



The UAE: Political Issues and Security Dilemmas

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At the end of the twentieth century, the United Arab Emirates (UAE) enjoys a favorable strategic position compared to the rest of the southern Gulf states. The federation faces no immediate threat of invasion, overwhelming debt, organized domestic opposition or economic collapse. The emirates' rivalries have largely abated and there appears to be the beginnings of a federal civil society. In addition, the United States ensures the federation's security.

Yet the UAE must grapple with the same challenges that have afflicted the poorer Middle East states: rapid population growth, lack of economic diversification, low oil prices, low water supplies and dependence on foreign labor. At the same time, the UAE's most charismatic leader and only president -- Abu Dhabi Ruler Shaykh Zayid -- is in poor health and lacks a strong successor. Some analysts question whether the federation's will remain unified after Zayid's death.

Moreover, the UAE's military forces -- either on their own or in combination with those of the GCC -- cannot deter the federation's principal security threat, Iran. The federation claims that Iran illegally occupies Abu Musa and the Greater and Lesser Tunbs, but Tehran has refused to relinquish control over these three islands. UAE officials believe that the best way to restrain Iranian expansion in the southern Gulf is to integrate a unified, militarily strong Iraq into the Gulf's balance of power. The problem with this strategy is that the United States, which currently dominates the Gulf's military balance, believes that the current regime in Baghdad threatens regional security and opposes any plan that

would reintegrate Iraq into an international security structure.

Although the UAE is not currently threatened by an invasion or economic collapse, the federation will have to reform its society and develop collective and integrated security arrangements with its allies to maintain its security in the future. If the federation does not address its domestic and security challenges soon, its problems will become as critical as those of its neighbors

THE UAE'S STRATEGIC IMPORTANCE

Unlike any other Middle Eastern state, the United Arab Emirates is a federation, consisting of seven tribally-based emirates that controls the southeastern portion of the Arabian peninsula south of Bahrain and Qatar. The federation covers 83,600 square kilometers and is bordered on the north by the Persian Gulf and Iran, on the east by Oman, and on the south and west by Saudi Arabia. The UAE also separates Oman from its territory on the Musandam peninsula and extends 90 kilometers along the Gulf of Oman, an area known as the al-Batinah coast. Most of the federation is arid desert and salt flats, but there are mountains in the northeast that rise to 1,200 meters. Rainfall is very low and there are few fertile areas except in the north and among the oases. 1

Nonetheless, the UAE is strategically important because it produces 10% of the world's oil supply and has the fourth-largest natural gas reserves in the world.² Over the past 30 years, the UAE has used these

resources and strategic location to become one of the wealthiest states in the world. It was a founding member of the Gulf Cooperation Council (GCC) and has supported Western security policies in the Persian Gulf. The UAE provided \$6.572 billion in assistance to the United States during the 1991 Gulf War, and permits that country to use its air bases and ports, which are the only harbors in the Persian Gulf deep enough to berth an aircraft carrier. In the long run, the stability of the UAE is critical to the free flow of shipping through the Strait of Hormuz and the defense of the GCC from Iran and Iraq.

THE UAE's HISTORY

The UAE, however, was formed in 1971 and only adopted a permanent constitution in 1996. For much of the nineteenth and twentieth centuries, Britain administered the territories that would become the UAE (the so-called "Trucial Coast" states) as protectorates. When Britain announced that it would withdraw from the Persian Gulf, the Foreign Office assumed that the UAE would include the Trucial Coast as well as Qatar and Bahrain. Those latter two emirates, however, refused to join the UAE and became independent states when Britain left in 1971. Ras al-Khaimah also sought independence, but it lacked the resources and the international support to survive on its own. It joined the federation in 1972. Today the UAE is composed of Abu Dhabi, Dubai, Sharjah, Ras al Khaimah, Fujairah, Umm al-Qaiwan and Ajman.

THE SEVEN EMIRATES AND THEIR RESIDENTS

The largest and wealthiest of these emirates, Abu Dhabi, covers 87% of the UAE's total area and accounts for 90% of the federation's oil and gas production and

60% of the UAE's Gross Domestic Product. Because its oil and gas reserves are much smaller than Abu Dhabi's, Dubai has worked to become a regional commercial and transportation center. Sharjah, too, has oil and gas deposits, but it has focused on light manufacturing and port facilities. The rest of the emirates -- Ajman, Fujairah, Ras al-Khaimah and Umm al-Qaiwainare (collectively known as the northern emirates) -- are considerably poorer than the other UAE emirates, and together accounted for only 6.6% of the UAE's GDP in 1996.³

Almost all of the seven emirates' 2.4 million citizens are Muslim and live in communities that straddle its 650-kilometer Persian Gulf coastline. Abu Dhabi, Dubai and Sharjah collectively govern 85% of the population. Close to 80% of the population is comprised of expatriate nationals and nearly 66% of the population is male. South Asians, mainly Indians and Pakistanis, make up 45% of the population. The next three largest expatriate ethnic groups are Iranians (17%), Arabs from other parts of the Middle East (13%) and Westerners (5%). Virtually all of the federation's Iranians and the Shias (16%) live in Dubai.⁴

MILITARY STRENGTH

The UAE maintains armed forces of 64,500 personnel, nearly one-third of whom are expatriates. There are 599,439 males fit for the military within the federation's borders and 21,250 more reach military age annually.⁵ But only a few of these men are UAE citizens and, hence, could be drafted into military service. Furthermore, the proportion of the overall population serving in the armed forces is high compared to those of other Arab countries.⁶ This is largely due to the fact that the federation's military forces coexist with individual emirate defense units. In addition, Abu Dhabi provides 80% of the UAE's total military manpower and its defense budget.⁷

GOVERNMENT AND POLITICS

The UAE's armed forces organization in turn reflect the political structure of the federation itself, where each emirate retains broad autonomy from the central government in Abu Dhabi. There are also rivalries among the emirates and within the ruling families. Dubai doesn't acknowledge that it falls under the UAE's OPEC quota, and annually forces Abu Dhabi to underproduce in order to stay within OPEC limits. Abu Dhabi and Ajman and Ras al-Khaimah backed Iraq during the Iran-Iraq War, while Dubai, Sharjah and Umm al-Qawain maintained close ties with Iran.⁸ In addition, Ras al-Khaimah wants to create a state that would include Sharjah. Ras al-Khaimah even won the Soviet Union's support for its failed attempt to seize part of Oman in 1978.⁹

There are also few clearly defined boundaries, so every emirate has an ongoing border dispute either with one of the other emirates or Oman. The only time the rivalries became violent was in 1987 when Abu Dhabi and Dubai backed rival candidates to become ruler in Sharjah after Abd al-Aziz al Qasimi attempted to overthrow his nephew's government there.¹⁰

ZAYID'S ROLE

Throughout the UAE's 27 years of existence, the Ruler of Abu Dhabi, Shaykh Zayid al-Nahyan, has served as the federation's president and has helped to mediate these rivalries. Gulf analysts praise Zayid for keeping the federation together through times of crisis, which have strained the sometimes tenuous ties of the seven emirates. Zayid has used Abu Dhabi's wealth and his political skills to bridge the gap between "tribal" and "modern" forces within the federation. In spite of the fact that both the UAE's provisional and permanent

constitutions stipulate that each emirate provide half of its revenues to the federal government, Abu Dhabi annually provides about 75-90% of the UAE's federal budget.

Dubai's Rivalry with Abu Dhabi

Zayid has been most successful in addressing Dubai's desire for autonomy. Dubai had a long history of autonomy before the UAE was formed, and its leadership remained suspicious of Abu Dhabi's power after the establishment of the federation. Initially, Dubai maintained its own military command and refused to integrate its armed forces in the UAE's military. Zayid has been able to convince Dubai's ruling family to hold key UAE cabinet positions, such as those of defense and finance. He has also allowed Dubai to have veto power over all federal legislation. Through informal agreement, the ruler of Abu Dhabi serves as President, and the ruler of Dubai serves as Vice President and Prime Minister. Most Gulf analysts warn that Dubai's rivalry with Abu Dhabi remains very serious and could tear apart the federation.

The threat from this rivalry, however, may be abating rapidly. Since 1996 Dubai has slashed defense spending and integrated its armed forces into the UAE military command. Middle Eastern Economic Digest (MEED) noted last December that Dubai officials believe "there is no obvious need to maintain an independent force in Dubai" because "the UAE Armed Forces general headquarters (GHQ) provides a fully-fledged [defence] capability." These type of comments would have been unthinkable as recently as two years ago.

Although the primary reason Dubai cut its defense spending was to compensate for the 35% decline in its oil production since 1993, the decision suggests that Dubai realizes that it no longer has the resources to compete against Abu Dhabi within the federation. Moreover, Dubai's decision

suggests that, after 20 years of cooperation with Abu Dhabi, it no longer fears the power of the UAE's largest emirate. Equally important, Dubai has not challenged Abu Dhabi's right to retain the UAE presidency after Zayid's death. Taken together, these events suggest that Dubai's rivalry with Abu Dhabi will now be resolved by peaceful competition within the federal structures of the UAE. 11

THE FEDERATION'S POLITICAL STRUCTURES

The political structure where Abu Dhabi and Dubai's rivalry will most likely take place is the Supreme Council of Ministers, the federation's highest constitutional authority. This body, composed of the seven emirate rulers, establishes federal policies and sanctions legislation. It also elects the UAE's president. Most council decisions are reached through a consensus of the emirates' rulers and leading families. Since the council meets four times a year, the UAE cabinet runs the day-to-day affairs of the federation. The president chooses the cabinet and members of the federal judiciary.

TECHNOCRATS AND THE EMERGENT CIVIL SOCIETY

It is generally assumed that, apart from the Supreme Council of Ministers, the UAE lacks a political culture and strong federal institutions. Events last year, however, have undermined this assumption and suggest that the UAE may be developing a civil society and political elites outside of the Supreme Council of Ministers. The driving force behind these changes are a group of Western-educated technocrats Zayid appointed to the UAE cabinet in March of 1997. Among them was Dr. Muhammad Khalfan bin Kharbash, who

became the Minister of State for Finance and Industry.

Kharbash and his colleagues are the first generation of Western-trained technocrats to gain power. Unlike most of their predecessors, these officials are unfamiliar with the era of separate emirates before the UAE's creation, and define themselves and the UAE's problems in national terms. Kharbash in particular has worked with international financial and educational institutions, such as the World Bank and Harvard University. Ultimately, Kharbash and his colleagues' ascendancy marks an important first step in the development of a truly "national" citizenry in the UAE that devotes its primary political loyalty to the federation, as opposed to a region or tribe.¹²

The technocrats' influence within the UAE government was greatly enhanced by Muhammad Khalifa al-Habtur's election as the Federal National Council's speaker in January 1998. Al-Habtur is an American-educated petroleum engineer from Dubai who, along with his opponent, actively sought the support of individual delegates before the election. Prior elections to decide the speaker of the Federal National Council were never contested. This council, which reviews and suggests amendments to laws proposed by the Council of Ministers, has 40 members who are appointed by their respective emirates: 8 each from Abu Dhabi and Dubai; 6 each from Sharjah and Ras al-Khaimah; and 4 from each of the other 3 emirates.

The London-based Arabic language daily al-Wasat noted that al-Habtur's margin of victory, 24 to 15, was important because it "underscores the existence of blocs in the UAE parliament, despite the lack of political currents or parties in the UAE." In other words, the election shows that the UAE is beginning to evolve a civil society where different constituencies negotiate with the government for power. If this is the case, it

would be an important development in a society where a small group of family "leaders" had previously held all the power. The newspaper added that the election also showed that the National Council will have a greater influence in the UAE government in the future.¹³

Al-Habtur's election is also indicative of a trend toward consultative bodies within the UAE and the rest of the GCC. In 1995 Abu Dhabi appointed a 45-member council to review the emirates' laws. Similar institutions have been proposed in the other southern Gulf states and Saudi Arabia. Thus, it is not improbable to think that the Federal National Council could evolve into an institution that resembles Kuwait's parliament. Likewise, it could become an important national symbol for UAE nationals in much the same way that the Kuwaiti parliament defines the identity of Kuwait's citizens.¹⁴ This will be especially true if Zayid keeps his promise to allow women to join the Federal National Council, "with the full right to participate in politics and the decisionmaking."¹⁵

Nonetheless, tribal history and loyalties to individual rulers remain important factors in the UAE's politics.¹⁶ Those rulers still hold the most power in UAE society and will probably do so for many years to come. Many of the institutions commonly associated with civil societies, such as an independent middle class, do not exist in the UAE. Clearly the new technocrats -- the core of an independent UAE middle class -- are only beginning the process of change that may take many decades to unfold.¹⁷

SUCCESSION AND THE FUTURE OF UAE POLITICS

The absence of strong national structures in large part explains why many in the region worry that the UAE will not survive Zayid's death. The heir apparent to

the UAE presidency and the leadership of Abu Dhabi is Zayid's eldest son and the crown prince of Abu Dhabi, Shaykh Khalifa. Although Khalifa, too, has been in poor health for many years,¹⁸ he has run the day-to-day operations of the Abu Dhabi government for much of the 1990s.

Khalifa's position is far from certain, however. The eldest son of Zayid's favorite wife, Fatima -- UAE Deputy Army Chief of Staff Mohammed bin Zayid -- and his brothers may challenge Khalifa's position. They have leadership skills, are bright, retain important individual power bases, and could undermine Khalifa's ability to govern after Zayid's death. They are also Western-educated and are thought to have benefitted from the recent changes in the UAE cabinet. Reports in early 1998 that Zayid is suffering from senility have intensified the uncertainty over the succession issue in Abu Dhabi.¹⁹

In spite of the uncertainties about leadership and the rivalries between emirates, long-term political trends indicate that the federation will remain unified after Zayid dies. No one disputes Abu Dhabi's right to govern; the only question is which Abu Dhabi prince will become leader after Zayid's death. Dubai's decision to integrate its armed forces into the UAE military is important because it suggests that the emirate has firmly tied its future to the success of the federation. Furthermore, there is no organized opposition to speak of, and Islamic fundamentalism is unlikely to appear.²⁰ The appointments of Western-educated technocrats to key positions within the government bodes well for the federation's stability as well. Finally, all of the emirates benefit greatly from the current federation, so it is unlikely that any emirate would contemplate leaving the federation in the near future.

UAE FOREIGN POLICY

Whoever leads the UAE after Zayid's death will contend with a regional political system that has advantages and disadvantages for the UAE's strategic position. The UAE currently enjoys commercial and diplomatic relations with all of the Gulf powers, including Iraq and Iran, and faces no imminent threat of invasion. The only power that might conceivably invade the UAE in the future, Iran, has the resources to carry out only small-scale attacks. Indeed, the Emirates' Center for Strategic Studies and Research noted in a recent report that with the U.S. naval presence in the Persian Gulf, there is no short-term danger of an Iranian invasion because any such "invasion by sea will require enormous amphibious capabilities and air bridges, which Iran lacks."²¹

At the same time, the UAE cannot guarantee its security on its own. It is a small state surrounded by very large states and it has weak military forces. Abu Dhabi therefore must balance the federation's relations with the often differing outlook of larger regional and international powers. The UAE's most important political and security relationships are with the southern Gulf states, Saudi Arabia and the United States. Relations with Washington, as the recent Iraqi crisis illustrated, are now strained because Abu Dhabi does not share Washington's view of the northern Gulf states or of Persian Gulf security. Abu Dhabi holds that Iran, too, is critical to UAE security and internal politics, and believes that a strong Iraq will be the most enduring check to Tehran's ambitions in the Gulf. In addition, Abu Dhabi hopes that its relations with Russia, Europe, Asia and to a lesser extent, Iran, will counter the United States' military and political dominance in the Gulf.

BORDER DISPUTES

The UAE's foreign policy, much like its domestic politics, has been defined largely by border disputes and the politics of the individual emirates. Currently the UAE has territorial disputes with three of its immediate neighbors: Iran, Oman and Qatar; in the past, it has clashed with Saudi Arabia as well. The most serious such conflict, however, is the long-standing dispute with Iran over three Gulf islands: Abu Musa and the Greater and Lesser Tunbs. Since 1992, this dispute has come to define the UAE's entire relationship with Iran.

Iran, and the dispute over Abu Musa and the Tunbs

Abu Musa has a population of around 600 people, and is situated at the mouth of the narrows of the Strait of Hormuz. The other islands are closer to the Persian Gulf's sea lane, but only one of these, the Greater Tunbs, is inhabited, with about 350 people. There are few significant resources on the islands apart from red oxide (coloring pigment) and oil, and only Abu Musa can accommodate large ships. Tehran claims that Britain took the islands from Iran and gave them to the Arabs in the nineteenth century. The UAE counters that Arabs from the eastern Gulf littoral have always controlled the islands, and that Iran has no claim to either Abu Musa or the Tunbs.²²

While it is true that the Iranians currently deployed on Abu Musa and the Tunbs could harass Gulf shipping or attack UAE cities, the fact remains that the United States maintains a strong enough military presence in the Persian Gulf to drive Iran off the islands. Moreover, Tehran has other bases in Bandar Abbas, Qishim Island and several other areas near the strait of Hormuz much better situated for attacks on Gulf shipping than either Abu Musa or the Greater or the Lesser Tunbs. Because of the short distances separating Iran and the UAE, neither state today could take military action

against the other's positions on the islands without jeopardizing its own security. This vulnerability in large part explains why the dispute over Abu Musa and the Tunbs has, and likely will remain, largely a war of words.²³

The islands' dispute only became a significant international issue when Britain withdrew from the Persian Gulf in 1971 and Iran claimed sovereignty over Bahrain. Reportedly, Iran suspended its claims to Bahrain in exchange for Britain's acceptance of Iran's occupation of the islands. Although the Shah claimed full sovereignty over the islands, he promised to permit the islands' civilian population to remain under Arab administration and to share proceeds from nearby oil fields. He also promised to subsidize the emirates who had previously governed the islands, Sharjah and Ras al Khaimah. Sharjah accepted, but the ruler of Ras al-Khaimah refused. He died resisting the Iranian troops that were sent to occupy the Tunbs.²⁴

The islands dispute has also caused serious friction within the UAE. Ras al-Khaimah and Sharjah advocate tough measures against Iran. Dubai, on the other hand, believes that the conflict is unnecessary, and does not want anything to threaten its profitable trade and close cultural links with Tehran. Iran is currently Dubai's largest re-export market, accounting for 20-30% of Dubai's trade and providing access to markets in Afghanistan and Central Asia. ²⁵ Indeed, the Crown Prince of Dubai, Shaykh Muhammad, has stated publicly that he believes the tensions over the islands are fabricated by the United States. Sharjah, too, does not advocate a belligerent stance because the Mubarak oilfield revenues are critical to the emirate's economy.²⁶

The UAE president has reconciled these opposing interests by using his personal authority to forge a consensus in support of a policy that uses peaceful means

to pressure Iran to relinquish control of the islands. He has also exploited his reputation for piety and rectitude to heighten the moral urgency of the UAE's claim to the islands -- an urgency impossible for the region's governments, including Iran's ally Syria, to ignore. Every Arab state is on record as supporting the immediate "restoration" of the UAE's sovereignty over Abu Musa and the Tunbs. Other countries, such as the United States, have signed similar documents as well.

Between 1971 and 1992, Iran and the UAE jointly administered Abu Musa under a Memorandum of Understanding, and shared the revenues from the offshore oil fields equally with few problems.²⁷ But several incidents on Abu Musa in 1992, when Iran allegedly violated the Memorandum, rekindled the dispute and sparked a diplomatic clash between Iran and the UAE. Negotiations since that time have gone nowhere. Iran has now built an airstrip, substantially increased its military presence (from 700 to 4,000 troops), and has opened a university. It is also possible that Tehran has deployed chemical weapons and five "Hudong" class Chinese-built fast-attack patrol boats. U.S. officials warn that these deployments threaten Gulf shipping and show that Iran should be contained.²⁸

Might there be a way out of the quagmire for the UAE? Iran's foreign minister, Kamal Karrazi, has stressed that improving Iran's relations with the GCC and fostering regional "stability and security" are his government's top foreign policy goals. Few believe that it would be possible for Iran to achieve these goals without meaningful progress on the islands issue. Karrazi has stated that he would be very happy to go to Abu Dhabi to negotiate a solution to the dispute in an atmosphere of "mutual confidence and understanding." ²⁹ In March 1998, leading Iranian newspapers even stated that Tehran has offered the Lesser Tunbs and a joint administration of

Abu Musa to Abu Dhabi in exchange for the UAE's acceptance of Iran's sovereignty over the Greater Tunbs.³⁰ Similar reports have appeared in the Arabic press as well.

For its part, the UAE remains skeptical. The Emirates Official News Agency noted in March 1998: "Despite Iran's openness since the election of President Muhammad Khatami, there have not been any worthwhile developments regarding issues of dispute in Iranian foreign policies." UAE officials were further dismayed by Kharrazi's hints "that it is the U.S. pressure in the Gulf, rather than Iran's occupation of the islands, which hinders better relations."³¹

In the long run, however, Abu Dhabi fears that Tehran will improve its relations with Washington and avoid the islands' issue. This would be a defeat in Abu Dhabi's eyes because it would remove most of the international pressure on Iran to evacuate Abu Musa and the Tunbs. Tehran would then "sidestep" (in Abu Dhabi's rhetoric) the UAE's concerns and occupy the islands indefinitely.³²

Saudi Arabia

In contrast to the federation's dispute with Iran over the islands, the UAE has been able to address its territorial problems with Saudi Arabia and Oman by direct negotiation and by skillful use of Abu Dhabi's oil wealth. Saudi Arabia is the federations' most important neighbor, and relations have been close for many years. Zayid strongly supports the GCC as well as the kingdom's pro-Western policies. Saudi-UAE territorial disputes were largely put to rest when Zayid ceded Zarrarah oil field to Riyadh in exchange for Saudi recognition of UAE sovereignty over the Burami Oasis in 1992. The two states, along with Britain and Oman, fought a brief war over the territory in the 1950s.

Oman

The UAE's territorial disputes with Oman, on the other hand, remain an open issue. Zayid built a close rapport with Sultan Qabos, to whom the UAE president has given substantial subsidies as well as political and military assistance. This relationship has helped Zayid resolve two serious border clashes in 1978 and 1992. Today Oman and the UAE conduct joint military exercises, and their citizens travel between the two countries without visas. Nevertheless, the border is not delineated and is a potential source of future conflict.³³

Relations with Qatar and the Rest of the GCC

Although the UAE does not maintain close relations with Kuwait, the federation works closely with Bahrain to contain Qatar, whose current emir and foreign minister are objectionable to them both. These two men came to power in a coup in 1995 when they ousted the previous emir. Zayid believes these two men are disruptive to the GCC's cohesion and was personally insulted when the Qatari emir, Hamad al-Thani, left a GCC conference at which Zayid had been trying to mediate a dispute between Doha and Riyadh. The UAE then allowed the former Qatari emir to live in the UAE and meet with the joint chiefs of staff of the UAE army. It is now widely believed, however, that the United States, responding to its own good ties with Qatar, has pressed Abu Dhabi to ask Shaykh Khalifa to leave the UAE.³⁴

The UAE has also moved to improve relations with Qatar. Khalifa headed a large delegation of UAE officials to Doha in January of 1998, where he reportedly "succeeded in eliminating the misunderstandings between Abu Dhabi and Doha."

THE UNITED STATES, IRAQ AND THE BALANCE OF POWER IN THE GULF

The United States is the only country that possesses the capabilities necessary to defend the federation.³⁵ The two states' relationship blossomed in the late 1980s and early 1990s, when Abu Dhabi supported the "Tanker War" and provided important financial and logistical assistance to Operation Desert Storm. In 1991, Abu Dhabi signed a loose defense pact with the United States, which permits Washington to base troops and equipment within federation boundaries. The UAE has also emerged as one of the world's largest markets for U.S. arms manufacturers; Abu Dhabi purchased \$360 million in U.S. arms between 1992-94 alone.³⁶

Since the Gulf War, Jebel Ali port in Dubai has become crucial to the U.S. naval operations in the Persian Gulf because it is the safest liberty port in the region and the only harbor in the Gulf deep enough to berth an aircraft carrier. Fujairah, which faces the Indian Ocean and is connected to the Gulf coast by a modern road, would be critical to American operations were the Strait of Hormuz closed off. In addition, U.S. warplanes fly out of UAE air bases on support missions for Operation Southern Watch over Iraq, and it has prepositioned materiel on UAE soil.³⁷

In recent years, however, U.S.-UAE relations have deteriorated because the UAE objects to Washington's policy of containing Iraq and supporting Israel. Senior UAE officials, such as Vice President Maktum, argue that Iraq has "fulfilled most of its obligations to the international community" and that a "militarily strong and united Iraq" is needed to balance Iranian power. ³⁸ Zayid himself has said that Baghdad does not threaten its neighbors, and has referred to the Iraqi sanctions regime as unjust. During the GCC's December 1997 conference, Zayid reportedly pushed for breaking with the United States over Iraq.³⁹

The UAE now provides millions of dollars of food and medicine to Iraq. In

addition, Zayid sent a high-level trade delegation to Baghdad in February, and reportedly permits UAE merchants to violate UN sanctions against Iraq.⁴⁰ A recent spate of oil spills has made this practice all too clear to the rest of the world.⁴¹ The UAE press, which usually takes the government's lead on foreign policy issues, contends that UN weapons inspectors in Iraq are American "stooges" and that Washington wants to "blackmail" the Arabs into exhausting their resources so that Israel can take over the Middle East.⁴²

The UAE has tried to balance Washington's power in the Gulf and reintegrate Iraq into the regional balance of power by cultivating commercial and military ties with America's regional and international rivals. While UAE-Iranian relations remain tense, Abu Dhabi does not support U.S. sanctions against Iran, and allows Dubai merchants to sell millions of dollars in American products to Iranians. The UAE also maintains close commercial and political ties with all of the permanent members of the UN Security Council and Japan. ⁴³ Zayid has used large civilian and military contracts to further the UAE's political objectives; this has been a boon to French and Russian firms, which have seen their shares of the UAE market increase substantially since 1994. In addition, the UAE has tried to lessen its military dependence on the United States by signing "mutual defense pacts" with France, the United Kingdom and Turkey.⁴⁴

The strategy of attempting to offset U.S. influence, however, has done little to enhance the UAE's security or lessen its reliance on the United States. Britain, France and Turkey cannot safeguard the UAE's territory on their own because they lack the capability to project power into the Gulf without U.S. assistance. All three states have made significant reductions in their military forces since the Gulf War, and cannot be counted on to match the deployments they

made 7 years ago. France's promise to deploy 85,000 troops, 130 combat aircraft and an aircraft carrier battle group if the UAE is ever invaded is ludicrous. This is the same country that struggled to deploy 15,000 soldiers in Desert Storm.⁴⁵

Nor has this strategy achieved its chief political goal: lifting the UN sanctions against Iraq and reintegrating Baghdad into the Persian Gulf's balance of power. Although the international community convinced the United States to back down from attacking Iraq in February, the UN sanctions are firmly in place because Washington remains vehemently opposed to Baghdad. Moreover, American hostility towards Iraq's current regime all but ensures that Iraq won't be integrated into the Gulf's military balance of power in the near future, even if the United Nations sanctions are lifted.

THE UAE'S SECURITY DILEMMA OVER THE NEXT DECADE

The challenges facing the UAE as it tries to balance the great powers and ensure its security in the future will be ones of geographical scale and military capability. Put simply, the United States and Iran are much larger and more powerful than the UAE; they will pursue whatever policies they feel are in their interests regardless of what Abu Dhabi thinks or how many advanced weapons it purchases. Although some states and international organizations may be able to check American and Iranian power, none can realistically guarantee the UAE's security or prevent unilateral military action by either Tehran or Washington. The United States is, and will most likely remain, the only country with the ability to meet the federation's security needs in the foreseeable future.

The UAE's leaders are aware of this geopolitical reality. Although Zayid vigorously attacked the recently proposed

air strikes against Iraq as "loathsome" and "unjust," Abu Dhabi reportedly assured Washington that the US could use the prepositioned materiel if it was needed in an action against Saddam Hussein.

MILITARY POLICY

The UAE military's principal challenges are identical to the federation's chief dilemma in foreign affairs: geographical scale and military capability. No matter how much money the UAE spends, its armed forces will never surpass, or even achieve parity with, the federation's most likely adversary, Iran. Nor will the UAE ever be able to achieve parity in numbers or in the quality of its soldiers, with any of its neighbors. Thus, the UAE military's primary mission is to serve as a tripwire that can hamper an invading army and hold its ground until reinforcements arrive. Unfortunately, the UAE's armed forces cannot meet either of these objectives effectively.

ARMS PROCUREMENT

Though UAE defense spending has held relatively steady since 1992, the UAE traditionally devotes a great deal of its resources to defense, as much as \$4.9 billion or 13.6% of its GDP and 66.9% of its yearly budget. Contracts expected to be announced this year commit the UAE to spending \$16 billion by the year 2000.⁴⁶ This accounts for 10% of the UAE's estimated oil income during that period. ⁴⁷ Unfortunately, the politicization of arms purchases has undermined this investment in modern weapons. The UAE has switched primary suppliers four times since 1980, and maintains weapon systems from a dozen countries. Abu Dhabi's insistence on unique and high-tech weapons impedes procurement as well, and pointlessly

increases costs by creating diseconomies of scale.

Possibly the best example of the UAE's politicized procurement practices is the so-called "offset" program, which requires arms manufactures to invest 60% of the value of their sales to the UAE in non-oil industries. Offset is designed to take advantage of the world arms market and escape the dilemma of "guns versus butter." By law, an emirate citizen must retain 51% of the capital in the partnership. Virtually all offset projects must be completed within seven years. If the obligations are not met by the target dates, the company is penalized 8.5% of the unfulfilled portion of the obligation.⁴⁸

No one, however, can realistically develop the civilian investments envisioned by the "offset" program within seven years. In reality, the UAE is fully aware of this fact, and the program's stringent requirements are currently being relaxed. When French arms manufacturer Giat missed its target dates in 1997, Abu Dhabi quietly extended Giat's target dates three more years. ⁴⁹ Although the program has netted \$813 million in investment so far, it has done little overall to improve the UAE's security, strategic position or non-oil economy.⁵⁰

Even if procurement were not so heavily politicized, the UAE military would not be standardized because individual emirates buy weapons systems without consulting the federal government. Dubai's Lion tanks, for instance, are not compatible with Abu Dhabi's Declerck tanks; nor does Abu Dhabi's air defense system protect Dubai. The army has three types of tanks alone: the Lion, the Declerck and the BMP. None of these tanks is standardized or interoperable in terms of supply or sustainability. Though this problem will subside as Dubai cuts its defense spending, it will take years to reverse.⁵¹

FIGHTING CAPABILITIES

The most important consequence of the UAE's decentralized and politicized procurement process is that the federation's armed forces' equipment are not compatible with those of its allies. Saudi Arabia and Oman, for instance, operate the Bradley and the Chieftain tank respectively, which have completely different configurations than those of the UAE's tanks. The proposed acquisition of the Russian S-300V air defense system is another example of the UAE's refusal to integrate its armed forces with those of its allies. While the Russians are offering substantial discounts, the S-300V lacks an identification and a friend-or-foe system compatible with Western systems. Washington reportedly worries that the S-300V would increase the likelihood of friendly fire mishaps and has threatened to bar U.S. aircraft from the UAE if Abu Dhabi buys the system. Thus, there is a real danger that the UAE could actually impede its allies' military operations.⁵²

The above-mentioned problems are compounded by poor organization and the low quality of the UAE's military personnel. As noted above, many of the UAE's military assets are controlled by the seven emirate rulers. The chain of command remains ambiguous and subject to abuse or rivalries. Technical training is poor as well, and the UAE has difficulty finding qualified personnel to maintain its high-tech weapons. (New recruits reportedly only receive five weeks of basic training.)⁵³ Logistical support, usually provided by Third World contractors, is of low quality, even by Gulf standards. In addition, it is generally assumed that the UAE's forces could function effectively far from their bases.⁵⁴

The UAE Air Force

The elite of the UAE's military forces is the 4,000-strong air force. Still, it is highly dependent on foreign technical

assistance, and has a very low ratio of personnel to aircraft. The UAE has 108 combat aircraft, 42 armed helicopters and 22 transport aircraft; this includes nine Mirage 2000Es, 26 Hawk 102s and 22 Mirage 2000 EADs. It also has an air defense brigade, five batteries of Hawk missiles, 23 Rapiers, 9 Croatsles, 13 RBS-760s and 100 Mistral Sams. The air force has three missions: to control the UAE's airspace, protect the federation's economic and military facilities, and destroy Iran's strategic assets, notably around Tehran. The last mission is important because it is the only way the UAE can check Iranian power on its own.⁵⁵

These are unrealistic missions, however, and they would be difficult even for the world's elite air forces to achieve. The UAE's most advanced aircraft, the Mirage 2000E, for example, has a maximum range (on a single fueling with a fuel tank) of 1,261 nautical miles, barely half the distance of the round-trip between Abu Dhabi and Tehran. ⁵⁶ In addition, the Mirage 2000E are only now being converted to multi-role capabilities. They were originally intended for air defense.

Nor does the UAE currently have the technology to use in-flight refueling or airborne battlefield management. The UAE also must train its pilots to fly missions deep into enemy airspace and to support allied ground and naval forces, instead of concentrating on intercept missions and air-to-air combat. New long-range jets and AWACS may improve the UAE's capabilities, but it is unclear when those sales will happen. ⁵⁷ Finally, the UAE has yet to integrate its new aircraft into its military forces, and it is unclear where new jets will be deployed as the UAE currently only has one modern air base.⁵⁸

The UAE Army

The federation's army has 59,000 soldiers and would also have great difficulty fulfilling its primary missions: protecting

federal borders and assisting in the defense of the GCC. Its order of battle is a royal guard brigade, an armed brigade, a mechanized infantry brigade, two infantry brigades, one artillery brigade, and, now, Dubai's two infantry brigades. There are three divisions: the Western Command, the Central Military District and the Northern Military Region. The emirates also have their own forces. Reliability is now questionable in light of the refusal on the part of Omanis in the UAE army to attack Oman in 1978.⁵⁹ Finally, the UAE cannot transport or maintain its military assets over great distances, so it is doubtful that the UAE army could render much assistance if one of its allies came under attack.⁶⁰

The UAE Navy

Nor could the UAE's navy aid the GCC or the United States in a crisis. The federation's navy has 1,500 personnel, most of whom are expatriates. The UAE has two Corvettes recently purchased from Holland, eight Missile Craft, nine inshore patrol boats and three support craft. The Navy defends the federation's islands and off-shore oil facilities, and provides early warning in the event of an Iranian attack. Here the paucity of technologically-trained personnel is acute, though offset partnerships with Newport News and with the Netherlands Maritime Consortium should help. The proposed purchase of frigates, anti-submarine weapons, marine surveillance aircraft and even submarines is absurd because the UAE is unlikely to be able to use them properly, and such purchases will do little in any case to check Iran's growing naval strength. Indeed, UAE naval power remains weak, and many experts agree that it will stay that way for a long time.⁶¹

Internal Security

Finally, each emirate funds paramilitary and security forces that monitor the expatriate community, the military, and

foreign soldiers. The federal government administers the UAE's border police and coast guard. The US State Department's Human Rights Report notes that these forces are not excessively oppressive, and that they respect many basic liberties. 62 Reportedly, Abu Dhabi is worried about infiltration by Iranians and South Asians, whom the UAE believes may be trying to undermine the UAE by promoting their own governments' interests within the federation. UAE officials also worry about illegal immigrants, most of whom cannot be traced or monitored easily because they lack fixed addresses.

THE LACK OF A CREDIBLE DETERRENT

Altogether, the UAE has gained little from its investment in arms. It cannot operate its weapons, organize its military forces rationally, cooperate with its allies, or devise realistic missions. Still, in March 1998, a UAE army spokesman claimed that the federation's procurements were "drawn up carefully and precisely" and would not strain UAE finances. 63 The UAE's adversaries know, however, that its badly managed procurement program and force structure will not improve the UAE's combat capabilities. Indeed, the UAE's obliviousness to its own armed forces' weakness and poor planning may turn out to be its greatest military vulnerability.

ECONOMIC AND SOCIAL CHALLENGES

While the federation's foreign policy and military structure are crucial to its strategic position, the UAE's internal strengths and weaknesses are important as well. This is true because the UAE will not be able buy weapons, improve its strategic assets, or fund Western military operations without a prosperous and "rationally" organized society. Currently per capita

income is \$16,470 (the highest in the Middle East), and the UAE maintains high trade and capital accounts surpluses (both grew by one-third as late as 1996.⁶⁴ Its overseas investment fund is worth at least \$100 billion. While the UAE government annually runs a budget deficit, it does not have external debt. As noted above, the federation is blessed with large and gas supplies.⁶⁵

The UAE also has a modern infrastructure that has made it a regional transportation center. According to government statistics, the UAE has 4,835 km kilometers of roads as of 1999, 90% of which are paved. The Abu Dhabi-Dubai highway has been upgraded several times, and the links from Dubai to the northern emirates are of good standard as well. Rashid and Jebel Ali in Dubai are the largest of the UAE's 15 ports; together they handled 2.5 billion TEUs (Twenty-foot equivalent units) of cargo in 1997, the 13th largest volume in the world. Dubai's airport is the largest of the UAE's 6 airports. The installed generating capability is 6,800 megawatts, with an additional 1,200 megawatts capacity under construction. A federation-wide electrical network is also being planned.⁶⁶

Still, behind the facade of wealth and stability there are significant social and economic problems. Wealth is not divided evenly among the populace or within the federation. There is little transparency in UAE budgets, and it is estimated that 29% of the UAE's oil revenues between 1990-1994 did not appear on national accounts.⁶⁷ Per capita income is half of what it was in 1980.⁶⁸ While non-oil sectors of the economy are thriving, oil still accounts for 34% of GDP, as well as 75% of export revenues.⁶⁹ The scarcity of water supplies remains an acute problem, and the population is growing rapidly: the UAE estimates it will double to 4 million by 2010.⁷⁰ The World Bank's projection of a 31% increase in population is lower than the

UAE's prediction, but with 35% of the current population under the age of 15, this still represents an important demographic shift.⁷¹

OIL REVENUES AND ECONOMIC GROWTH

The UAE's most vexing problem, however, is rapidly declining oil prices. The UAE's budget deficit was estimated at \$488 billion in 1998 (70% above the 1997 level)⁷² and its surplus current account will decline to half of the 1996 level by 1999. Even before the most recent drop in oil prices, sagging oil sales had already cut into the UAE's economic growth; between 1992-1996, its annual average growth rate did not exceed 1.1%. This rate illustrates the principal problem facing the UAE as it tries to diversify its economy: the driving force in the federation's economy remains large capital and infrastructure projects, which are paid for by government oil revenues.⁷³

Another factor limiting the UAE's oil income is Japan's weak economy, since Japan accounts for 60% of the UAE's oil exports. In 1997 according to the United States Energy Information Agency, UAE oil exports to Japan, the UAE's most important trading partner in 1996, dropped 18,000 barrels a day below their 1996 levels. Even when Japan's economy improves, the UAE's oil exports to Japan are unlikely to grow because Tokyo is diversifying its oil sources and building a strategic oil partnership with Saudi Arabia. Riyadh is aware of Tokyo's intentions, and has linked renewing Japan-based Arabian Oil Company's upstream concession to the Neutral Zone to a boost in long-term Saudi oil sales to Japan. If the agreement is implemented, than Saudi Arabia will cut deeply into the UAE's share of the Japanese market.⁷⁴

Even if the Saudi-Japanese agreement is successful, the UAE should be able to find alternative markets because oil

is a fungible resource and a world commodity. The UAE will most likely invest in Asia, which has large populations, minimal oil reserves, and low per capita consumption of oil. The transition to other Asian markets, however, may impact UAE security. As the UAE increases exports to Asian nations other than Japan, U.S. officials will find it difficult to convince the American public that the United States should defend a state that provides oil to countries perceived as its competitors or enemies.

But what alternatives does the UAE have to oil? Gas presents a natural option, as does downstream development and petrochemicals. It is unlikely, however, that these industries could generate the revenues needed to offset the decline in oil sales. Manufacturing might work, but this requires importing more expatriates because nationals refuse to work in factories. The UAE could also promote its already successful service industry, which is currently dominated by expatriates. These two approaches would undermine the UAE's attempt to give preference to nationals. Furthermore, the government is aware that unemployment of nationals has been a rallying point for the Islamic opposition in Saudi Arabia.

THE PROBLEM OF EXPATRIATE LABOR

This last dilemma illustrates one of the UAE's greatest challenges: weaning itself from its dependence on foreign labor. Expatriates create expensive long-term structural problems,⁷⁵ and, as noted above, are a potential threat to the UAE's security. However, nationals don't want to fill the jobs currently held by expatriates, and the labor market already favors the latter. (Emirate citizens must receive higher salaries/benefits than expatriates.) In 1995, there were only 736 nationals in local

industries, which was 1.5% of the labor force. 76 (This number is still shocking, though 80% of the population are expatriates.) The expulsion of 300,000 expatriates in 1996 caused inflation, labor shortages, and reduced economic growth. Moreover, most of the expatriates expelled then had returned to in the UAE by the middle of 1997. Unfortunately, there is no easy or painless answer to the labor imbalance, so the UAE will have to cope with it for many years to come.77

WATER RESOURCES AND DESALINATION

Nor is there a simple solution to the federation's dearth of water supplies, which may become a chronic economic and political problem in future years. Average annual rainfall is 42 millimeters, except in Ras al-Khaimah where it is 150 mm per year. The World Bank estimates that renewable water resources per capita are 189 cubic meters, and that there is a 15% annual increase in water demand in Abu Dhabi alone. 78 The UAE has addressed this problem through the development of underground wells -- which have rapidly depleted the water table -- and desalination. 79 Today, 82 desalination plants, many of which are also power plants, supply about 420 million gallons a day to the federation, and meet 82% of its total water needs. Due to the depletion of renewable resources through farming and excessive urbanization, there is no alternative to desalination. Economies of scale dictate that the plants be large and near the coast.80

The UAE's reliance upon desalination may cause tensions within the federation and could conceivably become a strategic liability. While the wealthy emirates can afford desalination, the situation in the northern emirates, where supply interruptions are common, is critical. Decreased federal budgets have forced the

poorer emirates to privatize, and it is not clear if these plans will work; a serious water shortage in the north, for example, would be crippling. What's more, the desalination plants are something of a strategic liability: they are difficult to defend, easy to sabotage, and the UAE is wholly dependent upon them for the bulk of its water and electricity. Iran could easily blackmail the federation by threatening to destroy one of the UAE's desalination plants.81

LONG-TERM DEMOGRAPHIC AND ECONOMIC TRENDS

Overall it is important to keep a proper perspective when evaluating the trends in the UAE's economy and their impact on the its strategic position. Although the UAE's economic and budgetary problems are serious, they are not nearly as bad as those of its neighbors. The UAE has large natural resource reserves and the most developed non-oil private sector in the Gulf. According to the ACDA, the relative burden of military expenditure is low, particularly in comparison to Oman and Saudi Arabia. 82 The UAE can now pay all its military bills, although such comparative financial health won't last forever. Indeed, Abu Dhabi may already be feeling fiscal pains; it is now reportedly offering to pay for some of its new weapons purchases with oil.83

THE UAE'S FUTURE SECURITY NEEDS

There are many important favorable aspects to the UAE's strategic position at the end of the 1990s. The federation does not face an immediate threat of invasion, organized domestic opposition or economic collapse. Nor does the UAE have any foreign debts. It has considerable wealth which will give it several years to address

the economic, environmental and social imbalances of the federation before they become overwhelming. The next president will undoubtedly be Khalifa or one of Zayid's other's sons. The rivalry between Dubai and Abu Dhabi has abated, and there seem to be the beginnings of a genuine civil society. Although there are vast policy differences between Abu Dhabi and Washington, the United States will likely guarantee the federation's security in the near term.

At the same time, the UAE's strategic position is undermined by Abu Dhabi's inability to achieve progress in reaching its goals through its economic, military or political policies. Despite an enormous investment in arms, for instance, the UAE's armed services -- either on their own or in combination with the GCC -- cannot provide an effective deterrent against the federation's most likely enemy, Iran. Nor have the defense treaties with Britain and France decreased the federation's dependence on American force projection capabilities. Iraq remains outside of the balance of power, and it is unlikely that the UAE will be able to construct a regional security order that includes Baghdad soon. In addition, the UAE has also not found permanent solutions to its principal internal challenges: demographics, the dominance of oil in the state, and the paucity of water supplies. Sadly, all of these problems have worsened during the 1990s.

The UAE's favorable strategic position is thus more tenuous than it might first appear. A small state, the federation cannot possibly impact the politics of the region without the assistance of a large power, such as the United States or Saudi Arabia, and it has been lucky not to have been undermined by its own policy mistakes. Thus, things could be very different if the UAE faced a military crisis: after all, the UAE's economic and social

problems are very real, and will merely intensify if they are not addressed soon.

The UAE is aware of these problems, however, and has already begun to address the federation's challenges. Abu Dhabi is privatizing large state-owned firms and investing millions in non-oil sectors of the economy. ADNOC, Abu Dhabi's state-owned oil and gas company, has begun to modernize the federation's gas and oil facilities. Government contracts, which contribute mightily to budget deficits, have been put on hold. For all its problems, the offset does offer a way of developing the UAE's economy and ensuring its future security. In addition, the Western-educated technocrats are displaying a degree of frankness about the UAE's problems rarely shown by their predecessors.⁸⁴

Unfortunately, most of these policies exacerbate the federation's security problems. On the domestic front, the gap in wealth between the poorer and richer emirates could exacerbate tensions in the future. Abu Dhabi has combined its privatization programs with deep cuts in subsidies to the northern emirates, a move that has only enlarged this gap. Privatization also favors the UAE's service sector, which expatriates dominate. This, too, could cause very serious social tensions. In addition, the offset program is contingent upon the UAE spending billions on arms for years, an expenditure which is likely to become a great burden. Thus, the UAE's principal security challenge in the next century will be to build a viable society whose economic success does not undermine its political stability.

Still, the UAE's challenges must be understood within in their historical context. In reality, the UAE's government has dealt with the issues discussed above for many years; the paucity of water supplies, for instance, actually outdate the federation itself. The fact that the UAE's comparative strategic position remains strong -- despite

Abu Dhabi's inability to solve the country's long-term challenges -- bodes well for the federation's future. Indeed, it is reasonable to assume that the emirates' strategic position will remain sound in the near term, even if the UAE government cannot devise workable solutions to the federation's longer-term structural problems over the next ten years.

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NOTES

1. EIU Country Report, United Arab Emirates, 1997-1998, 2, 23 (Hereafter cited as Country Report 1997-1998); United States Library of Congress, Country Guide to the United Arab Emirates, <http://lcweb2.loc.gov/frd/cs/aetoc.html>, January 30, 1998. (Hereafter cited as Country Guide.)

2. The UAE's 98 billion barrels of proven oil reserves are greater than those of Kuwait and Iran, and are five times those of the United States. Only Saudi Arabia and Iraq, with 261.5 and 112 billion reserves, respectively, have more. Energy Information Agency, Country Analysis Brief: United Arab Emirates <http://WWW.EIA.DOE.GOV>, January 30, 1998. (Hereafter cited as Country Analysis Brief.)

3. EIU Country Report 1997-1998, 2, 13 21, 38.

4. Ibid., 2 and 20-21.

5. CIA, World Fact Book, "United Arab Emirates". United States: National Foreign Assessment Center, 1997, 511-513. (Hereafter cited as World Fact Book.)

6. EIU Country Report 1997-1998, 11.

7. Jane's Sentinel, Country Report, United Arab Emirates 1996, 42.

8. In 1980, Ras al Khaimah actually requested that Iraq base a fighter squadron in Ras al Khaimah. But Zayid intervened and sent the planes home, so the UAE would not be drawn directly into the war.

9. Joseph Keichichan, Oman and The World: The Emergence of An Independent Foreign Policy. Santa Monica, CA: Rand Corporation, 1995, 76-82. (Hereafter cited as Oman and the World.)

10. Richard Schofield, "Borders and territoriality in the Gulf and the Arabian peninsula during the twentieth century." In Territorial Foundations of the Gulf States, edited by Richard Schofield. New York: St. Martin's Press, 1994.

11. Peter Kemp, "Confident that the Growth will Continue", Middle Eastern Economic Digest, 5 December 1997; William A. Rugh, "What are the Sources of UAE Stability?", Middle East Policy, September 1997, 14-24. (Hereafter cited as Stability.)

12. "UAE Profile-Dr. Muhammad Khalifan Bin Karbash", APS Review Gas Market Trends, 1 June 1998.

13. "United Arab Emirates: 'Youthful Trend' in UAE Parliament," Al Wasat-London (Arabic), 22 December 1997. Others, however, contend that Al Haptur is not very much different from his predecessor and that the election thus does not mark a major turning point in the UAE's political system. I believe that these observers miss a fundamental point: Al Haptur's views are far less important than the process itself, which was the first competitive election at the national level in the UAE's history.

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15. "By Women, For Women", *Al Shindagah-Dubai* (English), 20 January 1998.
16. The UAE has six principal tribes spread throughout the federation: the Bani Yas, the Manasir, Qasimi, the Al Ali, the Sharqiyin and the Nu'aim. David E. Long and Bernard Reich. *The Government and Politics of the Middle East and North Africa*. New York: Westview Press, 1995, 136.
17. Rugh, *Stability*, 14-24.
18. There have been rumors for years that Khalifa is an alcoholic. But most US officials I have talked to about the issue have questioned the validity of these rumors.
19. Energy Information Agency, *Country Analysis Briefs*.
20. F. Gregory Gause III, "Political Opposition in the Gulf Monarchies", paper presented for the conference on the "Changing Security Agenda in the Gulf," Doha, Qatar, October 24-26, 1997.
21. Richard Scott, "Gulf Navies look further offshore," *Jane's Navy International*, 1 March 1997.
22. Richard Schofield, "Border Disputes: Past, Present, and Future", in *The Persian Gulf at the Millennium: Essays on Politics, Economy, Security and Religion*. New York: St. Martin's Press, 1997.
23. *Ibid.*
24. J.B. Kelly, *Arabia, the Gulf and the West*. New York: Basic Books, 1980, 82. For a more pro-Iranian view of these events, please see Hooshang Amirahmadi's *Small islands, big politics: the Tonbs and Abu Musa in the Persian Gulf*.
25. According to Dubai government statistics, the emirate re-exported \$782 million worth of goods to Iran in 1996, which accounted for 65% of all of Dubai's re-exports that year.
26. "Abu Musa: Island Dispute Between the Iran and the UAE", <http://WWW.Columbia.univeristylibrary/Mideast/UAE.edu>, February 20, 1998. (Hereafter cited as *Islands Dispute*.) Shaykh Muhammad reportedly made this statement at Ohio State University in 1995.
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28. Dan Caldewell, "Flashpoints in the Gulf", *Middle East Policy*, March 1996, 50-57; Columbia University Library, *Islands Dispute*.
29. EIU Country Report, United Arab Emirates, 4th Quarter 1997, 14.
30. "Press Review", *Iran News* (Tehran-English), 4 March 1998.
31. "Gulf Rulers in Troubled Waters over Iraq", *Financial Times*, 7 March 1998.
32. Robin Allen, "Iran sidesteps pressure over islands," *Financial Times*, 6 March 1998.
33. Keichichan, *Oman and The World*, 76-82.
34. EIU Country Report, Bahrain and Qatar, 4th Quarter 1997, 19.
35. Jeffrey Kemp and Robert Harkavy noted this reality in *The Strategic Geography and the Changing Middle East*: "None of the countries outside the greater Middle East, with the exception of the United States, seems capable, much less inclined, to project power into the region for the foreseeable future." Geoffrey Kemp and Robert E. Harkavy, *Strategic Geography and the Changing Middle East*. Washington: Carnegie Endowment/Brookings, 1997, 252. (Hereafter cited as *Strategic Geography*.)
36. "Value of Arms Transfer Deliveries, Cumulative 1992-1994", <http://HTTP.ACDA.GOV>, February 1, 1998.

37. Anthony Cordesman, *US Forces in the Middle East*. New York: Westview Press, 1997, 76-77; "Manama No Longer", *New York Times*, 4 May 1997. Various conversations with US military personal in the UAE in 1996.
38. Abdullah Al-Shayeji, "Dangerous Perceptions: Gulf Views of the US Role in the Region," *Middle Eastern Policy*, September 1997, 3-4.
39. Jeffrey Gardner, "Kofi Annan Clinches UN Peace Deal with Saddam", *Financial Times*, 23 February 1998; Aziz Abu-Hamad "Gulf State No-Shows", *The Washington Post*, 20 March 1998.
40. "UAE and UN Sanctions", *The Financial Times*, 6 December 1996; "Sanctions Busting. An Oily Tale", *The Economist*, 17 January 1998.
41. "Sanctions Busting. An Oily Tale", *The Economist*, 17 January 1998.
42. Abdullah Al-Shayeji, "Dangerous Perceptions: Gulf Views of the US Role in the Region," *Middle Eastern Policy*, September 1997, 3-4; John Lancaster, "Arabs Reconsider Exclusion of Iraq; Emirates and Egypt Cite Benefits of Renewing Ties with Saddam", *The Washington Post*, 01 December 1996; Editorial, "Albright's Statement Went Too Far", *Al Bayan-Dubai* (Arabic), 30 January 1998.
43. Rugh, *Foreign Policy*, 67-69.
44. The UAE signed a defense pact with France in 1995 and Britain in 1996 and Turkey in 1997.
45. "The Gulf Protection Racket", *Foreign Report*, 18 December 1997. Reportedly French officials signed the treaty even though they don't believe that Iran will ever invade the UAE.
46. Ed Blanche, "UAE decision on new fighter is imminent", *Jane's Defense Weekly*, 22 April 1998.
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49. "Gulf States Told to Get Tough Over Offsets", *Jane's Defense Weekly*, 10 December 1997; Peter Kemp, "Special Report France", *Middle Eastern Economic Digest*, 24 October 1997.
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52. Bernard Grey, "Trends Towards Innovation", *Financial Times*, 10 June 1996; Barbara Star, "Non-Patriotic Buy may harm UAE, warns USA," *Jane's Defense Weekly*, 26 March 1997.
53. *Jane's Sentinel*, Country Report, United Arab Emirates 1996, 45.
54. Cordesman, *Bahrain, Oman and the UAE*, 353-361; Library of Congress, *A Country Study*; Conversations with former US Embassy Abu Dhabi personnel.
55. Nick Cook, "GCC Air Forces", *Jane's Defense Weekly*, 24 April 1996; Lestapis, "Jacques de Lestapis looks at the UAE's weapon purchasing priorities", *Janes Defense Weekly*, 18 March 1995. International Institute for Strategic Studies, *The Military Balance for 1997-1998*. London: ISS, 1998, 143.
56. Australian Aerospace Publications, *International Director of Military Aircraft*. Canberra, Aerospace Publications, 89.

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58. International Institute for Strategic Studies, *The Military Balance*, 143; Nick Cook, "GCC Air Forces", *Jane's Defense Weekly*, 24 April 1996; "UAE Buy Raises Doubts", *Jane's Defense Weekly*, 25 November 1995. The UAE reportedly plans to build two new air bases.
59. Keichichan, *Oman and The World*, 76-82.
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62. "United Arab Emirates Report on Human Rights", <http://www.state.gov> , January 30, 1998.
63. "UAE to Pursue Ambitious Armament Plan", *Agence France Press (English)*, 17 March 1998.
64. EIU, *Country Report 1997-1998*, 18; International Monetary Fund, *Directory of Trade Statistics Yearbook 1997*. Washington: International Monetary Fund, 446-448; World Bank, *World Development Indicators 1997*. Baltimore: Johns Hopkins University Press, 1997. (Hereafter cited as *World Development Indicators*.)
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66. EIU, *Country Report 1997-1998*, 25-27.
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73. EIU, *Country Report 1997-1998*, 30. EIU *Country Report, United Arab Emirates, 4th Quarter 1997*, 3.
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77. Kasra Naji, "UAE Exodus Hits Projects", *Financial Times*, 28 September 1996.; Alan George, "Labor Exodus Hits UAE's Growth", *Jane's Intelligence Review*, 1 February 1997.

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79. In 1987, then Turkish prime minister, Turgut Ozal, proposed a third solution: a pipeline that would channel water from Turkey to the Arabian peninsula. This proposal has been ignored because Iraq, Syria and Saudi Arabia are weary of allowing Turkey to control their access to fresh water.

80. EIU Country Report, United Arab Emirates, 1997-1998, 23.

81. Angus Hindley, "UAE: Focusing on rapid rise in desalination", *Middle Eastern Economic Digest*, 26 January 1996; Kemp and Harkavy, *Strategic Geography*, 337. The authors note: "The reality is that the more and more fresh water production plants are built, they become more vulnerable in the event of conflict."

82. <http://www.95burden.W.ACCDA.GOV> March 1, 1998.

83. "Time for UAE to decide on fighter [program]", *Middle Eastern Economic Digest*, 7 November 1997.

84. Peter Kemp, "Special Report UAE", *Middle Eastern Economic Digest*, 5 December 1997.