

# Dubai and the United Arab Emirates: Security Threats

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## **Abstract:**

*This article examines the range of threats, both domestic and international, currently facing Dubai and its umbrella federal state – the United Arab Emirates. An assessment is made of the UAE’s defensive capabilities, within the context of the Abu Dhabi-led and western-supplied UAE Armed Forces, followed by a discussion of the numerous regional disputes and conflicts that continue to involve the UAE, notably those concerning Iran, Iraq, and Saudi Arabia. Finally, the internal threat is considered, by investigating both the UAE’s historical and contemporary role as a hub for criminal organisations and, perhaps most worryingly, its volatile relationship with various terrorist groups and the potential menace posed by organised terrorism to Dubai’s fragile foreign investment-dependent economy.*

# Dubai and the United Arab Emirates: Security Threats

Christopher M. Davidson<sup>1</sup>

The federation of United Arab Emirates has emerged as one of the Arab Gulf's most successful post-oil states. With political stability guaranteed by highly resilient, dynamic, and popular traditional monarchies,<sup>2</sup> the UAE has been able to press forward with developing a diverse economic base that up until the global credit crunch enjoyed strong rates of growth and boasted an impressive track record in attracting foreign direct investment. By 2008 the UAE's second largest constituent emirate, Dubai, was drawing over 97 percent of its GDP from non-oil sectors,<sup>3</sup> including a real estate industry, a world class luxury tourism industry, an international financial centre, and a range of re-exporting and other commercial activities based out

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<sup>2</sup> For a discussion of monarchical survival in the UAE and the 'ruling bargain' that exists between the ruling families and regular citizens see Christopher M. Davidson, *The United Arab Emirates: A Study in Survival* (Boulder: Lynne Rienner, 2005), pp.65-119. For a more specific discussion of monarchical survival in the emirate of Dubai see Christopher M. Davidson, *Dubai: The Vulnerability of Success* (New York: Columbia University Press, 2008), pp.137-177.

<sup>3</sup> Estimate based on data supplied by the UAE Ministry of Economy, 2008. Also see Davidson, *Dubai*, p.135.

of international ‘free zones’.<sup>4</sup> While the real estate bubble has now burst and there has been an overextension of leisure and tourism megaprojects, Dubai and its neighbouring emirates have historically confounded their critics, and are likely to rebound when the international conditions improve. However, long term investor confidence in these strategies remains in question given the UAE’s awkward geographic location close to regional hot spots, and given the rising level of other security concerns, both external and internal. Should such threats escalate, and ever directly or indirectly involve the UAE, then the federation’s carefully cultivated reputation for political and economic stability would likely decline, thereby severely impacting upon its fragile foreign investment-dependent development trajectory.

As the first section of this article will demonstrate, the UAE’s wealthiest emirate, Abu Dhabi, has built up the UAE Armed Forces in recent decades by procuring some of the finest military hardware available. This has placed the UAE in a much stronger position, especially with the menace of Iraq having subsided since Saddam Hussein’s fall in 2003. Nevertheless, the UAE’s defensive capabilities are either insufficient or inappropriate for countering remaining regional threats from Iran or, to a lesser extent, other Arab states. As such, the federation has had little option but to remain under a western military umbrella. This not only undermines the UAE’s current preference for neutrality, but also may weaken the legitimacy of a

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<sup>4</sup> For a discussion of Dubai’s development model see Martin Hvidt, ‘Public-Private Ties and their Contribution to Development: The Case of Dubai,’ *Middle Eastern Studies*, 43:4 (2007); Davidson, *Dubai*, pp.113-135.

federal government that has traditionally sought close relations with the Arab nationalist republics and the Arab League.

Moreover, as an unfortunate but perhaps inescapable hidden cost of its emergence as the region's premier free port, for many years Dubai has attracted the attention of both international criminal and terrorist organisations, many of which have exploited the emirate's laissez-faire attitudes and impressive physical infrastructure<sup>5</sup> to set up various smuggling, gunrunning, human trafficking, and money laundering operations.<sup>6</sup> Most significantly, despite Dubai's undoubted usefulness to such groups, the final section of this article will reveal that the UAE has been unable to remain completely in the eye of the storm and has suffered from a number of terrorist attacks on its own soil.

### *Military Power*

The first formal security force tasked with protecting the sheikhdoms of the lower Gulf was set up in the late 1950s. By the late 1960s, the British-officered Trucial Oman Scouts (previously known as Levies) were being funded almost exclusively by Abu Dhabi, as its oil revenues began to accumulate.<sup>7</sup> Britain had anticipated that all regional divisions of the scouts would be amalgamated into one unified force following her withdrawal from the lower Gulf in 1971. However, the

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<sup>5</sup> For a discussion of Dubai's infrastructural development see *Ibid.*, pp.91-99, 106-113. For a discussion of Dubai's early commitment to laissez-faire attitudes see *Ibid.*, pp.67-69.

<sup>6</sup> For greater detail on such operations see Christopher M. Davidson, 'Dubai: The Security Dimensions of the Region's Premier Free Port', *Middle East Policy*, 15:2 (2008), pp.144-152.

<sup>7</sup> Easa Saleh Al-Gurg, *The Wells of Memory* (London: John Murray, 1998), p.117.

newly independent - albeit federated - emirates preferred to set up their own security organisations. By the end of the year the Dubai Defence Force had 500 men and had purchased a number of patrol boats, fighter aircraft, and tanks.<sup>8</sup> Although by the late 1970s the DDF had approximately doubled in size, its commanders accepted that it was impractical to create a full scale army and thus they preferred to concentrate on buying high quality equipment so that Dubai would have a lightly armed task force capable of rapid deployment in the event of emergency.<sup>9</sup> As such, by the time that the DDF was finally absorbed by Abu Dhabi's much larger Union Defence Force in the mid-1990s, it had become a small but well-trained force with a tightly organised structure (including a specific women's unit<sup>10</sup>) and superior hardware. Problematically, however, given that Dubai had been procuring equipment independently of Abu Dhabi for over 25 years, this meant that the newly reinforced and genuinely federal UAE Armed Forces was made up of largely incompatible hardware and munitions. Perhaps as a symbol of autonomy, for much of the 1980s Dubai had been sourcing its armaments from the USSR, North Korea,<sup>11</sup> and other Warsaw pact suppliers, whereas Abu Dhabi had been dealing almost exclusively with Western European and North American manufacturers. Even more incongruous was

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<sup>8</sup> Graeme Wilson, *Rashid's Legacy: The Genesis of the Maktoum Family and the History of Dubai* (Dubai: Media Prima, 2006), p.307

<sup>9</sup> Personal interviews with military advisors, Dubai (January 2007).

<sup>10</sup> Wilson, *Rashid's Legacy*, p.523. This unit was created at the time of the Kuwaiti crisis.

<sup>11</sup> Hendrik Van Der Meulen, 'The Role of Tribal and Kinship Ties in the Politics of the United Arab Emirates' (PhD thesis. The Fletcher School of Law and Diplomacy, 1997), p.44.

the equipment used by the various other emirate-level defence forces which had followed Dubai's lead and had also agreed to integrate. Most remarkably, the ruling families of Umm al-Qawain and Ajman offered the UAE Armed Forces the services of their predominantly untrained retainers armed with little more than antiquated rifles.<sup>12</sup>

Given the task of phasing out such mismatched weaponry and upgrading Abu Dhabi's existing stocks, the UAE Armed Forces' chiefs of staff since this period have secured military budgets of between \$2 and \$2.5 billion per annum,<sup>13</sup> have expanded their personnel to over 55,000,<sup>14</sup> and have frequently managed to gain permission from western governments to purchase the most sophisticated armaments – most of which are normally restricted to NATO allies.<sup>15</sup> In particular, the UAE Armed Forces has procured \$3 billion worth of Leclerc main battle tanks from France's Nexter

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<sup>12</sup> Personal interviews with military advisors, Dubai (January 2007); Wilson, *Rashid's Legacy*, pp.343-344.

<sup>13</sup> *Janes Defense Weekly* (7 February 2007).

<sup>14</sup> Personal interviews with military advisors, Dubai (January 2007); Van Der Meulen, 'The Role of Tribal', p.95. Prior to amalgamation, in 1995 the Union Defence Force had about 45,000 personnel.

<sup>15</sup> In contrast, many non-NATO states are not eligible to purchase the most sophisticated equipment unless they receive governmental oversight from the supplier countries. Personal interviews with military advisors, Abu Dhabi, December 2004; Abdulkhaleq Abdulla, 'Political Dependency: The Case of the United Arab Emirates' (PhD thesis. Georgetown University, 1985), p.208.

corporation.<sup>16</sup> Interestingly, given that the custom-made UAE versions have additional armour and upgraded guns for desert conditions, they are actually superior to the French Army's Leclercs. In addition, the DDF's old Russian-manufactured BMP-3 armoured personnel carriers have largely been replaced by about 100 Turkish-supplied Savunma Sistemleri carriers. Courtesy of France's Sagem Défense Sécurité, individual soldiers will soon be benefiting from modular infrared units that will allow improved battlefield navigation between men. Moreover, the UAE Armed Forces' artillery capabilities have been greatly enhanced following the purchase of howitzers from South Africa's Denel corporation and from the Royal Netherlands Army. Similarly, the UAE's air force has taken delivery of a large quantity of advanced equipment, including French-supplied Mirage 2000-9s complete with laser targeting pods and precision-guided missiles, British Aerospace Hawk 128s, Sikorsky Black Hawk helicopters, and about 30 Apache AH64 gunships.<sup>17</sup> Furthermore, given the UAE's recent involvement in several international peacekeeping operations,<sup>18</sup> its air force has needed to improve its long range capabilities and has duly begun to acquire a number of heavy airlift carriers from the Ukraine. Most notably, the UAE Armed Forces' massive purchase of 80 F16E Desert Falcons in 2004 has made the UAE one of Lockheed Martins' best customers.<sup>19</sup> A few dozen of these have already arrived at Abu Dhabi's Al-Dhafrah airbase, and over the next few years the arrival of the

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<sup>16</sup> Oxford Business Group, 'Emerging Emirates' (London: 2000), pp.58-59.

<sup>17</sup> Personal interviews with military advisors, Abu Dhabi (March 2007).

<sup>18</sup> Including Somalia in 1992, Bosnia in 1995, and Kosovo in 1999. See Davidson, *Dubai*, p.172.

<sup>19</sup> Personal interviews with military advisors, Dubai (January 2007); *Counterpunch* (4 December 2004).



remainder should make the UAE's air force the second most advanced in the Middle East, after Israel.<sup>20</sup>

Unlike most other militaries in the developing world, the UAE Armed Forces has committed itself heavily to purchasing custom-made equipment manufactured by joint ventures between western arms companies and domestic enterprises. With the reasoning that such products will be better suited to combat conditions in the Middle Eastern theatre, while also promoting the diversification of the economy and generating employment across the federation, the strategy would seem to have found much favour in both government and industry circles. Specifically, in cooperation with a German company, the UAE has begun to manufacture its own military motorcycles and its new Guardian jeeps. Similarly, the air force has commissioned a project to produce the 'Mako' light aircraft to be used for desert reconnaissance, and has consulted with a British company over the development of Al-Hakeem precision guided missiles, and with the European MBDA Corporation over the design of UAE-specific Black Shaheen cruise missiles.<sup>21</sup> Although the UAE's navy has historically been small, with only one marine battalion and one naval squadron, and of less immediate concern than the army or air force, it would appear that the same collaborative strategy is being applied. As part of the UAE Armed Forces' 'Project Baynunah,' in conjunction with a French manufacturer and the new Abu Dhabi Shipbuilding Company, a number of new frigates and corvettes in addition to some

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<sup>20</sup> *Janes Defense Weekly* (7 February 2007).

<sup>21</sup> Personal interviews with academic observers, Dubai (January 2007).

small amphibious craft and two-person mini submarines are under construction at Abu Dhabi's Mussafah facility, and should be delivered by 2009.<sup>22</sup>

With the UAE Armed Forces' main priority being improved defence, these land, air, and naval procurements will soon be complemented by far more advanced attack warning systems. In particular, a large underground airbase is under construction somewhere in the southern desert of Abu Dhabi. This will have a hardened shelter to allow the air force to survive a direct assault<sup>23</sup> and will be able to link up with an integrated electronic warfare system supplied by Northrop Grumman and a number of newly acquired airborne early warning and control aircrafts (AWACs) provided by Boeing. In addition, underwater surveillance systems are being installed at most of the UAE's naval bases, courtesy of the German Konigsberg corporation, and the UAE Armed Forces will soon benefit from strategic data from a new Space Reconnaissance Centre that is located somewhere in Abu Dhabi and has access to Russian and North Korean satellite feeds.<sup>24</sup>

### *The Western Security Umbrella*

Despite the absorption of various emirate-level armed forces and several expensive upgrades, the UAE's military strength remains weak. There is considerable concern that the UAE Armed Forces has insufficient personnel with the necessary training to operate such sophisticated hardware. Moreover, there is a fear that given

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<sup>22</sup> Personal interviews with academic observers, Dubai (June 2006).

<sup>23</sup> *Janes Defense Weekly* (7 February 2007).

<sup>24</sup> Personal interviews with military advisors, Dubai (January 2007).

the financially privileged backgrounds of most UAE nationals, most of those employed by the UAE Armed Forces would not actually stand their ground in the event of combat. Indeed, given that military salaries are often much lower than other incomes, especially those derived from family businesses and landlordship, a career in the armed forces is often looked upon as a source of additional status rather than as a source of livelihood. Thus, for lower and middle-ranking servicemen, military misconduct would not lead to complete socioeconomic destruction. Perhaps most worryingly, however, as with many other public sector professions in the UAE, including the civil service and the police, there are thought to be a growing number of expatriates employed by the UAE Armed Forces. Certainly, of the 55,000 military personnel, it has been estimated that over 15,000 are foreigners, most of whom are Yemenis and Egyptians.<sup>25</sup> Understandably this has led to much disquiet over the dependency on mercenaries who cannot be relied upon to the same extent as indigenous professional soldiers.

As such, despite the obvious costs to their legitimacy resources, in particular their commitment to the Palestinian nation and other Arab and Muslim causes,<sup>26</sup> the UAE's ruling families have had little choice but to remain under the security umbrella of western militaries that are predominantly made up of non-Arab, non-Muslim personnel, and which are directed by governments that are in de facto alliance with Israel. Most notably, France, which has been the UAE Armed Forces' greatest arms supplier since the 1993 Leclerc deal, has agreed to deploy 75,000 troops to the UAE in the event of an emergency, and it is believed that Britain signed a similar defence

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<sup>25</sup> Personal interviews with military advisors, Dubai (January 2007).

<sup>26</sup> See Davidson, *The UAE*, pp.80-82.

pact in the late 1990s, albeit without specifying exact troop numbers.<sup>27</sup> Such arrangements have allowed the UAE Armed Forces to assume a more realistic delaying role<sup>28</sup> – should UAE territory be invaded, they can serve to slow down hostile forces until superpower reinforcements arrive.

Since the declaration of the War on Terror in September 2001 and the subsequent American invasions of Afghanistan and Iraq, the UAE, or more exactly Dubai with its advanced infrastructure, has been able to provide the western militaries with an important regional base for their operations. Although never publicly supporting the United States on the same scale as Qatar and Bahrain, which between them house an entire airwing of the US Air Force and the US Navy's Fifth Fleet, in addition to a CIA base and an array of US special forces living in compounds,<sup>29</sup> the UAE has nevertheless discreetly made many of its facilities available and will soon host a permanent French military base. Ironically given the US Congress' hostility to the Dubai Ports World Company's attempted takeover of a number of US ports in early 2006,<sup>30</sup> Dubai's ports have proved indispensable in the War on Terror. Notably, in mid-2006 George Bush stated that '...the UAE is a key partner for our navy in a critical region, and outside of our own country Dubai services more of our own ships than any other country in the world.' Similarly, US Rear Admiral Michael Millar commented on the takeover fiasco by declaring that '...in a sense Dubai Ports World

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<sup>27</sup> Oxford Business Group, 'Emerging Emirates,' pp.58-59.

<sup>28</sup> Sean Foley, 'The United Arab Emirates: Political Issues and Security Dilemmas,' *Middle East Review of International Affairs*, 3:1 (1998).

<sup>29</sup> Personal interviews with US diplomats, London (July 2006).

<sup>30</sup> Davidson, *Dubai*, p.108.

has already been responsible for American security because we dock here in Dubai, and from personal experience I can confirm they are wonderfully efficient.’<sup>31</sup> In particular it is thought that Port Jebel Ali is the US Navy’s most highly visited liberty port, with warships such as the USS John Kennedy regularly being refuelled or being serviced in Dubai’s dry docks,<sup>32</sup> which remains one of only two ship repair yards in the Gulf.<sup>33</sup> It has been estimated that around 4000 US sailors come ashore at Jebel Ali each year, with many revealing in anonymous US Navy surveys that Dubai is their favourite stop-off location due to the availability of alcohol and nightclubs.<sup>34</sup> Moreover, Jebel Ali together with Port Rashid also serve as major transit hubs for US military goods, with most such freight being delivered by three inconspicuous European shipping companies.<sup>35</sup> On a lesser, but still significant scale, Fujairah’s deep water port on the UAE’s Indian Ocean coastline is also used by the US Navy, with the emirate’s major hotels even having a longstanding arrangement to bloc-let many of their rooms to Navy personnel,<sup>36</sup> in much the same way as some of Abu Dhabi’s hotels, which have on occasion billeted US soldiers on leave from Iraq.<sup>37</sup>

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<sup>31</sup> *Emirates Today* (26 April 2006).

<sup>32</sup> Personal interviews with US diplomats, London (July 2006).

<sup>33</sup> The other dry docks being in Bahrain. See Davidson, *Dubai*, p.106.

<sup>34</sup> Personal interviews with US diplomats, London (December 2006).

<sup>35</sup> One company being British, one Danish, and the other Norwegian. Personal interviews with military advisors, Dubai (January 2007).

<sup>36</sup> Personal interviews with academic observers, Fujairah (June 2006).

<sup>37</sup> Personal observations, Abu Dhabi (December 2004).

The use of air infrastructure has also proved to be a key area of cooperation, with Dubai International Airport's Terminal 2 having probably become the busiest airport involved in the War on Terror, while the newer 1998-built Rashid Terminal 1 has been allowed to concentrate on servicing Dubai's more wholesome tourist, business, and transit flights. Significantly, Terminal 2 is one of the few airports in the world that has regular flights to Baghdad and Kabul - offered by African Express, Al-Ishtar, Jupiter, and other somewhat low-key airlines. While some of the passengers are Iraqis or Afghans hoping to visit their relatives, the bulk of the \$400 seats are reserved for US military personnel or for employees of big contractors such as Halliburton. Also lucrative have been Terminal 2's war-related freight facilities, with cargo space on such flights selling for about \$2 per kilo, and with many commercial companies shipping US military goods (including armoured vehicles) via the terminal. It has been alleged that US military personnel have been working out of the airport offices of a major multinational courier company so as to bypass Dubai's customs' regulations and thereby smooth the clearance process for such goods. On a more formal level, Abu Dhabi has made available its airbase in Al-Dhafrah to the US Air Force and to the CIA, with RQ-4 Global Hawk unmanned reconnaissance aircraft being stationed there and with KC-10 tanker aircraft using the base to support operations in Afghanistan. Embarrassingly, in the summer of 2005 it was revealed that U2 aircraft were also being serviced in Al-Dhafrah, following the crash landing of one of the spy planes on its return to Abu Dhabi from a mission in Afghanistan. The incident prompted the US Air Force to confirm that its 380<sup>th</sup> Air Expeditionary Wing had been based there since 2002.<sup>38</sup> In total, it is thought that there are currently over 100 US military personnel stationed in Al-Dhafrah.<sup>39</sup>

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<sup>38</sup> *International Herald Tribune* (22 June 2005).

*Iran – A History of Threats*

Dubai has historically enjoyed fairly warm relations with Iran, given that many of its immigrant merchants are of Persian origin. Iran has also long been the emirate's principal regional trading partner and Dubai chose to remain neutral in the Iran-Iraq War.<sup>40</sup> Nevertheless, for the federation as whole, the greatest external threat since its inception - and therefore the UAE Armed Forces' greatest fear - has always been an attack from Iran. Spanning over a century and three very different eras of Persian and Iranian administration, a number of islands belonging to Sharjah and Ra's al-Khaimah – the UAE's third and fourth most populous emirates - have been claimed and counter-claimed, and remain a source of great dispute between the UAE and Iran. Worryingly, the largest of these islands is less than 60 miles from downtown Dubai, and is currently occupied by Iranian military personnel. In many ways the UAE's most recent efforts to solidify its western military umbrella and to improve its War on Terror collaboration have exacerbated this risk as the US continues to challenge Tehran over its domestic energy policies.

During the mid-1880s, the Qajari Persian government expanded its influence to the southern coast of Iran and its soldiers occupied the formerly Arab-controlled mainland towns of Lingah, Junj, and Luft, in addition to several Arab inhabited

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<sup>39</sup> *Janes Defense Weekly* (7 February 2007); Personal interviews with US diplomats, London, July 2006.

<sup>40</sup> Davidson, *Dubai*, p.227.

islands in the lower Gulf, including Qishm and Sirri.<sup>41</sup> Importantly, four smaller but strategically located islands close to the Straits of Hormuz remained in Arab hands following a British warning delivered to Tehran.<sup>42</sup> Even so, by the end of the nineteenth century Persia had renewed its claims to Henjam, Abu Musa, Tunb al-Kuhbra and Tunb al-Sughra,<sup>43</sup> with Britain finally appearing to acknowledge the Qajari's new sphere of influence.

By the late 1930s, with Persia's name changed to Iran, with nationalist sentiments running high, and with Britain concentrating on developments in Nazi Germany, Reza Shah was encouraged to switch his ambitions to Bahrain – a much greater prize. His son, Muhammad Reza Shah Pahlavi, maintained pressure on Bahrain for many more years following his Anglo-Soviet assisted succession during the Second World War, stating in his own book, *Mission of My Country*, that his divine purpose was to be the saviour of both Iran and the Gulf.<sup>44</sup> By the late 1960s, during the period of federal negotiations preceding British withdrawal, the Iranian Foreign Ministry even claimed that 'Iran has always been opposed to colonialism in all forms, and the so-called federation of the Gulf emirates, by annexing the island of Bahrain to it, is considered a matter which cannot be acceptable to the Iranian government.'<sup>45</sup> However, by the time of Bahrain's declaration of independence in

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<sup>41</sup> Ibid. p.72.

<sup>42</sup> John B. Kelly, *Britain and the Persian Gulf* (Oxford: Oxford University Press, 1968), pp.92-93; Al-Gurg, *The Wells of Memory*, p.5.

<sup>43</sup> Al-Gurg, *The Wells of Memory*, p.5.

<sup>44</sup> Wilson, *Rashid's Legacy*, p.260.

<sup>45</sup> Ibid. p.295.



mid-1971 and its concurrent international recognition,<sup>46</sup> Iran had little choice but to return its attention to the lower Gulf, with Abu Musa being regarded as the most attractive consolation prize.<sup>47</sup> Ominously, Tehran informed Britain that it must stop flying over the area, and when Britain uncharacteristically complied<sup>48</sup> there was considerable concern that a secret deal had been struck in which Iran would be allowed to occupy the island when Britain finally left the Gulf.<sup>49</sup> During the months preceding the formation of the UAE in late 1971 such rumours gathered pace, fuelled by news of Britain's completion of the sale of over \$200 million worth of Chieftain tanks to Iran, and confirmed by a British envoy's instruction to the rulers that they should negotiate directly with Iran.<sup>50</sup>

Reportedly rejecting an offer of over \$30 million,<sup>51</sup> the Qawasim rulers of Sharjah and Ra's al-Khaimah refused Iran's proposed compensations,<sup>52</sup> and Iran duly

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<sup>46</sup> Davidson, *Dubai*, p.63.

<sup>47</sup> Wilson, *Rashid's Legacy*, pp.90,295,332.

<sup>48</sup> Ibid. pp.325-326.

<sup>49</sup> Such rumours had begun in Ra's al-Khaimah earlier in the 1960s. See Donald Hawley, *The Emirates: Witness to a Metamorphosis* (Norwich: Michael Russell, 2007), pp.188-190.

<sup>50</sup> Britain's special envoy was the former British Political Resident in the Gulf, Sir William Luce. It was reported that Luce even brought an Iranian military official with him on his visits to the rulers of Sharjah and Ra's al-Khaimah. Richard A. Mobley, 'The Tunbs and Abu Musa Islands: Britain's Perspective,' *Middle East Journal*, 57:4 (2003), pp.628-644; Wilson, *Rashid's Legacy*, pp.325-236.

<sup>51</sup> Mobley, 'The Tunbs,' pp.628-644.

invaded Abu Musa along with both of the Tunb islands on the eve of Britain's departure. Muhammad Reza Shah claimed this was a necessary action to prevent any 'unfriendly power' from gaining control of the Straits.<sup>53</sup> Following a brief struggle involving some fatalities, the ruler of Sharjah<sup>54</sup> reluctantly agreed to allow Iran to establish permanent bases on certain parts of Abu Musa in exchange for a financial aid package of nine annual payments of about \$2 million.<sup>55</sup> Importantly, the more resolute ruler of Ra's al-Khaimah<sup>56</sup> refused to come to an agreement over the Tunb islands, and the UAE duly reported all three islands to the United Nations, requesting international arbitration. Since the formation of the Gulf Cooperation Council in 1981 the liberation of these territories has remained a central component of the six members' foreign policy objectives, however in many ways Iran has managed to extend its control even further.<sup>57</sup> Notably, in 1992 Iran reneged on its 1971 deal with Sharjah, as Revolutionary Guards began to encroach further on Abu Musa's towns, requesting all UAE nationals to obtain Iranian entry visas.<sup>58</sup> In 1995 Iran forcibly required all residents to exit and then return through the island's Iranian port, and has since then prevented teachers and other UAE public sector employees from re-

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<sup>52</sup> Kelly, *Britain and the Persian Gulf*, pp.92-93.

<sup>53</sup> See Walter Laquer, *The Struggle for the Middle East* (London: Routledge, 1969).

<sup>54</sup> Sheikh Khalid bin Muhammad Al-Qasimi.

<sup>55</sup> Tim Niblock (ed.), *Social and Economic Development in the Arab Gulf* (London: Croom Helm, 1980), pp.205-215; Van Der Meulen, 'The Role of Tribal,' p.238.

<sup>56</sup> Sheikh Saqr bin Muhammad Al-Qasimi

<sup>57</sup> Malcolm Peck, *The United Arab Emirates: A Venture in Unity* (Boulder: Westview, 1986), p.120.

<sup>58</sup> Van Der Meulen, 'The Role of Tribal,' p.238.

entering.<sup>59</sup> Ominously, Iran has now also opened an airport, has built a town hall, is constructing a university, and conducts numerous naval exercises in nearby waters.<sup>60</sup>

Today, further instability and skirmishes in the vicinity of the islands remain likely should a beleaguered Iranian presidency need to rebuild national pride. This could hamper both Dubai and Sharjah's oil exports, especially given the close proximity of Sharjah's remaining Mubarak offshore oilfield. Moreover, despite the federal government's attempts to balance the United States and Iran by inviting delegations from both countries to the UAE in the summer of 2007, by declaring to the international media that 'UAE territories will never be used for security, intelligence, or military operations directed against Iran,'<sup>61</sup> and by dispatching groups of sympathetic fact-finding clergy to Qom in Iran; any stray anti-ship missiles or Iranian submarine activity in the event of a US-Iran conflict would nonetheless raise tanker insurance rates and thereby greatly harm the UAE's economy.<sup>62</sup> Lastly, it is also important to note that invasion itself, or missile strikes against targets on UAE soil are not an impossibility. Certainly, there exists a certain optimism in the UAE that the United States will eventually reach something of a 'grand bargain' with Iran, as the Americans cannot afford to allow the economies of the Gulf emirates to falter, especially those such as Dubai's that are now so heavily reliant on foreign direct investment, much of which originates from the West. Importantly, this line of thinking grossly underestimates the UAE's ultimate expendability should the United

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<sup>59</sup> Oxford Business Group, 'Emerging Emirates,' pp.98-99.

<sup>60</sup> Personal interviews with military advisors, Dubai (January 2007).

<sup>61</sup> *Gulf News* (29 March 2007).

<sup>62</sup> Van Der Meulen, 'The Role of Tribal,' p.279.

States need to grapple with a state whose weapons may prevent long term regional stability.

### *Other Regional Threats*

OPEC quota disagreements during the 1980s and the invasion of Kuwait in 1990 led to considerable tension between the UAE and Iraq, with many fearing invasion.<sup>63</sup> However, the Anglo-American enforced regime change in Iraq in 2003 has significantly reduced the UAE's fear of hostilities from Iraq. Over the past three years the UAE Armed Forces has donated much equipment to the new Iraqi military, including several Bell 206 helicopters, and in a further gesture of friendship has provided training for hundreds of Iraqi policemen and other security officials on UAE soil.<sup>64</sup> Similarly, occasional threats from other Arab Gulf states have now all but disappeared, with the last serious dispute with Oman being resolved in 1989 when the ruler of Dubai<sup>65</sup> stepped in to mediate a disagreement between Muscat and Ra's al-Khaimah over the sovereignty of the Musandam Peninsula that was on the verge of escalating into armed conflict.<sup>66</sup>

Most significantly, the UAE's long history of tension with Saudi Arabia now also appears to have abated. Throughout the nineteenth and early twentieth centuries

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<sup>63</sup> Davidson, *Dubai*, p.228.

<sup>64</sup> The training has been provided by German security companies operating in the UAE. *Islamic Republic News Agency* (16 January 2004).

<sup>65</sup> Sheikh Rashid bin Said Al-Maktum.

<sup>66</sup> Wilson, *Rashid's Legacy*, pp.496-497.

the rulers of Abu Dhabi and Dubai had resisted the encroachment attempts of the same Wahhabi-inspired Saudis<sup>67</sup> that had managed to gain influence in Ra's al-Khaimah and Sharjah.<sup>68</sup> Crucially, by the early 1950s, the US concession holder for Saudi oil, ARAMCO, was urging its host nation to renew its historical claims to parts of the lower Gulf, especially the towns surrounding the Buraimi oasis, where it had assumed there were large onshore oil deposits. ARAMCO devoted all of its scholarly resources to proving the legitimacy of the Saudi claim, not least by demonstrating that the tribesmen of the area, including those inhabiting the Abu Dhabi-administered town of Al-Ayn, had for centuries paid religious tax to Saudi sheikhs.<sup>69</sup> Following a failed peace conference in Damman in late 1952, a Saudi envoy<sup>70</sup> arrived in Hamasa, another of the Buraimi towns, with an armed force laden with money, food, and presents for the local sheikhs. To reinforce further the Saudi position, it was reported that the envoy even married the daughter of the sheikh of one of the most powerful Buraimi tribes.<sup>71</sup> Although the Trucial Oman Levies were deployed and the Saudis

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<sup>67</sup> For example Sheikh Said bin Tahnun Al-Nahyan's assault on the Wahhabis in Buraimi in 1848, and Sheikh Zayed bin Khalifa Al-Nahyan's spirited defence of Buraimi against the Omani-Wahhabi renegade, Said Turki in 1870. Jayanti Maitra and Afra Al-Hajji, *Qasr Al-Hosn: The History and Rulers of Abu Dhabi, 1793-1966* (Abu Dhabi: Centre for Documentation and Research, 2001), pp.102-103,177.

<sup>68</sup> Donald Hawley, *The Trucial States* (London: George Allen and Unwin, 1970), p.101.

<sup>69</sup> Ibid. p.188.

<sup>70</sup> Turki bin Utaishan.

<sup>71</sup> He married the daughter of an Al-Bu Shamis sheikh. See Hawley, *The Emirates*, p.160.

were expelled, with the envoy being shot by a British officer,<sup>72</sup> no real solution was reached between the two parties. Just three years later Saudi Arabia was accused of paying for the assassination of the Abu Dhabi ruler,<sup>73</sup> and in 1959 Saudi Arabia vigorously protested over Abu Dhabi's establishment of a police outpost on the disputed Khor al-Udaid.<sup>74</sup>

Remarkably, when the UAE was formed in 1971 Saudi Arabia refused to acknowledge its existence, and only granted it recognition in 1974 when Abu Dhabi finally agreed to give up Khor al-Udaid in addition to the islands of Khor Duwayham and Huwayat, thereby providing Saudi Arabia with a corridor of land to the lower Gulf between Qatar and Abu Dhabi. Ironically, while oil has never been discovered in the Buraimi region, this conceded territory is now home to the Shaiba and Zarara oilfields, and is therefore one of Saudi Arabia's most resource rich provinces.<sup>75</sup> Importantly, given that this 1974 treaty was never officially registered, there remains some concern even today that the new generation of Abu Dhabi rulers may attempt to challenge Saudi Arabia over the agreement.<sup>76</sup> Most maps produced in Abu Dhabi

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<sup>72</sup> Ibid. p.160.

<sup>73</sup> Sheikh Shakhbut bin Sultan Al-Nahyan.

<sup>74</sup> Hawley, *The Emirates*, p.104.

<sup>75</sup> Muhammad Fahim, *From Rags to Riches: A Story of Abu Dhabi* (London: Centre for Arab Studies, 1995), p.159; John Duke Anthony, *Arab States of the Lower Gulf: People, Politics, Petroleum* (Washington DC: Middle East Institute, 1975), pp.148-149.

<sup>76</sup> Van Der Meulen, 'The Role of Tribal,' p.23.

today depict the UAE with its pre-1974 Saudi border,<sup>77</sup> perhaps indicating a willingness to re-open the dispute. Nevertheless, since the formation of the GCC and the emergence of greater mutual threats, Saudi Arabia, much like Iraq, has become less likely to threaten the UAE again. Indeed, the greatest threat that Saudi Arabia now poses to the UAE is one of internal regime failure – should Saudi Arabia falter, the military bulwark of the GCC would collapse.

#### *Domestic Vulnerabilities – A History of Terror*

Notwithstanding early anti-British movements such as the ‘Popular Front for the Liberation of Occupied Arab Gulf’ and some sporadic National Front-inspired violence in the 1950s,<sup>78</sup> over the course of the second half of the twentieth century the UAE suffered several spates of serious terrorist attacks and other politically-motivated acts of violence on its own soil. While in most cases the UAE has been a victim of cross-fire due to its unfortunate geographic location and its large expatriate population, it is important to note that a number of these incidents were also purposely intended to discredit the establishment and the ruling families, often by highlighting their close relationship with the West.<sup>79</sup>

The first organised attacks that were aimed at destabilising the lower and frightening both the British and the indigenous population were those launched by

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<sup>77</sup> Oxford Business Group, ‘Emerging Emirates,’ p.20; Personal interviews with academic observers, Dubai (June 2006).

<sup>78</sup> Davidson, *Dubai*, pp.41-43.

<sup>79</sup> *Ibid.* pp.193-206

Omani terrorists in the late 1950s and early 1960s; most of whom were supporting the Imam Ghalib against the government in Muscat,<sup>80</sup> and many of whom would join the more conventional Dhofar Liberation Front later in the decade. Crucially, it would seem that most of the protagonists were based in Dubai, as sympathisers provided them with safe houses and in some cases even British travel documentation, so that they could travel freely without their Omani papers. Land mines were also stored in Dubai, seemingly in cars belonging to associates of both the ruler of Sharjah,<sup>81</sup> and the eldest son of the ruler of Ajman.<sup>82</sup> Shockingly, in 1959 a three ton lorry transporting Trucial Oman Scouts soldiers was blown up by one of these mines on the road between Dubai and Buraimi,<sup>83</sup> and soon after a Land Rover was blown up in Buraimi itself.<sup>84</sup> As panic spread, all motorists began to place sandbags on the fenders of their cars so as to better absorb such explosions.<sup>85</sup> Throughout 1960 the terror attacks continued, and on one occasion a mine exploded on a private road belonging to the ruler of the informally recognised sheikhdom of Mahadha.<sup>86</sup> Most

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<sup>80</sup> Most of the terrorists were thought to be drawn from the Bani Harth and the Bani Riyam. See Margaret Luce, *From Aden to the Gulf: Personal Diaries, 1956-1966* (Salisbury, Michael Russell, 1987), p.164; Hawley, *The Emirates*, p.62.

<sup>81</sup> Sheikh Saqr bin Sultan Al-Qasimi

<sup>82</sup> Sheikh Ali bin Rashid Al-Nu'aymi, who never became crown prince of Ajman. Personal interviews with academic observers, Dubai (June 2006); Hawley, *The Emirates*, p.289.

<sup>83</sup> Hawley, *The Emirates*, p.173.

<sup>84</sup> Ibid. p.177.

<sup>85</sup> Personal interviews with former British diplomats, Durham (February 2007).

<sup>86</sup> Sheikh Abdulla bin Salim Al-Ka'abi. Hawley, *The Emirates*, p.220.



dramatically, in 1961 the Omani rebels struck at sea and became the perpetrators of one of the greatest acts of terrorism there has ever been in the Middle East. The Dara was the flagship of the British India Steam Navigation Company and was carrying over 800 passengers from Bombay to Basra via Dubai. When she was approaching the coast of Dubai two explosions ripped through her cabins, killing 212 passengers and 24 crew members. Although British salvage vessels managed to tow the ship away, its burning hull eventually sank two days later off the coast of Umm al-Qawain.<sup>87</sup> Although the exact method of the attack remains unknown, the British agent surmised that timers had been set so that the bombs would explode upon the Dara's arrival in Muscat and that bad weather had caused them to go off early.<sup>88</sup> Indeed, it later transpired that after planting their explosives the terrorists had left the ship when it berthed in Bahrain before eventually being captured in Oman.<sup>89</sup>

Disturbingly, although the Omani threat soon subsided, during the 1970s and 1980s Dubai and the new UAE federation became something of an unwitting proxy battleground for other organised terror groups and freedom fighters that sought international publicity for their causes. In 1973 a Japan Airlines jet en route from Amsterdam to Tokyo was jointly hijacked by members of the Palestinian Liberation Organisation and the Japanese Red Army. After the new pirate captain redirected the aircraft to land in Dubai, a youthful Sheikh Muhammad bin Rashid Al-Maktum - the

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<sup>87</sup> Ram Buxani, *Taking the High Road* (Dubai: Motivate, 2003), pp.11-12; Wilson, *Rashid's Legacy*, pp.191-194.

<sup>88</sup> Hawley, *The Emirates*, p.288.

<sup>89</sup> Personal interviews with former British diplomats, Dubai (June 2006); Luce, *From Aden to the Gulf*, p.165.

ruler's third son and at that time the commander of the DDF – opened communications with the terrorists from the airport control tower. Having assumed that Muhammad would grant their release given the UAE's international pro-Palestinian stance, the hijackers soon realised their miscalculation and demanded to be refuelled. With little choice, after three days of threat-laden negotiations Muhammad had to grant the aircraft safe passage to Libya where all of the hijackers were allowed to walk free.<sup>90</sup> The following year a British Airways jet was hijacked by the PLO and also forced to land in Dubai, before being refuelled under similar circumstances.<sup>91</sup> In 1977 the UAE faced an even more difficult year with a Gulf Air flight bound for Muscat being hijacked and landed by an unknown team of terrorists, with explosives being detonated in the offices of the Egyptian Airlines at Sharjah airport.<sup>92</sup> And with a prominent Dubai national and the federal Minister of State for Foreign Affairs<sup>93</sup> being assassinated by gunmen while escorting the Syrian foreign minister to Abu Dhabi airport.<sup>94</sup> Most dramatically, towards the end of 1977 the Baader-Meinhof Gang chose to fly their hijacked Lufthansa jet with 91 passengers on board to Rome and Bahrain, before finally demanding clearance from Dubai. Muhammad was again able to confront the terrorists, delaying their departure for over 48 hours.<sup>95</sup> Crucially, this allowed a German commando team to position themselves

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<sup>90</sup> Wilson, *Rashid's Legacy*, pp.358-360.

<sup>91</sup> *Merchant International Group Strategic Research and Corporate Intelligence* (25 August 2005).

<sup>92</sup> *Ibid.*

<sup>93</sup> Saif Said bin Ghubash.

<sup>94</sup> Wilson, *Rashid's Legacy*, p.431.

<sup>95</sup> *Ibid.* pp.429-431.

around Mogadishu airport where they stormed the jet upon its arrival in Somalia, killing all of the hijackers and releasing all of the hostages. Six years later tragedy struck once more, when a hijacked Gulf Air flight from Abu Dhabi to Karachi exploded in mid-air somewhere close to Dubai,<sup>96</sup> and in the following year the UAE's ambassador to France<sup>97</sup> was assassinated upon his arrival in Paris by unknown perpetrators. The fear that this killing generated was enough to persuade the ruler of Dubai to finally have plain clothes bodyguards around him during public appearances.<sup>98</sup> By the mid-1980s little had improved, with bombs being discovered onboard a Jordanian aircraft in Dubai in 1985, and with bombs exploding at the Syrian Airlines office at Abu Dhabi airport in 1986. More recently, in the 1990s several foreign intelligence operatives were assassinated in the UAE, including an Iranian intelligence colonel. And in early 1999 explosives were discovered in one of Dubai's first large-scale shopping malls: Deira City Centre.<sup>99</sup> Infamously, on the Christmas Eve of that year yet another aircraft was diverted to the emirate when Pakistani hijackers seized an Indian Airlines flight en route from Nepal to Delhi. A hostage was murdered and thrown out of the plane when it reached Dubai, before the hijackers then flew to a warmer welcome in Kandahar. The entire crisis (including

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<sup>96</sup> *Merchant International Group Strategic Research and Corporate Intelligence* (25 August 2005).

<sup>97</sup> Khalifa bin Ahmad Al-Mubarak.

<sup>98</sup> Fahim, *From Rags to Riches*, p.159; Wilson, *Rashid's Legacy*, p.355.

<sup>99</sup> *Merchant International Group Strategic Research and Corporate Intelligence* (25 August 2005).

the tragedy in Dubai) became the subject of both a National Geographic Channel documentary and a Bollywood action movie.<sup>100</sup>

Since then almost all terror-related incidents in Dubai and the UAE have had at least some connection to Al-Qaeda, or rather organisations purporting to be linked to Al-Qaeda. Certainly, in addition to well documented money laundering services<sup>101</sup> and the personal involvement of UAE nationals in Al-Qaeda's international attacks, including the Ra's al-Khaimah national Marwan Al-Shehhi, and another of the September 11<sup>th</sup> hijackers, Fayeze Banihammad,<sup>102</sup> there have also been persistent claims that the country has many key sympathisers, and is regularly used as a safe haven and a logistical base by various Al-Qaeda cells and other associated renegades. During the September 11<sup>th</sup> Commission hearings the former US Secretary of Defence<sup>103</sup> stated that in 1999 the witness reports of paid agents in Afghanistan had informed the CIA that Osama bin Laden had set up a large hunting camp in the desert of the Helmand province complete with marquees, generators, and refrigerators. Hoping to hit the suspected mastermind of the 1998 African embassy bombings, the Pentagon duly drew up plans for a cruise missile strike, but then had to abort the operation when it was learned that a C130 transport aircraft with UAE markings had landed at the camp's airstrip. According to CIA and Department of Defense officials, US decision makers were concerned that such an attack might compromise a UAE

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<sup>100</sup> The 2003 movie *Zameen* starred Abhishek Bachchan.

<sup>101</sup> Davidson, 'Dubai: The Security Dimensions', pp.149-152.

<sup>102</sup> *USA Today* (2 September 2004). The UAE provided the second largest contingent of 9/11 hijackers after Saudi Arabia.

<sup>103</sup> William Cohen.

sheikh or other senior UAE official.<sup>104</sup> Tellingly, the former CIA director later testified that if the strike had gone ahead ‘...it might have wiped out half of the UAE royal family in the process’, while others testified that ‘...the United Arab Emirates was becoming... a persistent counterterrorism problem... as it was one of the Taleban's only travel and financial outlets to the outside world.’<sup>105</sup>

Significantly, although not touching on the widespread rumours that Osama Bin Laden himself had been receiving medical treatment in Dubai during the summer of 2001,<sup>106</sup> the Commission nevertheless also reported that most of the September 11<sup>th</sup> hijackers had flown to the United States via the UAE. It was claimed that 11 Al-Qaeda men of Saudi origin, the presumed ‘muscle’ for the operation, had travelled in groups of two or three from Dubai International Airport between April and June of that year.<sup>107</sup> In November 2002 journalists then learned that the suspected ringleader of the team that had attacked the USS Cole off the coast of the Yemen in 2000 had been captured, but were only informed that the arrest had taken place in an undisclosed location in the Gulf. In a good example of carefully timed announcements of sensitive information, it was only revealed a month later that a ‘top ten’ Al-Qaeda operative had been captured in Dubai. Worryingly, it transpired that the Saudi suspect, Abd Al-Rahim Al-Nashiri, had been apprehended while in the final

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<sup>104</sup> Personal correspondence (March 2007).

<sup>105</sup> Iqbal Ismail Hakim, *United Arab Emirates Central Bank and 9/11 Financing* (New York: GAAP, 2005), p.1; Personal correspondence (March 2007).

<sup>106</sup> It was widely rumoured in Dubai that Bin Laden was receiving treatment for his kidney ailments in a Dubai-based hospital during the summer of 2001.

<sup>107</sup> *USA Today* (2 September 2004).

planning stages of attacks on ‘vital economic targets’ in the UAE that were aiming to inflict ‘the highest possible casualties among nationals and foreigners.’<sup>108</sup> Also in 2002 various international reports were published indicating that hundreds of the Al-Qaeda ‘volunteer soldiers’ that had been captured in Afghanistan were actually UAE nationals.<sup>109</sup> Moreover, the reports claimed that a number of Dubai and Fujairah-based ‘welfare associations’ had been sending money to radical groups in Afghanistan and South Asia, and had been encouraging young men to join terrorist groups.<sup>110</sup> In 2004 the perceived links between Dubai and Al-Qaeda were further strengthened by another round of high profile arrests, leading many to suspect these were merely the tip of the iceberg and that the emirate was still ‘playing a key role for Al-Qaeda as a through-point’ even three years after the September 11<sup>th</sup> attacks.<sup>111</sup> Notably, after alleged pressure from the CIA, the Dubai authorities arrested and extradited Qari Saifullah Akhtar, the leader of the Pakistani Al-Qaeda splinter group Haraktul Jihad Islami, who was believed to be responsible for the training of thousands of militants in the Rishkor camp close to Kabul, and for carrying money and personal messages on behalf of Bin Laden. Crucially, he had disappeared from Afghanistan and Pakistan just days before Anglo-American forces arrived in October 2001.<sup>112</sup> Shortly

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<sup>108</sup> *The Times* (24 December 2002).

<sup>109</sup> Adam Robinson, *Bin Laden: Behind the Mask of the Terrorist* (New York: Arcade, 2002), pp.91-93.

<sup>110</sup> Wilston, John. ‘The Roots of Extremism in Bangladesh,’ *Terrorism Monitor*, 3:1 (2005).

<sup>111</sup> Quotes from Evan F. Kohlmann, a New York-based terrorism researcher.

<sup>112</sup> Personal interviews with military advisors, Dubai (June 2006); *Financial Times* (10 August 2004).

afterwards, the arrest in Pakistan of Al-Qaeda's Ahmad Khalfan Ghailani, a suspect of the 1998 US embassy bombings, provided intelligence concerning two of his South African colleagues and 'several other senior men' who were all either travelling from the UAE to Pakistan or were based in the UAE at that time.<sup>113</sup>

### *Domestic Vulnerabilities – The Present Threat*

As few would dispute, despite the unrestrained development that has taken place in Dubai and elsewhere in the UAE, despite the necessary but often controversial socioeconomic reforms,<sup>114</sup> and despite the close relationship with the West, there exists a certain overconfidence that little can go wrong and that somehow the country will remain aloof from acts of terror on its own doorstep. Along with other Gulf states there have been accusations that various terrorist organisations have been 'bought off'.<sup>115</sup> In 2005 the struggling Iraqi President, Jalal Talabani, made dark references to the sources of the funding for his enemies, most conspicuously the insurgent leader Abu Musab Al-Zaraqawi. Disturbingly, he stated that '...they are getting aid from Al-Qaeda and from some financiers among some extremist Muslim organisations abroad... and from countries that I will not name.' Analysts agreed that these mystery countries were most likely to be the small Gulf states.<sup>116</sup> With specific

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<sup>113</sup> *China Daily* (9 August 2004).

<sup>114</sup> Davidson, *Dubai*, pp.114-115.

<sup>115</sup> Senior Qatari officials were recently alleged to have been paying a multi-million dollar annual ransom to Al-Qaeda since 2003 so as to prevent attacks taking place on Qatari territory. *Khaleej Times* (4 May 2005).

<sup>116</sup> *Reuters* (9 May 2005).

regard to the UAE, it has similarly been claimed that a number of Islamist organisations, in addition to wealthy individuals, are supporting terror organisations financially.<sup>117</sup> However, regardless of whether these payments are in genuine support of the causes or are simply protection money, it would seem unnecessary for the UAE to have to rely on such measures given that at present most groups continue to benefit from Dubai's openness so long as they can operate in relative freedom and can use the city's infrastructure for their own purposes. Certainly, even if one does subscribe to the belief that there exists some kind of unwritten understanding that the authorities will turn a blind eye to questionable activities, or even if one accepts that Dubai unwittingly permits itself to be used as a logistical terror hub, these steps are unlikely ever to be enough to prevent splinter groups or disaffected individuals from acting unilaterally against an establishment that they undoubtedly perceive to be an ally of the western powers.

Over the last few years there have been a large number of threats made to Dubai and the UAE by hitherto unknown groups, many of which refer explicitly to the country's dealings with the United States and its supporting role in the War on Terror. Notably, in 2002 a letter signed by the previously unknown 'Al-Qaeda Terrorist Organisation in the United Arab Emirates Government' was intercepted by US intelligence services - it warned UAE officials to stop arresting Al-Qaeda's 'mujahideen sympathisers'. The letter concluded with a boast that '...you are well aware that we have infiltrated your security, censorship, and monetary agencies along with other agencies that should not be mentioned', and demanded that the UAE '...get

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<sup>117</sup> Personal interviews, Beirut (November 2006).



the idolaters out.’<sup>118</sup> Similarly, in 2003, following the Anglo-American invasion of Iraq an audio message was recorded by Al-Qaeda’s Saleh Al-Aloofi that sought to incite violence in all of the pro-western Gulf states, including the UAE, by stating ‘...to the brothers of Qatar, Bahrain, Oman, the Emirates, and to all the lions of jihad in the countries neighbouring Iraq, every one of us has to attack what is available in his country of soldiers, vehicles, and airbases of the crusaders and the oil allocated for them.’<sup>119</sup> Chillingly, since 2005 the frequency and severity of the threats would seem to have increased even further, with underground Islamist websites having publishing warnings that ‘Dubai is rapidly changing into a secular state... with the profound use of non-Islamic ways’;<sup>120</sup> with Al-Qaeda representatives having notified the Dubai authorities that they had discovered both the USS Harry Truman and the USS John Kennedy berthed in Port Jebel Ali after they had been used to ‘bombard the Muslims in Iraq and Afghanistan’;<sup>121</sup> with the US Embassy in Abu Dhabi and the US Consulate in Dubai having had to close temporarily due to bomb threats;<sup>122</sup> and with another new group calling itself ‘The Al-Qaeda Organisation in the Emirates and Oman’ having issued a statement in July 2005 that called for the dismantling of all US military installations in the UAE within ten days, failing which ‘the ruling families

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<sup>118</sup> Paraphrased from unclassified document AFGP/2002/603856 located at the Combating Terrorism centre at the US Military Academy at West Point. Also see *Scripps Howard News Service* (28 February 2006).

<sup>119</sup> Personal correspondence (March 2007).

<sup>120</sup> This statement appeared on the *As-Sahwah* website in 2005.

<sup>121</sup> This statement was made in March 2005.

<sup>122</sup> These closures took place in late March 2005.

would endure the fist of the mujahideen in their faces.<sup>123</sup> As recently as June 2008, the British Foreign and Commonwealth Office raised its terror threat assessment for the UAE from medium to high, following a series of arrests and several weeks of intensified ‘chatter’ intercepted between UAE-based suspects.<sup>124</sup>

### *Conclusion*

The UAE is now more vulnerable than ever before to uncontrollable external circumstances. This is especially true given that the economic diversification strategies, while superficially successful in reducing the historical dependency on oil exports, have, if anything, intensified the dependency on foreign economies. Notably, in the event of a crisis - whether a terrorist attack, an invasion, or close proximity to regional violence - many of the multinationals with regional branches in Jebel Ali, Dubai Internet City, Dubai Media City, and the various other free zones would most likely withdraw their personnel and close their operations, and would think carefully about returning afterwards. Given the success of Dubai’s free zones, other regional cities have set up similar entities,<sup>125</sup> and these are soon likely to position themselves as serious alternatives. Problems in Dubai or elsewhere in the UAE would therefore lead to swift relocations for many companies that wished to maintain a Middle Eastern headquarters. Similarly, international luxury tourists would be unlikely to continue visiting the UAE should its reputation wane as being a safe destination. Many of the European and North American tourists (who now make up nearly 40

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<sup>123</sup> Personal correspondence (March 2007).

<sup>124</sup> *Financial Times* (16 June 2008).

<sup>125</sup> Jordan’s Aqaba free zone was set up in 2000.

percent of all visitors to Dubai<sup>126</sup>) who choose their holidays from high street travel agency brochures do not really consider Dubai to be part of the Middle East. But if there were to be negative publicity, this misconception would swiftly change. Certainly in October 2001 most of Dubai's five star hotels were empty following the US invasion of Afghanistan, with even the iconic Burj Al-Arab having had its power cut off temporarily due to zero occupancy. Tellingly, 2001 was the only year that the total number of visitors to Dubai did not increase, despite the sector's strong performance in the months prior to September 11<sup>th</sup>.<sup>127</sup> Given the much greater and more diverse population of tourists today, it is likely that demand would be even more elastic should there be a future problem that more directly concerns the UAE, especially as there are many alternative winter sun resorts, most of which offer arguably far superior cultural and historical attractions than those of the lower Gulf. Similarly, should confidence in Dubai's real estate sector be shaken by internal or external threats, then a significant proportion of foreign investors would cease further payments and would probably try to sell their deposits, preferring to cut their losses. In much the same way as the emerging competition from new free zones, other developing states are now beginning to adopt elements of Dubai's real estate industry

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<sup>126</sup> In 2006 there were 2 million European visitors and 0.4 million North American visitors, out of a total of 6.4 million. Data supplied by the Dubai Department of Tourism and Commerce Marketing, 2007.

<sup>127</sup> The Dubai Department of Tourism and Commerce Marketing reported 3.5 million visitors in 2001, compared to 3.4 million in 2000.

in an attempt to emulate its success.<sup>128</sup> Should the pioneer stumble these are likely to provide attractive alternative venues for international property investors.

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<sup>128</sup> In addition to Oman and some of the other Gulf states, prominent examples would include Cape Verde which has invested heavily in tourist infrastructure (including a new international airport), and has recently launched a real estate sector modelled on similar lines to Dubai's.