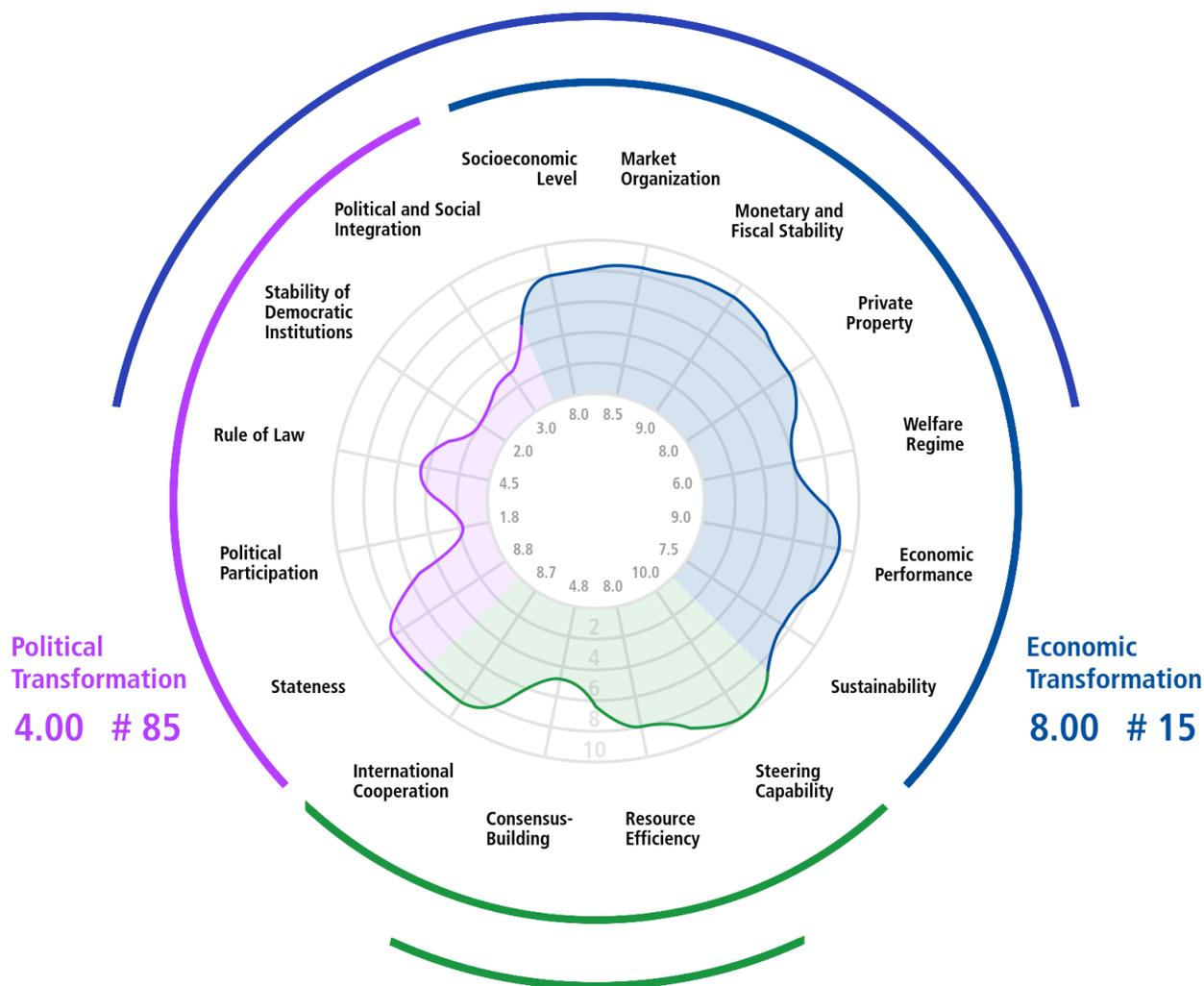


# United Arab Emirates

## Status Index

**6.00 # 46**

on 1-10 scale out of 137



**Political Transformation**  
**4.00 # 85**

**Economic Transformation**  
**8.00 # 15**

## Governance Index

**6.67 # 16**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2026 Country Report – United Arab Emirates. Gütersloh: Bertelsmann Stiftung, 2026.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

## Contact

Bertelsmann Stiftung  
Carl-Bertelsmann-Strasse 256  
33111 Gütersloh  
Germany

### **Sabine Donner**

Phone +49 5241 81 81501  
[sabine.donner@bertelsmann-stiftung.de](mailto:sabine.donner@bertelsmann-stiftung.de)

### **Hauke Hartmann**

Phone +49 5241 81 81389  
[hauke.hartmann@bertelsmann-stiftung.de](mailto:hauke.hartmann@bertelsmann-stiftung.de)

### **Sebastian Plate**

Phone +49 5241 81 81263  
[sebastian.plate@bertelsmann-stiftung.de](mailto:sebastian.plate@bertelsmann-stiftung.de)

### **Sabine Steinkamp**

Phone +49 5241 81 81507  
[sabine.steinkamp@bertelsmann-stiftung.de](mailto:sabine.steinkamp@bertelsmann-stiftung.de)

**Key Indicators**

Population	M	<b>10.9</b>	HDI	<b>0.940</b>	GDP p.c., PPP \$	<b>77959</b>
Pop. growth <sup>1</sup>	% p.a.	<b>3.7</b>	HDI rank of 193	<b>15</b>	Gini Index	<b>26.4</b>
Life expectancy	years	<b>82.9</b>	UN Education Index	<b>0.866</b>	Poverty <sup>3</sup>	% <b>0.0</b>
Urban population	%	<b>88.0</b>	Gender inequality <sup>2</sup>	<b>0.040</b>	Aid per capita	\$ -

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

## Executive Summary

The United Arab Emirates (UAE) continues to demonstrate strong economic growth, a stable domestic political environment, and a growing regional and international presence. From 2023 to early 2025, the UAE made notable progress in economic diversification, technological advancement and international trade relations. Its flexible and pragmatic policy approach positions the country favorably for the near future.

The country is known for its economic transformation and its ability to set standards that others in the region and beyond follow. The UAE economy is considered the most competitive in the Middle East. Examples of the UAE's favorable economic position in recent years include significantly increased FDI flows, a surging property market with prices reaching pre-2008 peak levels, a continued influx of large numbers of expatriates, and the conclusion of multiple comprehensive economic partnership agreements that underscore the UAE's commitment to diversifying its economy and strengthening global trade relations. Significant investment is flowing into technology and connectivity to ensure state-of-the-art services and innovative practices.

The UAE's economic performance is never taken for granted, and the government regularly enacts new laws and increases efficiency to respond to global shifts. Moves such as the introduction of a 15% minimum top-up tax on large multinational companies starting in January 2025 aim to enhance non-oil revenue and support economic diversification. Particular emphasis has been placed on positioning the UAE as a global leader in artificial intelligence, including collaborations with major U.S. tech companies and substantial financial commitments to highlight this strategic focus. The Zero Government Bureaucracy Program was introduced in 2024 to enhance service delivery, while the National Framework for Sustainable Development, also announced in 2024, ensures that the country operates along a sustainable framework.

The UAE's political framework has remained stable, characterized by a federal absolute monarchy with no significant shifts toward democratization during the period under review. Trust in and the legitimacy of the government remain very high, with the country's governance emphasizing economic growth, technological innovation and regional diplomacy to maintain its established political structure. Several government reshuffles were undertaken in 2023 and 2024, with the naming of Sheikh Khalid bin Mohammed Al Nahyan as crown prince of Abu Dhabi being the most significant, as this solidifies ruling arrangements and provides a clear path for the next generation of UAE rulers. Overall, the government places significant emphasis on national identity and national service.

In foreign policy, the UAE regards geo-technology and geo-economics as its primary guidelines, resulting in broad partnerships at multiple levels but led by the United States and China. The UAE has also concluded large-scale deals with Australia, India, Türkiye, Egypt and Italy as it remains committed to leveraging its position as a leading Middle East economy. Diplomatically, the UAE has maintained openness to relations with Israel after the events of October 7, 2023, and its war on Gaza, while emphasizing the need for a just resolution to the Palestinian issue. The UAE was also involved in facilitating prisoner exchanges between Russia and Ukraine. However, its strong involvement in the escalation of war in Sudan – which the UAE government fervently denied – has drawn harsh criticism.

## History and Characteristics of Transformation

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

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

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

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

Backed by the world's eighth-largest oil reserves and a small national population (only 1.5 million of the total 10.7 million inhabitants are nationals), total GDP rose from \$46 billion in 1995 to \$514.1 billion in 2023. The UAE has invested this income wisely in infrastructure and services, making it a regional and global leader in several areas. It has diversified its economy to the point where non-oil sectors account for 70% of the country's GDP, making the country less vulnerable to global oil price variations.

As the ruling families in the UAE enjoy a high degree of legitimacy, there has been little impetus to diversify the political system and expand participatory mechanisms for citizens. While the institutional capacity of governmental organs is continually augmented and improved, decision-making in the end remains completely centralized. Public attempts to petition the state are promptly suppressed. Internal security services are omnipresent and current legislation prohibits any criticism of the state or anything that can be classified as damaging to the country's reputation.

Since the outbreak of the Arab Spring protests in 2011, the UAE leadership has taken a determined stance against all forces associated with political Islam, viewing such movements as a direct threat to the stability of the country and the wider region. This has also led to the UAE increasing its involvement in regional affairs and its willingness to take a more confrontational approach to safeguarding what it considers to be its national interests. In particular, the UAE's involvement in Yemen and Libya, and more recently Sudan has attracted increased criticism of its position. Simultaneously, the UAE, alongside Bahrain, was the first Arab Gulf state to normalize its relationship with Israel through the Abraham Accords in September 2020 – recognizing Israel's sovereignty and establishing full diplomatic ties.

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

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

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

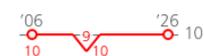
Encroachment on UAE territory exists regarding the dispute with Iran over three islands in Gulf waters (since 1971) and, more recently, in January 2022 as a result of drone and missile attacks by the Houthi group from Yemen. Such encroachment has had no impact on internal security. Since early 2024, the UAE – along with Kuwait, Oman and Saudi Arabia – does not allow the United States to carry out military strikes from bases on its territory, aiming to limit any retaliation from Iran. Taken together, the result is a high level of domestic stability with no foreseen internal threat.

The Emirati population almost universally accepts the nation-state as legitimate. Numerous steps have been taken to strengthen identification with the state. In 2014, the government implemented a national service program aimed at the country's youth to cultivate values of national loyalty, identity and service to the state. Under the program, male UAE nationals between the ages of 18 and 30 are required to serve in the military, while females have the option to volunteer. In 2024, the concept of Union Pledge Day was introduced to reinforce the values and principles established by the late Sheikh Zayed, and to educate young Emiratis about the country's history. The so-called National Identity Mark was introduced into the education system in May 2024 to promote the quality of national identity programs in private schools. The year 2025 was further declared the Year of Community under the slogan “hand in hand,” as a means to reinforce social coherence and cultural identity.

Question  
Score

Monopoly on the  
use of force

10



1

State identity

7



1

Overall, there is broad agreement regarding the concept of citizenship and the criteria for UAE citizenship. The Federal Authority for Identity and Citizenship is responsible for issues related to Emirati citizenship. To address both the demographic imbalance between nationals and non-nationals, and to strengthen the national development process, the government approved several amendments to the Executive Regulation of the Citizenship and Passports Law in January 2021. These amendments now allow professionals such as doctors, scientists and other specialists to apply for UAE citizenship. While citizenship is, in principle, available to foreigners who have resided in the UAE for at least 20 years and the process was streamlined following the 2021 amendments, the path to citizenship remains largely discretionary and subject to individual decisions by the leadership.

Furthermore, the UAE has previously revoked the citizenship of its nationals who engage in illegal political activities, including membership in the banned al-Islah group. Additionally, disparities persist between individuals who can prove Emirati descent and those who have obtained citizenship through naturalization, particularly with regard to eligibility for UAE federal government benefits.

The UAE legal system is based on a combination of civil laws, Islamic legislation and common law. While the state operates as a secular entity with modern institutions, the ruling elite uses Islam as a source of legitimacy and has, in various forms, integrated religious dogmas into the legal and political sphere. Shariah courts play a limited role, largely confined to personal status cases such as divorce, child custody and inheritance. In general, religious doctrines have minimal influence on actual governance procedures in the UAE.

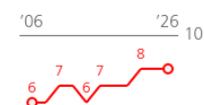
In November 2020, the UAE announced a significant overhaul of the country's Islamic personal laws. This includes allowing unmarried couples to cohabit, relaxing alcohol restrictions and criminalizing "honor killings." The reform grants foreign residents the ability to avoid Shariah courts on matters like marriage, divorce and inheritance. A further amendment pertaining to marriage and divorce cases was instituted with the Personal Status Federal Decree No. 44 in 2024.

UAE authorities issue moral guidelines on public behavior and appearance, although these are applied cautiously. Nevertheless, there are instances in which tourists, particularly Western residents, break the law, prompting the authorities to step in. The UAE Media Regulatory Office censors content it perceives as violating standards related to public consumption.

Where the UAE takes a stringent stance is against extremism. The government has established various organizations and programs to combat violent extremism in all its forms, such as the International Institute for Tolerance, the International Center of Excellence for Countering Extremism and Violent Extremism ("Hedayah"), and the Sawab Center. Additionally, the government actively monitors sermons given in mosques and for Friday prayer to ensure that extremism is not promoted. Outside the

No interference of religious dogmas

8



1

country, the UAE participates in numerous regional and international mechanisms to combat extremism, and it is part of the international coalition against the Islamic State (IS) group.

The UAE has a sophisticated and differentiated administrative system that provides basic public services throughout the country. Access to sanitation (99%), improved water sources (100%) and electricity (100%) is universal. In addition, the government regularly works to improve and modernize all service areas.

In terms of efficiency, the UAE State Audit Institution is responsible for ensuring government departments are managed efficiently, and the Star System Rating assesses government performance. Beginning in 2024, 90% of public services are available through a single digital platform and accessible 24/7. The Data Index – used as a benchmark to enhance government performance, and track progress in managing and governing national data – was launched in December 2024. The Zero Government Bureaucracy Program, launched in November 2023, aims to provide faster and more efficient services by eliminating several thousand government procedures.

The overall goal is to make the UAE one of the top 10 countries in trust in government, future readiness and smart services indices. Institutions such as the Dubai Model Center help government entities at the emirate level improve service delivery. One direct result is the rising levels of trust and satisfaction that UAE citizens and residents express regarding governmental performance. According to the 2024 Edelman Trust Barometer, 74% of the population expressed trust in the government, stating that government was judged as competent and ethical.

There are also various ways the public can engage with the government to identify social challenges. The digital platform Sharik.ae allows residents to provide feedback on government services to help improve them. The official data portal Bayanat.ae provides access to government data to promote transparency. The minister for youth affairs and the Federal Youth Council are responsible for engaging young people and integrating their perspectives into decision-making.

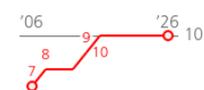
## 2 | Political Participation

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

Legislative elections are held for the Federal National Council (FNC). The FNC's powers are limited, with its official mandate to deliberate over certain aspects of legislation. Thus, the FNC does not serve as a check on the government's executive

### Basic administration

## 10



1

### Free and fair elections

## 2



1

functions. Elections to the FNC were introduced in 2006, with the most recent election held in October 2023, when 44% of nearly 400,000 eligible voters cast their ballots. This marked an increase in voter participation from the previous election in 2019.

The elections themselves can be considered transparent and fair, with procedures clearly laid out, and voting results released in a timely and comprehensive manner. Both the campaign and vote are covered extensively by the local media. At the same time, there are restrictions on two levels. First, citizens elect only half the candidates in their emirate, with the other half appointed by the respective ruling family. The 40 elected members, therefore, serve alongside an appointed group of 40 individuals. There is a 50% quota for women. Second, the electorate is selected from designated UAE nationals, who are then permitted to vote for the candidates. The 400,000 eligible voters represent approximately 30% of the total UAE national population.

Overall, elections are conducted based on executive decrees because a formal election law to guide the electoral process has never been enacted. While the number of citizens eligible to vote has increased gradually with each election cycle, there has been no expansion in participatory political rights or in expanding the powers of the legislature. No progress is expected on either front over the coming years.

The UAE rulers' supreme decision-making powers and their ability to govern without restrictions have remained stable since the country's independence in 1971. The ruling arrangements remain hereditary, and there is no indication that any form of elected government will be introduced. The combination of a small national population (approximately 1.5 million out of a total population of 10.7 million), significant financial resources (GDP per capita was more than \$50,000 in 2023), and the fact that the government has implemented and continues to implement a wide-ranging modernization program from which the population has benefited extends a high degree of legitimacy to the ruling families. This results in strong societal consensus regarding their right to govern. While actual decision-making is highly centralized, ruling families continue to operate on a consensus basis, meaning that general societal considerations (e.g., the interests of business families, tribal issues) are taken into account. The fact that the ruling families are not democratically elected has in no way impacted their ability to govern.

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

Effective power to govern



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

In addition to UAE nationals, restrictions are also imposed on the country’s migrant population. Strikes are rare and – when they do occur – are met with severe consequences, including imprisonment and the subsequent deportation of strike leaders. In July 2024, 57 Bangladeshi citizens were arrested and sentenced to lengthy prison terms, including three life sentences, following a protest against their home government. They were pardoned and then deported in September 2024. There were occasional protests by workers who did not receive their salaries, but these were resolved through prompt government intervention.

Overall, there are no current challenges to the government by any civic groups.

While the UAE constitution guarantees all citizens “freedom to hold opinions and expression of the same” as well as “freedom of communication,” the reality on the ground is different. Current laws prohibit criticism of the ruler and any speech that may encourage or create unrest or threaten social cohesion. This includes anything judged as “damaging to the reputation of the country.” In October 2023, the UAE adopted a law aimed at combating discrimination, hatred and extremism, although the legislation has been criticized for restricting freedom of expression, particularly in cases related to blasphemy and discrimination. Anti-terrorism legislation provides for the death penalty or life sentence for any act judged to have been intended “to undermine the stability, safety, unity, sovereignty or security of the state,” and it has been used to detain both national and foreign citizens. Particular attention is paid to the digital domain, with UAE security services regularly monitoring social media activity and taking action against any opinions or posts deemed unacceptable by the government. In October 2024, a Northern Irish national was arrested and charged with slander under the UAE’s cybercrime laws for posting a negative review about his former employer online.

Most media in the country are government-owned, with the media landscape closely overseen by the National Media Council. Widespread censorship, including self-censorship, is prevalent. In the 2024 World Press Freedom Index, the UAE ranked 160th out of 180 countries, a further decline from its previous ranking. The January 2025 country report from Human Rights Watch states that the “UAE’s Federal Penal Code and the Cybercrime Law are used to silence dissidents, journalists, activists and anyone the authorities perceived to be critical of the government, its policies or its representatives.” The Abu Dhabi Federal Appeals Court convicted 84 individuals,

Association /  
assembly rights

2

'06 \_\_\_\_\_ '26 10



Freedom of  
expression

2

'06 \_\_\_\_\_ '26 10



including imposing 43 life sentences, for establishing and managing a terrorist organization. The majority of these individuals had been convicted of similar charges in the wake of the 2011 Arab Spring protests.

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

### 3 | Rule of Law

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

The Federal National Council (FNC) does not possess the power of legislative initiation and, therefore, functions more as an advisory council. There is also no constraint on the executive in situations of dissent. Instead, the central role of members of the ruling families at all levels of government is reminiscent of a system of dynastic polities. There is also no clear dividing line between the public and private sectors, with many members of the ruling families involved in private business activities.

The UAE's specific federal structure allows for a certain degree of power separation at the emirate level. Abu Dhabi and Sharjah each have regional national consultative councils that carry out tasks and responsibilities similar to those of the FNC. However, their influence on policymaking is as limited as it is at the federal level. No policies have been implemented at either the federal or emirate level that indicate a move toward greater checks and balances within the governing system.

According to Article 94 of the constitution, "judges shall be independent and shall not be subject to any authority but the law and their own conscience." In practice, however, court decisions are subject to review by the political leadership. The 1983 Federal Judicial Authority Law No. 3 grants the executive the authority to establish courts and appoint and transfer judges, thereby violating the principle of separation of powers. Other issues in the judicial realm include the lack of clear jurisdiction – with federal courts existing in all emirates except Dubai and Ras al-Khaimah, where only local courts are allowed – the application of arbitrary and unlimited detention, and a limited right to legal counsel for defendants. State security courts are used in cases of violations of anti-terrorism legislation, which gives the government significant leeway in applying such laws.

Separation of powers

2

'06 \_\_\_\_\_ '26 10



Independent judiciary

4

'06 \_\_\_\_\_ '26 10



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

The UAE ranked 39th out of 142 countries worldwide for its judicial system, according to the 2024 World Justice Project’s Rule of Law Index. In the constraints on governmental power subcategory, the UAE ranked 50th – an improvement of eight places over the 2022 Index – while it ranked 126th for open government.

The government regularly reviews its legal system. In addition to restructuring Abu Dhabi’s Judicial Department with the directive of “reaffirming its direct accountability to the Ruler,” Federal Decree No. 9 of 2024 reformed the labor dispute resolution mechanism by granting the Ministry of Human Resources and Emiratization (MOHRE) enhanced authority to resolve disputes. Meanwhile, significant changes to the country’s bankruptcy provisions were introduced to provide more robust mechanisms for financial restructuring and insolvency resolution. Such reforms are primarily aimed at ensuring that the legal system remains responsive to new developments and circumstances rather than fundamentally changing the structure of the system itself.

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

As a result, the UAE ranked 19th out of 142 countries in the World Justice Project’s 2024 Rule of Law Index for the absence of corruption, ahead of countries such as France and the United States. The UAE regularly undertakes legal reforms in an effort to combat corrupt practices. In 2023, the UAE announced the creation of new federal prosecution divisions focused on economic crimes and money-laundering with the aim to enhance the investigation and prosecution of financial misconduct, including offenses committed by public officials. In December 2023, the Regulation of the Accounting and Auditing Profession Law was enacted to elevate audit standards and include explicit anti-money-laundering (AML) reporting obligations.



International organizations acknowledge that progress is being made in eliminating corrupt practices, but there are also continued reports of money-laundering practices and other criminal activities. This was followed by a federal decree in August 2024 that established committees to combat money-laundering and terrorist financing, ensuring compliance with international standards.

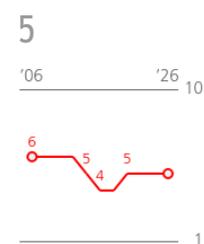
Consequently, the Financial Action Task Force removed the UAE from its gray list, stating that substantial progress has been made in implementing compliance measures, facilitating AML investigations and increasing prosecutions. However, in April 2024, the European Union voted to keep the UAE on the European Union's list of high-risk third countries, arguing that it was too early to assess the effectiveness of recent changes and that there was no substantial evidence to suggest the country had improved on enforcement. For the European Union in particular, repeated reports suggesting that Russian individuals and companies were able – through activities in the UAE – to circumvent international sanctions on Russia related to the war in Ukraine were central to the issue.

The freedom of worship and religion, freedom of opinion, freedom of movement and residence, and the right to assemble – albeit within the limits of the law – are guaranteed in articles 29 through 34 of the UAE constitution. UAE officials have repeatedly stressed their commitment to protecting those rights, and the country's population is free to pursue individual goals and interests. The government established the National Human Rights Institution in 2021 to enact laws protecting various rights, such as anti-discrimination statutes. While a law aimed at combating discrimination, hatred and extremism was passed in October 2023, there is no evidence to show that the law was initiated by the National Human Rights Institution.

At the same time, civil liberties are quickly curtailed by authorities if any political motivation is suspected or if internal stability is seen as threatened in any way. This applies to both UAE nationals and non-nationals. Many such cases have been prosecuted under existing anti-terrorism legislation, resulting in lengthy prison terms, withdrawal of citizenship, deportation and being barred from entering the country due to political views or published works. Overall, while legal avenues exist for individuals seeking redress for violations, they are often ineffective and cumbersome. The UAE is still not a signatory to major international human rights instruments such as the International Covenant on Civil and Political Rights or the International Covenant on Economic, Social and Cultural Rights.

Due to the population's composition, mainly comprising expatriates from more than 200 nationalities, the UAE has implemented numerous initiatives to promote a culturally tolerant society. Alongside the creation of a ministerial position for tolerance and coexistence at the cabinet level, the country hosts Christian churches, a Hindu temple and a Sikh Gurdwara. The government-sponsored Abrahamic Family House, which includes the first synagogue alongside a mosque and a church on a single site, was opened in 2023.

#### Civil rights



Discrimination based on gender, sexual orientation, ethnicity and race persists, although it often occurs behind the scenes rather than in the public domain. Nontraditional sexual relations are prohibited by law and can be punishable by the death penalty.

#### 4 | Stability of Democratic Institutions

The UAE is an authoritarian government, with power entirely centralized within the ruling families of the individual emirates. Democratic institutions, such as the semi-elected Federal National Council, operate only within the boundaries set by the central government and therefore serve almost exclusively in an advisory capacity.

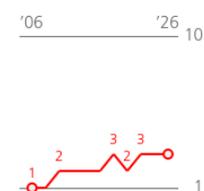
Nevertheless, some caveats to these statements can be put forward. The ruling families themselves are seen as highly legitimate, and there is strong support for the performance of government institutions. Furthermore, the tribal structure of society aligns popular ideas and opinions with the decisions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

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

Given that there are no democratic institutions such as a freely elected parliament, political parties or strong civic organizations that can act as a check on government performance, the question of how those institutions are accepted as legitimate does not arise. Instead, government officials continuously emphasize efficiency and the delivery of progress rather than building democratic institutions or gradually expanding political rights. UAE officials have repeatedly stated that a democratic system of government is not compatible with the traditions of the UAE and Arab Gulf states. The government prioritizes service delivery and the vast majority of citizens view this mandate as effectively fulfilled. In this regard, the concentration of political power is seen as a positive factor rather than an inhibiting force.

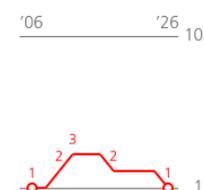
Performance of democratic institutions

3



Commitment to democratic institutions

1



## 5 | Political and Social Integration

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

There have been no reports in recent years of any active attempts by people in the UAE to organize politically. A mass trial in July 2024 convicted 84 individuals on charges of establishing and managing a terrorist organization involving the Muslim Brotherhood branch in the UAE. The trial was not the first such trial and largely served to extend the sentences of people convicted a decade earlier.

There is an awareness within the government that, as the population continues to grow and become more diverse, the process of governance needs to adjust. Through mechanisms such as the Government Excellence Model and regular whole-of-government review sessions, officials review policies with a focus on improving service delivery and responsiveness. The 2024 UAE Government Annual Meeting, held in November 2024, reviewed the outcomes of national strategies and plans adopted within the “We the UAE 2031” vision. Initiatives agreed to at the meeting include organizing regular retreats and new dedicated sessions with local governments, and focusing on ways to empower young national government leaders.

A broad range of community organizations, interest groups and professional organizations are active in the UAE. However, their work is confined to social arenas and, therefore, cannot be considered as having any direct impact on the governing system. Overall, associational life remains weak, and the public space between the nuclear family and the state is sparsely populated. While engagement on social issues is encouraged, any form of political association or public advocacy is strongly discouraged and subsequently curtailed. The result is that many social interests remain unrepresented.

Civil society organizations in the UAE must adhere to Law No. 12 of 2017, which sets forth the procedures and conditions for establishing NGOs, including regulations for funding. Federal Decree Law No. 50 of 2023 further regulated the work of public welfare associations by implementing principles of corporate governance. The main objective is to strengthen social cohesion, promote volunteerism and enhance social welfare. The government, therefore, encourages a variety of platforms for community and social engagement. Examples include the National Policy for Empowerment of Emirati Women, launched in 2023, and the enactment of the Family Violence Protection Law in December 2024.

### Party system



### Interest groups



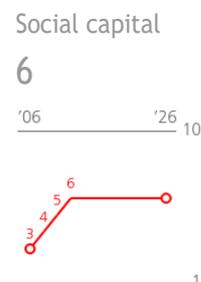
Taken together, governmental actions can be seen as reflecting a dual approach: implementing progressive social policies, while at the same time restricting political dissent and limiting the operational space for civil society organizations.

There is limited survey data on the attitudes of Emirati nationals toward democratic norms and procedures; even the Arab Barometer does not include any country reports from the UAE. However, in the Open Society Barometer launched in September 2023, only 47% of UAE respondents indicated that democracy was their preferred form of government. At the same time, 82% of respondents stated that it was important to live in a democracy. Meanwhile, 72% and 71%, respectively, voiced support for human rights as a force for good and as a reflection of overall values.

In the 2024 Edelman Trust Barometer, 74% of the UAE population expressed trust in their government. Meanwhile, a 2021 report by the Serco Institute revealed that 90% of UAE residents described themselves as “somewhat” or “very” happy with the government services provided. Another nationwide survey conducted by TNS MENA found that satisfaction among UAE nationals is comparable to those in Scandinavian countries.

The UAE government has consistently promoted the idea that democracy in its widely understood Western form is not compatible with UAE traditions and its existing political system. Kuwait is often highlighted as an example of the misfit between Gulf tradition and democracy. Instead, the emphasis is always placed on a gradual and closely managed expansion of aspects of political participation. This can be seen in elections for the country’s parliament, the Federal National Council, where the pool of eligible voters has been gradually expanded. Overall, it can be argued that the majority of the UAE population is satisfied with their government, and does not want to endanger its secure and comfortable lifestyle by pushing for political reforms. In the Arab Youth Survey of 2023, for the 12th year in a row, the UAE was named by a majority of young Arabs as the country they would most like to live in and the country they would most like their own to emulate.

A very high level of trust exists among UAE citizens, resulting both from the increasing consolidation of the UAE as a single country and from citizens’ need to differentiate themselves from the rest of the population – about 85% of which is composed of expatriate laborers. The government places great emphasis on strengthening UAE national identity, particularly among the nation’s youth. Examples from 2023 and 2024 include the launch of the National Identity Mark in May 2023 to assess private schools on their promotion of UAE traditions and values; the 2024 launch of the second cycle of the National Grant Programme for Culture and Creativity, which provides support for Emiratis in projects that showcase the UAE’s cultural heritage; and activities promoted through the Emirates Academy for Identity and Citizenship. Another initiative is the Marriage Fund, through which the government offers financial incentives to support marriages between Emirati men and women.



In conjunction with government initiatives, there is a strong commitment to volunteerism in the country. Platforms like Takatof and Sanid, both established by the Emirates Foundation, promote a culture of volunteering. Institutions such as the Emirates Volunteer Academy and the Dubai Volunteer Center are also very active in the country. The General Directorate of Residency and Foreigners Affairs (GDRFA) celebrated 2024 as the “Year of Volunteering” to highlight the government’s commitment to fostering a culture of volunteerism.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

The UAE ranked 17th in the UNDP’s Human Development Report (2023 – 2024) and falls within the “very high” overall development category, with a score of 0.937. This marks an improvement from the 2021 edition when the UAE ranked 26th with a score of 0.911. The country scores the same in the inequality-adjusted index of the report. The UAE also ranked 17th in the Gender Development and Gender Inequality Index (GII) with scores of 0.986 and 0.035, respectively. In the GII, this marked a decline from the country’s previous score of 0.049.

The UAE continues to prioritize and invest in its overall economic development, from which the vast majority of the population benefits, even the lower classes within society. A total of 42% of the 2024 general budget was allocated to social development and social benefits, encompassing education, health care, social development and pensions. The country’s Gini coefficient, which measures inequality, stands at around 26.0, although the latest measurement is from 2018. The UAE does not officially publish national poverty statistics, making it difficult to evaluate poverty rates among Emirati citizens. The fact that the government, however, puts forward housing programs to support low-income Emirati families indicates significant income disparities.

Among lower-class expatriate workers, poverty and inequality are structurally ingrained, given that the wage structure allows little opportunity for individuals to escape servitude.

Question  
Score

Socioeconomic  
barriers

8



1

Economic indicators		2021	2022	2023	2024
GDP	\$ M	415178.8	502731.9	514130.4	<b>537078.8</b>
GDP growth	%	4.4	7.5	3.6	<b>3.8</b>
Inflation (CPI)	%	0.2	5.3	1.6	<b>1.7</b>
Unemployment	%	3.1	2.9	2.2	<b>2.1</b>
Foreign direct investment	% of GDP	5.0	4.5	6.0	<b>8.5</b>
Export growth	%	4.1	8.5	6.9	-
Import growth	%	8.1	25.9	12.6	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	35.7	31.5	31.9	<b>34.9</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	0.7	0.1	0.8	-
Tax revenue	% of GDP	0.5	0.6	0.6	-
Government consumption	% of GDP	14.6	12.6	12.4	-
Public education spending	% of GDP	3.9	-	-	-
Public health spending	% of GDP	3.4	2.8	-	-
R&D expenditure	% of GDP	1.5	-	-	-
Military expenditure	% of GDP	-	-	-	-

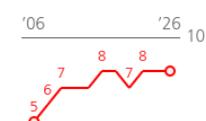
Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

The UAE follows a wide-ranging economic liberalization strategy largely based on market competition. In December 2023, the UAE enacted Federal Decree-Law No. 36 of 2023 on the Regulation of Competition, replacing the previous law from 2012. The aim of this legislation was to align the UAE's competition policies with international standards, particularly those of the European Union. Key features include the prohibition of anti-competitive agreements; a provision against abuse of dominant position, whereby entities holding a dominant market position (defined as exceeding 40%) are prohibited from exploiting their dominance to the detriment of

Market  
organization

8



market fairness; and a merger control regime under which entities must obtain approval of the Ministry of Economy for mergers and acquisitions that meet specific turnover thresholds. Additional measures are in place that reduce barriers to market entry and exit, including foreign ownership liberalization that permits 100% foreign ownership of onshore companies in specific sectors, eliminating the previous requirement for a local partner to hold a 51% stake. In addition, free trade zones provide incentives such as full foreign ownership, tax exemptions and simplified business setup processes, although these companies are restricted from conducting business directly on the UAE mainland without a local agent.

Persistent limitations include the involvement of ruling family members in economic activities, and the maintenance of exclusive agency distribution agreements in areas such as national security, oil, gas and utilities. The regulatory and legal framework also continues to favor local Emirati investors over foreign investors, although there are no restrictions on the repatriation of capital.

The UAE has a sizable informal economy, with the World Bank Prospects Group estimating its size at just above 20%, or about \$154 billion when measured at purchasing power parity. Comparatively, the informal economy's share in the UAE is below the global average.

The UAE can be described as a state-controlled duopoly with some residual monopolistic tendencies. Exclusive distribution agreements enable prominent merchant families in the UAE to retain considerable control over key economic sectors. Competition oversight is administered by the Competition Regulation Committee (CRC), part of the Ministry of Economy. The CRC offers guidance on competition issues, evaluates concentration practices and recommends policies to protect competition within the country. The UAE is not identified as a member of the International Competition Network (ICN), although the CRC has expressed interest in engaging with the ICN to align its policies with international best practices.

The government has decreased the number of economic sectors it protects, with sectors such as transport, renewable energy, manufacturing, agriculture, education and health care now open to 100% foreign ownership. Existing commercial agency agreements are no longer automatically renewed, allowing foreign firms to distribute their own goods or change their local agent.

The UAE's competition law does not explicitly address state subsidies and, as such, the country is scrutinized internationally for potential state aid that may distort competition. In 2024, the European Commission investigated UAE Emirates Telecommunications Group Company PJSC for allegedly receiving distortive foreign subsidies in its bid for parts of Czech telecom company PPF. The European Commission ultimately approved the deal on condition that an unlimited state guarantee be removed and that the Emirates Investment Authority be prohibited from

#### Competition policy

7



1

financing PPF's EU activities. Overall, while access to the UAE economy has continued to improve, some monopolistic practices continue to exist, primarily serving clientelist purposes.

The UAE is an active member of the World Trade Organization (WTO), having joined in 1996, and trade is considered a crucial component of the UAE's economic diversification strategy. The UAE is classified as having an open trade regime with low tariffs and minimal non-tariff barriers to trade. As of 2023, the UAE's simple average most-favored-nation applied tariff rate stands at 4.7%, while the average tariff for agricultural products is 5.4% and non-agricultural products face an average tariff of 4.6%. The UAE has committed to binding its tariffs at an average ceiling rate of 14.5%, providing predictability and stability in its tariff structure. Access to the UAE market is further based on the Gulf Cooperation Council (GCC) Common External Tariff, which has been set at 5%. The WTO has not identified any export subsidies and trade restrictions are usually applied on safety, religious or moral grounds.

Non-tariff barriers that are applied pertain to certain products that may require import licenses or specific documentation. There is a preference for local companies, especially in sectors deemed strategic, as far as government procurement is concerned. Local trading families continue to be provided exclusive agent and distributor roles, for example, when it comes to car dealerships. The UAE's primary export centers, however, are free zones that are exempt from the licensing, agency and national majority-ownership obligations that apply to the domestic economy.

To promote further trade liberalization, the UAE is actively pursuing comprehensive economic partnership agreements that eliminate tariffs on most goods and increase bilateral trade. In 2023 and 2024, agreements were signed with Türkiye (March 2023), Cambodia (June 2023), Vietnam (October 2024), Australia (November 2024), Kenya (December 2024) and Malaysia (December 2024).

AT Kearney ranks the UAE as one of the top 20 best places in the world for global service businesses, while the World Economic Forum ranks the UAE as one of the world's "most-networked countries."

The UAE's banking and capital market system is highly developed, with 23 local and 30 international banks, including BNP Paribas, Deutsche Bank, HSBC and UBS. The Dubai International Financial Centre had more than 410 wealth and asset management firms registered at the end of 2024, with the number of hedge fund operations rising to 75 by the end of 2024. The banks can be divided into four broad categories: commercial, investment, Islamic and industrial. Overall market capitalization remained high at \$1.06 trillion, with the Abu Dhabi Stock Market standing at \$815 billion and the Dubai Stock Market at \$247 billion at the end of 2024.

#### Liberalization of foreign trade

10



1

#### Banking system

9



1

The foreign assets of the UAE central bank stood at \$196 billion in April 2024, an increase of 30% over 2022 figures. As of the fourth quarter of 2023, the UAE banking sector maintained a capital adequacy ratio of 17.9% and a Common Equity Tier 1 (CET1) ratio of 14.9%, both well above the regulatory requirements set by the central bank. The UAE follows the directives of the Basel accords and the central bank issues regulatory notes to the banking sector for the implementation of all related compliance rules.

The central bank issues comprehensive guidelines to ensure banks maintain adequate capital buffers. In November 2024, new credit risk management standards were introduced, mandating proactive identification and management of troubled loans. By the end of November 2024, the banking sector held total assets of \$896 billion, which reflected a 10.2% increase in total assets. The net non-performing loan ratio decreased to 2.1% in 2024 from 2.4% in 2023 – a significant drop from COVID-19 levels.

## 8 | Monetary and fiscal stability

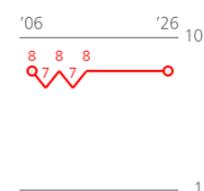
The central bank oversees the monetary system in accordance with Federal Law No. 10 of 1980, which mandates the central bank to enforce laws and regulations and propose policies that support the economic goal of stable prices and low unemployment. The central bank has its own board of directors and generally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

The inflation rate declined to 1.6% in 2023, following higher rates in previous years, due to increased oil and commodity prices stemming from Russia's invasion of Ukraine. For 2024, a slight rise to 2.3% is expected, remaining below the global average. The UAE follows interest rates in the United States given the UAE dirham's continued peg to the U.S. dollar. Despite repeated suggestions that the UAE switch to a floating exchange rate, there are no government plans to abandon the currency's peg to the U.S. dollar.

Ensuring macroeconomic stability is a cornerstone of government policy. General measures include maintaining balanced budgets, managing public debt effectively and diversifying the economy to reduce dependence on oil revenues. Over the last two decades, the UAE has made large-scale investments in infrastructure and service development, as well as maintained a sustained economic diversification process. These efforts have led to the UAE being recognized as the most competitive economy in the Middle East, according to the 2024 Competitiveness Report by the International Institute for Management Development (IMD), where it ranks seventh overall.

### Monetary stability

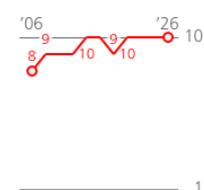
8



1

### Fiscal stability

10



1

The UAE economy rebounded quickly from the downturn experienced during the COVID-19 pandemic, posting a 4.0% growth rate in 2024. In 2023, the government registered a budget surplus equal to 4.5% of the country's GDP. Public debt has remained low compared with regional and global averages, with general government debt at 32.4% of GDP in 2023. In October 2024, the UAE cabinet approved a balanced budget for 2025, with expenditures set at \$19.5 billion – a nearly 12% increase from 2024.

To diversify its revenue sources and align with international tax standards, the government has implemented several taxation measures in recent years. The 15% minimum tax on large multinational enterprises with consolidated global revenues of €750 million or more, beginning January 1, 2025, is intended to align the UAE with the OECD's global minimum corporate tax agreement.

## 9 | Private Property

The UAE opened the property sector to both nationals and foreign residents in the early 2000s. Since then, formal legislation has continuously defined property rights, regulations for property acquisition and benefits and conditions for use and sale with increasing specificity. UAE nationals have the right to own property anywhere within their emirate, while expatriates, including those from GCC countries, are limited to freehold areas. Property laws are enacted and enforced at the local emirate level and are not subject to federal law.

Reforms enacted in 2023 and 2024 have further enhanced the regulatory framework with the intent to ensure clarity and efficiency in property transactions. This includes Federal Decree Law No. 35 of 2023 (enacted in February 2024), which mandates the creation of an advanced electronic platform for cataloging federal real estate assets; the Abu Dhabi Global Market (ADGM) Real Property Regulations, effective from October 1, 2024, to govern real property within the ADGM jurisdiction; the Dubai Land Department (DLD) Broker Registration Policy, effective from October 2023, limiting the registration of properties to a maximum of three brokers per seller in order to reduce multiple listings of the same property; and the corporate tax implementation from June 1, 2023, which introduced a 9% corporate tax on business profits, including income derived from property investments. This fiscal reform integrates real estate income into the broader corporate tax framework.

It is important to note that, generally, individuals do not own the land on which their property is located. Therefore, the right they hold is contractual rather than based on ownership.

Property rights

7



1

Within the context of its economic diversification strategy, the UAE prioritizes expanding and strengthening the

role of the private sector. Comprehensive legislative measures and privatization initiatives aligned with market principles have been introduced. The UAE takes pride in offering an extremely business-friendly environment with minimal bureaucracy and as a result imposes only minor restrictions on private companies.

Strategic privatization efforts have focused on enhancing public-private partnerships (PPPs) and facilitating private sector growth in 2023 and 2024. Federal Decree Law No. 12 of 2023 established a comprehensive framework for PPPs at the federal level, outlining procedures for collaboration between government entities and the private sector. Privatization initiatives during the same period included the initial public offering in November 2024 of Talabat, a Middle Eastern food delivery company, as well as strategic acquisitions by the EDGE Group, the UAE defense conglomerate, that included acquiring full ownership of the Strategic Development Fund (SDF) in December 2023 and a majority stake in the International Golden Group in January 2024. In October 2024, the UAE government issued detailed regulations concerning the incorporation and governance of private joint stock companies in order to streamline the operation of private companies and foster a more conducive environment for private investment. There has also been an expansion of Emiratization targets for private sector companies. Companies with 20 to 49 employees are required to hire at least one Emirati national starting in 2024. The aim of this policy is to integrate more UAE nationals into the private sector – enhancing local participation in the economy.

A key concern that remains is that many seemingly private enterprises are owned by the government or have a ruling family as their primary shareholders. This raises issues of transparency and conflicts of interest, as well as opacity in corporate decision-making. However, this does not change the fact that a functioning market economy is still seen as key to ensuring the country's stability and preventing political discontent.

## 10 | Welfare Regime

The UAE provides its citizens with a comprehensive welfare system at both the federal and local levels to address social risks such as unemployment and poverty, including social security benefits, free or subsidized housing, a well-developed health care system, educational opportunities, including scholarship programs, and a wide array of other subsistence assistance. Of the \$19.47 billion federal budget for 2025, 40% is dedicated to social development and pensions, with significant investments in education and health care. In addition to federal programs, local governments have launched initiatives to support social welfare. For example, Abu Dhabi's Emirati Family Growth Support Programme provides incentives to encourage larger families, addressing demographic challenges and promoting social stability.

Private enterprise

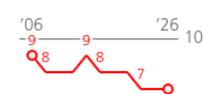
9



1

Social safety nets

7



1

A social welfare program for UAE citizens with income less than AED 25,000 monthly (approximately \$6,780) was restructured in July 2022 with increased allowances and an expansion of the program to cover education and housing costs. At the start of 2023, mandatory national unemployment insurance was introduced to encourage UAE citizens to enter the private sector. Health insurance is also mandatory, primarily based on a private system. In addition, the UAE offers a debt forgiveness program, where underprivileged families can apply to have their outstanding personal loans settled.

Non-nationals are not covered by the social security benefits extended to UAE nationals. This particularly affects the millions of low-income blue-collar workers. However, the government has passed reforms to the labor law, including the provision of unemployment insurance, a wage protection system and the ability to move between employers, and has also amended personal status laws, now offering more flexible visa arrangements. A non-Muslim family law, which covers marriage, divorce and inheritance, came into effect at the end of January 2023.

Article 14 of the constitution guarantees “equality for all before the law, without distinction between citizens on the basis of race, nationality, religion or social status.”

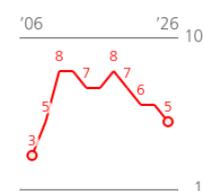
Federal Law No. 2 of 2015 criminalizes discrimination based on caste, race, religion or ethnic origin. This legislation aims to foster a culture of tolerance and acceptance within the UAE. As such, there are no formal restrictions in place for UAE citizens regarding access to employment opportunities, education or public services; however, there are unspoken and undefined criteria according to which ethnic or religious minorities are denied aspects of their civil rights as citizens. This includes limited access to employment in sensitive areas, such as security services.

Limitations exist regarding the distribution of government positions and access to employment opportunities. In these cases, tribal affiliation or family, ethnic or religious background can play a role, especially in employment within sensitive areas such as security services. National unemployment is present, but it is mainly due to citizens preferring public sector employment over employment in the more competitive private sector, rather than a lack of employment opportunities. Given the emphasis on national employment and the development of a knowledge economy, merit-based considerations are increasingly applied at various levels of government.

The UAE has implemented laws to ensure equal pay and opportunities for women. A 2018 law mandates equal wages for men and women in both the public and private sectors. Women have steadily expanded their role in all aspects of UAE society and the economy, and the government has supported their inclusion through institutions such as the Gender Balancing Council and the National Strategy for the Empowerment of Women. Female participation in the labor force reached almost 60% in 2023, according to the World Bank. The UAE ranked 73rd out of 146 countries in the 2024 Global Gender Gap Index of the World Economic Forum, a slight decline from previous reports. The country holds a leading position in the “women in parliament” category due to its 50% quota for female deputies.

Equal opportunity

5



Male and female literacy rates are high: 99.0% for men and 98.0% for women in 2022, mainly due to widespread and broad educational opportunities. Developing the educational system and its output represents a continuous core priority of the government.

Significant discrepancies persist regarding foreign blue-collar workers, as many live and work under the kafala system and are, therefore, heavily dependent on their employers or sponsors. The abusive treatment of foreign workers persists, although the number of reported cases has decreased in recent years. Progress has been made on unpaid or delayed wages with the introduction of the Wage Protection System, although abuses remain, enabling ongoing exploitation. Families of blue-collar workers also face issues accessing social protection and health care.

## 11 | Economic Performance

The UAE economy has a strong record of performance with a focus on stable growth, high employment levels and price stability. GDP stood at \$514.1 billion in 2023 with a 3.6% growth rate driven by non-hydrocarbon sectors such as tourism, construction and financial services. GDP per capita (PPP) rose above \$83,000 in 2023, placing the country squarely in the higher-income category. Unemployment fell from 4.3% in 2020 to 2.1% in 2024.

Gross capital formation was 27.08% of GDP in 2023. While the country also experienced inflationary pressures due to the COVID-19 crisis, the CPI rate declined to 1.6% in 2023. The overall position of the economy in terms of price stability, low debt levels and current account balance remained stable.

In 2023, the UAE attracted FDI inflows totaling \$30.7 billion, a substantial increase over previous years, underscoring the country's position as a global investment hub. The UAE remains the second-largest Arab economy after Saudi Arabia. Diversification efforts have resulted in 70% of the country's income coming from non-oil sources, with notable growth in non-oil sectors such as tourism and construction. A current account surplus of 9.3% of GDP was maintained in 2023, attributed to strong oil exports and a diversified trade portfolio. The UAE has also put forward several income-generation initiatives – in fields such as smart mobility, life sciences, AI, agritech, space technology and sustainable energy – to boost employment opportunities for the national population.

Output strength

9



1

## 12 | Sustainability

Environmental protection and sustainability are regularly cited as top priorities for the government in the UAE. UAE President Sheikh Mohammed bin Zayed Al Nahyan emphasized his country's commitment to accelerating climate action during the opening session of the COP29 Climate Action Summit in Baku, Azerbaijan in 2024. The previous year, the UAE hosted the COP28 meeting, during which the UAE Consensus was reached for a balanced transition to clean energy by restoring trust in the multilateral approach to addressing climate challenges. While there is widespread criticism of the annual meetings held in oil-producing countries, for the UAE, the importance lies in highlighting the gradual phasing out of fossil fuels.

The government acknowledged that the challenges to its natural environment are “immense,” with the country's large carbon footprint, waste generation, air pollution, land degradation and desertification listed among the key challenges. In addition, the UAE leadership emphasizes the close relationship between environmental protection measures and economic growth incentives, and it does not see the two strands as contradictory. One key challenge is rising temperatures, which have a direct impact on rising sea levels – thus threatening coastal areas with the potential additional negative side effect on long-term developments in the tourism sector.

The UAE's National Climate Change Plan (2017 – 2050) serves as a comprehensive framework to address the challenges of climate change, while the country's Energy Strategy 2050 outlines a detailed plan to diversify energy sources, targeting an energy mix of 44% clean energy, 38% gas, 12% clean coal and 6% nuclear energy by 2050. The focus is on managing greenhouse gas emissions, expanding environmental governance and establishing mandatory and voluntary mitigation and adaptation targets. The Green Agenda 2030 includes strategic objectives and initiatives designed to support an eco-friendly economy, with efforts to substantially decrease per capita electricity consumption and its associated emissions. All announced initiatives are supported by increasing investment in renewable energy, which accumulatively exceeded \$200 billion in 2024.

Specific plans announced in 2023 and 2024 include the National Framework for Sustainable Development of 2023, which aims to consolidate national strategies and policymaking to guide environmental efforts, and the Emission Reduction Commitment in 2024, whereby the UAE pledged to cut emissions by 47% by 2035 compared to 2019 levels.

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

Environmental  
policy

6



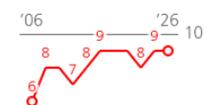
Education development is a core objective of the UAE government, and it provides significant resources to achieve this goal. The overarching aim is to completely transform the education system into a first-rate one. Currently, the UAE offers its citizens free comprehensive education, ranging from kindergarten to university. The overall literacy rate in the country stands at 98.0% as of 2022.

Bodies such as the Abu Dhabi Education Council or Dubai's Knowledge and Human Development Authority ensure high accreditation and teacher qualification standards. Education 2021 is a series of three-year plans designed to introduce advanced teaching techniques, improve innovative skills and focus on students' self-learning abilities. It is also an acknowledgment that existing low academic standards in the primary and secondary school system need to be addressed. The National Strategy for Higher Education 2030 aims to align higher education outcomes with the country's future goals and competitiveness, as well as to improve the quality of teaching. The Education, Human Development and Community Council was approved by the UAE cabinet in 2024 to focus on enhancing education and human development. UAE higher education institutions have engaged in R&D initiatives. For example, the Green Research Projects at UAE University fund research dedicated to sustainability and climate change mitigation, while the country's first dual master's program in entrepreneurship and innovation at Khalifa University aims to foster entrepreneurial skills and innovation. Education received the largest allocation (15.5%) of the federal budget in 2023.

The UAE hosts branch campuses of more than 40 leading international universities, in addition to recognized national institutions such as Emirates University, Zayed University and the Higher Colleges of Technology. Dubai National University was established in 2024. The country's advancements in education are reflected in a steady increase in the U.N. Education Index, scoring 0.904 in 2022, and ranking fourth among the BTI countries. In the Global Knowledge Index 2024, the UAE ranked 26th as the best-performing Arab country in the Middle East.

Education policy /  
R&D

9



1

## Governance

### I. Level of Difficulty

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

Constraints exist in terms of the UAE's natural environment and geographical location. Because of the desert conditions, the UAE relies heavily on desalination for its water supply and on importing much of its food. Climate change patterns, such as rising temperatures and an increased frequency of dust and other storms, are increasingly impacting both people and the economy.

Geostrategically, the UAE must contend with its two significantly larger neighbors, Saudi Arabia and Iran. The adjacent Strait of Hormuz – through which up to 30% of the world's oil is shipped – is a strategic hotspot. Attacks on UAE shipping by Iran, as well as drone and missile attacks by Houthi militias from Yemen, have highlighted the rising threat from emerging military technologies.

Given the volatile regional environment and its limited manpower, the UAE is unable to protect itself independently. Its main external partnership is with the United States. However, in light of changes in the global landscape, the UAE is diversifying its foreign and security partnerships, including those with China.

Civil society traditions in the UAE are rooted in tribal customs and Islamic values, with an emphasis on family connections, charity, hospitality and social responsibility. For example, the majlis is a tradition where community members gather in a home to discuss social, political and economic issues. Although not as frequently used as before, it is still a format to foster consensus-based decision-making and community bonding. Tribal affiliation is also a determinant in terms of social cohesion and governance. Islamic charitable giving, including Zakat and Sadaqah, is also deeply embedded in UAE society.

Overall, there is strong social trust between the government and its citizens, including widespread civil society engagement in the context of community service in the UAE. The government frequently urges citizens and residents to contribute to the overall safety of the community, although all involvement is closely monitored and controlled. The number of institutions considered part of an active civil society is

Structural  
constraints

2

'06 \_\_\_\_\_ '26 10



1

Civil society  
traditions

9

'06 \_\_\_\_\_ '26 10



1

limited, comprising only a few professional associations and voluntary groups. Instead, the establishment and preservation of social trust are achieved through personal relationships rather than institutionalized organizations.

At the same time, the government is determined to restrict any political engagement by civil society organizations or any attempt by forces outside official structures to interfere with the political process. Security services act quickly against anyone seen as questioning the government's authority, including foreign citizens.

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

While the overall crime rate is low, occasional incidents occur, including assassinations, groups engaged in human trafficking or altercations among expatriates. In late 2024, Rabbi Zvi Kogan, an Israeli-Moldovan citizen, was found dead with three Uzbek nationals subsequently arrested in connection with his death. Israeli officials suggested the potential involvement of external actors, including Iran, and labeled the incident a possible antisemitic terrorist act. The government has also moved against several citizens and foreign residents for expressing solidarity with Palestinians on social media platforms. Such actions underscore the government's sensitivity to political expressions, with some of those arrested ultimately deported.

The UAE remains a target for extremist groups due to the government's tough stance against Islamist movements and its participation in the international coalition fighting the IS group. Additionally, the UAE's involvement in civil conflicts such as those in Yemen, Libya and Sudan has made it a target. For example, the Houthi movement from Yemen launched a drone attack against Abu Dhabi in January 2022 that resulted in three fatalities. The UAE's regional policies have led to international criticism of the government. In August 2024, American rapper Macklemore canceled his scheduled concert in Dubai to protest the UAE's support for Sudan's paramilitary Rapid Support Forces (RSF).

Overall, the potential for future violence remains low because of the government's high legitimacy and the strong, coherent national identity supported by most of the population.

Conflict intensity

2

'06 '26 10



## II. Governance Performance

### 14 | Steering Capability

The UAE has a clear sense of its priorities for economic development and the country's overall strategic direction. All government agencies conduct regular strategic planning processes, which are reviewed and adjusted as necessary. This takes place at both the federal and individual emirate levels.

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

The "We the UAE 2031" vision outlines national plans in social, economic, investment and development areas. Additionally, the UAE has designed the Future Foresight Strategy to develop new models for the health care, education and environmental sectors. Furthermore, the UAE Centennial 2071 Plan aims to achieve various goals – such as establishing the UAE government as the best in the world, fostering exceptional education (particularly in entrepreneurship and innovation), elevating the UAE's economy to a leading global position, and creating a secure, tolerant, unified and ethical society that embraces happiness and a positive lifestyle, along with a high quality of life.

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

Much of the focus is given to economic diversification and growth, with the "Make It in the Emirates" initiative aimed at enhancing domestic manufacturing. In 2023, the UAE established the separate Ministry of Investment to attract foreign direct investment, and position the UAE as a global hub for business and innovation. Overall, the UAE's governance structure has been largely successful in planning and executing its development strategies.

Question  
Score

Prioritization

10



1

The UAE has demonstrated a strong track record of implementing its stated policy goals and objectives effectively. Significant progress has been made in diversifying the economy, improving education and health care standards, promoting national identity and integrating innovation into national plans. In particular, the pace of development has been extremely rapid over the last three decades. This progress is reflected in advances the UAE has made in various international indexes and surveys such as the U.N. Development Index (ranking 17th rank in 2024 compared to 46th in 2002), the World Competitiveness Ranking (seventh in 2024 compared to 31st in 2008) and the Global Innovation Index (32nd in 2024 compared to 41st in 2016).

A key characteristic of the UAE's approach is its flexibility and pragmatism, enabling it to adjust to changing circumstances. Major incidents such as the COVID-19 pandemic are handled professionally, and strategies were developed that resulted in a rapid and comprehensive vaccination rate, along with immediate steps to limit further infections. The UAE regularly hosts large-scale events such as the World Government Summit, which is held annually in the emirate of Dubai.

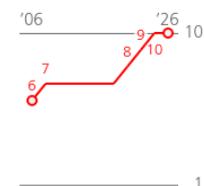
Given continued regional tensions in the Gulf and Middle East, the UAE has undertaken bold initiatives including joining the Abraham Accords and recognizing the state of Israel, while focusing on economic diplomacy and the conclusion of comprehensive economic partnership agreements. During the visit of President Mohammed bin Zayed to the United States in September 2024, technology and artificial intelligence cooperation dominated the agenda rather than traditional security concerns.

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

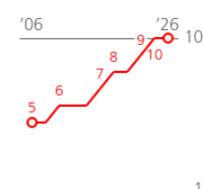
UAE government policy can be considered pragmatic and flexible, with a readiness to review performance and make adjustments as needed. The overall strategic framework, goals and priorities are largely maintained, and actual policy implementation is under constant evaluation to ensure progress is achieved.

During 2023 and 2024, the government launched numerous programs in the field of innovation, including the Zero Government Bureaucracy Programme to streamline administrative processes. As a result, the Ministry of Human Resources and Emiratisation (MOHRE) achieved up to a 100% reduction in procedures for certain services, enhancing efficiency. The UAE Innovates 2025 program featured hundreds of activities and events across the country aimed at fostering a culture of innovation within government entities. The government also introduced the Digital Economy Strategy to address rapid digitalization and the accelerated adoption of artificial intelligence. To adapt to changing work environments, several government bodies implemented flexible working hours and remote work policies. In 2024, the UAE also issued a sustainable digital transformation framework to integrate sustainability principles into all digital transformation activities within government entities.

## Implementation 10



## Policy learning 10



Another critical endeavor involves engaging with a wide array of regional and international partners to adopt best practices, and collaborate with leading technology companies that can advance the country's development. The UAE responds to international criticism when it feels its reputation is at stake and it undertakes policy corrections when it feels it can no longer accomplish its original objectives. Examples include the establishment of the Abraham Accords with Israel, as well as mending ties with Türkiye and Iran in 2023.

## 15 | Resource Efficiency

The UAE consistently works to make efficient use of its available human, financial and organizational resources. A government performance management system is in place to monitor and measure performance against the goals defined in government strategies. The government undergoes regular review processes and emphasizes the need to improve the policy implementation process.

Examples of measures introduced during 2023 and 2024 include the Zero Government Bureaucracy Initiative, aimed at streamlining administrative processes and reducing bureaucracy. In early 2025, Prime Minister Sheikh Mohammed bin Rashid Al Maktoum highlighted the best and worst performing government departments in this initiative – emphasizing the government's commitment to improving efficiency. The government also launched a comprehensive digital economy strategy to address rapid digitalization and the accelerated adoption of artificial intelligence. The focus is on integrating advanced technologies across all sectors as a means to enhance economic growth and competitiveness.

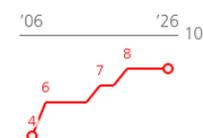
The UAE cabinet in 2024 approved a balanced federal budget for 2025, with expenditures set at AED 71.5 billion (\$19.5 billion), reflecting a nearly 12% increase from 2024. Despite the increased spending, the budget remains balanced – underscoring prudent fiscal management.

To diversify revenue sources, in June 2023, the UAE introduced a 9% corporate tax on annual taxable incomes exceeding AED 375,000. Additionally, from January 2024, a 15% minimum top-up tax on large multinationals was implemented, aligning the country with international tax standards and bolstering non-oil revenue.

There is still a lack of transparency regarding budget planning and implementation, as well as the division between public and private wealth, especially the wealth of the ruling family. Labor market segmentation continues to be an issue, with UAE nationals favoring employment in the public sector rather than the private sector due to shorter working hours and a greater number of benefits. Government efficiency is at times affected by deficiencies in a competitive recruitment process, where connections through family and tribes can outweigh merit-based competency.

Efficient use of assets

8



1

Given its small national population and centralized decision-making, the UAE is able to present coherent policies in which conflicting objectives are dealt with prior to implementation. There is a strong priority on presenting decisions as consensus-based, even when dissent exists during the decision-making process. There is also consistent emphasis on ensuring that ministries and agencies work within the framework of government strategies. Annual government meetings, bringing together more than 500 leaders and officials from federal and local entities, are held. The 2024 meetings, held in Abu Dhabi, facilitated discussions on national priorities, enabling various departments to align their strategies.

Tensions can exist in relations between the emirates, particularly between Abu Dhabi and Dubai. In the past, Abu Dhabi has at times disliked Dubai's open-door policy, viewing it as a potential threat to aspects of the country's security. There have also been complaints from the five smaller emirates about the federal government not giving enough attention to their needs. To align some of the competing interests, the UAE cabinet, as the executive branch, oversees both internal and external affairs, thus ensuring that federal policies reflect a sense of balance among the emirates' sometimes diverse objectives.

The balancing of trade-offs between different policy goals is best illustrated by the UAE's pursuit of both economic growth and environmental sustainability. In its third Nationally Determined Contribution (NDC) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2024, the UAE outlined ambitious climate action plans that included efforts to reduce carbon emissions while simultaneously maintaining economic development.

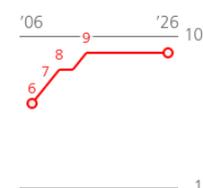
The UAE government is publicly committed to fighting corruption and has implemented numerous anti-corruption mechanisms. The State Audit Institution was first established as a federal audit authority to oversee the use of public funds in 1976. In 2023, President Sheikh Mohamed bin Zayed Al Nahyan issued Federal Decree-Law No. 56, which replaced the State Audit Institution with the UAE Accountability Authority. The new authority is tasked with maintaining and enhancing public funds, as well as ensuring their proper management and utilization. Responsibilities include auditing federal entities, investigating financial violations and collaborating with relevant authorities to combat financial irregularities.

The UAE ratified the United Nations Convention Against Corruption in 2006, and became a member of the Arab Anti-Corruption and Integrity Network in 2008. The country has signed judicial cooperation agreements with countries such as Denmark, Italy, the Netherlands, Russia and the United States to facilitate collaboration on corruption-related issues.

The UAE constitution, specifically Article 62, prohibits government ministers from engaging in any other professional or commercial occupation while in office. Moreover, the UAE Penal Code Articles 234–239 delineate provisions for combating bribery and corruption along with the corresponding penalties for such actions.

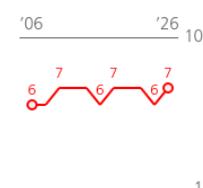
#### Policy coordination

9



#### Anti-corruption policy

7



Anti-corruption measures are widely publicized and pursued through the court system. In December 2024, Dubai police arrested Othman El Ballouti, an alleged drug trafficker involved in an international smuggling operation through Belgium's Antwerp port. The government also announced that between mid-2022 and mid-2023, the UAE confiscated assets totaling \$1.29 billion and froze an additional \$3.55 billion in its campaign against illicit wealth.

The fact that judicial decisions are subject to political review can mean certain corruption activities are ignored or overlooked. Occasional reports outside the country refer to illicit activities taking place or the UAE being used to evade international sanctions, for example, in reference to Russia since the invasion of Ukraine. Other shortcomings include the continuing lack of transparency over state budgets and the government's procurement process, where reform measures to target public procurement transparency are not readily available.

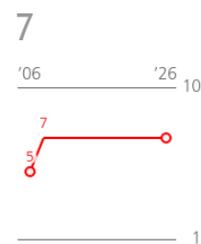
## 16 | Consensus-Building

There is broad and consistent consensus among all major political actors in the UAE regarding the country's direction and its development and transformation goals. The government and ruling family are widely viewed as highly legitimate, leading to substantial support for government policies. According to the 2025 Edelman Trust Barometer, the UAE government is ranked third worldwide for public trust in government performance.

Good governance, defined as "efficiency," is regarded as a preferred goal rather than liberal democracy. Prior discussions on necessary political reforms ceased following the Arab Spring. Instead, the widely acknowledged government view holds that change should happen gradually and incrementally to avoid disrupting delicate societal dynamics. At the same time, the government is highly reform-oriented, with continual efforts to improve and streamline government processes.

On the economic front, all major political actors in the country fully support the government's policies to solidify the UAE's direction. There is a clear and proactive effort to ensure the population benefits from the country's economic policies, and there is widespread support for implementing a market economy, and further diversifying and liberalizing the economy. Due to its small national population and leading position as an oil-producing country, most UAE nationals benefit tangibly from the country's economic growth. Two-thirds of Emirati job seekers expressed their belief that government policies had contributed to making it easier to find employment in the private sector compared to the public sector, according to PwC Middle East's Emiratisation Survey 2024. In addition, the InterNations Expat Insider 2024 survey found that expatriates in the UAE expressed high satisfaction with various aspects of life, including 86% of respondents praising the government's environmental policies and a similar percentage appreciating the country's political stability. With the exception of expatriate blue-collar workers, there are no other significant sectors of the population that feel consistently marginalized.

Consensus on goals



Reformers in the UAE who advocate democratization or changes to the country's policies have no ability to influence the government or overcome anti-democratic actors. Political power is completely centralized, with little tolerance for dissenting views or public calls for reform. Those who in the past have openly called for reform and criticized the political elite have been jailed, deported, coopted, silenced or had their citizenship revoked. Because the vast majority of the population is satisfied with the government's performance and views the leadership as completely legitimate, political reform is not on the agenda.

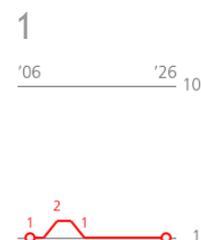
To maintain its predominance, the government has implemented a security apparatus that monitors all potential forms of political activity in the country. It has also enacted legal restrictions through anti-terrorism and cybersecurity legislation, essentially granting the government authority to intervene against any actions deemed harmful to the nation. Additionally, extensive cooperation exists at the regional level – including a GCC-wide security agreement that obligates each member state to take action against any group of individuals suspected of undermining state security.

The homogeneity of the UAE national population, combined with the government's monopoly on power and use of force, means UAE authorities are fully capable of containing any cleavages within society. In addition to the high degree of legitimacy extended to the government by its national population, there is a high degree of consensus on government policy and overall policy direction.

The most significant cleavage exists between the national Emirati population and expatriates. In 2023, the UAE's total population was 10.7 million, with Emiratis comprising about 11% and expatriates accounting for 89%. Policies aimed at reducing reliance on expatriate labor have largely fallen short and have not led to any meaningful decrease in the number of foreign workers. On March 1, 2023, the Abrahamic Family House, which houses a mosque, church and synagogue within a single site, was inaugurated in Abu Dhabi. The project reflects the UAE's policy of fostering interreligious dialogue and coexistence. Federal Law No. 9 of 2023 also regulates houses of worship for non-Muslims to oversee the establishment and operation of diverse religious centers.

On the emirate level, a development gap exists between the larger emirates of Abu Dhabi and Dubai and the less resource-endowed five northern emirates of Sharjah, Umm al-Quwain, Ajman, Ras al-Khaimah and Fujairah. The government, however, does not view emirate-level competition and disagreements as a threat to state stability.

Anti-democratic actors



Cleavage / conflict management



The UAE government uses digital platforms to facilitate public engagement in policymaking. The official portal – u.ae – serves as a channel for individuals and organizations to access government services and provide feedback. It features forums, blogs, surveys and polls to collect input on various aspects of policymaking. The UAE Legislation Platform serves as the official repository for all federal public policies currently in force and, through the platform, users can provide input from inception to impact assessment. In 2024, the Abu Dhabi Global Market invited stakeholders to provide feedback on proposed regulatory changes in the fields of employment and real property regulations.

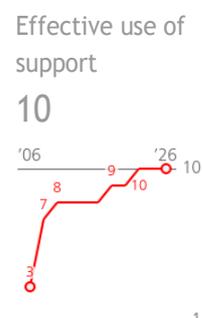
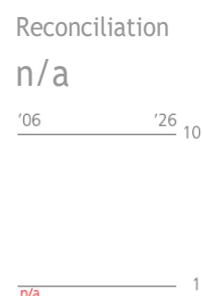
It must be noted that a formal civil society network that actively seeks to participate in the public policy process does not exist in the UAE. In fact, the government actively prevents such organizations from forming, thus preventing any potential role in policy formulation, implementation or government performance monitoring. Existing think tanks, professional organizations and labor unions are usually government-sponsored and controlled. Space for civil society participation is only provided within the context of community development, in terms of voluntary association or community engagement. Tribal structures are still used to communicate decisions and elicit feedback, but gatherings such as majles are used much less frequently than before.

There are no major historical injustices that require the government to conduct a reconciliation process. Although competition exists among the individual emirates, partly due to unresolved territorial issues that predate the federation’s establishment, it is not considered disruptive and does not require a formal process of reconciliation. There is broad commitment to the federation as a whole, and any remaining historical disputes are addressed within this framework.

### 17 | International Cooperation

International assistance and cooperation are fundamental components of the UAE’s strategy for overall development. Such collaborations are seen as instrumental in promoting continued economic growth, enhancing technological capabilities and supporting sustainable development. In a December 2023 statement outlining the country’s foreign policy principles, the Ministry of Foreign Affairs stated that it is “committed to enhancing international cooperation and multilateral collaboration.”

Strategic partnerships with countries around the world are actively pursued and consolidated. In 2024, the UAE announced a broad partnership with the United States to bolster its artificial intelligence (AI) sector, positioning the UAE as a leader in AI innovation. President Sheikh Mohamed bin Zayed Al Nahyan paid a state visit to South Korea and China in 2024, resulting in a \$30 billion investment package in South Korea focusing on sectors such as energy and defense, and numerous investment, technology and cultural exchange agreements in China.



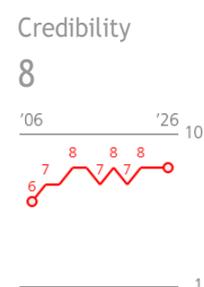
The UAE also makes a distinct effort to maintain its position as a destination for foreign talent. Under the UAE Strategy for Talent Attraction and Retention led by the Ministry of Economy, new visa schemes such as the Golden Visa, which offers long-term residence for investors, entrepreneurs and specialist talent, and the Green Visa for freelancers, skilled workers and the self-employed were announced. The Ministry of Economy held a roundtable with senior business leaders in September 2024 to discuss strategies for strengthening the UAE's position in the global tech talent market.

The UAE makes extensive use of international consulting firms to create plans not only in areas such as infrastructure development but also for economic and social development. This is one method to integrate best practices into government plans and facilitate knowledge transfer for the national population.

The UAE is seen as a credible and reliable partner in its relations with the international community. The government works on multiple levels to establish international credibility and consistently follows up on its commitments. The UAE is a member of several international organizations and actively contributes to their goals and objectives. From 2022 to 2023, the UAE served as a non-permanent member on the U.N. Security Council for the first time in its history. Additionally, the UAE hosts the International Renewable Energy Agency (IRENA) and several United Nations field offices. The UAE has participated in several international military coalitions, including the Global Coalition Against the Islamic State. The United States has designated the UAE a “major security partner.”

While the United States remains a key ally, the UAE has also broadened its international partnerships, including with China, India and Russia. It has opened diplomatic ties through the Abraham Accords and joined mini-lateral partnerships such as the I2U (India, Israel, United States and UAE). In addition, the UAE became a full member of the BRICS group in January 2024. The UAE passport is ranked by Arton Capital's 2025 Passport Index as the most powerful passport globally, providing travel to 179 countries, including 133 visa-free destinations. The UAE ranked 10th out of 193 countries in the Global Soft Power Index 2025, and ninth for both the international relations and influence in diplomatic circles categories.

The UAE is also a significant donor and contributor to international aid programs. By mid-2024, the UAE had allocated approximately \$100 billion in foreign aid since its founding in 1971. The UAE has committed \$200 million to the Poverty Reduction and Growth Trust (PRGT), aiming to expand concessional financing for low-income countries. Between 2019 and 2023, the UAE emerged as Africa's largest investor, committing \$110 billion to various projects, including \$72 billion dedicated to renewable energy. Together with the United States, the UAE also announced the joint Agriculture Innovation Mission for Climate initiative at COP29, which collected nearly \$30 billion in funding.



The UAE is a signatory to the Universal Declaration of Human Rights and the Conventions on the Rights of the Child. However, it has not ratified the International Covenant on Economic, Social and Cultural Rights or the Covenant on Civil and Political Rights. On labor standards, the UAE has also signed nine conventions related to workers' rights, although not the Freedom of Association and Protection of the Right to Organize Convention or the Right to Organize and Collective Bargaining Convention.

The UAE's growing involvement in international and regional affairs is not without controversy. The UAE's involvement in the war in Yemen, its policies in Libya and its support for the rebel Rapid Support Forces (RSF) in Sudan have received criticism. The UAE's decision to abstain from the first major international resolution condemning Russia for its invasion of Ukraine during its Security Council period in 2022 led some Western countries to question the UAE's reliability. Expanding technology ties with China, as well as holding military exercises with China, has also led to criticism from the United States.

The UAE is a founding member of the Gulf Cooperation Council (GCC) and a member of the League of Arab States, and it actively participates in the deliberations and functioning of these organizations.

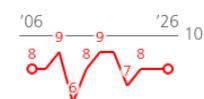
UAE President Mohammed bin Zayed led the UAE delegation to the inaugural GCC-ASEAN Summit held in Riyadh in October 2023 as well as the December 2023 GCC Summit in Doha, Qatar, underlining the UAE's commitment to fostering regional ties. The UAE president also visited neighboring Bahrain and Kuwait in 2024, while Oman's Sultan Haithem bin Tariq visited the UAE in April 2024. Regular exchanges occur between the leaders of the UAE and Saudi Arabia. The UAE is also a member of the Arab Contact Group for the Two-State Solution, alongside Saudi Arabia, Qatar, Jordan and Egypt.

While regional relations remain largely intact, the UAE stands ready to put its national interests above those of neighboring states, which at times has led to tensions with other GCC member states. A four-year economic and trade boycott of fellow GCC member Qatar was officially resolved at the GCC summit in al-Ula, Saudi Arabia, although some aspects of the dispute remain unresolved. For example, the UAE is highly critical of Qatar's role in Syria and its support for the Hayat Tahrir al-Sham (HTS) movement there. Relations with neighboring Saudi Arabia are cordial, but tensions exist regarding Riyadh's view of itself as *primus inter pares* in regional affairs. The UAE has concluded a number of bilateral comprehensive economic partnership agreements, despite a preference at the GCC level for wider multilateral economic engagement.

Iran continues to be viewed by the UAE as a major threat to its security. While a historical territorial dispute between the two sides over three islands in the Gulf remains unresolved, the UAE has joined other GCC states in opening diplomatic

Regional cooperation

8



1

channels to Iran in an effort to de-escalate regional tensions. Then-Iranian Foreign Minister Hossein Amir-Abdollahian met with UAE President Mohammed bin Zayed in June 2023, while UAE Foreign Minister Abdullah bin Zayed received current Iranian Foreign Minister Abbas Araghchi in Dubai in December 2024. The UAE-Iran Joint Economic Commission convened in Abu Dhabi on April 30 and May 1, 2024, for the first time in more than a decade to discuss cooperation in the areas of trade, tourism, transit, banking, energy and aviation. During the meeting, the two sides set a target to boost bilateral trade to \$30 billion annually and signed 22 cooperation documents.

## Strategic Outlook

The UAE has actively positioned itself as a regional and global leader in economic diversification, technological innovation and the implementation of a multi-aligned foreign policy. Over the past two decades, the country has undergone rapid transformation, shifting from an oil-dependent economy to a diversified hub encompassing finance, tourism, logistics and renewable energy. The UAE's success is rooted in several factors: a robust and cohesive government, a policy framework characterized by pragmatism and adaptability, and a strong standing as an active member of the international community. This framework has served the country well, resulting in widespread development and a high degree of social stability. As such, the UAE leadership will likely retain the policy approach it has followed over the past decades.

Nevertheless, given the fast-paced changes occurring both regionally and globally, the UAE faces several challenges that must be addressed to sustain its trajectory and solidify its current standing. On the economic front, global economic uncertainties, sudden supply chain interruptions, fluctuating energy prices and inflationary pressures pose risks to sustained growth. While the UAE is aggressively pursuing artificial intelligence and digital transformation initiatives, a key challenge will be developing homegrown talent in the technology sector while balancing the integration of international expertise. In the long term, workforce development will require sustained investment in education and research, and substantial Emirati workforce participation in the private sector.

In terms of climate and sustainability, the UAE is the first Gulf state to announce a net-zero emissions target for 2050, likely due to the visible and pressing effects of rising temperatures on its tourism sector. There remains continued scrutiny over its fossil fuel dependency and questions about how to successfully balance economic growth with its climate commitments.

Domestically, the dichotomy between strong authoritarian policies to maintain existing ruling arrangements and ensure internal security at all levels, and a widespread liberal and social environment that prevails in the country is clearly visible. Maintaining the balance between the two is not an easy task. The lack of broader institutionalized citizen participation is a medium- to long-term structural deficiency that must be addressed sooner rather than later. While trust in and the legitimacy of the government remain very high at the moment, mechanisms for addressing grievances need to be considered to ensure effective governance.

On the regional level, the volatile security environment remains a significant risk factor. This includes uncertainties in Israeli and Iranian policies, unresolved conflicts in Yemen, Sudan, Iraq, Lebanon and Syria with their respective spillover effects, and the potential for unrest in countries such as Egypt and Jordan. Furthermore, how the United States will respond to many of these issues remains a major question, considering the strategic impact U.S. policy still holds for the stability and security of the Gulf and the wider Middle East. The UAE is attempting to navigate this complex environment by pursuing a multi-aligned policy that promotes regional and global

connectivity and integration in order to mitigate conflict dynamics. The UAE's challenges in this context were highlighted by the Abraham Accords and the country's ties to Israel. While both countries continue to pursue relations based on economic and technological benefits, growing political disagreements over a just settlement of the Palestinian issue have dampened initial hopes for a more strategic shift in the Middle East.

One can expect the UAE to remain innovative and constructive, though also assertive, regarding its domestic, regional and international policies. With a rapidly changing global landscape marked by high degrees of uncertainty and volatility, the UAE will need to provide flexible and pragmatic responses to the numerous challenges it faces. So far, the track record shows that such an approach has proven advantageous. However, it will continue to require a high degree of agility in the years to come.