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UAE Country Profile

Introduction

This confederation of seven emirates, or Sheikhdoms, (Abu Dhabi, Dubai, Sharjah, Ras Al-Khaimah, Fujairah, Ajman, and Umm Al-Qawain) at the lower end of the Persian Gulf is one of the most stable and liberal of modern Arab states. Since its independence from Great Britain in 1971, the United Arab Emirates (UAE) has witnessed phenomenal internal growth and financial expansion due to its oil exports. The principal cities of Dubai and Abu Dhabi have become global tourist destinations and a nexus for trade and commerce between North America and Europe in the west and Asia in the east. The UAE enjoys excellent relations with all major world powers and as well as with lesser nations of South America, Africa, and Asia.

U.A.E in Facts and Figures¹

Population: 2,602,713

Age Structure:

0-14 years: 24.9% (male 331,012/female 317,643)

15-64 years: 71.2% (male 1,125,286/female 726,689)

65 years and over: 3.9% (male 74,700/female 27,383)

note: 73.9% of the population in the 15-64 age group is non-national.

Population growth rate: 1.52%

Birth rate: 18.96 births/1,000 population

Death rate: 4.4 deaths/1,000 population

Net migration rate: 0.66 migrant(s)/1,000 population

Sex ratio: *at birth:* 1.05 male(s)/female

under 15 years: 1.04 male(s)/female

15-64 years: 1.55 male(s)/female

65 years and over: 2.73 male(s)/female

total population: 1.43 male(s)/female

Infant mortality rate: *total:* 14.09 deaths/1,000 live births

male: 16.57 deaths/1,000 live births

female: 11.48 deaths/1,000 live births

Life Expectancy at Birth:

total population: 75.44 years

male: 72.92 years

female: 78.08 years

¹ Information in the Facts and Figures section is courtesy of 2006 CIA World Factbook. All figures are July 2006 estimates unless otherwise stated.

Total fertility rate: 2.88 children born/woman

Nationality: *noun:* Emirati(s) ; *adjective:* Emirati

Ethnic groups: Emirati 19%, other Arab and Iranian 23%, South Asian 50%, other expatriates (includes Westerners and East Asians) 8%

note: less than 20% are UAE citizens

Religions: Muslim 96% (Shi'a 16%), Christian, Hindu, and other 4%

Languages: Arabic (official), Persian, English, Hindi, Urdu

Literacy: *definition:* age 15 and over can read and write

total population: 77.9%

male: 76.1%

female: 81.7% (2003 est.)

Country Name: United Arab Emirates (UAE), *formerly:* Trucial Oman, Trucial States

Government type: The country is actually a federation with specified powers delegated to the UAE federal government and other powers reserved to member emirates.

Capital: Abu Dhabi

National holiday: 2 December, also independence day (1971)

Constitution: 2 December 1971; made permanent in 1996.

Legal System: A federal court system was introduced in 1971. This applies to all emirates except Dubai and Ras Al-Khaimah, which are not fully integrated into the federal judicial system. All emirates have secular courts to adjudicate criminal, civil, and commercial matters and Islamic courts to review family and religious disputes.

Suffrage: none

Executive Branch:

Chief of state: Khalifa bin Zayid Al-Nuhayyan has been President since 3 November 2004 and ruler of Abu Dhabi since 4 November 2004.

Head of government: . Muhammed bin Rashid Al-Makhtoum has been Vice-President and Prime Minister since 5 January 2006.

Cabinet: There is a Council of Ministers that is appointed by the president. Note: There is also a Federal Supreme Council (FSC) that is composed of the seven emirate rulers. This FSC, which meets 4 times a year, is the highest constitutional authority in the UAE

and it establishes general policies and sanctions federal legislation. The rulers of Abu Dhabi and Dubai have effective veto power.

Elections: The president and vice president are elected by the FSC for five-year terms (no term limits). The next election is to be held in 2009.

Legislative Branch: The unicameral Federal National Council (FNC) or Majlis Al-Ittihad Al-Watani consists of 40 seats and members are appointed by the rulers of the constituent states to serve two-year terms. *note:* The FNC reviews legislation, but cannot change or veto it.

Judicial Branch: There is a Union Supreme Court with judges appointed by the President to indefinite terms.

Political Parties: none

Currency: Dirham

International Organization Participation:

Among the international organizations to which the UAE belongs are the following: ABEDA (Arab Bank for Economic Development in Africa, AFESD (Arab Fund for Economic and Social Development), FAO (Food and Agriculture Organization), G-77 (United Nations Group of 77), GCC (Gulf Cooperation Council), IAEA (International Atomic Energy Agency), IBRD (International Bank for Reconstruction and Development), ICAO (International Civil Aviation Organization), ICC (International Code Council), ILO (International Labor Organization), IMF (International Monetary Fund, Interpol, IOC (International Olympic Committee), OIC (Organization of Islamic Conference), OPEC (Organization of Petroleum Exporting Countries), UN (United Nations, all agencies), WHO (World Health Organization), WTO (World Trade Organization).

Military: Army, Navy (includes Marines and Coast Guard), Air and Air Defense Force, paramilitary forces (includes Federal Police).

Geography

The Neighborhood

The UAE is located at the lower, eastern end of the Arabian Peninsula. It is bounded on the north by the Persian Gulf and on the east and southeast by the Sultanate of Oman. To the south and west lies the great Empty Quarter, *Rub Al-Khali*. This deserted stretch of land belongs largely to its western neighbor, Saudi Arabia, although the exact border demarcations between the two states have never been finalized. Across the Gulf to the north and east lie the Islamic Republic of Iran and the Straits of Hormuz.

Oman

The Sultanate of Oman has been the UAE's most stable neighbor over the years. The geography and demographics of both states are intertwined. The northernmost part of Oman, the Musandem Peninsula, lies inside the UAE and is separated from its parent by the Emirate of Fujairah. The joint Oman-UAE Sohar Port venture in northern Oman embodies the Gulf Cooperation Council (GCC) ideals of economic and political integration. This new port complex is 60 km (36 miles) from the Wadi Jizzi border with the UAE. It is a multibillion dollar undertaking, as large as the Palm Island Project in scale, and consists of a container port, a petrochemical complex, aluminum and steel foundries, and a gas liquefaction plant. The two-lane Buraimi mountain road between Sohar and Al-Ain in the UAE is being expanded to a six-lane rapid transport highway. Likewise, massive pipelines have been laid to transport petroleum and gas to this strategic facility on the Gulf of Oman. When completed in 2010, this industrial and maritime facility will further cement the economic and political ties between the UAE and Oman. Perhaps more importantly, it will reduce the strategic importance of the Strait of Hormuz and threats from Iran to UAE maritime shipping.²

Qatar

Although the UAE and Qatar do not share contiguous borders, they are close neighbors and Qatar affirms the Gulf Cooperation Council (GCC) ideals of integration. The Qataris strive to play a greater role in regional politics and in the international arena as well. Their mediation has not always been successful. In 2002, as a gesture of goodwill, they brokered negotiations between the Islamic Republic of Iran and the UAE over the disposition of the three islands, Abu Musa and the Tunb Islands. The fate of the islands remains unresolved. The Qatari satellite TV channel, Al-Jazeera, has at one time or another irritated and angered various large segments of the Arab world and its Gulf neighbors in particular. Other issues have caused Qatar to stand out as a maverick. The national flag carrier, Qatar Airways, has burdened air traffic agreements between the UAE and Oman by offering discount flights to its neighbors, thereby plunging Oman and Gulf Air into revenue losses. On the upside, Qatar has hosted one of the largest US military bases in the Gulf region. More recently, Qatar's foreign policy with regard to Arab-Israeli relations has confounded the US and the European Union. The Bush

² Gulf Oil and Gas. Macki open \$1.2b Sohar Projects ..<http://www.gulfoilandgas.com/webpro1/MAIN/Mainnews.asp?id=516>

administration has looked with displeasure on Qatar's offers to pay the salaries of Palestinian Authority workers.³

Saudi Arabia

Saudi Arabia was the prime mover in motivating its neighbors to create a mutual defense and trade organization in the wake of the 1980 Iraq-Iran War. The Gulf Cooperation Council (GCC) was in fact born of Saudi fears of a potential threat from either Iran or Iraq at the termination of the war. At that time, oil production in Saudi Arabia exceeded that of the UAE and Saudi Arabia wished to remain the principal exporter of oil in the Arabian Gulf. In the past two decades, the Saudis have been responsible for a fair amount of neighborhood mischief. This involved the Saudi instigation of Shi'a unrest in Gulf countries. The eastern Saudi ports of Jubail and Dammam, through which most of Saudi maritime traffic passes, remain under threat of closure of the Strait of Hormuz by Iran. The UAE has largely bypassed this strategic threat by opening the port complex in Sohar, Oman. As the oil and gas exports of the UAE increase, Saudi Arabia views its economic viability in jeopardy. Saudi concerns over the profitability of its national air carrier, Saudia, have increased. The airline operates with large state subsidies. However, with Saudia's high airfares and government refusals to grant visiting visas to transit passengers, it has not been competitive in regional or global markets. Threatened by the low airfares Gulf Air and Oman Air, the Saudis recently launched SAMA, a budget airline that intends to undercut other regional carriers. Other unresolved issues have clouded Saudi Arabia's relations with its GCC neighbors. One is the renewed border dispute with the UAE over mutual boundaries. This conflict, which is rooted in the existence of oil deposits in the neutral zone between the countries, predates the existence of the GCC. Superficially, visits by foreign ministers in 2005 quieted the rhetoric and there have been no hostilities. Yet no treaty or formal agreement has been ratified. In recent days, Saudi Arabia has advocated a GCC nuclear peace initiative to offset perceived threats from Iran.⁴

Iran

The international community and Gulf Cooperation Council (GCC) countries like the UAE view the inconsistency of Iranian foreign policy with concern. The Islamic Republic of Iran replaced the Pahlavi dynasty of Shahs in the revolution of 1979. Iran's ongoing Shi'a fundamentalism and suppression of liberal internal movements have caused continued turbulence in its domestic and foreign policy. The country's nuclear program and its potential for acquiring weapons of mass destruction are perceived by regional and international powers as a threat to global peace. GCC members are being asked by Riyadh to launch their own peaceful program to offset Iranian progress. Iran has also carried its revolution beyond its borders. As early as 1991, it funded insurgency movements in Somalia and bankrolled the local warlord, Muhammed Aidid. Over a period of ten years it has funded Hizbollah and provided arms, through Syria, to the Shi'a insurgency in Lebanon. Of particular concern to GCC countries and the US is Iran's deployment of weaponry on the strategic island of Abu Musa, thereby menacing

³ American University Washington DC. <http://www.american.edu/ted/abumusa.htm>

⁴ Arabic News.com. Border Disputes Erupt Between Saudi Arabia, UAE .. <http://www.arabicnews.com/ansub/Daily/Day/050223/2005022318.html>

maritime transport in the Strait of Hormuz. A new airfield, gun emplacements, and Chinese Silkworm missiles threaten the passage of large oil tankers as they negotiate the S-turn of the Strait. Negotiations between Iran and the UAE have not yielded tangible treaty-based results. Iran's principal oil export facilities lie outside the Strait in the port of Bandar Abbas⁵

Area

Between the white sands of the salt-crusted coast in the north and the gorges of the Hajara mountains to the east and southeast lie the vast dunes of the desert. These dunes run north to south and eventually merge with the Empty Quarter. This comprises the southern region of the UAE. Sandwiched between the coastal plain and the desert are narrow stretches of farmland which are irrigated by deep wells. The UAE has no natural rivers. The waterway known as Dubai Creek is actually an inlet of the Persian Gulf. This inlet has been widened and deepened to accommodate the mooring of cargo *dhow*s, fishing vessels, and small tourist taxis called *abras*.⁶

Climate

The coastal areas are humid throughout most of the year, with high temperatures in May through September reaching as much as 46°C (115°F) and 95% humidity. Mountain areas and inland desert areas, such as the oasis city of Al-Ain, are dry year round; however, temperatures soar to 49°C (120°F) during the summer months with a humidity index of 10%. There are basically only two seasons: a summer or hot season, and a winter or cool season. Rains, though infrequent, come in December or January, and the annual rainfall for the UAE is less than 5 cms (2 inches) per year. Sandstorms can arise anytime of year but are more likely to occur during the cooler months. When there is a sandstorm visibility can be near zero and airports close.

Environmental Issues

Two issues dominate thinking about the environment in the UAE: pollution and 'greening of the desert.' In spite of the many urban recycling centers installed by the Emirates Environmental Group (EEG) and an AED⁷ 500 (USD 135) fine for littering, the UAE has a major problem with environmental waste. As a result, the government employs large numbers of Asian laborers to ensure that city streets, beaches, and highways are kept litter-free. Likewise, over the years oil spills from refineries and shipping have been a major concern to environmentalists. However, the petroleum industry itself has been a major supporter of the conservation of fish and wildlife programs of the Regional Organization for the Protection of the Marine Environment. In general, environmental protection programs have been successful due to heavy governmental endorsement.

⁵American Thinker. April 26, 2007. Douglas Hanson. Advantage: Iran
http://www.americanthinker.com/2004/04/advantage_iran.html

⁶Dubai Municipality. Public Transport: Abra Transport. <http://vgn.dm.gov.ae/DMEGOV/dm-trans-abra-transport>. 2006.

⁷AED = United Arab Emirates dirham, the currency used in the United Arab Emirates

Great amounts of water have been necessary to support the parks, gardens, and manicured lawns of the UAE. The artesian wells, once used for human consumption and irrigation, can no longer support both. The large desalination plants of Dubai Electric and Water Authority (DEWA) at Ruwais and Jebel Ali can only supply the needs of 700,000 persons. They are not adequate for the demands of a growing population and its desire to turn the desert into a garden. The scarcity of water and the cost of producing desalinated water have driven the government to introduce stringent measures to conserve water and to punish those who would waste it.⁸

Major Cities

Dubai

The city-state of Dubai, with a population of about 750,000, is the largest city of the UAE. It grew from a late nineteenth century Trucial Coast trading port and pearl fishing settlement of 10,000 inhabitants to be the wealthiest of modern Arab cities. Founded by traders of mostly Persian, Baluchi, and Indian origin, it has been ruled since then by descendants of the indigenous Al-Makhtoum tribe. These immigrant traders found opportunities in the duty-free port of Dubai and made it the hub of their trading empire. The discovery of oil in the second half of the 20th century is responsible for the rapid growth of Dubai.

Dubai of the 21st century is a glass, steel, and concrete megalopolis that attracts global commerce and tourism. Dubai welcomes the world with the most modern of digital communication links. The airport received more than 5.6 million guests and processed more than 2.2 million metric tons of cargo in 2005. Supporting a diverse infrastructure of banks, schools, universities, and hospitals, it continues to expand into the desert in the south and out onto the artificial offshore islands of the Persian Gulf waters to the north.

Abu Dhabi

The second major city state and capital of the UAE is Abu Dhabi. Its Arabic name means 'father of the deer.' This city exports more oil than the other emirates put together. It is built on an island just off the coast and about 160 km (100 miles) west of Dubai. Abu Dhabi has expanded from a nineteenth century pearlfisher's island to a flashy twentyfirst century mainland metropolis with a population of 450,000. The ruling family, Al-Nahayan, moved there in the early nineteenth century from its home in the oasis of Liwa.

The discovery of oil in 1958 in Abu Dhabi, five years earlier than in Dubai, catapulted the city to petrodollar prominence. Although not as showy and lacking the impressive port facilities and the tourist industry of Dubai, Abu Dhabi boasts all of the links to global commerce.

Al-Ain

This desert oasis, the third largest city in the UAE, is part of the Emirate of Abu Dhabi. Located on the border of the UAE and the Sultanate of Oman, Al-Ain is actually the

⁸ Dubai Electricity and Water Authority web site.. <http://www.dewa.gov.ae/>

western portion of the Buraimi Oasis. The two cities, Buraimi and Al-Ain, are nestled between the sand dunes to the west and northwest and the Hajara Mountains to the east. They have a collective population of 350,000, most of which is of Bedouin origin. Al-Ain is home to the largest government university in the UAE, Al-Ain University, with arts/humanities, engineering, business, science, and medical faculties.

History

Introduction

The first 5,000 years of UAE history is the history of small tribes of nomadic herders and hale seafarers. Their lands changed hands many times down through the centuries; few monuments remain. From the ancient Persian empires through the Islamic caliphates of the Middle Ages and the trade empires of the 16th to 19th centuries, the inhabitants of the region traded copper, dates, and pearls. They also offered their ports to the merchant ships of large nations. Connected to the great trade routes between East and West, the people of the Lower Gulf were globalized 500 years before the concept became popular in the West. With the discovery of petroleum in the second half of the 20th century, fortunes improved even further; technological monuments for future ages began to appear.

Beginnings in the Bronze Age

Archaeological digs at Al-Qusais on the northeast edge of Dubai confirm human settlement as early as the Magan culture of the Bronze Age (ca. 5000 BCE). Artifacts there show trade links with cultures as far-flung as Sumer in the Tigris-Euphrates Valley of present day Iraq and Mohenjo-Daro in the Indus Valley of present day Pakistan.⁹ Moreover, mound excavation on the island of Umm al-Nas, just off the coast of Abu Dhabi, has yielded artifacts proving early commercial links with other Bronze Age settlements up and down the Gulf.¹⁰

Stone implements and copper ingots from the same period have been found at Hili and Jebel Hafit, near the oasis city of Al-Ain. These artifacts establish a link with the Bronze Age and with the copper mines and metal furnaces operating even today in western Oman.

Greek Conquerors and Persian Emperors

The second major period in the history of the region began in the third century BCE. During this period the Greek Seleucids, descendents of Alexander the Great, established a fortress on the Gulf coast near Sharjah.¹¹ The Greek Seleucids used this fortress as a staging point on their expeditions to India and points east. Their rule was short lived, however, because the Persian Parthian dynasty began to dominate the area in approximately 250 BCE.

The Parthian presence on the Gulf coast came to an end some 500 years later, in 226 CE, when the Sassanid empire of Persia conquered the lower Gulf. Archaeologists working near Ras al-Khaimah have uncovered pottery and other artifacts from this era. The emperors of this period were known as the *shah-an-shah* or “kings of kings.” However,

⁹Archaeology Institute of America. Archaeology Magazine. M. Redha, Bhacker & Bernadette Bhacker. “Digging in the Land of Magan.” May/June 1997. <http://www.archaeology.org/9705/abstracts/magan.html>

¹⁰ Umm al-Nas is Arabic for “mother of the people.”

¹¹ Encyclopaedia Iranica. “Persian Gulf in Antiquity.” Daniel T. Potts. March 23, 2005. http://www.iranica.com/newsite/articles/ot_grp7/ot_pers_gulf_ant_200503223.html

after several battles with Arab conquerors and with the advent of Islam, their four hundred years of rule ceased.¹²

The Coming of Islam

The Arab Umayyads were the first dynasty of Islamic rulers and were known as the “rightly guided Caliphs.” They brought Islam and the Arabic language to the eastern reaches of the Arabian Peninsula in the late seventh century CE. Their short-lived dynasty yielded to the second and larger group of Islamic caliphs, the Abbasids, in the eighth century CE. Most of the nomadic peoples of the area became Sunni Muslims. However, several tribes and settlements in the Hajar Mountains and eastern parts of present-day UAE embraced other forms of Islam. As such, they deviated from the mainstream Sunni tradition. Large communities in the eastern Gulf regions chose to follow the nascent Shi'a doctrine emerging across the Gulf. Others, the Ibadi sect for example, was neither Sunni nor Shi'a Muslim and it persisted down through the centuries, becoming the dominant faith of inland Oman.

Using the city of Julfar, present-day Ras al-Khaimah as their Gulf trade base, the overland Arab invaders of the eighth century were sailors as well as colonizers. Like Sinbad the Sailor of folklore fame, they went on to establish a sea-borne trading network that delivered dates and pearls to the Far East and brought back silks, spices, teakwood, precious stones, and porcelain.¹³

The Age of European Colonization

European empires began their search for sea routes to the East in the mid-16th century CE. At this time, small fortified settlements began to appear on the Gulf coast from Bahrain down to the Gulf of Oman. The Portuguese were among the first of these trader settlers. The remains of their forts can be seen from Al-Hasa on the eastern Saudi coast to Dubai and down to the coastal city of Sohar in Oman.¹⁴ It was during this period, in 1580, that the Italian Marco Polo, on his voyage to China, visited and wrote of the pearl, silk, and porcelain industry of Dubai.

Other waves of European trade nations were soon to follow, bringing their naval ships to fight off the infamous pirates of the Gulf coast. The French and Dutch, who defeated the Portuguese, appeared briefly in the 17th and 18th centuries. Their merchant fleets ferried spices, tea, coffee, and cocoa between Asia, Africa, and Europe. In 1666, the Treaty of Oman opened the door to Dutch traders in the Lower Gulf which held until the Arab Tribal Rebellion against the Dutch in 1750. This uprising forced the closure of three factories on the Arab coast and paved the way for the merchant and martial fleets of Britain's King George III.

¹² Chris Cornuelle. “An Overview of the Sassanian Persian Military.” 1996.

http://www.iranchamber.com/history/articles/overview_sassanian_persian_military1.php

¹³ Peck, M.C. “The United Arab Emirates: A Venture in Unity.” Westview Press, Colorado. 1986.

¹⁴ UAE Government Center for Documentation and Research. “UAE History: Portuguese Era.” <http://www.cdr.gov.ae/english/uaeGuide/hisPortuguese2.aspx>

In 1763, the most powerful of European trading groups, the British East India Company, established a residency post for its agent in Sharjah. In the late 18th and early 19th centuries demands for goods from the East grew. East India company agents appeared in the principal ports up and down the Gulf, from Kuwait to Bahrain and Muscat in the South. Unlike the Dutch and French, the Britannic fleet was powerful enough to enforce any treaty or trade agreement. After 1872, when the East India Company became a legal and powerful arm of the British Empire, its official agents were known as Political Residents. They operated under the Cabinet India Office in London until 1947, at which time India acquired independence from Britain. They then were attached to the British Foreign Office.¹⁵

As part of the 19th century British trade network, Britain bolstered its connection with the Gulf States in the General Treaty of Peace of 1820. This invigorated the markets of Sharjah and Dubai. When the Suez Canal opened in 1869, the ports of the Lower Gulf became part of the Europe-Egypt-India route.¹⁶ Throughout Queen Victoria's reign (1837-1901), silks from China, spices from the Malacca islands, and teakwood from India were imported by the Gulf emirates. These were then re-exported, together with Persian wool, local pearls, and gold to both East and West.

By the end of the 19th century, the British had progressively tightened their grip on the trade settlements in the Gulf. Under the Executive Agreement of 1892, the ancestors of the present-day rulers of the UAE were forced to accept the status, British Protectorate. This guaranteed them the protection of the British Empire. However, under the terms of this truce, they were also required to negotiate all transactions with foreign powers through the British India Office. Henceforth, the name given to the Sheikhdoms was Trucial Coast States.

At the beginning of the 20th century, the sun was beginning to set on Queen Victoria's empire. Crown agents and developers, however, were still keen on expanding commerce and imperial influence. As early as 1903, the prestigious British Peninsular & Oriental (P&O) steamship line made Dubai a regular port of call on the London to India route. In 1932, British Imperial Airways gained landing rights in Sharjah and established an airbase there. In the same year, the British Broadcasting Corporation (BBC) built powerful transmitters in Dubai for its fledgling World Service. Likewise, in the late 1930s, Britain secured oil exploration concessions from several Gulf emirates, including Abu Dhabi and Dubai. These concessions would pay off in the 1950s and 60s.¹⁷

The Path to Independence

Sensing the need for greater political autonomy, the leaders of the Sheikhdoms of present-day UAE formed the Trucial States Council in 1951. The council met twice a year for 14 years in the presence of the resident British agent. In 1965, the sheikhs

¹⁵ Data Dubai. "Dubai History." March 16, 2006.

<http://www.datadubai.com/about-dubai/history/dubai-history/>

¹⁶ Davidson, C. "The UAE: A Study in Survival." 2005. Lynne Rienner Co.

¹⁷ UAE Government Center for Documentation and Research. "UAE History: British Era." <http://www.cdr.gov.ae/english/uaeGuide/hisBritish.aspx>

dispensed with the British agent and renamed the council Trucial States Development Council. They continued to meet twice a year, but began to forge greater political union among individual members thus preparing for independence.

In the wake of the Suez Crisis in the 1950s, the British Empire was nearly bankrupt. London signaled that it was unwilling to support a defense fleet and uphold guarantees of protection east of the Suez. This was understood by Gulf Arab leaders to be a green light for their independence movements.¹⁸

Among the states of the Gulf, Kuwait was the first to declare independence from Britain in 1961. Shortly after its independence, Iraq attempted to annex the new Sheikdom. British troops foiled the attempted annexation. Leaders of the other Gulf protectorates saw the potential for conflict if they too declared independence. Bahrain, Qatar, and the UAE moved more cautiously towards a separation from the UK. With the tacit agreement of Britain, Bahrain declared independence on 15 August 1971 and Qatar on 15 September of the same year. The principal Sheikhs of the Trucial States Council followed the example and declared their independence on 2 December 1971. The former Trucial States Council then became the Supreme Council of the new United Arab Emirates.¹⁹

Recent Events

Historical events since independence can be grouped around the following issues: territorial disputes, regional and international commitments, and modernization and development. Following independence, the UAE's neighbor to the west and south, Saudi Arabia, began to dispute the boundaries which had been laid down by the British Border Commission before December 1971. Saudi Arabia, whose claim to parts of the Al-Ain-Buraimi Oasis dated from 1953, reasserted those claims in the early 1970s.

A truce agreement with Saudi Arabia in 1974 was to settle all further border claims. After more than 30 years, however, the Supreme Council of the UAE has yet to ratify that agreement. Likewise, the final border demarcation between the UAE and Oman, which was to be established in 1999, has also yet to be finalized.²⁰

A second area of territorial dispute exists concerning three small islands: Abu Musa, Greater Tunb, and Lesser Tunb. Iranian claims to these three islands situated in the Gulf between Ras al-Khaimah and Iran arose in the days just before UAE independence in 1971. It was taken for granted that the British would not go to war over them. The largest, Abu Musa, has oil pumping facilities shared by the UAE and Iran. Iran, however, insists that visitors to the islands have an Iranian visa. From time to time, rhetoric flares concerning the status of the islands. If regional tensions were to rise, it is likely that the status of the islands could be the source of greater conflict.²¹

¹⁸ Peck, M.C. "The United Arab Emirates: A Venture in Unity." 1986. Westview Press, Colorado.

¹⁹ Library of Congress. Federal Research Division Country Studies. "Persian Gulf States: Independence." January 1993. <http://countrystudies.us/persian-gulf-states/15.htm>

²⁰ Bureau of Near Eastern Affairs. US Dept. of State. "Background Note: United Arab Emirates." October 2006. <http://www.state.gov/r/pa/ei/bgn/5444.htm>

²¹ The Estimate, Vol. XIII, Nr. 13. Michael Collins Dunn, Ph.D. "Abu Musa and the Tumbs: The Dispute That Won't Go Away, Part Two." July 24, 2001. <http://www.theestimate.com/public/072401.html>

The UAE is a member of an array of international organizations, among them the World Health Organization (WHO), World Trade Organization (WTO), the Organization of Petroleum Exporting Countries (OPEC), and the Organization of Islamic Conferences (OIC). It can be seen shaping policy in these organizations and is clearly a force for moderation. It has been a member of the Arab League since 1972 and a member of the six member Gulf Cooperation Council (GCC) since its founding in 1981. As a member of the GCC, the UAE in 1992 contributed USD 2.8 billion as well as land and air forces to the liberation of Kuwait in the 1991 Gulf War.²² Following the events of 9/11, political and military ties with the United States were strengthened through several memoranda of understanding. Today the UAE remains an ally in the war against terror.

To a visitor looking out over the steel and glass megastructures of Dubai, the United Arab Emirates must seem to be an amalgam of Dallas and the desert. There is little western technology or life style comforts that petrodollars have not been able to acquire. Yet, the leaders of the UAE are aware that their wealth is based on a commodity that is being progressively depleted. For that reason the economic development plans and the Federal Industrial Law that steers development are based on two principles. These are the reduction of dependence on a petroleum income and advantageous utilization of low-cost energy to develop a local industry with an international market base.²³

A principal part of the development plan concerns extension and expansion of the infrastructure, such as adding new highways, air terminals, and sea links. Likewise, man-made islands in the coastal waters, such as the Palm Islands, extend the surface area of the UAE by several square miles each year.

By all accounts, the citizens of the UAE have succeeded in fulfilling their desire to develop and diversify. Their foreign policies have lead to good relations with the major world powers. Their domestic policies have bred prosperity. The petrochemical and plastics industries ship products to the four corners of the globe. The annual Dubai Shopping Festival attracts millions of visitors from every continent. Golf and tennis tournaments are international events. Dubai itself is a popular venue for international conferences. As the UAE marches into the 21st century, construction of the world's tallest structure, the Burj al-Arab (Arab Tower) is underway in Dubai.

²² Altapedia Online. United Arab Emirates. <http://www.atlapedia.com/online/countries/unitedar.htm>

²³ Davidson, C. "The UAE: A Study in Survival." Lynne Rienner Co. 2005.

Timeline

ca. 3000 BCE The early **Bronze-Age Magan culture exists in several areas of present-day UAE.**

c. 2500 BCE The Kingdom of Dilmun, based in Bahrain, dominates trade in the Gulf. Sumerian cuneiform tablets document copper trade with Magan settlements in lower Gulf.

c. 2000 BCE The Magan civilization begins to decline.

c. 1000 BCE Artifacts from Iron Age settlements in UAE show the presence of Persian influence.

c. 900 to 600 BCE The Assyrian Empire controls lands between Tigris river and lower Gulf.

ca. 728 BCE The Median Empire, first of five Persian empires, rules Persian Gulf region.

ca. 648 to 330 BCE Achaemenid Empire, second Persian empire, expands Persian influence.

559 BCE Reign of Persian Cyrus the Great begins.

226 to 150 BCE Seleucid Empire, third Persian-Greek empire brings strong Greek influence. Descendants of Alexander the Great visit the lower Gulf on the way to India

330 to 226 BCE Parthian Empire, fourth Persian empire, continues Greek-Persian influence.

226 BCE to ca. 637 C.E. Sassanid Empire, fifth and final Persian empire, rules for 800 years.

570 to 632 C.E. Muhammed, Prophet of Islam, born in Mecca and died in Medina

681 C.E. Persian rule comes to an end and Islamization of Arabian Peninsula by Arab conquerors of Umayyad Caliphate is complete.

750 C.E. Beginning of second Caliphate in Baghdad, the Abbasids; Caliph Abu'l Abbas is the first in a Caliphate that lasts until 1258 C.E. Many Abbasids are non-Arabs.

13th Century With collapse of the Abbasid Dynasty and the shift of the Caliphate from Baghdad to Spain, piracy in the Gulf flourishes.

c. 1540 Portuguese explorers begin to appear and establish settlements on the west side of the Gulf including area of Ras Al-Khaima, Dubai, and Sharjah.

1580 Marco Polo visits the area of Dubai and comments on trade and culture of the area.

1643 Last Portuguese fort of Sohar falls to Sultan of Oman.

1648 The Dutch VOC (Vereenigde Oostindische Compagnie – United India Company) opens offices in Dubai and the Gulf and begins a century of trade in coffee, cacao, tobacco, and spices with Asia, Africa, and Arabia.

1666 Dutch Treaty with Oman opens ports of lower Gulf to Dutch Asian trade. Amsterdam-based VOC trading company establishes factories at Gulf ports.

1750 Arab tribes rebel against Dutch presence. VOC factories are closed.

1763 London-Calcutta-based British East India Company (EIC) assigns a resident agent to its Sharjah office. Shortly after this, EIC agencies are established in Kuwait and Bahrain.

1806 A Qulmanah (trade agreement) between Britain and the Qassimi sheikhs of Ras al-Khaimah marks the beginning of imperial agreements with individual sheikhdoms in the Gulf.

1820 General Treaty of Peace with Arab coast sheikhs brings to an end an era of Gulf piracy. Article 9 of this treaty discourages the practice of slavery in British dominions.

1869 Suez Canal opens and connects east and west. Ports of the Lower Gulf are connected to Europe, Egypt, and India.

British Colonialism

1892 Executive Agreement formalizes British protection of Trucial States in return for guarantees of exclusive political arrangement with Britain. In effect, the Trucial States of the Gulf become crown colonies.

1903 Dubai becomes an official British port and imperial steamships make regular calls.

1932 British Imperial Airways establishes air base in Dubai. In the same year, the BBC establishes its powerful eastern empire transmission network.

1939 Britain secures oil exploration concessions in several of Trucial States.

1939 – 1945 World War II

1951 Trucial States Council is established.

1956 Suez Crisis weakens British influence in the Middle East.

1961 Kuwait declares independence from Great Britain.

1965 The Trucial States Council becomes the Trucial States Development Council.

Independence

1971 The Year of Independence: 15 August-Bahrain, 15 September-Qatar, 2 December- UAE

1973 The UAE supports the Arab cause in the war between Israel and Egypt.

1979 UAE issues a condemnation of the Camp David accords between Egypt and Israel.

1980 The UAE begins support for Iraq in the Iraq-Iran war. This support ends in 1988.

1991 The UAE-owned BCCI (Bank for Credit and Commerce International) collapses causing international scandal and billion-dollar loss for shareholders. In the same year, UAE severs relations with Iraq because of the invasion of Kuwait.

1992 Iran demands travel visas for people wanting to travel to the Hormuz Islands of Abu Musa and the Tumb Islands.

1994 Iran builds an airport and power station on Abu Musa Island despite protests by the UAE

1998 Diplomatic relations with Iraq are restored.

Recent Events

2001 Supreme Court of UAE orders banks to freeze assets of individuals suspected of involvement in international terrorism.

2004 November Sheikh Zayed of Abu Dhabi dies and is succeeded by his son, Khalifa.

2006 January The Prime Minister, Sheikh Maktoum, dies and is succeeded by his brother Mohammed.

2006 March The UAE expands provisions for ownership of property by foreign nationals. Permanent residence for a period of 99 years can be acquired for the payment of AED 100,000 (c. USD 27,225)

2006 September The ruling families of UAE are indicted in international courts for the abduction and forced labor of thousands of Asian children used in camel training and the racing industry.

Economy

Introduction

At the 2003 annual meeting of the International Monetary Fund and the World Bank directors in Dubai, the 20,000 attendees focused on 30 years of phenomenal economic growth in the UAE. It was clear to all that the high per capita income and robust annual trade surplus had made the country a major player in global economic policy. With an open market, a history of impressive economic indicators, political stability, and sensible development plans, it was easy to see that the UAE is a forward looking nation, determined to sustain its growth and prosperity well into the 21st century.²⁴ That growth has been based on numerous factors.

Trade & Industry

For the past ten years, the UAE has maintained a daily output of more than 2 million barrels of oil. At a current market price of nearly \$70 per barrel, the daily capital income from oil and gas exports exceeds \$150 million. This source of income is unlikely to change much in coming years, since proven resources show an estimate reserve of c. 98.8 billion barrels of oil and 212 trillion cubic feet of natural gas. At present production levels, this would mean approximately 150 years of income from petroleum reserves. It is precisely this source of income that has made all other forms of industrial growth possible.²⁵

Data from the Chamber of Commerce of Dubai lists a current total of 200 major factories in the Jebel Ali free zone industrial area. International manufacturing ventures at Jebel Ali involve countries like China, Korea, Japan, the UK, and the US. They produce a wide variety of products for export such as plastics, chemicals, steel, aluminum, glass, cement, foodstuffs, pharmaceuticals, and industrial machinery. Government subsidy provided by the UAE Development Authority, plus duty free operating status and a large deep water port have created a potent manufacturing trade zone. This zone can compete in production and export cargo volume with any of the port markets in Europe or the USA.

Banking & Commerce

While Abu Dhabi is the capitol of the UAE, Dubai is the commercial center. Downtown Dubai is almost as busy as Wall Street or the City of London. Its stock and securities markets rank with those of Tokyo, Paris, and Frankfurt. Daily trading on the two markets averages 1.5 billion Dirhams daily (USD 400,000,000) and is not limited to trade in domestic securities. Trade at these two markets runs the full spectrum of global securities trading and includes: commodities, industrials, currencies, agricultural futures, and precious stones and metals²⁶.

²⁴ UAE Interact News. United Arab Emirates Yearbook 2007. "Economic Development." 2007. http://uaeinteract.com/uaeint_misc/pdf_2007/English_2007/eyb5.pdf

²⁵ Bureau of Near Eastern Affairs. US Dept State. "Background Note: United Arab Emirates." October 2006. <http://www.state.gov/r/pa/ei/bgn/5444.htm>

²⁶ Zawya Middle East Business Information. Stock Market Review. <http://www.zawya.com/equities/ad/>

To facilitate international trade transactions, the UAE hosts branches of 53 of the world's major banking houses such as Citi Bank, Hong Kong Shanghai Banking Corporation (HSBC), and Standard Chartered Bank. Although the Central Bank of the UAE regulates domestic and international banking, its terms of trade are liberal and in compliance with international standards. In addition the Central Bank exercises one control which is generally believed to be in the interest of national and regional security, that is anti-money laundering policy²⁷.

Energy

One reason for the success of the industrial economy of the Emirates is the country's role as both a supplier and consumer of energy. As a petroleum producer, it can generate electrical energy more cheaply than most non-petroleum producing nations. The low cost of electrical energy has permitted manufacturers of the Jebel Ali free zone to sell their goods on the world market at competitive rates while maintaining respectable profit margins. Likewise, domestic consumers in the UAE can enjoy a higher standard of living with their electrical appliances at lower energy costs. In 2004, for example, the Emirates generated a record 39.7 billion kilowatt hours of electricity for domestic and industrial use.²⁸

The Consumer

Citizens and residents of the UAE enjoy the highest salaries in the Gulf. The lack of market restrictions and the free movement of earned capital have created markets that enable consumers to enjoy a high standard of living. Low unemployment (about 2%) and high salaries sustain an economy that is friendly to consumers who have a wide choice of national and international shopping at major market chains such as Macy, Harrods, and Carrefour.

According to the AC Nielsen Global Consumer Survey, the UAE ranked ninth in the Index of Consumer Confidence. They were ahead of both the US, UK, and Singapore. High-caliber expatriate workers from east and west, as well as the native UAE citizens, are bullish in their confidence in the markets of the UAE to provide them with quality merchandise and a high standard of living.²⁹

Agriculture

For several thousand years, the coastal settlements and oases of the lower Gulf supported very little in the way of agriculture. The date palm, of which there are many varieties, was the one crop which was hardy enough to endure the harsh climate. Yet, early settlers were able to construct underground systems of irrigation to carry water from distant springs to the date groves.

²⁷ Central Bank of the UAE. Anti-Money Laundering and Suspicious Cases Unit (AMLSCU). . "Circulars Relating to Anti-Money Laundering." <http://www.centralbank.ae/AMLSU.php>

²⁸ World News Network. "Energy Info: UAE." <http://energy.wn.com/main.php?country=United+Arab+Emirates>

²⁹ AME Info. Research and Studies. "ACNielsen's global consumer survey shows UAE Consumers more bullish on economy than those in the US, UK and Singapore." 22 January 2006. <http://www.ameinfo.com/76008.html>

By the turn of the 21st century C.E., the Ministry of Agriculture and Fisheries had established an impressive record of promoting and regulating agriculture. Using the best of global technology to advance plant and animal husbandry, they have made the UAE agriculturally self-sufficient in many areas. With its network of private farms, the UAE produced over 600,000 tons of salad crops in 2005 to include tomatoes, cucumbers, eggplants, lettuce, cabbage, and animal feed. Production quality and quantity have been so successful that these items are exported to Europe in the winter months. Likewise, dairy farm production meets the local demands for milk products.³⁰

The Ministry also provides training programs for farm workers in plant and animal care and soil conservation. Over the past 30 years more than 18 million new palm trees have been planted. At the Ministry's scientific research centers, agricultural irrigation and pesticide use are studied and regulated. The destructive Red Palm Weevil has been eradicated from date palm trees. Likewise, the Marine Research Centers at Sharjah and Umm al-Qawain monitor commercial fishing in the Gulf waters and provide training in fishing methods and marine conservation.³¹

³⁰ Data Dubai. "Dubai Agriculture." 16 March 2006. <http://www.datadubai.com/technical-info/facts/dubai-agriculture/>

³¹ UAE Environmental and Agricultural Information Centre. Ministry of Environment and Water. <http://www.uae.gov.ae/uaeagricent/index.asp>

Society

Religion

The official religion of the UAE is Sunni Islam. Islam is one of the principal world religions and one of the three faiths that emerged from the holy lands of the Middle East. Its holy book is the Qur'an which followers believe was revealed to the last of the prophets, Mohammed, in the late 7th century CE. Mainstream or Sunni Muslims adhere to the *sunna* or teachings and *hadith* (sayings) of Mohammed, who is held to be the last of the prophets to follow in the monotheistic tradition of Abraham (Ibrahim). The Faith teaches charity, observance of prayer, fasting, and ethical conduct and asks its followers to perform a pilgrimage, if possible, to Mecca, the birthplace of Mohammed and the location of the holiest of Islamic sites, the Kaaba.

There are approximately 1.4 billion Muslims spread across the globe, but only 20% of these are ethnic Arabs. Not all Muslims are Sunni. After the death of Mohammed, a sect developed around the Caliph Ali, the son-in-law of the Prophet, and around Ali's son, Hussein, who was killed in the Battle of Karbala, Iraq (CE 680). Their followers called themselves Shi'a, from the Arabic meaning "the party of Ali." Every year on the anniversary of that battle they commemorate the martyrdom of Hussein in a festival called the *ashoura*. Most Shi'a Muslims live in Iraq and Iran.³² It should be noted that the UAE has been a source of stability and moderation in world Islamic affairs and has avoided religious extremism from either Sunni or Shi'a circles.

Religious Diversity

While Emiratis, 85% of whom are Sunni Muslims, freely pray with other Sunni Muslims at the mosques, they do not pray with Shi'a Muslims, who account for 15% of the remaining population of the UAE. Non-Muslims are part of the expatriate population and include Christians, Hindus, Buddhists, and Sikhs. As a sign of religious tolerance, the UAE government permits Christian churches and non-Muslim temples.³³

Demographic Groups

Only 15-20% of the total population of the UAE is native and therefore has citizenship. The remaining 80-85% is made up of foreign workers from several continents. The most numerous group is from South Asia. This group includes Indians, Pakistanis, and Bangladeshis. The second largest group consists of Arabs from other nations. Lastly, there are the expatriates from Europe and North America. More than 50% of expatriate workers from Asia are Muslim; the next largest group is Hindus. Although foreign professional workers mix freely in civil society at shopping centers or recreation areas, native Emiratis spend most of their leisure time in tribal or family circles and avoid extended social interaction with outsiders. Asian laborers, on the other hand, are segregated from the rest of the society and are housed in shabby and overcrowded construction camps with little interaction with UAE citizens or other expatriate workers.

³² UAE Government. "Tourism." <http://www.uae.gov.ae/Government/tourism.htm>

³³ US Dept of State. Bureau of Near Eastern Affairs. "Background Notes: United Arab Emirates." October 2006. <http://www.state.gov/r/pa/ei/bgn/5444.htm>

Human rights

With all the pretense of modernity and the glitz and glamour of society, the UAE does have problems in the area of human rights. The US State Department has documented widespread abuse of Asian female domestic servants as well as of blue collar workers. Asian laborers numbering in the tens of thousands are confined to overcrowded workers' camps with substandard food, sanitation, and little or no medical care. With the exception of some US and European professional workers, all expatriates are required to surrender their passports to employers upon entry into the UAE. Thus, they are not free to leave the country. Humanitarian organizations like Human Rights Watch and the Ansar Burney Welfare Trust have documented an illegal sex trade involving Asian women in the entertainment and tourism industry. HBO television exposed a scandal involving the abuse of child jockeys in the camel racing industry. This scandal involved boys who were kidnapped at preschool age in poor Asian countries and sold in the UAE. This matter is currently before the courts in the USA.³⁴

Customs

The customs and traditions of the UAE are similar to those of other Arab Gulf countries and are conditioned by the teachings of Islam. Native Emiratis usually wear distinctive traditional clothing (*dishdasha* for men and *abaya* for women) that distinguishes them from expatriates. The rituals of everyday life that Emiratis follow help them to maintain their identity and to isolate them from the expatriates they meet in civil society. The UAE is not a melting pot and the idea of seriously integrating non-natives and expatriates is definitely alien. The native Emiratis can be polite and very hospitable to those foreigners who honor and respect their traditions.

Hospitality

Hospitality is a capital word in all Arab societies. Foreign visitors to the UAE can expect invitations to drink tea or have a meal with their UAE host. Conversation is polite and contentious issues are best avoided. Dress for foreigners is expected to be modest for both men and women. Short trousers for men or short skirts for ladies are definitely not the norm. Men exchange handshakes with other men but are not encouraged to enter into uninvited exchanges with Muslim women, either native or expatriate. Lastly, alcoholic beverages, readily available in hotels, restaurants and clubs, are not part of traditional Arab hospitality in the UAE and should never be offered to Arabs

Marriage

As with religious holidays, marriage is celebrated within the extended family circle. Marriages are often arranged by the parents of the bride and groom and require several months of preparation on the part of both bride and groom.

Marriages with foreigners are very uncommon. In a marriage between UAE nationals, the groom is required to pay the bride's family a dowry or large amount of money. The amount of 100,000 Dh (ca. USD27,500) is a common payment in this situation. To ease the financial burden on young couples, the government extends financial assistance to

³⁴ Ansar Burney Welfare Trust. <http://www.ansarburney.com/news6.htm>

those intending to marry. There is no dating before marriage and the bride and groom may not spend time alone prior to the nuptials. The actual celebration can last up to three days with celebrations at the groom's house, the bride's house, and then the final celebration at a rented social hall. Divorce, though very uncommon, does occur.³⁵

Gender issues

Unlike Saudi Arabia, its neighbor to the west, the UAE permits and encourages women to drive and to be employed in a wide variety of positions: professional, skilled, and unskilled. Education for Emiratis is not coeducational, but there are many colleges and training centers for females. Yearly, many girls graduate as trained professionals or skilled workers. There are even female taxi drivers, although their customers are primarily women.³⁶

Holidays

The customs and traditions of the UAE can be seen in the observance of religious and public holidays. There are six Islamic festivals which follow the lunar Islamic calendar and one national holiday, Independence Day, which occurs on 2 December. The first of the Islamic festivals is the New Year or *ras al-sana*. The second is the Prophet's birthday called *moulid al-nabi*. Ramadan is a month long holiday of fasting from sunrise to sunset. The two *eid* festivals are *eid al-fitr* (end of fasting month) and *eid al-adha* (end of month of pilgrimage). The last of the religious festivals is the Shi'ite festival *ashoura* which commemorates the martyrdom of Hussein. The last of the public holidays is National Day, the anniversary of UAE independence, on 2 December.

Art

The UAE is unlike many countries in the Middle East that have emerged from an ancient past into modernity with landmarks, poets, artists, and thinkers. Much of what can be called culture is either borrowed or bought from other countries. Thanks to the income from oil exports, the UAE can afford to purchase the best of art and entertainment from abroad. In the past two years, foreign artists and media specialists have been brought to the new Media City in Dubai. Abroad, in the case of television or other Arabic media, means Egypt, Lebanon, or Syria. Arabic language television programming is available through extensive Arab owned satellite networks that cover national broadcasts from Morocco to the Gulf.

In addition to TV programming, Dubai hosts an annual gala international film festival. Museums feature loan exhibits of graphic and pictorial arts from European and American collections as well as from local art initiatives. A glimpse of urban skylines in the UAE tells the visitor that everything is new. Indeed, the concrete has barely hardened on public architectural masterpieces like the Jumeira Mosque in Dubai. Such structures mix the Islamic past with 21st century geometries.

³⁵ Zawaj.com. "Wedding Customs in the UAE." <http://www.zawaj.com/weddingways/uae.html>

³⁶ AP News Wire article hosted at Taxi World Home Pages. Ambah, Faiza Saleh. "Female Cabbies Begin Work in United Arab Emirates." 7 June 2000. <http://taxi-world.home.att.net/dubai01.htm>

Sports and Recreation

A high per capita income has created a standard of living that permits leisure time activities. The private sector has been quick to act on the life style needs and wants of both natives and expatriates. It has made available many recreational activities. The Ministry of Tourism promotes and invests in sports as well. The 18-hole par 72 Tower Link Golf Club in Ras al-Khaimah and the International Emirates Golf Tournament in Abu Dhabi are examples of an unlikely sport that has found a home in the deserts of the UAE.

Among other newer imported sports are, scuba diving, aviation, and mountain climbing. The Al-Jazira Aviation Club provides flying instruction as well as plane rentals to licensed pilots. The Mountain Climbing Club provides climbing activities at all levels, beginning to advanced, in the Musandem mountains of eastern UAE. Both clubs are located in Ras al-Khaimah.³⁷ In addition there are many centers offering desert safaris, ice skating (in Abu Dhabi and Dubai), tennis, and go-cart racing. Cricket and tennis are not new, but are very popular with natives and expatriates. There are native desert sports like camel racing, horse racing, desert hunting with Arabian greyhounds and falconry that bring back the spirit of ancient Arabia.

³⁷ Government of Ras Al-Khaimah. RAK Tourism Office. 2006. <http://www.raktourism.com>

Outlook

Future Prospects

There is a saying in investment circles that “past performance is not a guarantee of future success.” That is often true. In the case of future prospects for the UAE, future prosperity may not be linked to a continuation of those policies that have led to current prosperity and stability. In the past, the country has enjoyed unparalleled stability in both domestic and foreign policies. It has had excellent relationships with its Gulf neighbors and with the US and other major world powers. But what about current tensions and the prognosis for decades to come? Survival may be linked to a change in domestic or foreign policy. There are four areas of possible concern: demographics, territorial conflict; Islamic polarization from abroad, and collapse of the economy.

Demographics

From the demographic profile of the UAE and from the discussion of its society, one can see that the percentage of native Emiratis is under 20% of the total population, while Asian expatriate workers accounts for more than 50%. Likewise, of native Emiratis, 16% adhere to Shi'a Islam. The current per capita income ensures that everyone has a fair chance at getting a comfortable income. This is a key to overall success. If, however, there were widespread conflict in the Gulf region and a resulting interruption in oil exports, everything could change. Asian workers, who in the past have shown a tendency to unrest concerning labor conditions, could be a source of internal conflict. Likewise, in the case of armed conflict involving Iran, the Shi'a minority, whose sympathies often lie with their brothers in Iran, could be a source of opposition to the Sunni government.

Territorial Conflict

The disputes with Saudi Arabia over the desert boundary to the southwest and with Iran over the islands in the Straits of Hormuz could be a source of future instability. Saudi Arabia, which has been fertile ground for religious extremism and internal instability, could at some point reactivate its claims to desert areas and the Al-Ain/Buraimi Oasis. This would plunge Oman, the UAE and Saudi Arabia into conflict and destabilize the region. Likewise, if Iran were to reassert its claims to the Tunb Islands more aggressively, this could lead to a conflict and an interruption of oil exports. Only 15% of northern Gulf oil is exported through the pipelines to Red Sea refineries and ports; the remaining 85% must pass through Hormuz.

Religious Extremism

Over the past 35 years, The Sunni majority and Shi'a minority have forged an understanding that has permitted them to live, work, and prosper together. Likewise, they have largely avoided anti-western and extremist trends that have circulated throughout the Islamic world in the past decade. Indeed, the UAE has been a source of moderation and stability in regional, Arab and Pan-Islamic affairs. If the country's financial stability were to disappear, however, religious extremism could fill the void. The fragile sectarian balance could collapse.

Economic Stability

Heretofore, the wealth of the UAE has made its way to all sectors of the society. A collapse of the economy could only occur if oil exports were to suddenly stop. If this happened, then other calamities would follow: ethnic unrest and religious extremism. This has been a remote worst-case scenario. Current tensions in the Gulf, however, and a possible closure of the Straits of Hormuz raise this possibility of this occurring.