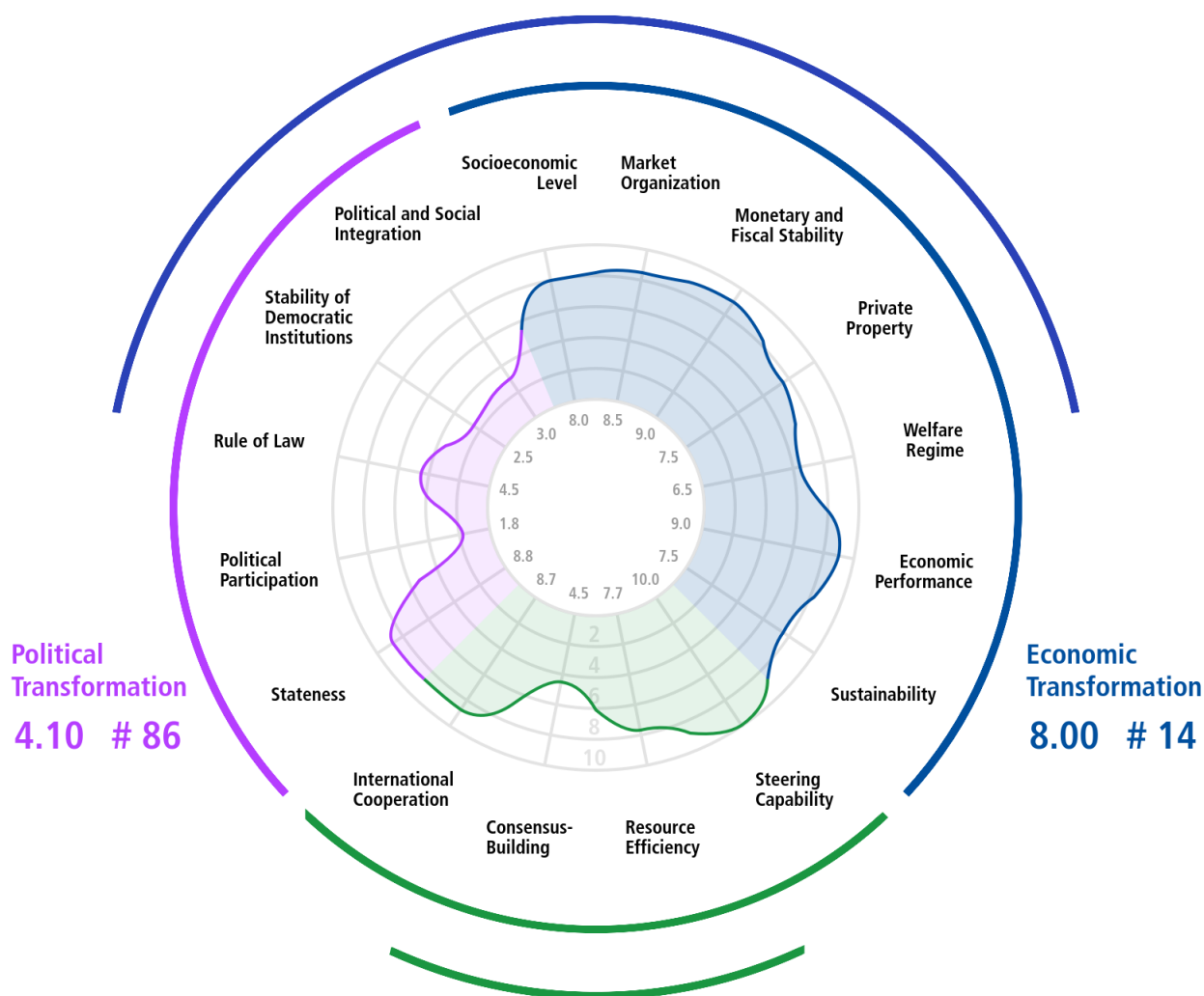


# United Arab Emirates

## Status Index

**6.05 # 47**

on 1-10 scale out of 137



**Political Transformation**  
**4.10 # 86**

**Economic Transformation**  
**8.00 # 14**

## Governance Index

**6.55 # 15**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>9.4</b>	HDI	<b>0.911</b>	GDP p.c., PPP \$	<b>87729</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.8</b>	HDI rank of 189	<b>26</b>	Gini Index	<b>26.0</b>
Life expectancy	years	<b>78.7</b>	UN Education Index	<b>0.860</b>	Poverty <sup>3</sup>	% <b>0.0</b>
Urban population	%	<b>87.5</b>	Gender inequality <sup>2</sup>	<b>0.049</b>	Aid per capita	\$ -

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

## Executive Summary

The United Arab Emirates (UAE) has made a strong recovery from the COVID-19 pandemic, with economic growth restored by the beginning of 2023. A positive outlook is underpinned by strong oil prices, which enable high government spending. This trend is further strengthened by a more favorable regional environment, in which several disputes have improved during 2021 and 2022. For the UAE, notable developments include ending the rift with Qatar, re-establishing diplomatic relations with Iran, concluding agreements with Israel, and opening the door for the return of Syria to the Arab fold.

Domestically, power passed smoothly to Sheikh Mohammed Bin Zayid Al Nahyan when his older brother Sheikh Khalifa Bin Zayid Al Nahyan died in May 2022. Sheikh Mohammed had already assumed quasi-head of state duties for numerous years due to his brother's extended illness. In representation of Abu Dhabi, the other emirates promptly affirmed him as the UAE's new president.

Economically, the International Monetary Fund (IMF) praised the UAE for its efficient handling of the COVID-19 pandemic and characterized the future outlook as positive in its latest assessment from December 2022. Growth returned to 5% in 2022, while CPI inflation remained relatively modest at 4.8%. According to the 2022 Arab Youth Survey, 57% of polled Arabs view the UAE as their preferred destination, a positive sentiment further supported by global events such as the "World Expo 2020," which took place successfully after a COVID-delay during winter 2021/2022 in Dubai. Energy and climate diplomacy have taken center stage in UAE policies, with the country preparing to host COP28 in November 2023. As part of its longer-term strategy, the UAE has entered in a \$100 billion partnership with the United States for strategic energy investment and announced net zero targets by 2050.

The government demonstrated a continual effort to adjust national policies to changing circumstances. The non-oil sector performed exceptionally well in 2021 and 2022, and labor market reforms, along with flexible visa schemes, were implemented to better attract and retain skilled foreign workers. However, a potential source of conflict remained the substantial disparity between the national population (constituting only 15% of the total population) and the significantly larger expatriate workforce. Efforts to lessen the UAE's reliance on external labor yielded limited success, but the government placed significant emphasis on promoting ethnic and religious tolerance. In March 2023, a "House of the Abrahamic Faiths" is scheduled to open, encompassing the nation's first synagogue. Presently, more than 200 nationalities reside in the UAE.

With economic opportunities multiplying in Asia and the existing world order in transition, the UAE broadened its international partnerships while also carving out a greater role in regional affairs. As a non-permanent member of the U.N. Security Council, Russia's war on Ukraine challenged its credibility after the UAE abstained from a vote on a first resolution condemning the Russian invasion. Yet, subsequently, the UAE condemned Russia's aggression and called for a quick and peaceful resolution. Overall, the country maintained solid relationships with all major powers in the world and pursued de-escalation policies with Iran, Türkiye and Qatar.

## History and Characteristics of Transformation

The UAE is a federation of seven emirates that was established on December 2, 1971, with Ras al-Khaimah as the last and seventh emirate joining in early 1972. In large part due to the leadership of Shaikh Zayed Bin Sultan Al Nahyan, the UAE's first president until his passing in 2015, the UAE has since become the only successful federal experiment in the Arab world.

Much of its success and resilience is due to its government structure. The constitution – provisional until 1996 – gives the seven emirates the right to decide on issues of local administration and economic and social policies, and it grants each emirate control over its own mineral and oil wealth. Only areas such as foreign policy and national security fell under the control of the federal government. This arrangement assured each constituent emirate that the larger federal entity represents a distinct net benefit with respect to individual sustainability and prosperity.

Since 1971, there has been a steady expansion of federal jurisdiction in areas where it has been deemed functionally necessary. In 1997, the emirates dissolved their individual defense forces and joined them under one central command. Similar consolidation has occurred with respect to labor, economic and educational policies. Campaigns specifically targeting a strengthened identification with the nation-state and UAE identity were introduced in 2006. These efforts have included heightened celebrations of the country's annual Independence Day and the introduction of a UAE National Service Law in 2014.

The UAE's political system continues to be characterized by the traditional patriarchal style of leadership, with political loyalties organized around the country's different tribal elements. At the federal level, the Supreme Council, composed of the rulers of each of the seven emirates, serves as the highest executive and legislative authority. The president of the country is the ruler of Abu Dhabi, the largest emirate in terms of both size and wealth, and therefore assumes the "natural" leadership position within the UAE. However, other emirates, notably Dubai, the second-largest emirate, still have the ability to influence the decision-making process.

Backed by the world's eighth-largest oil reserves and a small national population (only 1.4 million of the total 9.8 million inhabitants are nationals), total GDP rose from \$46 billion in 1995 to \$412.4 billion in 2019. The UAE has invested this income smartly in infrastructure and services, making it a regional and global leader in several areas. It has successfully diversified its economy to the point where the non-oil sectors account for 70% of the country's GDP, making the country less vulnerable to global oil price variations.

As the ruling families in the UAE enjoy a high degree of legitimacy, there has been little impetus to diversify the political system and expand participatory mechanisms for citizens. While the institutional capacity of governmental organs is continually augmented and improved, decision-making in the end remains completely centralized. Public attempts to petition the state are promptly suppressed. Internal security services are omnipresent, and current legislation prohibits any criticism of the state or anything that can be classified as damaging to the country's reputation. Since the outbreak of the Arab Spring protests in 2011, the UAE leadership has taken a determined stance against all forces associated with political Islam, viewing such movements as a direct threat to the stability of the country and the wider region. This has also led to the UAE increasing its involvement in regional affairs and its willingness to take a more confrontational approach to safeguarding what it considers to be its national interests. In particular, the UAE's involvement in Yemen and Libya has attracted increased criticism of its position. Simultaneously, the UAE, alongside Bahrain, was the first Arab Gulf state to normalize its relationship with Israel through the Abraham Accords in September 2020, recognizing Israel's sovereignty and establishing full diplomatic ties.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The UAE state has a complete monopoly on the use of force across all of its territory through various institutions. State authorities have made an extensive investment in staffing and technology, enabling security services to be omnipresent. The government regularly takes action against anyone suspected of potentially undermining the stability of the country, often pre-emptively. Particular attention is given to individuals or groups with an Islamist background, such as al-Islah, the UAE's branch of the Muslim Brotherhood. While UAE nationals receive long prison sentences or have their citizenship revoked, foreigners are either imprisoned, swiftly deported, or both, if they are suspected of engaging in any activity that could harm the country in any way. Restrictions on social media use have been significantly tightened since 2013.

Encroachment on UAE territory exists with regard to the dispute with Iran over three islands in Gulf waters (since 1971) and more recently in January 2022 as a result of drone and missile attacks by the Houthi group from Yemen. However, this has no impact on internal security. The overall result is a high level of domestic stability with no foreseen internal threat.

The Emirati population almost universally accepts the nation-state as legitimate. In 2014, the government implemented a national service program aimed at the country's youth population to cultivate values of national loyalty, identity and service to the state. Under the program, male UAE nationals between the ages of 18 and 30 are required to serve in the military, while females have the option to volunteer. Resolution No. 15 of 2022 establishes the terms of service as three years for male nationals without a high school diploma and 11 months for those with a diploma. Female service is limited to 11 months.

Overall, there is broad agreement regarding the concept of citizenship and who is entitled to be a UAE citizen. The Federal Authority for Identity and Citizenship (ICA) is responsible for matters pertaining to Emirati citizenship. To address both the demographic imbalance between nationals and non-nationals and to strengthen the

Question  
Score

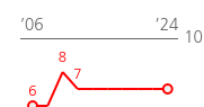
Monopoly on the  
use of force

10



State identity

7



national development process, the government approved several amendments to the “Executive Regulation of the Citizenship and Passports Law” in January 2021. These amendments now allow professionals such as doctors, scientists and other specialists to apply for UAE citizenship. While, in principle, citizenship is available to foreigners who have resided in the UAE for a minimum of 20 years, and the process has been improved through the 2021 amendments, the path to citizenship still remains somewhat arbitrary and subject to the discretion of the leadership on an individual basis.

While Article 14 of the constitution specifically guarantees “equality for all before the law, without distinction between citizens on the basis of race, nationality, religion, or social status,” there are unspoken and undefined criteria according to which ethnic or religious minorities are denied aspects of their civil rights as citizens of the country. For example, they may face limited access to employment in sensitive areas, such as security services. Furthermore, the UAE has previously revoked the citizenship of its own nationals who engage in illegal political activities, including membership in the banned al-Islah group. Additionally, there continue to be disparities between individuals who can prove Emirati descent and those who have obtained citizenship through naturalization, particularly concerning eligibility for UAE federal government benefits.

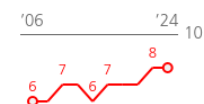
The UAE legal system is based on a set of mixed jurisdictions that include civil laws, Islamic legislation and common law. While the state functions as a secular order with modern institutions, the ruling elite uses Islam as a basis of legitimacy and has thus, in one form or another, integrated religious dogmas into the legal and political sphere. Islamic Shariah courts play an increasingly limited role, being largely confined to personal status cases such as divorce, child custody and inheritance.

In November 2020, the United Arab Emirates (UAE) announced a significant overhaul of the country’s Islamic personal laws. This includes allowing unmarried couples to cohabit, relaxing alcohol restrictions, and criminalizing “honor killings.” The reform grants foreign residents the ability to avoid Islamic Shariah courts on matters like marriage, divorce and inheritance. However, the UAE authorities still impose strict moral guidelines on public behavior and appearance, leading to situations where tourists and primarily Western residents inadvertently break the law. Additionally, the UAE Media Regulatory Office regularly censors content that it perceives as violating standards related to public consumption.

The UAE adopts a stringent position against extremism. It is part of the international coalition against the Islamic State (IS) group, and it has established various organizations and programs to combat violent extremism in all its manifestations, such as the International Institute for Tolerance, Hedayah and the Sawab Centers. Additionally, the government actively monitors sermons given in mosques to prevent the promotion of extremism. Generally, religious doctrines exert minimal influence on the actual governance procedures in the UAE.

No interference of religious dogmas

8



1

The UAE has a sophisticated and differentiated administrative system in place that is able to provide all basic public services throughout the country. Access to sanitation (99%), improved water sources (100%), and electricity (100%) are universal.

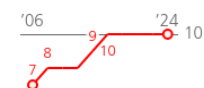
Despite this, the government undertakes continued efforts to improve and expand on currently available services. The UAE State Audit Institution is tasked with ensuring that government departments are managed efficiently, and a “Star System Rating” assesses government performance. A UAE Strategy for Government Services was released in March 2021, outlining 28 initiatives to be implemented by 2023. The objectives of the strategy include providing 90% of public services through a single digital platform and ensuring that by 2023, all government services will be accessible 24/7 from anywhere.

The overall goal is to make the UAE one of the top ten countries in trust in government, future readiness and smart services indices. Institutions like the Dubai Model Center (DMC) help government entities at the emirate level improve their level of service delivery. One direct result is the rising levels of trust and satisfaction that UAE citizens and residents express when it comes to governmental performance. According to the 2022 Edelman Trust Barometer, the UAE has an 87% trust rate. The survey showed a 9% increase for the country, while trust levels in other countries, including Germany, Australia and South Korea, experienced a significant decline.

One factor was the UAE’s performance during the COVID-19 pandemic. The UAE government issued its first alert of the virus outbreak even before the World Health Organization (WHO) declared it a public health emergency of international concern, also issuing a face mask requirement prior to the formal recommendation by the WHO. A detailed awareness campaign using digital services was executed, widespread testing centers were established, and the UAE reached one of the highest vaccination rates in the world at nearly 100% of the population. In addition, systems for remote learning and working were quickly implemented. The IMF also praised the UAE in its December 2022 review for what it called “its efficient handling of the economic fallout of the COVID-19 pandemic.”

There are also a variety of ways in which the public can engage with the government to identify social challenges. The Wyakom online platform was launched by the Department of Community Development (DCD) in the Emirate of Abu Dhabi in 2022, where nationals, expatriates and visitors can put forward solutions to existing problems. Similar mechanisms are also available in the other emirates.

Basic  
administration  
10



1



## 2 | Political Participation

The UAE does not conduct any elections at the executive level, so citizens do not have the right to change their government. Each of the seven individual emirates is ruled by a hereditary family, with the leader chosen from among the tribe's family members. The Supreme Federal Council, the highest federal authority, is composed of the rulers of the seven emirates and selects the president of the country. The current president, Mohammed Bin Zayed Al Nahyan, was unanimously confirmed by the Supreme Council in May 2022, following the death of his brother, Sheikh Khalifa.

Legislative elections are held for the Federal National Council (FNC). The FNC's powers are limited, with its official mandate being to deliberate over certain aspects of legislation. Thus, the FNC does not act as a balance to the government's executive functions. Elections to the FNC were introduced in 2006, with the last election held in October 2019 and the next election scheduled for October 2023. The elections themselves are restricted on two levels. First, citizens elect only half the candidates in their emirate, with the other half appointed by the respective ruling family. Second, the electorate is selected among designated UAE nationals, who are then allowed to vote for the candidates. In 2019, there were 337,000 eligible voters, representing about one-third of UAE nationals. Of that number, which equals approximately 25% of the total national population, just 35% actually cast a ballot in the 2019 election. For the October 2023 elections, a further expansion of the electorate is expected.

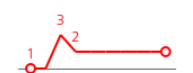
Overall, elections are carried out on the basis of executive decrees because a formal election law to guide the electoral process has never been issued. In terms of gender parity and women's empowerment, the government has mandated that 50% of FNC members should be women starting in 2019. However, there has been no expansion in participatory political rights over the reporting period, and this is also not expected in the near future.

The UAE rulers' supreme decision-making powers and their ability to govern without restrictions have remained stable since the country's independence in 1971. The ruling arrangements remain hereditary, and there are no indications that any form of elected government will be introduced. The combination of a small national population (approximately 1.4 million out of a total population of 9.8 million), significant financial resources (GDP per capita of \$62,574 in 2021), and the fact that the government has implemented a wide-ranging modernization program from which the population has benefited extends a high degree of legitimacy to the ruling families. This culminates in a strong societal consensus regarding their right to govern. While actual decision-making is highly centralized, ruling families continue to operate on a consensus basis, meaning that general societal considerations (e.g., the interests of business families, tribal issues) are taken into account. The fact that the ruling families are not democratically elected has in no way impacted their ability to govern.

Free and fair elections

2

'06 '24 10



Effective power to govern

1

'06 '24 10



Partially elected bodies, such as the FNC, have limited influence – although they can place issues on the public agenda, to which the government can then choose to respond. In practice, the FNC simply approves laws initiated by the government, with some debate but no objections being raised.

While the UAE constitution explicitly recognizes the right of assembly (Article 33), there are severe restrictions imposed on both the rights of assembly and association. Political organizations, political parties and trade unions are illegal. Permission is required before organizing public activities or joining regional and global networks, and the government regularly monitors all private activities of association members. In particular, since 2011 – the year of the outbreak of the Arab Spring – numerous organizations have been dissolved or banned, and others have seen their executive boards replaced with government appointees, such as the Jurists Association and the Teachers Association.

Members of the local Muslim Brotherhood al-Islah group have received lengthy prison sentences for endangering the country’s security. The country’s wide-ranging anti-terrorism legislation is used to detain both national and foreign citizens. When it comes to migrant workers, strikes are typically met with severe consequences; strike leaders are imprisoned and subsequently deported once they have served their sentences. Any efforts to organize are swiftly addressed before they gain traction, supported by an extensive surveillance operation.

Particular attention is paid to the digital domain, with UAE security services regularly monitoring social media activity and taking action against any opinions or posts deemed unacceptable by the government. In response to the COVID-19 pandemic, the UAE enacted a new federal law, “Combating Rumors and Cybercrime” (Law No. 34 of 2021), which criminalizes using the internet to plan, organize, promote or advocate demonstrations, marches and similar activities without obtaining a permit from the relevant authorities.

During the reporting period from February 2021 to January 2023, there were no challenges against the government by any civic groups. There were occasional protests by workers not receiving their salaries, but these were resolved through prompt government intervention.

While the UAE constitution guarantees all citizens “freedom to hold opinions and expression of the same” as well as “freedom of communication,” the reality on the ground is different. Current laws prohibit criticism of the ruler and any speech that may encourage or create unrest or threaten social cohesion. This includes anything judged as “damaging to the reputation of the country.” Anti-terrorism legislation provides for the death penalty or life sentence for any act judged to have been intended “to undermine the stability, safety, unity, sovereignty or security of the state.”

Association /  
assembly rights

2

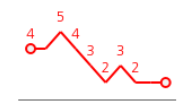
'06 '24 10



Freedom of  
expression

2

'06 '24 10



Most media in the country is government-owned, with the media landscape closely overseen by the National Media Council. Widespread censorship, including self-censorship, is prevalent. According to the 2022 World Press Freedom Index, the country is ranked 138th out of 180 countries, with its rating steadily declining in recent years. In its UAE country report from January 2023, Human Rights Watch states that the country has “expanded its surveillance capabilities, both online and through drone surveillance in public spaces.” In January 2022, amendments to nearly 40 laws addressing crime, punishment and cybercrime took effect. These laws continue to forbid criticism of rulers, any form of encouragement of social unrest, and criminalize verbal and written defamation as prosecutable offenses. Spreading rumors during the COVID-19 pandemic also carries penalties such as prison sentences or fines. In late 2022, UAE authorities detained an Egyptian individual who had urged protests against the government in Cairo. Although he was released in early 2023, similar incidents still occur.

UAE authorities employ extensive surveillance technologies against activists, both domestic and foreign. The country boasts one of the highest concentrations of surveillance cameras globally. These cameras were installed with assistance from companies in China, Israel and the United States. Numerous reports suggest that the UAE has additionally installed spyware on journalists’ mobile devices and utilizes applications like ToTok for various surveillance objectives.

### 3 | Rule of Law

Although a formal system of separation of powers exists within the UAE constitution, with executive, legislative and judicial organs of government, power in the UAE is solely concentrated in the individual ruling families. There is only minimal dispersion through the federal system or through the various government institutions. While the legislative and judicial branches of government can issue individual decisions, they rarely depart from the line prescribed by the executive.

The FNC functions as an advisory council and does not possess the power of legislative initiation. Additionally, there is no constraint on the executive in situations of dissent. The central role of members of the ruling families at all levels of government is reminiscent of a system of dynastic polities. Moreover, there is no clear dividing line between the public and private sectors, with many members of the ruling families involved in private business.

The UAE’s specific federal structure allows for a certain degree of power separation at the emirates’ level. Abu Dhabi and Sharjah each have regional National Consultative Councils that carry out tasks and responsibilities similar to those of the FNC. However, their influence on the policy process is significantly limited.

Separation of powers

2

'06 '24 10



According to Article 94 of the constitution, “judges shall be independent and shall not be subject to any authority but the law and their own conscience.” In practice, however, court decisions are subject to review by the political leadership. The 1983 Federal Judicial Authority Law No. 3 grants the executive the authority to establish courts and to appoint and transfer judges, thereby violating the principle of separation of powers. Other issues in the judicial realm include the lack of clear jurisdiction (with federal courts existing in all emirates except for Dubai and Ras al-Khaimah, where only local courts are allowed); the application of arbitrary and unlimited detention; a lack of clear laws in areas such as fraud, personal and corporate bankruptcy, and layoffs; and a limited right to legal counsel for defendants.

Judges in the UAE are appointed by the president of the country based on the recommendation of the Supreme Judicial Council (SJC). The SJC is responsible for overseeing the appointment, promotion and discipline of judges. Prosecutors are appointed by the attorney general, who is also appointed by the president. Judges and prosecutors primarily receive their training at the Judicial Institute, which is responsible for providing continuing education and training programs. The Judicial Institute provides courses on a range of legal subjects, such as criminal law, civil law and Shariah law.

State security courts are used in cases of violations of anti-terrorism legislation, which gives the government wide leeway in terms of applying such laws.

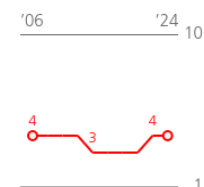
International criticism is acknowledged, but pledges to implement reforms are rarely followed up. The UAE judiciary is ranked 38th out of 140 countries globally, according to the 2022 World Justice Project’s Rule of Law Index. This ranking represents a decline of 7 places from its 2019 ranking. In the subcategory of constraints on governmental power, the UAE ranks 58th, while its ranking for open government comes in at 127.

The government undertakes regular reviews of its legal system, and in 2021 and 2022, numerous legal reform steps were enacted. A September 2022 directive from the UAE Ministry of Justice allowed for the principle of reciprocity when it comes to foreign judgments in English courts, which is seen as a significant step toward enhanced judicial cooperation. However, these reforms are aimed at ensuring that the legal system remains responsive to new developments and circumstances, rather than fundamentally changing the structure of the system itself.

The constitution states that protecting public resources is the duty of every UAE citizen, and UAE ministers are prohibited from engaging in private dealings with the government while in office. The government has the necessary means to investigate and punish abuse as well as corruption and has taken steps to eradicate such practices. The UAE government website unequivocally asserts that corruption is not tolerated in the public or private sector and explicitly forbids government employees from soliciting, requesting or accepting any gifts or bribes. An Audit Bureau was established in the 1990s to address abuses of power, and a comprehensive anti-corruption law is currently in effect.

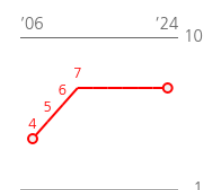
#### Independent judiciary

4



#### Prosecution of office abuse

7



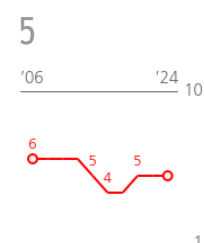
As a result, the UAE is ranked 19th out of 140 countries in terms of the absence of corruption in the 2022 Rule of Law Index of the World Justice Project, ahead of countries such as France and the United States. The UAE regularly issues legal reforms. In June 2021, the UAE’s central bank introduced new guidance procedures that require all UAE financial institutions to file suspicious activity or transaction reports with the UAE’s Financial Intelligence Unit in cases of suspected money laundering or terrorist financing. Additionally, the UAE media frequently publicizes and reports on anti-corruption efforts.

International organizations acknowledge that progress is being made in eliminating corrupt practices, but there are also continued reports about money laundering practices and other criminal activities. In December 2022, the European Parliament launched a formal probe into corrupt practices associated with charges of influencing EU Members of Parliament. In March 2022, the Financial Action Task Force (FATF) placed the UAE on its list of jurisdictions under increased monitoring, citing “strategic deficiencies” in anti-money laundering legislation. Moreover, the country has come under criticism for allowing Russian individuals and companies to circumvent international sanctions on Russia as a result of the war on Ukraine, with U.S. officials warning in January 2023 that this could result in the UAE losing access to G-7 markets. Much of the criticism centers on the real estate market, particularly in Dubai. The fact that judicial decisions are subject to political review means that corruption is ignored or overlooked in some cases.

The freedom of worship and religion, freedom of opinion, freedom of movement and residence, and the right to assemble – albeit within the limits of the law – is guaranteed in articles 29 through 34 of the UAE constitution. While UAE officials have repeatedly stressed their commitment to protecting those rights, and while the UAE’s population is free to pursue individual goals and interests, civil liberties are quickly curtailed by the authorities if any political motivation is suspected or if internal stability is seen as being threatened in any way. This applies to both UAE nationals and non-nationals. Many such cases have been prosecuted under existing anti-terrorism laws, resulting in lengthy prison terms, withdrawal of citizenship, deportation and being barred from entering the country due to political views or published works. In January 2022, an updated cybercrime law went into effect that also criminalized spreading “false” and “misleading information.”

In terms of the large groups of migrant laborers and female domestic workers, instances of abuse and exploitation exist, although the state has taken numerous legislative steps to prevent such practices. At the end of 2021, the government reformed the labor law, which included removing particular exit requirements or no objection certificates for foreign workers and allowing movement between employers. The overall kafala (sponsorship) system, which has been widely criticized for depriving blue-collar guest workers of fundamental rights, remains, however, in place. The UAE is still not a signatory to major international human rights

#### Civil rights



instruments, such as the International Covenant on Civil and Political Rights or the International Covenant on Economic, Social and Cultural Rights. Reports of labor abuses were also listed in connection with the EXPO 2020 held in Dubai in 2021.

Due to the composition of the population, mainly comprising expatriates from over 200 nationalities, the UAE has implemented numerous initiatives to promote a culturally tolerant society. Alongside the creation of a ministerial position for tolerance and coexistence at the cabinet level, the country hosts Christian churches, a Hindu temple and a Sikh Gurdwara. Moreover, in February 2022, the Community Development Authority in the Emirate of Dubai officially licensed the Jewish congregation “Gates of the East.” In March 2023, the government-sponsored “Abrahamic Family House” will unveil the first synagogue, alongside a mosque and a church, on a single site.

Discrimination based on gender, sexual orientation, ethnicity and race does exist, but it occurs mostly behind the scenes rather than in the public sphere.

#### 4 | Stability of Democratic Institutions

The UAE represents an authoritarian government, with power completely centralized within the ruling families of the individual emirates. Democratic institutions, such as the semi-elected Federal National Council, only perform their function within the limits of the central government and therefore act almost exclusively in an advisory capacity.

Nevertheless, some caveats to these statements can be put forward. The ruling families themselves are seen as highly legitimate, and there is strong support for the performance of government institutions. Government strategies outlined by the president of the UAE, Mohammed bin Zayed Al Nahyan, and the prime minister, Sheikh Mohammed Bin Rashid Al Maktoum, continuously stress the need to improve government performance.

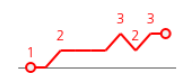
Overall, the system of government is viewed as highly efficient, with little friction. There is also no unified effort to establish extensive political reforms since UAE citizens are generally satisfied with the process of making and implementing political decisions. This sentiment also extends to expanding the electorate for the nation’s parliament.

Given that there are no democratic institutions, such as a freely elected parliament, political parties or strong civic organizations, established to act as a check on government performance, the question of how those institutions are accepted as legitimate does not arise. Instead, all government statements emphasize efficiency and the delivery of progress, rather than building democratic institutions or gradually expanding political rights. UAE officials have also repeatedly stated that a democratic system of government is not compatible with the traditions of the UAE and Arab Gulf states.

Performance of democratic institutions

3

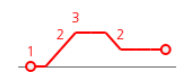
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Commitment to democratic institutions

2

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## 5 | Political and Social Integration

The formation of political parties in the UAE remains prohibited, with the argument that they were polarizing entities that would threaten the unity of the state and the cohesiveness of society. In the absence of political parties, the formation of societal consensus takes place through established patron-client networks. The UAE leadership is adamant that such existing arrangements are wholly sufficient to articulate societal interests. Any attempt to organize politically is immediately suffocated and stopped.

In September 2021, four UAE nationals were placed on a terror list after they formed a movement against the normalization of ties with Israel. The government took immediate action, despite the fact that the individuals themselves were already living in exile.

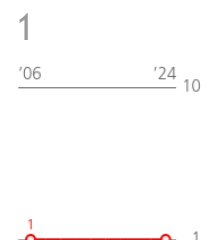
Nevertheless, there is an awareness within the government that, as the population grows and becomes more diverse, the process of governance also needs to adjust. One mechanism that the government uses is a continual review of government policies, with an emphasis on how the government can improve the delivery of services and its responsiveness. However, these are exercises that take place at irregular intervals without formal input from outside sources.

Interest groups, in the context of civil society, operate in various social arenas but have no impact on the governing system. Overall, associational life remains weak, and the public space between the nuclear family and the state is sparsely populated. Engagement on social issues is encouraged, but any form of political association will be curtailed. Furthermore, any forms of public advocacy are strongly discouraged.

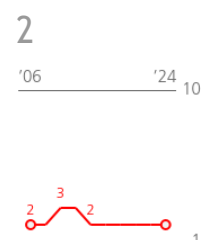
The government controls the registration process and actively interferes in the work of organizations, especially since the 2011 Arab Spring. The board of the UAE Jurists' Association was disbanded in 2012, and the licenses of several foreign non-governmental organizations were canceled.

What the government instead encourages is a variety of platforms for community and social engagement. For example, a 2021 NGO law in the Emirate of Abu Dhabi allows for the licensing of NGOs that are dedicated to the improvement of community services. Digital platforms, such as Wyakom and the 50x50 initiative, have also been established where both citizens and non-citizens can put forward ideas on this front. Government-supported initiatives also exist, such as the \$17 billion Global Fund for Sustainable Development, which supports the U.N. Sustainable Development Goals (SDGs), or the Big Heart Foundation, which supports other humanitarian NGOs working in developing countries.

### Party system



### Interest groups



Survey data on the attitude of the national population toward the concept and idea of democracy is difficult to come by. The Arab Barometer, which regularly conducts polls of attitudes toward democracy in the Arab world, does not include the UAE. According to the 2022 Arab Youth Survey, which includes UAE youth, 57% of youth in the Gulf region agreed with the statement that “democracy will never work in the Middle East.” The survey also revealed the overall sentiment that stability in their country was a higher priority than promoting democracy.

The government itself promotes the idea that democracy in its western form would not be compatible with the UAE political system and has insisted on a gradual, managed form when considering how to expand some aspects of political participation. This viewpoint is widely accepted by the UAE population, which does not want to endanger its secure and comfortable lifestyle by pushing for political reforms, as witnessed in several Middle Eastern states after the outbreak of the Arab Spring in 2011. The same survey also found that 68% of youth in the Gulf agreed with the statement that “young Arabs like myself have more rights and freedoms today because of the Arab Uprisings.”

The 2022 Edelman Trust Report lists the UAE as the second-most trusted government in the world, with 87% of respondents expressing trust in the government. Overall, the government is seen as highly effective in solving societal problems and implementing strategies that yield results. This trust is also reflected in optimism for the years ahead, as surveys like the 2022 Arab Youth Survey indicate that 72% of individuals in the Gulf region believe their lives will be better than those of their parents.

There is a very high level of trust among UAE citizens, which results both from the growing consolidation of the UAE as a single country and from citizens’ need to differentiate themselves from the rest of the population – about 85% of which is composed of expatriate laborers. The government places great emphasis on strengthening UAE national identity, particularly with regard to the nation’s youth. None of these programs have, however, led to the establishment of autonomous associations that reflect a variety of societal interests.

In conjunction with government initiatives, there is a strong commitment to volunteerism in the country. Platforms like Takatof and Sanid, both established by the Emirates Foundation, promote the culture of volunteering. Institutions such as the Emirates Volunteer Academy and the Dubai Volunteer Center have been established.

Approval of democracy

n/a



Social capital

6





## II. Economic Transformation

### 6 | Level of Socioeconomic Development

The UAE ranked 26th in the UNDP’s 2021 Human Development Report and falls within the “very high” overall development category, with a score of 0.911 – an ongoing improvement from previous years. It secured the 11th position on the 2021 Gender Inequality Index (GII), scoring 0.049.

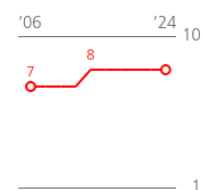
Despite inflationary pressures in 2022 as a result of the COVID-19 pandemic, the UAE continues to prioritize and invest in its economic development. This is largely due to its ongoing revenue generation from oil exports. Poverty and economic inequality affect only a small portion of the population. In 2022, the Gini index saw a significant improvement, decreasing from 32.5 in 2014 to 26.0. The 2023 annual federal budget allocates 39.3% of funds to social development and benefits and an additional 7.6% to health care provision. In January 2023, Prime Minister Sheikh Mohammed Bin Rashid Al Maktoum stated that the UAE is ranked among the top five countries globally across 339 development, economic and social indicators.

A distinction needs to be made regarding the country’s substantial blue-collar, unskilled foreign labor force, as it remains largely excluded from the wider social safety net. Labor market reforms have been introduced, including a wage protection system and the ability to move among employers. At the same time, international reports continue to highlight numerous abuses in the treatment of foreign labor, including with large-scale events such as the Dubai Expo held in winter 2021/2022. In this domain, it can be said that poverty and inequality are structurally ingrained, given that the wage structure does not allow individuals to escape their servitude.

Question  
Score

Socioeconomic  
barriers

8



Economic indicators		2019	2020	2021	2022
GDP	\$ M	417989.7	349473.0	415021.6	<b>507534.9</b>
GDP growth	%	1.1	-5.0	3.9	<b>7.4</b>
Inflation (CPI)	%	-1.9	-2.1	0.0	<b>4.8</b>
Unemployment	%	2.3	4.3	3.1	<b>2.8</b>

Economic indicators		2019	2020	2021	2022
Foreign direct investment	% of GDP	4.3	5.7	5.0	<b>4.5</b>
Export growth	%	-1.3	-7.0	-	-
Import growth	%	-5.5	-6.4	-	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	26.8	41.1	35.9	<b>31.1</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	1.0	1.6	0.7	-
Tax revenue	% of GDP	1.0	0.7	0.5	-
Government consumption	% of GDP	12.3	14.5	-	-
Public education spending	% of GDP	3.9	4.0	3.9	-
Public health spending	% of GDP	2.2	3.5	-	-
R&D expenditure	% of GDP	1.3	1.5	1.5	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

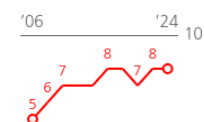
## 7 | Organization of the Market and Competition

The UAE has implemented a wide-ranging economic liberalization strategy over the past decades that is largely based on market competition. While the majority of government revenue still comes from oil exports, the government's economic diversification efforts have increased the share of non-oil sectors to 72.7% in 2021, a slight increase of 1% over the previous year. In 2022, the non-oil sector recorded a growth of 7.6% in the post-COVID pandemic recovery period. Nevertheless, the hydrocarbon sector remains central to the overall health of the economy.

As in previous reporting periods, numerous reform projects were announced in 2021 and 2022, focusing on the introduction of corporate taxes, phasing out business fees and energy subsidies, as well as labor market reforms such as the introduction of an unemployment insurance program and twelve new work permit regulations. The reforms also eased labor bans in place when transferring employment and provided better protection from discrimination in the workplace.

Market organization

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There are still some limitations, including the involvement of members of the ruling family in economic activity and the maintenance of some exclusive agency distribution agreements. The regulatory and legal framework continues to favor local Emirati investors over foreign investors, although there are no restrictions on the repatriation of capital. Numerous industries have opened for 100% foreign ownership, including renewable energy, transport and logistics, and manufacturing. Foreign ownership of land and stocks remains restricted.

The UAE does have a sizable informal economy, with the World Bank Prospects Group estimating the size at just above 20%.

The UAE can be characterized as a state-controlled duopoly with some remaining monopolistic tendencies. Exclusive distribution agreements allow key merchant families in the UAE to maintain a substantial degree of control over key economic activities and sectors. Furthermore, sectors such as financial services, oil and gas, electricity and water, as well as any entities controlled by the UAE or emirate-level governments, remain protected. Independent institutions to protect competition do not exist.

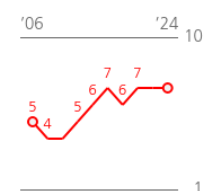
The government, however, is shrinking the number of sectors it protects. In 2019, a new commercial law opened 13 economic sectors – including transport, renewable energy, manufacturing, agriculture, education and health care – to 100% foreign ownership. In December 2021, the government announced plans to remove existing monopolies on imported goods for certain merchant families. As a result, existing commercial agency agreements would no longer be automatically renewed, and foreign firms now have the opportunity to distribute their own goods or change their local agent. Furthermore, adjustments to the UAE company law mean that foreigners opening a company no longer require a UAE shareholder or agent. While these reforms provide additional access to the UAE economy, they do not eliminate the monopolistic practices in place for clientelist purposes.

The UAE is an active member of the World Trade Organization (WTO), having joined in 1996, and trade is considered a crucial component of the UAE's economic diversification strategy. The UAE is classified as having an open trade regime with low tariffs and minimal non-tariff barriers to trade. In 2016, the UAE became the first Arab country to ratify the WTO's new Trade Facilitation Agreement. Additionally, the UAE actively participates in the Doha Development Agenda, putting forth proposals for the elimination of tariffs and non-tariff barriers.

The country's most-favored nation applied tariff rate was 3.6% in 2020, according to the World Bank. Access to the UAE market is based on the Gulf Cooperation Council (GCC) Common External Tariff, which has been set at 5%. While the UAE's Trade Agencies Law reserves import and distribution activities to so-called UAE agents, the country's primary export centers are free zones that are exempt from the licensing, agency and national majority-ownership obligations that apply to the domestic economy. The WTO has not identified any export subsidies, and trade restrictions are usually applied on safety, religious or moral grounds.

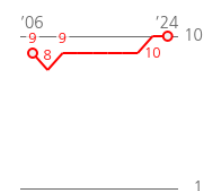
### Competition policy

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### Liberalization of foreign trade

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The UAE continues to develop its trade relationships, with increased emphasis on Asia and Africa. As part of the Dubai Economic Agenda “D33,” the emirate plans to establish future economic corridors with Africa, Latin America and Southeast Asia. Economic links with Qatar have been restored, and the UAE played an important logistical role during the 2022 World Cup, with more than 1 million visitors coming to the UAE. In April 2021, a national export development policy was approved to support the country’s foreign trade opportunities. Furthermore, a national agenda for non-oil export development, which includes opening access to 25 new markets, went into effect in June 2021.

The UAE signed Comprehensive Economic Partnership Agreements (CEPAs) with India, Indonesia and Israel in 2022 to eliminate tariffs on most goods and increase bilateral trade. These agreements are seen as more comprehensive than free trade agreements because they also cover the service sector.

The UAE’s banking and capital market system is highly developed, with 23 local and 28 international banks, including BNP Paribas, Deutsche Bank, HSBC and UBS. There are also 22 financial investment companies and 140 exchange houses. The banks can be divided into four broad categories: commercial, investment, Islamic and industrial.

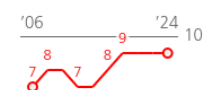
The foreign assets of the UAE central bank stood at \$136.1 billion at the end of January 2023, with the aggregate capital and reserves of banks operating in the country totaling \$112 billion. Additionally, both the tier 1 capital ratio, at 16.3%, and the capital adequacy ratio, at 17.5%, were well above the 13% requirement as of the third quarter of 2022. The UAE adheres to the directives of the Basel accords, and the central bank issues regulatory notes to the banking sector for the implementation of all related compliance rules.

Following the period of the COVID-19 pandemic, the banking sector in the UAE performed well in 2022, with a 7.9% growth in aggregated assets and a 9.5% increase in total assets, reaching \$596 billion. Risks persist due to certain banks’ involvement in the volatile construction and real estate sectors; however, the ratio of non-performing loans to gross loans declined to 6.9% in 2022, compared to 7.6% two years prior.

Overall market capitalization remained high at \$862.6 billion, with the Abu Dhabi Stock Market at \$704.0 billion and the Dubai Stock Market at \$158.6 billion. The UAE entered the international bond markets in 2021 and 2022, with sales totaling \$7 billion.

Banking system

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## 8 | Monetary and fiscal stability

The central bank oversees the monetary system in accordance with Federal Law No. 10 of 1980, which mandates the central bank to enforce laws and regulations and propose policies that support the economic goal of stable prices and low unemployment. The central bank has its own board of directors and generally operates independently of the government, with no interference in the setting of interest rates or the printing of money, for example. However, its institutional independence is somewhat constrained by government directives.

In 2022, the UAE witnessed rising inflationary pressures as a result of increased oil and commodity prices stemming from the Russian invasion of Ukraine. The rise of interest rates in the United States and tightening monetary conditions also had an impact, given the UAE's continued peg to the U.S. dollar. The CPI inflation rate stood at 4.8% during 2022, but consumer prices remained below the global average inflation. The UAE central bank followed the U.S. Federal Reserve in their rate hikes, with the UAE rate reaching 4.4% at the end of December 2022. Despite repeated suggestions that the UAE switch to a floating exchange rate, there are no government plans to abandon the currency's peg to the U.S. dollar.

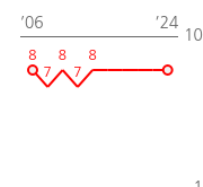
Ensuring macroeconomic stability is a cornerstone of government policy. Over the last two decades, the UAE has made large-scale investments in infrastructure and service development, as well as maintaining a sustained economic diversification process. These efforts have led to the UAE being recognized as the most competitive economy in the Middle East, according to the 2022 Competitiveness Report by the International Institute for Management Development (IMD), where it holds the 12th position. Additionally, in the Global Competitive Report by the World Economic Forum, the UAE is ranked 25th globally.

Following a decline in its GDP by 9.9% in 2020 due to the COVID-19 pandemic, economic growth returned at 3.8% in 2021 and 5.0% in 2022. On all economic measures, the UAE recovered from the previous period, with the public debt-to-GDP ratio standing at 30.74% in 2022 after reaching 36.3% in 2020. Spending in the 2022 federal budget was increased by \$335 million due to higher-than-expected income from oil revenues.

Fiscal reforms introduced in 2022 included the implementation of a corporate income tax to be enacted in 2023 and the gradual elimination of business fee structures. The government remains committed to prioritizing debt sustainability and fiscal consolidation.

### Monetary stability

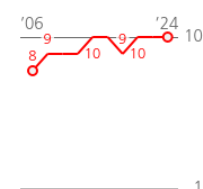
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### Fiscal stability

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## 9 | Private Property

The UAE opened the property sector to both nationals and foreign residents in the early 2000s. Since then, formal legislation has continuously defined property rights, regulations for property acquisition, benefits and conditions for use and sale with increasing specificity. UAE nationals have the right to own property anywhere within their emirate, while expatriates, including those from GCC countries, are limited to freehold areas. Property laws are enacted and enforced at the local emirate level and are not subject to federal law. Ongoing reforms are being implemented to further promote investment in the country's real estate sector. In 2022, Abu Dhabi introduced a new property law that aimed to regulate off-plan sales and included provisions for the establishment of owner committees.

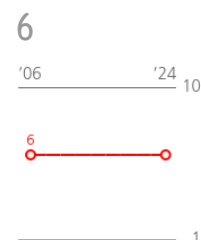
In November 2022, the Sharjah Executive Council passed a decision that would allow full property ownership rights with no time restrictions and be open to all nationalities. The announcement regarding the official implementation of the law has not been made.

Despite numerous updates, many aspects of the legal environment regarding property rights remain inadequately defined. These issues include a lack of transparency associated with canceled projects, unclear guidelines on procedures for the resale of land, and the absence of a reliable dispute-resolution mechanism. It is essential to note that, generally, individuals do not own the land on which their property is located. Therefore, the right they hold is contractual rather than based on ownership.

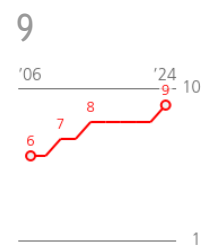
Within the context of its economic diversification strategy, the UAE prioritizes expanding and strengthening the role of the private sector. The UAE takes pride in offering a business-friendly environment with minimal bureaucracy and, as a result, imposes only minor restrictions on private companies. Emirates Airlines and Dubai Ports World (DP World) serve as examples of the success of this approach, demonstrating that UAE companies are capable of global competition.

Privatization processes are primarily conducted based on market principles, and the government has initiated the opening up of numerous state assets for investment. In March 2022, the Dubai emirate commenced the sale of shares for the Dubai Electricity and Water Authority, followed by offers for business park operator TECOM, road toll operator SALIK and DP World. Similarly, in Abu Dhabi, steps have been taken to privatize companies such as the Abu Dhabi Ports Group, ADNOC Distribution and Drilling divisions, and the petrochemical company Borouge. Additionally, the government persists in pursuing extensive public partnerships in the infrastructure, education and waste management sectors. Overall, the strategy of granting outside investors access to state assets is projected to continue in the coming years.

### Property rights



### Private enterprise



A key concern remains the fact that many seemingly private enterprises are owned by the government or have a ruling family as their primary shareholders. This, in turn, raises issues of transparency and conflicts of interest, as well as opacity in corporate decision-making. The practice of large UAE business families holding oligopolistic positions over certain business sectors is changing, as the government announced in late 2021 that it would begin removing some of the monopolies in place. In essence, a functioning market economy continues to be seen as key to ensuring the stability of the country and preventing political discontent.

## 10 | Welfare Regime

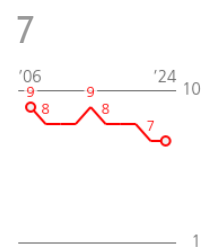
The UAE offers its citizens a comprehensive welfare system, including social security benefits, free or subsidized housing, a well-developed health care system, educational opportunities, including scholarship programs and a wide array of other subsistence assistance. The 2023 federal budget allocates a substantial part to social development and assistance, with 39.3% or \$6.5 billion, education receiving 27% or \$2.65 billion, and health care at 10.6% or \$1.30 billion.

A social welfare program for UAE citizens with income less than 25,000 UAE dirhams monthly (approximately \$6,780) was restructured in July 2022 with increased allowances and an expansion of the program to cover education and housing costs. At the start of 2023, mandatory national unemployment insurance was introduced to encourage UAE citizens to enter the private sector. Health insurance is also mandatory, primarily based on a private system. In total, the social welfare budget was doubled from \$3.8 billion to \$7.6 billion.

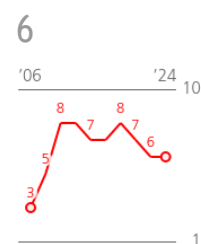
Non-nationals are not covered by the social security benefits extended to UAE nationals. During the COVID-19 pandemic, many expatriates left the country because they could no longer support themselves. The government responded by passing reforms of personal status laws, offering more flexible visa arrangements, and making changes to the labor law, including the provision of unemployment insurance. A non-Muslim family law, which covers marriage, divorce and inheritance, came into effect at the end of January 2023.

There are no formal restrictions in place for UAE citizens regarding access to employment opportunities, education or public services. However, certain limitations exist in terms of the distribution of government positions and access to employment opportunities. In these cases, tribal affiliation or family, ethnic, or religious background can play a role. Given the emphasis on national employment and the development of a knowledge economy, merit-based considerations are increasingly applied at various levels of government. National unemployment does exist, but it is the result of citizens preferring public-sector employment over the more competitive private sector, rather than insufficient employment opportunities.

Social safety nets



Equal opportunity



Male and female literacy rates are high: 96.2% for males and 94.5% for females in 2019, due to numerous educational opportunities. Developing the educational system and its output was identified as one of the five core priorities of the government for 2023 by Prime Minister Sheikh Mohammed Bin Rashid Al Maktoum during the first cabinet meeting of the year on January 2, 2023.

Female participation in the labor force has risen and reached 47% in 2021, according to the World Bank. Women have steadily expanded their role in all aspects of UAE society and the economy, and the government has supported their inclusion through such institutions as the Gender Balancing Council and the National Strategy for the Empowerment of Women.

The UAE ranks 68th out of 146 countries in the 2022 Global Gender Gap Index of the World Economic Forum overall but holds a leading position in the category “Women in Parliament,” with its 50% quote for female deputies – a worldwide leading number. As of January 2022, there are nine female ministers out of a total of 33 in the UAE cabinet. The UAE made the topic of Women, Peace and Security (WPS) a core aspect of its U.N. Security Council Membership in 2022 and 2023, including signing an agreement with the U.N. Department of Political and Peacebuilding Affairs (DPPA) to support the implementation of the WPS agenda.

Discrepancies persist concerning foreign blue-collar workers, as many live and work under the conditions of the kafala system and are heavily dependent on their employers or sponsors. Progress has been made in terms of unpaid or delayed wages with the introduction of a Wage Protection System but abuses also persist.

## 11 | Economic Performance

The UAE economy has recovered well from COVID-19, benefiting also from the rise in worldwide energy prices, which led to increased revenue streams. The GDP stood at \$415.3 billion at the end of 2021, when the economy had grown by 3.8%, following the contraction of 7.3% in 2020. Growth continued to pick up, with a growth rate of 7.6% for 2022.

Public debt declined from 41.1% in 2020 to 35.9% in 2021, which is, however, still considerably higher than in 2014 (13.8%). Tax revenues remained low at 0.5% of GDP in 2021. Gross capital formation was 22.2% of GDP in 2020, which is the latest year available.

While the country has also experienced inflationary pressures, its CPI inflation rate of 4.8% in 2022 remained below the global average – seen as a result of the war against Ukraine and the aftermath of the pandemic. The overall position of the economy in terms of price stability, low debt levels and current account balance remained stable.

Output strength

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GDP per capita remained high at \$62,574 in 2021, with an unemployment rate of 3.5% for the same year. Foreign direct investment stood at \$20.7 billion for 2021 (5% of GDP), a 4% increase from the year before (while a relative decrease from 5.7% of GDP in 2020 due to the considerably smaller absolute GDP in the COVID-19 year of “only” \$349.5 billion, after \$418.0 billion in 2019 and \$427.0 billion in 2018). The International Monetary Fund stated in November 2022 that the outlook for the UAE economy was positive.

The UAE remains the second-largest Arab economy after Saudi Arabia. Diversification efforts have led to 70% of the country’s income coming from non-oil sources, with particular growth being seen in non-oil sectors such as tourism and construction in 2021 and 2022.

## 12 | Sustainability

Environmental protection and sustainability were among the five priorities for 2023, identified by Prime Minister Sheikh Mohammed bin Rashid Al Maktoum in January 2023. The government acknowledged that the challenges to its natural environment are “immense” with the country’s large carbon footprint, waste generation, air pollution, land degradation and desertification listed among the key challenges.

The UAE’s National Climate Change Plan (2017 – 2050) serves as a comprehensive framework to combat the challenges of climate change. The focus is on managing greenhouse gas emissions, expanding environmental governance, and establishing mandatory and voluntary mitigation and adaptation targets. In 2016, the Ministry of Environment and Water was renamed the Ministry of Climate Change and the Environment. To advance climate change data collection, a UAE Climate Change Research Network was established in January 2021. In October 2021, the UAE launched the “UAE Net Zero by 2050 Strategic Initiative” as part of its commitment to achieve net zero carbon emissions by 2050. This initiative is coupled with an investment in renewable energy totaling over \$160 billion.

As a key event, the UAE is hosting the COP28 meeting in November 2023. The appointment of Sultan Ahmed al-Jaber, head of the Abu Dhabi National Oil Company, as president of the climate summit received criticism. However, his position reflects the UAE’s pursuit of a policy of climate neutrality within the context of economic growth, and it does not see the two strands as contradictory.

The UAE is a signatory to the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Flora and Fauna (CITES), the United Nations Convention to Combat Desertification (UNCCD), the Convention for Cooperation on the Protection of the Environment from Marine Pollution and the Law of the Sea (UNCLOS), and it was the first Arab Gulf state to sign and ratify the Paris Climate Accord.

Environmental  
policy

6



The UAE government has made education development a core objective of its policies and provides significant resources to achieve this goal. The overarching aim is to completely transform the education system into a first-rate one. Currently, the UAE offers its citizens free comprehensive education, ranging from kindergarten to university. As of 2019, the overall literacy rate in the country stands at 95.5%.

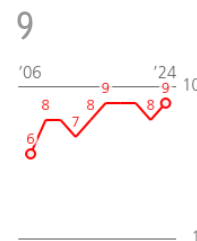
A national strategy for higher education with 33 specific initiatives was launched in November 2017 as a trailblazer for the knowledge-based economy, and reforms have also been implemented at the primary and secondary education levels. Bodies such as the Abu Dhabi Education Council or Dubai's Knowledge & Human Development Authority shall ensure high accreditation and teacher qualification standards.

The UAE hosts branch campuses of over 40 leading international universities, in addition to recognized national institutions such as Emirates University, Zayed University and the Higher Colleges of Technology. The country's advancements in education are reflected in a steady increase in the U.N. Education Index, reaching a score of 0.860 in 2021, making it the 11th among all 139 BTI countries, alongside Georgia. In the Global Knowledge Index 2022, the UAE ranked 25th as the best-performing country in the Middle East.

With 15.5%, education received the largest portion in the 2023 federal budget once again, amounting to \$2.65 billion. The UAE Strategy for Talent Attraction and Retention, announced in 2022, aims to further promote the UAE as a preferred destination for living, working and investing.

Also in 2022, the Ministry of Education announced numerous educational goals for the "Next 50," including transforming schools into "incubators for entrepreneurship" and focusing on applied education, particularly in the fields of advanced science and technology. In September 2021, the UAE had already announced a Research and Development Governance Policy, along with the establishment of a Research and Development Council, to enhance the performance of the country's science and technology sector.

Education policy /  
R&D



## Governance

### I. Level of Difficulty

The structural constraints for the UAE's governance ability are minimal. The ruling families have a basic monopoly over the decision-making process and possess the necessary tools for effective policymaking, including abundant natural resources and a small national population.

Constraints stem from the UAE's natural environment and geographical location. Because of the desert conditions, the UAE heavily depends on desalination for its water supply and on importing much of its food supply. Climate change patterns, such as rising temperatures and the increased frequency of dust storms, impact both the people and the economy. Geostrategically, the UAE must contend with its two significantly larger neighbors, Saudi Arabia and Iran. The adjacent Strait of Hormuz, through which up to 30% of the world's oil production is shipped, is a strategic hotspot. Drones and missile attacks by Houthi militias from Yemen have highlighted the rising threats from emerging military technologies.

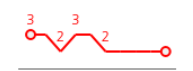
Given the volatile regional environment, the UAE cannot protect itself on its own but is dependent on external partnerships. This means, for the moment, primarily the United States, although the country is undertaking a pursuit of foreign and security policy diversification.

While there exists strong social trust between the government and its citizens, including widespread civil society engagement within the context of community service in the UAE, there is an even stronger determination by the government to restrict any political engagement by civil society organizations or any attempt to interfere with the political process by any force outside of the official structures. In particular, since the 2011 Arab Spring, the government has actively moved against any institutions or movements that it sees as infringing on its political authority. This includes primarily members of the al-Islah movement (the local branch of the Muslim Brotherhood) but affects potentially anyone who is seen as questioning the government's authority, including foreign citizens. Security services act quickly, and persons detained are subject to long prison sentences, deportation in the case of foreigners, or even the revoking of citizenship for UAE nationals.

Structural constraints

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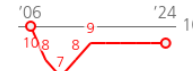


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Civil society traditions

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The government frequently urges citizens and residents to contribute to the overall safety of the community, although all involvement is closely monitored and controlled. The number of institutions that are considered part of an active civil society is limited, comprising only a few professional associations and voluntary groups. Instead, the establishment and preservation of social trust are achieved through personal relationships rather than through institutionalized organizations.

Given the omnipresence of security services, there is no mobilization of large groups of the population or the widespread use of violence in the country. Politics is conducted largely on a consensual basis, and among the national population, there is a strong feeling that the government is responsive to their needs. Any potential for confrontation is quickly acted against.

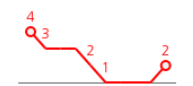
The overall crime rate is very low, although there are occasional incidents involving gang-style groups engaged in human trafficking or altercations within expatriate groups. For example, in July 2022, there was a clash of armed men from Africa on the streets of Dubai. However, the overall potential for future violence remains low due to the high legitimacy of the government and the close-knit coherent national identity that the large majority of the population supports.

The UAE is considered a target for extremist groups due to its tough stance against Islamist movements and its participation in the international coalition fighting the Islamic State (IS). Additionally, the UAE's involvement in the war in Yemen has made it a target for the Houthi movement, as evidenced by a drone attack in Abu Dhabi in January 2022 that resulted in three fatalities. However, the most significant strategic threat to the UAE comes from Iran. Iranian officials consistently issue threats against the UAE, including recent ones related to the UAE's signing of the Abraham Accords with Israel and its potential cooperation with the United States in launching strikes against Iran from UAE territory. In 2019, UAE tankers were targeted in attacks believed to be carried out by Iranian aggressors, and in 2022, the Houthis captured a UAE vessel off the coast of Yemen.

Conflict intensity

2

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## II. Governance Performance

### 14 | Steering Capability

The UAE maintains a clear sense of its priorities in terms of economic development and the overall strategic direction of the country. Decisions regarding political transformation are contingent upon their impact on regime security. All government agencies engage in regular strategic planning processes, which are subject to review and adjustment as necessary. This process occurs at both the federal and individual emirate levels.

Individual emirates are guided by strategic documents, such as the “Abu Dhabi Economic Vision 2030” or Dubai’s Economic Agenda “D33.”

Following the UAE’s “Vision 2021” document, which marked the country’s fiftieth anniversary of independence, the UAE has already turned its attention to 2071. This year will commemorate the 100th anniversary of the country’s independence, and the “We the UAE 2031” vision outlines national plans in social, economic, investment and development areas. Additionally, the UAE has designed a “Future Foresight Strategy” to develop new models for the health, educational and environmental sectors. Furthermore, the “UAE Centennial 2071 Plan” aims to achieve various goals, such as establishing the UAE government as the best in the world, fostering exceptional education (particularly in entrepreneurship and innovation), elevating the UAE’s economy to a leading global position, and creating a secure, tolerant, unified, and ethical society that embraces happiness and a positive lifestyle, along with a high quality of life.

Until 2030, the “Projects of the 50” focus on a series of developmental and economic initiatives aimed at maintaining and consolidating the United Arab Emirates’ (UAE’s) development. The strategy encompasses various sectors such as the economy, entrepreneurship, digitalization, space and advanced technologies. Initial projects comprise new visa schemes, campaigns to attract foreign investment, support programs for emerging Emirati companies and the expansion of partnerships with major global economies. The Fourth Industrial Revolution Network seeks to encourage the integration of advanced technologies within the national industrial sector.

The COVID-19 pandemic did not impact the prioritization in any manner, and while some projects were delayed, no major readjustment to policy was undertaken. Overall, the UAE’s governance structure is largely successful in planning and executing its development strategies.

Question  
Score

Prioritization

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The UAE effectively implements its stated policy goals and objectives. The country has made substantial progress in diversifying the economy, improving educational and health care standards, promoting national identity and integrating innovation into national plans. This progress is evident in the UAE's high rankings in various international indexes and surveys, such as 12th in the 2022 World Competitiveness Ranking, 26th in the U.N. Human Development Index, and 31st in the Global Innovation Index.

A key characteristic is also a degree of flexibility and pragmatism to adjust to changing circumstances. The COVID-19 pandemic was professionally handled, and strategies were developed that saw a quick and complete vaccination rate, in addition to immediate steps to limit further infections. The long-planned "Expo 2020" was successfully conducted, with a COVID-19-induced delay from October 2021 to March 2022.

The continued regional tensions in the Gulf and the Middle East have also not diverted the government's attention but instead underscored the conviction that only a forward-looking agenda can ensure continued stability. After many years of strained relations, the UAE signed a Comprehensive Economic Partnership Agreement with Israel in 2022 and repaired ties with Türkiye.

The UAE leadership also emphasizes practicing a degree of foresight by anticipating issues and problems. Numerous initiatives on subjects such as climate change, e-government, innovation and technology, as well as continued investment in education, are part of the government's comprehensive agenda.

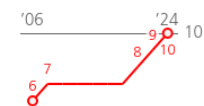
The UAE government policy can be considered pragmatic and flexible, with a readiness to review performance and make adjustments as needed during regular government meetings. The overall strategic framework, goals, and priorities are largely maintained, and actual policy implementation is under constant evaluation to ensure that progress is achieved.

A critical endeavor is engaging with a wide array of regional and international partners in order to import best practices and cooperate with leading technological companies that can support the country's development. The UAE responds to international criticism when it feels its reputation is at stake, and it also undertakes policy corrections when it feels it can no longer accomplish its original objectives. For example, in 2021, the government announced its withdrawal from the conflict in Yemen, despite the fact that the war remained ongoing. This decision was made based on the assessment that the costs of direct involvement had outweighed the expected benefits. Additionally, the UAE has made efforts to reconcile with Qatar, Türkiye and Iran after years of hostility.

The UAE also demonstrates significant flexibility in policymaking. This was clearly visible during the COVID-19 pandemic, with the government swiftly implementing several effective policy responses, including widespread testing and a seamless transition to distance learning. Much of the policy decision-making is guided by a clear cost-benefit analysis.

## Implementation

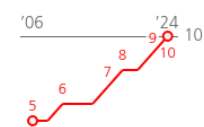
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## Policy learning

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## 15 | Resource Efficiency

The UAE, by and large, makes efficient use of its available human, financial and organizational resources. A government performance management system has been implemented to monitor and measure performance against the goals laid out in government strategies. There is also a determination to continually improve the policy implementation process, with an emphasis on the efficient use of assets.

Prioritization is given to improving the educational and operational skills of UAE nationals in an effort to reduce the country's reliance on expatriate laborers. However, since a large portion of the expatriate labor force works in lower-level blue-collar jobs, the objective of significantly lowering dependency is unlikely to succeed. In 2022, the UAE announced the Strategy for Talent Attraction and Retention, with the aim of ensuring that the UAE remains a preferred destination for living, working and investing. Earlier, more flexible visa schemes were announced in terms of short- and long-term residence visas.

Despite the relatively efficient use of resources, there is still a lack of transparency regarding budget planning and implementation, as well as the division between public and private wealth, especially the wealth of the ruling family. Although the government has made efforts to make the private sector more appealing, UAE nationals still tend to favor employment in the public sector due to shorter working hours and a greater number of holidays. Government efficiency is also affected by the deficiencies of a competitive recruitment process where connections through family and tribes often outweigh merit-based competency.

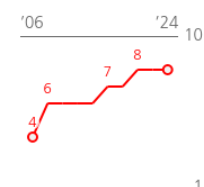
Due to its small national population and centralized decision-making, the UAE is able to present coherent policies in which conflicting objectives are removed prior to implementation. A priority is placed on arriving at a consensus decision, even if such consensus takes place among a few core decision-makers. Emphasis is also placed on ensuring that ministries and agencies work within the framework of government strategies. To achieve greater coherence, annual government retreats and regular review processes are held to assess the effectiveness of policy decisions and improve coordination between different government entities.

Conflicting interests are visible at the level of emirate-to-emirate relations within the UAE federal structure, although many existing differences are never publicly acknowledged.

Admittedly, relations between the emirates of Abu Dhabi and Dubai can be subject to tension. Abu Dhabi occasionally dislikes Dubai's open-door policy, viewing it as a potential threat to the country's overall security.

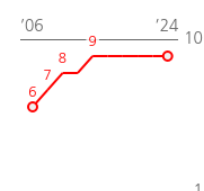
Efficient use of assets

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Policy coordination

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As the largest and most resource-rich emirate, Abu Dhabi tends to influence federal policy. Therefore, there are occasional complaints from the five smaller emirates about the federal government not giving enough attention to their needs. When Sheikh Mohammed Bin Zayid Al Nahyan assumed the presidency in May 2022, he embarked on a tour of all the emirates with several members of his government.

The UAE government is publicly committed to fighting corruption and has implemented various anti-corruption mechanisms. In 1976, it established the State Audit Institution (SAI) as a federal audit authority to oversee the use of public funds. Additionally, in 2006, the government ratified the United Nations Convention against Corruption, and in 2008, it became a member of the Arab Anti-Corruption and Integrity Network. The UAE constitution, specifically Article 62, prohibits government ministers from engaging in any other professional or commercial occupation while in office. Moreover, the UAE's Penal Code Articles 234–239 delineate provisions for combating bribery and corruption, along with the corresponding penalties for such actions.

As part of its review process, the government regularly issues new guidelines and procedures. In September 2021, the central bank circulated a new directive on transaction monitoring and sanctions screening for foreign institutions. In May 2022, the Ministry of Economy outlined anti-money laundering provisions for professions such as real estate brokers and auditing firms.

UAE anti-corruption measures are consistently publicized and pursued through the court system. Hamid al-Zaabi, the director general of the UAE's Executive Office of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), stated in July 2022 that within 12 months, assets totaling \$1.29 billion were confiscated, while an additional \$3.55 billion worth of assets were frozen in the campaign against illicit wealth. Also in July 2022, 79 individuals of various nationalities were convicted of fraud and money laundering activities. Local media regularly report such stories.

The fact that judicial decisions are subject to political review, however, can mean that certain corruption is ignored or overlooked. There are also occasional reports about illicit activities taking place within the country, or the UAE being used to evade international sanctions. Numerous reports in 2022 suggest that the UAE had allowed Russians to circumvent sanctions by funneling large sums of money into the emirates. Similar stories circulate in terms of restrictions on individuals from other countries. Other shortcomings include the continuing lack of transparency over state budgets and the government's procurement process, as well as the overlap that exists between public and private business affairs.

Anti-corruption  
policy

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## 16 | Consensus-Building

There exists a very clear and consistent consensus among all major political actors in the UAE about the country's policies, its current direction and the stated path forward. The government and the ruling family are widely regarded as highly legitimate, which results in substantial support for government policies. Good governance, defined as "efficiency," is considered a preferred analytical approach rather than a result of liberal democracy. Prior discussions about necessary political reforms were halted following the Arab Spring. Instead, the government's viewpoint that change should occur gradually and incrementally to prevent disturbing delicate societal dynamics is widely acknowledged.

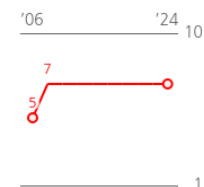
The country's economic distributive policies have ensured that the majority of the population has benefited from the country's growth. This has contributed to widespread support for implementing a market economy and further efforts to diversify and liberalize the economy. On the economic front, all major political actors in the country fully support the government's policies to solidify the UAE's direction. A poll released in December 2022, conducted by the Washington Institute for Near East Policy, indicated that 77% agreed that the government was "meeting people's needs for an acceptable standard of living." Due to its small national population compared to its leading position as an oil-producing country, the UAE's financial position has made it possible for everyone to see the tangible benefits of economic growth. Therefore, almost no sectors of the population feel marginalized or are considered losers in this equation, with the exception of expatriate blue-collar workers.

Political reformers in the UAE have no ability to influence the government or overcome anti-democratic actors. Political power is completely centralized, with little tolerance for dissenting views or public calls for reform. In fact, those who openly call for reform and criticize the political elite are jailed and subject to lengthy prison sentences. The UAE leadership advocates gradual and incremental reform as their preferred approach. With the majority of the population satisfied with the government's performance, any further advances in political reform have been set aside.

In order to ensure its predominance, the government has implemented a security apparatus that monitors all potential forms of political activity in the country. It has also enacted legal restrictions in the form of anti-terrorism and cybersecurity legislation, essentially granting the government authority to intervene against any actions deemed harmful to the nation. Furthermore, extensive cooperation exists at the regional level, including a GCC-wide security agreement that obligates each member state to take action against any group of individuals suspected of undermining state security. Given the unstable security climate in the Middle East region, exemplified by countries like Iraq, Syria and Yemen, there is no indication that the UAE government will relax its stance in the coming years.

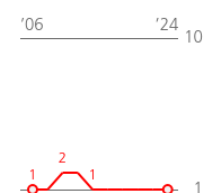
Consensus on goals

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Anti-democratic actors

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The homogeneity of the UAE population, combined with the government’s monopoly on power and the use of force, means that the UAE authorities are fully capable of containing any cleavages within society. In addition to the high degree of legitimacy extended to the government by its national population, there is a high degree of consensus when it comes to government policy and overall policy direction. A national survey conducted by the Serco Institute, released in April 2021, found that 90% of people described themselves as being “very happy” or “somewhat happy” with UAE government services. The 2022 Edelman Trust Barometer stated that 76% of respondents had trust in the government – a seven-point increase over the 2021 report.

The most relevant cleavage that exists is between the national Emirati population and the expatriate community. The total UAE population was 9.8 million people in 2019 – with Emiratis comprising around 11% of the total population and expatriates making up the majority at 89%.

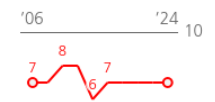
In 2022, the number of people in the United Arab Emirates (UAE) reached approximately 9.8 million, with 1.4 million being UAE nationals and 8.4 million being foreigners. Despite the government’s attempts to implement nationalization strategies, commonly referred to as Emiratization strategies, in order to reduce reliance on expatriate labor, these efforts have had limited success and have not resulted in any significant decrease in the number of foreign workers.

Within the national population, cleavages exist along generational lines and between the individual emirates. Given the substantial young population, the government has prioritized youth issues, including adopting a National Youth Agenda and appointing a Minister for Youth Affairs. According to the 2022 Arab Youth Survey, 57% of Arab youth indicated that the UAE is the country they want to live in.

On the emirate level, a development discrepancy exists between the larger emirates of Abu Dhabi and Dubai, compared to the less resource-endowed five northern emirates of Sharjah, Umm al-Quwain, Ajman, Ras al-Khaimah and Fujairah. Although the federal government offers numerous support programs to foster development in all regions of the UAE, actual implementation on the ground can be uneven. Additionally, the government does not view emirate-level competition and disagreements as a direct threat to state stability.

Cleavage /  
conflict  
management

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The government makes efforts for a broader national dialogue and has included larger numbers of UAE nationals in the decision-making process. The online platform “Wyakom,” which engages members of the community in identifying and solving social challenges, was launched in 2022. The project “Designing the Next 50” was initiated in 2021 with the aim of engaging with the public and private sectors to design policies for the next 50 years.

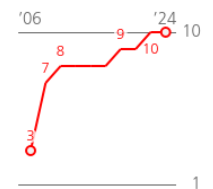
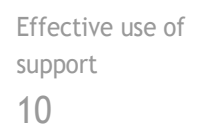
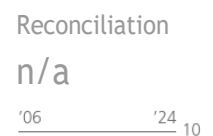
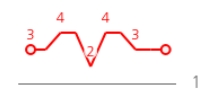
Organized civil society organizations, however, are excluded from the policy process, and the government undertakes specific steps to prevent them from playing any role in terms of policy formulation, implementation or government performance monitoring. Existing think tanks, professional organizations and labor unions are usually government-sponsored and controlled. This means that studies by think tanks are published and brought to the attention of the population, but not in terms of being critical of government policy. Space for civil society participation is only provided within the context of community development, in terms of voluntary association or community engagement.

There are no major historical injustices that require the government to engage in a reconciliation process. While there is competition among the individual emirates, which partly revolves around unresolved territorial issues predating the establishment of the federation, it is not considered disruptive and does not necessitate a formal process of reconciliation. There is a broad commitment to the federation as a whole, and any remaining historical disputes are addressed within this framework.

### 17 | International Cooperation

International assistance and cooperation are fundamental components of the UAE’s strategy for overall development. While the UAE does not seek financial assistance for its government programs, it does look for regional and international cooperation in terms of expertise and know-how.

There are different aspects to how the government goes about this endeavor. According to the UAE Ministry of Foreign Affairs, “strategic partnerships” with countries around the world shall “advance the UAE’s standing.” Solid partnerships with Western countries such as the United States, the UK, or France are seen as important for the UAE’s security. However, there have also been efforts to reach out to Asian countries, with particular emphasis on India, China, Japan and South Korea, especially in terms of economic ties and technology transfers. In November 2022, the United States and the UAE signed a \$100 billion deal on strategic energy investment, while South Korea and the UAE agreed to bolster their cooperation in the fields of peaceful use of nuclear energy, conventional and clean energy, economy and investment, and defense and defense technology during President Yoon Suk Yoel’s visit to the UAE in January 2023. As part of Dubai’s Economic Agenda “D33,” a



stated objective is to launch economic corridors with Africa, Latin America and Southeast Asia. In 2022, the UAE also signed Comprehensive Economic Partnership Agreements (CEPAs) with Israel, India and Indonesia.

A second strategy is to maintain the UAE as a destination capable of attracting talent to assist in the country's ongoing development. For example, the UAE Strategy for Talent Attraction and Retention, unveiled in 2022, aims to position the UAE among the top ten countries in the global talent competitiveness indices. This strategy also aims to ensure the availability of talent across all strategic sectors and solidify the UAE's image as an ideal destination for living and working.

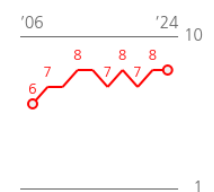
The UAE is considered a credible and reliable partner in its relations with the international community. The government works on multiple levels to establish international credibility and consistently follows up on its commitments. The UAE is a member of several international organizations and actively contributes to their goals and objectives. From 2022 to 2023, the UAE served as a non-permanent member on the U.N. Security Council for the first time in its history. Additionally, the UAE hosts the International Renewable Energy Agency (IRENA) and several United Nations field offices. As part of its involvement in international military coalitions, the UAE's performance has received praise from coalition allies, leading the United States to designate the UAE as a "major security partner."

Outside multilateral organizations, the UAE pursues a policy of balancing with various countries. On the one hand, there is a consistent effort to expand its international relationships, including with Israel through the Abraham Accords, and single out China and India as key strategic partners. The UAE has joined so-called minilateral partnerships such as the I2U (India, Israel, United States and UAE). The UAE passport is ranked by Arton Capital's Passport Index as the most powerful passport globally, providing travel to 180 countries, including 121 visa-free destinations. On the other hand, the expansion of involvement in international and regional affairs has led to criticism, including in relation to the UAE's involvement in the war in Yemen and its policies in Libya. The Western community voiced its disappointment when the UAE decided to abstain from the first major international resolution condemning Russia for the invasion of Ukraine. Overall, the position on maintaining open channels of communication with Moscow has led some to question the UAE's reliability. For example, the UAE's policy of expanding its technology ties with China has also led to criticism from the United States.

Multilaterally, the UAE is a signatory to major human rights conventions such as the Universal Declaration of Human Rights and the Conventions on the Rights of the Child, but it has not ratified the International Covenant on Economic, Social and Cultural Rights or the Covenant on Civil and Political Rights. On labor standards, the UAE has also signed nine conventions related to worker rights, but not the Freedom of Association and Protection of the Right to Organize Convention or the Right to Organize and Collective Bargaining Convention. Criticism was voiced when Sultan

Credibility

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Ahmed al-Jaber was named president of COP28, as he also serves as CEO of the Abu National Oil Company. The UAE has ratified the Paris Agreement on Climate Change, and Mr. Al-Jaber has called the goal of limiting global warming to 1.5 degrees “non-negotiable.”

Not least, the UAE has emerged as a significant donor and contributor to international aid programs globally. In 2020, the UAE offered foreign assistance totaling \$2.79 billion to over 170 countries. The OECD has designated the UAE as one of the largest official development aid donors in the world in relation to national income. Amid the COVID-19 pandemic, the UAE engaged in numerous charitable endeavors, including the provision of medical aid, support to the WHO through in-kind contributions, and the establishment of field hospitals in countries like Lebanon, Jordan, Mauritania, Sudan and Sierra Leone.

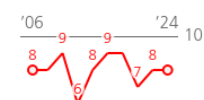
Although the UAE follows a policy of good neighborly ties and supports regional integration, including as a founding member of the Gulf Cooperation Council (GCC) and a member of the League of Arab States (LAS), its regional approach has become more contentious since the outbreak of the Arab Spring. Its strong position against Islamist movements, such as the Muslim Brotherhood, has led to tensions with Qatar and Türkiye, resulting in a four-year economic and trade boycott of fellow GCC member Qatar starting in June 2017. The dispute was officially resolved at the GCC summit in al-Ula, Saudi Arabia, in January 2021, but some aspects of the dispute continue to linger. In general, the UAE has begun to pursue a more direct interest-based policy, viewing regional commitments purely as a means to advance UAE policy objectives. Relations with neighboring Saudi Arabia are cordial, although tensions exist regarding Riyadh’s view as *primus inter pares* in regional affairs. Competition with Saudi Arabia increased in 2022 over differences in economic and oil policies.

The UAE continues to view Iran as a potential major threat to its security. Historically, the two sides have had a territorial dispute over three islands in the Gulf. While the UAE has called for coordinated Arab action to counter what it refers to as Iran’s “ongoing regional interferences in the internal affairs of Arab countries,” it has also pursued a de-escalation policy with Iran. National Security Adviser Sheikh Tahnoun Bin Zayid Al Nahyan visited Tehran in December 2021 to lower tensions. In 2022, the UAE agreed to return its ambassador to Iran.

In Yemen, the UAE continues to support the Southern Transitional Council (STC), which seeks the independence of South Yemen, although the UAE has not itself come out in favor of a separation of the Yemeni state. In the wider Middle East, the UAE has re-opened ties with Syrian President Bashar al-Assad to solidify relationships among Arab countries. While the UAE has continued its normalization process with Israel, it has also criticized Israel’s policy toward the Palestinians following the election of a right-wing government in December 2022.

Regional  
cooperation

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## Strategic Outlook

Despite the persistently unstable security situation in the Gulf region and other factors, including uncertainties surrounding the Russian war in Ukraine, the impending energy transition in response to climate change concerns, and potential economic disruptions that pose threats to supply chains and food security, there remains an overarching sense of optimism regarding the future development of the UAE. This optimism is rooted in several key factors: a robust and cohesive government, a policy framework characterized by pragmatism and adaptability, and a strong standing as an active member of the international community.

Nevertheless, there are a number of challenges that will not be resolved by optimism alone. Politically, the authoritarian policies pursued and implemented on the domestic front stand in contrast to the existing liberal and social environment that is prevalent in the country. While the emphasis on effective governance rather than the introduction of democratic reforms is viewed as essential in terms of overall stability, the lack of a broader institutionalization of citizens' participation can be identified as a medium- to long-term structural deficiency. Elections to the country's parliament, the Federal National Council, occur but have no significant relevance for citizens' proactive involvement in political processes. Instead, the project "Designing the next 50" is a suitable framework where the government could engage effectively with the public and private sectors to design policies that respond to future and emerging challenges. Here, the concept of the majlis (or what can be referred to as "citizen assemblies") could be revived to put the UAE on a more sustainable track forward.

From both economic and social perspectives, the policy process in the UAE has proven highly effective, resulting in unparalleled development and social stability. Thanks to the UAE's pragmatic approach and its regular policy review mechanisms, there is little need for substantial adjustments; rather, maintaining the current trajectory is advisable. However, this maintenance will require ongoing flexibility from the UAE's leadership. One crucial area of focus will be the UAE's proactive engagement with critical issues like climate change and the energy transition. The forthcoming hosting of COP28 in the fall of 2023 represents a pivotal milestone. Given the UAE's demonstrated efficiency in resource deployment, it has the potential to establish itself as a perennial leader in addressing such existential concerns.

The BTI 2022 UAE report ended with the suggestion that, as far as the external environment and regional affairs were concerned, the UAE should engage in regional peacebuilding as an investment in laying the foundation for sustainable development in the Gulf region. Here, the UAE has indeed taken significant steps, such as reaching out to countries it has previously had political disagreements with, including Iran, Türkiye, Qatar and Israel, notably through the Abraham Accords. As both the regional dynamics and the international landscape undergo a period of transformation, the UAE stands in a unique position to assert its influence and chart a course toward enhanced regional security and reforms within global multilateral institutions. It is crucial to emphasize the interconnected nature of national progress, regional integration and active global engagement through the multilateral system. Recognizing the symbiotic relationship among these elements is essential. The UAE's role as a permanent member of the U.N. Security Council in 2022 and 2023 was a first important step taken in this direction.