

4-1-2017

Middle East Research Institute. United Arab Emirates Meri Report. Milton Park: Routledge Revivals, 2015.

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Recommended Citation

Errichiello, Gennaro (2017) "Middle East Research Institute. United Arab Emirates Meri Report. Milton Park: Routledge Revivals, 2015.," *Journal of International and Global Studies*: Vol. 8: No. 2, Article 12. DOI: 10.62608/2158-0669.1357

Available at: <https://digitalcommons.lindenwood.edu/jigs/vol8/iss2/12>

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**Middle East Research Institute. *United Arab Emirates Meri Report.*
Milton Park: Routledge Revivals, 2015.**

The United Arab Emirates (UAE) federation, which is formed by seven emirates,¹ each with its own ruler, was established in 1971, when Britain withdrew from the lower Gulf countries. Since its inception, the Emirates have constituted an ‘unbound’ federation. The two most economically important emirates, Abu Dhabi (which is the capital city of the federation) and Dubai have driven the development of the country and have also played a prominent political role in managing the internal and external affairs of the federation.

The MERI Report is a detailed analysis of the UAE and its political and economic environment at the beginning of the 1980s. First published in 1985, the report is divided into four parts. The first part is a preliminary presentation of the UAE; it represents the background of the report. Two important aspects emerge. First, in the 1970s, the country underwent rapid economic and social development driven by the oil economy. Soon after the 1973 oil boom, however, the UAE government decided to diversify its economy and reduce its dependency on the oil sector. Agriculture—which, at the start of the 1980s accounted for “only 0.7 percent of the GDP” (p. 8)—was one of the sectors in which the authorities decided to invest. Second, the diversification and development of the country dramatically changed the UAE society; both the oil industry and economic diversification required the recruitment of foreign workers to implement development projects. In the 1970s, many migrants coming from South and East Asian countries arrived to work in the construction sector. Thus, the presence of foreigners has long been a marker of the UAE society, leading to a demographic imbalance in which Emiratis are a minority in their own country.

The second part of the report is a political analysis of the country. It focuses on historical internal political developments (chapter 2), regional developments (chapter 3), and external developments (chapter 4), and also provides an analysis of the current internal socio-economic and regional situation (chapters 5, 6, 7). This part of the work is devoted to discussing the internal, regional, and international issues that historically challenged or that could compromise the stability and the survival of the federation, and the section provides detailed discussion of each. First, to initially ensure its survival, the UAE had to navigate several internal issues: Territorial disputes, integration of armed forces, and problems linked to leadership and migration all represented issues that could have undermined the stability and cohesion of the federation. In particular, migration represented a necessary source for the development of the country, but the presence of many migrants, coming from different countries, entailed building more infrastructures and improving social services.² In addition to overcoming its internal hurdles, the survival of the UAE depended upon its navigation of regional political dynamics, rivalries among some emirates (between Abu Dhabi and Dubai), and dynastic disputes (Sharjah). At the time of publication of the MERI text, the UAE federation was a weak state, and it “look[ed] for security help, both external and internal, from other regional powers” (p. 26). This perceived weakness led the country to support and join the Gulf Cooperation Council, a regional intergovernmental political and economic union established in 1981, comprising the six Gulf monarchies in the Persian Gulf except Iran. Finally, while navigating internal challenges and regional political relationships, the UAE also weathered external threats. The federation had to face threats from Iran, for example, that reclaimed sovereignty over some local islands, along with border disputes between Saudi Arabia and Abu Dhabi that were settled in 1974. Neighboring Saudi Arabia was critical towards Dubai and Sharjah because of their connections with Iran, asserting that such “ties compromise the UAE’s capacity...to establish a firm and solid front against Iran” (pp. 25-26). In spite of all internal, regional, and external threats, the UAE federation was able to survive and prosper, especially under the leadership of Shaykh Zayed Al Nahayyan, who was president from 1971 to 2004 and who was able to involve the rulers of each emirate

in the federation and to spread a sense of unity, cohesion, and belonging among residents of all emirates, notwithstanding the economic and social disparities within their respective emirates (chapter 8).

The third part of the report, which is the longest one, is an analysis of economic aspects. It deals with some weaknesses and strengths of the country. It focuses on different sectors: fiscal policy (chapter 3), petroleum (chapter 4), industry (chapter 5), agriculture (chapter 6), manpower (chapter 7), construction (chapter 8), foreign trade (chapter 9) and the financial sector (chapter 10). By and large, the UAE economy is mostly dependent on its oil sector and expatriate labor. The petroleum sector remains the federation's most developed, with Abu Dhabi as being the "largest producer of the seven emirates" (p.77). The state-owned Abu Dhabi National Oil Company is responsible for implementing the emirate's production and pricing policy, and it also has a prominent role in the OPEC, where Abu Dhabi was accepted before the formation of the UAE federation in 1971. In Dubai, the oil fields were nationalized by the government in 1975. The oil boom of 1973 led to the UAE's rapid development, though many projects were subsequently implemented in order to reduce UAE dependence on oil, which entailed developing a construction sector. The UAE's industrial development³ was linked to both the petrochemical and construction sectors, but neither sector contributed significantly to the federation's economic diversification, and even the hydrocarbon-based industries were too linked to the petroleum sector, thus risking compromising future industrial production when oil reserves are depleted. The commercial sector also played a prominent role in fostering the development of the country due to the commercial traditions of the local population. Apart from oil, the UAE also possesses reserves of natural gas, and substantial investments have been made in order "to develop non-associated natural gas production" (p. 79). Finally, the agricultural sector has had not considerable economic relevance in the country. However, in the 1980s, the planners nonetheless decided to invest in agriculture not only to increase the domestic food production but also because in non-oil producing emirates, in 1981, agriculture employed at least 20 percent of the workforce. This sector is considered vital for the future development of the country, and major investments have recently been made to improve it. However, there are some limitations and obstacles that impede a full development of the sector, such as the scarcity of water due to minimal rainfall—"150-200 mm annually in the mountains, approximately 50 mm elsewhere"—(pp. 91-92); the poor quality of the soil; and the current weakness of market forces. Indeed, the "market is small, and marketing and distribution channels are not sufficiently well-developed" (p. 93). The agricultural sector is one of the most challenging for the UAE authorities because it is still currently based on imported food products. In light of a burgeoning population, however, the investments undertaken in the 1980s to bolster the country's agricultural sector remain an area of potential for further development.

The fourth part of the report is an appendix in which detailed figures and tables are provided in order to give statistical support to the in-depth analysis provided in the first three parts of the report. In all, the MERI Report clearly presents the political and economic aspects of the UAE by emphasizing those elements that could compromise the survival of the country, both from a political and economic perspective. The UAE federation has been able, despite such elements, to survive to the regional, political, and economic threats to its instability. It has become one of the most important economic and financial hubs of the world.

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¹ Until 1971, the sheikhdoms of Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Qaiwain, Ras al-Khaimah and Fujairah were known as the Trucial States.

² Despite such improvements, intra-union rivalries, especially those between Abu Dhabi and Dubai did risk undermining the stability of the federation. The crisis of 1983 of the Union Bank of the Middle East represented a turning point in the relationships between the most economically and financially important emirates. This crisis, instead of compromising the stability of the federation, however, ultimately pushed the emirates to collaborate in order to guarantee the survival and economic prosperity of the country.

³ Most of the federation's industries are located in Abu Dhabi and Dubai, and the UAE's industrial sector has been affected by several problems, including the duplication of identical industrial projects in two or more emirates; the low level of skills and the small size of the national population; and the dependence of major projects on imported raw materials. Additionally, the government has not provided enough assistance to private sector industry because of the "moderate protectionism" (p. 87) adopted by the government. The small population of the UAE also represents a problem because the demand for industrial products is limited.