

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

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The United Arab Emirates (UAE) is a federation of seven principalities or “emirates.” Its population is 10 million, of which nearly 90% are expatriates from within and outside the region who work in its economy. The UAE is a U.S. security partner that hosts U.S. military personnel at UAE military facilities and buys sophisticated U.S. military equipment, including missile defenses and combat aircraft. A January 20, 2021, deal signed with the UAE to allow the country to procure F-35s and Reaper drones was placed under review by the Biden Administration, and finalizing the sale has been delayed over several issues, including the UAE’s ability to keep secure the F-35 and its technology from other large powers, such as the People’s Republic of China (PRC or China), with which the UAE has been expanding relations.

Though the UAE and Iran have normal diplomatic relations and extensive economic ties, Iran looms large as a security issue for the UAE government, which opposed the 2015 multilateral Iran nuclear deal and supported the Trump Administration’s withdrawal from it. UAE’s signing of the August 2020 Israel-UAE diplomatic normalization agreement, commonly referred to as the Abraham Accords, represented, in part, the UAE’s intent to work with Israel to counter Iran strategically. Since then, Israeli-Emirati trade, military, and diplomatic ties have expanded measurably, and, in May 2022, Israel and the UAE signed a free trade agreement.

Nearly 10 months after the October 7, 2023, Hamas attacks against Israel and the ensuing war in Gaza, the UAE maintains normal diplomatic relations with Israel, though Emirati officials have joined other nations in calling for an immediate cease-fire. The UAE is one of the world’s largest providers of humanitarian aid for the crisis in Gaza, and the UAE also has sought to play a role in post-war planning for Gaza.

During the Biden Administration, U.S.-Emirati relations were initially strained; however, throughout 2024, the outlook for the bilateral relationship has improved, as the United States seeks to outmaneuver Gulf cooperation with China on advanced technologies. U.S. officials also have thanked their Emirati counterparts for their humanitarian efforts in Gaza. From 1950 to 2022, the United States implemented more than \$29 billion in Foreign Military Sales (FMS) for the UAE, making it the 10th largest U.S. FMS customer by value worldwide. In 2023, the UAE was the second-largest U.S. trading partner in goods by value (\$31 billion) in the Middle East and North Africa region (after Israel). In 2023, UAE-based air carriers ordered an estimated \$63 billion worth of new aircraft from the Boeing Corporation.

The UAE’s human rights record continues to be an issue of concern for some in Congress. The UAE government has increased restrictions on social media usage since the 2011 Arab Spring uprisings. According to the U.S. Department of State, significant human rights issues in the UAE include arbitrary arrest and detention, serious restrictions on free expression and media, and substantial interference with the freedom of peaceful assembly and freedom of association.

Congress conducts oversight of U.S.-UAE relations, with particular attention to U.S. arms sales and related security cooperation. During House consideration of H.R. 8070, the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025 (passed by the House), several Members offered amendments related to UAE on issues such as assessing ways in which to elevate U.S.-UAE security cooperation, restricting arms sales to the UAE over its alleged support for the Rapid Support Forces (RSF) in Sudan, and requiring reporting on UAE policy in Africa and assessing whether UAE assistance to some African nations has contributed to gross human rights violations.

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Overview

The United Arab Emirates (UAE) is a federation of seven emirates (principalities): Abu Dhabi, the oil-rich federation capital; Dubai, the wealthiest city in the Middle East; and the five smaller and less wealthy emirates of Sharjah, Ajman, Fujairah, Umm al Qaywayn, and Ra's al Khaymah. Since the late 1960s, the UAE's population has increased from 180,000 to over 10 million. Dubai, with a population of over 3 million, is the largest city and home to multiple expatriate communities (see **Figure 1**). Expatriates make up nearly 90% of the total UAE population.

Figure 1. UAE at a Glance



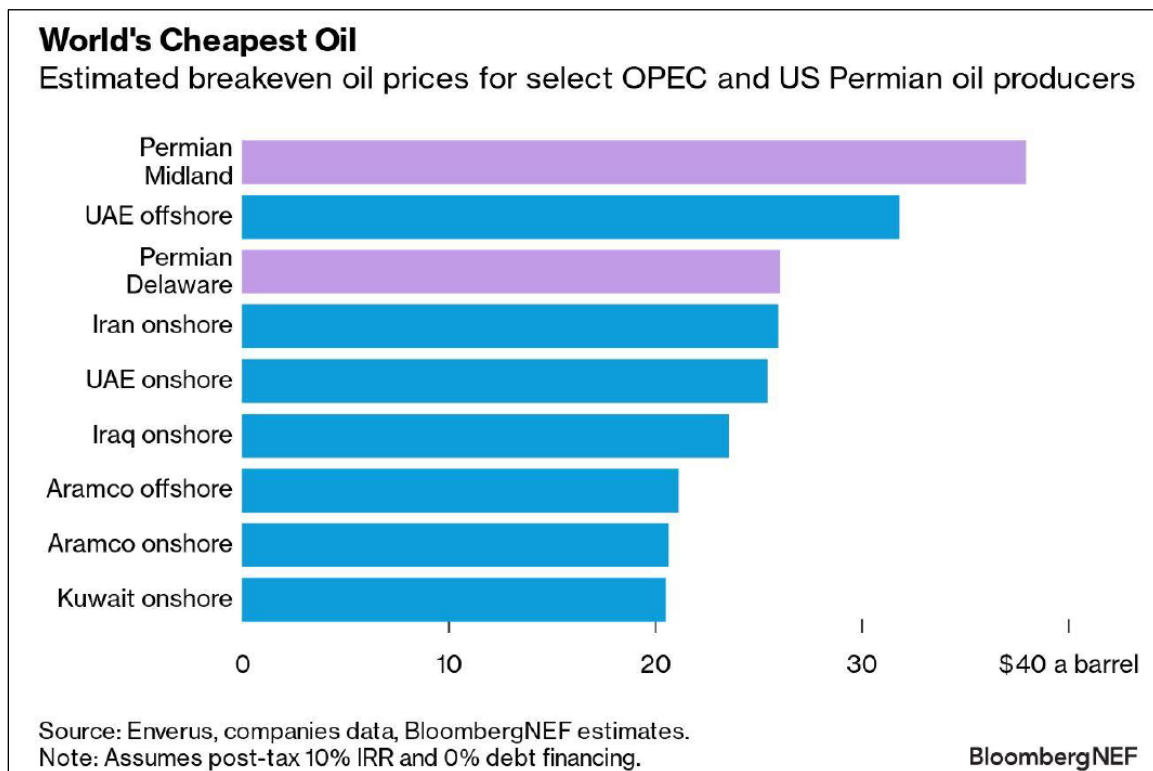
Population	10 million, of whom about 11% are Emirati citizens.
Religions	Of total population, 75% Muslim; 13% Christian; and 12% other (primarily Buddhist or Hindu).
Population Components	Emirati (citizenry) 11%; South Asian; 59% (Indian, Pakistani, Bangladeshi); Egyptian 10%; Filipino 6%; other 13%.
GDP and GDP-related Metrics	GDP Growth Rate: 3.4% (2023) GDP: \$719 billion (2023 est.) Per capita (PPP): \$75,600
Oil Production	About 3.2 million barrels per day
Sovereign Wealth Assets under Management	About \$1.975 trillion

Sources: Map created by CRS. Facts from CIA, *The World Factbook*; Economist Intelligence Unit; and Global SWF.

The UAE holds 7% of the world's proven oil reserves, and national finances are closely tied to oil export revenues.¹ Oil production in the UAE also has some of the world's lowest production costs per barrel of oil (see **Figure 2**).² As of May 2024, UAE oil output is 3.24 million barrels per day (mbd).

Having benefitted from decades of oil revenue and having pursued a host of economic diversification and global investment initiatives, the UAE is one of the wealthiest countries in the world; the International Monetary Fund ranks it sixth globally in Gross Domestic Product (GDP) per capita (current prices).³ With approximately 1.1 million Emirati citizens out of a total population of 10 million, the UAE's national wealth not only enables it to provide generous income tax-free benefits and social services to its citizens, but also gives the small country outsized global influence (see below). The Abu Dhabi Investment Authority (ADIA) runs the world's fourth-largest sovereign wealth fund, with an estimated \$984 billion in assets under management; the UAE has funds that bring total assets under management to over \$1.9 trillion.

Figure 2. UAE Oil Amongst the World's Cheapest to Produce



Source: Bloomberg. Coloring distinguishes U.S. from foreign sources.

Historical Background

From the mid-18th to the mid-19th century, the emirates were under the sway of the United Kingdom and were known as the “Trucial States,” a term derived from a series of maritime truces

¹ Organization of the Petroleum Exporting Countries (OPEC), Annual Statistical Bulletin 2023.

² “Five OPEC Giants Are Raising World’s Cheapest Oil Output,” *Bloomberg*, July 21, 2023.

³ See “IMF Data Mapper: United Arab Emirates Datasets; World Economic Outlook, (July 2024); GDP per capita, current prices, purchasing power parity; international dollars per capita,” International Monetary Fund.

among the several emirates negotiated under British auspices. For over a century and until independence in 1971, the Trucial States functioned as informal British protectorates, with Britain conducting foreign and defense relations on their behalf.⁴

During most of this period, the Trucial States' mostly semi-nomadic population focused on pearl diving, merchandise trade, and date cultivation. Oil exploration in the Trucial States began in the 1930s; the discovery and eventual export of oil in Abu Dhabi in the late 1950s and early 1960s helped transform the emirates politically and economically from a relatively impoverished area dependent on British protection into an independent nation with the Arab world's second largest GDP.

When the British government announced its intent to withdraw from bases "East of Suez" in 1968, the Trucial States and other Gulf sheikhdoms (Bahrain and Qatar) began deliberations over possible federation. Internally and prior to independence, the various ruling families of the Trucial States had cooperated with the British in delineating borders amongst themselves and forming a Trucial Council to discuss political matters. Externally, Britain, along with the United States, worked to ensure that larger Gulf powers, such as Saudi Arabia and Iran, would not impede federation, despite their respective claims on territories within the emirates.⁵ After three years of negotiations, Qatar and Bahrain decided to become independent nations. The emirates acquired full independence from Britain on December 1, 1971. Six of them—Abu Dhabi, Dubai, Sharjah, Fujayrah, Ajman, and Umm al Qaywayn—immediately banded together to form the UAE. A seventh, Ra's al Khaymah, joined the federation early in 1972.

In its half-century of independence, the UAE has had three presidents; their domestic and foreign policies have evolved from an early focus on state building, development, and close ties to the West to becoming a more emboldened, global actor that has retained close Western ties while expanding relationships further East. Under the late Sheikh Zayed bin Sultan al Nahyan (president from 1971-2004), Abu Dhabi used its oil wealth to invest heavily in infrastructure development, as well as federal institutions that could bond a society traditionally divided along various tribal, familial, and geographic lines. Nevertheless, strengthening Emirati national identity took time; the federal army was only truly united in 1997 when Dubai disbanded its armed forces.

During the reign of Sheikh Khalifa bin Zayed al Nahyan (president from 2004 to 2022), the UAE focused on diversifying its economy. In Dubai, which has far less oil than Abu Dhabi, UAE Vice President⁶ Sheikh Mohammad bin Rashid al Maktoum transformed the city-state into a global commercial center centered on finance, real estate, shipping, and tourism. While Abu Dhabi and Dubai have long competed commercially and culturally, Abu Dhabi's oil wealth has undergirded the UAE's growth; during the 2008-2009 financial crisis, Dubai's real estate market crashed, and Abu Dhabi lent it \$20 billion in bailout funds, which Dubai is still repaying.

⁴ "Trucial States in 1914," The National Archives, Government of the United Kingdom.

⁵ In 1971, the Shah-led government of Iran seized the Greater and Lesser Tunb islands from the emirate of Ra's al Khaymah and compelled the emirate of Sharjah to share with Iran control of Abu Musa island. In April 1992, the Islamic Republic of Iran took complete control of Abu Musa and placed some military equipment there. When the UAE achieved its independence in 1971, Saudi Arabia continued its unresolved border dispute with Abu Dhabi over the Al Buraymi Oasis, which was ultimately resolved by the 1974 Treaty of Jeddah.

⁶ The emir of Dubai has traditionally served as vice president and prime minister.

UAE President Sheikh Mohammad bin Zayed (MBZ) and Other Key Leaders

The current leader of the UAE is President Sheikh Mohammad bin Zayed al Nahyan (born 1961, commonly referred to as “MBZ”), who formally assumed the role of president after the 2022 death of his older half-brother Sheikh Khalifa bin Zayed al Nahyan. Since the late Sheikh Khalifa’s stroke in 2014, MBZ had exercised de facto executive authority.

President Sheikh Mohammad bin Zayed al Nahyan is the third son of Zayed bin Sultan al Nahyan, the first President of the UAE. As a young man, MBZ served in several different Emirati military positions before being appointed deputy crown prince of Abu Dhabi in 2003 and crown prince in 2004. Even before becoming de facto ruler of the UAE, MBZ

worked to reform the UAE’s military, hiring foreign officers to lead the armed forces, instituting a year of compulsory service for male UAE citizens (which has since been extended to 16 months), and acquiring advanced and customized fighter aircraft from the United States, such as the F-16 Desert Falcon.

As the UAE has become one of the most influential states in the Middle East, MBZ and his predecessors have used Abu Dhabi’s vast oil wealth to diversify the UAE economy, invest globally, and modernize the military with mostly U.S. equipment and training. According to one report, the ruling Al Nahyan family may be the world’s richest, with a reported net worth estimated at \$300 billion.⁷

Since 2014, under MBZ’s long de facto and now de jure leadership, the UAE has used a combination of soft and hard power to assert itself in several parts of the Middle East and Africa—with key goals of keeping secular authoritarian Arab leaders in power, working against Muslim Brotherhood-linked organizations, countering terrorism, and deterring Iran. At times, the UAE’s more aggressive regional posture, foreign military interventions, and behind-the-scenes sponsorship of autocratic leaders have drawn criticism, with some international observers claiming MBZ’s unilateral moves have been destabilizing.⁸ Others have focused on MBZ’s role as a modernizer and a peacemaker, as the UAE’s historic 2020 normalization of diplomatic relations with Israel has brought him widespread praise.⁹

In general, while MBZ is the primary UAE decisionmaker and may be grooming his eldest son (Sheikh Khaled bin Mohammad bin Zayed al Nahyan [born 1982], appointed crown prince in 2023) to succeed him, he also has distributed power to five other full brothers, collectively referred to as the “Bani Fatima” (children of Fatima, the third and favored wife of UAE founder Sheikh Zayed bin Sultan). Among the Bani Fatima, National Security Advisor Sheikh Tahnoun bin Zayed al Nahyan (TBZ) serves as a deputy ruler of Abu Dhabi. TBZ oversees over a trillion dollars in UAE assets, such as the mega-conglomerate International Holding Company (IHC) and the sovereign wealth fund Abu Dhabi Developmental Holding Company (ADQ).¹⁰ Sheikh Hazza bin Zayed al Nahyan also is a deputy ruler of Abu Dhabi. Another brother, Sheikh Mansour bin Zayed al Nahyan, is UAE vice president and owner of the Manchester City Football Club in the United Kingdom.



Domestic Politics and Society

The UAE’s political system is notably stable. The dynastic rulers of each of the seven emirates exercise power within their respective principalities over “all authorities that are not assigned by the Constitution to the Federation.”¹¹ Per the constitution, the Federal Supreme Council, which comprises the hereditary leaders of all the emirates, has the power to elect a new president upon death or resignation of the sitting ruler.¹² The Council is the highest federal executive and legislative authority in the UAE. Since the founding of the state, the ruler of Abu Dhabi has served as the federation’s president, and the presidential transition in 2022 (like the previous one

⁷ Devon Pendleton, Ben Bartenstein, Farah Elbahrawy, and Nicolas Parasie, “Secretive Gulf Family’s \$300 Billion Fortune Is About More than Oil,” *Bloomberg*, December 6, 2022.

⁸ David Kirkpatrick, “The Most Powerful Arab Ruler Isn’t M.B.S. It’s M.B.Z.,” *New York Times*, June 2, 2019.

⁹ “Sheikh Mohamed bin Zayed receives prestigious US award for the Abraham Accords,” *The National* (UAE), November 19, 2021.

¹⁰ Ben Bartenstein, Abeer Abu Omar, Adveith Nair and Farah Elbahrawy, “Gulf Royal’s \$1.5 Trillion Empire Draws Bankers and Billionaires,” *Bloomberg*, September 5, 2023.

¹¹ United Arab Emirates, “The Cabinet (Federal System),” available at <https://uaecabinet.ae/en/federal-system>.

¹² An English language translation of the UAE’s 1996 constitution is available at <https://www.refworld.org/pdfid/48eca8132.pdf>.

in 2004) followed constitutional procedures.¹³ The UAE president has the legal authority to sign laws and issue decrees (in areas assigned to the federation under the constitution), appoint/dismiss cabinet ministers, and conduct the nation's foreign affairs.

The UAE does not have an independent legislative body, though it has provided for some formal popular representation of citizens through a 40-seat advisory Federal National Council (FNC)—a body that can debate laws and review government policies, but not legislate independently. The FNC can summon ministers for questioning, but it is not empowered to remove them. Half of the FNC's seats are appointed; the other half are directly elected by limited suffrage among selected UAE citizens.¹⁴ According to a 2018 presidential decree, Emirati women must hold 50% of the council's seats.

The UAE has a dual judicial system with a mix of federal courts and state courts within some individual emirates. Sharia (Islamic law) is the principal source of legislation, though courts may apply civil or sharia law depending on circumstances. According to the constitution, federal law supersedes local law, though each emirate can enact laws not expressly reserved for the federal government, or in areas in which the federal government has not legislated. A Federal Supreme Court, appointed by the UAE leadership, adjudicates disputes between emirates or between an emirate and the UAE federal government. Abu Dhabi and Dubai also have special economic zones with respective separate court systems to settle commercial and civil disputes.

According to the U.S. Department of State report on human rights practices in the UAE during 2023, while the constitution provides for an independent judiciary, “court decisions remained subject to review by the political leadership.... The judiciary consisted largely of contracted foreign nationals subject to potential deportation, further compromising its independence from the government.”¹⁵ Each individual emirate maintains its own police forces, which enforce both local and federal law and are officially subsumed within the Federal Ministry of the Interior.

The Emirati federal government and each individual emirate maintain generous social welfare systems for Emirati citizens. In the UAE, Emirati citizens pay no personal income tax. Education is compulsory and free. Emirati citizens are entitled to universal health care. The state also maintains a vast subsidy system, particularly for low-income citizens. The UAE's Social Welfare Program provides its citizens with subsidies for housing, unemployment support, food, fuel, water, and electricity. Many citizens who have worked in both the public and private sectors are entitled to pensions upon reaching retirement eligibility.

The UAE's population consists mostly of expatriates, who make up a higher share of the UAE's population than any other Gulf Cooperation Council (GCC) state (see **Figure 3**). The federal government has sought to attract and retain skilled foreign labor to help make the economy globally competitive, and has reformed and liberalized some laws in apparent efforts to do so. The UAE faces competition from Saudi Arabia and other Gulf neighbors that similarly seek to be a hub for global commerce. In 2021, the federal government decriminalized premarital sex and cohabitation (“homosexual activities are illegal,” per the State Department). The Dubai government also removed the requirement for a license to purchase or consume alcohol. A new federal law on the personal status of non-Muslims allows for civil law to govern marriage,

¹³ George Sadek, “United Arab Emirates: Supreme Council Elects New President of the Union,” *Global Legal Monitor*, Law Library of Congress, June 9, 2022.

¹⁴ For information on the regulations pertaining to FNC elections, see <https://www.mfnca.gov.ae/en/areas-of-focus/elections/2019/>.

¹⁵ U.S. Department of State, *2023 Country Reports on Human Rights Practices: United Arab Emirates*.

divorce, inheritance, and child custody for non-Muslims.¹⁶ In 2021, the UAE amended its citizenship law, allowing a pathway to citizenship for certain categories of foreigners from select career fields.¹⁷ In the emirate of Ras al Khaimah, the Wynn Casino company is building a resort and gaming complex, in what would become the first casino to operate in any of the GCC states; to date, the UAE has yet to legalize gambling, which is prohibited in Islam.¹⁸

At the same time, the UAE, like other Gulf Cooperation Council (GCC) countries, has attempted to encourage more of its own citizens to be active participants in the private sector labor force. According to the country's "Emiratisation" laws, private sector companies with over 50 employees must have at least 3% of their payroll consist of Emirati citizens; noncompliance results in steep fines, though the government has offered to subsidize a portion of its citizens' salaries from private employers.¹⁹ Despite these efforts, studies indicate that Emirati students lag internationally on key educational performance benchmarks; some contend that "the promise of a public-sector job, regardless of ability, offered little motivation to work hard in school."²⁰ In 2024, the ruler of Dubai claimed that, for the first time, the number of Emirati citizens working in the private sector had exceeded 100,000, due, in part, to government programs designed to incentivize local hiring.²¹

Figure 3. Migrant Population by Percentage in the GCC



Sources: *The Economist* and United Nations. M means millions.

Human Rights, Women's Rights, Foreign Labor, and Trafficking in Persons

According to the U.S. Department of State, significant human rights issues in the UAE include, among other things, arbitrary or unlawful killing; cruel, inhuman, or degrading treatment or punishment by the government; harsh and life-threatening prison conditions; arbitrary detention; political prisoners or detainees; and transnational repression against individuals in another country.²² The nongovernmental organization Freedom House classifies the UAE as "not free."²³

According to the World Economic Forum's 2023 Global Gender Gap report, the UAE ranks 74th overall in the report's global gender gap index and first overall in the Middle East and North

¹⁶ "UAE issues Personal Status Federal Decree- Law for non-Muslims in the country," Emirates News Agency (WAM) (UAE), December 9, 2022.

¹⁷ "UAE adopts amendments to grant citizenship to investors and other professionals," Reuters, January 30, 2021.

¹⁸ Zainab Fattah, "The First Casino Near Dubai Sparks a Region's Newest Gold Rush," *Bloomberg*, June 13, 2024.

¹⁹ Rory Reynolds, "Emiratisation explained: What are the new rules and fines?" *The National* (UAE), July 12, 2023.

²⁰ "Reinventing the Gulf: A new dawn, a new day," *The Economist*, February 11, 2023.

²¹ "Number of Emiratis working in private sector tops 100,000 for first time," *The National* (UAE), May 26, 2024.

²² Op.cit., *2023 Country Reports on Human Rights Practices: United Arab Emirates*.

²³ See <https://freedomhouse.org/country/united-arab-emirates>.

Africa, ahead of Israel and Tunisia.²⁴ This score may reflect UAE government attempts to take some steps toward improving gender equality. In the workplace, the UAE has sought to increase women's labor force participation (55% as of 2023) by introducing paid parental leave for employees in the private sector.²⁵ The UAE also reformed other legal provisions to prohibit discrimination on the basis of sex and gender, while enacting a domestic violence law permitting women to obtain restraining orders against abusers. Several cabinet shuffles have greatly increased the number of female ministers, and one woman has been speaker of the FNC. The UAE Air Force has several female fighter pilots, and, in 2021, Nora al Matrooshi was named the UAE's first female astronaut.²⁶

Despite some progress on women's rights, some human rights groups assert that many forms of discrimination against women remain legal. According to Human Rights Watch, "laws still provide male guardian authority over women and loopholes allow reduced sentences for men for killing a female relative."²⁷ In 2022, the United Nations Committee on the Elimination of Discrimination against Women (CEDAW) expressed concern about the unequal legal status of Emirati women in marriage, family relations, and divorce.²⁸

Overall, UAE law governing certain personal matters differs for Muslim Emirati citizens and non-Muslim expatriates. For the former, the Personal Status Law, which is based on sharia law, governs policies on marriage, divorce, and child custody. In Abu Dhabi, a federal law²⁹ on the personal status of non-Muslims allows for civil law (secular legal regime) to govern marriage, divorce, inheritance, and child custody for non-Muslims.³⁰

The UAE is a "destination country" for women trafficked from Asia, Africa, and the countries of the former Soviet Union and forced into prostitution. The Department of State's Trafficking in Persons report for 2024, for the 13th year in a row, rated the UAE as "Tier 2," based on the assessment that the UAE "does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so."³¹ In a 2023 investigative exposé published by the International Consortium of Investigative Journalists and Reuters, journalists concluded that "the UAE is a major destination for sex trafficking, where African women are forced into prostitution by illicit networks operating within the country.... Emirati authorities do little to protect these women, according to anti-trafficking activists, Nigerian authorities and interviews with trafficked women."³² In order to better combat human trafficking, in 2007 the UAE established "The National Committee for Combating Human Trafficking"; Dubai also has a police unit tasked solely with assisting victims of trafficking.³³

²⁴ World Economic Forum, "Global Gender Gap Report 2024," June 2024.

²⁵ Iva Hamel and Gharam Alkastalani Dexter, "UAE: The sky is the limit for gender reform," World Bank Blogs, March 10, 2021.

²⁶ "The United Arab Emirates has announced its first female astronaut," CNN, April 10, 2021.

²⁷ Human Rights Watch, "UAE: Greater Progress Needed on Women's Rights," March 4, 2021.

²⁸ United Nations, "UN women's rights committee publishes findings on Azerbaijan, Bolivia, Mongolia, Morocco, Namibia, Portugal, Türkiye and United Arab Emirates," July 4, 2022.

²⁹ George Sadek, "United Arab Emirates: Emirate of Abu Dhabi Ratifies Executive Regulation for New Family Law Permitting Civil Marriage," *Global Legal Monitor*, The Law Library, Library of Congress, March 28, 2022.

³⁰ "UAE issues Personal Status Federal Decree- Law for non-Muslims in the country," WAM, December 9, 2022.

³¹ U.S. Department of State, "2024 Trafficking in Persons Report: United Arab Emirates," June 25, 2024.

³² Maggie Michael, "How torture, deception and inaction underpin UAE's thriving sex trafficking industry," Reuters, June 12, 2023.

³³ "Minister of Justice sets out UAE's fight against 'heinous' human trafficking," *The National* (UAE), July 30, 2023.

A significant percentage (89%) of the UAE's expatriate workforce comprises low-paid, unskilled and semi-skilled laborers and domestic workers, predominantly from South Asia. UAE law prohibits all forms of compulsory labor, but enforcement is inconsistent. Foreign laborers have sometimes conducted strikes to protest poor working conditions, nonpayment of wages, and cramped housing conditions. Workers still reportedly sometimes have their passports withheld, are denied wages or paid late, and are deported for lodging complaints. The federal government has put in place an electronic salary payment system that applies to companies with more than 100 workers, facilitating timely payment of agreed wages. In 2022, the UAE government issued a federal decree aimed at creating better work conditions for domestic workers.³⁴

Opposition and Repression of Domestic and Foreign Activists

UAE law prohibits political parties, and there has been no indication of organized public political opposition since the 2011-2013 period of widespread social unrest in the Arab world. The UAE government has asserted that the Muslim Brotherhood and groups affiliated with it are a threat to the stability of the region and the UAE itself.³⁵ In 2014, the UAE named the Muslim Brotherhood as one of 85 "terrorist organizations" (a list that included Al Qaeda and the Islamic State).³⁶ A domestic affiliate of the Brotherhood in the country—the Islah (the Association for Reform and Guidance) organization—has operated openly in the UAE since 1974, attracting followers mostly from the less wealthy and more religiously conservative northern emirates; it has no history of attacks or violence. Despite that record of nonviolence, in 2013, the UAE State Security Court convicted and sentenced dozens of Islamists—many from Islah—who were arrested during the 2011-2013 period for trying to overthrow the government.³⁷ Known collectively as the "UAE94," some of those convicted in 2013 have completed their sentences but remain in detention.³⁸

In December 2023, Emirati authorities brought new charges against some members of the UAE94 and other political dissidents, accusing dozens of defendants of running a terrorist organization. After a mass trial that drew scrutiny from human rights organizations,³⁹ in July 2024, an Abu Dhabi federal appeals court convicted 53 defendants, including "leaders and members of the terrorist Muslim Brotherhood organization."⁴⁰

Oil and Climate Change

In recognition of its half-century of independence, in 2022 the UAE issued "The Principles of the 50," in which it envisions a dynamic economic future revolving around the continued development of "human capital."⁴¹ Nevertheless, though the UAE has made strides to reduce its dependence on hydrocarbon exports via economic diversification, the UAE economy and financial picture still fluctuates along with the world energy outlook. Abu Dhabi has 80% of the federation's proven oil reserves of about 111 billion barrels. According to *The Economist*, the UAE's state-run oil company, the Abu Dhabi National Oil Company (ADNOC), has enough oil

³⁴ "United Arab Emirates: New Law Regulating Work of Foreign Domestic Workers Adopted," *Global Legal Monitor*, The Law Library, Library of Congress, January 5, 2023.

³⁵ "UAE and the Muslim Brotherhood: A Story of Rivalry and Hatred," *Middle East Monitor*, June 15, 2017.

³⁶ "UAE Lists Scores of Groups as 'Terrorists,'" *Al Jazeera*, November 16, 2014.

³⁷ "UAE jails 61 Islamists in coup plot trial, rights groups protest," Reuters, July 12, 2013.

³⁸ "Over 50 political prisoners held in UAE past their jail terms: activists," Reuters, May 9, 2023.

³⁹ Human Rights Watch, "UAE: Unfair Trial of Rights Defenders," April 29, 2024.

⁴⁰ Chloe Cornish, "United Arab Emirates sentences 43 activists to life in prison," *Financial Times*, July 10, 2024.

⁴¹ See <https://u.ae/en/about-the-uae/initiatives-of-the-next-50/the-principles-of-the-50>.

reserves to continue producing at current rates (about 3.2 mbd)⁴² for over four decades.⁴³ Major UAE crude oil export destination markets include Japan, India, China, and South Korea. Expecting continued global oil consumption and seeking additional market share, the UAE has plans to increase crude oil production capacity to 5 mbd by 2030.⁴⁴ According to ADNOC Chief Executive Sultan Ahmed al Jaber, “We cannot simply unplug from the energy system of today. We cannot just flip a switch.”⁴⁵

Though the UAE economy remains largely dependent on hydrocarbon exports, the UAE’s “Energy Strategy 2050” aims to develop both renewable energy sources while also making existing hydrocarbon production “greener.”⁴⁶ The UAE is investing in “green hydrogen” industrial zones, which will produce hydrogen using renewable energy sources. The UAE also is constructing what it claims will be the world’s largest single-site solar plant upon completion, providing 2.1 gigawatts (gw) of power, or enough electricity to power 160,000 households.⁴⁷ The UAE has worked to develop ventures, such as the clean energy and autonomous vehicle showcase project “Masdar City,” that provide jobs and attract tourism and publicity. It also produces nuclear power domestically (see text box below).

UAE Nuclear Program and U.S. Cooperation

In 2009, the United States and the UAE concluded a peaceful nuclear cooperation agreement—pursuant to Section 123 of the Atomic Energy Act of 1954 (AEA; 42 U.S.C. 2153(b))—committing the UAE to refrain from producing enriched uranium or reprocessing spent nuclear reactor fuel; both processes could produce fissile material for nuclear weapons. This provision is typically not included in peaceful nuclear cooperation agreements. The Korea Electric Power Corporation of South Korea is the prime contractor operating the Barakah Nuclear Energy Plant, which contains four nuclear power reactors and began operating in mid-2020. The UAE may be planning to construct a second nuclear plant.⁴⁸ The UAE could request review and/or revision of its bilateral civil nuclear cooperation agreement with the United States if the U.S. government concludes an agreement with more favorable terms with any other regional country.

In November 2023, the UAE hosted the United Nations (U.N.) Climate Change Conference, or COP28. The conference concluded with agreement amongst all parties to accelerate efforts toward “the phase-down of unabated coal power, phasing out inefficient fossil fuel subsidies, and other measures that drive the transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, with developed countries continuing to take the lead.”⁴⁹ The UAE, one of the 10 largest oil producers in the world, has pledged to reach carbon neutrality in its own consumption by 2045, though given relatively stable and high oil and gas prices, the UAE also may continue increasing its hydrocarbon exports for the near future. Such exports are not included in calculations of carbon neutrality. The White House praised the UAE’s creation of the

⁴² In addition to large reserves and high daily production, the UAE is one of the few OPEC members that holds spare oil production capacity (about a million bpd), which can be activated within 30 days and sustained over an indefinite period. This spare production capacity provides the UAE, combined with coordinated output decisions with Saudi Arabia and other Gulf producers, with some notable oil market leverage.

⁴³ “State-run oil giants will make or break the energy transition,” *The Economist*, July 25, 2022.

⁴⁴ U.S. Department of Commerce, “United Arab Emirates—Country Commercial Guide: Oil and Gas,” July 26, 2022.

⁴⁵ Yousef Saba, Alex Lawler, and Hadeel Al Sayegh, “Oil Industry Calls for Inclusivity Under Climate Efforts,” Reuters, November 15, 2021.

⁴⁶ See <https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/strategies-plans-and-visions/environment-and-energy/uae-energy-strategy-2050>.

⁴⁷ “Major UAE solar plant to go online before COP summit: energy firm,” Agence France Presse, January 31, 2023.

⁴⁸ “UAE planning second nuclear power plant, sources say,” Reuters, April 26, 2024.

⁴⁹ United Nations, “COP28 Agreement Signals ‘Beginning of the End’ of the Fossil Fuel Era,” December 13, 2023.

“ALTERRA Fund,” a \$30 billion climate finance investment vehicle to assist developing nations in combatting climate change.⁵⁰

In April 2024, Dubai and other Emirates received record rain fall, resulting in flooding that some reports say was exacerbated by climate change. Since then, public health authorities have issued warnings about the spread of dengue, particularly amongst foreign laborers.⁵¹

Foreign Policy and Defense Issues

The UAE has sought to influence regional affairs using its significant financial resources, as well as the expertise and equipment gained in its security partnership with the United States and other international partners. The United States is arguably the UAE’s most important security partner (see below), but the UAE has a diversified set of defense equipment providers and a growing domestic defense industry of its own. U.S. troops are stationed on Emirati soil (at the invitation of the UAE government); the UAE military procures sophisticated U.S. military equipment; and the security partnership has been, since 1994, delineated by a “Defense Cooperation Agreement” that promotes U.S.-UAE interoperability (see below).

For the past decade, the UAE government has asserted greater independence from U.S. foreign policy amid the growing influence of other foreign actors (Russia, China, India, Turkey [or Türkiye], and France) in the Middle East and North Africa (MENA) and as UAE officials have bemoaned what they describe as U.S. disengagement from the MENA region.⁵² Though the Biden Administration, like its predecessors, has denied that the United States has reduced its overall security commitment to the region,⁵³ U.S. officials have acknowledged that, as the U.S. force presence is strengthened in other regions, the United States is asking its Gulf partners to shoulder more of their own defense.

The UAE, like other GCC states, has appeared to pursue a foreign policy strategy of hedging against its close U.S. relationship by expanding ties to Russia, China, and other countries.⁵⁴ According to statements by Anwar Gargash, a senior advisor to the UAE’s president, “The UAE has no interest in choosing sides between great powers.... Trade relations increasingly look to the East while our primary security and investment relations (are) in the West.”⁵⁵

In addition to its courting of other great powers, the UAE overall has adopted a foreign policy approach that observers have characterized as consisting of “zero problems” toward regional rivals and other foreign powers.⁵⁶ In the past few years, the UAE has repaired relations with Qatar, Turkey, Iran, and Syria, while, as previously mentioned, expanding ties to Russia, China, and India (see below).

At the same time, the UAE has continued to exert influence and pursue national interests in war-torn, politically unstable countries, such as Yemen, Libya, Ethiopia, Somalia, and Sudan (see

⁵⁰ The White House, “Statement from President Joe Biden on the United Arab Emirates Creation of the ALTERRA Fund,” December 1, 2023.

⁵¹ “Floods and climate change blamed for surge in dengue in the Emirates as WHO warns of global spike,” Associated Press, July 24, 2024.

⁵² Phil Steward, “In Middle East, U.S. General Hears Concerns about American Commitment,” Reuters, May 13, 2022.

⁵³ “State Dept: Narrative that US Leaving MENA ‘wholly incorrect,’” *Al Mayadeen*, June 7, 2022.

⁵⁴ Danielle Pletka, “The Qatarization of the Middle East,” *Foreign Policy*, May 4, 2022.

⁵⁵ “UAE won’t take sides in ‘great power’ standoff: senior official,” Agence France Presse, November 14, 2022.

⁵⁶ Mohammad Barhouma, “The Reshaping of UAE Foreign Policy and Geopolitical Strategy,” Carnegie Endowment for International Peace, January 4, 2022.

below). According to one estimate, the UAE has become the fourth-largest investor on the African continent after China, the European Union, and the United States.⁵⁷ Some lawmakers have questioned the nature of the UAE's role in other countries; one submitted amendment (but not adopted) to H.R. 8070, the House version of the FY2025 National Defense Authorization Act, would have required the executive branch to report on whether UAE activities in certain African countries have, among other things, contributed to gross human rights violations.⁵⁸

The UAE's Domestic Arms Industry

The UAE has coupled its broader diplomatic outreach with a drive toward developing an armaments industry while procuring arms imports from multiple suppliers. In 2019, the Emirati government consolidated several companies and government agencies into the defense conglomerate known as the EDGE group. Since then, EDGE has ventured into various foreign partnerships (including with Brazil, France, India, Indonesia, Israel, Italy, Malaysia, and Serbia) to produce, among other things, unmanned aerial systems, anti-ship missiles, guided and loitering munitions, rifles, cyber security products, patrol craft, ammunition, and counter-unmanned aerial systems. The UAE is host to several major global arms expositions, such as the Dubai Airshow, IDEX (International Defence Exhibition), and UMEX (Unmanned System Exhibition and Conference), where Emirati weaponry is often displayed. According to the Stockholm International Peace Research Institute (SIPRI), the UAE has reduced arms imports by more than 40% over the past decade and is now the 20th largest global arms exporter globally.⁵⁹

China

Amidst U.S. competition with the People's Republic of China (China) and the UAE leadership's stated ambitions to emerge as a "middle power" untethered to either West or East, U.S. policymakers have taken heightened interest in Emirati-Chinese relations. Overall, energy and high volumes of non-oil trade are the foundation of Emirati-Chinese relations. According to UAE figures, in 2023, the UAE is China's largest non-oil trading partner in the Middle East, with bilateral volumes of reaching \$81 billion in 2023,⁶⁰ up from \$72 billion in 2022.⁶¹ As of 2022, China purchases an estimated 7% of its crude oil imports from the UAE.⁶² As the UAE has invested more heavily in various technologies to gradually diversify its economy away from hydrocarbon production, it has expanded commercial ties to China, a development that U.S. officials seeking to maintain and expand long-standing U.S.-Emirati defense ties have found concerning (see text box below).

As the establishment of Emirati commercial ties to China continue to accelerate, Emirati-Chinese defense ties may grow stronger. Over the past several years, there have been several Emirati-Chinese defense developments, including the following:

- In November 2021, the Biden Administration reportedly warned the UAE government that Chinese construction of a possible military facility at Khalifa

⁵⁷ Nosmot Gbadamosi, "The UAE Faces Pushback on African Investments," *Foreign Policy*, November 8, 2023.

⁵⁸ See Amendment #487, House Committee on Rules, H.R. 8070 - Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, at https://amendments-rules.house.gov/amendments/OMARMN_133_xml240531120924883.pdf.

⁵⁹ Hashem Osseiran, "UAE spends billions on home-grown arms at defence fair," *Agence France Presse*, February 24, 2023 and "Trends in International Arms Transfers, 2023," SIPRI Fact Sheet, March 2024.

⁶⁰ "Abu Dhabi University Represents the UAE in China-Arab 10 + 10 Cooperation" Initiative," *Al Bawaba News*, July 17, 2024.

⁶¹ United Arab Emirates, Ministry of Economy, "UAE and China discuss investment opportunities in new economic sectors, trade, transportation & technology," March 19, 2023.

⁶² U.S. Department of Energy, Energy Information Administration, China Country Analysis Brief, November 2023.

port, where PRC-based company COSCO operates a commercial container terminal, could damage U.S.-UAE ties.⁶³

- In February 2022, the UAE announced plans to purchase 12 light-attack training aircraft (L-15 or JL-10) from a PRC-owned defense company, with the option for 36 additional aircraft.⁶⁴

Artificial Intelligence (AI): The UAE, China, and U.S. Policy

As the UAE looks to diversify its economy away from hydrocarbon production and position itself as among the world's leaders in digital technology, it has pursued a national strategy to invest heavily in supporting start-up companies focused on developing artificial intelligence (AI) and large language models (LLMs).⁶⁵ Emirati-based companies have partnered with multiple foreign firms, including companies based in China, drawing the scrutiny of U.S. intelligence agencies, regulators, and Congress.⁶⁶ One of the UAE's premier AI companies, G42, used Huawei hardware (new Huawei hardware is banned in the United States) for its data centers, leading U.S. officials to warn the UAE government that in the field of AI, it must choose between partnering with U.S. and other Western-based firms or with Chinese companies. Though UAE foreign policy writ large seems focused on fostering relationships with all global powers, in the realm of AI, dependency on chips made by U.S. manufacturer Nvidia may have limited Emirati options.⁶⁷ After ensuing U.S.-Emirati negotiations, UAE officials promised to work more closely with U.S. companies on data security, divest from Chinese companies, and, in the case of G42, sever its ties to Huawei and other firms.⁶⁸ Soon thereafter, Microsoft and Open AI both launched partnerships with G42. The Microsoft-G42 deal is governed by an "Intergovernmental Assurance Agreement" that was, according to Microsoft, "developed in close consultation with both the UAE and U.S. governments."⁶⁹ Nevertheless, some lawmakers have called for a further U.S. assessment of the risks of U.S. corporate partnerships with G42.⁷⁰ Unnamed U.S. officials have said that U.S. efforts to end Emirati-Chinese hi-tech investment is a "trust but verify" scenario, where we're going to stay vigilant and we know there are risks."⁷¹ While the UAE has pledged to develop AI systems ethically,⁷² human rights organizations have repeatedly raised concerns over the existing use of software in the digital surveillance of the UAE populace.⁷³ In January 2024, the U.S. House of Representative's Select Committee on the Chinese Communist Party (CCP) sent a letter to the U.S. Department of Commerce to closely examine G42 and its subsidiaries for inclusion on the Bureau of Industry and Security (BIS) Entity List.⁷⁴ In July 2024, Reuters reported that the UAE Embassy in Washington, DC, cancelled meetings between U.S. Congressional staffers and G42 executives "after U.S. lawmakers raised concerns the Emirati AI firm could transfer powerful U.S. AI technology to China."⁷⁵

⁶³ Gordon Lubold and Warren P. Strobel, "China Move in U.A.E. Thwarted—U.S. Rang Alarm about Building of Suspected Military Facility at Port on Mideast Ally's Turf," *Wall Street Journal*, November 20, 2021.

⁶⁴ "Ministry of Defence intends to buy 12 L15 Chinese aircraft," WAM, February 23, 2022.

⁶⁵ June Park, "AI Competition Amid Expansion of U.S. AI Chip Export Controls into the Gulf," Middle East Council on Global Affairs, June 30, 2024.

⁶⁶ Mark Mazzetti, Edward Wong, "Inside U.S. Efforts to Untangle an A.I. Giant's Ties to China," *New York Times*, December 1, 2023.

⁶⁷ Michael Peerl and Simeon Kerr, "UAE's top AI group vows to phase out Chinese hardware to appease US," *Financial Times*, December 7, 2023.

⁶⁸ Chloe Cornish, "UAE seeks 'marriage' with US over artificial intelligence deals," *Financial Times*, June 4, 2024.

⁶⁹ Microsoft Corporation, "Microsoft and G42 partner to accelerate AI innovation in UAE and beyond," April 15, 2024.

⁷⁰ Kimberley Kao, "Microsoft's Deal with Abu Dhabi Firm Is Scrutinized," *Wall Street Journal*, July 13, 2024.

⁷¹ Elizabeth Dwoskin, Ellen Nakashima, Nitasha Tiku, and Cat Zakrzewski, "How the authoritarian Middle East became the capital of Silicon Valley," *Washington Post*, May 14, 2024.

⁷² "Artificial Intelligence: UAE one of 193 countries to adopt global agreement on ethics," *The National* (UAE), November 6, 2021.

⁷³ Amnesty International, "UAE: Concerns around authorities' use of digital surveillance during COP28," November 15, 2023.

⁷⁴ The Select Committee on the CCP, "Gallagher Calls on USG to Investigate AI Firm, G42, Ties to PRC Military, Intelligence-Linked Companies," January 9, 2024.

⁷⁵ "UAE blocks meetings between AI firm G42 and US congressional staffers, spokesperson says," Reuters, July 30, 2024.

- In August 2023, the UAE and China announced that they would, for the first time ever, conduct joint aerial combat exercises in China, dubbed the “China-UAE Falcon Shield-2023.” One Emirati official said that “such joint exercises are part of the UAE’s ongoing efforts to strengthen international cooperation across various fields.”⁷⁶ The drill took place in Xinjiang, where the U.S. State Department assesses that PRC treatment of the region’s ethnic and religious minorities (most notably the Muslim Uyghurs) constitute genocide and crimes against humanity.⁷⁷ According to David Des Roches, associate professor at the Near East South Asia Center for Security Studies, “The fact that the leadership of a Muslim country would participate in military exercises in this country under such circumstances helps China normalize such behavior, even as it wipes out an ancient Muslim culture.”⁷⁸ Less than a year later, the second Falcon Shield exercise took place in Xinjiang (see **Figure 4**).

Russia

Since Russia’s 2022 invasion of Ukraine, the UAE has officially called for “hostilities to end,” stating that international efforts should be focused on achieving a “sustainable peace in Ukraine, in line with the UN Charter, and that respects Ukraine’s sovereignty, independence, and territorial integrity.”⁷⁹ Unofficially, and in contravention of U.S. and international sanctions, the UAE has benefitted from increased oil and non-oil trade with Russia and inflows of Russian capital into Dubai-based banks and real estate. The U.S. Department of the Treasury has expressed concern over increased Russian-Emirati trade, including in the reexport to Russia of items containing dual-use or militarily useful electronics.⁸⁰ In late 2023, the UAE told the European Union that it would restrict the reexport to Russia of sensitive goods used for military purposes in Ukraine.⁸¹

At times, the UAE has acted as an interlocutor between the United States and its rivals. In the case of Russia, the UAE (and Saudi Arabia) claimed to have played a successful role in mediating the release of American citizen and professional basketball player Brittney Griner.⁸² Upon her release by Russian authorities in a prisoner swap, a private Emirati plane flew Griner from Moscow to Bateen Airport (an executive airport) in Abu Dhabi, where she was taken safely into

Figure 4. UAE-China Air Exercise 2024



Source: UAE Ministry of Defense

⁷⁶ Nadeen Ebrahim and Aimee Look, “In the shadow of US-China rivalry, Arab allies tread delicate ground,” CNN, August 14, 2023.

⁷⁷ U.S. Department of State, “Determination of the Secretary of State on Atrocities in Xinjiang,” January 19, 2021.

⁷⁸ Agnes Helou, “China, UAE to hold first-ever joint military drill, likely a ‘message’ to US: Analysts,” *Breaking Defense*, August 2, 2023.

⁷⁹ “UAE Statement at the UN Security Council Meeting on Threats to International Peace and Security,” Permanent Mission of the United Arab Emirates to the United Nations, July 31, 2023.

⁸⁰ U.S. Department of the Treasury, “Remarks by Assistant Secretary Elizabeth Rosenberg for Terrorist Financing and Financial Crimes at the Association of Women in International Trade,” March 2, 2023.

⁸¹ “EU says UAE to curb key re-exports to Russia used in war,” Reuters, November 9, 2023.

⁸² “Success of joint Emirati-Saudi mediation regarding release and exchange of prisoners between United States and Russian Federation,” WAM, December 8, 2022.

U.S. protection. Afterward, President Biden thanked “the UAE for helping us facilitate Brittney’s return, because that’s where she landed.”⁸³ The UAE also has helped broker multiple prisoner exchange deals between Russia and Ukraine.

Iran

Iran is a perennial policy concern for the Emirati government. Since Emirati independence in 1971, the UAE and Iran have been engaged in an ongoing territorial dispute over several Iranian-occupied Gulf islands. The UAE has called for direct negotiations or referral to the International Court of Justice to try to resolve the issue, and the United States takes no position on the sovereignty of the islands. In August 2023, Iran conducted military exercises near the islands.⁸⁴

Beyond this longstanding territorial dispute, UAE-Iran relations are often influenced by U.S. policy toward Iran. During the Obama Administration, amidst nuclear negotiations with Iran (culminating in the 2015 Joint Comprehensive Plan of Action, or JCPOA) and a host of other developments, Gulf Arab monarchies began to accuse the United States, despite repeated U.S. assurances, of planning to “abandon” the Middle East and thereby leave them vulnerable to Iran.⁸⁵ Some observers noted how the 2019 attack against attributed to Iran on Saudi oil production facilities—which took place after the Trump Administration withdrew from the JCPOA and began a “maximum pressure campaign” against Iran—may have raised GCC fears of facing a more militarily capable Iran on their own.⁸⁶

Perhaps the apex of UAE concern over Iran came in the Biden Administration’s second year in early 2022, when the Iran-backed, Yemen-based Ansar Allah/Houthi movement (“the Houthis”) launched several missile and drone attacks against targets in the UAE, killing three foreign nationals. Targets in the UAE included Al Dhafra Air Base, which hosts the United States Air Forces Central (AFCENT) 380th Air Expeditionary Wing. Some of those launches were at least partly intercepted by U.S.-operated missile defense systems in the country (Terminal High Altitude Area Defense, THAAD),⁸⁷ and the United States subsequently deployed U.S. ships and additional forces to the UAE to deter additional attacks. However, UAE leaders complained that the United States did not respond quickly or strongly enough to the launches.⁸⁸ In April 2022, Secretary of State Antony Blinken met with MBZ and reportedly “apologized” and admitted that the Biden Administration “took too long to respond to the attacks.”⁸⁹

By late 2022, UAE-Iran relations took a different turn and have been gradually warming, as the UAE engages in its previously mentioned “zero problems” foreign policy, and Iran itself engages in a broader rapprochement with Gulf kingdoms, as evident by its March 2023 restoration of diplomatic relations with Saudi Arabia, which was partially brokered by China.⁹⁰ The UAE was

⁸³ The White House, “Remarks by President Biden on the Release of Brittney Griner,” December 8, 2022.

⁸⁴ Patrick Sykes, “Iran Holds Naval Drills Around Gulf Islands Claimed by UAE,” *Bloomberg*, August 2, 2023.

⁸⁵ “Obama vows to ‘stand by’ Gulf allies amid concern over Iran threat,” Reuters, May 14, 2015.

⁸⁶ Isaac Chotiner, “What the Saudi-Iran Deal Means for the Middle East,” *The New Yorker*, March 14, 2023.

⁸⁷ “THAAD, in first operational use, destroys midrange ballistic missile in Houthi attack,” *Defense News*, January 21, 2022. See also, CRS Insight IN11891, *Attacks Against the United Arab Emirates: Issues for Congress*, by Jeremy M. Sharp and Carla E. Humud.

⁸⁸ Bilal Saab and Karen Young, “How Biden Can Rebuild U.S. Ties with the Gulf States,” *Foreign Policy*, April 4, 2022.

⁸⁹ Barak Ravid, “Scoop: Blinken apologized to UAE crown prince for delayed response to Houthi attacks,” *Axios from Tel Aviv*, April 13, 2022.

⁹⁰ International Crisis Group, “The Impact of the Saudi-Iranian Rapprochement on Middle East Conflicts,” April 19, 2023.

one of the first Gulf monarchies to reengage diplomatically with Iran, when, in 2022, it announced that its ambassador to Iran would resume his duties; in April 2023, Iran followed suit. In 2024, Iran and the UAE held, for the first time in a decade, a meeting of the bilateral joint economic cooperation commission to discuss trade and investment issues.

Threat of Iranian Retaliation Limits U.S.-UAE Defense Cooperation

In 2024, amidst ongoing conflict involving Israel and Iran, the UAE has been careful to avoid provoking any Iranian backlash for its ongoing security and diplomatic relationships with the United States and Israel respectively. The UAE has not joined the U.S.-led multilateral coalition to protect Red Sea shipping (Operation Prosperity Guardian).⁹¹ It also has reportedly refused to allow U.S. combat air craft to carry out strikes against Iran-supported groups from Emirati territory.⁹² Despite Emirati attempts to avoid confrontation with Iran, Iranian officials have grown more threatening in their posture toward the UAE. In spring 2024, Islamic Revolutionary Guard Corps (IRGC) Navy Commander Ali Reza Tangsiri threatened the UAE and suggested that Israel is cooperating with the UAE against Iran.⁹³

The emirate of Dubai has often advocated that the federation emphasize engagement with Iran—a stance that might stem partly from Dubai’s significant Iranian diaspora community and the extensive Iranian commercial presence there. The UAE is the top source for Iran’s imports and the third largest destination for Iran’s exports.⁹⁴ The business ties have reportedly included some illicit purchases by UAE firms of Iranian oil and jet fuel, exports of proliferation-related technology to Iran, and the use of some UAE financial institutions by Iranian entities.⁹⁵ Numerous UAE-based entities have been sanctioned by the United States for these activities.⁹⁶

Israel, the Abraham Accords, and the War in Gaza

In 2020, the UAE and Israel normalized relations, the first of the “Abraham Accords,” negotiated by the UAE, Israel, and the United States. The three countries jointly negotiated the Israel-UAE diplomatic normalization agreement during summer 2020 in the wake of statements by then-Israeli Prime Minister Benjamin Netanyahu that publicly floated the idea of formally annexing parts of the West Bank. According to the UAE Ambassador to the United States, the Accords were “about preventing annexation” and “saving the two-state solution.”⁹⁷ In support of the first bilateral normalization agreement, the Trump Administration pledged to sell to the UAE the advanced F-35 Joint Strike Fighter aircraft and armed drones.⁹⁸

For three years (2020-2023), Emirati-Israeli relations flourished, as trade (see **Figure 5** below), tourism, military, and diplomatic ties expanded significantly. In May 2022, Israel and the UAE signed a free trade agreement, which went into effect in March 2023. In 2023, bilateral trade grew

⁹¹ Some observers note that the Emirati decision not to participate in Operation Prosperity Guardian may also be an attempt to distance itself from any military action deemed supportive of Israel. See Agnes Helou, “Why Saudi Arabia and the UAE may sit out new US-led Red Sea initiative,” *Breaking Defense*, January 3, 2024.

⁹² Nancy A. Youssef, Gordon Lubold and Michael R. Gordon, “U.S. Shuffles Military Assets in Middle East After Gulf Pushback,” *Wall Street Journal*, May 3, 2024.

⁹³ “Iran Update,” Institute for the Study of War (ISW), April 9, 2024.

⁹⁴ “UAE-Iran joint economic commission convenes for first time in 10 years,” Reuters, April 30, 2024.

⁹⁵ “U.S. blacklists five UAE-based companies over purchase of Iran oil,” Reuters, March 19, 2020.

⁹⁶ See CRS Report RS20871, *Iran Sanctions*, by Clayton Thomas, updated February 2, 2022.

⁹⁷ Jacob Magid, “UAE ambassador: ‘Abraham Accords were about preventing annexation,’” *Times of Israel*, February 2, 2021.

⁹⁸ See CRS Report R46580, *Israel’s Qualitative Military Edge and Possible U.S. Arms Sales to the United Arab Emirates*, by Jeremy M. Sharp, Jim Zanotti, Kenneth Katzman, Christina L. Arabia, and Clayton Thomas, October 26, 2020.

17% to reach \$2.95 billion, up from just a few hundred million before the Accords.⁹⁹ In February 2023, the UAE inaugurated a multifaith complex known as the “Abrahamic Family House,” which contains a Jewish synagogue. The UAE also has purchased arms from Israel, including various air and missile defense systems.

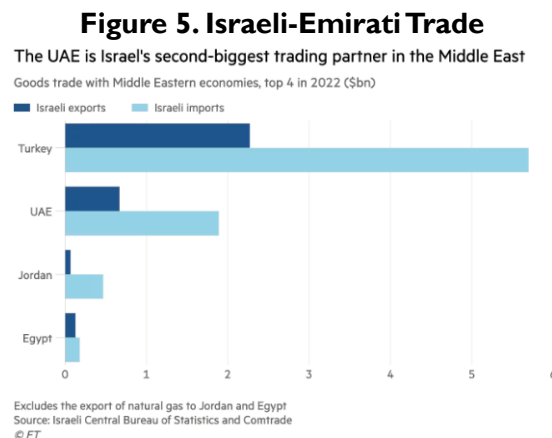
The UAE and the Israel-Hamas Conflict

Ten months after the October 7 Hamas attacks against Israel and the ensuing war in Gaza, the UAE maintains normal diplomatic relations with Israel, while advocating for an “immediate cease-fire, unhindered humanitarian access, unconditional release of hostages, respect for international law, and renewed commitment by Israel and a reformed Palestinian Authority to the two-state-solution.”¹⁰⁰

Despite the ongoing war, both sides have apparently calculated that they have more to lose than gain by reversing the Abraham Accords.¹⁰¹ However, widespread Arab anger over Palestinian civilian casualties has made Emirati leaders and private citizens far more cautious about expanding relations than in the three-year period preceding October 7. This change is most evident in the business realm, where Israeli-Emirati ties have stalled. According to one account, “the Israel-Hamas war has now chilled nascent prospects of Emirati private businesses doing deals with Israeli companies because of the simmering fury among merchant families—many of whom were already wary of dealing with Israelis—over the destruction in Gaza.”¹⁰² In March 2024, UAE state oil firm ADNOC and BP Plc suspended their \$2 billion plan to purchase equity in Israel’s NewMed Energy, which is a significant stakeholder in off-shore gas fields in Israel and Cyprus.¹⁰³

The Emirati government has opted to retain diplomatic relations with Israel, likely at least in part in order to try to influence outcomes regarding the conflict in Gaza and elsewhere. According to one report, while the UAE has traditionally opposed Islamist groups (like Hamas) across the Middle East, in the case of Gaza, it has opted to play a constructive role so long as Israel does not forcibly displace Gazans from the territory.¹⁰⁴

To date, the UAE has taken multiple initiatives to aid the civilian population in Gaza, including



Source: Financial Times, February 7, 2024.

⁹⁹ “Gaza war cools Israel's once red-hot business ties with UAE,” Reuters, May 8, 2024.

¹⁰⁰ United Arab Emirates Ministry of Foreign Affairs, “UAE calls for cease-fire and humanitarian access in Gaza at high level meetings in Brussels,” May 29, 2024.

¹⁰¹ Vivian Nereim, “As Israel’s Ties to Arab Countries Fray, a Strained Lifeline Remains,” *New York Times*, March 10, 2024.

¹⁰² Chloe Cornish, Andrew England, and Ivan Levingston, “Israel’s business ties to UAE tested by Gaza war fury,” *Financial Times*, February 7, 2024.

¹⁰³ Galit Altstein, Laura Hurst, and Anthony Di Paola, “BP and UAE’s \$2 Billion Israel Gas Deal Suspended as War Rages,” *Bloomberg*, March 13, 2024.

¹⁰⁴ “UAE plans to maintain ties with Israel despite Gaza outcry, sources say,” Reuters, November 13, 2023.

- opening a field hospital in Gaza (150 beds) and a maritime hospital at Al Arish port in Egypt;
- participating in the delivery of aid via a “maritime corridor” launched from Larnaca Port in Cyprus to Gaza in collaboration with the United Nations and other donors;
- conducting, along with Egypt, aerial drops of aid into Gaza (with Israeli permission);
- housing more than 1,200 Palestinian evacuees in Abu Dhabi, including sick and injured children;¹⁰⁵ and
- establishing five automatic bakeries and six desalination plants.

In sum, according to the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) Financial Tracking Service, in 2023, the UAE led the world in donations (over \$500 million) for the UN OCHA’s Palestinian response plan.¹⁰⁶ As of July 2024, it is currently second in the world (behind the United States), with over \$200 million provided.¹⁰⁷ According to the UAE Foreign Ministry, as of May 2024, the UAE has delivered aid by conducting 256 flights and 46 airdrops and dispatching 1,231 trucks, and six ships.¹⁰⁸

Beyond its humanitarian activities (see **Figure 6**), the UAE also has sought to play a role in post-war planning for Gaza. UAE Special Envoy Lana Nusseibeh has called for the establishment of an international mission in Gaza that administers humanitarian aid and provides law and order as an intermediary step before reuniting Gaza and the West Bank “under a single, legitimate Palestinian Authority.”¹⁰⁹ According to one source, Israeli Prime Minister Benjamin Netanyahu would like the UAE to “send troops, pay for reconstruction and overhaul the Gaza education system.”¹¹⁰ Emirati plans for post-war Gaza may share some similarities and differences with Israeli government considerations, though both Israel and the UAE align over wanting any new entity in Gaza to gradually expand a zone of security moving from “north to south in Gaza, one sector at a time.”¹¹¹

Figure 6. UAE Aid for Gaza



Source: Emirates News Agency (WAM), May 5, 2024

¹⁰⁵ “UAE and Egypt send 87 tonnes of aid to Gaza in latest air relief mission,” *The National* (UAE), April 12, 2024.

¹⁰⁶ See, <https://fts.unocha.org/countries/171/summary/2023>.

¹⁰⁷ See, <https://fts.unocha.org/countries/171/summary/2024>.

¹⁰⁸ United Arab Emirates Ministry of Foreign Affairs, “UAE announces delivery of 400 tonnes of food aid to the people of Gaza,” May 5, 2024.

¹⁰⁹ Lana Nusseibeh, “UAE: A temporary international mission is needed in Gaza,” *Financial Times*, July 17, 2024.

¹¹⁰ Barak Ravid, “U.S., Israel and UAE held a secret meeting on Gaza war ‘day after’ plan,” *Axios from Tel Aviv*, July 23, 2024.

¹¹¹ David Ignatius, “The UAE tries to pull off an ‘Abraham Redux’ in Gaza,” *Washington Post*, July 23, 2024.

Sudan

As civil war in Sudan continues between the Sudanese Armed Forces (SAF) and the paramilitary Rapid Support Forces (RSF), press reports and UN sanctions monitors have implicated the UAE in backing the RSF, which previously received UAE support for its role in the Saudi-led coalition operations in Yemen.¹¹² Monitors of the sanctions regime for Sudan's Darfur region stated in early 2024 that they found reports of UAE support to the RSF, via Chad, to be credible, noting the alleged transfer of small arms, ammunition, mortars, unmanned combat aerial vehicles, and anti-aircraft missiles.¹¹³ U.S. officials also have indicated that they find the reports to be credible and have engaged with UAE officials on the issue.¹¹⁴ Multiple reports tie the RSF's financial networks to the UAE; the Treasury Department has sanctioned what it describes as an RSF "front company" based there, and it has designated as "blocked pending investigation" seven other UAE-based companies due to potential Sudan sanctions violations.¹¹⁵ The UAE has been the primary destination for Sudan's gold exports, some of which come from areas under RSF control, and the UAE has sought Sudan's cooperation in the establishment of a UAE-operated port on the Red Sea.¹¹⁶

At the United Nations, the UAE government has denied allegations of support for the RSF; in 2024, the UAE Foreign Ministry has continued to reaffirm its support for "negotiations leading to the restoration of a legitimate government that is representative of all Sudanese people."¹¹⁷ The UAE also notes that it has established two field hospitals near the Chad-Sudan border and asserts that, since 2023, has provided \$200 million in aid for Sudan through key partners and UN agencies.¹¹⁸

Several Members of Congress have formally expressed concerns over the UAE's alleged role in the Sudan conflict.¹¹⁹ In the 118th Congress, Representative Sara Jacobs has introduced H.R. 8501, which would prohibit U.S. arms sales to the UAE until the President certifies that the United Arab Emirates is no longer providing materiel support to the RSF. That bill was referred to the House Foreign Affairs Committee. During consideration of H.R. 8070, the Servicemember

¹¹² Declan Walsh, "Talking peace in Sudan, the U.A.E. secretly fuels the fight," *New York Times*, September 29, 2023; Oscar Rickett, "How the UAE kept the Sudan war raging," *African Arguments*, February 21, 2024; Reuters, "Sudanese general accuses UAE of supplying paramilitary RSF," November 28, 2023; The New Arab, "Will RSF drones tip the balance of Sudan's war," June 26, 2023.

¹¹³ UN Security Council, Final Report of the Panel of Experts on the Sudan, UN doc. S/2024/65, January 15, 2024.

¹¹⁴ See, for example, Remarks by U.S. Special Envoy for Sudan Tom Perriello at a Senate Foreign Relations Committee (SFRC) hearing, "Conflict and Humanitarian Emergency in Sudan," May 1, 2024, and Remarks by Ambassador to the United Nations Linda Thomas-Greenfield at a Press Availability on Sudan, June 14, 2024.

¹¹⁵ Global Witness, "Exposing the RSF's secret financial network," December 9, 2019; C4ADS, *Breaking the Bank*, 2022; U.S. Department of the Treasury, "Treasury Sanctions Military-Affiliated Companies Fueling Both Sides of the Conflict in Sudan," June 1, 2023.

¹¹⁶ State Department, Sudan Business Risk Advisory Update, May 31, 2023; Declan Walsh, "'From Russia with Love': A Putin Ally Mines Gold and Plays Favorites in Sudan," *New York Times*, June 5, 2022; and "Sudan to develop Red Sea port in \$6-bln initial pact with Emirati group," Reuters, December 13, 2022.

¹¹⁷ Permanent Mission of the United Arab Emirates to the United Nations, "Statement by the Permanent Mission of the United Arab Emirates to the UN in Response to False Allegations in the Letter Dated 10 June 2024 from the Representative of Sudan to the UN Security Council," June 27, 2024. For more on the allegations of UAE support to the RSF, see, for example, Mark Townsend, "'Smoking gun' evidence points to UAE involvement in Sudan civil war," *The Guardian*, July 25, 2024, and Amnesty International, *New Weapons Fueling the Sudan Conflict*, July 25, 2024.

¹¹⁸ Ibid.

¹¹⁹ See, for example, Member remarks in SFRC, "Conflict and Humanitarian Emergency in Sudan," hearing, May 1, 2024; and House Foreign Affairs Subcommittee on Africa, hearing entitled, "The Sahel in Crisis: Examining U.S. Policy Options," December 5, 2023.

Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, Representative Jacobs also offered similar legislation as an amendment, which was not adopted.¹²⁰ In December 2023, at a House Foreign Affairs Subcommittee hearing entitled “The Sahel in Crisis: Examining U.S. Policy Options,” Assistant Secretary of State for African Affairs Molly Phee remarked:

We share the concerns that Ranking Member Jacobs identified about UAEs support to the RSF, and that is a topic of conversation including UAE most recently during the vice president's visit to the UAE for COP.I think the publicity of this hearing and your statement and request to the UAE to consider the detrimental impact of their support to the UAE RCF would be very helpful.¹²¹

U.S.-Emirati Relations

Background

Since the first Gulf War, strong U.S.-Emirati relations have been predicated on close bilateral defense ties. According to the U.S. Department of State, the UAE has been a vital U.S. partner on a wide range of regional security issues and has “fought alongside the U.S. in Afghanistan and Iraq, as well as being an active, expeditionary participant in the Global Coalition to Defeat ISIS, and in operations against al-Qa’ida [Qaeda] and their regional and global affiliates.”¹²² The UAE government claims that the federation has become “America’s most capable and dependable military partner in the Arab world.”¹²³ Since the early 1990s, the UAE has participated in several U.S.-led military ground operations, including Somalia (1992), the Balkans (late 1990s), and Afghanistan (2003-2014), as well as air operations in Libya (2011) and against the Islamic State organization in Syria (2014-2015).

Biden Administration Policy

During the Biden Administration, U.S.-Emirati relations were initially strained;¹²⁴ however, throughout 2024, the outlook for the bilateral relationship has improved, as the United States seeks to outmaneuver GCC cooperation with China on advanced technologies (see “China” above). U.S. officials also thanked their Emirati counterparts for their humanitarian efforts in Gaza.¹²⁵ During their April 2024 annual U.S.-UAE Joint Military Dialogue (JMD), the U.S. Department of Defense noted that specific bilateral discussions focused on integrated air and missile defense (the UAE operates two U.S.-supplied THAAD batteries);¹²⁶ both sides also signed

¹²⁰ See Amendment #773, House Committee on Rules, H.R. 8070 - Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, <https://rules.house.gov/bill/118/hr-807>.

¹²¹ House Foreign Affairs Subcommittee on Africa, hearing entitled “The Sahel in Crisis: Examining U.S. Policy Options,” December 5, 2023.

¹²² U.S. Department of State, “U.S. Security Cooperation with the United Arab Emirates,” June 25, 2021.

¹²³ Embassy of the United Arab Emirates in Washington, DC, “US-UAE Cooperation.”

¹²⁴ For example, see Jacaob Magid, “How Israel came to the UAE’s aid after the 2022 Houthi missile strikes,” *Times of Israel*, May 9, 2023; Barak Ravid, “UAE abstained from UN Security Council vote due to U.S. response to Houthi attacks,” *Axios from Tel Aviv*, March 2, 2022; and Edward Helmore, “Saudi Arabia and UAE leaders ‘decline calls with Biden’ amid fears of oil price spike,” *The Guardian* (UK), March 8, 2022.

¹²⁵ U.S. Embassy & Consulate in the United Arab Emirates, “Secretary Blinken’s Meeting with UAE President Sheikh Mohammed bin Zayed Al Nahyan,” January 9, 2024.

¹²⁶ U.S. Department of Defense (DOD), “U.S. and UAE Conduct Joint Military Dialogue,” April 30, 2024.

a Cooperative Technology Security Program (CTSP) Execution Plan to execute best practices for technology security and data sharing.¹²⁷

That agreement may foreshadow additional transfers of U.S. defense technology to the UAE. In the last hours of the Trump presidency, the UAE signed a Letter of Acceptance (not a contract) to purchase up to 50 F-35s and 18 MQ-9 Reaper drones from the United States (as an incentive for signing the Abraham Accords).¹²⁸ The Biden Administration temporarily paused the sale for review upon taking office in 2021, partially due to concerns over UAE-China ties.¹²⁹ The UAE Air Force subsequently sent a letter to the U.S. Department of Defense in 2021 withdrawing its Letters of Offer and Acceptance for the F-35 and MQ-9.

As of July 2024, it appears that the sale of a variant of the MQ-9 may be moving forward. According to one January 2024 report, both sides were then preparing final documentation and a formal letter of request from the UAE was to be resubmitted in 2024.¹³⁰

Ongoing U.S.-UAE Military Cooperation and Arms Sales

Though the potential F-35 sale to the UAE remains unfulfilled, ongoing bilateral defense cooperation is robust. U.S. military personnel are deployed at several UAE facilities, including Jebel Ali port (between Dubai and Abu Dhabi), Al Dhafra Air Base (near Abu Dhabi), and naval facilities at Fujayrah.¹³¹ Jebel Ali, which is capable of handling aircraft carriers, and other UAE ports in 2020 collectively hosted more U.S. Navy ships for visits than any other port outside the United States.¹³² U.S. forces in the UAE support U.S. operations in the region, including deterring Iran, countering terrorist groups, and intercepting illicit shipments of weaponry or technology.

From 1950 to 2022, the United States implemented more than \$29 billion in Foreign Military Sales for the UAE, making it the 10th largest U.S. defense customer by value worldwide.¹³³ From 2016 to 2021, the United States had also authorized the permanent export of over \$11.3 billion in defense articles to the UAE via the Direct Commercial Sales (DCS) process, primarily launch vehicles, aircraft, munitions, and military electronics.¹³⁴

The United States and the UAE have established a “Defense Cooperation Framework” to develop joint approaches to regional conflicts and to promote U.S.-UAE interoperability. On May 15, 2017, the United States and the UAE confirmed that they had concluded negotiations on a new Defense Cooperation Agreement (DCA) with a 15-year duration, which came into force as of May 30, 2019.¹³⁵

¹²⁷ DOD, “Technology Security Bilateral Engagements,” Defense Technology Security Administration.

¹²⁸ Mike Stone, “UAE Signs Deal with U.S. to Buy 50 F-35 Jets and up to 18 Drones: Sources,” Reuters, January 20, 2021.

¹²⁹ Mohammed Soliman, “The Gulf has a 5G conundrum and Open RAN is the key to its tech sovereignty,” Middle East Institute, January 12, 2022.

¹³⁰ Agnes Helou, “Separate from F-35, Emirate’s MQ-9B SeaGuardian deal moving ‘forward,’ exec says,” *Breaking Defense*, January 24, 2024.

¹³¹ U.S. Department of State, “U.S. Security Cooperation with the United Arab Emirates,” fact sheet, June 25, 2021.

¹³² “Factbox: U.S. forces in Gulf region and Iraq,” Reuters, January 8, 2020.

¹³³ U.S. Defense Security Cooperation Agency (DSCA), *Historical Sales Book Fiscal Years 1950 to 2022*, FY2022 Edition.

¹³⁴ Op.cit., fact sheet, June 25, 2021.

¹³⁵ DOD, “SecDef Meets with UAE’s Crown Prince,” May 15, 2017 and “UAE-US defence agreement kicks in as John Bolton visits Abu Dhabi,” *The National* (UAE), May 30, 2019.

The DCA is not a mutual defense treaty. Throughout 2022, particularly after Houthi attacks targeted UAE soil in January, multiple reports suggested that the UAE has advocated for a congressionally endorsed mutual defense treaty with the United States.¹³⁶ In November 2022, UAE senior advisor Anwar Gargash called for a security relationship with the United States that is defined by “clear, codified and unambivalent commitments.”¹³⁷ However, other observers have noted that the UAE, like other Gulf states, may not desire a formal defense alliance with the United States, which could, in theory, obligate the UAE to increase its commitments to its own defense, to facilitate U.S. military operations, to host U.S. forces or bases, to limit its relations with Russia and China, and/or to respond in times of crisis to defend other Gulf countries or U.S. partners.¹³⁸

Recent Foreign Military Sales notified to Congress include

- High Speed Anti-Radiation Missile Control Section Modification Upgrade and related equipment for an estimated cost of \$144 million (May 2024),¹³⁹
- AN/TPQ-50 Radar and related equipment for an estimated cost of \$85 million¹⁴⁰ (December 2023),¹⁴¹ and
- C-17 Aircraft Sustainment and related equipment for an estimated cost of \$980.4 million (July 2022).¹⁴²

U.S.-UAE Trade

In 2023, the UAE was the second-largest U.S. trading partner by value (\$31 billion) in the MENA region (after Israel). The UAE has remained the top U.S. export destination for the entire MENA region for the 15th year in row. According to the U.S. Department of Commerce, the UAE is a “global hub for over 1,500 American companies.”¹⁴³ According to the U.S. Department of Commerce, U.S. foreign direct investment (FDI) in the UAE was \$17.2 billion in 2019 (latest figure available). FDI was focused in mining, wholesale trade, and the manufacturing sectors.¹⁴⁴ In 2023, Emirates Airlines announced its intention to purchase 90 long-haul Boeing commercial aircraft valued at \$52 billion; FlyDubai followed with an \$11 billion order of its own Boeing aircraft.¹⁴⁵

¹³⁶ See Sylvia Westall and Ben Bartenstein, “Gulf Oil Powers Seek U.S. Security Treaty After Yemen Strikes,” *Bloomberg*, March 30, 2022.

¹³⁷ See “UAE official calls for ‘unambivalent’ US security commitment,” Reuters, November 14, 2022.

¹³⁸ Bilal Y. Saab, “In dreams of a formal Gulf-US defense pact, what would Washington get?” *Breaking Defense*, April 14, 2023.

¹³⁹ U.S. DSCA, “United Arab Emirates – High Speed Anti-Radiation Missile (HARM) Control Section Modification (HCSM) Upgrade,” Transmittal 21-10, May 7, 2024.

¹⁴⁰ During the 118th Congress, Representative Omar submitted H.J.Res. 105, a resolution of disapproval of AN/TPQ-50 sale. The resolution was referred to the House Committee on Foreign Affairs and has received no further action to date.

¹⁴¹ U.S. DSCA, “United Arab Emirates – AN/TPQ-50 Radar,” Transmittal 23-52, December 4, 2023.

¹⁴² U.S. DSCA, “United Arab Emirates – C-17 Aircraft Sustainment,” July 19, 2022.

¹⁴³ U.S. Department of Commerce, International Trade Administration, “Country Commercial Guide, United Arab Emirates.”

¹⁴⁴ Office of the United States Trade Representative, “United Arab Emirates: U.S.-United Arab Emirates Trade Facts.”

¹⁴⁵ John Gambrell, “Long-haul carrier Emirates announces \$52 billion aircraft buy from Boeing as Dubai Air Show opens,” Associated Press, November 13, 2023.

Illicit Finance and U.S. Concerns

UAE efforts to curtail money laundering and terrorism financing attract U.S. attention. The UAE Central Bank's Financial Intelligence Unit is credited in State Department terrorism reports with providing training programs to UAE financial institutions on money laundering and terrorism financing, and making mandatory the registration of informal financial transmittal networks (*hawalas*). During 2018 and 2019, the Emirati government enacted and issued implementing regulations for updated anti-money laundering laws.¹⁴⁶ However, in April 2020, the Financial Action Task Force (FATF) found that the United Arab Emirates was not doing enough to prevent money laundering, despite recent progress, and risked being included in the body's watch list of countries found to have "strategic deficiencies" in Antiterrorism Financing and Money Laundering (AMF/CFT)—the so-called "gray list."¹⁴⁷ In March 2022, the FATF formally placed the UAE on the gray list, subjecting the country to increased monitoring of its efforts to correct the deficiencies the FATF identified.¹⁴⁸

In response FATF's action, Dubai's Virtual Assets Regulatory Authority took more enforcement actions against unregulated firms to combat money laundering.¹⁴⁹ In February 2024, FATF removed the UAE from its gray list, welcoming the UAE's "significant progress in improving" anti-money laundering and counterterrorism financing policies.¹⁵⁰

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¹⁴⁶ Fact sheet provided by UAE embassy representatives, October 31, 2018; U.S. Department of State, *Country Reports on Terrorism 2019*, June 24, 2020.

¹⁴⁷ "UAE at risk of landing on watchlist over money laundering," *Al Jazeera*, April 30, 2020.

¹⁴⁸ "UAE is placed on money laundering watchdog's 'gray list,'" CNBC, March 5, 2022.

¹⁴⁹ Ben Bartenstein, "UAE Push to Exit Global Watchdog's Dirty-Money List Gathers Pace," *Bloomberg*, October 23, 2023.

¹⁵⁰ "A money laundering watchdog removes the UAE, Uganda, Barbados and Gibraltar from a watchlist," Associated Press, February 23, 2024.

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