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

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The United Arab Emirates (UAE) is a federation of seven principalities or “emirates.” Its population is assessed at nearly 10 million, but about 90% of the population are expatriates from within and outside the region who work in its open economy. The UAE is a significant U.S. security partner that hosts about 3,500 U.S. military personnel at UAE military facilities, buys sophisticated U.S. military equipment, including missile defenses and combat aircraft, and supports U.S. policy toward Iran. The UAE’s August 2020 agreement to normalize relations with Israel might further consolidate the U.S.-UAE relationship and help both the United States and Israel counter Iran. UAE policy will likely not change after UAE President Shaykh Khalifa bin Zayid Al Nuhayyan, who has been largely incapacitated since January 2014, passes from the scene; he is almost certain to be 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, including militarily. 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 that has produced significant numbers of civilian casualties and criticism of the UAE. That criticism, coupled with UAE concerns that U.S.-Iran tensions could embroil the UAE in war with Iran, might account for an apparent 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 there (Al Qaeda in the Arabian Peninsula, AQAP). The UAE’s involvement in Yemen, and U.S. sales of weapons the UAE is using there, have been the subject of congressional oversight hearings and some legislation. A January 20, 2021, deal signed with the UAE to allow the country to procure up to 50 F-35s and 18 Reaper Drones was placed under review by the Biden Administration, although Administration officials said in April 2021 that they plan to proceed with the sale.

The UAE leadership’s evaluation of Muslim Brotherhood-linked organizations as regional and domestic threats is a significant factor in UAE policy. The UAE’s stance on those groups 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). Qatar supports Brotherhood-related groups, in part because they work within the established political process. In June 2017, the UAE joined Saudi Arabia in isolating Qatar to pressure it to adopt policies closer to the UAE and Saudi Arabia on the Brotherhood and other issues. On January 5, 2021, Saudi Arabia, the UAE, Bahrain, and Egypt agreed to lift the blockade, and Qatar agreed to drop its pursuit of legal cases against those countries in international organizations. In Libya, the UAE is supporting an anti-Islamist commander based in eastern Libya, Khalifa Haftar, who has sought to defeat a U.N.-backed government that derives some support from Muslim Brotherhood factions.

The UAE’s tradition of welcoming expatriates to live and work has won wide praise from observers, but the country remains under the control of a small circle of leaders. Since the 2011 Arab Spring uprisings, the government has become less tolerant of political criticism on social media. The country’s wealth—amplified by the small size of the 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 vote was held in October 2019.

In part to cope with the effects of a reduction in the price of crude oil since 2014, 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. Economic conditions have been made difficult in 2020 because of the Coronavirus Disease 2019 (COVID-19) pandemic, which has caused a global economic downturn and, in the UAE, caused over 1,500 deaths and nearly 475,000 infections as of April 7, 2021. U.S. foreign assistance to the UAE has been

negligible, and what is provided is mostly to train UAE authorities on counter-terrorism, border security, and anti-proliferation operations.

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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.<sup>1</sup> The five smaller emirates, often called the “northern emirates,” tend to be more politically and religiously conservative than are Abu Dhabi and Dubai, which are urban amalgams populated by many expatriates.

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. 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 2004 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 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 2006.

UAE leadership posts generally change only in the event of death of an incumbent. Shaykh Khalifa’s stroke in January 2014 has sidelined him from an active role in decisionmaking, but there is unlikely to be a formal succession as long as he remains alive. His younger half-brother (third son of Shaykh Zayid), Crown Prince Shaykh Mohammad bin Zayid al-Nuhayyan (born in 1961), who wielded substantial authority even before his elder brother’s incapacitation and has been de-facto UAE leader since, is almost certain to succeed him in all posts. 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.

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<sup>1</sup> For a brief history of the British role in the Persian Gulf, see Rabi, Uzi. Britain's 'Special Position' in the Gulf: Its Origins, Dynamics and Legacy. *Middle Eastern Studies* Vol. 42, No. 3 (May 2006), pp. 351-364.

Table I. UAE Leadership

	<b>Khalifa bin Zayid al-Nuhayyan</b> UAE president and Ruler of Abu Dhabi Emirate since 2004; incapacitated since 2014 stroke		<b>Mohammad bin Zayid al-Nuhayyan</b> Crown Prince/heir apparent of Abu Dhabi De facto President of UAE due to brother's incapacitation
	<b>Mohammad bin Rashid Al Maktum</b> UAE Vice President, Prime Minister, and Defense Minister, and ruler of Dubai Emirate		<b>Sultan bin Mohammad Al Qassimi</b> Ruler of Sharjah Emirate
	<b>Saud bin Saqr Al Qassimi</b> Ruler of Ras al-Khaymah		<b>Humaid bin Rashid Al Nuami</b> Ruler of Ajman Emirate
	<b>Saud bin Rashid Al Mu'alla</b> Ruler of Umm al-Qaywayn Emirate		<b>Hamad bin Mohammad Al Sharqi</b> Ruler of Fujairah Emirate
	<b>Abdullah bin Zayid al-Nuhayyan</b> Foreign Minister		<b>Yusuf al-Otaiba</b> Ambassador to the United States Son of former longtime UAE Oil Minister Mani Saeed al-Otaiba

Sources: Graphic by CRS, open source photos.

## Governance Issues<sup>2</sup>

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. Emiratis are able to express their concerns directly to the country's leaders through traditional consultative mechanisms, such

<sup>2</sup> Much of this section taken from U.S. Department of State, *2020 Country Reports on Human Rights Practices: United Arab Emirates*, March 30, 2021.

as the open *majlis* (assemblies) held by many UAE leaders. UAE law prohibits political parties, and UAE officials maintain that parties would aggravate schisms among tribes and clans and open UAE politics to regional influence.<sup>3</sup>

### **Federal National Council (FNC) and FNC Elections**

The UAE has provided for some limited formal popular representation through a 40-seat Federal National Council (FNC)—a body that can review and veto recommended laws. The FNC can call ministers before it to question them, but it 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 other emirates each have four. Each emirate also has its own appointed consultative council.

In 2006, the UAE leadership instituted a limited election process for half of the FNC seats, with the other 20 FNC seats remaining appointed. The State Department has referred to the process of appointing FNC members as “nontransparent.”<sup>4</sup> A government commission approved an “electorate” of about 6,600 persons, mostly members of the elite. Out of the 452 candidates for the 20 elected seats, there were 65 female candidates. One woman was elected (from Abu Dhabi), and another seven women received appointed seats.

The second FNC election, held on September 24, 2011, 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. Of the 20 winners, one was a woman, and six women received appointed seats. The FNC selected the woman who was elected, Dr. Amal al-Qubaisi, as deputy speaker—the first woman to hold such a high position in a GCC representative body.

For the October 3, 2015, FNC elections, the government expanded the electorate to 225,000 voters. There were 330 candidates, including 74 women. Dr. Amal al-Qubaisi, was 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 most recent FNC elections were held over several days in 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 body, after accounting for those elected.<sup>5</sup> The National Election Committee met regularly to review procedures, including the use of technology for voter screening, and held candidacy training for citizens.

The government expanded the electorate further, to 337,000 citizens. 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.<sup>6</sup> 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.

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

<sup>4</sup> U.S. Department of State, *2019 & 2020 Country Reports of Human Rights: United Arab Emirates*.

<sup>5</sup> Communication from UAE Embassy Washington, DC, representatives. December 11, 2018.

<sup>6</sup> Emirates News Agency (WAM) releases and press articles. October 2019.

## **Muslim Brotherhood and Other Opposition**

Since the Arab Spring uprisings of 2011, the government has increasingly arrested or monitored domestic activists who have agitated for more political space, particularly those using social media to criticize the government. The government has been particularly focused on the Muslim Brotherhood, asserting that groups inspired by it are a threat to the stability of existing governments, including that of the UAE.<sup>7</sup> In 2014 the UAE named the Muslim Brotherhood as one of 85 “terrorist organizations” (a list that included Al Qaeda and the Islamic State).<sup>8</sup> Yet, there is an affiliate of the Brotherhood in the country—the Islah (Reform) organization—that has operated openly in the UAE since 1974 and has no history of attacks or violence. It attracts followers mostly from the less wealthy and more religiously conservative northern emirates. Despite that record of non-violence, the government cracked down on Islah in 2012. The UAE leadership apparently feared that the Brotherhood and its affiliates were becoming ascendant in the region, in light of the election of a Muslim Brotherhood figure Mohammad Morsi as president of Egypt.<sup>9</sup> In 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.

## **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 several cabinet reshuffles since 2013, the government added several younger ministers, many of them female, and established minister of state positions for “tolerance,” “happiness,” artificial intelligence, and food security.

Some observers claim that U.S. officials downplay criticism of the UAE’s human rights record because of the U.S.-UAE strategic partnership. However, recent State Departments report on international human rights practices state that U.S. officials 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.

## **Human Rights-Related Issues<sup>10</sup>**

Reports by the State Department and 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 their formation of a human rights commission under international standards (“Paris Principles”).<sup>11</sup>

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<sup>7</sup> “UAE and the Muslim Brotherhood: A Story of Rivalry and Hatred.” *Middle East Monitor*, June 15, 2017.

<sup>8</sup> “UAE Lists Scores of Groups as ‘Terrorists.’” *Al Jazeera*, November 16, 2014.

<sup>9</sup> “UAE Targets Muslim Brotherhood in Crackdown on Dissent,” *BBC*, September 26, 2012.

<sup>10</sup> Much of this section is from U.S. Department of State, 2020 Country Reports on Human Rights Practices: United Arab Emirates, March 30, 2021.

<sup>11</sup> “UAE Officials under Investigation for Torture,” *Al Jazeera*, January 22, 2018.

## **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. In 2015, an Anti-Discrimination Law was enacted, criminalizing the publication of “provocative” political or religious material. Several activists have been jailed for violating the decree. In 2019, several Members of Congress, from both chambers, signed a letter to the UAE leadership urging the release of one such activist, Ahmad Mansoor.<sup>12</sup> He remains imprisoned.

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 applied increasingly strict criteria to renewing the licenses of research institutes and some, such as the Gulf Research Center, have left in order to be able to operate without official scrutiny.<sup>13</sup> On the other hand, some new UAE-run think tanks run by academics have opened or become increasingly active in recent years, including the Emirates Policy Center and the TRENDS Institute.

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<sup>12</sup> “US Congress members call on UAE to release rights activist Ahmed Mansoor,” Middle East Eye, December 13, 2019.

<sup>13</sup> CRS conversations with UAE and GRC officials, 2012-2020.

Figure I. UAE at a Glance



<b>Population</b>	About 10 million, of whom about 12% are citizens.
<b>Religions</b>	Of total population, 76% Muslim; 10% is Christian; and 15% other (primarily Buddhist or Hindu). The citizenry is almost all Muslim, of which 85% are Sunni and 15% are Shia.
<b>Ethnic Groups</b>	11% Emirati (citizenry); 29% other Arab and Iranian; 50% South Asian; 10% Western and other Asian expatriate
<b>Size of Armed Forces</b>	About 50,000
<b>Inflation Rate</b>	About 2%
<b>GDP and GDP-related Metrics</b>	GDP Growth Rate: about 2% in 2019, -5.5% in 2020, 3.6% forecast for 2021. GDP on Purchasing Power Parity basis (PPP): \$696 billion Per capita (PPP): \$71,834
<b>Oil Exports</b>	About 2.9 million barrels per day
<b>Sovereign Wealth Reserves</b>	About \$1 trillion
<b>U.S. citizens in UAE</b>	About 60,000
<b>Major Sites</b>	Dubai's "Burj Khalifa," world's tallest building; Burj al-Arab hotel in Dubai; 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.

### Justice/Rule of Law

The UAE constitution provides for an independent judiciary, but court decisions are subject to being overruled by political leaders. A 2012 amendment to the UAE constitution set up a "Federal

Judicial Council” chaired by the UAE president. Sharia (Islamic law) courts adjudicate criminal and family law matters, and civil courts, based on French and Egyptian legal systems, adjudicate civil matters. Sharia courts may impose flogging as punishment for adultery, prostitution, consensual premarital sex, pregnancy outside marriage, defamation of character, and drug or alcohol charges, but reports of flogging were rare and tended to be confined to a few jurisdictions. A Federal Supreme Court, appointed by the UAE leadership, adjudicates disputes between emirates or between an emirate and the UAE federal government and questions officials accused of misconduct. Foreign nationals serve in the judiciary, making them subject to threats of deportation. The UAE justice system has often come under criticism in cases involving expatriates, particularly involving public displays of affection.

### **Women’s Rights<sup>14</sup>**

Women’s political rights have expanded steadily over the past few decades, but some forms of discrimination remain legal. Beginning in 2012, UAE women have been 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 physically punish 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 shuffles 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.

The 2021 Global Gender Gap Report notes that the UAE is one of the “most improved” countries, due to the country’s increase in female political representation. The country now ranks 2<sup>nd</sup> after Israel within the MENA region for gender equality on the index, and 72<sup>nd</sup> globally. The Women, Peace and Security index also ranks the UAE highly within the MENA region, and 44<sup>th</sup> globally.<sup>15</sup>

### **Religious Freedom<sup>16</sup>**

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. 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, including closing Shia schools and deporting some expatriate Shias.

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.<sup>17</sup> In January 2017, the Ministry hosted 30 Christian leaders 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

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<sup>14</sup> See U.S. Department of State, *2020 Country Reports on Human Rights Practices: United Arab Emirates*, March 30, 2021.

<sup>15</sup> For a more in depth discussion of these metrics, see CRS Report R46423, *Women in the Middle East and North Africa: Issues for Congress*, by Zoe Danon and Sarah R. Collins.

<sup>16</sup> U.S. Department of State, *2019 Report on Religious Freedom*, June 10, 2020.

<sup>17</sup> “Pope Makes Historic Gulf Visit, Amid Yemen Crisis and Siege of Christians.” *New York Times*, February 4, 2019.

non-Islamic marriages and divorces. 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 trip was the first papal visit to the Gulf region. A Jewish synagogue has been open in Dubai since 2008, which serves Jewish expatriates living in the UAE.

### **Labor Rights and Trafficking in Persons<sup>18</sup>**

UAE law prohibits all forms of compulsory labor, but enforcement is inconsistent. Foreign laborers working on construction projects have sometimes conducted strikes to protest poor working conditions, nonpayment of wages, and cramped housing conditions. Workers still sometimes have their passports held, are denied wages or paid late, and are deported for lodging complaints. The government has put in place an electronic salary payment system that applies to companies with more than 100 workers, facilitating timely payment of agreed wages. In 2011, the UAE reformed its *kafala* (worker sponsorship) system to allow expatriate workers to more easily switch employers.

### ***Trafficking in Persons*<sup>19</sup>**

The UAE is a “destination country” for women trafficked from Asia and the countries of the former Soviet Union and forced into prostitution. The State Department’s Trafficking in Persons report for 2020, for the tenth 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 2020 report credits the UAE with increasing its efforts to combat trafficking in persons as compared to the previous year, for example by increasing the number of sex trafficking prosecutions, doubling the number of sex trafficking convictions, and launching awareness campaigns. 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. In 2015, the government enacted amendments to victim protection clauses of a 2006 federal law (Law 51).

## **Foreign Policy and Defense Issues**

The UAE has sought to influence regional affairs using its significant financial resources as well as 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 GCC also have close defense ties to the United States, and the UAE has become particularly close to Saudi Arabia and Bahrain on the issue of Iran, Yemen, and related issues, while also sometimes acting separately or even at odds with these allies, including by backing factions that rival those backed by Saudi Arabia in Yemen.<sup>20</sup> In 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.

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<sup>18</sup> This section is derived from the U.S. Department of State, *2020 Trafficking in Persons Report*, June 24, 2020.

<sup>19</sup> Much of this section is taken from the U.S. Department of State, *2020 Trafficking in Persons Report*, June 24, 2020.

<sup>20</sup> 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.

## Rift with Qatar

In June 2017, the UAE and Saudi Arabia, joined by Bahrain, launched a move to isolate Qatar by denying it land, sea, and air access to their territories, asserting that Qatar must end its support for Iran and Muslim Brotherhood-related movements. Qatar, whose officials argue that the UAE and its allies seek to compel Qatar to defer to their leadership, refused those demands, asserting that accepting them would amount to a loss of its sovereignty. The rift set back Trump Administration efforts to increase isolation of Iran, in part by necessitating postponement of a U.S.-GCC summit, first planned for May 2018, which was to formally unveil a U.S.-led “Middle East Strategic Alliance” (MESA).<sup>21</sup> Some signs of progress appeared in late 2019 in the form of high-level talks between Qatar and Saudi Arabia, but the discussions achieved no breakthrough before breaking off in January 2020. The UAE and Qatar restored postal service between them in February 2020. Yet, reports in July 2020 suggested that the UAE was blocking a U.S. plan to reach an agreement to reopen Saudi and Emirati air space to Qatar Airways.<sup>22</sup> Despite the rift, the UAE and Saudi Arabia allowed Qatari commanders to participate in joint GCC security meetings. The issues dividing Qatar and some of its neighbors prompted a similar, but shorter, rift in 2014.

At the 41<sup>st</sup> GCC summit in Al Ula on January 5, 2021, Saudi Arabia, Bahrain, the UAE, and Egypt announced that they would be restoring diplomatic relations with Qatar. The Al-Ula Declaration does not make direct reference to the 13 demands originally articulated in June 2017, but rather to restoring “collaboration among all Member States” and strengthening “the bonds of brotherhood among them.”<sup>23</sup> Direct flights between the UAE and Qatar resumed on January 18,<sup>24</sup> but the UAE has apparently not yet reopened its embassy in Doha. Some have questioned whether the Biden Administration will renew efforts started under the Trump Administration to assemble a new “Middle East Strategic Alliance” (MESA)—to consist of the United States, the GCC countries, and other Sunni-led states—to counter Iran and regional terrorist groups.<sup>25</sup>

## Iran

Asserting that Iran is a major threat to regional stability, UAE leaders supported the Trump Administration’s May 2018 U.S. withdrawal from the July 2015 Iran nuclear agreement (Joint Comprehensive Plan of Action, JCPOA) and application of a policy of “maximum pressure” on Iran. Yet, in mid-2019, amid U.S.-Iran tensions in the Gulf, the UAE leadership began to engage Iran, perhaps in part because UAE investment in infrastructure could be at risk in the event of war with Iran. Amid the U.S.-Iran tensions, Lebanese Hezbollah leader Hassan Nasrallah asked: “What will be left of the UAE’s glass towers if a war [with Iran] breaks out?”<sup>26</sup> In August 2019, UAE maritime security officials visited Iran for the first bilateral security talks since 2013.<sup>27</sup>

<sup>21</sup> See CRS In Focus IF11173, *Cooperative Security in the Middle East: History and Prospects*, by Clayton Thomas.

<sup>22</sup> “UAE said to be holding up Gulf deal that could end Qatar blockade and protect US interests in Middle East,” *Fox News*, July 9, 2020.

<sup>23</sup> Tuqa Khalid, “Full transcript of AlUla GCC Summit Declaration: Bolstering Gulf unity,” *Al Arabiya*, January 6, 2021; Sultan Barakat, “Qatar-GCC agreement: A victory for measured diplomacy,” opinion, *Al Jazeera*, January 8, 2021.

<sup>24</sup> Egypt, UAE resume first Qatar flights after blockade,” *Al Jazeera*, January 18, 2021.

<sup>25</sup> CRS In Focus IF11173, *Cooperative Security in the Middle East: History and Prospects*, by Clayton Thomas.

<sup>26</sup> “The UAE’s Ambitions Backfire as it Finds itself on the Front Line of US-Iran Tensions.” *The Washington Post*, August 11, 2019.

<sup>27</sup> “Rivals Iran and UAE to hold maritime security talks,” *Reuters*, July 30, 2019.

UAE officials have at times expressed concerns that the large Iranian-origin community in Dubai emirate (estimated at 400,000 persons) could pose an internal threat to UAE stability. This large Iranian community is a product of the extensive Iranian commercial presence in the UAE. The business ties have led to some illicit purchases by UAE firms of Iranian oil and jet fuel, exports of proliferation-related technology to Iran (see below), and the use of some UAE financial institutions by Iranian security entities. Numerous UAE-based entities have been sanctioned by the United States for these activities.<sup>28</sup> Diplomatic ties with Iran, on the other hand, have fluctuated: 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.

Another factor in UAE-Iran relations is a dispute over several Persian Gulf islands. In 1971, the Shah-led government of Iran seized the Greater and Lesser Tunb islands from Ras al-Khaymah emirate and compelled the emirate of Sharjah to share with Iran control of Abu Musa island. In April 1992, Iran took complete control of Abu Musa and subsequently placed some military equipment and administrative offices there. The UAE called for peaceful resolution of the issue through direct negotiations or referral to the International Court of Justice. The United States takes no position on the sovereignty of the islands but supports 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. 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.<sup>29</sup> Iran reduced its presence on Abu Musa to build confidence, but no further progress has been reported.<sup>30</sup>

## **UAE Regional Policy and Interventions in Regional Conflicts**

Since the 2011 Arab uprisings, the UAE has become more active in the region, including through the direct 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 UAE policies toward countries where Brotherhood-linked groups are prominent.

### **Egypt and Libya<sup>31</sup>**

The UAE leadership applauded the Egyptian military's 2013 toppling of Muslim Brotherhood figure Mohammad Morsi, who was elected president in 2012. It has since supported Egypt with approximately \$15 billion in assistance (including loans, grants, and investments); most of the funds were loans for the country to buy oil and related products.<sup>32</sup>

In Libya, the UAE is aligned with Egypt and several other outside actors in Libya's ongoing conflict. In 2011, several GCC states, including the UAE, conducted air strikes and armed Libyan

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<sup>28</sup> See CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman.

<sup>29</sup> Awad Mustafa, "Iran, UAE Close to Deal on Hormuz Islands," *Defense News*, December 9, 2013.

<sup>30</sup> Author conversations with UAE representatives, May 2016.

<sup>31</sup> For information on U.S. policy toward Egypt and Libya, see CRS Report RL33003, *Egypt: Background and U.S. Relations*, by Jeremy M. Sharp and CRS In Focus IF11556, *Libya and U.S. Policy*, by Christopher M. Blanchard.

<sup>32</sup> "Gulf countries supported Egypt with \$92bn since 2011," *Middle East Monitor*, March 19, 2019.

rebels to overthrow then-Libyan leader Muammar Qadhafi.<sup>33</sup> Since then, the UAE, in violation of U.N. Security Council resolutions that ban arms transfers to Libya, reportedly has provided arms to and conducted air operations in support of Field Marshal Khalifa Haftar's Libyan National Army (LNA) movement.<sup>34</sup> 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 August 2014, the UAE and Egypt carried out an air strike in Libya against a Muslim Brotherhood-linked Islamist militia.<sup>35</sup> The State Department cited reports from human rights organizations alleging that UAE military drone and air strikes in support of Haftar's forces resulted in more than 130 civilian casualties in 2020.<sup>36</sup>

### **Islamic State/Syria<sup>37</sup>**

During 2014-2015, as a member of the U.S.-led coalition combatting the Islamic State organization, the UAE sent pilots to conduct and even command some coalition air strikes against Islamic State positions in Syria. 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.<sup>38</sup> None of the GCC states conducted anti-Islamic State air operations in Iraq.

In Syria, the GCC states sought the ousting President Bashar Al Asad when an uprising against his rule began in 2011. 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.<sup>39</sup> Asad has largely prevailed in the conflict after Russia's military intervention on his behalf in 2015, and the UAE reopened its embassy in Damascus in December 2018, claiming that doing so would help counter to Iran's influence in Syria.<sup>40</sup> In March 2020, Shaykh Mohammad bin Zayid offered Asad assistance to help Syria cope with the COVID-19 outbreak; a delivery of food and medical supplies, including COVID-19 vaccines, was delivered to Syria in early April 2021.<sup>41</sup>

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 provided a total of \$2.5 billion to help stabilize Jordan's finances.<sup>42</sup>

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<sup>33</sup> "Militant Forces Got Arms Meant for Libya Rebels." *New York Times*, December 6, 2012.

<sup>34</sup> United Nations, "Letter dated 8 March 2021 from the Panel of Experts on Libya Established pursuant to Resolution 1973 (2011) addressed to the President of the Security Council," S/2021/229, March 21, 2021.

<sup>35</sup> "U.S. Officials: Egypt, UAE behind Airstrikes in Libya." *Associated Press*, August 26, 2014.

<sup>36</sup> U.S. Department of State, *2020 Country Report on Human Rights: United Arab Emirates*, March 31, 2021.

<sup>37</sup> 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.

<sup>38</sup> "Islamic State Crisis: Australia to Send 600 Troops to UAE," *BBC News*, September 14, 2014.

<sup>39</sup> Author conversations with experts in Washington, DC, 2013-2014.

<sup>40</sup> "UAE reopens Syria embassy in boost for Assad." *Reuters*, December 27, 2018.

<sup>41</sup> "Syria's Assad, Abu Dhabi's crown prince spoke on phone: State media." *Straits Times*, March 28, 2020; Bassem Mroue, "UAE sends Syria aid to help it fight spread of coronavirus," *The Washington Post*, April 8, 2021.

<sup>42</sup> "UAE Extends AED 3 Billion Economic Aid Package To Jordan." *Forbes Middle East*, October 9, 2018.

## Iraq<sup>43</sup>

The GCC states supported Iraq against Iran in the 1980-1988 Iran-Iraq war, and they fought in the U.S.-led coalition that ended Iraq's occupation of Kuwait in 1990-1991. No Arab state participated in the U.S.-led invasion that overthrew Saddam Hussein in 2003. To help stabilize post-Saddam Iraq, the UAE wrote off \$7 billion in Iraqi debt in 2008, and the UAE hosted a German mission to train Iraqi police and the UAE provided funds for Iraq reconstruction.<sup>44</sup> In 2012, it opened a consulate in the Kurdish-controlled autonomous region of Iraq. After several years of political tensions over efforts by Iraq's Shia-dominated government to marginalize Iraqi Sunni leaders, UAE officials hosted Iraq's then-Prime Minister Haydar Al Abadi in 2014. In 2020, the UAE delivered planeloads of equipment to help Iraq cope with the COVID-19 pandemic.

## Yemen<sup>45</sup>

The UAE, in close partnership with Saudi Arabia, intervened militarily in Yemen in March 2015 with military personnel, armor, and air strikes against the Zaydi Shia "Houthi" faction that had ousted the government in Sanaa. The Saudi-led 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 on UAE and other ships in the Bab el Mandeb Strait. Nearly 150 UAE soldiers have died in the Yemen conflict. The UAE has highlighted its provision of humanitarian aid to the people of Yemen, but international criticism that the Saudi-led coalition effort was causing civilian casualties and humanitarian problems might have contributed to a UAE decision in July 2019 to withdraw most of its ground forces from Yemen. UAE forces continues to back a faction in southern Yemen opposed to the Republic of Yemen government.<sup>46</sup> The coalition war effort has produced increasing congressional opposition to the U.S. logistical support provided to the effort and to some U.S. arms sales to the UAE.<sup>47</sup>

The UAE also 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).<sup>48</sup> 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.<sup>49</sup> In March 2019, a UAE-U.S. operation rescued an American hostage in Yemen who was held by a group tied to Al Qaeda.<sup>50</sup>

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<sup>43</sup> For analysis on Iraq, see CRS In Focus IF10404, *Iraq and U.S. Policy*, by Christopher M. Blanchard.

<sup>44</sup> "UAE cancels nearly \$7 billion in Iraq debt." *Reuters*, July 6, 2008.

<sup>45</sup> See CRS Report R43960, *Yemen: Civil War and Regional Intervention*, by Jeremy M. Sharp.

<sup>46</sup> Ibrahim Jalal, "The UAE may have withdrawn from Yemen, but its influence remains strong," Middle East Institute, February 25, 2020.

<sup>47</sup> For information on congressional action on U.S. support for the Arab coalition, and CRS Report R45046, *Congress and the War in Yemen: Oversight and Legislation 2015-2020*, by Jeremy M. Sharp, Christopher M. Blanchard, and Sarah R. Collins.

<sup>48</sup> "U.S. Forces to Stay Longer in Yemen to Fight al Qaeda." *Washington Post*, June 18, 2016.

<sup>49</sup> "Yemeni Forces Target Qaeda Stronghold." *New York Times*, August 7, 2017.

<sup>50</sup> "Operation Led by U.A.E. Freed American Hostage in Yemen." *New York Times*, March 7, 2019.

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

In part to support its intervention in Yemen, the UAE has established military bases and supported various leaders in several East African countries.<sup>51</sup> During 2015, UAE forces deployed to Djibouti to support the intervention in Yemen, but a UAE-Djibouti dispute over funding arrangements caused UAE (and Saudi) forces to begin using facilities in neighboring Eritrea. Perhaps to solidify its relations with Eritrea, the UAE helped broker a 2018 rapprochement between Eritrea and Ethiopia, possibly facilitated by a UAE pledge of \$3 billion in investments in Ethiopia.<sup>52</sup> Reporting in February 2021 suggests that the UAE has begun to dismantle parts its military base in Eritrea.<sup>53</sup> The UAE had also planned to establish a base at the port of Berbera, in the breakaway region of Somaliland, and train Somaliland security forces; those plans were abandoned in September 2019.<sup>54</sup> The Emirati company, DP World, however, plans to expand its commercial operations at Berbera port.<sup>55</sup>

The UAE and Saudi Arabia succeeded in persuading Sudan's leaders to forgo a two-decade alliance with Iran that began in 1993. In 2016, Sudanese troops joined the Saudi-led coalition effort in Yemen, and Sudan's then-leader, Omar Hassan al-Bashir, visited the UAE. In April 2019, Bashir was ousted by military colleagues in response to a popular uprising and the UAE and Saudi Arabia pledged \$3 billion in aid to Sudan, even though Sudan was not under civilian rule.<sup>56</sup> Sudan joined the UAE, Bahrain, and Morocco in signing the Abraham Accords normalizing relations with Israel in late 2020 (see "Normalization Agreement").

### **Afghanistan<sup>57</sup>**

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 Afghanistan's restive south. During 2012-2014, the UAE deployed six F-16s for missions there.<sup>58</sup> The UAE also has been a significant donor of aid to post-Taliban Afghanistan. The risks of this 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. In December 2018, the UAE hosted meetings between Taliban representatives, U.S. officials, and officials from several regional countries to discuss a possible political settlement in Afghanistan, but the bulk of the meetings that produced a February 2020 U.S.-Taliban peace agreement were hosted in Doha, Qatar. 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 harbored Al Qaeda leaders.

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<sup>51</sup> Material in this section is taken from Alex Mello and Michael Knights. "West of Suez for the United Arab Emirates." *Warontherocks.com*. September 2, 2016.

<sup>52</sup> "UAE to give Ethiopia \$3 billion in aid and investments." *Reuters*, June 16, 2018.

<sup>53</sup> "UAE Dismantles Eritrea Base as it Pulls Back After Yemen War," Associated Press, February 18, 2021.

<sup>54</sup> "UAE to Train Somaliland Forces under Military Base Deal," *Reuters*, March 16, 2018; "Somaliland UAE military base to be turned into civilian airport," *Reuters*, September 15, 2019.

<sup>55</sup> Samuel Ramani, "What UAE's growing presence in Somaliland means for its Horn of Africa strategy," *Al Monitor*, March 29, 2021.

<sup>56</sup> "Sudan has received half the \$3 billion promised by Saudi Arabia and UAE," *Reuters*, October 8, 2019.

<sup>57</sup> CRS Report R45818, *Afghanistan: Background and U.S. Policy*, by Clayton Thomas.

<sup>58</sup> Rajiv Chandrasekaran, "In the UAE, the United States has a quiet, potent ally nicknamed 'Little Sparta,'" *The Washington Post*, November 9, 2014.

## **Israel, Normalization Agreement, and the Israeli-Palestinian Dispute**

Since its founding in 1971, the UAE has had no formal diplomatic relations with Israel. However, the two have reportedly been increasing their cooperation for the past decade, in large part to counter Iran. Israeli diplomats have been attending some multilateral meetings in the UAE, Israelis have attended professional conferences there, 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).<sup>59</sup> In June 2019, Israeli Foreign Minister Yisrael Katz visited Abu Dhabi to attend a U.N. meeting on climate change.<sup>60</sup> Along with the diplomatic and other contacts, there has been some Israel-UAE bilateral trade, even though the UAE formally enforced the Arab League primary boycott of Israel. 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 do business with those companies).

### ***Normalization Agreement***<sup>61</sup>

On August 13, 2020, President Trump issued a joint statement with Israeli Prime Minister Binyamin Netanyahu and Shaykh Mohammed bin Zayid announcing that Israel and the UAE have agreed to fully normalize their relations, and that Israel is suspending plans to annex parts of the West Bank. Under the "Abraham Accords," Israeli and UAE officials are expected to negotiate establishing reciprocal embassies, and reach bilateral agreements to cooperate on COVID-19, trade, and investment in high-technology and other sectors. The UAE decision to normalize relations with Israel likely reflects a UAE calculation that the move would help it, in partnership with Israel and the United States, counter the Iranian threat. By committing to normalizing relations with Israel, the UAE leadership arguably hoped to extract benefits from the United States, including the U.S. sale to the UAE of F-35 aircraft and armed drones to the UAE, as discussed further below. On August 29, 2020, the UAE government formally repealed a law enforcing the primary Arab League boycott of Israel, paving the way for openly conducted commercial passenger flights between the two nations.<sup>62</sup> Israeli Prime Minister Netanyahu announced an official visit to Abu Dhabi prior to the March 2021 Israeli elections, however the trip was canceled due to overflight issues with Jordan.<sup>63</sup>

UAE leaders emphasized the apparent Israeli concession on West Bank annexation as a success for UAE diplomacy. The announcement came after the UAE's Ambassador to the United States, Yusuf al-Otaiba, published an editorial in a leading Israeli newspaper in June 2020, warning the Israeli public that unilateral annexation of West Bank territory would endanger Israel's warming ties with Arab countries.<sup>64</sup> Over the past several years, the UAE had become more involved in Israeli-Palestinian issues, having joined Saudi Arabia, Egypt, and Jordan in 2007 in a "quartet" of Arab states to assist with diplomacy. UAE officials attended the June 2018 workshop in Bahrain

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<sup>59</sup> Simon Henderson. "Israel's Gulf Breakthrough." Washington Institute for Near East Policy, November 30, 2015.

<sup>60</sup> "Minister Katz visits Abu Dhabi: A 'significant step' in Israel-Arab relations." *Jerusalem Post*, July 1, 2019.

<sup>61</sup> See CRS Insight IN11485, *Israel-UAE Normalization and Suspension of West Bank Annexation*, by Jim Zanotti and Kenneth Katzman.

<sup>62</sup> "UAE Cancels Israel Boycott, Allows Economic Agreements."

<sup>63</sup> Dan Williams and Suleiman Al-Khalidi, "Israel says Netanyahu's first UAE visit postponed, stirs rights spat with Jordan," *Reuters*, March 11, 2021.

<sup>64</sup> Yusuf al-Otaiba, "Annexation will be a serious setback for better relations with the Arab world," *Ynet News*, June 12, 2020.

that presented an economic framework for the Trump Administration's Israel-Palestinian peace plan, as well as the unveiling of the plan's political proposals in Washington, DC on January 28, 2020. The UAE opposed the Trump Administration's 2017 decision to recognize Jerusalem as Israel's capital and its 2019 recognition of Israeli sovereignty in the Golan Heights, as did other Arab states.

In line with UAE animosity toward Muslim Brotherhood-related movements, the UAE does not support Hamas<sup>65</sup> but rather its rival, Fatah, whose leader, Mahmoud Abbas, is President of the West Bank-based Palestinian Authority (PA). The UAE also hosts and financially backs former senior PA official Muhammad Dahlan, who is estranged from Abbas, but who is mentioned as one who might take a leading role in the PA after Abbas leaves power.<sup>66</sup>

## **UAE Foreign Aid<sup>67</sup>**

The UAE has provided billions of dollars in international aid through its government and through funds controlled by royal family members and other elites. The Abu Dhabi Fund for Development (ADFD), established in 1971, has distributed over \$4 billion for more than 200 projects spanning 102 countries. Some other aid initiatives include the following:

- The UAE allocated \$272 million for loans to eligible national companies affected by the COVID-19 pandemic to ensure continuity of operations and to provide supplies from companies working in the Health, Food Security and Industrial sectors.
- The UAE provided \$100 million for victims of the December 2004 tsunami in the Indian Ocean, and it provided about \$2 million for victims of conflict in Somalia (2011-2012).
- The UAE donated \$100 million to assist recovery from Hurricane Katrina; \$5 million for a pediatric wing at St. John's Mercy Hospital in Joplin, MO after the 2011 tornado; and \$10 million for reconstruction after Hurricane Sandy in 2013.
- The UAE, as do other GCC states, provides significant amounts of funds to U.S. research organizations, public relations firms, law firms, and other representatives to support UAE policies and try to influence U.S. policymakers.<sup>68</sup>

## **Defense Cooperation with the United States<sup>69</sup>**

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

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<sup>65</sup> Hamas formed in the late 1980s out of Brotherhood groups in the Palestinian territories.

<sup>66</sup> "Mohammed Dahlan: A Middle East Interloper Used in a Game of Nations." *Inside Arabia*, April 17, 2019; Jonathan Ferziger, "The UAE's Invisible Palestinian Hand," *Foreign Policy*, October 30, 2020.

<sup>67</sup> Factsheets provided by UAE Embassy in Washington, DC, 2011-2020.

<sup>68</sup> Ben Freeman. "The Emirati Lobby: How the UAE Wins in Washington." Center for International Policy, October 15, 2019.

<sup>69</sup> Some of this section is from U.S. Department of State, "U.S. Security Cooperation with the United Arab Emirates," Fact Sheet, January 20, 2021.

(2011), and against the Islamic State organization in Syria (2014-2015). The UAE reportedly has 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.<sup>70</sup> In September 2019, the UAE formally joined the U.S.-led maritime security mission in the Gulf (International Maritime Security Construct, IMSC), an effort to deter Iranian attacks on Gulf shipping in mid-2019. Unlike Kuwait and Bahrain, the UAE has not been designated by the United States as a “Major Non-NATO Ally” (MNNA).

## **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. A “Joint Military Dialogue” (JMD) meets periodically. The security cooperation processes build on the July 25, 1994, bilateral Defense Cooperation Agreement (DCA), the text of which is classified.<sup>71</sup> On May 15, 2017, the United States and the UAE confirmed that they had concluded negotiations on a new DCA with a 15-year duration, which came into force as of the visit to Abu Dhabi of then-National Security Adviser John Bolton on May 30, 2019.<sup>72</sup> In accordance with the DCA:

- As of 2021, the United States deploys about 3,500 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.<sup>73</sup> Jebel Ali, capable of handling aircraft carriers, and other UAE ports collectively host more Navy ships than any other port outside the United States. The U.S. forces in UAE support U.S. operations in the region, including deterring Iran, countering terrorist groups, and intercepting illicit shipments of weaponry or proliferation-related equipment.
- Al Dhafra air base hosts a variety of U.S. military aircraft including surveillance, refueling, and combat aircraft. 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 region.<sup>74</sup>
- UAE military personnel study and train in the United States each year, through the Foreign Military Sales program, through which the UAE buys U.S.-made arms, and the International Military Education and Training (IMET) program. U.S. officials say that UAE pilots and special operations forces demonstrated their effectiveness, including against AQAP in Yemen.
- The UAE hosts a “Joint Air Warfare Center” where UAE and U.S. forces conduct joint exercises on early warning, air and missile defense, and logistics.<sup>75</sup>

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<sup>70</sup> “Secret Desert Force Set Up by Blackwater’s Founder,” *New York Times*, May 14, 2011.

<sup>71</sup> Some provisions are discussed in Sami Hajjar, *U.S. Military Presence in the Gulf: Challenges and Prospects* (U.S. Army War College: Strategic Studies Institute), March 2002, p. 27. According to UAE representatives, there is no “Status of Forces Agreement” (SOFA) in effect, but the United States and the UAE agreed to handle legal issues involving U.S. military personnel in the UAE on a “case-by-case basis.” Author conversations with UAE representatives, 2010-2016.

<sup>72</sup> Department of Defense, “SecDef Meets with UAE’s Crown Prince,” May 15, 2017; “UAE-US defence agreement kicks in as John Bolton visits Abu Dhabi,” *The National*, May 30, 2019.

<sup>73</sup> U.S. Department of State, “U.S. Security Cooperation with the United Arab Emirates,” *Fact Sheet*, January 20, 2021.

<sup>74</sup> “US Air Force sends next generation fighter jets to UAE,” *The National*, April 17, 2019.

<sup>75</sup> Chandrasekaran, “A Quiet, Potent Ally to U.S.” op. cit.

## U.S. and Other Arms Sales

According to the State Department factsheet cited above, “The UAE is a significant purchaser of U.S. military equipment, including our most sophisticated missile defense systems. This partnership has enhanced the UAE’s military capabilities to the point that they have become a net security provider for the region.” The UAE generally does not receive U.S. aid to purchase U.S. weaponry.<sup>76</sup> According to the factsheet, the United States has \$28.1 billion in active government-to-government sales cases with the UAE under the Foreign Military Sales (FMS) system. Since 2014, the United States has also authorized the permanent export of over \$7.2 billion in defense articles to the UAE via the Direct Commercial Sales (DCS) process, primarily launch vehicles, aircraft, munitions, and military electronics. During this time, the Department closed 65 end-use monitoring checks in 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. The UAE also has about 60 French-made Mirage 2000 warplanes.
- *F-35.*<sup>77</sup> UAE officials say the country has sought since 2014 to buy the advanced F-35 “Joint Strike Fighter.” In 2016, Israel began taking deliveries of the jet – a significant development in light of the U.S. law requiring the United States to preserve Israel’s “Qualitative Military Edge” (QME) in the region.<sup>78</sup> In Israel, a debate emerged over whether Prime Minister Binyamin Netanyahu had agreed to support that U.S. sale to meet a UAE condition for the normalization accord. On November 10, 2020, the Trump Administration notified Congress of a \$23 billion arms sale to the UAE, to include F-35 “Joint Strike Fighters,” drones, and various munitions. An effort to block the proposed sale in the Senate failed to garner the required votes (S.J.Res. 77 and S.J.Res. 78). In the last hours of the Trump presidency, the UAE signed a deal purchase up to 50 F-35 joint strike fighter aircraft and 18 MQ-9 Reaper drones from the United States.<sup>79</sup> The Biden Administration temporarily paused the sale for review upon taking office, but a State Department spokesperson told journalists in April that the Administration plans to proceed with the sale.<sup>80</sup> The UAE would become the first Arab country to purchase the F-35 system.

*JDAMs and other Precision-Guided Munitions.* The United States has sold the UAE advanced precision-guided missiles (PGMs), including the ATM-84 SLAM-ER Telemetry missile (the first sale of that weapon to a Gulf state) and GBU-39/B “bunker buster” bombs. During 2008-11, the United States sold the UAE an unspecified number of Joint Direct Attack Munitions (JDAM) kits

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<sup>76</sup> In FY2018, the United States provided about \$32 million worth of excess defense articles (EDA) to the UAE - equipment to make the UAE’s armored vehicles more mine-resistant. USAID Foreign Aid Explorer database.

<sup>77</sup> For more detail on the F-35 sale to the UAE, see: CRS Report R46580, *Israel’s Qualitative Military Edge and Possible U.S. Arms Sales to the United Arab Emirates*, coordinated by Jeremy M. Sharp and Jim Zanotti

<sup>78</sup> See CRS Report RL33222, *U.S. Foreign Aid to Israel*, by Jeremy M. Sharp.

<sup>79</sup> Mike Stone, “UAE signs deal with U.S. to buy 50 F-35 jets and up to 18 drones: sources,” *Reuters*, January 20, 2021.

<sup>80</sup> U.S. Department of State, “Secretary Antony J. Blinken at a Press Availability,” Remarks to the Press, January 27, 2021; “Joe Biden Is Proceeding with Donald Trump’s Biggest Arms Deal.” *Huffington Post*, April 13, 2021.

(which convert gravity bombs to precision-guided bombs) worth an estimated \$625 million. The UAE has used many of these weapons in the conflict in Yemen. In May 2019, invoking emergency authority codified in the Arms Export Control Act (AECA) and citing “the need to deter further Iranian adventurism in the Gulf and throughout the Middle East,”<sup>81</sup> the Trump Administration formally notified Congress of immediate sales to the UAE of additional PGMs, with an estimated value of \$1 billion (Transmittal Number 17-73 and Transmittal Number 17-70). Congress did not override the President’s veto of measures to block the sales (S.J.Res. 37, 116<sup>th</sup> Congress).<sup>82</sup>

- *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.<sup>83</sup> 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.
- *Ballistic Missiles and Unmanned Aerial Vehicles (UAVs).* The United States has not historically supplied or assisted the UAE with ballistic missile technology or armed UAVs, in part because the UAE is not an adherent of the Missile Technology Control Regime (MTCR). However, the Trump Administration’s 2020 change of U.S. MTCR policy allows for the export of U.S.-made armed UAV that fly at speeds below 800 kph, including the Reaper Drones that comprise part of the arms deal signed in January 2021. The UAE reportedly possesses a small number (six) of Scud-B ballistic missiles obtained from non-U.S. suppliers.<sup>84</sup> In 2017, the UAE took delivery of a commercial sale, worth about \$200 million, of U.S.-made Predator X-P unarmed UAV. On May 24, 2019, the State Department approved the sale to UAE of the Blackjack UAV, with an estimated value of \$80 million, under the emergency notification discussed above (Transmittal Number 17-39). The country reportedly has bought armed UAVs from China and has used them for strikes in Libya (see above).<sup>85</sup>
- *Tanks and Ground Forces Missiles.* UAE forces still use primarily 380 French-made Leclerc tanks, and the UAE has not bought any main battle tanks from the United States. 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.

### *Missile and Aircraft Defenses*

The UAE has purchased the most advanced missile defense systems sold by the United States, and in so doing supports a long-standing U.S. objective to organize a coordinated Gulf-wide ballistic missile defense (BMD) network that can defend against Iran’s advancing missile

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<sup>81</sup> Letter from Secretary of State Michael R. Pompeo to Senate Foreign Relations Committee Chairman James E. Risch, May 24, 2019.

<sup>82</sup> For more information on the congressional response to the emergency sale, see CRS Report R45046, *Congress and the War in Yemen: Oversight and Legislation 2015-2020*, by Jeremy M. Sharp, Christopher M. Blanchard, and Sarah R. Collins.

<sup>83</sup> DSCA transmittal number 10-52, at <http://www.dsca.mil>.

<sup>84</sup> International Institute of Strategic Studies “Military Balance.”

<sup>85</sup> “UAE allegedly using Chinese drones for deadly airstrikes in Libya,” *Defense News*, May 2, 2019.

capabilities. 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.

The UAE began buying the Patriot Advanced Capability 3 (PAC-3) missile defense system in 2007. In 2017, the Obama Administration approved the sale of 60 PAC-3 and 100 Patriot Guidance Enhanced Missile-Tactical (GEM-T) missiles, with a total estimated value of about \$2 billion. 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.<sup>86</sup>

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. Delivery and training for the UAE's THAAD system took place in 2015.<sup>87</sup>

## **UAE Defense Cooperation with Other Powers**

The UAE has sought to build defense partnerships beyond that 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 and NATO established a liaison office in Abu Dhabi, under the auspices of the embassy of Denmark, in 2017.

The UAE has long hosted other non-U.S. forces. In January 2009, the UAE allowed France to inaugurate military facilities collectively termed Camp De La Paix ("Peace Camp"). It includes a 900-foot section of the Zayid Port; a part of Al Dhafra Air Base; and a barracks at an Abu Dhabi military camp that houses about several hundred French military personnel.

India's Prime Minister, Narendra Modi, visited the UAE in August 2015, the first by an Indian leader since 1981, and 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 provides for sanctions on entities that conduct significant defense-related transactions with Russia. In February 2017, press reports appeared that the UAE and Russia might jointly develop a combat aircraft.<sup>88</sup> In February 2019, the UAE ordered EM150 "Kornet" anti-tank weapons from Russia.<sup>89</sup>

## **Cooperation against Terrorism, Proliferation, and Narcotics**

The UAE cooperates with U.S. counter-terrorism and counter-proliferation policies in the region.

### **Counter-Terrorism Issues<sup>90</sup>**

During the mid-1990s, some Al Qaeda activists were able to move through the UAE, and two of the September 11, 2001 hijackers were UAE nationals. The State Department reports on terrorism credit the UAE with thwarting planned terrorist attacks within the UAE as well as assisting with the foiling of some plots in the United States, including an AQAP plot in 2010. In December

<sup>86</sup> DSCA Transmittal No. 19-37, May 3, 2019.

<sup>87</sup> Adriane Elliot, "Antiballistic System Shared with International Partner," U.S. Army, January 13, 2016.

<sup>88</sup> "Russia, UAE to collaborate on 5<sup>th</sup>-generation fighter," *United Press International*, February 20, 2017.

<sup>89</sup> "United Arab Emirates Announces \$1.3 Billion in Defense Deals at IDEX," *Defense News*, February 18, 2019.

<sup>90</sup> Much of this section is taken from U.S. Department of State, *Country Reports on Terrorism 2019*, June 24, 2020.

2012, the UAE, working with Saudi Arabia, arrested members of an alleged terrorist cell plotting attacks in the United States. On the other hand, UAE authorities failed to prevent a December 1, 2014, killing of an American teacher by an extremist-inspired Emirati woman. In 2016, UAE courts convicted 30 out of 41 individuals (almost all were UAE citizens) belonging to a group called Shabab al Manara for plotting terrorist attacks in the UAE. The UAE has been strengthening the country's bureaucracy and legal framework to combat terrorism. The UAE is part of a Saudi-initiated GCC "Security Pact" that entails increased GCC information-sharing on internal security threats. There were no reported terrorist attacks in the UAE in 2019 or in 2020.

The United States and the UAE sometimes differ on designations of terrorist organizations. The 85 groups that the UAE government designates as terrorist include not only the Muslim Brotherhood but also U.S. and Europe-based groups that are not accused by the United States or any European country of terrorism,<sup>91</sup> including the U.S.-based Muslim American Society and Council on American-Islamic Relations (CAIR).

*Antiterrorism Financing and Money Laundering (AML/CFT).* 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 (FATF). 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 of Financial Intelligence Units. In May 2017, the UAE joined the U.S.-GCC Terrorist Financing Targeting Center based in Riyadh, which has designated several AQAP and Islamic State-Yemen individuals and entities.

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*). During 2018 and 2019, the government enacted and issued implementing regulations for updated anti-money laundering laws.<sup>92</sup> However, in April 2020, the FATF found that the United Arab Emirates is not doing enough to prevent money laundering despite recent progress, and risks being including in the body's watchlist of countries found to have "strategic deficiencies" in AMF/CFT – the so-called "grey list."<sup>93</sup>

Since 2012, there has been an FBI Legal Attaché office at the U.S. consulate in Dubai to assist with joint efforts against terrorism and terrorism financing. However, 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 U.S. officials might consider the enforcement of UAE laws against money laundering to 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 in promoting messages of tolerance and coexistence. The UAE-based "International Center of Excellence for Countering Violent Extremism," known as *Hedayah* ("guidance"), was inaugurated in 2012. The United States and the UAE jointly operate the *Sawab* Center, an online counter-Islamic State messaging hub.<sup>94</sup> The center promotes information sharing with

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<sup>91</sup> "UAE Lists Scores of Groups as 'Terrorists,'" *Al Jazeera*, November 16, 2014.

<sup>92</sup> Fact sheet provided by UAE embassy representatives, October 31, 2018; U.S. Department of State, *Country Reports on Terrorism 2019*, June 24, 2020.

<sup>93</sup> "UAE at risk of landing on watchlist over money laundering." *Al Jazeera*, April 30, 2020.

<sup>94</sup> U.S. Department of State, *Country Reports on Terrorism 2016*, July 19, 2017.

international police organizations when family members report on relatives who have become radicalized.<sup>95</sup> 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.

*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. During 2015-17, the Department of Defense transferred 23 detainees (mostly Yemeni nationals) from the facility to the UAE.

## **Port and Border Controls**

The UAE has participated in a number of projects with the United States which are related to nonproliferation and nuclear security. For example, the government has received assistance from the State Department's Export Control and Related Border Security Program, which aims to build "national strategic trade control systems in countries that possess, produce, or supply strategic items, as well as in countries through which such items are most likely to transit."<sup>96</sup> The UAE has also participated in the U.S. Customs and Border Protection (CBP)-run Container Security Initiative. Under this program, CBP personnel work with foreign governments to screen U.S.-bound containers posing a "potential risk for terrorism."<sup>97</sup> As a GCC member, the UAE participates in the U.S.-GCC Counter-proliferation Workshop.

UAE participation in U.S. programs to improve UAE export control enforcement suggests that the country wants to avoid the disputes with the United States that occurred in the past on the issue. In 2004, two Dubai-based companies, SMB Computers and Gulf Technical Industries, were identified as conducting illicit sales of nuclear technology to Iran, Libya, and North Korea by Pakistan's nuclear scientist A.Q. Khan, and the Mayrow General Trading Company was sanctioned in 2006, after the company transshipped devices used to make improvised explosive devices (IED) in Iraq and Afghanistan.<sup>98</sup> In February 2007 the George W. Bush Administration threatened to restrict U.S. exports of certain technologies to the UAE for the illicit exports. UAE authorities cited a September 2007 UAE law to shut down 40 foreign and UAE firms allegedly involved in dual use exports to Iran and other countries, and no U.S. sanctions were imposed on the country.

The UAE government supports the Department of Homeland Security's programs to collect U.S.-bound passenger information and operating a "preclearance facility" at the Abu Dhabi International Airport. In February 2006, the Committee on Foreign Investment in the United States—a body that reviews proposed foreign investments to ensure that the investment does not threaten U.S. national security—approved the takeover by the Dubai-owned Dubai Ports World company of a British firm that manages six U.S. port facilities. Congress expressed concern that the takeover might weaken U.S. port security in P.L. 109-234.

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<sup>95</sup> David Ignatius, "A Small Organization Offers a Fresh Approach on Preventing Terrorism," opinion, *The Washington Post*, October 21, 2014.

<sup>96</sup> "Export Control and Related Border Security Program," Bureau of International Security and Nonproliferation, available at <https://www.state.gov/export-control-and-related-border-security-program/>.

<sup>97</sup> "CSI: Container Security Initiative," U.S. Customs and Border Protection, available at <https://www.cbp.gov/border-security/ports-entry/cargo-security/csi/csi-brief>.

<sup>98</sup> Milhollin, Gary and Kelly Motz. "Nukes 'R' US." *New York Times*, op. ed. March 4, 2004; BIS, "General Order Concerning Mayrow General Trading and Related Enterprises," 71 *Federal Register* 107, June 5, 2006.

## U.S. Funding Issues

The United States has provided small amounts of counterterrorism assistance to help the UAE build its capacity to enforce its border and financial controls. The Department of Defense provided \$300,000 to the UAE to assist its counter-narcotics capability in FY2016 and \$531,000 in FY2017. In FY2019, about \$1.35 million in State Department funds were provided to the UAE to build its capacity to counter terrorism financing. In FY2020, the United States spent about \$130,000 to train and build capacity for the UAE government to enforce its export control laws.<sup>99</sup>

## Nuclear Agreement and Space Program<sup>100</sup>

The UAE announced in 2008 that it would acquire its first nuclear power reactors to satisfy projected increases in domestic electricity demand. The United States and the UAE concluded a peaceful nuclear cooperation agreement pursuant to Section 123 of the Atomic Energy Act of 1954 (AEA; 42 U.S.C. 2153(b)).<sup>101</sup> This agreement, which entered into force on December 17, 2009, included a UAE commitment to refrain from producing enriched uranium or reprocessing spent nuclear reactor fuel; both processes could produce fissile material for nuclear weapons. This provision is typically not included in peaceful nuclear cooperation agreements.

A number of U.S. and European firms have secured administrative and financial advisory contracts with the UAE's nuclear program. The Korea Electric Power Corporation of South Korea received the prime contract "to design, build and help operate the Barakah Nuclear Energy Plant," which is to contain four nuclear power reactors.<sup>102</sup> The Emirates Nuclear Energy Corporation (ENEC), the institution administering the nuclear program, announced on August 1, 2020, that the first reactor has "successfully started up."<sup>103</sup> The "overall construction" of the four reactors is 94% complete, according to the ENEC announcement.<sup>104</sup>

In July 2014, the UAE formed a "UAE Space Agency." In September 2019, the country sent its first astronaut to the International Space Station. In July 2020, the country launched an unmanned spaceship that is to probe Mars.

## 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. The UAE has announced plans and policies ("Vision 2021") to try to further diversify its economy and reduce its dependence on exports of hydrocarbons, as have the other GCC states. Dubai emirate, in particular, has long sought to attract investors and develop initiatives, such as the clean energy and autonomous vehicle showcase project "Masdar City," that provide jobs and attract tourism and publicity.

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<sup>99</sup> USAID Foreign Aid Explorer database, accessed April 12, 2021.

<sup>100</sup> This section was prepared by Paul Kerr, Analyst in Weapons of Mass Destruction Nonproliferation.

<sup>101</sup> For more information about nuclear cooperation agreements, see CRS Report RS22937, *Nuclear Cooperation with Other Countries: A Primer*, by Paul K. Kerr and Mary Beth D. Nikitin.

<sup>102</sup> "The Emirates Nuclear Energy Corporation (ENEC) and the Barakah Nuclear Energy Plant," available at <https://www.enec.gov.ae/doc/factsheet-enec-and-barakah-plant-eng-5f195cca2b5c2.pdf>.

<sup>103</sup> "Safe Start-up of Unit 1 of Barakah Nuclear Energy Plant Successfully Achieved," August 1, 2020.

<sup>104</sup> *Ibid.*

The country is also accepting investment from 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 to store and ship Chinese products from the UAE port of Jebel Ali.<sup>105</sup>

To help it weather the effect of lower oil prices since 2014, the government has cut some subsidies and sold government bonds, including \$5 billion in bonds in 2016 and \$10 billion in 2017. The government budget has been able to avoid drawing down its \$600 billion in various sovereign wealth funds overseen by the Emirates Investment Authority (EIA).<sup>106</sup>

Aside from the public health consequences, the economic effects of the coronavirus outbreak have been significant, resulting from travel and tourism restrictions and a decline in consumer spending as bans on gatherings have been imposed. The IMF predicts 3.1% economic growth in 2021, due to improvements in the oil sector, following a -5.9% contraction in 2020.<sup>107</sup> As of April 2021, the UAE has reported nearly 475,000 COVID-19 infections and 1,500 deaths from the disease.<sup>108</sup> China-based Sinopharm began a late-stage trial of a coronavirus vaccine in the UAE, in part because nationals of many different countries live and work in the UAE.<sup>109</sup> By mid-April, the country had administered over 9 million vaccine doses from Sinopharm, Pfizer/BioNTech, and Sputnik V.

## **Oil and Gas Issues**

The UAE is wealthy because it exports large amounts of crude oil while having a small population that receives benefits and services. Abu Dhabi has 80% of the federation's proven oil reserves of about 100 billion barrels, enough for many decades of exports at the current rate of about 2.9 million barrels per day (mbd) of exports. Oil exports, of which over 60% go to Japan, account for about 25% of the country's GDP.<sup>110</sup> The United States imports negligible amounts of UAE crude oil.

The UAE has vast quantities of natural gas but consumes more than it produces. Through its participation in the Dolphin Energy project, the UAE imports natural gas from neighboring Qatar – an arrangement that has not been disrupted by the GCC rift discussed above. A UAE effort to become self-sufficient in gas by 2030 could benefit from the discovery, announced in early 2020, of a large field ("Jebel Ali field") of non-associated gas in UAE waters.

## **U.S.-UAE Economic Ties<sup>111</sup>**

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 2020 totaled nearly \$15 billion, and imports from the UAE totaled about \$3 billion, a decrease from 2019 figures. U.S. products

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<sup>105</sup> "The UAE Signed a Massive, \$3.4 Billion Deal with China—and That 'Isn't a Surprise,'" NBC News, April 29, 2019.

<sup>106</sup> The two largest of the UAE's sovereign wealth funds are run by the Abu Dhabi Investment Authority (ADIA) and Mubadala ("Exchange").

<sup>107</sup> IMF, "Transcript of April 2021 Middle East and Central Asia Department Press Briefing," April 11, 2021.

<sup>108</sup> Johns Hopkins Coronavirus Resource Center.

<sup>109</sup> "China's Sinopharm begins late stage trial of COVID-19 vaccine in UAE," *Reuters*, July 16, 2020.

<sup>110</sup> "The UAE and Global Oil Supply," Embassy of the UAE in the United States, August 2020.

<sup>111</sup> Trade data taken from U.S. Census Bureau. Foreign Trade Statistics.

sold to UAE are mostly commercial aircraft, industrial machinery and materials, and other high-value items.

In 2004, the George W. 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.” In 2011, the FTA talks were replaced by a U.S.-UAE “Economic Policy Dialogue,” between major U.S. and UAE economic agencies. The UAE is part of the “GCC-U.S. Framework Agreement on Trade, Economic, Investment, and Technical Cooperation,” a trade and investment framework agreement (TIFA) created in 2012.

### **Commercial Aviation Issue<sup>112</sup>**

One issue in U.S.-UAE economic relations has been a contention by several U.S. airlines that the UAE government subsidizes two UAE airlines, Emirates Air (Dubai-based) and Etihad Air (Abu Dhabi-based). In 2018, the two UAE airlines agreed to address the complaints by using globally accepted accounting standards for annual reports and opening their books to outside examination.<sup>113</sup>

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<sup>112</sup> For background on this issue, see CRS Report R44016, *International Air Service Controversies: Frequently Asked Questions*, by Rachel Y. Tang.

<sup>113</sup> “U.S. and United Arab Emirates Reach Deal to Solve Open Skies Spat,” *Skift*, May 11, 2018.

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