The United Arab Emirates (83,600 km²) is situated on the eastern tip of the Arabian Peninsula. The country is bordered by Oman, Saudi Arabia, Qatar and the Persian (Arabian) Gulf, and its territory includes 200 islands.

It is unclear when this area was first inhabited. Archaeological discoveries suggest that settlements may have been established as early as the fifth millennium BC. Arab migration along the South Arabian coast in the first centuries AD and subsequent movement from the north brought a mix of Arab tribes to the area.

In the early sixteenth century Portuguese traders represented the first European challenge for control of the region. In the seventeenth and eighteenth centuries the Dutch and British competed in the area for access to the sea trade routes and to local traders. The “maritime warfare” of the local traders or “piracy” (according to the British) frustrated British attempts to achieve dominance in the region, and by the late 1700s the French threatened British aspirations. In the early 1800s the Qawasim (or Qasimî) controlled parts of the Gulf coast, and present-day rulers of the emirates of Sharjah and Ras al-Khaimah can trace their lineage to the Qawasim. Beginning with the 1820 General Treaty of Peace, the British signed a series of agreements with various rulers (sheikhs) which were designed to guarantee peace between Britain and the tribes and end the practice of piracy. Following the signing
of the 1853 Perpetual Maritime Truce the sheikhdoms became known as “The Trucial States” or “Trucial Oman.” With the 1892 “Exclusive Agreement” Britain accepted responsibility for the foreign affairs and defence of the sheikhdoms.

The British favoured greater cooperation among the Trucial States and in 1952 the seven sheikhdoms – Abu Dhabi, Dubai, Ajman, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Qaiwain – formed the Trucial States Council which provided a forum for the discussion of issues of mutual concern and coordination. Over the years the Council grew in formality and administrative structure. By 1964 it included sub-committees for agriculture, education and public health, and a development office for infrastructure projects. A committee, comprised of two representatives from each of the emirates, helped develop Council agendas and priorities.

The British Labour government issued a White Paper in 1967 reflecting its desire to reduce the cost of military bases east of Suez. In 1968 a proposal calling for British withdrawal from the Gulf by 1971 was announced in Parliament. In 1968 Bahrain and Qatar joined with the Trucial States and agreed to establish the Federation of the Arab Emirates, which was to be an independent state. The nine leaders formed the Supreme Council, which met several times. However they were unable to reach agreement on the parameters of a constitution and this union disbanded after 18 months. Bahrain and Qatar, which were not part of the Trucial Council, became independent states in 1971.

In July of 1971, the seven Trucial States met again to discuss forming a union. After eight days of discussions, all but Ras al-Khaimah reached agreement on a provisional constitution. The rulers elected from among themselves Sheikh Zayed bin Sultan al-Nuhayan of Abu Dhabi as the President and Sheikh Maktoum bin Rashid al-Maktoum of Dubai as Vice-President. Both formally assumed their positions on 2 December 1971 when the treaties with Britain ended and the United Arab Emirates (UAE) became an independent state. On 10 February 1972, Ras al-Khaimah joined the federation, without modification of the provisional constitution.

Petroleum was first discovered in 1958 off the coast of Abu Dhabi. Onshore deposits were found shortly thereafter in Abu Dhabi and Dubai. This industry accounts in part for the UAE’s high GNP per capita incomes (almost $20,000 US in 2002). However, the wealth of the emirates varies significantly. Abu Dhabi (over 85% of the total geographical area) and Dubai (about 5% of total area) are the most affluent and together account for more than three-quarters of the country’s Gross Domestic Product (GDP). Consistent efforts to diversify the economy,
particularly in Dubai but also in Sharjah and Abu Dhabi, have made trade, tourism and manufacturing into alternatives to gas and oil as revenue generators – thus, according to the Emirates Industrial Bank, revenues from crude represented just 38% of GDP in 2000.

The UAE’s abundant oil wealth fuelled the development of a modern welfare state in the last 30 years. The country has been transformed from a state with few schools, hospitals, airports, proper housing or safe drinking water to a state with a network of social services including education and health services. The UAE is ranked 48th in the United Nations’ Human Development Index of 175 countries in 2001, based on life expectancy (74 years), education and standard of living (derived from GDP per capita). According to the World Bank, however, the illiteracy rate is still 23%. The country’s population has increased rapidly in the past 20 years, to approximately 3 million (World Bank estimates) – of which almost 40% are located in Abu Dhabi and almost 30% are in Dubai – and 96% of the population is Muslim. It is interesting to note that less than 30% of the people living in the country are UAE citizens. Non-nationals are primarily South Asian, Arab and Iranian.

2 CONSTITUTIONAL PROVISIONS RELATING TO FEDERALISM

The provisional constitution of the UAE, which was made permanent in 1996, states that the country is a federation of seven constituent emirates: Abu Dhabi, Dubai, Ajman, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Qaiwain. It is a federation that mixes aspects of traditional and modern rule. The constitution reflects a compromise between emirates in favour of a more centralized or integrated federation and those that preferred preserving the autonomy of the individual emirates. Sheikh Zayed of Abu Dhabi has always been an advocate of the former, while Sheikh Rashid of Dubai traditionally supported the latter.

The Supreme Council of Rulers is the highest federal authority, and has both legislative and executive powers. The emirate rulers, who are the traditional monarchs in their respective jurisdictions rather than elected representatives, form the Supreme Council. They derive their legitimacy from their status within their emirates, rather than from the Supreme Council itself, giving this body a confederal character.

The constitution distributes power asymmetrically among the emirates in that Abu Dhabi and Dubai effectively have a veto within the Supreme Council. All decisions on “substantive matters” require the consent of a majority of five of its members and this majority must include Abu Dhabi and Dubai (Article 49). The head of state is the Pres-
ident who, like the Vice-President, is elected for a five-year term by the Supreme Council from among its members. The Supreme Council generally meets four times per year.

The constitution describes the Council of Ministers or Cabinet as “the Executive Organ of the Union.” It is responsible for “all the internal and external matters within the competence of the Union” (Article 60). The President chooses the Prime Minister to head the Council of Ministers, and appoints its members. The more populated emirates traditionally have greater representation in Cabinet. According to the constitution, the Council of Ministers can propose draft federal laws and supervise the implementation of federal court judgements, and federal laws, decrees, decisions and regulations (Article 60). However, it is the responsibility of the Supreme Council to formulate the general policy of the federation.

The legislature is the unicameral 40 member Federal National Council (FNC). The constitution specifies that Abu Dhabi and Dubai have eight seats each, Sharjah and Ras al-Khaimah have six seats each and Ajman, Fujairah and Umm al-Qaiwain have four seats each (Article 68). Rulers of the constituent emirates appoint members to the seats allocated to their jurisdiction for two-year (renewable) terms (Article 72). The method of appointment is at each ruler’s discretion (Article 69). The Federal National Council is a consultative body only, with legislative authority actually residing with the Supreme Council and Council of Ministers. Article 89 of the constitution stipulates that federal draft laws – including financial drafts – are brought before the FNC by the Council of Ministers. However, amendments put forward by the FNC may not be taken into account by the Council of Ministers before presentation to the Supreme Council (Article 92). If the FNC’s suggested amendments are not acceptable to the President or the Supreme Council, he may promulgate any law after it is ratified by the Supreme Council (Article 110).

Almost invariably federalism is associated with democratic procedures. In the UAE, however, other than the election of the President and Vice-President by the rulers of the emirates, there are no elections. There are also no political parties. Male subjects can communicate with emirate leaders through the longstanding tradition of majlises or councils held by ruling families. While women do not directly participate in federal political institutions, Sheikh Zayed appointed eight women as foreign diplomats in July of 2003.

The division of powers between the federal government and the emirates is as follows. Articles 120 and 121 specify subjects for which the federal government has jurisdiction. The areas of federal jurisdiction outlined in Article 120 include foreign affairs, defence and security matters, postal,
telephone and other communication services, air traffic control and aircraft licences, education, public health and currency. Labour relations and social security, delimitation of territorial waters, extradition of criminals, banking, and printing and publishing are among the areas listed in Article 121. According to Articles 138 and 146, the formation of unified armed forces and declaration of marital law are also under the jurisdiction of the federation.

Despite the apparently broad array of federal powers, the constitution provides for a loosely bound federation in practice. While the constitution states that “the Union shall exercise sovereignty in matters assigned to it in accordance with this Constitution over all territory and territorial waters lying within the international boundaries of the member Emirates” (Article 2), it also emphasizes that the member emirates “exercise sovereignty over their own territories and territorial waters in all matters not within the jurisdiction of the Union” (Article 3). Thus residual powers remain with the member emirates (Articles 116 and 122). Perhaps most significantly, the “natural resources and wealth” in each emirate are considered to be the public property of the emirate rather than the federation (Article 23). Individual emirates are also permitted to promulgate legislation in the areas of jurisdiction allocated to the federation in Article 121 (Article 149).

Similar to the federal level of government, Abu Dhabi, Dubai and Sharjah now have executive councils and consultative councils. Women have participated in Sharjah’s consultative council, a first in the UAE, since its establishment in 2001. In addition, some emirates have one or more municipal institutions.

The development of local governmental institutions has affected the balance the federation. Local governments vary in size, structure and degree of autonomy from central institutions according to a number of factors including population and the level of economic and social development of each emirate. Mature local government systems were not in place in 1971 when the constitutional arrangements were made which means that the relationship between federal institutions and local governments has evolved, taking different forms according to the capacity of the local government institutions. In some cases this has led to integrated arrangements, with some emirates merging some of their departments with their federal counterparts. However, regardless of these arrangements, as a member of the Supreme Council, the ruler of each emirate has a significant role in determining the nature and extent of local government activities.

The constitution does not clearly specify what the financial arrangements are to be in the federation, or what proportion of funds each emirate is required to make available for supporting the federal bud-
get. Clearly, with their retention of "natural resources and wealth," the emirates must contribute to the federal budget. Article 127 states that member emirates "shall contribute a specified proportion of their annual revenues to cover the annual general budget expenditure of the Union." This leaves the capacity to implement federal laws contingent on the funds provided by the individual emirates. Abu Dhabi, the wealthiest of the emirates, and whose ruler has supported a more integrated federation, has historically contributed much of the financial resources.

The federal judiciary is comprised of the Supreme Court and the Courts of First Instance (Article 95). Although there are also local judicial authorities, in most emirates these authorities have now been transferred to the federal system. Most criminal cases are now heard in Shari’a courts (Islamic law courts). The constitution identifies the five-member Supreme Court, appointed by the President (Article 96), as the body responsible for the resolution of constitutional disputes. Whenever "any one of the interested parities" so requests, the Supreme Court will adjudicate disputes between member emirates or between one or more emirates and the federal government (Article 99). The ambiguity of the constitution could provide for flexible interpretation of the division of powers. All interpretations or judgments are binding on all parties (Article 101).

The procedure for amending the constitution is the same as the procedure for approving laws (Article 144.2(b)) – i.e., the Council of Ministers prepares a law and submits it to the Federal National Council after which the Supreme Council can ratify the law, accepting or rejecting any suggestions of either the Council of Ministers or the National Council. The constitution stipulates that FNC approval for draft constitutional amendments "shall require the agreement of two-thirds majority of the votes of members present" (Article 144.2(c)). However, substantive decisions require the consent of the leaders of Abu Dhabi and Dubai, who have historically shared contrasting views on the issue of a more centralized federation, making major constitutional change difficult. The constitution remained provisional until 1996 in large part because of the alternative visions of "unionists" and "federalists."

The constitution of the UAE contains a number of special provisions. Despite historical tribal rivalries, the common tribal and Arab Muslim heritage of the emirates is thought to contribute to cohesion among them. These characteristics are emphasized in several articles in the constitution. The first article states that "any other independent Arab country may join the Union, provided that the Supreme Council agrees unanimously to this." Article 6 states that "the Union shall be part of the Great Arab Nation," bound by "ties of religion, language,
history and common destiny,” and Article 7 states that “Islam shall be
the official religion of the union” and that “[t]he Islamic Shari’ah
shall be a principal source of legislation in the Union.”

The constitution contains a section entitled “The Fundamental So-
cial and Economic Bases of the Union,” which declares that the basis
of community shall be “equality, social justice … and equality of oppor-
tunity for all citizens” (Article 14), and that “education shall be a pri-
mary means of social development … compulsory in its primary stage
and free at all stages within the Union” (Article 17). This section also
declares that “medical protection … shall be guaranteed by society for
all citizens” (Article 19). These provisions recognize that even at the
time of the formation of the UAE, the emirates varied in economic po-
tential and development. The commitment of Abu Dhabi in particular
to share its financial resources across the emirates is thought to have
strengthened the federal system.

3 RECENT POLITICAL DYNAMICS

Although the UAE is a decentralized federation in practice, this decen-
tralization has not negatively affected the country which has enjoyed a
significant degree of stability throughout its 30 plus years of indepen-
dence. The leading federal figures in the UAE have changed very little
since independence. The current President, Sheikh Zayed of Abu
Dhabi, was elected as the country’s first President in 1971, and has
been re-elected every five years since (the last election for President
and Vice-President was in December 2001). The last major Cabinet
changes were made in 1997. Sheikh Maktoum bin Rashid al-Maktoum,
ruler of Dubai, is currently Vice-President and Prime Minister and has
held both posts since 1990. His father, Sheikh Rashid in Said al-Mak-
toum of Dubai was elected by Supreme Council members as the first
Vice-President and held this post until his death in 1990. (The leader
of Dubai took on the post of Prime Minister for the first time in 1979,
signalling his support for the federation.) It is thought that both the
current President and the Vice-President have the unanimous support
of the other members of the Supreme Council.

The wealth of the country is key to the strength of the federal sys-
tem. But since the wealth is not distributed evenly, as noted in Section
1, it is important that Abu Dhabi in particular continues to be commit-
ted to the federal system and continues to contribute dispropor-
ionately to the federal finances. Continuing high prices in the oil industry
mean that the country’s wealth is not in jeopardy. According to the
Emirates Industrial Bank, the UAE’s GDP grew 14 per cent in 2000
largely as a result of increases in the prices of oil. This increase is the
result of reduced production agreed to by OPEC member states (of which the UAE is one) in 1998 and 1999. Prior to these price increases, the federal government made financial commitments to further infrastructure development and job creation, and began exploring participation of the private sector in utilities. However, in the following two years, oil prices declined. As a result, according to the *Gulf News*, the US$2.6 billion deficit of 2000 ballooned to US$7.3 billion in 2001 and US$7.95 billion 2002. Despite volatile oil prices in 2003, and an expected deficit, the federal arrangements in the UAE have not been tested as they have been in other federations, by the tensions inherent in budget cuts and government retrenchment.

There appears to be momentum behind the establishment of local government infrastructure within the individual emirates. In addition to the developments in Sharjah, Dubai’s Executive Council was established in February of 2003, and the new ruler of Ras al-Khaimah has recently indicated that he too is interested in following suit, establishing an executive council and consultative council. Moreover, in 2000 the UAE hosted two major international conferences on issues pertaining to cities, their participation in global regional economies, urban management and decentralization.

The UAE and the other members of the Arab Gulf Cooperation Council (AGCC) – Saudi Arabia, Kuwait, Oman, Qatar and Bahrain – have made significant efforts to create a trading bloc. Since foreign policy is primarily federal jurisdiction, any such agreement may affect the balance of power between central and local governing institutions within UAE in the future. In December of 2001, the leaders of the six member states endorsed a new economic agreement. They also took steps to create a monetary union by January 2010, and agreed to establish a Supreme Defence Council to implement the mutual defence pact (signed the previous year) calling for defence resources to be shared. At the AGCC meeting in December of 2000, the six member states approved measures to allow citizens of AGCC states to practice, with a few exceptions, all economic activities and professions in other member states. Since defence, security and currency are also matters that fall into federal jurisdiction, it will be interesting to see how these developments affect the balance of the country’s political arrangements.

It is not clear if the US pursuit of democratization in the Middle East has contributed to the momentum behind the establishment of consultative councils in the individual emirates, or if the US invasion of Iraq has affected the balance of power between the federal and emirate levels of government. It is clear, however, that UAE foreign policy is guided by the perception that in addition to being a member of
the international community, the UAE is part of the Arab community. As such, the UAE’s foreign policy reflects particular concern for the plight of other Arab people, and consistently calls for non-violent, diplomatic approaches to dispute settlement. Thus, the actions of the UAE do not always mesh with those of the United States. The UAE has been a generous donor of humanitarian aid throughout the region (including Palestinian communities), and in October 2000 it was the first Arab state to fly humanitarian aid to Iraq in defiance of UN sanctions. It has consistently called upon the international community to protect Palestinians from Israeli attacks, and did not officially support the US attack on Iraq. In an attempt to avoid violence in Iraq, in March of 2003 it proposed at the Arab League summit that Saddam Hussein step down and that the Arab League temporarily take responsibility for the functioning of Iraq. Despite some of its actions, the UAE is said to be cooperating fully with the United States: severing ties with the Taliban in Afghanistan, investigating financial transactions in and out of the country which may have supported international terrorist activities, celebrating Saddam Hussein’s capture, and assisting with the rebuilding of Iraq and Afghanistan. However, its leaders have repeatedly linked “international terrorism” with “Israeli terrorism” taking advantage of the opportunity to address both topics at meetings with US, British and other foreign dignitaries.

A question confronting the UAE is how the federation will change when Sheikh Zayed, now over 80 years old, is no longer President. His well-known pragmatic approach to the careful balancing of traditional and modern rule, and to resolving unionist/federalist debates has been a source of stability in the country. The longevity of his tenure is noteworthy. Some observers have suggested that any future leader is unlikely to enjoy Zayed’s status among the people. (Following Zayed’s successful surgery in Switzerland in July 2003, thousands in Abu Dhabi attended a 10 hour event celebrating his recovery.) This means that his successor will confront a set of new challenges, and may benefit from stronger central institutions. The UAE’s experience of becoming a modern welfare state in the last 30 years reveals that it can successfully undergo dramatic transition in terms of adopting new governing institutions.

4 SOURCES FOR FURTHER INFORMATION


The United Nations Development Program on Governance in the Arab Region: http://www.undp-pogar.org

http://www.uae.gov.ae
http://www.emirates.org
http://www.uae.org.ae
http://www.uaeinteract.com
http://www.gulfnews.com
http://www.khaleejtimes.com
### Table I
Political and Geographic Indicators

<table>
<thead>
<tr>
<th>Capital city</th>
<th>Abu Dhabi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number and type of constituent units</td>
<td>7 Emirates: Abu Dhabi, Ajman, Al Fujairah, Ash Shariqah (Sharjah), Dubai, Ra's al-Khaimah, Umm al-Qaiwain</td>
</tr>
<tr>
<td>Official language(s)</td>
<td>Arabic</td>
</tr>
<tr>
<td>Area</td>
<td>83,600 km²</td>
</tr>
<tr>
<td>Area – largest constituent unit</td>
<td>Abu Dhabi – 77,700 km²</td>
</tr>
<tr>
<td>Area – smallest constituent unit</td>
<td>Ajman – 250 km²</td>
</tr>
<tr>
<td>Total population</td>
<td>3,049,000 (2002)</td>
</tr>
<tr>
<td>Population by constituent unit (% of total population)</td>
<td>Abu Dhabi 41%, Dubai 26%, Ash Shariqah (Sharjah) 17%, Ra’s al-Khaimah 7.2%, Ajman 4%, Al Fujairah 3.4%, Umm al-Qaiwain 1.8%</td>
</tr>
<tr>
<td>Political system – federal</td>
<td>Federation – Parliamentary</td>
</tr>
<tr>
<td>Head of state – federal</td>
<td>President (Emir) Shaykh Zayed ibn Sultan Al Nuhayyan, Ruler of Abu Dhabi, elected for a 5-year term by the Supreme Council of Rulers. Note: The Supreme Council of Rulers is the highest federal authority and is comprised of the Emirs of the 7 emirates. Abu Dhabi and Dubai have veto power within the Supreme Council.</td>
</tr>
<tr>
<td>Head of government – federal</td>
<td>Prime Minister: Shaykh Maktum ibn Rashid Al Maktum of Dubai (1990). The President chooses the Prime Minister, in consultation with the Supreme Council, to head the Council of Ministers, which is also appointed by the President.</td>
</tr>
<tr>
<td>Government structure – federal</td>
<td>Unicameral: Parliament Federal National Council (Majlis Watani Ittihad). 40 seats. Members are appointed by the Emirs to serve 2-year term. The method of appointment is left to the Emir’s direction. Members are representatives of the Emirates. Under the constitution, the FNC is a consultative body. Legislative authority rests with the Supreme Council and Council of Ministers. Note: No political parties are allowed.</td>
</tr>
<tr>
<td>Distribution of representatives in federal government – Assembly of the Union</td>
<td>40 seats: Abu Dhabi and Dubai – 8 seats each, Ash Shariqah (Sharjah) and Ra’s al-Khaimah – 6 seats each, Ajman, Al Fujairah and Umm al-Qaiwain – 4 seats each.</td>
</tr>
</tbody>
</table>
Table I (continued)

<table>
<thead>
<tr>
<th>Distribution of powers</th>
<th>The federal government has exclusive power over foreign affairs, defence and federal armed forces, education and health, federation finance, taxes, customs and loans, postal, telephone and other communication services, social security, air traffic control, currency and immigration. The emirates have full authority over their territories, including law and order, provision of public services, development of social and economic standards, enforcement of local ordinances and, most importantly, natural resources.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual powers</td>
<td>Residual powers belong to the member emirates.</td>
</tr>
<tr>
<td>Constitutional court (highest court dealing with constitutional matters)</td>
<td>Supreme Court. 5 judges are appointed by the President of the Supreme Council of Rulers.</td>
</tr>
<tr>
<td>Political system of constituent units</td>
<td>Emirates are ruled by an Emir (a hereditary position) who may have an appointed advisory council, often composed of family relations. Note: Abu Dhabi, Dubai and Ash Shariqah (Sharjah) now have executive councils and consultative councils.</td>
</tr>
<tr>
<td>Head of government – constituent units</td>
<td>Emir</td>
</tr>
</tbody>
</table>
### Table II
Economic and Social Indicators

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>US$76.2 billion (2003 est.)</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>US$19,048 (2003 est.)</td>
</tr>
<tr>
<td>National debt (external)</td>
<td>US$12.6 billion (2000 est.)</td>
</tr>
<tr>
<td>Sub-national debt</td>
<td>N/A</td>
</tr>
<tr>
<td>National unemployment rate</td>
<td>2.6%</td>
</tr>
<tr>
<td>Note: Accurate unemployment statistics are difficult to obtain due to the fact that the workforce is largely composed of non-nationals, regarding whom statistics are not kept.</td>
<td></td>
</tr>
<tr>
<td>Constituent unit with highest unemployment rate</td>
<td>Umm al-Qaiwain – 5.8%</td>
</tr>
<tr>
<td>Constituent unit with lowest unemployment rate</td>
<td>Abu Dhabi – 1.4%</td>
</tr>
<tr>
<td>Adult literacy rate</td>
<td>76.7% (2001)</td>
</tr>
<tr>
<td>National expenditures on education as % of GDP</td>
<td>1.9% (1998–2000)</td>
</tr>
<tr>
<td>Life expectancy in years</td>
<td>74.4 (2001)</td>
</tr>
<tr>
<td>Federal government revenues – from taxes and related sources</td>
<td>US$1.4 billion (2001 prel.)</td>
</tr>
<tr>
<td>Constituent unit revenues – from taxes and related sources</td>
<td>US$1.5 billion (2001 prel.)</td>
</tr>
<tr>
<td>Federal transfers to constituent units</td>
<td>US$4.3 billion (2001 prel.)</td>
</tr>
<tr>
<td>Equalization mechanisms</td>
<td>None</td>
</tr>
</tbody>
</table>

### Sources
- United Arab Emirates, Government of, web site: http://www.uae.gov.ae/


Notes
1 Age 15 and above.
2 This figure includes only Abu Dhabi, Dubai and Ash Shariqah (Sharjah).