



The United Arab Emirates (UAE): Issues for U.S. Policy

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Summary

The UAE's relatively open borders and economy have won praise from advocates of expanded freedoms in the Middle East while producing financial excesses, social ills such as human trafficking, and opportunity for UAE-based Iranian businesses to try to circumvent international sanctions. The social and economic freedoms have not translated into significant political change; the UAE government remains under the control of a small circle of leaders who allow citizen participation primarily through traditional methods of consensus-building. To date, these mechanisms, economic wealth, and reverence for established leaders have enabled the UAE to avoid wide-scale popular unrest. Since 2006, the government has increased formal popular participation in governance through a public selection process for half the membership of its consultative body, the Federal National Council (FNC). But, particularly since the Arab uprisings that began in 2011, there has been an increase in domestic criticism of the unchallenged power and privileges of the UAE ruling elite as well as the spending of large amounts of funds on elaborate projects that cater to tourists. The leadership has resisted any dramatic or rapid further opening of the political process, and it is becoming increasingly aggressive in preventing the rise of Muslim Brotherhood-linked Islamist, as well as secular opposition movements. The crackdown is drawing increased criticism from human rights groups.

On foreign policy issues, the UAE—as has Qatar—has become increasingly assertive in recent years, using its the UAE's ample financial resources and its drive to promote regional stability. The UAE has ordered the most sophisticated missile defense system sold by the United States, making the UAE pivotal to U.S. efforts to assemble a regional missile defense network directed primarily to counter Iran's expanding missile force. It also has joined the United States and U.S. allies in implementing significant financial and economic sanctions against Iran. The UAE has deployed about 250 troops to Afghanistan since 2003 and pledges to keep some forces there after the existing international security mission there ends in 2014. In 2011, it sent 500 police to help the beleaguered government of fellow Gulf Cooperation Council (GCC) state Bahrain; UAE pilots flew combat missions against Muammar Qadhafi of Libya; and it joined the GCC diplomatic effort that brokered a political solution to the unrest in Yemen. The UAE is financially backing armed rebels in Syria. It gives large amounts of international aid, for example for relief efforts in Somalia, and the UAE is giving substantial aid to the transitional government of Egypt that followed the military ousting of President Mohammad Morsi, a Muslim Brotherhood leader.

For the Obama Administration and many in Congress, there were initial concerns about the UAE oversight and management of a complex and technically advanced initiative such as a nuclear power program, particularly for the potential leakage for U.S. and other advanced technologies to leak illicitly to Iran. These concerns were underscored by dissatisfaction among some Members of Congress with a U.S.-UAE civilian nuclear cooperation agreement. The agreement was signed on May 21, 2009, submitted to Congress that day, and entered into force on December 17, 2009. The concerns have since been largely alleviated by the UAE's development of strict controls, capable management, and cooperation with international oversight of its nuclear program.

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Governance, Human Rights, and Reform¹

The United Arab Emirates (UAE) is a federation of seven emirates (principalities): Abu Dhabi, the oil-rich capital of the federation; Dubai, its free-trading commercial hub; and the five smaller and less wealthy emirates of Sharjah, Ajman, Fujayrah, Umm al-Qaywayn, and Ras al-Khaymah. Sharjah and Ras al-Khaymah have a common ruling family—leaders of the Al Qawasim tribe. After Britain announced in 1968 that it would no longer ensure security in the Gulf, six “Trucial States” decided to form the UAE federation in December 1971; Ras al-Khaymah joined in 1972. The UAE federation has completed a major leadership transition since the death of its key founder, Shaykh Zayid bin Sultan Al Nuhayyan, long-time ruler of Abu Dhabi and UAE president, on November 2, 2004.

Shaykh Zayid’s first son, Shaykh Khalifa bin Zayid al-Nuhayyan, born in 1948, was at that time Crown Prince and was named ruler of Abu Dhabi upon Zayid’s death. In keeping with tradition, although not formal law, Khalifa was subsequently selected as UAE president by the leaders of all seven emirates who comprise the “Federal Supreme Council.” The ruler of Dubai traditionally serves concurrently as Vice President and Prime Minister of the UAE; that position has been held by Shaykh Mohammad bin Rashid Al Maktum, architect of Dubai’s modernization drive, since the death of his elder brother Shaykh Maktum bin Rashid Al Maktum in January 2006. Shaykh Mohammad bin Rashid also continued as federation Defense Minister. At its review of senior leadership posts on November 3, 2009, the Federal Supreme Council decided that Shaykh Khalifa and Shaykh Mohammad would serve another five-year term. The review was mostly a formality; in practice, the leadership posts change only in the event of death of an incumbent. The Federal Supreme Council meets four times per year to establish general policy guidelines, although the leaders of the seven emirates consult frequently with each other.

Among the heirs apparent, the third son of Zayid, Shaykh Mohammad bin Zayid al-Nuhayyan, born in 1961, is Abu Dhabi crown prince. UAE President Shaykh Khalifa, his elder half-brother, has delegated significant day-to-day governing responsibilities to him, and several members of the UAE cabinet are Shaykh Mohammad bin Zayid’s allies. Shaykh Mohammad is also close to one of his full brothers, Shaykh Hazza bin Zayid Al Nuhayyan, who is national security adviser of the UAE federation. Another full brother, Abdullah bin Zayid, is Foreign Minister. The crown prince of Dubai is Shaykh Mohammad bin Rashid’s son, Hamdan bin Mohammad Al Maktum, who heads the “Dubai Executive Committee,” the equivalent of a cabinet for Dubai emirate. Under a Dubai-level reorganization announced in January 2010, five committees were set up to advise the Executive Committee on major issues.

¹ Much of this section is from the State Department’s country report on human rights practices for 2012 (released April 19, 2013), <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2012&dliid=204370#wrapper>; the *International Religious Freedom Report for 2012* (May 20, 2013), <http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?year=2012&dliid=208398#wrapper>; and the *Trafficking in Persons Report for 2013* (June 19, 2013), <http://www.state.gov/documents/organization/210740.pdf>.

Table I. Some Basic Facts About the UAE

Population	5.47 million, of whom about 1 million (about 20%) are citizens.
Religions	96% Muslim, of whom 16% are Shiite; 4% Christian and Hindu
Ethnic Groups	19% Emirati (citizenry); 23% other Arab and Iranian; 50% South Asian; 8% Western and other Asian expatriate
Size of Armed Forces	About 50,000
Inflation Rate (2012)	About 1.1%
GDP Growth Rate for 2012	3.9%
GDP (purchasing power parity, ppp, 2012)	\$275 billion. Per capita is \$49,800 ppp
Oil Exports	About 2.7 million barrels per day
Foreign Exchange and Gold Reserves	About \$67 billion, but some estimates of the value of its sovereign wealth fund investments run into the several hundreds of billions of dollars.
U.S. Exports to the UAE (2012)	\$22.5 billion, making UAE the largest U.S. export market in the Arab world and a 50% increase over 2011. Goods sold to UAE are mostly machinery, aircraft, industrial materials, and other high value items.
Imports from UAE by the United States (2012)	\$2.25 billion. Less than 10% of that amount was crude oil.
U.S. citizens resident in UAE	About 60,000
Major Projects	Dubai inaugurated 2,000+ foot "Burj Khalifa," world's tallest building, on January 4, 2010. Dubai has established a metro rail system. Burj al Arab hotel in Dubai bills itself as "world's only 7-star hotel." Abu Dhabi has built local branches of Guggenheim and Louvre museums. UAE participating in Gulf country-wide railroad network to become operational by 2017.

Sources: CIA, *The World Factbook*; U.S. Census Bureau, Foreign Trade Statistics.

The leaders of the other individual emirates are Dr. Sultan bin Muhammad Al Qassimi (Sharjah); Saud bin Saqr Al Qassimi, (Ras al-Khaymah, see below); Humaid bin Rashid Al Nuaimi (Ajman); Hamad bin Muhammad Al Sharqi (Fujayrah); and Saud bin Rashid Al-Mu'alla (Umm al-Qaywayn). Shaykh Saud of Umm al-Qaywayn, who is about 64 years old, was named leader of that emirate in January 2009 upon the death of his father, Shaykh Rashid Al-Mu'alla. These five emirates, often called the "northern emirates," tend to be more politically and religiously conservative and homogenous than are Abu Dhabi and Dubai, which are urban amalgams populated by many Arab, South Asian, and European expatriates.

In Ras al-Khaymah, there was a brief leadership struggle upon the October 27, 2010, death of the ailing longtime ruler, Shaykh Saqr bin Mohammad Al Qassim. He was succeeded by Shaykh Saud bin Saqr, who had been crown prince/heir apparent since 2003, when the ruler removed Saud's elder brother, Shaykh Khalid bin Saqr, from that position. During 2003-2010, using public relations campaigns in the United States and elsewhere, Shaykh Khalid claimed to remain as heir apparent even though the UAE federal government had repeatedly stated that his removal from that position was legitimate and that he held no official position in the UAE. Shaykh Khalid's

home in Ras al-Khaymah was surrounded by security forces the night Shaykh Saqr died, enforcing the succession of Shaykh Saud.

Figure 1. Map of United Arab Emirates



Source: CRS Graphics.

Political Reform and Responses to Opposition

The UAE is not considered by any U.S. or outside organization to be a democracy, but its perceived social openness and tolerance, coupled with ample wealth have long rendered the overwhelming bulk of the population apparently satisfied with the political system. Prior to an increase in youth and intellectual-led activism in the UAE inspired by the Arab uprisings of 2011, there were few, if any, signs of clamor for more rapid political reform. A combination of modest reforms, repressive measures, distribution of largesse, and the highlighting of UAE development and economic achievements over 40 years has enabled the UAE government to avoid significant public unrest such as those that occurred in several Middle Eastern countries since 2011. Still, the government is wary of and is increasingly moving against underground activism using the Internet and other communication means.

A Top-Driven Modest Reform Process

UAE leaders long argued that Western-style democracy, including elections for the country's leadership, is not needed in UAE because Emiratis are able to express their concerns directly to the leadership through traditional consultative mechanisms. Most prominent among these channels are the open *majlis* (councils) held by many UAE leaders. UAE leaders maintain that Western-style political parties and elections for a legislature or other representative body would inevitably aggravate long dormant schisms among tribes and clans and potentially cause Islamist factions to become more radical.

The UAE leadership had long provided a modest measure of popular representation through an all-appointed 40-seat Federal National Council (FNC). The seat distribution of the FNC remains weighted in favor of Abu Dhabi and Dubai (eight seats each). Sharjah and Ras al-Khaymah have six each, and the others have four seats each. The FNC can review, but not enact or veto, federal legislation, and the government frequently accepts the FNC's legislative recommendations. The FNC can question, but not impeach, federal ministers and it has done so, mostly on economic and social issues. In April 2009, the government prohibited the FNC from discussing the economic ramifications for the UAE of the global financial downturn. Its sessions are open to the public. Each emirate also has its own all-appointed consultative council.

The leadership resistance to elections to the FNC prevailed until 2006 as electoral processes began to expand in the other Gulf states. The UAE leadership apparently decided it had fallen too far behind its Gulf neighbors and, in December 2006, it instituted a limited and controlled electoral process for half of the FNC seats, with the other 20 FNC seats still appointive. The 2006 electorate was to be limited to about 100 persons for each FNC seat, appointed or elected, or about 4,000 total electors. The Election Commission approved a slightly larger 6,595-person electorate, or about 160 persons per FNC seat. Of this total, 1,162 electors were women (less than 20%). Out of the total of 452 candidates for the 20 FNC elected seats, there were 65 female candidates. Only one woman was elected (from Abu Dhabi), but another seven women were appointed to the remaining 20 seats. The "election" process was spread over three days—December 16, 18, and 20, 2006.

Arab Uprisings Increase Focus on September 24, 2011, FNC Election

Perhaps inspired by the 2011 Arab uprisings and dissatisfied with the slow pace of reform, some UAE intellectuals, businessmen, students, and other groups began agitating peacefully—primarily through written editorials and Internet postings—for more political space. Some UAE youth, on social networking outlets such as Facebook and Twitter, called for a protest on March 25, 2011. It did not produce a significant demonstration in part because the UAE government blocked some social media sites, although most experts attributed the low turnout to insufficient public support for an open challenge to the regime.

Still, the government decided it needed to take more significant steps to address growing reform demands. On March 8, 2011, the government expanded the size of the electorate to more than 300 times the total number of FNC seats—a total of 129,000 electors, or "voters"—for the FNC election process held on September 24, 2011. A total of 468 candidates filed to run for the 20 seats up for election on September 24, 2011, including 85 women—little more than the number of candidates who filed to run in the 2006 process. However, the 2011 electorate was nearly half female, in contrast to the fewer than 20% electors in the 2006 process. There was a restriction that no candidate spend more than about \$545,000 on their campaigns.

There was widespread press reporting of citizen apathy about the election, with little information about the election or campaigns in the media, little evidence of any campaigning, and reportedly little enthusiasm. Turnout averaged about 25%, which UAE officials called disappointing, and which was apparently pulled down by the 21% turnout in the largest emirate, Abu Dhabi.

Of the 20 winners, only one was female (Sheika Isa Ghanem); she is from Umm Al Quwain, one of the more conservative emirates. It was believed that female candidates would have the best chance of winning in Dubai, considered the most liberal of the emirates. Other winners were elected along tribal lines; in Abu Dhabi, three of the four who were elected are from the Al Amiri tribe. The FNC as a whole—the election winners and the other twenty to be appointed—began their sessions in mid-November. Of those appointed, six were women, bringing the total number of women in the FNC to seven. Upon the FNC's convening, the government selected one of the appointed members, well-known writer Mohammad al-Murr, as Speaker. A woman and another appointed member (of the eight appointed women), Amal al-Qubaisi, was selected deputy speaker, making her the first woman to hold so high a position in any GCC legislative body.

Government Puts Limits on Political Reform But Offers Largesse

Aside from expanding the FNC electorate, the UAE leadership has put clear limits on further reform. After the 2006 selection process, the UAE planned to gradually expand the size of the FNC and to broaden its powers, according to the Minister of State for FNC Affairs (also Minister of State for Foreign Affairs) Anwar Gargash and the FNC speaker Abdul Aziz al-Ghurair. However, insisting on implementing those plans at a gradual pace, the government did not agree to meet the demands of a March 2011 petition, signed by 160 UAE intellectuals, for a fully elected body that would have powers similar to those of a Western-style parliament.² No specific expansion of powers or time frames for such expansion has been announced, and Minister Gargash wrote an editorial in a UAE paper (*The National*) on August 26, 2012, saying that “The UAE’s end goal is not a liberal multiparty system. This model does not correspond with our cultural or historical development.”³ His comments came following an August 1, 2012, announcement by several Islamists of the formation of a political party called “Al Umma”—an alleged violation of UAE laws that do not grant citizen rights to form political parties.

As an alternative to expanding the FNC's powers, the government has attempted to address growing youth activism and other popular demands. In March 2011, the government announced investment of about \$1.5 billion in utilities infrastructure of the poorer, northern emirates. It also raised military pensions by 70% and introduced subsidies for some foodstuffs. To prevent Internet and underground agitation from turning to large public demonstrations, authorities generally disperse protests and public gatherings that are political in nature, unless such gatherings align with government policies. On March 12, 2013, the government announced a minor cabinet reshuffle—advertised as a “new look” to bring in youthful figures and ideas. The relatively young and dynamic Suhail al-Mazroui was appointed Energy Minister. An Abu Dhabi royal family member, Shaykh Abdullah bin Mubarak al-Nuhayyan, was moved to head a newly formulated Ministry of Culture, Youth and Social Development, with expanded powers to reach out to UAE youth. The government's most prominent female minister, Minister of Foreign Trade Shaykha Lubna Al Qassimi, was moved to more prominent role as head of a new Ministry of Development

² Al Jazeera News Network, March 9, 2011.

³ Anwar Gargash. “Amid Challenges, UAE Policies Engage Gradual Reforms.” *The National*, August 26, 2012.

and International Cooperation, which will be in charge of all UAE foreign aid and cooperation with international bodies.

Efforts Against Liberal, Pro-Democracy Activists

The government has also made use of measures to suppress underground political activism by Islamists as well as by pro-democracy liberals. On April 8, 2011, a prominent Dubai blogger and activist, Ahmad Mansour Al Shehi, was arrested; his detention came two months after another activist made a speech in Sharjah emirate in support of Egyptian protesters. Four other critics and online activists were arrested later in April 2011, charged with violating the penal code that prevents publicly humiliating senior officials. The so-called “UAE-5” appeared in court on June 15 and October 2, 2011. Human rights organizations said their trials violated the most basic rights of the accused, and called on UAE leaders to release the five. Those calls were heeded on November 28, 2011, when President Khalifa commuted the “UAE-5” jail sentences that had been announced the previous day.

During April and May 2011, the government dissolved the elected board of directors of the Jurist Association and the Teachers Association, leading civil society groups, after members of their boards signed petitions for political reforms. The boards were reconstituted with government appointees. The Jurists’ Association’s Human Rights Committee and the Emirates Human Rights Association (EHRA) are the only two recognized local human rights organizations in the country.

“*Cybercrimes*” Decree. On November 13, 2012, the government established a legal base to prosecute and jail people who use information technology to agitate against the regime or demand more political rights. UAE President Shaykh Khalifa issued Federal Legal Decree No. 5/2012 on combating cybercrimes. According to Human Rights Watch, which criticized the decree, Article 28 of the ruling provides for imprisonment and large fines for anyone who uses information technology to incite actions that endanger state security or infringe on the public order. Article 30 provides for life imprisonment for anyone using such technology to advocate the overthrow or change of the system of governance.

Efforts Against Islamists

A long-term potential source of domestic opposition are Islamist movements linked to the Muslim Brotherhood. These movements have been generally nonviolent and limited their activities to social and relief work. However, possibly perceiving that Islamist movements have gained strength regionally since Muslim Brotherhood member Mohammad Morsi came to power in Egypt in 2012, the government has been arresting members of a Brotherhood-affiliated Islamist group, Islah (Reform). The government might also fear that Islamist groups in UAE could add strength to youth and intellectual-led activism. Islah is one of the oldest and best organized groups in the UAE, first appearing in UAE in 1974, and has its base of support in the poorer and more religiously conservative northern emirates. UAE officials have accused Islah and other Muslim Brotherhood affiliates in UAE of obtaining support from the Muslim Brotherhood in Egypt and of having ties to Yusuf Qaradawi, a pro-Brotherhood Egyptian cleric resident in neighboring Gulf state Qatar.⁴

⁴ UAE Targets Muslim Brotherhood in Crackdown on Dissent. BBC, September 26, 2012.

The UAE crackdown on the Brotherhood began in December 2011, when it revoked the citizenship of a Muslim Brotherhood figure who headed an institution called the “Innovative Thinking Center” in Dubai emirate. On April 20, 2012, an Islah member who belongs to the royal family of Ras al-Khaymah, Dr. Sultan al-Qasimi, was arrested. Another, arrested on July 16, 2012, was human rights lawyer Mohammad al-Roken, who has provided legal services not only to Islah but also to the “UAE-5” mentioned above. On November 12, 2012, a UAE court rejected an appeal by seven Islamists against the Interior Ministry’s revocation of their citizenship on the grounds of links to terrorist groups.

The government continued to arrest suspected Brotherhood activists throughout 2012. According to the State Department human rights report for 2012, released April 19, 2013, the government arrested a total of 80 persons for suspected Brotherhood activity, of which 12 were Egyptian nationals. On March 4, 2013, a trial began for 94 UAE nationals (those arrested in 2012 and others arrested in 2011 and early 2013) accused of forming a secret Muslim Brotherhood-affiliated network that was plotting a coup against the UAE government. Human rights groups say some of the suspects have been tortured and deprived of proper legal representation. On July 2, 2013, the UAE State Security Court sentenced 68 of the 94 to prison terms of between seven and 15 years for “plotting to overthrow the state.” The other 26 were acquitted. While that trial was underway, on June 19, 2013 UAE authorities referred another 30 persons, including several Egyptian nationals, to that court for alleged connections to the Muslim Brotherhood in Egypt.

International Criticism of UAE Record

On October 26, 2012, the European parliament adopted a resolution criticizing the deteriorating human rights situation; the UAE government claimed the resolution was based on erroneous information brought to the European parliament by UAE bloggers and other activists. Despite that European step, several European governments with close financial or security ties to the UAE, including Italy and France, made statements indicating disagreement with the European parliament resolution. The resolution did not prevent the UAE from assuming a seat on the U.N. Human Rights Council on November 12, 2012.

U.S. Democracy Promotion Efforts and UAE Restrictions

The United States has sought to promote democracy, rule of law, and civil society in the Persian Gulf region, including in UAE. Some State Department programs to promote student and women’s political participation, entrepreneurship, legal reform, civil society, independent media, and international trade law compliance are funded by the State Department’s Middle East Partnership Initiative (MEPI). The U.S. Embassy in Abu Dhabi houses a MEPI office/staff that runs the MEPI programs throughout the Gulf region.

In April 2012, U.S. and other country support for civil society and democratization in the UAE drew an adverse response from the government, which suggests perhaps increasing government nervousness about a potential increase in opposition activities. On April 5, 2012, the government closed the National Democratic Institute (NDI) office in Dubai, and briefly barred both its American director and Serbian deputy director from leaving the country. NDI had been working for four years, with license from the UAE government, to promote women’s rights and to advise on municipal governance. The government also shut down the office of the German democracy-promotion organization, the Konrad Adenauer Foundation, which was performing work similar to that of NDI. UAE government representatives continue to insist that NDI and the Adenauer

Foundation were meddling in its internal affairs and that such activity was unacceptable. UAE officials say they have denied entry to some academics and human rights organizations officials who are highly critical of the UAE crackdown on Islah and other domestic reform activists.⁵

General Human Rights-Related Issues

Although the government's reaction to the few acts of opposition discussed above may color future assessments, the State Department human rights report for 2012, released April 19, 2013, was similar to that of previous reports, asserting that there are unverified reports of torture, government restrictions of freedoms of speech and assembly, and lack of judicial independence.⁶

Press and Research Institute Freedoms

Prior to its efforts to ferret out unrest, the UAE had drawn praise for its free-wheeling media. The post of Information Minister was abolished in 2006 to allow for full media independence. However, in April 2009, a media law drew opposition from some human rights groups who said it allows for penalties against journalists who personally criticize UAE leaders. Provisions governing media licensing do not clearly articulate the standards the government will apply in approving or denying licenses for media organs to operate. The UAE government said the law does not apply to the "Free Zones" in UAE in which major foreign media organizations operate.

Since 2010, there have been increasing restrictions on the ability of research institutes to operate. Several such institutes had opened in UAE since the 1990s because of the perceived openness to free expression and ideas. During 2010-2012, the government applied increasingly strict criteria to licensing research institutes and some, such as the Dubai-based Gulf Research Center (GRC), left the UAE entirely. In August 2012, a U.S. academic, Matthew Duffy, had his contract with a UAE university terminated for lectures advocating media and journalistic freedom. In November 2012, the UAE ordered the Rand Corporation to close its office in Abu Dhabi, which was focused on research in education, public safety, and environmental health. Some academics who have been critical of the UAE crackdown on pro-democracy and Islamist activists have been refused entry to UAE either before or upon arrival at UAE airports.

Justice/Rule of Law

The UAE has a dual court system. Sharia (Islamic law) courts adjudicate criminal and family law matters. Civil courts, based on French and Egyptian legal systems, adjudicate civil law matters. The federal judiciary in the UAE began in 1973 with the establishment of the Federal Supreme Court. The federal judiciary now comprises the Federal Supreme Court, Federal First Instance Courts, and Federal Appeal Courts. The Federal Supreme Court consists of a president and a maximum number of five judges appointed by a decree issued by the President of the UAE after approval by the Federal Supreme Council. The Federal Supreme Court looks into matters such as various disputes erupting between the member emirates or between one or more emirate and the UAE federal government, the constitutionality of federal and other laws and legislations, conflicts of jurisdiction between the federal and local judicial authorities in the country, conflict

⁵ CRS conversations with UAE officials. 2012-2013.

⁶ <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

of jurisdiction between the judicial authority in one Emirate and another, and crimes directly affecting the interests of the UAE federation. It also interprets the provisions of the constitution and questioning ministers and senior federal officials for official misconduct. Under the constitution, each emirate has the right to join the federal judiciary system or maintain its own judicial system, and Abu Dhabi, Dubai, and Ras al-Khaymah have opted for the latter arrangement. According to the State Department, foreign nationals hold many positions in the judiciary, making them subject to political influence because they can be deported easily. Furthermore, local rulers review criminal and civil cases before referral to prosecutors, and these political leaders review sentences as well—and the rulers’ decisions supersede those of any court.

Some human rights groups express concern about a draft law that, if adopted by the FNC, would set up a “Federal Judicial Council” chaired by UAE President Khalifa. His deputy on that body would be the chair of the Federal Supreme Court. Under the proposal, the council would not be under the authority of the ministry of justice, and could undermine judicial independence.

Many observers note that justice in UAE is selective. For example, on January 10, 2010, a UAE court acquitted the UAE president’s brother, Shaykh Issa bin Zayid Al Nuhayyan, on charges of torturing an Afghan merchant. He was acquitted even though there was a video available of Shaykh Issa beating the Afghan and driving over his legs with a sport vehicle, and even though three nonroyals involved in the incident were convicted. The UAE court ruled that Shaykh Issa was not liable because he was taking prescription drugs that affected his actions.

The UAE justice system has often come under criticism when expatriates are involved. Even though the UAE promotes itself as a popular tourist destination, Western expatriates have sometimes been arrested for sexual activity on UAE beaches. Arrests of noncitizens increased during the 2008-2009 financial crisis, possibly out of citizen frustration that globalization and dramatic economic expansion have led to bursting of the economic “bubble” in UAE. In 2007, human rights groups criticized the conservative-dominated justice system for threatening to prosecute a 15-year-old French expatriate for homosexuality, a crime in UAE, when he was raped by two UAE men; the UAE men were later sentenced for sexual assault and kidnapping. In 2012, a 78-year-old pediatrician from South Africa, Cyril Karabus, was imprisoned for alleged issues of malpractice related to his six-week service as a doctor in Abu Dhabi in 2002.⁷ In July 2013, a Norwegian woman was sentenced to 16 months in jail by a Dubai court for having sex outside marriage after she reported being raped. On July 22, 2013, several days after the sentenced was publicized and drew an outcry from human rights organizations, the women reported that her case had been dismissed and she was free to leave the UAE.

Women’s Rights

Progress on women’s political rights has been steady—as exemplified by the November 2011 appointment of a woman as deputy FNC Speaker. Observers say the UAE is perhaps the only country in the Middle East where women are fully accepted working in high-paying professions such as finance and banking. Still, women in the UAE are at a disadvantage in divorce cases and other family law issues.

There are four women in the cabinet: Shayha Lubna al-Qassimi (discussed above); Mariam al-Roumi, minister of social affairs; and two ministers without portfolio—Reem al-Hashimi and

⁷ Lydia Polgreen. “Emirates’ Laws Trap a Doctor Just Passing Through.” *New York Times*, April 12, 2013.

Maitha al-Shamsi. Seven women are in the Federal National Council, as discussed above, and six women serve on the 40-seat consultative council in Sharjah emirate. About 10% of the UAE diplomatic corps is now female; none served prior to 2001. In November 2008, Dubai emirate appointed 10 female public prosecutors. The UAE Air Force has four female fighter pilots. The percentage of female voters in the September 2011 FNC election process was expanded to nearly 50%, as discussed above. As of December 2011, UAE women are allowed to pass on their citizenship to their children—the first GCC state to allow this.

Religious Freedom

The State Department report on international religious freedom for 2012, issued May 20, 2013, repeated the previous year's assessment that there was no significant change in the government's respect for religious freedom during 2012.⁸ The constitution provides for freedom of religion but also declares Islam as the official religion of the country. The death penalty for conversion from Islam remains on the books but is not known to be enforced.

In practice, non-Muslims in UAE are free to practice their religion; there are 35 Christian churches built on land donated by the ruling families of the various emirates, but there are no Jewish synagogues or Buddhist temples. There is a Sikh temple that shares a building with one of two existing Hindu temples. Buddhists, Hindus, Sikhs, and Jews conduct religious ceremonies in private homes, generally without interference.

The Shiite Muslim minority is free to worship and maintain its own mosques, but Shiite mosques receive no government funds and there are no Shiites in top federal posts. At times, the government has acted against non-UAE Shiite Muslims because of their perceived support for Iran, Syrian President Bashar Al Assad, Lebanese Hezbollah, and the mostly Shiite opposition in Bahrain. In 2012, the government closed a Shiite madrassa (school) and, in May 2012, it denied permission to UAE Shiites to host a meeting of worldwide Shiites. In March 2013, the government deported 30 Shiite Muslims, including those from Pakistan, Iraq, Syria, and Lebanon. The UAE and other GCC states are taking steps, including expulsions of Lebanese Shiites, to pressure Lebanese Hezbollah for its direct military support of the beleaguered Assad regime.

Labor Rights

The law prohibits all forms of compulsory labor, but it is not enforced effectively. On several occasions, foreign laborers working on the large, ambitious construction projects in Dubai have conducted strikes to protest poor working conditions and nonpayment of wages. Some of these concerns have been addressed by the Labor Ministry's penalizing of employers, and a process, formulated in June 2008, to have workers' salaries deposited directly in banks.

Human Trafficking

Other social problems might be a result of the relatively open economy of the UAE, particularly in Dubai. The UAE is still considered a "destination country" for women trafficked from Asia and the former Soviet Union. The Trafficking in Persons report for 2013 released June 19, 2013, again placed the UAE in "Tier 2"—the same level as in the 2010, 2011, and 2012 reports and an

⁸ <http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?year=2012&dld=208416#wrapper>

improvement from the “Tier 2: Watch List” placement in 2009. The Tier 2 placement for 2012 was determined, as it was in the prior years, on the grounds that the UAE does not meet the minimum standards for eliminating human trafficking, but is taking significant efforts to do so.

The 2013 report notes that UAE authorities have prosecuted and punished sex trafficking offenders. However, the UAE efforts against forced labor - including unlawful withholding of passports, restrictions on movement, nonpayment of wages, and physical or sexual abuse of workers – have been less clear. The 2013 report states that, for the first time ever, the Ministry of Labor reported statistics on the number of cases of labor complaints it had referred for prosecution, although not every case involved forced labor. An issue in previous years had been trafficking of young boys as camel jockeys, but that issue was largely alleviated with repatriation of many of those trafficked, and the use of robot jockeys at camel races.

Foreign Policy and Defense

Following the 1990 Iraqi invasion of Kuwait, the UAE determined that it needed a closer security relationship with the United States. The UAE did not necessarily fear a direct threat from Saddam Hussein’s Iraq, which is at the north end of the Persian Gulf, but the UAE saw the United States as the key actor in any successful effort to balance out Iranian power—a primary UAE concern. That cooperation has taken on numerous dimensions, including purchase of advanced missile defense capabilities designed to counter Iranian ballistic missiles, as well as U.S. military deployments intended to demonstrate resolve to Iran. Beyond the Gulf, UAE actions and responses to the 2011-2013 unrest in the Middle East suggest that the UAE is increasingly assertive on foreign policy in an effort to create and preserve regional stability.

Security Cooperation with the United States/Defense Cooperation Agreement (DCA)

The framework for U.S.-UAE defense cooperation is a July 25, 1994, bilateral Defense Cooperation Agreement (DCA), the text of which is classified.⁹ The DCA initially was accompanied by a separate “Status of Forces Agreement” (SOFA) giving U.S. military personnel in UAE certain legal immunities, but several incidents caused the UAE to void the SOFA and legal incidents are now handled on a “case-by-case basis.” Under the DCA, the UAE has allowed U.S. equipment pre-positioning and U.S. warship visits at its large Jebel Ali port, which is capable of handling aircraft carriers, and it permitted the upgrading of airfields in the UAE that were used for U.S. combat support flights during Operation Iraqi Freedom (OIF) and continued to be used for flights in support of U.S. operations in Afghanistan.¹⁰

According to UAE officials, there are about 5,000 U.S. forces—an increase from 2010-2012 levels of about 3,000, and up substantially from 800 before OIF. The U.S. forces in UAE are mostly Air Force, deployed primarily at Al Dhafra air base handling KC-10 refueling and several types of surveillance aircraft such as the Global Hawk and the AWACS (Airborne Warning and Control System). Some U.S. personnel reportedly are stationed at naval facilities at Fujairah. In

⁹ Some provisions are discussed in Sami Hajjar, *U.S. Military Presence in the Gulf: Challenges and Prospects* (U.S. Army War College: Strategic Studies Institute), March 2002, p. 27.

¹⁰ Jaffe, Greg. “U.S. Rushes to Upgrade Base for Attack Aircraft.” *Wall Street Journal*, March 14, 2003.

April 2012—possibly to signal additional resolve over Iran’s nuclear program—the United States reportedly deployed several “Stealth” F-22 Raptor combat aircraft to Al Dhafra—a deployment that could explain why U.S. forces in UAE have increased since early 2012.¹¹

The U.S.-UAE defense pact has also reportedly included U.S. training of UAE armed forces, UAE forces are relatively small—about 51,000—but have benefitted from U.S. and other training. At the Air Warfare Center near Al Dhafra Air Base, UAE and U.S. forces conduct extensive exercises on early warning, air and missile defense, and logistics. The UAE also hosts the Integrated Air Missile Defense Center, a major training facility for Gulf and U.S.-GCC cooperation on missile defense. Since 2009, UAE Air Force personnel have participated in the yearly Desert Falcon exercises at Nellis Air Force Base in Nevada, according to UAE representatives. About 350 UAE military personnel study and train in the United States each year, mostly through the Foreign Military Sales program, through which the UAE buys most of its U.S.-made arms. U.S. military officers say that UAE operators of HAWK surface-to-air missile batteries are on par with U.S. operators of that system and that UAE fighter pilots are “combat ready,” as demonstrated in operations in Libya in 2011.

U.S. and Other Arms Sales

The UAE views arms purchases from the United States as enhancing the U.S. commitment to UAE security, and the United States views the sales as enhancing the U.S.-led Gulf security architecture by building up indigenous GCC capabilities and promoting inter-operability. From 2007 to 2010, the UAE agreed to acquire more U.S. defense articles and services through the Foreign Military Sales program—\$10.4 billion worth—than any other country in the world except Saudi Arabia.¹² Until 2008, the most significant buy was the March 2000 purchase of 80 U.S. F-16 aircraft, equipped with the Advanced Medium Range Air to Air Missile (AMRAAM) and the HARM (High Speed Anti-Radiation Missile), a deal exceeding \$8 billion. Congress did not try to block the aircraft sale, although some Members questioned the AMRAAM as an introduction of the weapon into the Gulf. Defense industry sources say that the equipment and capabilities on the F-16s sold to the UAE were highly sophisticated. In September 2006, the United States sold UAE High Mobility Artillery Rocket Systems (HIMARS) and Army Tactical Missile Systems (ATACMs), valued at about \$750 million.

Among more recent sales, in March 2009, the UAE signed agreements with Boeing Co. and Lockheed Martin Corp. to buy \$3 billion worth of military transport aircraft (C-17 and C-130, respectively). On November 4, 2010, the Defense Security Cooperation Agency notified Congress of two potential sales: \$140 million worth of ATACMs (see above) and associated support; and a possible \$5 billion worth of AH-64 Apache helicopters (30 helicopters, remanufactured to Block III configuration).¹³ In 2011, a notification was made for \$300 million worth of support for UAE’s F-16 fleet and AIM-9X missiles. On September 22, 2011, there was notification to Congress of a possible sale of 500 “Hellfire” missiles and related equipment and services, a total estimated cost of \$65 million. There was a December 14, 2011, notification of a potential sale to the UAE of 260 JAVELIM anti-tank guided missiles and associated equipment and support at a total value of \$60 million.

¹¹ *Washington Post*, April 28, 2012.

¹² CRS Report: U.S. Arms Sales: Agreement with and Deliveries to Major Clients, 2003-2010.

¹³ DSCA transmittal number 10-52. <http://www.dsca.mil>.

Congress was notified by DSCA on November 30, 2011, of a potential sale that caused significant discussion (transmittal number 10-56). The sale was for 4,900 Joint Direct Attack Munitions (JDAM) kits with an estimated value of \$304 million. The widespread perception was that the munitions could potentially be used to strike hard targets, such as nuclear facilities in Iran, although there are no indications the UAE would contemplate such a strike on its own, no matter its concerns about Iran. The United States had previously sold the UAE JDAM kits worth \$326 million value, announced January 3, 2008. During a visit to the UAE on April 25, 2013, Secretary of Defense Chuck Hagel reportedly finalized a sale to UAE of an additional 25 F-16 aircraft and associated “standoff” air-to-ground munitions, with an estimated value of about \$5 billion. The sale was in conjunction with similar weapons sales to Israel and Saudi Arabia, and which Secretary Hagel and other officials clearly indicated were intended to signal U.S. and partner resolve to Iran.¹⁴ A formal notification to Congress has not been transmitted to date. The sale agreement came about one week after President Obama met visiting Abu Dhabi Crown Prince Shaykh Mohammad bin Zayid at the White House on April 16, 2013; the meeting focused on regional security issues and U.S.-UAE economic relations, according to a U.S.-UAE joint statement released after the meeting.

Possible Drone Sale? At the IDEX defense show in February 2013, the UAE reportedly agreed to a commercial sale, worth about \$200 million, for Predator unmanned aerial vehicles (UAVs), although the system apparently would be unarmed and for surveillance only. Still, Defense Department officials say they have not completed formulating a policy for the sale of such equipment to the Gulf states and it is possible that the deal might not be permitted by DOD.

THAAD and Other Major Missile and Air Defense Systems

Several major sales to the UAE have been in concert with the U.S.-led “Gulf Security Dialogue,” intended to help the Gulf states contain Iran. The UAE is a key participant in U.S. efforts to build a missile defense shield for the Gulf, primarily intended to defend against Iran’s growing missile force. The joint missile defense effort has been discussed extensively with the Gulf states, and was the focus of Secretary of State Clinton’s March 31, 2012, attendance at the first ministerial meeting of the U.S.-GCC Strategic Cooperation Forum in Riyadh, Saudi Arabia. Subsequently, Deputy Assistant Secretary of State Frank Rose spoke in Abu Dhabi on April 12, 2012,¹⁵ on the missile defense issue, saying, “As our partners acquire greater missile defense capabilities, the United States will work to promote interoperability and information sharing among the GCC states. This will allow for more efficient missile defenses and could lead to greater security cooperation in the region.” Then Secretary of State Clinton continued to press for greater GCC cooperation in establishing a Gulf-wide missile defense at a meeting on September 28, 2012, with GCC leaders attending the U.N. General Assembly meetings in New York.

The UAE is pivotal to the U.S. effort to forge a Gulf-wide missile defense network because the UAE has ordered the Terminal High Altitude Air Defense System (THAAD), the first sale ever of that sophisticated missile defense system. A sale of THAAD equipment was first announced September 9, 2008, valued at about \$7 billion. The main manufacturer, Lockheed Martin, said in June 2010 that a firm agreement for three THAAD fire units with 147 THAAD missiles and four radar sets might be signed in the next few months, although the firm said in August 2011 that the

¹⁴ Thom Shanker. “Arms Deal with Israel and 2 Arab Nations Is Near.” *New York Times*, April 19, 2013.

¹⁵ U.S. Department of State Daily Digest Bulletin, April 12, 2012.

UAE might reduce the buy somewhat.¹⁶ On December 31, 2011, the Defense Department announced the two countries had reached a final deal to sell the UAE 96 of the THAAD missiles, along with two firing units, with a total estimated value of the sale at \$3.48 billion, about half of what was first envisioned. The delivery schedule has not been announced. On November 2, 2012, DSCA notified Congress of a potential sale to the UAE of additional THAAD equipment: 9 launchers, 48 missiles, and associated equipment with total estimated value of \$1.135 billion.¹⁷ Also on November 5, 2012, DSCA announced the first sale of the THAAD to neighboring Qatar.

Among significant other recent missile defense sales to the UAE are the advanced Patriot anti-missile systems (PAC-3, up to \$9 billion value, announced December 4, 2007). Also announced on September 9, 2008, were sales to UAE of vehicle mounted “Stinger” anti-aircraft systems (\$737 million value).

Defense Relations with Other Nations and Alliances

In recent years, the UAE has sought to broaden its defense relationships. In 2004, the UAE joined NATO’s “Istanbul Cooperation Initiative,” which was launched that year by NATO as an effort to bolster bilateral security with Middle Eastern countries. The UAE has “observer” status in NATO and, in May 2011, the UAE requested to send an Ambassador to NATO under a new alliance policy approved by the organization in April 2011. The UAE appointed an Ambassador, but UAE cooperation with NATO has waned since mid-2011 as NATO and the United States wind down involvement in Afghanistan and the European Union financial crisis has placed significant burdens on NATO country budgets.

France has become a major defense partner for the UAE. In January 2008 the UAE signed an agreement with then French President Nicolas Sarkozy to allow a French military presence. The facilities—collectively termed Camp De La Paix (“Peace Camp”) were inaugurated during a visit by Sarkozy to UAE on May 27, 2009, and include (1) a 900-foot section of the Zayid Port for use by the French navy; (2) an installation at Dhafra Air Base to be used by France’s air force; and (3) a barracks at an Abu Dhabi military camp that houses about 400 French military personnel. On the other hand, in October 2010, the UAE asked Canada to evacuate a UAE base, Camp Mirage, used by Canada as a staging point for its forces to deploy to Afghanistan, when Canada refused additional landing slots in Canada for Emirates Air.¹⁸ The two countries subsequently negotiated a resolution. The UAE has already bought 380 French-made Leclerc tanks and 60 Mirage 2000 warplanes.

The UAE has also looked to the private sector to augment its security. The UAE confirmed on May 15, 2011, that it had retained the U.S. private firm Reflex Responses, to provide “operational, planning, and training support,” to the UAE military. The statement followed a *New York Times* report that the UAE had hired the firm, which is run by Eric Prince, who founded the Blackwater security contractor, to a \$529 million contract to build a foreign mercenary battalion to help defend the UAE from internal revolt or related threats.¹⁹ The State Department

¹⁶ Jim Wolf. “UAE Said to Trim Planned US Missile-Defense Purchase.” Reuters, August 24, 2011.

¹⁷ Defense Security Cooperation Agency transmittal No. 12-40. November 5, 2012.

¹⁸ Chase, Steven and Brent Jang. “UAE Threatens to Kick Canada Out of Covert Military Base Camp Mirage.” *Toronto Globe and Mail*, October 8, 2010.

¹⁹ http://www.nytimes.com/2011/05/15/world/middleeast/15prince.html?_r=1&partner=rss&emc=rss.

investigated the reports to determine whether the contract violated any U.S. laws controlling the export of U.S. defense technology and expertise. No findings have been announced.

Cooperation Against Iran

To address the potential threat from Iran—a high priority foreign policy issue for the UAE—the UAE has cooperated with virtually all U.S. efforts to counter Iranian power and capabilities. The December 6-7, 2010, GCC summit, held in Abu Dhabi, called for a peaceful resolution of the Iran nuclear issue, although expressing “utmost concern” about Iran’s program. Similar language was repeated at succeeding GCC summits. These comments add to UAE statements that reflect GCC backing for more aggressive U.S. action to set back Iran’s program if diplomacy fails.

At the same time, the UAE has a large population of Iranian expatriates and historic commercial ties to Iran, and the UAE seeks to deny Iran any justification for aggression or adverse action. Many Iranian firms and individuals—primarily in the import-export business—operate from the UAE, taking advantage of the UAE’s integration into the global trading and financial system. The extensive Iranian presence in the UAE also gives the United States ample opportunity to enlist the UAE in a multilateral effort to stiffen international sanctions on Iran. In October 2010, the UAE government directed its banks to fully comply with the restrictions on dealing with Iranian banks outlined in U.N. Security Council Resolution 1929 (adopted June 9, 2010); the directive caused a 15% drop in the value of Iran’s currency, the rial. The UAE took a major step in February 2012, when a Dubai bank, the Noor Islamic Bank, announced it would no longer handle transactions with Iranian banks; Iran had used that bank to process much of its receipts of hard currency for its oil sales internationally.²⁰ UAE representatives say that Iranian-owned banks that continue to operate in UAE, including Bank Saderat and Bank Melli, do so only in cash and are relatively inactive. Closing them outright would, according to UAE officials, unduly antagonize Iran.

The United States also has enlisted the cooperation of the UAE and other Gulf oil producers to sell additional oil to European Union countries, which adopted a voluntary ban on buying Iranian oil that took full effect on July 1, 2012. Still, reflecting the UAE’s free and open trading regimen and unwillingness to antagonize Iran outright, there are reports that some small firms in the UAE continue to supply gasoline to Iran even though such activity is potentially sanctionable under the Iran Sanctions Act (P.L. 104-172, as amended), and even though some UAE firms have been sanctioned under the Act for those sales.

Iranian actions in the Gulf may account for the UAE’s strategic closeness to the United States and other Western powers. In April 1992, Iran asserted complete control of the largely uninhabited Persian Gulf island of Abu Musa, which it and the UAE shared under a 1971 bilateral agreement. (In 1971, Iran, then ruled by the U.S.-backed Shah, seized two other islands, Greater and Lesser Tunb, from the emirate of Ras al-Khaymah, as well as part of Abu Musa from the emirate of Sharjah.) The UAE has called for peaceful resolution of the issue through direct negotiations, the International Court of Justice, or another agreed forum. In October 2008 - two months after the UAE protested Iran’s opening in August 2008 of administrative and maritime security offices on Abu Musa - the UAE and Iran signed an agreement to establish a joint commission to resolve the dispute. Iran later allowed Sharjah to open power and water desalination facilities on the island.

²⁰ Alan Cowell. “Dubai Bank Reduces Ties With Iran, It Reports.” *New York Times*, March 1, 2012.

The 2010 GCC summit in Abu Dhabi, referenced above, nodded to UAE concerns by demanding Iran return the UAE islands.

The issue was inflamed significantly on April 11, 2012, when then Iranian President Mahmoud Ahmadinejad visited Abu Musa and spoke to the inhabitants there, mostly Iranian fishermen. The UAE withdrew its ambassador from Tehran, and UAE officials said the action undermined many months of quiet UAE-Iran diplomacy on the issue, including the naming of negotiators on both sides. Consistent with its past positions, on April 17, 2012, the State Department said the United States supports the UAE's call to negotiate the dispute. The U.S. statement, as have past U.S. statements on this issue, took no position on the legal sovereignty of the islands, but it criticized the Ahmadinejad visit as a step that complicates efforts to settle the issue. Iran further antagonized the UAE on the issue with a May 2, 2012, visit to the island by Revolutionary Guard Corps Commander-in-Chief Mohammad Ali Jafari, accompanied by several Iranian parliamentarians, to discuss making the island a tourist hub. There has been no evident movement on a bilateral settlement since.

The UAE, particularly Abu Dhabi, has long feared that the large Iranian-origin community in Dubai emirate (estimated at 400,000 persons) could pose a "fifth column" threat to UAE stability. Illustrating the UAE's attempts to avoid antagonizing Iran, in May 2007, Iranian President Mahmoud Ahmadinejad was permitted to hold a rally for Iranian expatriates in Dubai when he made the first high-level visit to UAE since UAE independence in 1971. Reflecting the underlying tensions of UAE-Iran relations, the two countries issued mutual recriminations in January 2009 over the UAE decision in late 2008 to begin fingerprinting Iranian visitors to UAE.

Cooperation Against Terrorism and Proliferation

Related to the issue of joint U.S.-UAE efforts to contain and deter Iran is cooperation against terrorism and proliferation in the region. These issues are of particular concern to the United States because of a past pattern of lax UAE enforcement of export and border controls, with respect particularly to the leakage of U.S. or other technology to Iran as well as terrorists' use of the UAE financial system and the presence of terrorists in the UAE. The relatively small sums of U.S. aid to UAE that have been provided in recent years were generally for programs to improve UAE performance on enforcing export control laws and on anti-terrorism. This U.S. assistance—coupled with renewed UAE focus on enacting and enforcing additional export and border control laws—appears to have alleviated at least some of the U.S. concerns on this issue. No U.S. aid to UAE is requested for FY2014.

Terrorism Issues

During the mid-1990s, some Al Qaeda activists reportedly were able to move through and spend time in the UAE.²¹ Two of the September 11 hijackers were UAE nationals, and they reportedly used UAE-based financial networks in the plot. Since then, the UAE has been credited in State Department "Country Reports on Terrorism," including the one for 2012 released May 30, 2013,²² with assisting in the arrests of senior Al Qaeda operatives; denouncing terror attacks; improving

²¹ Department of State. Office of the Coordinator for Counterterrorism. Country Reports on Terrorism 2012. May 30, 2013. Author conversations with executive branch officials, 1997-2013.

²² "U.S. Embassy to Reopen on Saturday After UAE Threat." *Reuters*, March 26, 2004.

border security; prescribing guidance for Friday prayer leaders to criticize extremist ideology; investigating suspect financial transactions; criminalizing use of the Internet by terrorist groups; and strengthening its bureaucracy and legal framework to combat terrorism. It was reported in September 2009 that earlier in 2009, UAE security officials had broken up an Al Qaeda plot to blow up targets in Dubai emirate.²³ UAE authorities assisted in foiling an October 29, 2010, Al Qaeda in the Arabian Peninsula plot to send bombs to the United States. On December 26, 2012, the UAE stated that it had arrested members of an alleged terrorist cell plotting attacks in the United States, in an operation conducted in cooperation with Saudi Arabia. The UAE statement indicated the alleged terrorists might be part of Al Qaeda. In April 2013, UAE authorities arrested seven non-UAE Arab nationals allegedly affiliated with Al Qaeda, although some activists said the arrests were a cover for acts of repression against Islamists (discussed above).

The UAE Central Bank is credited in the recent State Department terrorism reports with providing training programs to UAE financial institutions on money laundering and terrorism financing, although actions against informal financial transmittals (*hawala*) require “further vigilance.” In September 2012, the FBI Legal Attache established a sub-office at the U.S. consulate in Dubai to assist with joint efforts against terrorism and terrorism financing.

On December 13-14, during a meeting of the Global Counterterrorism Forum (GCTF), the UAE-based “International Center of Excellence for Countering Violent Extremism,” known as *Hedayah*, was inaugurated. The UAE is a founding member of the GCTF, which was formed in September 2011. The efforts to counter violent extremism constitute part of the government effort to shift public attitudes away from support for Islamic extremist movements.

Port and Border Controls

The UAE has signed on to several U.S. efforts to prevent proliferation and terrorism. These include the Container Security Initiative Statement of Principles, aimed at screening U.S.-bound containerized cargo transiting Dubai ports. Under it, three U.S. Customs and Border Protection officers are co-located with the Dubai Customs Intelligence Unit at Port Rashid in Dubai. The program results in about 20 ship inspections per week of U.S.-bound containers, many of them apparently originating in Iran. The UAE is a party to the Proliferation Security Initiative, the Megaports Initiative designed to prevent terrorist from using major ports to ship illicit material, and the Customs-Trade Partnership Against Terrorism. The United States and UAE are negotiating to establish a “pre-clearance facility” at the Abu Dhabi International Airport.

Export Controls

The UAE record on preventing the re-export of advanced technology, particularly to Iran, has been mixed in past years, but has improved considerably since mid-2010. Taking advantage of geographic proximity and the high volume of Iran-Dubai trade (\$10 billion per year), numerous Iranian entities involved in Iran’s energy sector and its WMD programs have offices in the UAE that are used to try to procure needed technology and equipment. In connection with revelations of illicit sales of nuclear technology to Iran, Libya, and North Korea by Pakistan’s nuclear scientist A.Q. Khan, Dubai was named as a key transfer point for Khan’s shipments of nuclear

²³ Lake, Eli and Sarah Carter. “UAE Kept Tight Lid on Disrupted Terror Plot.” *Washington Times*, September 17, 2009.

components. Two Dubai-based companies were apparently involved in transshipping components: SMB Computers and Gulf Technical Industries.²⁴ On April 7, 2004, the Administration sanctioned a UAE firm, Elmstone Service and Trading FZE, for allegedly selling weapons of mass destruction-related technology to Iran, under the Iran-Syria Non-Proliferation Act (P.L. 106-178). In June 2006, the Bureau of Industry and Security (BIS) released a general order imposing a license requirement on Mayrow General Trading Company and related enterprises in the UAE. This was done after Mayrow was implicated in the transshipment of electronic components and devices capable of being used to construct improvised explosive devices (IED) used in Iraq and Afghanistan.²⁵

In January 2009, the Institute for Science and International Security issued a report entitled “Iranian Entities’ Illicit Military Procurement Networks,” published January 12, 2009. The report asserted that Iran has used UAE companies to obtain technology from U.S. suppliers, and that the components obtained have been used to construct improvised explosive devices (IEDs) shipped by Iran to militants in Iraq and Afghanistan. Other UAE companies the report alleges were involved in this network included not only Mayrow but also Majidco Micro Electronics, Micatic General Trading, and Talinx Electronics.

The UAE has enhanced its cooperation at times when U.S. officials or outside experts have questioned its performance. In February 2007 the Administration threatened to form a new category of control called “Destinations of Diversion Control” with UAE as the intended designee country. In September 2007, the FNC adopted a law strengthening export controls (April 2007). That month, the UAE government used the new law to shut down 40 foreign and UAE firms allegedly involved in dual use exports to Iran and other countries. On July 22, 2010, Deputy Assistant Secretary of State for International Security and Nonproliferation Vann Van Diepen testified before the House Foreign Affairs Committee (Subcommittee on Terrorism, Nonproliferation and Trade) that the UAE had augmented the staff of the office that implements the 2007 law. He added that the UAE’s enforcement bodies—customs, law enforcement, and intelligence services—are functioning to that end.²⁶ A 2010 Iran sanctions law, the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA, P.L. 111-195) created a category of countries that would be sanctioned (restrictions on dual use U.S. exports) for a determination of non-cooperation, but the improved performance of the UAE on this issue has caused this provision not to be invoked with respect to the UAE. As a possible reflection of increased UAE vigilance on this issue, in September 2012 the UAE, as well as Bahrain, impounded shipments to Iran of items that Iran purportedly sought for use in its nuclear program.

The issue of leakage of technology has sometimes caused U.S. criticism or questioning of UAE investment deals. In December 2008, some Members of Congress called for a review by the inter-agency Committee on Foreign Investment in the United States (CFIUS) of a proposed joint venture between Advanced Micro Devices and Advanced Technology Investment Co. of Abu Dhabi for the potential for technology transfers. In February 2006, CFIUS approved the takeover by the Dubai-owned “Dubai Ports World” company of a British firm that manages six U.S. port facilities. Members, concerned that the takeover might weaken U.S. port security, opposed it in P.L. 109-234, causing the company to divest assets involved in U.S. port operations (divestment

²⁴ Milhollin, Gary and Kelly Motz. “Nukes ‘R’ US.” *New York Times* op.ed. March 4, 2004.

²⁵ BIS, “General Order Concerning Mayrow General Trading and Related Enterprises,” 71 *Federal Register* 107, June 5, 2006.

²⁶ Testimony of Mr. Vann Van Diepen before the House Foreign Affairs Committee. July 22, 2010.

completed in late 2006 to AIG Global Investments). Little opposition was expressed to a September 2007 Borse Dubai plan to take a 20% stake in the NASDAQ stock market, or to a November 2007 investment of \$7.5 billion in Citigroup by the Abu Dhabi Investment Authority (ADIA).

Cooperation on Iraq

Aside from allowing U.S. use of UAE military facilities, the UAE has undertaken several initiatives to support U.S. efforts to stabilize Iraq since the fall of Saddam Hussein. The UAE has provided facilities for Germany to train Iraqi police. Agreeing with the U.S. view that Sunni Arab states need to engage the Shiite-dominated government in Baghdad, in June 2008, the UAE appointed an Ambassador to Iraq, Abdullah Ibrahim al-Shehi, the first Arab country to do so. The following month it wrote off \$7 billion (including interest) in Iraqi debt. Abu Dhabi Crown Prince Shaykh Mohammad bin Zayid visited Iraq in October 2008. The UAE tended to defer to Saudi Arabia in its efforts to encourage inclusion of high profile Sunni Arabs in the new Iraqi government formed in late 2010. In October 2011, the UAE announced it intends to open a consulate in the Kurdish region of Iraq which comprises three northern provinces and is administered by the Kurdistan Regional Government (KRG), a legally constituted region within Iraq. The consulate has not opened, to date.

In humanitarian efforts, the UAE provided about \$215 million for Iraq reconstruction but has provided the funds not in cash but in the form of humanitarian contributions. Some of the funds have been used to rebuild hospitals in Iraq and to provide medical treatment to Iraqi children in the UAE. Bilateral trade is estimated at about \$5 billion, and UAE companies reportedly are investing in housing and other projects in Iraq.

Cooperation on Afghanistan and Pakistan

The UAE was one of only three countries (Pakistan and Saudi Arabia were the others) to have recognized the Taliban during 1996-2001 as the government of Afghanistan, even though the Taliban was harboring Osama bin Laden and other Al Qaeda leaders during that time. During Taliban rule, the UAE allowed Ariana Afghan airlines to operate direct service. After the September 11, 2001 attacks, the UAE helped the United States oust the Taliban regime from Afghanistan by making available its military facilities for U.S. and allied use, as discussed above. The UAE continues to assist the U.S. and international mission to stabilize Afghanistan with a 250-person contingent of UAE troops serving in Afghanistan since 2003. The UAE forces, the only Arab combat forces in Afghanistan, are operating in the restive southern part of Afghanistan, particularly Uruzgan Province, where they appear to be welcomed by the population. UAE representatives say that UAE forces will remain in Afghanistan alongside the U.S. forces after the end of the current international security mission in 2014. The UAE has appointed a counterpart to the Obama Administration's Special Representative for Afghanistan and Pakistan (SRAP).

The UAE has pledged a total of nearly \$350 million in economic aid for Afghanistan since the fall of the Taliban. Among the projects funded with UAE aid include "Zayed University," a college serving over 6,000 Afghan students per year; six medical clinics; a major hospital with a

capacity of 7,000 patients; the building of “Zayed City” that houses 200 Afghan families displaced by violence; 160 drinking wells; and 38 mosques.²⁷

In related aid for U.S. regional policy, Abu Dhabi hosted the November 2008 meeting of the “Friends of Pakistan” donors group that is attempting to help Pakistan through its financial difficulties. The UAE provided about \$100 million to aid victims of a major earthquake in Pakistan in October 2005, and substantial amounts in 2010 to help victims of flooding there.

Other Regional Issues: Response to 2011 Unrest in the Middle East

The UAE has joined its GCC allies in attempting to keep uprisings elsewhere in the Arab world from affecting the GCC countries themselves and to support the accession of friendly regimes in Arab states that have undergone major political change.

In the immediate neighborhood, the UAE joined other GCC states in supporting the Al Khalifa regime in Bahrain against the 2011 uprising. The UAE sent 500 UAE police to join a 1,000 troop Saudi force that deployed to Bahrain during March—June 2011. The UAE, Saudi Arabia, Kuwait, and Qatar also have provided financial help to Bahrain and Oman; Oman faced significant protests in 2011.

To promote political change that the UAE supports, it has assisted rebel movements in Libya and Syria, although to different extents in the two cases. In Libya, UAE supported helped the opposition to Muammar Qadhafi succeed in ending his regime in late August 2011. During that conflict, the UAE sent six (a squadron) of its U.S.-made F-16s and six Mirage fighters (a squadron) to participate in the NATO-led no-fly zone enforcement and ground target strike operations in Libya. It reportedly sent some weapons to the Libyan rebels, although U.S. officials denied a UAE request to send the rebels U.S.-supplied weaponry.²⁸ On May 10, 2011, Abu Dhabi hosted a major meeting of Libyan dissidents, including representatives of cities and towns still under Qadhafi regime control. In June 2011, the UAE formally recognized the Benghazi-based Transitional National Council (TNC) as the sole representative of the Libyan people and pledged financial support to it. In March 2012, the UAE transferred 58 aging Mirage 2000 combat aircraft to the fledgling post-Qadhafi government. Other aid has been provided to post-Qadhafi Libya by the UAE government and UAE charity organizations.

In Syria, the UAE did not initially articulate strong opposition to President Bashar Al Assad of Syria’s crackdown against the uprising that began in March 2011, probably in order to avoid antagonizing Assad’s ally, Iran. As the unrest in Syria worsened, the UAE and the other GCC states leaders shifted decisively against Assad, at least in part to strategically weaken Iran in the Middle East. In November 2011, after the Arab League suspended Syria’s membership, the UAE embassy in Damascus, among others, was attacked. It closed that embassy, as the other GCC states did theirs, in February 2012. The UAE joined its GCC allies in early April 2012, during a multinational conference on Syria in Istanbul, in offering about \$100 million in funds to Syrian rebels, to be used as salaries and also presumably to buy weapons and services useful to their cause. However, in contrast to Saudi Arabia and Qatar, the UAE is not reported to be supplying weapons to the Syrian rebels. The UAE and its GCC allies also have had differences over which

²⁷ Information provided to CRS by the UAE Embassy in Washington, DC, December 2009.

²⁸ James Risen, Mark Mazzetti, and Michael Schmidt. “Militant Forces Got Arms Meant for Libya Rebels.” *New York Times*, December 6, 2012.

rebel groups to assist; the UAE tends to oppose aid to Syrian rebels linked to the Muslim Brotherhood. The UAE also has sought greater U.S. involvement in the Syria crisis; in June 2013 the UAE declined to host a meeting of allied defense officials on Syria, maintaining that the meeting would be unproductive unless there is strong U.S. leadership on Syria.²⁹ In concert with its GCC partners, the UAE is taking steps to punish Lebanese Hezbollah politically and economically for providing direct military support to Assad.

In providing humanitarian aid to alleviate suffering from the Syria crisis, the UAE Embassy in Washington, DC, said that, as of March 2013, the UAE government and various UAE charity organizations (Red Crescent Authority, Khalifa bin Zayid Al Nuhayyan Foundation, and Sharjah Chairty Association) had donated at least \$330 million to help Syrian refugees. The UAE separately has given \$1.25 billion to Jordan to help it cope with the Syrian refugees that have fled there because of the violence. And, UAE forces are participating in the June 2013 “Eager Lion” military exercises in Jordan intended to insulate Jordan from any Syria conflict spillover.

In Yemen, the UAE joined a high-profile GCC mediation effort that reached an agreement for President Ali Abdullah Saleh to step down in favor of a political transition. President Saleh was injured in an assassination attempt in June 2011 and recuperated in Saudi Arabia, but he returned to the country in November 2011. He later signed the transition agreement and left office on January 22, 2012.

The UAE has also aligned with some of the other Gulf states in attempting to build a post-Mubarak political structure in Egypt that is friendly to the UAE. The UAE, as noted above, has arrested domestic supporters of the Muslim Brotherhood, and the UAE was displeased by the 2012 election of a leader of the Muslim Brotherhood, Mohammad Morsi, as President. The UAE was therefore supportive of the Egyptian military’s ouster of Morsi in early July 2013. Within a week of Morsi’s ouster, the UAE backed a Saudi effort to financially stabilize the military-led government in Cairo. The UAE pledged \$3 billion in assistance as part of the broader Saudi-led package totaling \$12 billion (\$5 billion from Saudi Arabia and \$4 billion from Kuwait, in addition to the UAE funds).

Other Regional Issues: Arab-Israeli Dispute

On most regional issues, including the Arab-Israeli dispute, the UAE does not follow U.S. policy strictly or uncritically, but it does generally agree with most U.S. assessments of regional threats, and it supports U.S. diplomatic efforts to resolve regional issues. On the Arab-Israeli issue, the UAE wants to ensure that any settlement between Israel and the Palestinians is “just,” meaning sufficiently beneficial to the Palestinians. It has sometimes criticized the United States as excessively supportive of Israel, although it generally expresses that criticism in private meetings with U.S. officials. UAE leaders publicly backed the Palestinian Authority’s bid for statehood recognition at the United Nations General Assembly in September 2011—a proposal the United States opposed as premature and preemptive of Israeli-Palestinian negotiations.

The UAE has not advanced its own far-reaching proposals to resolve the Israeli-Palestinian dispute, as has King Abdullah of Saudi Arabia. Nor has UAE tried to directly mediate between Palestinian factions, as have Saudi Arabia, Qatar, or Egypt. In 1994 the UAE joined with the

²⁹ Mark Mazzetti, Michael Gordon, and Mark Landler. “U.S. Is Said to Plan to Send Weapons to Syrian Rebels.” *New York Times*, June 14, 2013.

other Gulf monarchies in ending enforcement of the Arab League's boycott of companies doing business with Israel and on companies that deal with companies that do business with Israel. The UAE formally bans direct trade with Israel, although UAE companies reportedly do business with Israeli firms and some Israeli diplomats have attended multilateral meetings in the UAE. Unlike Qatar and Oman, the UAE did not host multilateral Arab-Israeli working groups on regional issues when those talks took place during 1994-1998. In 2007, the UAE joined a "quartet" of Arab states (the others are Saudi Arabia, Egypt, and Jordan) to assist U.S. diplomacy on Israeli-Palestinian issues, and it attended the Annapolis summit on the issue that year.

The UAE has sometimes put its considerable financial resources to work on behalf of the Palestinians. One major UAE action has been to fund a housing project in Rafah, in the Gaza Strip, called "Shaykh Khalifa City." It also has given economic aid to Lebanon, perhaps in part to counter Iranian and Syrian influence there—an objective that UAE shares with Saudi Arabia and the other GCC states. In December 2008 and January 2009, the UAE government permitted street demonstrations in support of Hamas during its war with Israel. In February 2009, the UAE denied a visa to an Israeli tennis player who was to participate in a Dubai tennis tournament, earning the UAE some international criticism. It also aggressively investigated and, based on evidence developed, formally accused Israel in the killing of a Hamas leader in Dubai in January 2010.

Border Issues

The UAE cooperates with virtually all GCC-wide development and economic initiatives, although some past border disputes and other disagreements with Saudi Arabia occasionally flare. A 1974 "Treaty of Jeddah" with Saudi Arabia formalized Saudi access to the Persian Gulf via a corridor running through UAE, in return for UAE gaining formal control of villages in the Buraymi oasis area.

UAE Provision of Foreign Aid³⁰

The UAE asserts that it has provided billions of dollars in international aid through its government and through funds controlled by royal family members and other elites, aside from funds provided for the specific crises discussed above. Among the foreign aid activities reported are \$100 million to aid victims of the December 2004 tsunami in the Indian Ocean and \$100 million to help victims of Hurricane Katrina in the United States in 2005. Among other initiatives:

- The Abu Dhabi Fund for Development (ADFD), established in 1971, has distributed about \$3.5 billion to 207 projects in 53 countries. Of this amount, about \$240 million was distributed in 2010. In August 2011, the fund was used to donate \$250 million for reconstruction projects in Afghanistan.
- In May 2011, the UAE donated \$20 million for post-flood relief efforts in Pakistan. Also that month, it donated \$30 million to the Australian state of Queensland to fund cyclone shelters.
- In June 2011, the UAE pledged \$3 billion in aid for post-Mubarak Egypt. However, the 2012 election of a president who is a Muslim Brotherhood

³⁰ Factsheet provided by UAE Embassy in Washington, DC, June 2011.

- activist—an organization the UAE accuses of anti-regime activities in UAE—has halted subsequent aid to Egypt.
- In July 2011, UAE foundations responded to a U.N. appeal for aid to the victims of a drought in East Africa.
 - In February 2012, the UAE announced an additional \$2 million donation to the Local Stability Fund that provides relief to victims of conflict in Somalia.
 - The UAE has donated substantial sums for causes in the United States, including \$150 million for a cancer center at the University of Texas; \$100 million to assist New Orleans after Hurricane Katrina in 2005; \$150 million to a children’s medical center in Washington, DC, in 2009; and \$1 million worth of Apple laptop computers to the Joplin, Missouri, public schools systems in the wake of the May 2011 tornado there.

Nuclear Agreement³¹

The government of the United Arab Emirates (UAE) announced in 2008 an ambitious plan to acquire its first nuclear power reactors to satisfy projected increases in domestic electricity demand.³² The United States and the UAE signed an agreement on January 15, 2009, to help the UAE develop a nuclear power program. However, some in Congress expressed concerns about this agreement because of fears of potential leakage of technology to Iran as well as the potential for additional regional proliferation of nuclear technology.

Policymakers and advisers in the government of Abu Dhabi, in consultation with representatives from the other six emirates, are guiding the program’s implementation. A number of U.S. and European firms have secured administrative and financial advisory contracts with the program. The agreement for the United States to assist the program, subject to conditions specified in Section 123 of the Atomic Energy Act of 1954 [42 U.S.C. 2153(b)], was signed by the Obama Administration on May 21, 2009 (and submitted to Congress that day). It became effective when Congress declined to block the arrangement within 90 days of continuous legislative session following the May 21 submission. Several congressional resolutions of approval of the agreement (S.J.Res. 18 and H.J.Res. 60) were introduced, compared to only one disapproving (H.J.Res. 55). No measure blocking the agreement was enacted, and the “1-2-3 Agreement” entered into force on December 17, 2009. Nor was an earlier bill in the 111th Congress, H.R. 364, requiring the President to certify that the UAE has taken a number of steps to stop illicit trade with Iran before any agreement would take effect, enacted into law.

In January 2010, the UAE announced that it had chosen the Korea Electric Power Corporation (KEPCO of South Korea) to construct the first of four APR1400 nuclear reactors that would sell electricity to the Abu Dhabi Water and Electricity Authority. The first plant is expected to start operating in 2017 and the other three are scheduled to be completed and operational by 2020,

³¹ This section was prepared by Paul Kerr, Analyst in Weapons of Mass Destruction Nonproliferation, CRS. See CRS Report R40344, *The United Arab Emirates Nuclear Program and Proposed U.S. Nuclear Cooperation*, by Christopher M. Blanchard and Paul K. Kerr.

³² UAE officials estimate that their country must expand its power generation and transmission capacity from the current level of 16 gigawatts to 40 gigawatts by 2020 in order to meet projected demand increases

according to the UAE.³³ The plant construction is to take place at Baraka, near Abu Dhabi's western border with Saudi Arabia, pending final approval by the UAE Federal Authority for Nuclear Regulation.³⁴

The Emirates Nuclear Energy Corporation (ENEC) announced in July 2011 that it has begun a "procurement competition" to obtain fuel supplies for the four proposed reactors.³⁵ "The final contracts are expected to be signed in the first quarter of 2012," according to the ENEC. No specific decisions have been made regarding the disposition of spent reactor fuel. The UAE has committed to refrain from domestic uranium enrichment and reprocessing spent nuclear reactor fuel. Enrichment and reprocessing are considered to be the most sensitive parts of the nuclear fuel cycle because they can both produce fissile material for nuclear weapons.

The International Atomic Energy Agency announced December 14, 2011, that a group of experts had completed a review of the UAE's "regulatory framework for nuclear safety and radiation protection." Providing further reassurances to U.S. officials, the review both "noted good practices" and provided suggestions to the Federal Authority for Nuclear Regulation, the UAE's nuclear regulatory authority.³⁶

Economic Issues

The UAE, a member of the World Trade Organization (WTO), has developed a free market economy, but one that is widely considered weakly regulated. Partly as a result, the UAE, particularly Dubai emirate, pursued economic strategies built on attracting investment to construct large numbers of opulent and futuristic projects designed to attract expatriates and international tourists. The UAE economy was affected significantly by the 2007-2009 global financial crisis, which caused widespread layoffs in UAE and the departure of thousands of foreign workers, and left UAE banks with vast amounts of nonperforming loans.³⁷ The downturn in real estate prices also affected regional investors, such as those in Afghanistan, who bought into high-end housing such as on the Palm Islands. The fall in value nearly caused a collapse of a major Afghan bank, Kabul Bank, in September 2010; the bank had made large loans to prominent Afghan power brokers and officials to buy property in the UAE.

To address the crisis, the federal government took on some public debt and drew upon used some of the country's purported \$700 billion invested in "sovereign wealth funds" to inject into Dubai banks to help them ride out the downturn. The largest such fund, called Mubadala, is owned and run by Abu Dhabi. However, by the end of 2011, the UAE's worst economic problems were behind it and its growth improved substantially to about 3.3% for all of 2011. Growth was about 2.5% growth for 2012, in part because of the European debt crisis.³⁸

³³ <http://enec.gov.ae/our-nuclear-energy-program/prime-contractor/>.

³⁴ <http://enec.gov.ae/our-nuclear-energy-program/preferred-site/>.

³⁵ <http://www.enec.gov.ae/media-centre/news/content/emirates-nuclear-energy-corporation-begins-nuclear-fuel-procurement-co>.

³⁶ <http://www.iaea.org/press/?p=2572>.

³⁷ Worth, Robert. "Laid Off Foreigners Flee as Dubai Spirals Down." *New York Times*, February 12, 2008.

³⁸ Economist Intelligence Unit. "Country Report: United Arab Emirates," December 2011.

Oil and Gas Sector/Dedication to Future Clean Energy

The source of the UAE's sovereign wealth has been oil sales. Abu Dhabi has 80% of the federation's proven oil reserves of about 100 billion barrels, enough for over 100 years of exports at the current production rate of about 2.5 million–2.7 million barrels per day (mbd). Of that, over 2 mbd are exported, and the UAE may have as much as 500,000 bpd of spare capacity.³⁹ Small amounts of its oil exports go to the United States, while the largest share of UAE oil goes to Japan. The UAE has vast quantities of natural gas but consumes more than it produces. It has entered into a deal (Dolphin project) with neighboring countries under which a recently-constructed pipeline carries natural gas from the large gas exporter, Qatar, to the UAE and on to Oman as well.

In addition, the UAE is trying to secure its oil export routes against any threat by Iran to close the strategic Strait of Hormuz, through which the UAE and other major oil exporters transport their oil exports. In mid-July 2012, the UAE loaded its first tanker of oil following completion of the Abu Dhabi Crude Oil Pipeline (ADCOP) which terminates in the emirate of Fujairah, on the Gulf of Oman. The line, which cost \$3 billion, has a capacity to transport 1.5 million barrels per day of crude oil—about half of the UAE's peak production. The UAE is also planning a large refinery near that terminal, and possibly a second oil pipeline exiting there, to further secure its oil exports and value-added petroleum products.⁴⁰

Seeking to reinvest its oil wealth, Abu Dhabi has sought in recent years to outdo Dubai by building local branches of famous U.S. and European museums. However, it has also tried to use its oil wealth to plan for a time when the developed world is no longer reliant on oil imports. It has funded "Masdar City"—a project, the first phase of which is to be completed in 2015, to build a planned city which will rely only on renewable energy sources. Automobiles that run on fossil fuels are banned from Masdar City. One feature of the city is a system of driverless taxis that use automation to take passengers to their destinations. The civilian nuclear energy project discussed above is also part of the effort to plan for a post-oil world economy.

U.S.-UAE Trade and Trade Promotion Discussions

U.S. trade with the UAE is a significant issue because the UAE is the largest market for U.S. exports to the Middle East. In 2012, U.S. firms exported nearly \$22 billion worth of goods to the UAE. Over 1,000 U.S. companies have offices there and there are 60,000 Americans working in UAE.

On November 15, 2004, the Administration notified Congress it had begun negotiating a free trade agreement (FTA) with the UAE. Several rounds of talks were held prior to the June 2007 expiration of Administration "trade promotion authority," but progress was halting. The FTA talks have been replaced by an U.S.-UAE "Economic Policy Dialogue, involving the major U.S. economic departments and their UAE counterparts. The dialogue, consisting of two meetings per year, began in late 2011 and also included discussion of reform of UAE export controls, an issue discussed above. In addition, as part of the GCC, the UAE is negotiating with the United States a "GCC-U.S. Framework Agreement on Trade, Economic, Investment, and Technical

³⁹ <http://www.thenational.ae/events/areas/abu-dhabi/adnoc-preserves-spare-supplies>.

⁴⁰ "Abu Dhabi: In the Pipeline." *The Middle East*, January 26, 2012.

Cooperation,” an umbrella instrument for promoting ties between the two sides in the economic area—essentially a GCC-wide trade and investment framework agreement (TIFA). The negotiations were led by the U.S. Trade Representative (USTR), and an agreement was signed on September 25, 2012.

The UAE, which is considered wealthy, has received small amounts of U.S. assistance. The primary purpose of the aid is to make the UAE eligible for advice and programming to improve its border security and export controls, as shown below. None is requested for FY2014.

Table 2. Recent U.S. Aid to UAE

(amounts in \$ thousands)

	FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	FY'13 (req)	FY'14 (req)
NADR (Nonproliferation, Anti-Terrorism, Demining, and Related)— Counterterrorism Programs (ATA)	1,409		725					
NADR- Combating WMD	172	300	200	230	230			
International Military Education and Training (IMET)				10				
Totals	1,581	300	925	240	230	0	0	0

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