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

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The United Arab Emirates (UAE) is a significant U.S. security partner, helping to address multiple regional threats by hosting U.S. military personnel at UAE military facilities, buying sophisticated U.S. military equipment, including missile defenses and combat aircraft, and supporting U.S. policy toward Iran. Most expect this to continue after UAE President Shaykh Khalifa bin Zayid Al Nuhayyan, who has been incapacitated since January 2014, is succeeded by his younger brother and de-facto UAE leader Shaykh Muhammad bin Zayid Al Nuhayyan.

With ample financial resources and a U.S.-armed and advised military, the UAE has been asserting itself in the region. In part to counter Iran, the UAE joined Saudi Arabia in a military effort to pressure the Iran-backed Zaidi Shia Houthi rebels in Yemen, a campaign aided by some U.S. logistical support but which produced significant criticism of the UAE. That criticism, coupled with UAE concerns that U.S.-Iran tensions could embroil the UAE in war with Iran, caused a UAE shift toward more engagement with Iran and a decision to remove most of the UAE’s ground forces from the Yemen conflict. UAE forces continue to support pro-UAE factions in southern Yemen and, alongside U.S. special operations forces, continue to combat Al Qaeda’s affiliate in that country. The UAE has sought to counteract criticism by expanding its financial donations to Yemen, directly and through regional and international organizations.

The UAE’s consideration of Muslim Brotherhood-linked regional organizations as regional and domestic threats is a significant factor in UAE policy. The UAE’s stance has contributed to a major rift with Qatar, another member of the Gulf Cooperation Council alliance (GCC: Saudi Arabia, Kuwait, UAE, Bahrain, Qatar, and Oman), but which supports Brotherhood-related groups as Islamists willing to work within a political process. In June 2017, the UAE joined Saudi Arabia in isolating Qatar until it adopts policies closer to the UAE and Saudi Arabia on the Brotherhood and other issues. In Libya, the UAE is supporting an anti-Islamist commander based in eastern Libya, Khalifa Hafter, who since April 2019 has sought to capture Tripoli from a U.N.-backed government that derives some support from Muslim Brotherhood factions.

The UAE’s tradition of social tolerance has won praise from advocates of expanded freedoms in the Middle East. The country’s wealth—amplified by the small citizenship population receiving government largesse—has helped the government maintain popular support. Since 2006, the government has held a limited voting process for half of the 40 seats in its quasi-legislative body, the Federal National Council (FNC). The most recent such vote was held in October 2019. However, the country remains under the control of a small circle of leaders and, since the 2011 Arab Spring uprisings, the government has become less tolerant of political criticism and activism on social media. The country sought to showcase its continued commitment to religious freedom by hosting a visit from Pope Francis in February 2019.

In part to cope with the effects of reduced prices for crude oil during 2014-2018, the government has created new ministries tasked with formulating economic and social strategies that, among other objectives, can attract the support of the country’s youth. U.S. foreign assistance to the UAE has been negligible, intended mainly to qualify the UAE for inclusion in and price discounts on U.S. programs that benefit UAE security.
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Governance, Human Rights, and Reform

The United Arab Emirates (UAE) is a federation of seven emirates (principalities): Abu Dhabi, the oil-rich federation capital; Dubai, a large 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” formed the UAE federation in December 1971; Ras al-Khaymah joined in 1972. The federation’s last major leadership transition occurred in November 2004, upon the death of the first UAE president and ruler of Abu Dhabi, Shaykh Zayid bin Sultan Al Nuhayyan.

Table 1. UAE Leadership

<table>
<thead>
<tr>
<th>Name</th>
<th>Position and Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalifa bin Zayid al-Nuhayyan</td>
<td>UAE president and Ruler of Abu Dhabi Emirate. Incapacitated since 2014 stroke.</td>
</tr>
<tr>
<td>Mohammad bin Rashid Al Maktum</td>
<td>UAE Vice President, Prime Minister, and Defense Minister, and ruler of Dubai Emirate</td>
</tr>
<tr>
<td>Mohammad bin Zayid al-Nuhayyan</td>
<td>Crown Prince/heir apparent of Abu Dhabi, de facto President of UAE due to brother’s incapacitation</td>
</tr>
<tr>
<td>Sultan bin Mohammad Al Qassimi</td>
<td>Ruler of Sharjah Emirate</td>
</tr>
<tr>
<td>Saud bin Saqr Al Qassimi</td>
<td>Ruler of Ras al-Khaymah Emirate. His elder brother, Khalid bin Saqr, claims his 2003 removal as heir apparent was illegitimate and that he is the rightful ruler of the emirate. That claim is not recognized by UAE.</td>
</tr>
<tr>
<td>Humaid bin Rashid Al Nuami</td>
<td>Ruler of Ajman Emirate</td>
</tr>
<tr>
<td>Saud bin Rashid Al Mu’alla</td>
<td>Ruler of Umm al-Qaywayn Emirate</td>
</tr>
<tr>
<td>Hamad bin Mohammad Al Sharqi</td>
<td>Ruler of Fujairah Emirate</td>
</tr>
<tr>
<td>Abdullah bin Zayid al-Nuhayyan</td>
<td>Foreign Minister</td>
</tr>
<tr>
<td>Yusuf al-Otaiba</td>
<td>Ambassador to the United States. Son of former longtime UAE Oil Minister Mani Saeed al-Otaiba</td>
</tr>
</tbody>
</table>

Sources: Various press.
Shaykh Zayid’s eldest son, Shaykh Khalifa bin Zayid al-Nuhayyan, born in 1948, was elevated from Crown Prince to ruler of Abu Dhabi upon Zayid’s death. In keeping with a long-standing agreement among the seven emirates, Khalifa was subsequently selected as UAE president by the leaders of all the emirates, who collectively 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. The Federal Supreme Council meets four times per year to establish general policy guidelines, although the leaders of the emirates consult frequently with each other.

UAE leadership posts almost always change only in the event of death of an incumbent. The leadership of the UAE was put into doubt by Shaykh Khalifa’s stroke on January 24, 2014. He reportedly is incapacitated, but there is unlikely to be a formal succession as long as he remains alive. His younger brother and the third son of Shaykh Zayid, Crown Prince Shaykh Mohammad bin Zayid al-Nuhayyan (born in 1961), is almost certain to succeed him in all posts. Shaykh Mohammad was widely perceived as the key strategist of UAE foreign and defense policy prior to his brother’s stroke and has been de facto UAE leader since.

Several senior UAE officials are also brothers of Shaykh Mohammad bin Zayid, including Foreign Minister Abdullah bin Zayid, deputy Prime Minister Mansur bin Zayid, Minister of Interior Sayf bin Zayid, and National Security Advisor Shaykh Tahnoun bin Zayid. In 2017, Shaykh Mohammad appointed his son, Khalid, as deputy National Security Adviser.

As shown in the table above, each emirate has its own leader. The five smaller 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.
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Figure 1. UAE at a Glance

Population
9 million+ (U.N. estimate), of whom about 11% are citizens. U.S. population estimate is 6.1 million, and the causes of the discrepancy between U.S. and U.N. estimates are unclear.

Religions
The citizenry is almost all Muslim, of which 85% are Sunni and 15% are Shia. Of the total population, 76% is Muslim; 9% is Christian; and 15% is other—but primarily Buddhist or Hindu.

Ethnic Groups
11% Emirati (citizenry); 29% other Arab and Iranian; 50% South Asian; 10% Western and other Asian expatriate

Size of Armed Forces
About 50,000

Inflation Rate
About 2%

GDP and GDP-related Metrics
GDP Growth Rate: about 2% (2019).
GDP on Purchasing Power Parity basis (PPP): $696 billion
Per capita (PPP): over $68,600

Oil Exports
About 2.7 million barrels per day

Foreign Assets/Sovereign Wealth Reserves
About $600 billion

U.S. citizens in UAE
About 60,000

Major Sites
Dubai’s “Burj Khalifa,” world’s tallest building; Burj al-Arab hotel in Dubai bills itself as “world’s only 7-star hotel”; local branches of Guggenheim and Louvre museums in Abu Dhabi.

Sources: Map created by CRS. Facts from CIA, The World Factbook; U.S. Census Bureau, Foreign Trade Statistics; Economist Intelligence Unit; various press.
Governance Issues

UAE leaders argue that the country’s social tolerance and distribution of national wealth have rendered the bulk of the population satisfied with the political system, and that Emiratis are able to express their concerns directly to the country’s leaders through traditional consultative mechanisms. Most prominent among these channels are the open majlis (councils) held by many UAE leaders. UAE officials maintain that Western-style political parties and elections for a legislature or other representative body would aggravate schisms among tribes and clans, cause Islamist factions to become radical, and open UAE politics to regional influence. UAE officials have stated that the UAE’s end goal is not to form a multiparty system, arguing that this model does not correspond with UAE cultural or historical development.1 Such assertions appear, at least in part, to signal that the country will work to prohibit the development of factions linked to regional Islamist movements or to regimes in the region. UAE law prohibits political parties.

Federal National Council (FNC) and FNC Elections

The UAE has provided for some formal popular representation through a 40-seat Federal National Council (FNC)—a body that can review and veto recommended laws. The FNC questions, but cannot remove, ministers. Its sessions are open to the public. The seat distribution of the FNC is weighted in favor of Abu Dhabi and Dubai, which each hold eight seats. Sharjah and Ras al-Khaymah have six each, and the others each have four. The government has not implemented calls, such as were expressed in a March 2011 petition signed by 160 UAE intellectuals, to transform the FNC into an all-elected body with full legislative powers.2 Each emirate also has its own appointed consultative council.

First FNC Votes. In 2006, the UAE leadership instituted a limited election process for half of the FNC seats, with the other 20 FNC seats remaining appointed. A government commission approved an “electorate” of about 6,600 persons. Out of the 452 candidates for the 20 elected seats, there were 65 female candidates. Only one woman was elected (from Abu Dhabi), but another seven women were given appointed seats.

The September 24, 2011, FNC election, held in the context of the “Arab spring” uprisings, had an expanded electorate (129,000), nearly half of which were women. There were 468 candidates, including 85 women. However, turnout was about 25%, which UAE officials called disappointing. Of the 20 winners, one was a woman, and six were women were given appointed seats. The woman who was elected, Dr. Amal al-Qubaisi, was selected as deputy speaker—the first woman to hold such a high position in a GCC representative body.

For the October 3, 2015, elections, the electorate was expanded to 225,000 voters. There were 330 candidates (somewhat lower than in 2011), including 74 women (almost as many as in 2011). Turnout was 35%. Dr. Amal al-Qubaisi, was reelected and again the only woman who won, and she was promoted to FNC speaker. Of the 20 appointed seats, eight were women.

2019 FNC Elections

The FNC elections were held over several days in early October 2019. The election bodies implemented a December 2018 UAE leadership decree that half of the FNC members would be women—a quota that is to be achieved by appointing enough women to constitute half of the

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2 Al Jazeera News Network, March 9, 2011.
body, after accounting for those elected. UAE officials stated in 2017 that there are plans to eventually make all 40 seats elected. The National Election Committee met regularly to review procedures, including the use of technology for voter screening, and held training for citizens to register their candidacies via electronic media.

For the 2019 elections, the electorate was again expanded, and about 337,000 citizens were eligible to vote, according to state media. A total of 478 candidates were approved to run, of which about 180 were women. A list of winners announced on October 13, 2019, included seven women, of which two were from Abu Dhabi, two from Dubai, and one each from Umm al-Qawayn and Fujairah. Thirteen women were among the 20 total appointees—meeting the requirement that half the FNC be women in the new FNC. The FNC was inaugurated on November 14, 2019, and Mr. Saqr bin Ghobash, who served as Minister of Human Resources and Emiratisation during 2008-2017, was named Speaker.

**Muslim Brotherhood and Other Opposition**

There has been little evident opposition to the government, but some UAE intellectuals and youth have agitated for greater political space, primarily using social media. Since the Arab Spring uprisings of 2011, the government has increasingly arrested or monitored activists, particularly those using social media to criticize the government. Five activists—the so-called “UAE-5”—were arrested in November 2011, during the Arab Spring uprisings, but their prison sentences were later commuted.

The government has been particularly critical of the Muslim Brotherhood, apparently viewing that organization as a threat to the stability of existing governments, including that of the UAE. In 2014 the UAE named the Muslim Brotherhood as one of 85 “terrorist organizations” (a list that included Al Qaeda and the Islamic State), reflecting UAE claims that the group and its affiliates seek to displace established leaders in the region and serve as a recruiting ground for terrorist groups. Yet, there is an affiliate of the Brotherhood in the country—the Islah (Reform) organization, which emerged in 1974 as an offshoot of the Brotherhood and attracts followers mostly from the less wealthy and more religiously conservative northern emirates. Islah has no history of attacks or violence inside the UAE, but UAE officials have accused it of being funded by the main Brotherhood chapter in Egypt, and the government cracked down on Islah in 2012, the year that Muslim Brotherhood figure Mohammad Morsi was elected president of Egypt. UAE authorities arrested and revoked the citizenship of several senior Islah members, including a member of the Ras al-Khaimah ruling family. In July 2013, the UAE State Security Court convicted and sentenced 69 out of 94 UAE nationals (“UAE-94”)—Islamists arrested during 2011-2013—for trying to overthrow the government. In June 2014, 30 persons, including 20 Egyptian nationals, were convicted for connections to the Brotherhood organization in Egypt.

**Other Government Responses**

The government has also sought to head off active opposition by enacting reforms and economic incentives. In 2011, the government increased funding for infrastructure of the poorer emirates; raised military pensions; and began subsidizing some foods. In 2013, a “new look” cabinet included several young figures, and further cabinet reshuffles in 2016 and 2017 added younger

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6 “UAE Targets Muslim Brotherhood in Crackdown on Dissent,” BBC, September 26, 2012.
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ministers, many of them female, and established minister of state positions for “tolerance,” “happiness,” artificial intelligence, and food security. Other reforms included formation of an Emirates Foundation for Schools, run by an independent board of directors and creation of a science council mandated to promote a new generation of Emirati scientists.

Human rights observers assert that U.S. officials downplay criticism of the UAE’s human rights record because of the U.S.-UAE strategic partnership. U.S. officials assert that they continue to promote democracy, rule of law, independent media, and civil society in the UAE through meetings and site visits by U.S. diplomats in the country.

Other Human Rights-Related Issues™

Reports by the State Department and independent groups such as Human Rights Watch assert that there are a variety of human rights problems in the UAE, including unverified reports of torture, government restrictions of freedoms of speech and assembly, and lack of judicial independence. UAE human rights oversight organizations include the Jurists’ Association’s Human Rights Committee, the Emirates Human Rights Association (EHRA), and the Emirates Center for Human Rights (ECHR), but their degree of independence is uncertain. In a January 2018 U.N. Human Rights Council Universal Periodic Review, UAE officials highlighted formation of a human rights commission under international standards (“Paris Principles”).

According to the State Department, there are an estimated 20,000 to 100,000 stateless persons (“Bidoon”) in the UAE. Most Bidoon lacked citizenship because they did not have the preferred tribal affiliation when the country was founded. They lack accepted forms of identification and their movements within the UAE or internationally are restricted.

Media and Research Institute Freedoms

The UAE government has increased restrictions on social media usage, particularly since the 2011 Arab uprisings. A 2012 “cybercrimes decree” (Federal Legal Decree No. 5/2012) established a legal basis to prosecute those accused of using information technology to promote dissent. It provides for life imprisonment for anyone using such technology to advocate the overthrow of the government. In May 2015, the government enacted an Anti-Discrimination Law, which criminalizes the publication of “provocative” political or religious material. Several activists have been jailed for violating the decree, including Ahmed Mansoor—one of the UAE-5 discussed above—who was re-arrested in 2018 for “defaming” the country on social media. He remains in jail pursuant to the December 31, 2018, UAE court’s upholding of his 10-year prison sentence and fine of $272,000. In December 2019, several Members of Congress, from both chambers, signed a letter to the UAE leadership urging his release.

A “National Media Council” (NMC) directly oversees all media content, and the government has banned some journalists from entering the country, and prohibited distribution of books and articles that highlight human rights abuses. The country has also become less welcoming of research institutes, several of which had opened there in the 1990s. The government has applied increasingly strict criteria to renewing the licenses of some research institutes and some have

7 Much of this section is from the State Department reports on human rights practices for 2018, at https://www.state.gov/j/drl/rls/hrpt/humanrightsreport/index.htm#wrapper.
9 US Congress members call on UAE to release rights activist Ahmed Mansoor. Middle East Eye, December 13, 2019.
left. On the other hand, some new UAE-run think tanks have opened or become increasingly active in recent years, including the Emirates Policy Center and the TRENDS Institute.

Justice/Rule of Law

The UAE constitution provides for an independent judiciary, but court decisions are subject to being overruled by political leaders. UAE judicial institutions include Sharia (Islamic law) courts that adjudicate criminal and family law matters, and civil courts that adjudicate civil matters. The civil court system, based on French and Egyptian legal systems, was established in 1973 when a Federal Supreme Court was inaugurated. This highest court, which consists of a president and five judges appointed by the UAE leadership, adjudicates disputes between emirates or between an emirate and the UAE federal government, decides on the constitutionality of federal and other laws, and questions ministers and senior federal officials for official misconduct. A 2012 amendment to the UAE constitution set up a “Federal Judicial Council,” chaired by the UAE president, which human rights groups asserted reflected increased political influence over the judiciary. Foreign nationals hold positions in the judiciary, making them subject to being threatened with deportation for judgments against Emiratis.

The UAE justice system has often come under criticism in cases involving expatriates. 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. During 2012-2013, a 78-year-old pediatrician from South Africa was imprisoned for alleged malpractice during his six-week service in Abu Dhabi in 2002. In May 2018, UAE authorities detained a British academic, Matthew Hedges, on charges of “spying for a foreign state.” He was sentenced to life imprisonment but subsequently, following expressions of outrage from British and other world leaders, was pardoned by the leadership and left the UAE.

Women’s Rights

Women’s political rights have expanded steadily over the past few decades. Beginning in 2012, UAE women are allowed to pass on their citizenship to their children—a first in the GCC. However, UAE women are still at a legal disadvantage in divorce cases and other family law issues. The penal code allows men to use physical means, including violence, against female family members. Many domestic service jobs are performed by migrant women, and they are denied basic legal protections such as limits to work hours.

Recent cabinet reshuffles have greatly increased the number of female ministers. As noted, one woman has been FNC Speaker, and the FNC selected in 2019 has half women membership. About 10% of the UAE diplomatic corps is female, whereas there were no female diplomats prior to 2001. The UAE Air Force has several female fighter pilots.

Religious Freedom

The UAE constitution provides for freedom of religion but also declares Islam as the official religion. The death penalty for conversion from Islam remains in law, but is not generally enforced. In practice, non-Muslims in UAE are free to practice their religion.

12 The State Department’s International Religious Freedom report for 2018, from which this section is primarily derived, is available at https://www.state.gov/reports/2018-report-on-international-religious-freedom/united-arab-
UAE officials boast of the country’s religious tolerance by citing the 40 churches present there, of a variety of denominations, serving the 1 million Christians in the country, almost all of whom are expatriates. In 2016, the government donated additional lands for the building of more churches, as well as some new Hindu and Sikh temples. In January 2017, the Ministry hosted an event for 30 Christian leaders from nine denominations located throughout the Gulf; the event took place at the site of an early Christian monastery on Sir Bani Yas Island in Abu Dhabi. In November 2017, the Abu Dhabi Department of Justice signed an agreement with Christian leadership to allow churches to handle non-Islamic marriages and divorces. A Jewish synagogue has been open in Dubai since 2008. There are no Buddhist temples.

In September 2016, Shaykh Mohammad bin Zayid met with Pope Francis in the Vatican and invited him to visit. The visit occurred during February 3-5, 2019, enabling the UAE to showcase its commitment to religious tolerance. The papal visit was the first such trip to the Gulf region.

The Shia Muslim minority, which is about 15% of the citizen population and is concentrated largely in Dubai, is free to worship and maintain its own mosques. However, Shia mosques receive no government funds and there are no Shias in top federal posts. At times, the government has acted against non-UAE Shia Muslims because of their perceived support for Iran and Iran’s allies. The government has at times closed Shia schools and prohibited the holding of conferences for international Shias, and deported some foreign Shias.

In December 2018, the U.S. Ambassador at Large for Religious Freedom spoke at the Forum for Promoting Peace in Muslim Societies’ fifth annual conference in Abu Dhabi.

Labor Rights and Trafficking in Persons

UAE law prohibits all forms of compulsory labor, but enforcement is inconsistent. On several occasions, foreign laborers working on large construction projects have conducted strikes to protest poor working conditions and nonpayment of wages. There have been numerous and persistent allegations that foreign workers are housed in cramped “labor camp” conditions, have their passports held, are denied wages or paid late, are forced to work long hours, are deported for lodging complaints, and are subjected to many other abuses. The government has put in place a “Wages Protection System,” an electronic salary payments system that requires companies with more than 100 workers to pay workers via approved banks and other financial institutions, thereby facilitating timely payment of agreed wages.

The Ministry of Human Resources and Emiratization (MOHRE, formerly the Labor Ministry) has addressed problems such as those above by penalizing employers and requiring that workers’ salaries be deposited directly in banks. In 2011, the UAE reformed its kafala system to allow migrant workers to more easily switch employers.

Trafficking in Persons

The UAE is a “destination country” for women trafficked from Asia and the countries of the former Soviet Union. The State Department’s Trafficking in Persons report for 2019, for the ninth year in a row, rated the UAE as “Tier 2,” based on the assessment that the UAE is taking significant efforts to meet the minimum standards for eliminating human trafficking. The 2019 report credits the UAE with implementing reforms that reduce forced labor among foreign

workers in the private sector, instituting direct governmental oversight of domestic laborers, increasing the number of labor trafficking prosecutions, and implementing a national action plan to combat trafficking in persons. In 2015, the government put into effect amendments to victim protection clauses of Federal Law 51 (2006) on Combating Human Trafficking Crimes.

Since 2013, the UAE government, through its “National Committee to Combat Human Trafficking,” has assisted human trafficking victims, including through shelters in several UAE emirates. The government opened its first shelter for male sexual trafficking victims in 2013. The government assists victims of human trafficking through a human rights office at Dubai International Airport. An issue in previous years was trafficking of young boys as camel jockeys, a concern alleviated with repatriation of many of those trafficked and the use of robot jockeys.

**Foreign Policy and Defense Issues**

Despite its small population and territorial size, the UAE has sought to influence regional outcomes, using the training, arms, and advice the country has received from its security partnership with the United States. The UAE and the five other members of the Gulf Cooperation Council also have close defense ties to the United States. The GCC was formed in late 1981 in response to the 1979 Iranian revolution and subsequent Iran-Iraq war. In December 2017, Saudi Arabia and the UAE announced the formation of a “joint cooperation committee” as a subgroup of the GCC.

In March 2011, the UAE contributed 500 police officers to a Saudi-led GCC military intervention in Bahrain to support the Sunni minority Al Khalifa regime against a Shia-led uprising. At least some of the UAE force has remained since, and one UAE police officer was killed in a bombing in Manama in March 2014. The rift with Qatar has derailed long-standing GCC plans to establish a joint military command and joint naval force in Bahrain, supported by an Abu Dhabi-based “Gulf Academy for Strategic and Security Studies.”

The UAE has had border disputes and other disagreements with Saudi Arabia. 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.

Differences have emerged between the two monarchies; as discussed further below, the UAE has reduced its military role in Yemen and promoted groups in southern Yemen at odds with Saudi-backed factions there.

**Rift with Qatar**

The UAE and Saudi Arabia are closely aligned in identifying Iran and Islamist movements such as the Muslim Brotherhood as acute threats to their governments and to the region. In June 2017, the two countries led a move to isolate Qatar by denying it land, sea, and air access to their territories, asserting that Qatar supports Iran and Muslim Brotherhood-related movements. Qatar asserts that the Brotherhood is a stabilizing influence in the region because it competes in elections in the region and therefore provides a channel for Islamists to participate in the legitimate political process rather than support underground movements. The rift has caused repeated postponements of a U.S.-GCC summit—first planned for May 2018—that is to formally

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The UAE leaders assert that Iran is a major threat to regional stability and they have supported Trump Administration policy to apply “maximum pressure” on Iran. Already concerned that the July 2015 Iran nuclear agreement (Joint Comprehensive Plan of Action, JCPOA) could reduce the U.S. interest in countering Iran’s regional activities, the UAE applauded the Trump Administration’s May 2018 U.S. withdrawal from that accord and re-imposition of all U.S. sanctions on Iran. UAE policy in east Africa, Yemen, Syria, and elsewhere is driven largely by the UAE objective of weakening Iran.

In mid-2019, U.S.-Iran tensions in the Gulf prompted the UAE leadership to shift toward more engagement with Iran, apparently to avoid being drawn into a war with Iran. In August 2019, UAE maritime security officials visited Iran for the first bilateral security talks since 2013, a visit that followed the UAE government’s declining to directly blame Tehran for attacks on six commercial tankers in the Gulf in May and June 2019. A variety of experts note that billions of dollars in UAE investment in infrastructure could be at risk in the event of war with Iran, a risk highlighted by a threat by Lebanese Hezbollah leader Hassan Nasrallah, who asked: “What will be left of the UAE’s glass towers if a war breaks out?”

In January 2016, the UAE withdrew its ambassador from Iran in solidarity with Saudi Arabia’s breaking relations with Iran over issues related to the Saudi execution of a dissident Shia cleric. Because of Hezbollah’s affiliation with Iran, in February 2016, the UAE barred its nationals from travelling to Lebanon, downgraded its diplomatic relations with Lebanon, and joined the other GCC states in a declaration that Hezbollah is a terrorist organization.

In formulating policy toward Iran, some UAE officials have expressed concerns that the large Iranian-origin community in Dubai emirate (estimated at 400,000 persons) could pose an internal threat to UAE stability. Dubai leaders express less concern about Iranian-origin residents, asserting that this population is a product of long-standing UAE-Iran commercial ties. The extensive Iranian commercial presence in the UAE also gives the United States ample opportunity to enlist the UAE in sanctioning Iran, but some lapses in the UAE’s export control enforcement has enabled some proliferation-related technology to reach Iran (see below).

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16 Al Jazeera, July 28, 2018. See also CRS In Focus IF11173, Cooperative Security in the Middle East: History and Prospects, by Clayton Thomas.

Gulf Islands Dispute

An additional complication in UAE-Iran relations is a dispute over several Persian Gulf islands. In 1971, Iran, then ruled by the U.S.-backed Shah, seized the Greater and Lesser Tunb islands from the emirate of Ras al-Khaymah, and compelled the emirate of Sharjah to reach an agreement for shared control of another island, Abu Musa. In April 1992, Iran sent security forces to Abu Musa and asserted complete control of it, subsequently emplacing some military equipment and administrative offices there. The UAE has called for peaceful resolution of the issue through direct negotiations or referral to the International Court of Justice. The United States has taken no position on the sovereignty of the islands but has supported the UAE call for a negotiated settlement. In October 2008, the UAE and Iran established a joint commission to resolve the dispute but talks broke off in 2012, when Iran’s president visited Abu Musa. Iran incurred further UAE criticism with a May 2012 visit to Abu Musa by the Islamic Revolutionary Guard Corps (IRGC) Commander-in-Chief. In 2014, the two countries reportedly discussed a possible solution under which Iran might cede control of the disputed islands in exchange for rights to the seabed around them.\[^{18}\] Iran reduced its presence on Abu Musa as a confidence-building measure, but no further progress has been reported recently.\[^{19}\]

Policy Toward and Intervention in Regional Conflicts

Since the 2011 Arab uprisings, the UAE has become more active in the region, including through the use of its own military forces and its development of regional military facilities from which to project power. The UAE’s capabilities have been enhanced by the many years of defense cooperation with the United States. The UAE’s opposition to the Muslim Brotherhood generally drives its policies toward countries where Brotherhood-linked groups are prominent.

Egypt

The UAE supported the Egyptian military’s 2013 toppling of Muslim Brotherhood figure Mohammad Morsi, who was elected president in 2012, and has been a partner of Egypt on regional operations such as in Libya (see below). It has given Egypt over $20 billion in assistance (including loans, grants, and investments) since the ouster of Morsi.

Libya

Intra-GCC differences—as well as differences between the UAE and U.S. policy—have manifested in post-Qadhafi Libya. In 2011, several GCC states, including the UAE, conducted air strikes and armed Libyan rebels to overthrow then-Libyan leader Muammar Qadhafi.\[^{20}\] In post-Qadhafi Libya, the UAE, possibly in violation of U.N. Security Council resolutions on Libya, reportedly provides arms to and conducts air operations in support of Field Marshal Khalifa Haftar’s Libyan National Army (LNA) movement.\[^{21}\] Haftar, a former commander in the Libyan armed forces, has refused to recognize the authority of the U.N.-backed Government of National Accord (GNA) and leads a coalition of military personnel and militias that has fought Islamist groups and some GNA-aligned forces. In July 2018, press reports claimed that UAE-based

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19 Author conversations with UAE representatives, May 2016.
entities had signed agreements with Haftar-aligned oil authorities in eastern Libya to export Libyan oil in violation of U.N. Security Council resolutions.\textsuperscript{22} In addition to the UAE and Egypt, Russia, and to a lesser extent, France, are backing Haftar as well. To varying degrees, the outside actors are supporting Haftar’s attempt since mid-2019 to capture Tripoli.

In August 2014, the UAE and Egypt carried out an air strike in Libya against a Muslim Brotherhood-linked Islamist militia that reportedly enjoyed support from Qatar.\textsuperscript{23} The United States criticized the strike as detracting from Libyan stability.

**Islamic State/Syria Conflict**\textsuperscript{24}

As a member of the U.S.-led coalition against the Islamic State organization, during 2014-2015, UAE pilots conducted more strikes in Syria against Islamic State positions than any country except the United States, and the UAE was the only Arab state that commanded strikes. The UAE also hosted other forces participating in the anti-Islamic State effort, including French jets stationed at Al Dhafra Air Base and 600 forces from Australia.\textsuperscript{25}

In Syria, the GCC states all initially sought the goal of ousting President Bashar Al Asad, in part to strategically weaken his ally, Iran, but GCC efforts often diverged. The UAE did not provide weaponry to particular groups, but instead contributed to a multilateral pool of funds to buy arms for approved rebel groups in Syria.\textsuperscript{26} After Russia’s intervention in Syria in 2015, the UAE appeared to predict Asad’s eventual victory, and Shaykh Mohammad bin Zayid, perhaps as a consequence, has engaged Russia leaders with increasing frequency. In December 2018, the UAE reopened its embassy in Damascus, explaining the move as intended to reassert counter to Iran’s influence in Syria.\textsuperscript{27}

The UAE has also sought to alleviate suffering from the Syria crisis through donations to Syrian refugees and grants to Jordan to help it cope with the Syrian refugees that have fled there. In 2018, the UAE, Saudi Arabia, and Kuwait, in roughly equal proportions, provided a total of $2.5 billion to help stabilize Jordan’s finances.\textsuperscript{28}

**Iraq**

The GCC states supported Iraq against Iran in the 1980-1988 Iran-Iraq war, and all militarily participated in the U.S.-led coalition that liberated Kuwait from Iraqi occupation in 1990-91. No Arab state, including the UAE, participated in the U.S.-led invasion that overthrew Saddam Hussein in 2003. In 2008, the UAE posted an ambassador to Iraq and wrote off $7 billion in Iraqi debt, and Shaykh Mohammad bin Zayid visited the country. The UAE opened a consulate in the Kurdish-controlled autonomies region of Iraq in 2012. During 2003-2011, the UAE provided facilities for Germany to train Iraqi police and the UAE provided over $200 million for Iraq reconstruction, including for hospitals and medical treatment in the UAE for Iraqi children.


\textsuperscript{23} “U.S. Officials: Egypt, UAE behind Airstrikes in Libya.” Associated Press, August 26, 2014.

\textsuperscript{24} For more information on the Syria conflict, see CRS Report RL33487, Armed Conflict in Syria: Overview and U.S. Response, coordinated by Carla E. Humud.

\textsuperscript{25} “Islamic State Crisis: Australia to Send 600 Troops to UAE.” BBC News, September 14, 2014.

\textsuperscript{26} Author conversations with experts in Washington, DC, 2013-2014.

\textsuperscript{27} https://www.reuters.com/article/us-mideast-crisis-syria-emirates/uae-reopens-syria-embassy-a-boost-for-assad-idUSKCN1OQ0QV.

However, the Iraq-UAE relationship deteriorated as the Shia-dominated government of then-Prime Minister Nuri al-Maliki (2006-2014) marginalized Sunnis. UAE officials hosted Iraq’s then-Prime Minster Haydar Al Abadi in December 2014. None of the GCC states conducted anti-Islamic State air operations in Iraq.

Since 2016, the UAE has improved ties to Iraq’s leaders, in part to dilute Iranian influence there. The UAE and Germany jointly run a fund to reconstruct and stabilize areas of Iraq liberated from the Islamic State. The UAE donated $50 million to the fund in 2016, and UAE companies have separately invested in housing and other projects in Iraq.

Yemen

In Yemen, which was roiled by the 2011 Arab uprisings, the UAE, in close partnership with Saudi Arabia, intervened militarily in March 2015 with military personnel, armor, and air strikes against the Zaydi Shia “Houthi” faction that had ousted the government in Sanaa in 2015. The Arab coalition asserted that the intervention was required to roll back the regional influence of Iran, which has supplied the Houthis with arms, including short-range ballistic and cruise missiles the Houthis have fired on the UAE and Saudi Arabia and their ships in the Bab el Mandeb Strait. In October 2016, the Houthis used anti-ship cruise missiles to damage a UAE Navy logistics ship in that Strait. Since the UAE intervened, nearly 150 UAE soldiers have died.

Its involvement in the Yemen conflict brought the UAE significant criticism, primarily over the severe humanitarian effects of the war on the Yemeni population. In an attempt to address the criticism, the UAE has highlighted the country’s humanitarian aid to the people of Yemen in the context of the conflict. The UAE has provided over $4 billion to Yemen, according to UAE media, although some of that aid is investment, not grants. In June 2017, UAE officials denied allegations that UAE forces operated a secret network of prisons in Yemen in which detainees were being abused. In 2019, press reports said that the UAE was arming some anti-Houthi militia commanders that were, and may still be, linked to Al Qaeda and/or the Islamic State, and that some U.S. armor supplied to the UAE might have fallen into the hands of the Houthis.

The Arab coalition war effort has produced increasing congressional opposition to the U.S. logistical support provided to the effort, which included intelligence and aerial refueling under a cross-servicing agreement, as well as related arms sales. In November 2018, the United States ended the refueling for coalition aircraft. But, fallout from the Saudi killing of journalist Jamal Kashoggi in October 2018 propelled additional congressional efforts to cease U.S. support for the coalition Yemen effort, including the sale of precision-guided weaponry to the UAE. For information on congressional initiatives on Yemen, see CRS Report R45046, Congress and the War in Yemen: Oversight and Legislation 2015-2019, by Jeremy M. Sharp and Christopher M. Blanchard.

The accumulation of criticism and regional tensions contributed to a UAE decision in July 2019 to withdraw most of its ground forces from Yemen. The UAE decision has raised questions over whether the strategic alliance with Saudi Arabia and its Crown Prince Mohammad bin Salman is

29 For more information on the conflict in Yemen and on congressional action toward U.S. support for the Arab coalition, see CRS Report R43960, Yemen: Civil War and Regional Intervention, by Jeremy M. Sharp; and CRS Report R45046, Congress and the War in Yemen: Oversight and Legislation 2015-2019, by Jeremy M. Sharp and Christopher M. Blanchard.

30 Al Jazeera, August 13, 2017; CRS conversations with UAE representatives. May 2018.

fraying — questions that expanded in August 2019 when separatists in Aden, reportedly backed by the UAE, conducted an insurrection against Abd Rabboh Mansur Al Hadi’s government. The differences between the UAE and Saudi Arabia also widened over the Saudi willingness to work with Muslim Brotherhood elements in Yemen.

The UAE continues to work closely with U.S. forces and with local Yemeni communities to counter the local faction of Al Qaeda—Al Qaeda in the Arabian Peninsula (AQAP). U.S. Special Operations Forces in Yemen reportedly worked with the UAE to defeat AQAP fighters at the port of Mukalla in April 2016, in the process killing the leader of the Yemeni branch of the Muslim Brotherhood. In August 2017, UAE and U.S. forces reportedly advised about 2,000 Yemen government forces conducting an operation against AQAP sanctuaries in Shabwa Province. In March 2019, a UAE-U.S. operation rescued an American hostage in Yemen, Danny Lavone Burch, who had been held by a group with ties to Al Qaeda.

**Related UAE Power Projection Capabilities/East Africa**

In part to support its intervention in Yemen, the UAE has established military bases and supported friendly leaders and factions in several East African countries. During 2015, UAE forces deployed to Djibouti to support the intervention in Yemen, but in mid-2015 a UAE-Djibouti dispute over funding arrangements caused UAE (and Saudi) forces to begin using facilities in Eritrea to stage and to train pro-government Yemeni forces—a relationship that might violate a U.N. embargo on Eritrea. Perhaps to solidify its relations with Eritrea, the UAE helped broker a rapprochement between Eritrea and Ethiopia, which culminated in a trilateral (Ethiopia-Eritrea-UAE) summit in Abu Dhabi on July 24, 2018, one month after the UAE pledged to give Ethiopia $3 billion in investments. Yet, in July 2018, the Prime Minister of Ethiopia, Abiy Ahmed, said he had rejected a UAE offer to build an Islamic center in Ethiopia and downplayed the UAE role in brokering the rapprochement. The UAE reportedly is investing in energy infrastructure linking the two countries.

**Somalia and Somaliland.** Also in 2015, the UAE expanded a center in Somalia in which a few hundred UAE special forces trained Somali commandos to counter the Al Qaeda affiliate Al Shabab. The UAE also established a base at the port of Berbera, in the breakaway region of Somaliland, and agreed to train Somaliland security forces, leading Somalia to sever the security relationship with the UAE in 2018.

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The UAE and Saudi Arabia spearheaded a largely successful effort to persuade Sudan’s leaders to forgo a two-decade alliance with Iran that began in 1993. Sudanese troops joined the Arab coalition effort in Yemen and Sudan’s then-leader, Omar Hassan al-Bashir, visited the UAE in February 2017. In April 2019, Bashir was ousted by military colleagues in response to a popular uprising. In April 2019, the UAE and Saudi Arabia pledged $3 billion in aid to Sudan, although the two were criticized for supplying funds to Sudan even though the military initially refused to transfer authority to civilian rule for two years.

Afghanistan

The UAE has assisted the U.S.-led mission to stabilize Afghanistan by allowing the use of its military facilities for U.S. operations there and by deploying a 250-person contingent since 2003, in the restive south. During 2012-2014, the UAE deployed six F-16s for close air support missions there. The UAE also has donated several hundred million dollars of aid to Afghanistan since the fall of the Taliban regime. The risks of the involvement were evident in January 2017 when five UAE diplomats were killed by a bomb during their visit to the governor’s compound in Qandahar. The UAE Ambassador survived. In December 2018, the UAE hosted meetings between Taliban representatives, U.S. officials, and officials from several regional stakeholder countries to discuss a possible political settlement in Afghanistan. U.S.-Taliban talks over a year and a half, hosted in and facilitated by Qatar, produced a U.S.-Taliban peace agreement, signed in Doha, Qatar on February 29, 2020, but the prognosis for a permanent Afghan political settlement remains uncertain.

Before the September 11, 2001, attacks on the United States, the UAE apparently did not perceive the Taliban movement as a major threat. The UAE was one of three countries (Pakistan and Saudi Arabia were the others) that recognized the Taliban during 1996-2001 as the government of Afghanistan, even though the Taliban regime was harboring Al Qaeda leaders.

Israeli-Palestinian Dispute

The UAE has no formal diplomatic relations with Israel, but UAE troops did not participate militarily in any major Arab-Israeli war, two of which (1948 and 1967) occurred before the UAE was formed. In recent years, Israel and the UAE have undertaken quiet diplomatic cooperation and security cooperation against Iran. The UAE reportedly has been participating in talks with the United States and Israel to counter Iran—an outgrowth of the February 2019 U.S.-led “Warsaw Ministerial” that discussed international cooperation to counter Iran. Israeli diplomats have attended some multilateral meetings in the UAE and, in November 2015, the UAE gave Israel permission to establish a diplomatic office in Abu Dhabi to facilitate Israel’s participation in the International Renewable Energy Agency (IRENA). In June 2019, Israeli Foreign Minister Yisrael Katz visited Abu Dhabi to attend a U.N. meeting on climate change, and he reportedly also met with UAE officials there. The interactions indicate that the UAE has set aside its
recriminations over an Israeli assassination of Hamas figure Mahmoud al-Mabhouh at a hotel in Dubai in 2010.

There apparently are unspecified levels of Israel-UAE bilateral trade, even though the UAE formally claims it is enforcing the Arab League primary boycott of Israel. The UAE did not host multilateral Arab-Israeli working groups on regional issues during 1994-1998, but, in 1994, the UAE and the other GCC states ended enforcement of the Arab League’s secondary and tertiary boycotts (boycotts of companies doing business with Israel and on companies that deal with companies that do business with Israel). In August 2018, the head of state-owned Dubai Ports World, which has ties with Israeli shipping company Zim Integrated Shipping Services Ltd. and other Israeli firms, visited Israel.

The UAE has backed a wide range of proposals and mechanisms to try to resolve the Israeli-Palestinian dispute. In 2007, the UAE joined Saudi Arabia, Egypt, and Jordan in a “quartet” of Arab states to assist U.S. diplomacy on Israeli-Palestinian issues, and it attended the Annapolis summit on the issue that year. UAE officials attended the June 2018 workshop in Bahrain on the economic component of a Trump Administration Israel-Palestinian peace plan, as well as the unveiling of the political component of the Trump Administration peace plan on January 28, 2020. The UAE expressed general support for the plan as “an important starting point for a return to negotiations within a U.S.-led international framework.” The UAE, as do other Arab states, supports the Palestinian Authority (PA) bid for statehood recognition and opposes the Trump Administration’s 2018 recognition that Israel’s capital is in Jerusalem and 2019 recognition of Israeli sovereignty in the Golan Heights.

In line with UAE animosity toward Muslim Brotherhood-related movements, the UAE does not support Hamas but rather its rival, the Fatah faction of the Palestine Liberation Organization, which runs the West Palestinian Authority (PA) based in the West Bank. In June 2015, the UAE donated $12 million to help the Gaza victims of war with Israel, channeling the funds through Fatah, not Hamas. The UAE also hosts and financially backs senior PLO official Mohammad Dahlan as a possible successor to PA President Mahmoud Abbas.

According to the UAE government, the UAE has provided over $500 million to humanitarian projects for Palestinian refugees in the Palestinian territories and in Syria, sending the funds through the U.N. Relief and Works Agency (UNRWA). In April 2018, the UAE contributed $50 million to UNRWA to help it compensate for a shortfall in its operating funds caused, in large part, by the Trump Administration cessation of funding to the agency. The UAE in the past funded a housing project in Rafah, in the Gaza Strip, called “Shaykh Khalifa City.”

**UAE Foreign Aid**

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. Among initiatives outside the Near East and South Asia region are the following:

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46 *Times of Israel*, September 14, 2018.
47 Hamas formed in the late 1980s out of Brotherhood groups in the Palestinian territories.
50 Factsheets provided by UAE Embassy in Washington, DC, and author conversations with UAE representatives. 2011-2016.
To date, the Abu Dhabi Fund for Development (ADFD), established in 1971, has distributed over $4 billion for more than 200 projects spanning 53 countries.

The UAE provided $100 million for victims of the December 2004 tsunami in the Indian Ocean.

During 2011-2012, UAE foundations responded to U.N. appeals for aid to the victims of a drought in East Africa and provided about $2 million for victims of conflict in Somalia. In October 2013, the UAE reopened a UAE embassy in Mogadishu, in part to facilitate the delivery of relief to Somalis.

The UAE has donated for disaster relief and for health care facilities in the United States, including $100 million to assist New Orleans after Hurricane Katrina; $5 million to the reconstruction of the new pediatric health care wing at St. John’s Mercy Hospital in Joplin, MO, in the wake of the May 2011 tornado there; and $10 million to assist with the reconstruction and recovery efforts of communities affected by Hurricane Sandy in 2013.

In 2019, the UAE increased its contribution to the U.N. Central Emergency Relief Fund to $5 million, from $1.75 million provided in 2018.

The UAE, as do fellow GCC states Saudi Arabia and Qatar, reportedly provides significant amounts of funds to U.S. research organizations, public relations firms, law firms, and other representatives to praise UAE policies and engage U.S. policymakers and opinion leaders.\textsuperscript{51}

**Defense Cooperation with the United States**

The UAE’s ability to project power in the region is a product of many years of U.S.-UAE defense cooperation that includes U.S. arms sales and training, strategic planning, and joint exercises and operations. The UAE’s armed forces are small—approximately 50,000 personnel—but they have become experienced from participating in several U.S.-led military operations, including Somalia (1992), the Balkans (late 1990s), Afghanistan (since 2003), as well as air operations in Libya (2011), and against ISIS in Syria (2014-2015). The UAE reportedly has also augmented its manpower by recruiting foreign nationals and hiring U.S. and other security experts to build militias and mercenary forces that supplement UAE national forces.\textsuperscript{52}

**Defense Cooperation Agreement (DCA) and U.S. Forces in UAE**

The United States and UAE have established a “Defense Cooperation Framework” to develop joint approaches to regional conflicts and to promote U.S.-UAE interoperability. The Framework includes UAE development of a defense plan that will facilitate joint U.S.-UAE planning in case of attack on the UAE.\textsuperscript{53} In conjunction, the two countries have established a “Joint Military Dialogue” (JMD) that meets periodically; the fourth U.S.-UAE JMD was held on April 11, 2019. The Framework and JMD build on the July 25, 1994, bilateral Defense Cooperation Agreement (DCA), the text of which is classified.\textsuperscript{54} The DCA was accompanied by a separate “Status of


\textsuperscript{52} http://www.nytimes.com/2011/05/15/world/middleeast/15prince.html?_r=1&partner=rss&emc=rss.

\textsuperscript{53} Author conversations with UAE officials, July 2014.

\textsuperscript{54} Some provisions are discussed in Sami Hajjar, U.S. Military Presence in the Gulf: Challenges and Prospects (U.S.
Forces Agreement” (SOFA) giving U.S. military personnel in UAE certain legal immunities, but several incidents reportedly caused the UAE to void the SOFA and to agree with the United States to handle legal incidents on a “case-by-case basis.”55 On May 15, 2017, then-Secretary of Defense James Mattis and Shaykh Mohammad bin Zayid confirmed that the United States and the UAE had concluded negotiations on a new DCA with a 15-year duration.56 The two countries announced the revised DCA was in force as of the visit to Abu Dhabi of then-National Security Adviser John Bolton on May 30, 2019.57

In accordance with the DCA:

- The U.S. forces in UAE support U.S. operations in the region, which include stabilization in Afghanistan, combatting the Islamic State, deterring Iran, and intercepting terrorists and illicit shipments of weaponry or proliferation-related equipment.
- As of early 2020, the United States deploys about 4,000 U.S. military personnel at several UAE facilities including Jebel Ali port (between Dubai and Abu Dhabi), Al Dhafra Air Base (near Abu Dhabi), and naval facilities at Fujairah.58 Jebel Ali, capable of handling aircraft carriers, is the U.S. Navy’s busiest port of call. Some of the U.S. forces in UAE sent in 2019 accompanied additional combat aircraft and missile defense batteries sent to the region to deter Iran as U.S.-Iran tensions escalated. U.S. force levels in the UAE are far higher than the 800 U.S. personnel there prior to the 2003 U.S. intervention in Iraq.
- Al Dhafra air base now hosts a variety of U.S. military aircraft including surveillance aircraft such as the U-2, Global Hawk, and the AWACS (Airborne Warning and Control System); KC-10 refueling aircraft, F-15s; and the “Stealth” F-22 Raptor.59 In April 2019, in the context of escalating tensions with Iran, the United States deployed the F-35 combat aircraft to Al Dhafra—the first such U.S. deployment of that aircraft in the Middle East region.60
- In September 2019, the UAE formally joined the U.S.-led maritime security mission in the Gulf (International Maritime Security Construct, IMSC), which is a response to Iran’s attacks on Gulf shipping in mid-2019.
- The United States trains UAE forces. About 600-800 UAE military personnel study and train in the United States each year, mostly through the Foreign Military Sales program, through which the UAE buys U.S.-made arms. The quality of the UAE force has, by all accounts, benefitted substantially from the U.S. training. U.S. military officers say that UAE fighter pilots, operators of HAWK surface-to-air missile batteries, and special operations forces are highly proficient and have demonstrated their effectiveness in recent combat missions, particularly against AQAP in Yemen.

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55 Author conversations with UAE representatives, 2010-2016.
58 Figures provided by U.S. Central Command to CRS, January 2020.
The United Arab Emirates (UAE): Issues for U.S. Policy

- Since 2000, the UAE has hosted a “Joint Air Warfare Center” (AWC) where UAE and U.S. forces conduct joint exercises on early warning, air and missile defense, and logistics.61 Since 2009, UAE Air Force personnel have participated in yearly Desert Falcon exercises at Nellis Air Force Base in Nevada.62

U.S. and Other Arms Sales

U.S. officials assert that arms sales to the UAE enhance U.S. security by building up indigenous GCC capabilities and promoting interoperability. UAE representatives assert that the country would like to work out a mechanism with the United States under which requests for munitions and arms purchases could receive expedited U.S. consideration. Some options might include designating the UAE as a “Major Non-NATO Ally” (MNNA), or a mechanism UAE officials say they prefer: legislation that would declare the UAE a key U.S. defense partner.63 Two Gulf states—Kuwait and Bahrain—are designated as MNNA. Yet, the United States’ preference to work with the GCC as a bloc rather than country-by-country was enshrined in a December 16, 2013, Presidential Determination to allow defense sales to the GCC as a bloc.64 Some defense sales to the UAE might be contingent on the UAE’s joining the Missile Technology Control Regime (MTCR), which UAE officials say they are considering trying to do.65

The UAE generally does not receive U.S. aid to purchase U.S. weaponry. However, in FY2018, the United States provided about $32 million worth of excess defense articles (EDA) to the UAE – mainly in the form of equipment to make the UAE’s armored vehicles more mine-resistant (Maxxpro chassis).66

Among major FMS programs with or potential sales to the UAE

- **F-16 Program.** In 2000, the UAE purchased 80 U.S. F-16 aircraft, equipped with the Advanced Medium Range Air to Air Missile (AMRAAM) and the High Speed Anti-Radiation Missile (HARM), at a value of about $8 billion. Congress did not block the sale, although some Members opposed introducing the AMRAAM into the Gulf. In April 2013, the United States sold the UAE an additional 30 F-16s and associated “standoff” air-to-ground munitions, in conjunction with similar weapons sales to Israel and Saudi Arabia and intended to signal resolve to Iran.67 The UAE also has about 60 French-made Mirage 2000 warplanes, and may be considering French-made Rafales and the Boeing F/A-18.

- **F-35.** UAE officials and industry sources say the country wants to buy two dozen of the advanced F-35 “Joint Strike Fighter,”68 asserting that possessing the sophisticated U.S. aircraft enhances interoperability with U.S. forces. U.S. officials refused to consider such a sale until Israel received the weapon—a condition representing U.S. enforcement of a U.S. law that requires maintaining Israel’s “Qualitative Military Edge” (QME) in the region. However, Israel took

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62 “A Quiet, Potent Ally to U.S.” op. cit.
63 Author conversations with UAE representatives, 2016.
65 Ibid.
66 Information contained in USAID “explorer” database.
its first deliveries of the system in late 2016. It was reported in November 2017 that the Trump Administration agreed to preliminary talks on future UAE procurement of the F-35.69 The U.S. deployment of F-35s to the UAE in April 2019 might have facilitated briefings on the F-35 for UAE Air Force officials.

- **JDAMs and other Precision-Guided Munitions.** The United States has sold the UAE precision-guided missiles, including the ATM-84 SLAM-ER Telemetry missile and 5,000 GBU-39/B “bunker buster” bombs. (The sale of the SLAM-ER to UAE was the first sale of that weapon to a Gulf state.) During 2008-11, the United States sold the UAE an unspecified number of Joint Direct Attack Munitions (JDAM) kits (which convert gravity bombs to precision-guided bombs) worth an estimated $625 million. Subsequently, the United States sold the UAE various GBUs and JDAMs that the UAE used in Yemen. On May 24, 2019, the Trump Administration formally notified Congress of immediate foreign military sales and proposed export licenses for direct commercial sales of defense articles—training, equipment, and weapons—including sales of additional precision guided munitions (PGMs) with an estimated value of $1 billion (Precision Kill Weapons Systems, Transmittal Number 17-73 and Javelin Guided Missiles, Transmittal Number 17-70). Secretary Pompeo invoked emergency authority codified in the Arms Export Control Act (AECA), citing Iran’s “malign activity” and the need “to deter further Iranian adventurism in the Gulf and throughout the Middle East.”70 The President vetoed measures to block the UAE sales (S.J.Res. 37, 116th Congress) and Congress did not override the veto.

- **Apache and other Helicopters.** In 2010, the Defense Security Cooperation Agency (DSCA) notified Congress of two potential sales, including a $5 billion sale of 30 AH-64 Apache helicopters.71 In November 2019, the State Department approved a possible sale of ten (10) CH-47F Chinook cargo helicopters and related equipment for an estimated cost of $830.3 million.

- **Missiles.** The UAE reportedly possesses a small number (six) of Scud-B ballistic missiles obtained from non-U.S. suppliers.72 The United States does not supply or assist the UAE with ballistic missile technology, in part because the country is not an adherent of the Missile Technology Control Regime (MTCR). UAE officials say the country is considering trying to join that convention.73

- **Drones.** In 2013, the UAE agreed to a commercial sale, worth about $200 million, for Predator X-P unmanned and unarmed aerial vehicles (UAVs). The system arrived in 2017. Joining the MTCR might make the UAE eligible to buy a U.S.-made armed UAV, such as the “Guardian.” These weapons are MTCR “Category One” systems, the sale of which to non-MTCR countries is precluded. On May 24, 2019, the State Department approved the sale to UAE of the Blackjack Unmanned Aerial Vehicle, with an estimated value of $80 million, under the emergency notification discussed above (Transmittal Number 17-39).

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70 Letter from Secretary of State Michael R. Pompeo to Senate Foreign Relations Committee Chairman James E. Risch, May 24, 2019.


72 According to the International Institute of Strategic Studies “Military Balance” publication, 2016.

73 Author conversations with UAE officials.
- **High Mobility Artillery Rocket System (HIMARS).** 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.

- **Tanks.** UAE forces still use primarily 380 French-made Leclerc tanks, and the UAE has not bought any main battle tanks from the United States.

### Missile and Aircraft Defenses

A long-standing U.S. objective has been to organize a coordinated Gulf-wide ballistic missile defense (BMD) network. This objective has taken on greater urgency in the United States and in the Gulf as Iran’s missile capability has advanced and Iran has supplied short-range missiles to the Houthis and other allies. The UAE hosts an Integrated Air and Missile Defense (IAMD) Center—a training facility to enhance intra-GCC and U.S.-GCC missile defense cooperation.

Regarding sales of missile defense systems, a U.S. sale to the UAE of the Patriot Advanced Capability 3 (PAC-3) missile defense system, with an estimated value of $9 billion, was announced in December 2007. In 2016, the Administration notified Congress of a potential sale of “Large Aircraft Infrared Countermeasures” to protect UAE head of state aircraft against missile threats. In 2008, the United States sold the UAE vehicle-mounted “Stinger” antiaircraft systems, with an estimated value of $737 million.

On May 11, 2017, the Administration notified a potential sale to the UAE of 60 PAC-3 and 100 Patriot Guidance Enhanced Missile-Tactical (GEM-T) missiles, with a total estimated value of about $2 billion. Because these are defensive systems, the sale was not affected by the June 26, 2017, commitment (rescinded in early 2018) by then-Senate Foreign Relations Committee Chairman Senator Bob Corker to withhold informal clearances on sales of “lethal military equipment” to the GCC states until there is a path to the resolution of the intra-GCC dispute. On May 3, 2019, the State Department approved a sale of up to 452 PAC-3 missiles and related equipment, with an estimated value of $2.728 billion.\(^\text{74}\)

**THAAD.** The UAE was the first GCC state to order the Terminal High Altitude Area Defense System (THAAD), the first sale ever of that sophisticated missile defense system, with an estimated value of about $7 billion. The delivery and training process for the UAE’s THAAD system took place in late 2015.\(^\text{75}\)

### UAE Defense Cooperation with Other Powers

The UAE has sought to build defense partnerships outside the relationship with the United States. In 2004, the UAE joined NATO’s “Istanbul Cooperation Initiative.” In 2011, the UAE sent an Ambassador to NATO under that organization’s revised alliance policy. In 2017, NATO established a liaison office in Abu Dhabi under the auspices of the embassy of Denmark.

Since well before the formation of the anti-Islamic State coalition, the UAE has been hosting other countries’ forces. In January 2008 the UAE and France signed an agreement to allow a French military presence in UAE. The facilities used—collectively termed Camp De La Paix (“Peace Camp”)—were inaugurated during a French presidential visit in May 2009. It includes a 900-foot section of the Zayid Port for use by the French navy; an installation at Dhafra Air Base

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\(^\text{74}\) DSCA Transmittal No. 19-37, May 3, 2019.

used by France’s air force; and a barracks at an Abu Dhabi military camp that houses about 400 French military personnel.

India’s Prime Minister, Narendra Modi, visited the UAE in August 2015, the first such visit by an Indian leader since 1981. The visit included a strategic component in light of India’s naval exercises with GCC countries in recent years. Crown Prince Mohammad bin Zayid made a reciprocal visit to India in January 2017, during which the two countries signed a “Comprehensive Strategic Partnership Agreement.”

The UAE relationship with Russia has attracted significant attention, particularly for the potential to violate a provision of the Countering America’s Adversaries through Sanctions Act (CAATSA, P.L. 115-44). That act provides for sanctions on entities that conduct significant defense-related transactions with Russia. In February 2017, press reports indicated that the UAE and Russia might jointly develop a combat aircraft based on the Soviet-era MiG-29. The collaboration appeared to represent an acknowledgment by the UAE of Russia’s growing role in the region, to reflect the UAE’s alignment with Russia in Libya, or to try to steer Russian policy in Syria or elsewhere in the region. In February 2019, the UAE ordered EM150 “Kornet” anti-tank weapons from the Russian Joint Stock Company, with an estimated valued of $40 million.

Significant differences between the UAE and United States emerged in 2015 over apparent purchases of weapons by the UAE’s Al Mutlaq Technology Company of weapons from North Korea. The North Korean supplier is said to be Korea Mining Development Trading Corporation (Komid), which has been sanctioned by the United States for its involvement in North Korean strategic programs.

Cooperation against Terrorism, Proliferation, and Narcotics

The UAE cooperates with U.S. counter-terrorism and counter-proliferation policies in the region, not only through operations against terrorist groups but also in seeking to preventing the movement of terrorists, pirates, human traffickers, and proliferation-related technology through UAE borders and waters.

U.S. programs, which have sometimes included providing small amounts of counterterrorism assistance, have helped build the UAE’s capacity to enforce its borders and financial controls. The Department of Defense provided $400,000 to the UAE to assist its counter-narcotics capability in FY2015; about $300,000 in similar funding in FY2016; and $531,000 in FY2017. In FY2015, about $260,000 in State Department funds were provided to the UAE to build its capacity to counter terrorism financing. About $310,000 in was provided in FY2016. In FY2018, the United States spent about $30,000 to train and build capacity for the UAE government to enforce its export control laws.

International Terrorism Issues

During the mid-1990s, some Al Qaeda activists reportedly were able to move through the UAE, and two of the September 11, 2001, hijackers were UAE nationals who reportedly used UAE-

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79 Much of this section is taken from Department of State, Office of the Coordinator for Counterterrorism, Country Reports on Terrorism 2018. October 2019.
based financial networks. Since then, State Department reports on terrorism have credited the UAE with making significant efforts against terrorism and terrorism financing, and with continuing to foil potential terrorist attacks within the UAE. UAE authorities have arrested and prosecuted Al Qaeda and Islamic State operatives; denounced terror attacks; improved border security; instituted programs to counter violent extremism; instituted laws to block suspect financial transactions; criminalized use of the internet by terrorist groups; and strengthened its bureaucracy and legal framework to combat terrorism. In 2014, the government, with FNC concurrence, enacted a revised counterterrorism law that makes it easier to prosecute, and increases penalties for, planning acts of terrorism, and authorized the UAE cabinet to set up lists of designated terrorist organizations and persons. Human rights groups allege that UAE counterterrorism law is often used against domestic political dissidents.

The UAE co-chairs the anti-Islamic State-related “Coalition Communications Working Group” along with the United States and Britain. At the December 2014 GCC summit, the leaders announced the creation of a regional police force to be headquartered in Abu Dhabi. The UAE has also joined the Saudi-initiated GCC “Security Pact” that requires increased information-sharing and cooperation among the GCC states on internal security threats.

Among notable UAE counterterrorism actions, in October 2010, UAE authorities assisted in foiling an Al Qaeda in the Arabian Peninsula plot to send bombs to the United States. In December 2012, the UAE, working with Saudi Arabia, arrested members of an alleged terrorist cell plotting attacks in the United States. In 2014, the UAE tried nine people on charges of supporting the Al Nusrah Front (renamed Front for the Conquest of Syria), an Al Qaeda-linked faction of Syrian rebels that is named by the United States as a Foreign Terrorist Organization (FTO). UAE authorities failed to prevent a December 1, 2014, killing of an American teacher by a 38-year-old extremist-inspired Emirati woman, although they defused a bomb she planted outside the home of an American doctor. In 2015, the UAE arrested and prosecuted, or deported, numerous individuals who allegedly planned to join the Islamic State or commit terrorism in the UAE. In March 2016, UAE courts convicted 30 out of 41 individuals (38 of whom were UAE citizens) belonging to a group called Shabab al Manara of plotting terrorist attacks in the UAE. Facilities and assets of the group were closed or seized.

The United States and the UAE sometimes differ on whether some groups are terrorist organizations. The 85 groups that the UAE government designates as terrorist organizations include some U.S.- and Europe-based groups that represent Muslims in those societies and which neither the United States nor any European government accuses of terrorism, including the U.S.-based Muslim American Society and Council on American-Islamic Relations (CAIR); the Muslim Association of Sweden; the Federation of Islamic Organizations in Europe; and the U.K.-based Islamic Relief. The UAE, as noted above, also considers the Muslim Brotherhood a terrorist group; the Trump Administration reportedly considered designating it as a foreign terrorist organization (FTO).

Antiterrorism Financing and Money Laundering (AML/CFT). The UAE Central Bank’s Financial Intelligence Unit is credited in State Department terrorism reports with providing training programs to UAE financial institutions on money laundering and terrorism financing, and making mandatory the registration of informal financial transmittal networks (hawalas). Since 2012, there

81 The group changed its name and claimed to have severed connections to Al Qaeda in mid-2016.
83 Trump weighs labeling Muslim Brotherhood a terrorist group. Reuters, April 30, 2019.
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has been an FBI Legal Attache office at the U.S. consulate in Dubai to assist with joint efforts against terrorism and terrorism financing. In October 2014, the country adopted a law (Federal Law No. 9) to strengthen a 2002 anti-money-laundering law and, on October 29, 2018, the government replaced that law outright with a new law that comports more closely with international standards.\(^{84}\)

The country is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a regional body modeled on the broader Financial Action Task Force, and it chairs the MENAFATF’s Training and Typologies Working Group. The UAE is a participant in the Counter-Islamic State Finance Group chaired by Italy, Saudi Arabia, and the United States, and it is a member of the Egmont Group. In May 2017, the UAE joined the U.S.-GCC Terrorist Financing Targeting Center based in Riyadh, which, in October 2017, designated as terrorists several AQAP and Islamic State-Yemen individuals and entities.

On the other hand, some financial networks based in the UAE have been sanctioned by the Department of the Treasury for facilitating transactions for Iran and pro-Iranian regional factions in furtherance of Iran’s “malign activities” in the region. These sanctions designations suggest that enforcement of UAE laws against money laundering might still be insufficient.

Countering Violent Extremism. The UAE works with partners and has empowered local organizations to counter violent extremism. The Ministry of Tolerance has been active, since its inception, in promoting messages of tolerance and coexistence. In 2011, the UAE founded the Global Counterterrorism Forum (GCTF) along with the United States and Turkey. In December 2012, during a meeting of the GCTF, the UAE-based “International Center of Excellence for Countering Violent Extremism,” known as Hedayah (“guidance”), was inaugurated. The government partners with the U.S. government to run the Sawab Center, an online counter-Islamic State messaging hub.\(^{85}\) The center is an institution for training, dialogue, collaboration, and research to counter violent extremism, including within educational institutions. It also promotes information sharing with international police organizations when family members report on relatives who have become radicalized.\(^{86}\) Several UAE-based think tanks, including the Emirates Center for Strategic Studies and Research (ECSSR), the Emirates Policy Center, the TRENDS Institute, the Tabah Foundation, and the Future Institute for Advanced Research and Statutes, also conduct seminars on confronting terrorism and violent extremism. In June 2018, the cabinet approved the formation of the UAE Fatwa Council, headed by President of the Forum for Promoting Peace in Muslim Societies Sheikh Abdallah bin Bayyah, and tasked it with issuing fatwas (religious ruling).

Transfers from Guantanamo. The UAE has cooperated with U.S. efforts to reduce the detainee population at the U.S. prison facility in Guantanamo Bay, Cuba. In November 2015, the Department of Defense transferred five Yemeni detainees from the facility to the UAE. In August 2016, another 15 Guantanamo detainees (12 Yemenis and 3 Afghans) were transferred to the UAE, the biggest single Guantanamo transfer to date. In January 2017, the Obama Administration transferred another three to the UAE.

\(^{84}\) Fact sheet provided by UAE embassy representatives, October 31, 2018.

\(^{85}\) State Department Country Reports on Terrorism: 2016.

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, aimed at screening U.S.-bound containerized cargo transiting Dubai ports, and the UAE has cooperated with all U.S. measures designed to protect aircraft bound for the United States. Several U.S. Customs and Border Protection officers, collocated with the Dubai Customs Intelligence Unit at Port Rashid in Dubai, inspect U.S.-bound containers, many of them apparently originating in Iran. The UAE is also a party to the Proliferation Security Initiative, the Megaports Initiative designed to prevent terrorists from using major ports to ship illicit material, and the Customs-Trade Partnership against Terrorism. In 2013, a “preclearance facility” was established at the Abu Dhabi International Airport for travelers boarding direct flights to the United States. The UAE government supports the Department of Homeland Security’s programs to secure any UAE-to-U.S. flights, including collecting passenger information and employing retina-screening systems.

Export Controls

The UAE effort to prevent the re-export of advanced technology, particularly to Iran, has improved considerably since 2010. As a GCC member, the UAE participates in the U.S.-GCC Counter-proliferation Workshop. Taking advantage of geographic proximity and the presence of many Iranian firms in Dubai emirate, several Iranian entities involved in Iran’s weapons and technology programs established offices in Dubai. 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 components. Two Dubai-based companies, SMB Computers and Gulf Technical Industries, were apparently involved in transshipping components. In 2004, the United States sanctioned a UAE firm, Elmstone Service and Trading FZE, for selling weapons-related technology to Iran, under the Iran-Syria Non-Proliferation Act (P.L. 106-178). In 2006, the Commerce Department’s Bureau of Industry and Security (BIS) imposed a licensing requirement on U.S. exports to Mayrow General Trading Company after the company transshipped devices used to make improvised explosive devices (IED) in Iraq and Afghanistan.

In February 2007 the Bush Administration threatened to characterize the UAE as a “Destination of Diversion Control” and to restrict the export of certain technologies to it. A June 2010 Iran sanctions law, the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA, P.L. 111-195), formally authorizes countries to be designated as Destinations of Diversion Control and subject to U.S. sanctions. The UAE avoided designation by strengthening its export control regime, including a September 2007 law, that tightened export controls. UAE authorities used that law to shut down 40 foreign and UAE firms allegedly involved in dual use exports to Iran and other countries.

The issue of leakage of technology has sometimes caused U.S. criticism or questioning of UAE investment deals. 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. Congress, concerned that the takeover might weaken U.S. port security, opposed that transaction in P.L. 109-234, causing the company to divest assets involved in U.S. port operations.

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Nuclear Agreement and Other Technology Issues

The UAE announced in 2008 that it would acquire its first nuclear power reactors to satisfy projected increases in domestic electricity demand. As a condition of receiving U.S. nuclear technology, the United States and the UAE reached an agreement that commits the UAE officials to strict standards that are designed to ensure that its nuclear program can only be used for peaceful purposes. Among those commitments is to refrain from domestic uranium enrichment or reprocessing spent nuclear reactor fuel—both processes could produce fissile material for nuclear weapons. The Obama Administration signed an 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)], on May 21, 2009 (and submitted to Congress that day). Some in Congress expressed concerns about the potential for leakage of technology to Iran as well as the potential for regional proliferation of nuclear technology, but several congressional resolutions approving the agreement (S.J.Res. 18 and H.J.Res. 60) were introduced in the 111th Congress, as was one disapproving (H.J.Res. 55). No measure blocking the agreement was enacted within 90 days of the submission of the agreement to Congress, and the “1-2-3 Agreement” entered into force on December 17, 2009. The International Atomic Energy Agency announced in December 2011 that a group of experts “noted good practices” and provided suggestions to the Federal Authority for Nuclear Regulation, the UAE’s nuclear regulatory authority. Still, reflecting the fact that a Saudi nuclear program might not be bound by the same restrictions that the UAE committed to, UAE officials reportedly told U.S. officials in October 2015 that they no longer consider themselves bound by the pledge that the country would not enrich uranium.

A number of U.S. and European firms have secured administrative and financial advisory contracts with the program. In January 2010, the Emirates Nuclear Energy Corporation (ENEC), the institution that is administering the program, 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 has undergone testing and has been assessed as ready to go into operation. The other three are to be operational later in 2020.

The United States gives the UAE small amounts of assistance to help safeguard its nuclear program and prevent illicit exports of technology from it. For FY2015, the Department of Energy provided the country with about $370,000 for such purposes, and for FY2016, about $220,000 was provided for those programs. For FY2018 (after a one fiscal year hiatus), the United States provided another $60,000 in training for UAE nuclear oversight agencies.

On other technology issues, in July 2014 the UAE announced it will form a “UAE Space Agency” that, by 2021, is to launch an unmanned spaceship that will probe Mars. In September 2019, the country sent its first astronaut to the International Space Station.

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89 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.

90 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.


92 “Post Iran Nuclear Deal, UAE Diplomat Tells Congressman His Country no Longer Feels Bound by Previous Agreement with US.” Al Jazeera, October 16, 2015.


Economic Issues

The UAE, a member of the World Trade Organization (WTO), has developed a free market economy, but its financial institutions are weakly regulated. As have the other GCC states that have long depended on exports of hydrocarbons, the UAE has announced plans and policies (“Vision 2021”) to try to further diversify its economy. Dubai emirate, in particular, has long pursued an economic strategy based on attracting investors to construct luxurious and sometimes futuristic projects that provide jobs and attract tourism and publicity.

The country is also accepting investment by China under that country’s “Belt and Road Initiative” (BRI) intended to better connect China economically to other parts of Asia, Central Asia, the Middle East, and Africa. In April 2019, the UAE and China signed deals worth $3.4 billion, most of which is to invested to store and ship Chinese products from the UAE port of Jebel Ali.95

To help it weather the effect of lower oil prices since 2014, the government has cut some subsidies and raised capital on international markets, including an April 2016 bond offering of $5 billion and an October 2017 bond offering of about $10 billion. The government budget has been only slightly in deficit and, coupled with the bond offerings, the UAE has been able to avoid drawing down its $600 billion in various sovereign wealth funds overseen by the Emirates Investment Authority (EIA).96 The economic effects of the coronavirus outbreak, of which there are about two dozen cases in UAE as of early March 2020, and which has caused some restrictions in UAE travel to Iran, cannot be predicted.

Oil and Gas Sector and “Clean Energy” Initiatives

The key factor in the UAE’s wealth is that it exports large amounts of crude oil while having a small population that receives benefits and services. The UAE exports nearly as much oil as Iraq, while its citizen population is a small fraction of that of Iraq. 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 2.9 million barrels per day (mbd). Of that, over 2.2 mbd are exported, and the UAE has as much as 500,000 bpd of spare capacity.97 UAE representatives indicated in late October 2018 that they might increase production to over 3 mbd,98 but the subsequent sharp drop in world oil prices and OPEC agreement in November 2018 to cut production has likely forestalled any UAE production increase.

The United States imports negligible amounts of UAE crude oil; the largest share of UAE oil goes to Japan and China. The UAE has vast quantities of natural gas but consumes more than it produces. It has entered into an arrangement (Dolphin Energy) with neighboring countries under which a pipeline carries natural gas from the large gas exporter, Qatar, to the UAE and on to Oman. However, the political differences with Qatar have contributed to UAE evaluation of renewable and other alternatives to relying on Qatar-supplied natural gas. The effort to reduce reliance on Qatari gas will most likely benefit from the discovery, announced in early 2020, of a large field (“Jebel Ali field”) of non-associated gas in UAE waters. The field is said to have 80 trillion cubic feet of gas.

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95 The UAE Signed a Massive, $3.4 Billion Deal with China—and That ‘Isn’t a Surprise.” NBC News, April 29, 2019.
96 The two largest of the UAE’s sovereign wealth funds are run by the Abu Dhabi Investment Authority (ADIA) and Mubadala (“Exchange”).
97 http://www.thenational.ae/events/areas/abu-dhabi/adnoc-preserves-spare-supplies.
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 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, can transport 1.5 million barrels per day of crude oil—about half of UAE production. The UAE is planning a large refinery near that terminal, and possibly a second oil pipeline, to secure its oil exports and value-added petroleum products.99

The UAE government is also attempting to plan for a time when the developed world is no longer reliant on oil imports. The government has set a target of using 21% renewable energy sources by 2021. It has funded “Masdar City”—a planned city, the first phase of which was completed in 2015, that relies only on renewable energy sources and features driverless taxis.

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. Over 1,000 U.S. companies have offices there and there are over 60,000 Americans working in UAE. U.S. exports to the UAE in 2018 totaled nearly $20 billion, about the same as in 2017. U.S. imports from UAE for 2018 totaled about $5 billion, somewhat higher than the $4.3 billion in imports for 2017. U.S. products sold to UAE are mostly commercial aircraft, industrial machinery and materials, and other high-value items.

On November 15, 2004, the Bush 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.” The FTA talks were later replaced by a U.S.-UAE “Economic Policy Dialogue,” between major U.S. and UAE economic agencies. The dialogue, consisting of two meetings per year, began in late 2011 and also included discussion of reform of UAE export controls. In addition, as part of the GCC, the UAE negotiated with the United States a September 2012 “GCC-U.S. Framework Agreement on Trade, Economic, Investment, and Technical Cooperation”—a GCC-wide trade and investment framework agreement (TIFA). The agreement was negotiated by the U.S. Trade Representative (USTR).

U.S. Assistance to the UAE

As noted, because of the UAE’s relative wealth, it receives small amounts of U.S. foreign assistance. Amounts provided for counter-narcotics, counterterrorism financing, and nuclear security are broken down in the sections above. For FY2015, U.S. assistance to the UAE totaled about $840,000. For FY2016, total U.S. aid to the UAE was about $1.15 million. For FY2017, the United States provided $563,000, almost all of which was for counter-narcotics. For FY2018, the total was about $32 million in U.S. aid, almost all of which was the value of the excess defense articles provided (see above).

“Open Skies” Issue

In 2015, several U.S. airlines asserted that two UAE airlines, Emirates Air (Dubai-based) and Etihad Air (Abu Dhabi-based), as well as Qatar Airways, had an unfair competitive advantage because of alleged receipt of subsidies from their respective governments. The U.S. airlines asserted that the “Open Skies Agreement” that the UAE and Qatar have with the United States should be renegotiated so as to limit the access of the three Gulf-based airlines to U.S. routes. The

airlines assert they are not subsidized and instead create substantial numbers of jobs for American workers building and serving their aircraft and operations in the United States. UAE officials assert that the country will not agree to renegotiate the Open Skies Agreement. The Obama Administration declined to renegotiate the agreement and President Trump, following a February 2017 meeting with U.S. airline executives, has not changed that stance.

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