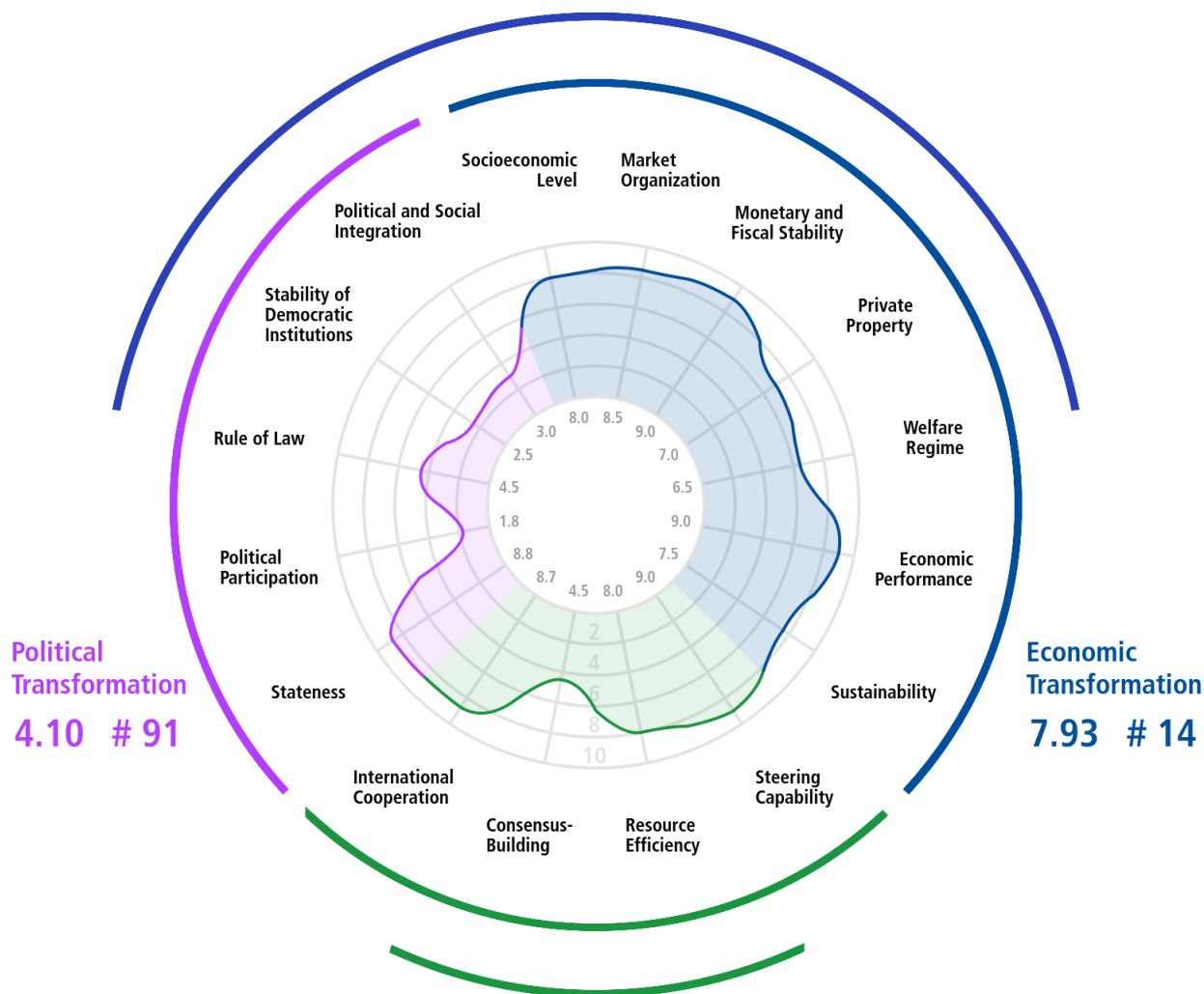


United Arab Emirates

Status Index

6.01 # 50

on 1-10 scale out of 137



Political Transformation
4.10 # 91

Economic Transformation
7.93 # 14

Governance Index

6.38 # 16

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. 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	9.9	HDI	0.890	GDP p.c., PPP \$	-
Pop. growth ¹	% p.a.	1.2	HDI rank of 189	31	Gini Index	26.0
Life expectancy	years	78.0	UN Education Index	0.802	Poverty ³	% 0.0
Urban population	%	87.0	Gender inequality ²	0.079	Aid per capita \$	-

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

In December 2021, the United Arab Emirates (UAE) will celebrate the Golden Jubilee, the 50th year of its independence. Since its establishment, the country has emerged as politically stable. Particularly in terms of moving toward a market economy, the UAE is considered a success story. On the foreign policy front, the UAE struggles to adapt to the volatility in the regional and international arena due to the changing nature of the U.S.'s role in the Middle East, the continued consequences of the Arab Spring revolts, and the repercussions of ongoing conflicts in the region, such as with Iran and those in Yemen, Syria, Iraq and Libya. Yet, the UAE has become a force to be reckoned with throughout the Middle East, even reaching into the Horn of Africa and the Eastern Mediterranean. Fully determined to expand the country's reach and influence, the New York Times in 2019 referred to the de facto leader of the UAE, Abu Dhabi Crown Prince Mohammed Bin Zayed Al Nahyan, as "the most powerful Arab ruler."

Given the ruling family's high degree of legitimacy, introducing democratic political reforms is not a priority agenda item. The eligible electorate for the country's parliament, the Federal National Council, was expanded for the last election in 2019 and now composes one-third of the national population. Yet, the parliament does not play any formal role in formulating, legislating or overseeing policy implementation. At the same time, a major overhaul of the country's Islamic personal laws was announced in November 2020, leading to a broadening of personal freedoms in an effort to increase the country's tolerance. Another significant milestone was the signing of the Abraham Accords to normalize relations with Israel. Subsequently, the UAE announced that the opening of the first synagogue in the country would occur in 2022. In contrast to these positive developments, the country continues to severely restrict any sort of political involvement and has taken hard steps against opposition elements or those who publicly criticize government policy. Association rights and freedom of expression remain tightly restricted, underpinned by omnipresent security forces and a widespread surveillance system.

The government's legitimacy is sustained by continued economic growth that makes progress visible for everyone to see. One direct result is that the UAE remains a destination of choice for work and living for significant numbers of youth from other Arab countries, as highlighted by the 2020 Arab Youth Survey. The government also places a premium on promoting innovation and best practices and does not shy away from introducing new ideas to stimulate progress. One example of this is the April 2019 establishment of a Ministry of Possibilities, a virtual ministry "created to incubate and solve the systemic impossibilities of government." The idea is to develop innovative methods and cutting-edge solutions to critical issues that will government performance in the future. In 2020, the government also launched the Next 50 campaign encouraging public participation in shaping the future of the UAE. The COVID-19 pandemic impacted the country's economy, although the consequences have been minimal, indicating strong financial and market fundamentals. In terms of its health response, the UAE has emerged as a leader in both its testing and vaccinations strategies.

One major drawback continues to be the volatile regional environment. While the crisis within the Gulf Cooperation Council (GCC) was resolved at the January 2021 summit meeting, resulting in the re-establishment of diplomatic and economic ties with Qatar, issues of lingering mistrust prevent a full reconciliation taking place right away. The UAE's involvement in regional conflicts, such as those in Yemen and Libya, also continue to draw international criticism that somewhat tarnished the UAE's overall reputation. The decision to withdraw its troops from Yemen and call for a political settlement are seen as step in the right direction. At the same time, its continued support for local militias in Yemen highlights that the UAE government will pro-actively pursue and defend what it considers its national interests. With the future of the regional order in transition, this is likely to be an issue that will disproportionately pre-occupy the government's attention, at times impacting the country's overall economic and social progress.

History and Characteristics of Transformation

The United Arab Emirates 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. Given the historical animosity that characterized the relationship between the tribal regions of southeastern Arabia, the UAE was initially given little chance of survival as a federation. Yet, in large part due to the leadership of Shaikh Zayed Bin Sultan Al Nahyan, who served as the UAE's first president from 1971 until his passing in 2015, the notion of a viable nation materialized over time. It has since become the only successful federal experiment in the Arab world.

The success and resilience of the UAE is largely due to the way the government has been structured. Apart from policy areas such as foreign policy and national security, the constitution – initially provisional and only made permanent in 1996 – gave the individual seven emirates the right to decide on issues of local administration, economic and social policy, and even gave each emirate control over their own mineral and oil wealth. This arrangement assured each constituent emirate that the larger federal entity represented a distinct net benefit with respect to individual sustainability and prosperity.

Over time, 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 remains defined by the traditional patriarchal style of leadership that is comprised of political loyalties structured around the country's various tribal elements. On the federal level, the Supreme Council, which is comprised of the rulers of each of the seven emirates, is the highest executive and legislative authority. The country's president is the ruler of Abu Dhabi, the largest emirate both in terms of size and wealth which, as a result, assumes the "natural" leadership role within the UAE. Other emirates, particularly the second-largest emirate of Dubai, can nonetheless influence the decision-making process.

The UAE has emerged as a regional leader in several areas but is particularly relevant in terms of economic and social development. Backed by the world's eighth-largest oil reserves and a small national population (UAE nationals comprise approx. 15% of the total population of 9.8 million or slightly more than 1.4 million), the UAE has seen its GDP rise from \$46 billion in 1995 to \$412.4 billion in 2019. Driven in particular by high earnings from oil in the decade from 2004 to 2014, the UAE has invested smartly in infrastructure and services, not only creating a modern country with all the amenities found in Western industrialized societies but also diversifying its economy to the point that the non-oil sectors account for 70% of the country's GDP. Thanks to its diversified economy, the decline in oil prices starting at the end of 2014 has had a relatively small impact on the country's overall economic situation.

Both its economic growth and political consolidation is driven by the UAE leadership's determined commitment to play an active role in globalization while using the country's considerable oil wealth to sustain further overall development and facilitate economic diversification efforts. The indirect result has been the gradual implementation of and adjustment to fair economic practices, and an increased willingness to abide by legal standards governing business transactions.

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 the Emirati population. While the institutional capacity of governmental organs is continually increased and improved, decision-making in the end remains completely centralized. Public attempts to petition the state are immediately quelled. Internal security services are omnipresent and current legislation forbids any criticism of the state or anything that can be classified as harming the reputation of the country. 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 seeing 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 protecting what it considers to be its national interests. In particular, the UAE involvement in Yemen and Libya has led to increased criticism of its position.

Overall, the UAE continues to face the challenge of balancing domestic economic and social reforms while managing criticism – both within and outside the country’s borders – of its centralized political system and foreign policies.

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 maintains a complete monopoly on the use of force across its territory through various institutions. As has been the case in previous years, there was no threat to the UAE's stability in 2019 or 2020. The launching of missiles in the direction of UAE territory by the Houthis in Yemen was the only attempt to threaten the country's sovereignty, but this is an external and not an internal threat. Due to both extensive investment in staffing and technology, security services are omnipresent and regularly undertake actions against anyone suspected of potentially undermining the stability of the country, often pre-emptively. Particular attention is paid to individuals or groups with an Islamist background, such as al-Islah, the UAE's branch of the Muslim Brotherhood. While UAE nationals are given long prison sentences or have their citizenship taken away, foreigners are either jailed, swiftly deported or both, if they are suspected of engaging in any activity that could harm the country in any way.

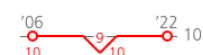
UAE nationals accept the nation-state as legitimate almost without exception. In addition, there exists broad agreement as to the concept of citizenship and who has the right to be a UAE citizen. Divergence exists when it comes to obtaining citizenship outside of birth. In principle, while citizenship is available to foreigners who have lived in the UAE for a minimum of 20 years, there is no institutional mechanism for being naturalized.

Instead, most naturalizations take place on the whim of the leadership on an individual basis, meaning that the process itself is highly arbitrary. A proposal to the UAE citizenship law was put forward in September 2020 such that the UAE would consider offering citizenship to foreigners with particular qualifications deemed necessary to the country. The proposal seeks to address the demographic imbalance between nationals and non-nationals and allows individuals to keep their original nationality. In 2019, the UAE also announced citizenship for 3,354 children born of Emirati mothers and foreign fathers.

Question
Score

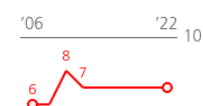
Monopoly on the
use of force

10



State identity

7



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, in terms of access to employment in sensitive areas, such as the security services. The UAE has in the past also stripped its own nationals of their citizenship for engaging in what have been deemed illegal political activities, such as membership in the banned al-Islah group. There also continue to be differences between those who can demonstrate Emirati descent and those who have been naturalized, for example, when it comes to being eligible for UAE federal government benefits.

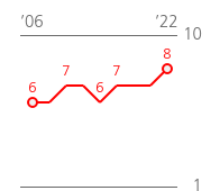
A national service program was introduced in 2014, under which all UAE male nationals aged 18 – 30 are required to undertake military service. Females may sign up voluntarily as can males between the ages of 30 and 40. With this, the government has further tried to assert its authority, using the national service as a means to instill values of national identity and service to the state.

The UAE legal system is based both on civil laws and Islamic legislation. 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 a role in personal status cases, but also deal with criminal cases and labor and commercial disputes. In November 2020, the UAE announced a major overhaul of the country’s Islamic personal laws including, for example, allowing unmarried couples to cohabit, loosening alcohol restrictions and criminalizing “honor killings.” The reform allows foreign residents to avoid Islamic Shariah courts on issues such as marriage, divorce and inheritance. At the same time, UAE authorities issue strong moral guidelines for public behavior and appearance, which at times causes tourists and residents, primarily Western, to run afoul of the law.

Due to the fact that the majority of the population is composed of expatriates, the UAE has taken numerous initiatives to promote a culturally tolerant society. In addition to creating the post of minister of tolerance at the cabinet level, Christian churches, a Hindu temple and a Sikh Gurdwara exist in the country. The year 2019 was officially designated the Year of Tolerance and included the visit by Pope Francis, the first visit by a pope to the Arabian Peninsula. During this visit in February 2019, the “Document on Human Fraternity for World Peace and Living Together” was signed by the pope and the Muslim Council of Elders. A new multi-faith complex, which will include the country’s first synagogue, is slated to open in 2022. The UAE also takes a very strict stance against extremism. It is a member of the international coalition against the Islamic State (IS) group and numerous organizations and programs have been set up to counter violent extremism in all of its forms. Groups like the Muslim Brotherhood are seen as a threat to the viability

No interference of religious dogmas

8



of Middle Eastern governments and are actively combated through the UAE's foreign and security policies. Overall, religious dogmas in the UAE have little impact on the practical process of governance.

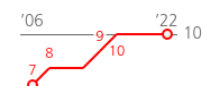
In the UAE, a sophisticated and differentiated administration, which is able to provide all basic public services, exists throughout the country. Access to sanitation (98%) and improved water sources (100%) are universal.

There are continued efforts by government agencies to improve and expand on currently available services. Initiatives and programs announced during the 2019 – 2020 period include a Policy for Advanced Industries, a Cybersecurity Strategy, a National Behavioral Reward Program, and a National Strategy for Well-Being 2031. In addition to federal programs, numerous initiatives also continue to be put forward at the individual emirate level. Progress toward the “National Vision 2021,” a national planning document issued in 2010 outlining 12 key performance indicators centered around six clusters (cohesive society and preserved identity, safe public and fair judiciary, competitive knowledge economy, first-rate education system, world-class health care, and sustainable environment and infrastructure) has been regularly measured through executive committees and government policy reviews.

The COVID-19 pandemic caused some initial disruptions in several administrative services, but the government quickly overcame obstacles and shortages. The UAE was among the first countries to follow WHO protocol on COVID-19 and set up a Crisis Recovery Management and Governance Committee to deal with issues as they arose. Specific steps were taken to repatriate foreign workers wanting to return home and citizens who were stuck abroad due to travel restrictions. Visa expiration rules and fines were also adjusted. Particular attention was paid to ensuring imports of foods, given the UAE's dependence on imported goods. Due to its widespread testing and early involvement in vaccine development, the country quickly implemented a vaccination strategy at the end of 2020 and early 2021 once vaccines became available.

The government's clearly stated objective is to position the UAE as one of the top 10 countries worldwide in GNI per capita, as part of the Global Competitiveness Index, and the Global Entrepreneurship and Development Index. The UAE State Audit Institution is tasked with ensuring that government departments are managed efficiently, and a “Star System Rating” has been introduced to assess government performance.

Basic
administration
10



1

2 | Political Participation

The UAE does not conduct elections at the executive level meaning that 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 comprised of the rulers of the seven emirates and chooses the president of the country.

Legislature 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. These elections are restricted at two levels. For one, citizens only elect 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. While the size of the eligible electorate was increased from approximately 225,000 voters in 2015 to 337,000 voters in 2019, this still means that only slightly more than one-third of UAE nationals were eligible to vote. Of that number, just 35% actually cast a ballot in the October 2019 election.

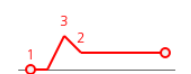
Overall, elections are carried out on the basis of executive decrees, given that a formal election law to guide the electoral processes has not been issued. At the same time, by mandating in 2019 that 50% of FNC members should be women, the UAE has achieved gender parity in parliament and continued the process of female empowerment. Still, expanding participatory political rights is advancing slowly and not a priority in the government's agenda.

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 (UAE nationals make up approximately 1.4 million of the total population of 9.8 million), significant financial resources (GDP per capita of more than \$43,000), and the fact that the government has implemented a wide-ranging modernization program from which the population has benefited, extends the ruling families a very high degree of legitimacy, culminating in a strong societal consensus regarding their right to govern. While actual decision-making is highly centralized, ruling families continue to operate on some 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 '22 10



Effective power to govern

1

'06 '22 10



While elected bodies such as the Federal National Council have limited influence, they can place issues on the public agenda to which the government then has to respond. During the 7th legislative session from November 2019 to June 2020, the FNC proposed 15 draft laws for consideration by the government.

The UAE constitution explicitly recognizes the right of assembly (Article 33); however, the government imposes severe restrictions 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. Since 2011, numerous organizations have been dissolved or banned and other have seen their executive boards replaced with government appointees, for example the Jurists Association and the Teachers Association.

Members of the local Muslim Brotherhood al-Islah group have been sentenced to long terms in prison for endangering the security of the country. National as well as foreign citizens are detained using the country's broad anti-terrorism legislation. For migrant workers, strikes are usually dealt with harshly, with strike leaders imprisoned and deported after serving their sentences. Any attempts to organize are dealt with before they can gather momentum, backed by a pervasive surveillance operation.

During 2019 and 2020, there were no instances of large gatherings to which the government was forced to respond. This is largely due to the overall stability of the country, but also because the COVID-19 pandemic focused attention on combating the virus. A few protests by workers not receiving their salaries were resolved with quick government intervention and by non-government support groups providing assistance.

The UAE constitution guarantees all citizens "freedom to hold opinions and expression of the same" as well as "freedom of communication." Yet, reality is quite different. In January 2021, Human Rights Watch cited a "fierce intolerance" prevalent in the country, citing in particular the detention and sentencing of activists like Ahmad al-Mansour and Nasser bin Ghaith. Current laws prohibit criticism of the ruler and any speech that may encourage or create unrest, which includes anything judged as "damaging to the reputation of the country." Censorship including self-censorship is widespread with the result that the UAE only receives a low performance score of 0.06 out of 1.0 on the issue of media scrutiny in the 2019 Global State of Democracy Index. The country is ranked 131st out of 180 countries in the 2020 World Press Freedom Index, a decline of three places since the 2018 report. 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 '22 10



Freedom of
expression

2

'06 '22 10



UAE authorities also apply extensive surveillance technologies against activists, both domestic and foreign. The country has one of the highest concentrations of surveillance cameras in the world. These were installed with assistance from companies in China, Israel and the United States, for example. Numerous reports suggest that the UAE has also installed spyware on the mobile devices of journalists, and uses applications, such as ToTok, for various surveillance purposes. While there are no reports suggesting a further tightening of restrictions as a result of the COVID-19 pandemic, increasing concerns have been raised that even coronavirus-tracking apps can be used by the state for surveillance purposes.

3 | Rule of Law

Power in the UAE is solely concentrated in the individual ruling families, with only minimal dispersion through the federal system or through the various organs of government. There is no formal system of checks and balances, and while the legislative and judicial branches of government can issue individual decisions, they rarely depart from line prescribed by the executive. There also exists no constraint for the executive in case of any dissent. The central role of members of the ruling families at all levels of government is reminiscent of a system of dynastic polities. There is also no clear dividing line between the public and private sectors with many members of the ruling families involved in private business.

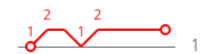
The government has allowed for a very limited expansion of the political system. Elections to the country's parliament, the Federal National Council, are held regularly, with a gradually increasing national electorate size. During the elections held in October 2019, 337,000 UAE nationals were eligible to vote, representing slightly more than 20% of the total national population. The UAE's specific federal structure allows for some (minimum) power separation on the emirates' level. Abu Dhabi and Sharjah have regional National Consultative Councils with similar tasks and responsibilities as the Federal National Council. Yet, their impact on the policy process remains severely limited.

Responses to the COVID-19 pandemic were handled legally using the framework of Federal Law No. 14 of 2014 on communicable diseases, which specifies reporting obligations and authorizes authorities to take necessary preventive measures. A state of emergency was not declared, and all decisions were subject to continual reviews in terms of necessity and proportionality. While the Federal National Council did hold discussions on the measures being implemented, this had no direct impact on the government's authority or its actions. A National COVID-19 Crisis Recovery Management and Governance Committee was also established to include all relevant ministries and government departments and to ensure continuity in services and avoid disruptions in government administration.

Separation of powers

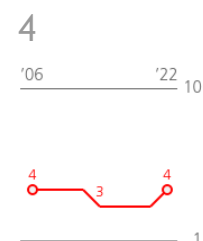
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'06 '22 10



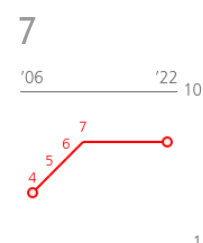
The UAE constitution provides for an independent judiciary, with Article 94 stating: “In performing their duties, judges shall be independent and shall not be subject to any authority but the law and their own conscience.” Nevertheless, court decisions are in fact subject to review by the political leadership. 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. In addition, state security courts are used in case of violations against anti-terrorism legislation which gives the government a wide leeway in terms of applying such laws. International criticism is acknowledged but pledges to implement reforms are rarely followed up on. The 2019 World Justice Project’s Rule of Law Index ranks the UAE judiciary 32nd out of 126 countries reviewed globally, with low marks for improper government influence, non-governmental checks and lack of a complaint mechanism, but with high marks on the absence of corruption. In March 2019, two Emirati women were appointed, for the first time, as judges at the federal level.

Independent judiciary



The UAE constitution states that the protection of 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 effective means to investigate and punish abuse as well as corruption, and has taken steps to stamp out such practices. The UAE government website, updated in December 2020, unequivocally states that corruption is not tolerated in the public or private sector and explicitly forbids government employees from asking for, requesting or accepting any gifts or bribes. An Audit Bureau was established in the 1990s to take action against abuses of power and a new anti-corruption law has come into effect. However, despite this public commitment, the fact that judicial decisions are subject to political review can mean that in some cases corruption is ignored or overlooked.

Prosecution of office abuse



Anti-corruption cases are regularly made public, including a case against a Ministry of Interior official in July 2020. Despite the UAE taking the lead in the region against corruptive practices, the evaluation of the effectiveness of the policies is at times contradictory. International organizations acknowledge that progress has been made, but there are equal references to the fact that money-laundering practices and other criminal activities are still being conducted. An April 2020 report from the Financial Action Task Force (FATF) cites the Emirate of Dubai for its lack of money-laundering prosecutions and convictions. In September 2020, the BBC cited documents from Financial Crimes Enforcement Network files that the UAE’s central bank did not act against a Dubai-based company that did not impose sanctions on Iran. Thus, concerns remain regarding trade-based money-laundering, laundering artisanally mined gold and the opaqueness of the Dubai property market.

Articles 29 through 34 of the UAE constitution guarantee 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. UAE officials repeatedly stressed their commitment to protecting those rights. With more than 200 nationalities comprising the country's population, there is widespread tolerance of different cultures. The year 2019 was named the Year of Tolerance, with numerous activities highlighting diversity conducted. Places of worship for different faiths exist for a range of denominations with little interference from the government.

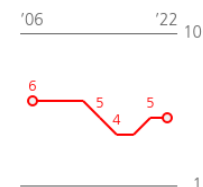
While the UAE's population is free to pursue individual goals and interests, civil liberties are quickly curtailed by the authorities if any political motivation is suspected or if internal stability is seen as being threatened in any way. This applies to both UAE nationals and non-nationals. Many such cases have been prosecuted under existing anti-terrorism laws. Sentences include including lengthy prison terms, withdrawal of citizenship, deportation, or being barred from entering the country due to political views or published works. In March 2020, the Attorney General announced a new cybercrime law that imposes harsh penalties for spreading false information, including that related to the COVID-19 pandemic. The January 2021 report from Human Rights Watch cites a "fierce intolerance of criticism" in the UAE although no new cases for the reporting period of 2019 and 2020 were cited.

In terms of the large groups of migrant labor and female domestic workers, instances of abuse and exploitation exist, although the state has taken numerous legislative steps to prevent such practices. The overall kafala (sponsorship) system, which has been widely criticized for depriving blue-collar guest workers of fundamental rights, remains in place. The UAE is still not a signatory to major international human rights instruments such as the International Covenant on Civil and Political Rights or the International Covenant on Economic, Social and Cultural Rights.

The COVID-19 pandemic was not used to impose additional restriction on civil liberties beyond those imposed in other countries to contain the spread of the virus (limits on social gatherings, travel restrictions, etc.). Concerns continue regarding the use and proportionality of surveillance measures, including in online communication channels, some of which are banned or limited in the UAE.

Civil rights

5



4 | Stability of Democratic Institutions

In essence, the UAE represents an authoritarian government with power completely centralized within the ruling families of the individual emirates. Nevertheless, there are some caveats to such a statement. For one, the ruling families are seen as highly legitimate, and there is strong support for the performance of government institutions. While government strategies are outlined by the Emirate of Abu Dhabi and its de facto leader Crown Prince Mohammed bin Zayed Al Nahyan, Prime Minister and Ruler of Dubai Sheikh Mohammed Bin Rashid Al Maktoum, continuously stresses the need to improve government performance, including calling in September 2020 on the entire population to provide ideas for the development of the UAE over the next 50 years. The system of government is seen as highly efficient with little friction. Second, there is no concerted push for instituting widespread political reforms. UAE citizens are largely content with the way political decisions are made and implemented. The government also makes an effort for a broader national dialog and has included larger numbers of UAE nationals in the decision-making process. The electorate for the country's parliament, the Federal National Council, was expanded for the 2019 election from 20% to one-third of the national population. Reforms are assessed in terms of their impact on the security and stability of the existing ruling system.

The government institutions of the UAE are legitimate and accepted by a strong majority of the population. The rulers have been successful in promoting patron-client relationships in which the stability of the polity is directly related to the preservation of social status and economic privileges among UAE nationals. In its National Charter document outlining the UAE's Vision 2021, the government called for the cultivation of confident and socially responsible nationals and citizens whose actions benefit the common goodwill. The document also referred to strong and vibrant communities, as well as the need for commitment to the ideals of the UAE union. The emphasis in all government statements is on efficiency and the delivery of progress, and not necessarily on building democratic institutions or gradually expanding political rights. Still, over 113,000 UAE nationals not allowed to vote in 2015 were given the right to vote for the first time in the 2019 parliamentary elections. On numerous occasions, UAE officials have stated that a democratic system of government is not compatible with the traditions of the UAE and Arab Gulf states. Minister of State for Foreign Affairs Anwar Gargash clearly stated in August 2012, "the UAE's end goal is not a liberal multiparty system. This model does not correspond to our culture or historical development."

Performance of democratic institutions

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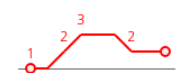
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Commitment to democratic institutions

2

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5 | Political and Social Integration

The formation of political parties in the UAE is not allowed. In fact, political parties are regularly portrayed by government leaders as polarizing and as threatening 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. UAE leaders see little necessity in reforming existing arrangements.

Still, there exists an awareness within the government that as the population grows and becomes more diverse, the process of governance also needs to adjust. As a result, a steady and continual review of government policies is undertaken with an emphasis on improving the delivery of government services and responsiveness. No move toward the establishment of political parties is however expected in the coming years.

Interest groups, in the context of civil society, operate in various social arenas but play an overall very limited role within the UAE, having 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 forms of association that are political in nature are strongly discouraged.

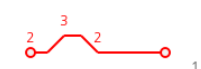
While prior to 2010, the government did consider a legal framework with regard to the establishment of non-governmental organizations, since that time and in particular after the political turmoil in the region as a result of the “Arab Spring,” has put such consideration on an indefinite hold. At times, the government has actively interfered in the work of certain organizations, such as disbanding the board of the UAE Jurists’ Association in 2012 and cancelling the licenses of several foreign non-governmental organizations. In December 2020, the cabinet approved the formation of a so-called independent National Human Rights Authority, although the emphasis is solely on financial and administrative independence.

Recent survey data on the attitude of the national population toward the concept and idea of democracy is not been available on the UAE. The Arab Barometer, which regularly conducts polls of attitudes toward democracy in the Arab world, does not include the UAE among the countries in which surveys are carried out. The Arab Youth Survey, published annually, does include UAE youth, but there have been no references to democratic attitudes in recent reports. Overall, the government promotes the idea that democracy in its western form would not be compatible with the UAE political system and has insisted on a managed form of gradually expanding some aspects of political participation. This is widely accepted by the UAE population, which does not want to endanger its secure and comfortable lifestyle by pushing for political reforms. The 2020 Arab Youth Survey listed 100% of the UAE respondents as saying that they are satisfied with their country’s response to the COVID-19 pandemic, while 0% stated that the COVID-19 crisis would lead to greater protests inside the country.

Party system



Interest groups



Approval of democracy



There is a high level of trust among UAE citizens, which results both from the growing consolidation of the United Arab Emirates 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 thus places great emphasis on strengthening UAE national identity, in particular 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 exists a strong commitment to volunteerism in the country. According to Dubai's Community Development Authority, volunteering hours doubled during the first half of 2020, compared to the same period in 2019, with the number of active volunteers jumping by 53.6%, due to requirements arising from the pandemic. There have been several media reports on UAE citizens and residents waiving rent payments, distributing free groceries and hygiene products and even funding air tickets during the pandemic. Overall, the nation's sense of solidarity and trust was further strengthened during the COVID-19 pandemic.

II. Economic Transformation

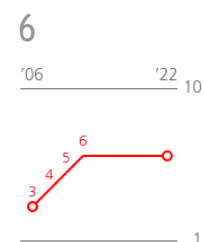
6 | Level of Socioeconomic Development

The United Arab Emirates ranked 31st in the UNDP's 2020 Human Development Report and is considered to have very high overall development, scoring 0.890, a further improvement over previous years. In terms of gender development, the UAE belongs to "group 3" in the 2019 Gender Development Index with a score of 0.931.

The country continues to witness a high level of economic development, a process that has been maintained over the period of several decades. Moreover, the country aims for further progress, despite the fact that the COVID-19 pandemic impacted the UAE economically. Its Vision 2021 document has aimed to make the UAE one of the best countries in the world by the time the emirate celebrates its 50th year of independence in December 2021. Given the country's many advances, it can be predicted that much of the vision will be achieved. As a result, the country is already embarking on its Next 50 strategy, that lays out far-reaching milestones to guide the country over the next 50 years.

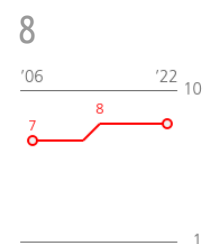
Poverty and economic inequality issues impact only on a small proportion of the population. The Gini index was 32.5 in 2014. The 2021 annual federal budget continues to allocate considerable resources to social development programs, with 42.6% given to programs such as education, health care services and housing. In addition, there are numerous social assistance programs available through the Ministry of Community Development, including the Zakat fund, the Marriage Fund and a housing program. In January 2021, the UAE cabinet also approved a strategy

Social capital



Question Score

Socioeconomic barriers



to move the country in the direction of a circular economy to ensure sustainability across different economic sectors.

A distinction needs to be made with regard to the country's substantial blue-collar, unskilled foreign labor force, as it is largely excluded from the social safety net. The COVID-19 pandemic has exacerbated their situation, with some actions taken on the part of the government to lessen its dependence on expatriate labor and with remittances to other countries of origin falling significantly. In comparison to other Arab Gulf states, however, the UAE remains a destiny of choice for employment and residency for many expatriates, given its large-scale development and relatively open social environment.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	385605.5	422215.0	421142.3	-
GDP growth	%	2.4	1.2	1.7	-
Inflation (CPI)	%	2.0	3.1	-1.9	-2.1
Unemployment	%	2.5	2.2	2.3	5.0
Foreign direct investment	% of GDP	2.7	2.5	3.3	-
Export growth	%	-2.5	11.5	-2.9	-
Import growth	%	3.0	10.9	3.6	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	21.6	20.9	27.1	39.4
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	0.2	0.3	1.0	-
Tax revenue	% of GDP	0.1	0.1	1.0	-
Government consumption	% of GDP	13.2	11.8	13.3	-
Public education spending	% of GDP	-	-	3.1	-
Public health spending	% of GDP	2.3	2.2	-	-
R&D expenditure	% of GDP	-	1.3	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2021): 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 based on market competition. The government's economic diversification strategy has been largely successful with the result that 70% of the UAE's GDP (2019) comes from sectors other than oil and gas. While plans call for 7.5% in growth of the non-oil sector annually to further diversifications, it must also be stated that the hydrocarbon sector remains central to the overall health of the economy.

Several reforms were announced in 2019 and 2020 that aim to further strengthen the UAE's market economy. These include new commercial laws opening 13 key economic sectors to 100% full foreign ownership, the introduction of a Golden Residency program to attract both talent and foreign investment, and new commitments on global tax cooperation. Limitations continue to exist in terms of the ruling family's involvement in economic activity the maintenance of some exclusive agency distribution agreements, and in the informal economy.

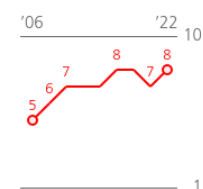
Establishing international businesses remains easy, which also finds its expression in the UAE's excellent ranking in the 2020 Global Connectedness Index; here it holds rank 4 out of 169 countries.

By-and-large, 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 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.

At the same time, the number of sectors the government protects are shrinking. A new commercial law coming into effect in 2019 has opened 13 economic sectors to 100% foreign ownership, including transport, renewable energy, manufacturing, agriculture, education and health care. The relaxation of social and cultural laws announced in November 2020 and new residency regulations constitute further efforts to increase equality in terms of market opportunities for residents and foreigners alike. Such reforms have opened access to the UAE economy, although they will not eliminate monopolistic practices in place for clientelist purposes.

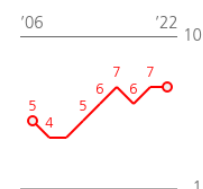
Market
organization

8



Competition policy

7



The UAE is an active member of the World Trade Organization (WTO) since joining in 1996 and trade is seen as an essential element in the UAE's economic diversification strategy. The UAE is classified as having an open trade regime with low tariff and few non-tariff barriers to trade. The UAE is the first Arab country to ratify the WTO's new Trade Facilitation Agreement in 2016.

The country's Most Favored Nation applied tariff rate averaged 4.4% in 2018. 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. No export subsidies have been identified by the WTO, and trade restrictions are usually applied on safety, religious or moral grounds.

The UAE continues to develop its trade relationships, with increased emphasis on Asia and Africa in recent years. In August 2020, the UAE signed the Abraham Accords with Israel, which also included an economic trade section aimed at promoting bilateral investment. In January 2021, the UAE, along with Saudi Arabia and Bahrain, ended its boycott of neighboring Qatar, agreeing to open borders and resume economic links.

The UAE's banking and capital market system is highly developed with 23 local and 26 international banks including Deutsche Bank, HSBC, UBS, BNP Paribas, operating in the country as of January 2021. There are a further 22 finance investment companies and 140 exchange houses. The banks can be divided into four broad categories: commercial, investment, Islamic and industrial. During 2019 and 2020, the UAE banking sector remained healthy, although the COVID-19 pandemic had an impact on overall profitability. UAE central bank foreign assets stood at \$103 billion in October 2020, with the aggregate capital and reserves of banks operating in the country totaling \$106 billion, an increase in recent years, according to the central bank. In addition, both the tier 1 capital ratio (16.9%) and the capital adequacy ratio (18%) were well above the 13% requirement as in the third quarter of 2020. Aggregate income however decreased by 3% in 2020 as a result of an increase in non-performing loans. This is mainly due to the impact of the COVID-19 pandemic and, in particular, low oil prices, which continue to be central to the overall health of the UAE's economy. As a result, Moody's Investor Service lowered its outlook for the UAE banking sector from stable to negative.

In response, the central bank issued a \$70-billion program of capital and liquidity measures that remained in place until June 2021. The Targeted Economic Support Scheme includes a reduction in requirements for cash reserve ratios, a loan deferral program and capital buffer adjustments. The central bank also adopted a Financial Crisis Preparedness and Management Framework to manage and resolve potential financial distress. Implementation of the Basel III compliant capital framework was

Liberalization of foreign trade

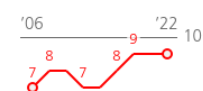
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Banking system

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delayed from June 2020 until March 2021. Capital markets saw their performance decline slightly in 2020, but overall market capitalization remained high at \$246 billion. In January 2021, the UAE cabinet approved a public debt strategy to build a bond market in the local currency.

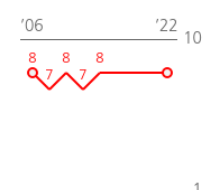
8 | Monetary and fiscal stability

The control of monetary stability stands in line with the government's economic agenda. The central bank oversees the monetary system in line with UAE Federal Law No. 10 of 1980. The law requires the central bank to enforce laws and regulations and propose policies that support the economic goal of stable prices and low employment. While the central bank has its own board of directors, its institutional independence is constrained by government directives. In 2019, the UAE entered a deflationary period, with prices decreasing by 1.9% due to a steep decline in real estate prices. The deflationary trend continued in 2020 as a result of the COVID-19 pandemic and low oil prices, resulting in a 2.3% decline. UAE central bank measures to maintain liquidity in the financial system, along with an expectation of renewed economic growth in 2021, suggest a return to inflationary rates in coming years. However, the government closely monitors developments, and intervenes as deemed necessary to set price limits, for example on certain staple food and commodity items. Yet, its approach to stimulate both the demand and supply side is restricted by the fact that the UAE dirham is pegged to the U.S. dollar, limiting the policy options when it comes to resisting U.S. interest rate hikes. Occasional suggestions that the UAE switch to a floating exchange rate have not been acted upon and the currency's peg to the U.S. dollar remains in place. In 2020, the UAE raised its interest rates by a combined total of 125 basis points in line with a hike by the U.S. Federal Reserve.

Ensuring macroeconomic stability is a cornerstone of government policy. Large-scale investments in infrastructure and services development alongside a sustained economic diversification process over the last two decades resulted in the UAE being listed – prior to the coronavirus pandemic – as the most competitive economy in the Middle East. In fact, UAE was ranked 9th in the 2020 Competitiveness Report put out by the International Institute for Management Development (IMD). The declining economic condition as a result of the COVID-19 pandemic resulted in a fiscal deficit of 9.9% of GDP for 2020, although the figure is expected to decline to 5.1% in 2021. Public debt-to-GDP rose to 36.3% in 2020, up from 20.7% in 2017 as the overall economy contracted by 6.6%. In response, the government announced a reduction in federal spending by 5.3% for 2021. Measures to stimulate economic growth in response to the COVID-19 pandemic were limited and mainly aimed at ensuring private sector liquidity, and did not entail massive investments in public sector activity. Seeking to demonstrate its ability to manage the effects of the coronavirus crisis, the government thus did not significantly curtail government

Monetary stability

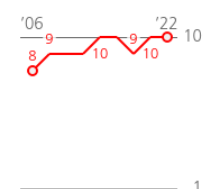
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Fiscal stability

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spending. As of January 2021, the government had not resorted to additional borrowing, although the cabinet did approve the establishment of a local currency bond market as a future alternative. Debt sustainability and fiscal consolidation continue to be government policy priorities.

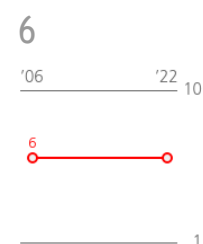
9 | Private Property

The UAE opened up the property sector to nationals and foreign residents in the early 2000s. Since then, property rights, the regulation of property acquisition, benefits, and use and sale conditions have been continuously defined in formal law with increased specificity. UAE nationals have the right to own property anywhere in their emirate while expatriates, including nationalities from the GCC countries, remain restricted to freehold areas. In 2020, reforms to personal status laws and new residency regulations were introduced to encourage further investment in the country's real estate sector. The overall legal environment with regard to property rights remains however inadequately defined. Problem areas that remain include visa rules for property investors, a lack of transparency associated with canceled projects, unclear guidelines concerning procedures for the resale of land, and the lack of a sound dispute-resolution mechanism. Property laws also vary from emirate to emirate. One important element is the fact that one does in general not own the land the property is situated on. It is therefore a contractual but not an ownership right. No further legal clarifications were issued in the 2019 and 2020 reporting period.

The UAE has pursued a wide-ranging economic diversification and liberalization strategy with particular emphasis on expanding and strengthening the role of the private sector. The UAE prides itself on providing a business-friendly environment with minimal bureaucracy and thus places only minor restrictions on private companies. The success of companies like Emirates Airlines and Dubai Ports World demonstrates the success of this strategy by showing that UAE companies can also compete worldwide. Privatization processes are conducted largely on the basis of market principles. In addition to full privatization, the government also pursues extensive public partnerships in the infrastructure, education and waste management sectors.

A key concern is that many seemingly private enterprises are owned by the government or count a ruling family among their primary shareholders. This in turn has raised issues of transparency and conflicts of interest. With government support and acquiescence, large UAE business families hold oligopolistic positions with power concentrated over certain business sectors. At the same time, a functioning market economy continues to be seen as key to ensuring the stability of the country and preventing political discontent. As part of the COVID-19 response, the government did not acquire equity stakes in troubled companies or interfere to nationalize companies to prevent bankruptcies.

Property rights



Private enterprise



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, and a wide array of other subsistence assistance. While the 2021 federal budget was lower than in previous years in response to the overall economic environment, it still allocated 42.6% to social development programs, including 15.3% to education and 8.1% to health care.

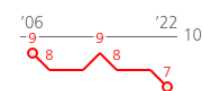
As part of its economic response to the COVID-19 pandemic, the government announced measures such as loan deferral programs and increased subsidies for electricity and water consumption. During the first cabinet meeting of 2021, Prime Minister Shaikh Mohammed Bin Rashid Al Maktoum identified health as the topmost priority for 2021. As of January 2021, the UAE had administered more than 2.5 million vaccination doses to more than one-quarter of the population. As non-nationals are not covered by the social security benefits extended to UAE nationals, economic hardships due to COVID-19 caused a decline in the expatriate population by 5% in Abu Dhabi and 8.7% in Dubai by the end of 2020. The government has countered this trend by introducing reforms of personal status laws and offering more flexible visa arrangements.

There are no formal restrictions in place for UAE citizens in terms of access to employment opportunities, education or public services. Yet, certain limitations exist when it comes to distribution of government positions and access to employment opportunities. In those 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 at the same time increasingly applied at various levels of the government. National unemployment does exist but this is the result of citizens preferring public sector employment over the more competitive private sector rather than insufficient employment opportunities.

While the UAE are one of the few countries where the female literacy rate is higher than male literacy (95.1% and 93.2%, respectively, total: 92.6%, 2015), female participation in the labor force participation rate remains very low, at 17.7% (2020), although with it is growing. Indeed, women are gradually and steadily expanding their role in all aspects of UAE society and the economy. Women's economic participation has been supported by institutions such as the establishment of a Gender Balancing Council, which reviews legislation and provides policy recommendations for the participation of women. A National Strategy for the Empowerment of Women remains in place for the years 2015 – 2021. In addition to 10 female ministers in the UAE cabinet as of January 2021, comprising 30% of the total cabinet, 50% of the country's parliament is composed of women beginning

Social safety nets

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Equal opportunity

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with the 2020 session. As a result, the UAE ranks first globally in the female parliamentary representation index of the IMD World Competitiveness Yearbook 2020. Women also hold more than two-thirds of jobs in the government sector, represent the majority enrolled in tertiary education and are active in business. Internationally, the UAE supports the United Nations Entity for Gender Equality and the Empowerment of Women and the U.N. Security Council resolution that mandates the involvement of women in the world's peace and security architecture.

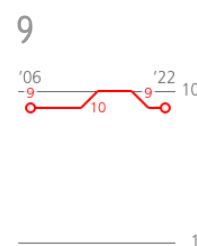
Discrepancies still exist with regard to foreign blue-collar workers, with many living and working under the conditions of the kafala system, and heavily dependent on their employers or sponsors. There are continuous reports of unpaid or delayed wages, despite government programs set up to avoid such abuses by companies. The migrant community was also hit hard by the COVID-19 pandemic with many workers suddenly unemployed and finding themselves stranded due to a lack of money to return to their home countries.

11 | Economic Performance

The UAE economy continues to perform well across various quantitative indicators, although the COVID-19 pandemic and the corresponding economic slowdown have impacted the country. The country's GDP stood at \$412.14 billion at the end of 2019, recording a minimal 0.2% growth rate. A contraction of 6.3% is expected in 2020 due to the coronavirus and the steep decline in the price of oil in the first half of 2020. As a result, other indicators have also been impacted, including a decline in FDI and GDP per capita, as well as increased public debt. In 2019 and 2020, the UAE experienced deflation at rates of -1.9% and -2.2%, respectively. At the same time, the overall position of the economy in terms of price stability, low debt levels and current accounts balance remained stable. The GDP per capita figure remained high at \$69,901 at the end of 2019, while unemployment was at the low rate of 2.4% at the end of 2020. Overall government debt also remained low at 27.3% of GDP by the end of 2019.

As part of the response to the COVID-19 pandemic, the government announced modest stimulus packages that ensure the system has sufficient liquidity. The UAE remains the second-largest Arab economy after Saudi Arabia. While diversification efforts have led to 70% of the country's income coming from non-oil sources, the stated goal to reduce oil income dependency to below 5% of GDP by 2021 will not be reached.

Output strength



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12 | Sustainability

Environmental issues have steadily grown as priority for the UAE government, although economic considerations and political factors tend to still outweigh the implementation of sustainable environmental policies. Environmental challenges include population growth, widespread and rapid urbanization, high energy demand and usage and industrial development. The UAE uses groundwater at a rate that is 20 times higher than its ability to replenish it. Due to the COVID-19 pandemic, aspects such as tourism have had less of an environmental impact.

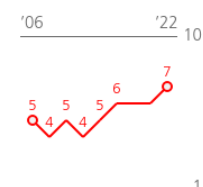
The UAE government acknowledges that the challenges to its natural environment are “immense” with the country’s large carbon footprint, waste generation, air pollution, and land degradation and desertification listed among the key challenges. The official government strategy is for the UAE “to become a global hub and a successful model of the new green economy, to enhance the country’s competitiveness and sustainability and preserve its environment for future generations.” In this context, Siemens Energy and the Mubadala Investment Company in Abu Dhabi announced a partnership in January 2021 for investment in and development of advanced technology pertaining to green hydrogen and synthetic fuel production.

The 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 voluntarily 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. As part of its second Nationally Determined Contribution (NDC) to the Secretariat of the U.N. Framework Convention on Climate Change (UNFCCC), the UAE announced in December 2020 a target of reducing greenhouse gas emissions by 23.5% by the year 2030.

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 was the first Arab Gulf state to sign and ratify the Paris Climate Accord.

Environmental
policy

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The UAE government places very strong emphasis on overall education development and provides large-scale resources to achieve this objective. The overall goal is a complete transformation toward a first-rate education system. Targets to be achieved by 2021 include a 90% upper secondary graduating rate, being in the top 20 countries in the world in terms of PISA scores and eliminating the need of a foundation year for UAE students entering higher education.

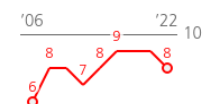
In the 2021 federal budget, education was allocated the largest individual share at 15.7%, amounting to \$2.6 billion. In 2019, 1.3% of GDP was allocated to research and development, almost double the amount allocated in 2014. The UAE already offers citizens free comprehensive education from kindergarten to university. A National Strategy for Higher Education was launched in November 2017 with 33 specific initiatives in order to focus “on graduating specialized and professional generations in the vital sectors to become the cornerstone of the knowledge-based economy and to take part in research, entrepreneurship and labor market.”

Education reforms have also been implemented at the primary and secondary level, with bodies such as the Abu Dhabi Education Council, and Dubai’s Knowledge and Human Development Authority established to ensure high accreditation and teacher qualification standards. The UAE is home to more than 40 leading international universities in addition to national institutions, such as the Emirates University, the Higher Colleges of Technology and Zayed University. Initiatives launched in 2019 and 2020 include establishing the Dubai Digital Hub, the Sharjah Research, Technology and Innovation Park and the opening of the Mohammed Bin Zayed University of Artificial Intelligence. The launch of the UAE Mars Mission in 2020 one achievement resulting from these efforts. There is increasing interest among UAE nationals in technical academic programs, such as those on space research.

The country’s advances in education are reflected in a steady increase in the U.N. Education Index, where the UAE scored a high mark of 0.802 in 2019, compared to 0.738 in 2017 and 0.677 in 2007. Due to its investment in education, in particular in the gradual expansion of online learning platforms, the UAE was able to maintain education delivery even with COVID-19 restrictions and the closing of schools. Due to the presence of international university programs in the country, more nationals also opt for studying domestically rather than undertaking their education abroad, as has traditionally been the case. This is also due to the increased availability of online learning platforms and, in 2020 – 2021, the travel restrictions in place due to COVID-19.

Education policy /
R&D

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Governance

I. Level of Difficulty

Structural constraints on the UAE leadership's ability to govern are minimal. This is primarily due to the fact that the ruling families have a basic monopoly over the decision-making process. As a result, government policies are implemented without much delay and interference. There is also an emphasis on anticipating issues and problems, with numerous initiatives on subjects such as climate change, cybersecurity and innovation reflecting a pro-active agenda. The UAE government has also invested heavily in education in order to increase the capabilities of its national labor force.

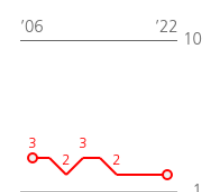
Several constraints exist stemming from the UAE's natural environment and geographical location. Due to the desert condition, the UAE is heavily dependent on desalination for its water supply and on importing much of its food supply. Discussions were held in April 2020 in the GCC about establishing a regional food security system. Geo-strategically, the UAE must contend with its two significantly larger neighbors, Saudi Arabia and Iran, and is located close to the strategic Strait of Hormuz, through which up to 30% of the daily production of oil flows.

The COVID-19 pandemic has acted as a restraint, as some government plans were delayed, and contingency plans had to be initiated to deal with many of the pandemic's consequences. Most significant was the delay of the World Exhibition October 2020 to October 2021, which had been widely anticipated in the country to showcase the UAE's achievements and progress. The downturn in tourism impacted the country's economic diversification progress. At the same time, COVID-19 demonstrated that the investment in health care services made over previous decades has paid off, since death rates did not skyrocket as the pandemic spread throughout the country and region.

While there is strong civil society engagement within the context of community service in the UAE, there is an even stronger determination by the government to restrict any civil society organizations that engage politically or that intent to raise political issues. In particular since the 2011 Arab Spring, the UAE government has actively moved against any institutions or movements that it sees as infringing on its political authority. For example, members of the al-Islah movement (the local branch of the Muslim Brotherhood) have been imprisoned and the movement itself has been declared a terrorist organization. Human rights activists have also been given lengthy prison sentences, including Ahmed al-Mansour who was sentenced to 10 years in prison in May 2017.

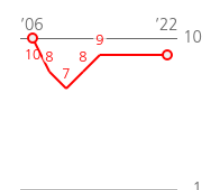
Structural constraints

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Civil society traditions

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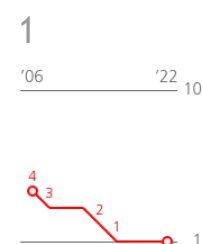
In the context of the COVID-19 pandemic, citizens and residents have been called on to contribute to overall community safety, although all engagement is strictly monitored and controlled.

In sum, the number of institutions considered part of an active civil society is small and composed only of a few professional associations and voluntary groups. Instead, the development and maintenance of social trust is accomplished through personal relationships rather than institutionalized organizations.

The UAE has not experienced any significant violent incidents based on social, ethnic or religious differences for several decades including during the 2019 – 2020 review period. The potential for violence remains low given the high legitimacy of the government and a close-knit coherent national identity, which the large majority of the population lines up behind.

At the same time, the UAE is considered a target for extremist groups or of interference from regional actors such as Iran. Given its tough stance against Islamist movements and its participation in the international coalition fighting the Islamic State (IS) group in Iraq and Syria, the UAE has been mentioned as a target by several extremist organizations. Due to the UAE's involvement in Yemen, the Houthi movement has undertaken attacks against UAE troops in Yemen and launched missiles toward targets in Abu Dhabi and Dubai, although no successful missile strike on UAE territory has been recorded. UAE tankers were attacked by aggressors suspected to be from Iran in 2019 in Gulf water, following a rise in regional tensions. There were also reported threats from Iran that it would carry out attacks inside the UAE, should the UAE continue to provide its territory for the United States to launch strikes against Iran. This followed an episode in June 2019 when Iran shot down a U.S. drone that took off from an air base in the UAE.

Conflict intensity



II. Governance Performance

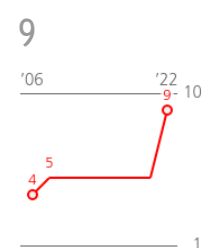
14 | Steering Capability

The UAE maintains a very clear sense in terms of its priorities regarding economic development and the overall strategic direction of the country. As far as political transformation is concerned, decisions are contingent on how this affects regime security. All government agencies engage in regular strategic planning processes which are also subject to review and adjustment as required.

This process takes place both at the federal and the individual emirate level. Individual emirates are guided by strategic documents, the “Abu Dhabi Plan 2030” or “Dubai’s Plan 2021.” At the federal level, the defining strategy has been the

Question
Score

Prioritization



UAE's Vision 2021 document, which outlined the priorities as follows: a cohesive society and preserved identity; a first-rate education system; world-class health care; a competitive knowledge-based economy; a safe public; a fair judiciary; sustainable environment and infrastructure; and a strong global standing. For each of these areas, specific performance indicators were provided that set out goals to be reached. In 2015, a 550-strong government task force was put together to monitor progress toward the 2021 goals and executive committees meet on a regular basis. While a final assessment will have to wait until the beginning of 2021, it is already clear, based on economic and social indicators, that the UAE will accomplish many of the goals to which it aspires.

The National Innovation Strategy, launched in 2014, aims to make the country the most innovative nation in the world by 2021. One key component has been a National Space Strategy launched in March 2019, which led to the launch of the Mars Hope orbiter in July 2020. A new Ministry of Possibilities was also established in April 2019 with the aim of adopting innovative models and working methods to tackle current and upcoming challenges.

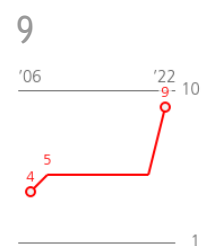
The COVID-19 pandemic has not impacted the prioritization in any significant manner. While some projects have been delayed as a result, none have been canceled. With widespread testing, very restrictive travel measures, and a relatively successful roll-out of the vaccination campaign, the UAE has made a widespread effort to mitigate the impact of the pandemic as much as possible.

The bottom line is that the UAE's governance structure can be said to be largely successful in planning and executing its development strategies.

The UAE strongly prioritizes moving toward achieving its stated goals. With regard to the majority of issues outlined in the UAE's Vision 2021, substantial progress has been achieved in diversifying the economy, improving educational and health care standards, promoting national identity, and integrating innovation into national plans. Prime Minister Mohammed Bin Rashid highlighted some of these achievements in remarks made in January 2021, which included introducing strategic planning principles to government agencies, carrying out legislative reform, shifting 2,500 government services from traditional to smart interfaces and restructuring the government to keep pace with the rapidly changing world. As a result, the UAE ranks first globally in several competitiveness fields and 25th overall out of 141 countries in the 2019 Global Competitive Survey.

A concrete example of policy implementation is the launch and successful entry into orbit of the Mars Hope mission from July 2020 to January 2021. With it, the UAE became the first Arab country to complete an interplanetary mission. The UAE has already set its sights on 2071, the 100th anniversary of its independence with the prime minister outlining "a long journey ahead with a brighter future." In this context, the COVID-19 pandemic has done little to divert the government from

Implementation



its path, which is underscored by a conviction that only a forward-looking agenda can ensure continued stability. While the UAE does have to deal with the economic consequences of the virus, this has strengthened rather than weakened its determination to undertake changes that can accommodate future challenges.

UAE government policy can be considered pragmatic and flexible, with a readiness to review performance and make adjustments as needed during annual government meetings. The overall strategic framework and goals and priorities are largely maintained, and actual policy implementation is under constant evaluation to ensure that progress is achieved. A new structure for the UAE government was approved in July 2020 with the aim rendering it more “agile” than it was previously; this included the merger of 50% of federal authorities into other authorities or ministries and the creation of new government CEO positions in specialized sectors such as cybersecurity, digital government, and strategy and innovation.

A critical endeavor is engagement 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. Criticism of certain UAE policies, such as the lack of political rights and what are seen as increased authoritarian tendencies, or its military involvement in Yemen and Libya, is acknowledged inside the country and can at times lead to adjustments in policies.

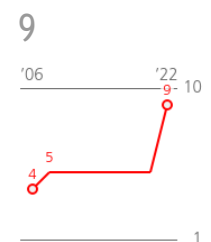
The normalization treaty with Israel signed in August 2020 includes an important component on technology exchange and trade. Overall, the UAE display significant flexibility in policymaking. This was also visible in light of the COVID-19 pandemic, with the government immediately implementing a wide array of policy responses, such as drive-in vaccination centers, to ensure a proper response.

15 | Resource Efficiency

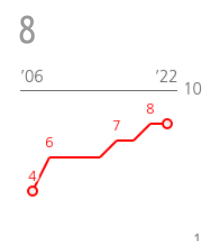
The UAE by and large makes efficient use of its available human, financial and organizational resources. Its policies are aimed at continually improving government’s services and public administration. A government performance management system has been implemented to monitor and measure government performance against the goals laid out in Vision 2021.

Significant emphasis is also placed on elevating the educational and operational skills of UAE nationals in order to gradually lessening the country’s reliance on large numbers of expatriate laborers. In 2020, a new 10-year golden residency program was announced for people with special skills, for example, in areas such as engineering, biotechnology or artificial intelligence. The UAE ranks fourth overall in the 2019 World Competitiveness Index in terms of public sector performance.

Policy learning



Efficient use of assets



One drawback remains the lack of transparency with regard to budget planning and implementation, as well as in terms of the division between public and private wealth, in particular the wealth of the ruling family. UAE nationals also continue to prefer working in the public rather than the private sector, due to better pay and shorter working hours. This at times impacts government efficiency.

Due to both its small national population as well as centralized decision-making, the UAE is able to present coherent policies in which conflicting objectives are removed prior to implementation.

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.

Conflicting interests are visible at the level to emirate-to-emirate relations within the UAE federal structure, although many existing differences are never publicly acknowledged. In particular, relations between the emirates of Abu Dhabi and Dubai can be subject to tensions. Examples include the decision to launch a boycott of Qatar in 2017, which Dubai saw as negatively impacting its business interests, or competition between the two emirates over similar economic sectors. Abu Dhabi does not always agree to Dubai's open-door policy as it sees this a potential threat to the country's overall security. As the largest and most resource-rich emirate, Abu Dhabi, however, tends to dictate federal policy.

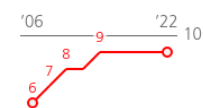
The UAE government is publicly committed to fighting corruption and has put various anti-corruption mechanisms in place. It ratified the United Nations Convention against Corruption in 2006, joined the Arab Anti-Corruption and Integrity Network in 2008, and established the State Audit Institution (SAI) as a federal audit authority overseeing the use of public funds in 1976.

Article 62 of the UAE constitution prohibits government ministers from undertaking any other professional or commercial occupation while in office while the UAE's Penal Code Articles 234 – 239 outline provisions for anti-bribery and corruption and the penalties to be imposed for corrupt actions. UAE anti-corruption initiatives are regularly publicized, such as the announcement in July 2020 of the arrest of a Ministry of Interior official and two accomplices.

Despite this public commitment, the fact that judicial decisions are subject to political review can mean that certain corruption is ignored or overlooked. There are also regular references to illicit activities that take place at the emirate level. The Carnegie Endowment for International Peace released a study in July 2020 entitled, "Dubai's Role in Facilitating Corruption and Global Illicit Financial Flows." Other shortcomings include the continuing lack of transparency over state budgets and the government's procurement process, as well as the overlap that exist between public and private business affairs.

Policy coordination

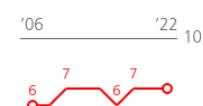
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Anti-corruption policy

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16 | Consensus-Building

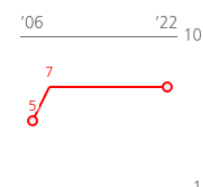
There is a clear and consistent consensus among all major political actors in the UAE about the country's policies, its current direction and the stated path forward. The government and the ruling family are seen as highly legitimate which translates into strong support for government policies. This, however, does not mean that there is a consensus about the transformation of the UAE into a democratic system along Western lines with clear institutional divisions and limitations, political parties, and regular elections. Instead, the emphasis in the UAE is on the concept of good governance rather than political reform and decentralization. The UAE's ambassador to the United States, Yousef al-Otaiba, stated in September 2020 that "because we're not a democracy we have to be very in tune with what our people want," arguing that the lack of institutional mechanisms actually forces the government to pay close attention to public opinion. In the wake of the 2011 Arab uprisings, previous domestic debates about some needed political reforms have been sidelined and replaced by a near unanimous agreement that the UAE does not require a system along the lines of a liberal democracy. In its place, the government's argument that change must be slow and incremental in order to avoid disrupting fragile societal balances is accepted.

The country's economic distributive policies have ensured that the majority of the population has benefited from the growth of the country. This has contributed to a widespread level of support for the implementation of a market economy and further economic diversification and liberalization efforts. On the economic front, the government has the full support of all major political actors in the country to undertake policies that further cement the UAE's path in this direction. Due to the country's small national population in comparison to its position as a leading oil-producing country, the UAE's financial position has made it possible for everyone to see the tangible benefits of economic growth. As such, there are almost no losers in this equation, or sectors of the population that feel marginalized, with the notable exception of expatriate blue-collar workers. The government's COVID-19 response received strong support from the public, with the majority seeing the measures implemented more effectively than those in many other countries.

Political reformers in the UAE have no ability to influence the government or to overcome anti-democratic actors. Political power is completely centralized, with little tolerance for dissenting views or public calls for reform. In fact, those who call openly for reform and criticize the political elite are jailed and subject to lengthy prison sentences. What the UAE leadership advocates is gradual and incremental reform. This, in turn, also includes political reform, such as the expansion of the national electorate in the country's last parliamentary election in October 2019. But maintaining the stability of the ruling system and the state is clearly prioritized over the need to implement wide-reaching reforms. In order to ensure its predominance,

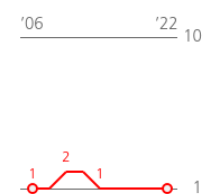
Consensus on goals

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Anti-democratic actors

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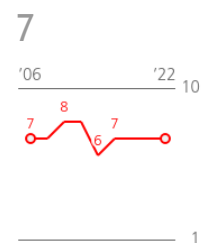


the government has put in place a security apparatus that monitors all types of potential political activity in the country. It has also passed legal restrictions in the form of anti-terrorism and cybersecurity legislation that in essence allows the government to intervene against any form of action that it considered harmful to the country. On this front, there is also extensive cooperation at the regional level, including a GCC-wide security agreement that commits every member state to move against any group of individuals suspected of undermining state security. Given the volatile climate throughout the Middle East region, there is no indication that the UAE government will loosen its stance in the coming years.

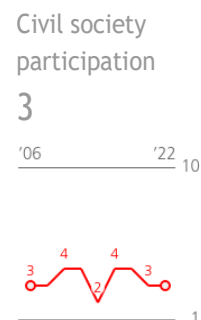
The homogeneity of the UAE population, combined with the government's monopoly on power and the use of force, means that the UAE authorities are capable of containing any cleavages within society. The ruling families in the UAE are accorded a high degree of legitimacy by the national population. An equally high degree of consensus exists when it comes to the government's course of action. Still, cleavages do exist. Most important is the one between the national Emirati population and the expatriate community. The total UAE population was 9.8 million in 2020, of which only about 1.4 million were UAE nationals while 8.4 million were foreigners. The government pursues nationalization strategies to lessen the country's dependency on expatriate labor (so-called Emiratization strategies), but these have not led to a significant decrease in numbers of foreign workers. Due to the COVID-19 pandemic and its associated economic impact, some foreigners left the UAE, but again this is not considered a permanent trend.

As far as the national population is concerned, two cleavages are significant. One is along generational lines. The UAE has a large young population that seeks increased access to UAE employment opportunities and government support. In response, the government has undertaken numerous initiatives, including a National Youth Agenda and a National Youth Strategy. The government has also named a Minister for Youth Affairs. The second cleavage is at the emirate level between the large emirates of Abu Dhabi and Dubai and the less resource-endowed five northern emirates of Sharjah, Umm al-Quwain, Ajman, Ras al-Khaimah and Fujairah. On the one hand, the federal government provides numerous support programs to promote development in all regions of the UAE. On the other hand, the Emirate of Abu Dhabi holds almost all of the UAE's oil reserves and is considered the *primus inter pares* such that its decisions by and large determine national policies. While this sometimes leads to emirate-level competition and disagreements, the government does not consider the existing cleavages to be direct threats to state stability.

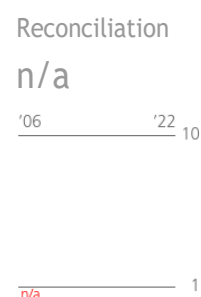
Cleavage /
conflict
management



In the UAE, civil society organizations are excluded from the policy process. Overall, a structurally developed and active civil society in the Western sense does not exist. In particular, the UAE government undertakes specific steps to prevent civil society from playing any role in terms of policy formulation and implementation or government performance monitoring. What does exist in terms of civil society in the Western political tradition – for example, think tanks, professional organizations or labor unions – is 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. What is provided space is civil society participation within the context of community development in terms of voluntary association or community engagement. Local communities have been engaged in the COVID-19 response by, for example, assisting with public information campaigns concerning precautionary measures and the government’s vaccination strategy.

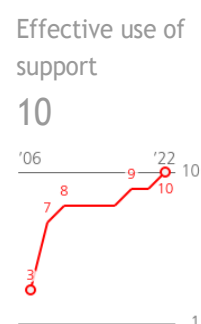


There are no major historical injustices requiring the government to engage in a reconciliation process. While competition among the individual emirates exists, focusing in part on unresolved territorial issues predating the establishment of the federation, this is not considered disruptive and does not require a formal process of reconciliation. There is a broad commitment to the federation as a whole, and any remaining historical disputes are handled within this framework.



17 | International Cooperation

International assistance and cooperation are a fundamental component 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 knowhow. One aspect of this approach has been to establish strategic partnerships with countries around the world in order to “advance the UAE’s standing economically, to contribute toward sustainable development in the UAE and to enhance global competitiveness,” according to the UAE Ministry of Foreign Affairs. Such partnerships exist with all major countries in the world, including the United States, France, Germany, China, South Korea and India, among others. The normalization process with Israel since August 2020 also aims to build relationships with Israeli companies in fields such as cybersecurity and artificial intelligence. In terms of combating the COVID-19 pandemic, the UAE expanded its ties with China, including becoming the first country in the Arab world to roll of the Chinese vaccine.



On the other side of the coin, the UAE is a major donor and contributor to international aid programs worldwide. In May 2016, the UAE announced that it would allocate 15% of its annual budget to humanitarian assistance, thus doubling

its contributions by the year 2020. The OECD has named the UAE as one of the world's largest official development aid donors relative to national income, with \$1.96 billion spent in 2019. Through World Government Summits (held annually in the UAE since the inaugural meeting in February 2015), the country tries to outline agendas for the next generation of governments focused on harnessing innovation and technology.

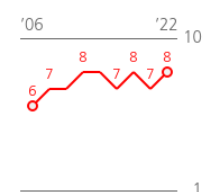
As part of its strategy to combat the COVID-19 pandemic, the UAE delivered aid to more than 50 countries worldwide, including medical supplies and relief equipment to regional rival Iran in spring 2020. Expanding humanitarian assistance is a stated development goal of the UAE Vision 2021 strategy.

Regionally and internationally, the UAE is considered a credible and reliable partner. The UAE works on numerous levels to establish international credibility and makes consistent efforts to follow up on its commitments. The UAE is a member of numerous international organizations and an active contributor to the goals and objectives of those organizations. The UAE also hosts the International Renewable Energy Agency (IRENA) and numerous field offices of the United Nations. In addition, the country is an active participant in international military coalition forces such as those fighting the Islamic State group or the NATO campaign in Afghanistan. As a result of its involvement, the UAE has drawn praise for their performance from coalition allies. The United States designated the UAE a “major security partner” in late 2020. The UAE has also made a widespread effort to advance the U.N. 2030 Agenda for Sustainable Development, at home and abroad. In December 2020, the U.N. General Assembly accepted a resolution co-sponsored by the UAE to declare February 4 the International Day of Human Fraternity. This followed the visit of Pope Francis to the UAE in February 2019 during which the “Document on Human Fraternity for World Peace and Living Together” was signed by both the pope and Sheikh Ahmed al-Tayyeb, the Grand Imam of al-Azhar.

Outside multilateral organizations, the UAE attempts to maintain good relations with a variety of countries worldwide. The signing of the Abraham Accords in August 2020 leading to the normalization of relations with Israel is considered a milestone, given the history of conflictual Arab-Israel relations. The UAE has also shown an increased readiness to follow a more determined national interest policy, including involvement in regional conflict situations. The UAE's participation in the military campaign in Yemen as well as its support for actors in the Libyan civil war have led to criticism. In response, the UAE announced a withdrawal of its forces from Yemen in July 2019, although it continues to support a variety of militias in Yemen through training, material support and advising. The UAE has called for a political settlement in Libya after a U.N. expert panel called out the UAE, among others, for violating the U.N. arms embargo to Libya.

Credibility

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The UAE follows a policy of good neighborly ties and supporting regional integration including as a founding member of the Gulf Cooperation Council (GCC) and a member of the League of Arab States (LAS). Ever since the Arab Spring, the UAE has, however, also taken on a very strong policy position against Islamist movements, such as the Muslim Brotherhood, and extremist movements as a whole, which in turn has created tensions with regional neighbors such as Qatar and Turkey. A direct result was a nearly four-year economic and trade boycott of fellow GCC member Qatar, starting in June 2017, which the UAE accused of supporting extremist causes in the Middle East and beyond. The dispute was largely resolved at the GCC summit meeting in al-Ula, Saudi Arabia in January 2021, although UAE Minister of State for Foreign Affairs Anwar Gargash stated that, while relations would be restored, “some issues are easier to fix and some others will take a longer time.”

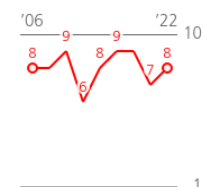
At the same time, there is a public commitment to continuing the work of the GCC.

Inharmonious relations also exist with its regional neighbor Iran, with which the UAE has a territorial dispute over three islands in the Gulf and where the UAE is strongly opposed to what it considers Iranian interventionist policy in the Middle East. As a result, the UAE has called for more coordinated Arab action to counter what it has referred to “ongoing regional interferences in the internal affairs of Arab countries.” The UAE however does not want relations with Iran to become openly combative and will de-escalate tensions as it feels necessary. As part of its humanitarian diplomacy, the UAE shipped COVID-19 assistance to Iran throughout 2020. In Yemen, the UAE has partnered with Saudi Arabia in the military coalition against the Houthi movement. By the end of 2020, the war had resulted in more than 100,000 people killed and an extremely serious humanitarian disaster, according to the United Nations. Aware of mounting criticism, the UAE announced a withdrawal of its forces from Yemen in July 2019, although as of early 2021, the withdrawal remains incomplete. On a more positive note, the UAE is engaged in mediating efforts in Sudan to support a peaceful political transition. In the Horn of Africa, the UAE contributed to the peace efforts between Eritrea and Ethiopia in 2018 and had engaged in mediation efforts to de-escalate the fighting in Ethiopia as of January 2021.

The signing of the Abraham Accords with Israel in July 2020 will likely lead to close collaboration with Israeli companies on a variety of fronts, including broad economic cooperation and collaboration specifically on high-level technology. The UAE sees the normalization with Israel also as a contribution to Arab-Israeli peace, as part of the Abraham Accords was an agreement by Israel to refrain from formal annexation of Palestinian territories for the time being.

Regional cooperation

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Strategic Outlook

The year 2021 began with the UAE generally in a fairly good position. While the COVID-19 pandemic will continue to dampen the likelihood of a quick return to renewed economic growth, additionally because global oil prices will remain low, the UAE's response to the COVID-19 crisis in terms of policy mechanisms and a good start to its vaccination program likely mean the country will return to some form of normalcy sooner than many other countries in the region. The regional environment also offers reasons for cautious optimism, since the UAE normalized relations with Israel, the crisis over Qatar is moving toward a resolution, and with calls for de-escalation regarding the contentious issues of Iran, Yemen and Libya. The incoming Biden administration in the United States could also contribute to a lessening of regional tensions, allowing space for efforts toward promoting regional integration and post-COVID-19 economic recovery.

Overall, the UAE has made tremendous strides in its transformation. The government approaches future challenges more as opportunities than as threats or obstacles. The Golden Jubilee of the 50th anniversary of the UAE's independence will serve as a showcase for its many accomplishments, while the Dubai Expo starting in October 2021 will be an opportunity for the country to present a positive and hopeful outlook to the rest of the world. The UAE's de facto leader Abu Dhabi Crown Prince Mohammed Bin Zayed is considered one of the most effective and strategically focused leaders in the Arab world.

That is not to say that the challenges are not plentiful. There is no pressure to reform the UAE political system. However, heavy-handed authoritarian measures to stifle all domestic dissent and to implement questionable policies in regional conflict zones will continue to draw the attention of many in the international community and lead to unfavorable media coverage and, at times, pushback from actors with which the UAE values its relationship. Both the United States and Europe are unlikely to extend the blank check policy that the UAE has enjoyed in the previous years. While this will not fundamentally change the largely favorable ties that the UAE has created in the past decades, emphasis on reconciliation and substantive engagement in regional peacebuilding would be a good investment in laying the foundation for sustainable development as the Gulf region adjusts to the changes in the international system. The messages and policies promoting tolerance among societies and religions provide a great platform from which the UAE can continue to spearhead increased cooperation regionally and internationally. But it would be equally advantageous if some of the principles of tolerance were extended to those at home who do not necessarily share every view of the UAE government.

On the economic and social front, the UAE will continue to balance the need to maintain domestic growth and advance movement with regard to broad changes taking place at the international level, including possible adjustment to the process of globalization from which the UAE has thus far greatly benefited. While there has been significant emphasis on expanding ties with Asian countries, such as China and South Korea, as alternatives to traditional relations with

the West, in particular economic relations, there is no guarantee that a shift or pivot will provide all that the country need. The process of economic diversification, the transition to a post-oil economy, the move toward a knowledge economy and the integration of new technologies are all processes that take time, and which require continual adjustment to achieve success. Investments in renewable energies, such as the January 2021 announcement of a partnership with Siemens Global to develop the green hydrogen sector, a national strategy for the fourth industrial revolution and a national employment strategy are all steps in the right direction, although much will depend on the actual implementation of plans. There will a further need to coalesce the national outlook with regional economic strategies to promote integration where possible, while, at the same time, minimizing and possibly even eliminating existing areas of competition. The strategic outlook for the UAE remains positive overall, despite the numerous challenges that exist in the volatile Gulf region.