya, Syria, Yemen) over the past decade reflects this shift. Likewise, the popular depiction of the UAE as a “little Sparta” — an expression coined by James Mattis when he was head of the US Central Command — reveals the aspiration of this small state to become a credible security actor.¹¹

This new strategic posture is largely the brainchild of Mohamed bin Zayed, the deputy supreme commander of the UAE armed forces. In a 2016 speech, he unpacked the Emirati grand strategy¹² that he envisioned, emphasising six guiding principles:

1. A focus on building human capital through training programmes that would enable the new generation of Emirati soldiers to achieve the goal of greater autonomy;

2. Massive investments in technology and military platforms that have allowed the country to operate state-of-the-art equipment and made it the seventh-largest arms importer in the world during 2014–2018;¹³

3. The development, through arms sales and offset programmes, of a local defence industry, which would make the country “more

¹¹ Rajiv Chandrasekaran, “In the UAE, the United States has a quiet, potent ally nicknamed ‘Little Sparta’”, The Washington Post, 9 November 2014.

¹² Here we use the concept of grand strategy in the sense used by Barry Posen, ie, as “a political-military, means-ends chain, a state's theory about how it can best 'cause' security for itself”. See Barry Posen, The Sources of Military Doctrine: France, Britain, and Germany Between the World Wars (Ithaca: Cornell University Press, 1986), 13.

independent when it comes to decision-making and strategic planning” in order to “become an increasingly self-sufficient manufacturer”;14

(4) the nurturing of a strategic culture among the country’s future commanders by creating, over the past decade, a local professional military education programme following Western standards (eg, the establishment of the National Defense College, the Emirates Diplomatic Academy and the Rabdan Academy);

(5) regular overseas deployments of Emirati military personnel to expose them to international experiences and expertise; and

(6) the expansion of the armed forces through conscription, which will create closer ties between soldier and citizen.

This Emirati roadmap towards strategic autonomy is still in the making but is the direct result of both the regional assessment depicted above and the perceived US reluctance to intervene in crises in the Middle East.15 This perception has led Emirati forces to prepare not only for territorial defence but also for expeditionary operations on a scale unprecedented for an Arab country of the UAE’s size. “Our responsibility is not limited to our homeland, and we feel a great sense of

15 Gargash, “Our solution for Libya”.
responsibility towards the security of our sisterly Arab nations”, stated Mohamed bin Zayed in May 2015, three months after the UAE had joined the Saudi-led coalition to restore the internationally recognised government in Yemen.\(^\text{16}\)

Another major aspect of this new Emirati strategic posture is the importance conferred to new international partnerships, starting with the country’s close rapprochement with Saudi Arabia. Both countries had been at odds since the founding of the UAE in 1971. An unresolved border dispute between the two escalated in 2009.\(^\text{17}\) But since then — and despite not having formally settled the border dispute — Riyadh and Abu Dhabi have undergone a major process of rapprochement, which has redefined the balance of power within the Gulf Cooperation Council.\(^\text{18}\)

Today, Saudi–Emirati relations are primarily based on a convergence of views on the Gulf security agenda in the post-2011 environment, particularly regarding political Islam and Iran. The warming relationship between the two countries culminated in early December 2017 with the announcement of a formal political and military alliance.\(^\text{19}\) Admittedly, a convergence of views does not necessarily mean

\(^\text{16}\) Crown Prince Court, “Speech by His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, on the Occasion of the 39th Anniversary of the Unification of the Armed Forces”.

\(^\text{17}\) On the background to the dispute, see Noura Saber Al-Mazrouei, \textit{The UAE and Saudi Arabia: Border Disputes and International Relations in the Gulf} (London: IB Tauris, 2016).

\(^\text{18}\) On the regional impact of the Saudi–Emirati alliance as depicted by an Emirati scholar, see the analysis of Abdulkhaleq Abdulla, \textit{Lahza al khaleej fi at Tarikh al Arabi al Mu’asir} (Dubai: Dar Al Farabi, 2018).

\(^\text{19}\) Patrick Wintour, “UAE announces new Saudi alliance that could reshape Gulf relations”, \textit{The Guardian}, 5 December 2017.
identical views: in some cases, such as the war in Yemen, Saudi Arabia and the UAE have differed on the approach to Islamist forces\textsuperscript{20} or on the desired end state. In particular, their approaches have differed on the question of who to support in Yemen — the secessionists or the Hadi government. Nonetheless, these differences so far seem more tactical than strategic.

Meanwhile, the UAE took many observers by surprise in August 2020, when it signed a normalisation agreement with Israel. It was no secret that strategic and economic exchanges between both countries had steadily developed over the previous decade but there was no obvious indication that these would be followed by the formalisation of diplomatic relations. After a joint statement on the agreement, issued by the US administration, UAE officials promoted the idea that the “Abraham Accord” constituted a peace agreement suspending Israel’s plans for the annexation of the West Bank, but the political motivations behind normalisation were to be found elsewhere. The commonality of views between Israeli and Emirati decision-makers on threats such as Iran and political Islam, and the Emirati interest in acquiring Israeli defence and security equipment (particularly in subsectors such as cybersecurity and artificial intelligence) certainly explained the decision. But Abu Dhabi’s desire to improve its public image in the United States probably played an equal role in its shift towards normalisation.\textsuperscript{21}


Finally, Abu Dhabi has been keen on developing close ties with India and China. Indian Prime Minister Narendra Modi invited Mohamed bin Zayed to India as chief guest at India’s Republic Day in 2017. Since then, India and the UAE have signed numerous partnership agreements (e.g., agreements for investments in Indian infrastructure, and for counterterrorism and maritime security cooperation). At the same time, Emirati officials have positioned the country as the most active partner of China in the region: for instance, Abu Dhabi Ports signed a 35-year concession agreement with China’s Cosco Shipping, which aims to turn the port into the main point of entry in the peninsula for Chinese ships. These new partnerships do not constitute a departure from Abu Dhabi’s traditional proximity to Western powers; instead, they constitute a process of diplomatic diversification to achieve greater strategic autonomy.

**Prospects**

The military, economic and diplomatic influence of Abu Dhabi in the Gulf region reflects its current leadership’s perception that shaping developments in the Arab world is important to the protection of the regime. This emerging grand strategy may look ambitious for such a small state. As in the case of any state with international ambitions, there is a financial and human cost to such ambitions. Although there are no official statistics on the expenditure incurred by the UAE in the war in Yemen, the protracted conflict has been a hard lesson for Abu Dhabi on

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the constraints of expeditionary wars, a fact that Western armed forces have been experiencing for decades now.

As a new strategic culture emerges in Abu Dhabi policy circles, one of the main challenges for the UAE will be to demonstrate its flexibility and, more precisely, its ability to adapt in the face of unexpected regional events and strike compromises where necessary. In particular, the longstanding competition with Iran, with its potential for regional escalation, is a litmus test for Emirati statecraft. Observers were taken by surprise by the way Abu Dhabi reacted to the May 2019 crisis with Iran over the sabotage of tankers in the Strait of Hormuz. Abu Dhabi’s call on all sides to show restraint and its opening of dialogue with Tehran to avoid open confrontation was a demonstration of much-needed pragmatism. In fact, the decision was a reminder of how much the stability of the UAE is exposed to regional crises. Whether Abu Dhabi will be able to demonstrate similar flexibility on other pressing issues will be critical to its aspirations of achieving strategic autonomy while navigating between its Western allies, its neighbouring powers in the Gulf and emerging Asian players. ♦
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Dr Jean-Loup Samaan is a research affiliate of the Middle East Institute, National University of Singapore. He has held various positions with the French Ministry of Defense, the NATO Defense College and the RAND Corporation. His research focuses on Middle Eastern strategic affairs, in particular the Israel-Hizballah conflict and the evolution of the Gulf security system. He has authored four books apart from several peer-reviewed articles. Dr Samaan holds a PhD in political science (2009) from the University of Paris, La Sorbonne, as well as an accreditation to supervise research (2017) from the doctoral school of Sciences Po (Paris).