Chapter 2

PROFILE OF THE UNITED ARAB EMIRATES
## CHAPTER II
Profile of The United Arab Emirates

<table>
<thead>
<tr>
<th>2.1</th>
<th>Introduction</th>
<th>24</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2</td>
<td>The Seven Emirates that form the United Arab Emirates</td>
<td>25</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Brief Historic Background</td>
<td>25</td>
</tr>
<tr>
<td>2.2.2</td>
<td>The Seven Emirates of UAE</td>
<td>26</td>
</tr>
<tr>
<td>2.2.2.1</td>
<td>Emirate of Abu Dhabi</td>
<td>26</td>
</tr>
<tr>
<td>2.2.2.2</td>
<td>Emirate of Dubai</td>
<td>28</td>
</tr>
<tr>
<td>2.2.2.3</td>
<td>Emirate of Sharjah</td>
<td>29</td>
</tr>
<tr>
<td>2.2.2.4</td>
<td>Emirate of Ajman</td>
<td>31</td>
</tr>
<tr>
<td>2.2.2.5</td>
<td>Emirate of Fujairah</td>
<td>32</td>
</tr>
<tr>
<td>2.2.2.6</td>
<td>Emirate of Ras al-Khaimah</td>
<td>33</td>
</tr>
<tr>
<td>2.2.2.7</td>
<td>Emirate of Umm al-Quwain</td>
<td>34</td>
</tr>
<tr>
<td>2.3</td>
<td>Political and Judicial System of the Government in UAE</td>
<td>35</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Political System</td>
<td>35</td>
</tr>
<tr>
<td>2.3.2</td>
<td>Judicial System</td>
<td>35</td>
</tr>
<tr>
<td>2.4</td>
<td>Topographic Features</td>
<td>36</td>
</tr>
<tr>
<td>2.5</td>
<td>Demographic Features</td>
<td>38</td>
</tr>
<tr>
<td>2.6</td>
<td>Economic Overview of the United Arab Emirates</td>
<td>41</td>
</tr>
<tr>
<td>2.6.1</td>
<td>GDP Growth in UAE at Current and Real Prices</td>
<td>42</td>
</tr>
<tr>
<td>2.6.2</td>
<td>Industries in the United Arab Emirates</td>
<td>45</td>
</tr>
<tr>
<td>2.6.3</td>
<td>Business Opportunities and International Trade in the United Arab Emirates</td>
<td>46</td>
</tr>
<tr>
<td>2.7</td>
<td>Conclusion</td>
<td>53</td>
</tr>
</tbody>
</table>
CHAPTER II

PROFILE OF THE UNITED ARAB EMIRATES

2.1 Introduction

The United Arab Emirates (UAE) or "Al Imarat al Arabiyyah al Muttahidah" is a federation of seven Emirates that was formed on 2\textsuperscript{nd} December, 1971 by incorporating Abu Dhabi (the capital), Ajman, Dubai (the thriving commercial capital), Fujairah, Sharjah (the cultural capital) and Umm Al Quwain following the end of the British protectorate over the 'Trucial States'.\footnote{1} The Emirate of Ras Al Khaimah joined the federation the following year. The United Arab Emirates extends along the coast of the gulf, from the base of Qatar peninsula to a short way beyond Ras Al Khaimah and across the Mussandum peninsula to the Gulf of Oman.

This study attempts to know the trend and progress of readymade garments exported from India to UAE during the post liberalization period. Therefore it is essential to first understand the socio-economic profile of UAE. Hence the prime objective of this chapter is to understand and assess the profile of UAE with special reference to post liberalization era, that is 1991 and onwards. The profile of the study of UAE is as mentioned below;

2.1 Introduction
2.2 The Seven Emirates that form the United Arab Emirates
2.3 Political and Judicial System of the Government in UAE
2.4 Topographic Features
2.5 Demographic Features
2.6 Economic Overview of the United Arab Emirates
2.7 Industries in the United Arab Emirates
2.8 Business Opportunities and International Trade in the United Arab Emirates
2.9 Conclusion

2.2 The Seven Emirates that form the United Arab Emirates

Section 2.2.1 gives a brief historic background of UAE whereas section 2.2.2 briefly introduces the seven emirates of UAE.

2.2.1 Brief Historic Background

Originally the area was inhabited by a seafaring people who were converted to Islam in the 7th century. Later, a dissident sect, the Carmathians, established a powerful sheikdom, and its army conquered Mecca. After the sheikdom disintegrated, its people became pirates. Threatening the Sultanate of Muscat and Oman early in the 19th century, the pirates provoked the intervention of the British, who in 1820 enforced a partial truce and in 1853 a permanent truce. Thus what had been called the Pirate Coast was renamed the Trucial Coast. The British provided the nine Trucial states with protection but did not formally administer them as a colony. The states that comprise the UAE were formerly known as the Trucial States, Trucial Coast, or Trucial Oman. The term trucial refers to the fact that the sheikhs ruling the seven constituent states were bound by truces concluded with Great Britain in 1820 and by an agreement made in 1892 accepting British protection.

After World War II the British granted internal autonomy to the sheikhdoms. Discussion of federation began in 1968 when Britain announced its intended withdrawal from the Persian Gulf area by 1971. Originally Bahrain and Oman were to be part of the federation, but after three years of negotiations they chose to be
independent, hence the number reduced to seven sheikhdoms. Ras al-Khaimah at first opted for independence but reversed its decision in 1972. After the 1973 rise in oil prices, the UAE was transformed from an impoverished region with many nomads to a sophisticated state with one of the highest per capita incomes in the world and a broad social welfare system. In 1981, the UAE joined the Gulf Cooperation Council (GCC). The fall of the Shah of Iran in 1979, the growth of Islamic fundamentalism, and the Iran-Iraq War threatened the stability of the UAE in the 1980s. In 1990, Iraq accused the UAE and Kuwait of overproduction of oil. The UAE participated with international coalition forces against Iraq during the Persian Gulf War (1991). Since the Gulf War the UAE has expanded its international contacts and diplomatic relations.

2.2.2 The Seven Emirates of UAE

Below mentioned is the brief review of the seven emirates of UAE

2.2.2.1 Emirate of Abu Dhabi

In the 3rd millennium BC a culture known as Umm an-Nar arose near modern Abu Dhabi. Umm an-Nar's influence extended well into the interior and down the coast of what is now Oman. The rise of British naval power in the Gulf in the mid-18th century coincided with the rise of two important tribal confederations along the coast of the lower Gulf. These were the Qawasim, whose descendants now rule Sharjah and Ras al-Khaimah, and the Bani Yas, whose descendants are now the ruling families of modern Abu Dhabi and Dubai. The Bani Yas were originally based in Liwa, an oasis on the edge of the Empty Quarter desert, but moved to Abu Dhabi in 1793. They engaged in the traditional Bedouin activities of camel herding, small-scale
agriculture, tribal raiding and extracting protection money from caravans passing through their territory. The Bani Yas divided into two main branches in the early 19th century when Dubai split from Abu Dhabi.

After the collapse of the world pearl market in the early 20th century, the entire coast was plunged into abject poverty. In 1939, Sheikh Shakhbut, the ruler of Abu Dhabi, granted the first of several oil concessions on his territory. It was not until 1958, however, that oil was found in the emirate. With a population at the time of only 15,000, Abu Dhabi was on its way to becoming very rich.

Britain's 1968 announcement that it would leave the Gulf in 1971 came as a shock to most of the ruling sheikhs. Negotiations eventually resulted in independence for Bahrain and Qatar and the creation of a new federal nation: the United Arab Emirates. The UAE, with Abu Dhabi as its capital, came into existence on 2nd December 1971.

Urban development projects have relieved a housing shortage caused by rapid growth since the late 1960s. The main thoroughfare is the 7-kilometer (4-mile) long Corniche, a landscaped, seafront promenade. Abu Dhabi was founded in the 1760s and in 1795 became the seat of rulers of the emirate of Abu Dhabi. The town had only local significance until the discovery of oil reserves in the area in the late 1950s and early 1960s. When oil exports began in 1962, the few low-rise dwellings scattered around the Old Fort gradually gave way to 10 - 11 storey tower blocks, and these were subsequently replaced by even larger towers. One of the many unofficial names Abu Dhabi has acquired is - 'Manhattan of the Middle East'. The other common name is - 'Garden City of the Gulf'. When oil revenue started pouring in, the reed and mud-brick huts were rapidly replaced by banks and boutiques. It's been remodeled in less
than 40 years to become the classic Arabian petrodollar city, a wealthy metropolis filled with gardens and tall mirror-glassed buildings.

2.2.2.2 Emirate of Dubai

Dubai is called the Commercial capital of the U.A.E and the Shopping capital of the Middle East, due to large scale commercial activities, tourism and international trade initiated and progressively performed. Dubai has long been known as "the City of Merchants" and trade has been one of the cornerstones of Dubai's economy since ancient times. The emirate of Dubai is located in the Northern part of the UAE. It stretches over 72 miles (115 kms) on the Gulf coast and lies between longitude 55°16 east and latitude 25°16 north. The total area of Dubai is approximately 2428 square miles.

Dubai is the ultra modern city of the UAE. Dubai occupies a strategic competitive location in the middle of the UAE coast, stretching about 400 miles. Its distinct location in the south western part of the Arabian Gulf has enabled it to play an active role in linking maritime activity and facilitating transportation of goods between the east and west. Dubai has emphasized on its free economic policy by setting up highly efficient infrastructural projects along with other services and utilities. Dubai is amongst the most important centers for import, export and re-exports due to its location, world class infrastructure; technological development, government support and adoption of latest standards and high quality in every field of trade and commerce. Re-exports form a substantial portion of Dubai’s total income. The basic reasons which make Dubai so alluring for trade are full freedom to move capital, tax exemptions, no red tapism/bureaucracy and a striving economy.
The main ports in Dubai are Port Rashid and Jebel Ali. Port Rashid is one of the modern ports set up in the UAE. This port handles different types of containers and has operational equipped cranes for all types of containers. It has spacious storing place which can accommodate approx. 20,000 standard containers. Jebel Ali is the largest port in UAE and the largest man made port in the world. It mainly handles bulk cargo and industrial material for Jebel Ali Free Zone. Jebel Ali Free Zone Authority (JAFZA), Dubai Airport Free Zone (DAFZ), Dubai Internet city, Dubai Knowledge Village, Dubai Media city and Dubai Textile Village are some of the important free zone establishments in Dubai.

2.2.2.3 Emirate of Sharjah

The emirate of Sharjah is referred to as the Cultural capital of UAE due to its grace and charm of continuing to practice the age old occupations of fishing, pearl diving and sea trade on a large scale. At Sharjah, one can get a true glimpse of the ancient traditions followed and culture of the Arab natives. The Emirate of Sharjah extends along approximately 16 kms of the United Arab Emirates's Persian Gulf coastline and more than 80 kms into the interior. The total area of Sharjah is about 1003 square miles (2,600 km²) which is equivalent to 3.3 per cent of the country's total area, excluding the islands. Sharjah has land on both coasts, stretching 16 km along the U.A.E’s Gulf coastline, and holds three important enclaves – Kalba, Khorfakkan and Dibba al-Husn – on the east coast bordering Oman, alongside two islands - Sir Abu Nuair and Abu Musa. Inland, the majority of the emirate is desert. Sharjah lies between 25°37 N and 55°41 E coordinate. The climate is dry, with minimal rainfall. Between November to April temperatures ranges from 18°C to
30°C, from May to September, heat and humidity are strong, with daytime
temperatures in excess of 45°C. There are occasional tropical storms from January to
March. Sharjah is located at the axis of global trade routes as it is the only emirate
with ports on the Gulf and the Indian Ocean. It accounts for 47% of industrial GDP in
the UAE. The government has shown its commitment to Sharjah’s industrial boom by
setting up free trade and specialized industrial zones, serviced by a transport system
that provides port-to-port access via the rapidly growing Sharjah International
Airport. Custom duties imposed on imports are nominal, not exceeding five percent
since UAE is a member of the Arab Gulf Cooperation Council (AGCC) that came into
effect on January 1, 2002 and all the GCC countries impose a fixed common custom
tariff.

Ports in Sharjah offer additional advantages to investors, like warehousing
facilities that allow investors to store their goods for free for up to two months.
Sharjah enables investors to have restriction-free commercial and financial
transactions, including the transfer of all their profits and capital or conducting other
exterior financial dealings. Some of the main reasons which have made Sharjah an
important commercial emirate are, low cost of labour and accommodation as
compared to the other emirates, fast and prompt licensing procedures with reference
to trade, industrial and professional activities and private investment liberty along
with total exemption of taxes (including income tax). Also, Sharjah is committed to
the application of internationally recognized specifications and measurements on
manufactured products. The main sea ports in Sharjah are Port Khalid, Khorfakkan,
and the Hamriyah LPG Terminal. The first major port of call within the Arabian Gulf
is Port Khalid, on the West Coast of Sharjah. Majority of Sharjah’s general cargo
traffic is being handled, using the latest in-cargo handling machinery. Many U.A.E - based importers favor Port Khalid to ship their cargo because of its modern storage facilities - amongst which two berthed cold stores that can handle up to 5,000 tons at any given time. It is also popular because of its proximity to the city, the customer-oriented service, the minimum turnaround time and the absence of customs duties on import and export. Over 40 percent of the U.A.E.'s manufacturing is in the Emirate of Sharjah and much of it is less than an hour by truck from Sharjah Container Terminal (SCT). Port Khalid also boasts the only passenger terminal facility in UAE

The only natural deepwater port in the Middle East, Khorfakkan container Terminal (KCT) is located on the east coast of the Emirate of Sharjah, close to the main east-west shipping routes and outside the sensitive Straits of Hormuz. It is just three hours form the dynamic commercial and industrial markets on the Gulf Coast of UAE. The multi-million dollar developments have reinforced its acknowledgment position as the logical container transshipment port for the United Arab Emirates, Upper Arabian Gulf States and the Indian Sub Continent.

The two important free zones in Sharjah are the Sharjah Airport International Free Zone (SAIF) and the Hamriyah Free Zone Authority (HFZA). These zones were established with the sole purpose to facilitate the growth of commercial activities and encourage foreign investments.

2.2.2.4 Emirate of Ajman

The Emirate of Ajman is situated on the coast of the Arabian Gulf, extending over a distance of 16 km, between the emirates of Umm Al-Quwain and Sharjah. The
area of the emirate is 259 square kilometers, equivalent to 0.3% of the country's total area, excluding the islands. Ajman lies at 25°25 N and 055°28 E coordinate. The Port of Ajman is located on the Gulf coast approx 8km NE of Sharjah.

2.2.2.5 Emirate of Fujairah

Fujairah is the only emirate located on the Gulf of Oman rather than the Arabian Gulf. Whereas the other emirates are comprised of coastline, plains and desert, it is the bride of the emirates on the east coast of the Gulf of Oman. It is the only emirate on the Gulf of Oman, its area is 1,450 square kilometers. It is characterized by its mountains that have different colors, its fertile valleys that are full of natural water springs and its coastal belt with its clean golden sands extending to more than 90 kilometers. 80% of the population of the emirate, inhabit this coastal belt. 20% of the population live in the oasis and mountainous valleys. Al Fujairah was named after a small stream in the emirate. It is considered to be the crossing part to and from the states of the Gulf Cooperation Council, across the Indian ocean to the states of East Asia, Europe and the whole world.

Prior to the formation of the UAE and the subsequent development of infrastructure, Fujairah was very isolated from the rest of the country. With the construction of the first all weather road through the mountains twenty years ago, it has been opened to the rest of the country and has some of the most scenic highways in the country. Fujairah has invested in its unique geography to develop tourism as an industry. The Ruler of Fujairah, H.H. Sheikh Hamad bin Mohammed Al Sharqi, succeeded his father in 1974. He has ably administered the land and has been instrumental in the commissioning of several industries.
The main occupation in the past have been fishing and agriculture. Pearl fishing was non-existent because the waters of the Gulf of Oman were much deeper and colder than the Arabian Gulf, not suitable for the growth of pearl oysters. Its clean beaches, the numerous water sports like swimming, yachting, water surfing and deep sea fishing attract tourists all round the year thus introducing tourism based occupation. The Port of Fujairah is situated on the east coast of the United Arab Emirates. The port offers facilities for general cargo and container vessels. It is one of the main ports in the area serving India, East Africa and the Gulf.

2.2.2.6 Emirate of Ras al-Khaimah

Ras Al Khaimah is the northern most emirate of the UAE. The Ruler since 1948 has been H.H. Sheikh Saqr bin Mohammed Al Qassimi. Located at 25°45' N and 56°01' E, this northernmost of all emirates, lying at the foot of the Hajar mountains and bordering the Sultanate of Oman to its north and east, is an important port, besides being one of the main agricultural centers. Ras Al Khaimah means 'head of the tent'. It covers an area of 656 square miles (1700 km²). The city was historically known as Julfar. Sources say that during the eighth and ninth centuries AD, Julfar was inhabited by the Azd (They were a branch of the Kahlan tribe, which was one of the two branches of Qahtan - the aboriginal Arabs, the other being Himyar). In the early 18th century the Qawasim clan (Huwayla tribe) established itself in Ras al-Khaimah.

This Emirate is one of the most natural beautiful spots in the country. It is surrounded by sea, desert and mountains. Fruits, vegetables, milk, poultry are supplied to the other emirates from here. The sea around Ras Al Khaimah too abounds in tuna fish. The mountains have enabled the set up of stone quarries and
cement factory. Also the oilfield of Saleh, has boosted up the revenues of the emirate. Ras al-Khaimah is a sub port of Mina Saqr which is located on the Gulf coast, approximately 30km north of Ras al Khaimah, close to the Strait of Hormuz.

2.2.2.7 Emirate of Umm al-Quwain

Umm al-Quwain, which literally means "Mother of two powers" is one of the least populated emirates in the United Arab Emirates. It is located in the north of the country at 25°58 N and 55°55 E. Umm al-Quwain is situated between Sharjah to the south-west and Ra's al-Khaimah to the north-east, about 20 minutes drive from Ajman. The area of the emirate is equivalent to 1 per cent of the U.A.E.'s total landmass. The emirate has an area of 750 square kilometers.

The emirate is ruled by Rashid bin Ahmad Al Mu'alla, who has been a member of the U.A.E.'s Supreme Council since 1981. In 1775 Sheikh Majid Al Mualla, founder of the ruling Al Mualla lineage of the Al'Ali clan, established an independent sheikdom in Umm al-Quwain. On 8 January 1820, Sheikh Abdullah-I signed the General Maritime Treaty with the United Kingdom, thus accepting a British protectorate in order to keep the Ottoman Turks out. Like four of its neighbours, Ajman, Dubai, Ras al-Khaimah and Sharjah, its position on the route to India made it important enough to be recognized as a salute state. On 2 December 1971, Sheikh Ahmad-II joined the United Arab Emirates.

Traditional occupations of fishing and date cultivation are still an important source of livelihood, but a Mari-culture research centre and a free zone have helped to develop the emirate whose main attraction lies in its small size, relatively remote location, and long clean beaches.
2.3 Political and Judicial System of the Government in UAE

2.3.1 Political System

The federal constitution of United Arab Emirates was adopted on December 2, 1971 and made permanent in 1996. The UAE has a unique political system in that it brings together both traditional and modern structures that have enabled the country to maintain great political stability. The country is comprised of seven Emirates, and each of it is lead by a Ruler who inherits this position. The Rulers of the Emirates make up the Supreme Council of the Federation, the top policy-making body of the country. The President is elected from within this group by the Rulers. The Supreme Council also determines who will hold the position of Vice President, who has historically always been the Ruler of the Emirate of Dubai. The President's cabinet is the Council of Ministers, which is the highest constitutional authority in the UAE. The legislative branch of the government is the Federal National Council or “Majlis al-Ittihad al-Watani”. It is a unicameral council with 40 members from the various Emirates based on population. They are appointed by the Rulers to serve two-year terms.

2.3.2 Judicial System

The UAE Constitution provides for a federal court system, but acknowledges the right of each constituent Emirate to maintain an independent court system. Currently, the Emirates of Abu Dhabi, Sharjah, Ajman, Fujairah and Umm Al Quwain have joined the federal court system. The Emirates of Dubai and Ras Al Khaimah each maintain separate court systems. Rules of evidence and court procedure, however, are governed by federal laws, which apply in all seven Emirates. The Federal Courts of First Instance are trial courts and are located in each major city in the federal court system.
There are three principal divisions to the Courts of First Instance: civil, criminal and Sharia (Islamic). The Sharia division has jurisdiction over matters of personal status (marriage, divorce and inheritance) and, in cases involving non-Muslims, is required to apply the religious or civil law of the parties. The Sharia division was recently given jurisdiction over certain criminal matters, including drug offenses and offenses involving minors. The criminal division handles other criminal cases. The civil division handles all other matters, including commercial disputes.

2.4 **Topographic Features**

United Arab Emirates (UAE) lies in the east of the Arabian Peninsula. It is bordered by Saudi Arabia to the west and south and by Oman to the east. In the north the UAE has a short frontier with Qatar and a coast line of about 650 km on the southern shore of the Persian (Arabian) gulf, separated by a detached portion of Omani territory from a small section of coast on the western shore of the gulf of Oman. Located in the eastern portion of the federation is a portion of the Jabal al Akhdar mountains.

UAE lies within a subtropical zone with very hot summers, high humidity, mild and pleasant winters. Rainfall is erratic generally, lasting for a few days and rarely exceeding 5 to 10 inches a year. The climate is exceptionally hot in summer, with average maximum temperatures exceeding 40 degree C and humidity is very high. Winter is mild, with temperatures ranging from 17 degree C to 20 degree C. UAE is embedded in an area of 77,000 sq. kms, excluding the small dependent islands. The UAE has no permanent rivers, but the desert area of Abu Dhabi includes two important oases with adequate underground water for permanent settlements and
FIG 2.1

MAP OF THE UNITED ARAB EMIRATES
cultivation. The extensive Al Liwa Oasis is in the south near the undefined border with Saudi Arabia. Approximately 200 kilometers to the northeast of the Al Liwa Oasis is the Al Buraymi Oasis, which extends on both sides of the Abu Dhabi – Oman border.

Fig 2.1 depicts the map of UAE.

2.5 Demographic Features

Of the country's total population (3,750,000 – 2003 est.), approximately 85% of those residing in the UAE are not native to the country. Only about 20% of the inhabitants of the UAE are Arabs. There are also Persians, Baluchis, Indians and Westerners. The non indigenous population is mostly from East and South East Asia, who were first attracted by the employment provided by the UAE’s petroleum boom. Muslims comprise 96% of the population (80% of these are Sunni, the balance Shiite) and the remaining 4% are largely Christian and Hindu. Immigrant employees form a large portion of the population predominantly from the Indian subcontinent, Iran, Europe and other Arab countries. Expatriates are attracted to UAE by the opportunities offered by the rapid development of the country.

Arabic is the official language; however English is the business language and is spoken by most. Farsi, Hindi and Urdu are also widely spoken. Arab Islamic culture dominates the lifestyle of UAE. However, it is tolerant of the different creeds and beliefs of its large expatriate community. The traditional all-pervasive hospitality gives a great deal of charm to life in the UAE. Cultural activities of other nations are very much popular in this country. However, western culture plays an important role and business practices closely resemble those in the United States and Great Britain.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Abu Dhabi</td>
<td>451</td>
<td>538</td>
<td>772</td>
<td>871</td>
<td>879</td>
<td>942</td>
<td>952</td>
<td>1034</td>
<td>1104</td>
<td>1181</td>
<td>1266</td>
<td>1362</td>
<td>1470</td>
<td>1591</td>
<td>1702</td>
</tr>
<tr>
<td>Dubai</td>
<td>279</td>
<td>336</td>
<td>484</td>
<td>548</td>
<td>605</td>
<td>689</td>
<td>695</td>
<td>765</td>
<td>822</td>
<td>885</td>
<td>952</td>
<td>1029</td>
<td>1112</td>
<td>1204</td>
<td>1288</td>
</tr>
<tr>
<td>Sharjah</td>
<td>160</td>
<td>216</td>
<td>303</td>
<td>342</td>
<td>392</td>
<td>403</td>
<td>412</td>
<td>440</td>
<td>467</td>
<td>498</td>
<td>529</td>
<td>562</td>
<td>599</td>
<td>636</td>
<td>679</td>
</tr>
<tr>
<td>Ajman</td>
<td>36</td>
<td>51</td>
<td>74</td>
<td>83</td>
<td>96</td>
<td>121</td>
<td>123</td>
<td>139</td>
<td>151</td>
<td>165</td>
<td>179</td>
<td>196</td>
<td>215</td>
<td>235</td>
<td>251</td>
</tr>
<tr>
<td>Umm al-Qaiwan</td>
<td>12</td>
<td>21</td>
<td>26</td>
<td>30</td>
<td>40</td>
<td>36</td>
<td>36</td>
<td>39</td>
<td>42</td>
<td>45</td>
<td>49</td>
<td>52</td>
<td>59</td>
<td>62</td>
<td>66</td>
</tr>
<tr>
<td>Ras al-Khaimah</td>
<td>74</td>
<td>94</td>
<td>125</td>
<td>141</td>
<td>142</td>
<td>144</td>
<td>147</td>
<td>152</td>
<td>159</td>
<td>165</td>
<td>172</td>
<td>181</td>
<td>187</td>
<td>195</td>
<td>208</td>
</tr>
<tr>
<td>Fujairah</td>
<td>32</td>
<td>44</td>
<td>60</td>
<td>68</td>
<td>76</td>
<td>76</td>
<td>78</td>
<td>83</td>
<td>89</td>
<td>94</td>
<td>100</td>
<td>106</td>
<td>112</td>
<td>118</td>
<td>126</td>
</tr>
<tr>
<td>Total</td>
<td>1044</td>
<td>1300</td>
<td>1844</td>
<td>2083</td>
<td>2230</td>
<td>2411</td>
<td>2443</td>
<td>2652</td>
<td>2834</td>
<td>3033</td>
<td>3247</td>
<td>3488</td>
<td>3754</td>
<td>4041</td>
<td>4320</td>
</tr>
</tbody>
</table>

Source: Ministry of Planning, U.A.E.
Emirate-wise Population trend in the United Arab Emirates
Although Islam is a source of legislation, it is not strictly applied in business as it is in some other Middle Eastern countries. The UAE has a growth rate of 1.6 %, birth rate of 18.7 / 1000, infant mortality rate of 15.1 / 1000 and life expectancy of 75. The density per sq mi is 79. The literacy rate is approximately 78% (2003 est).³

Table 2.1 shows us the population trend in each of the emirates from the year 1980 to 2004 whereas Fig 2.2 is a graphical representation of the population in UAE. The population of Abu Dhabi has increased from 4,51000 in 1980 to 17,02000 in 2004 almost four times its size. Similarly, the population in Dubai has increased to 12,88,000 in 2004 from 2,79,000 in 1980. Sharjah has recorded an increase of 5,19,000 people in the last 13 years. The population of Ajman has grown 6 times its volume since 1980 amounting to 2,51,000. The population of Umm-al Qaiwam, Ras al-Khaimah and Fujairah has increased by 54,000, 1,34,000 and 94,000 in the past thirteen years, since 1980. It is observed that the population growth has been constantly rising over the period of years which indicate the development and progress of the United Arab Emirates as a prosperous destination with a booming economy.

2.6 Economic Overview of the United Arab Emirates

The UAE economy is primarily based on oil and gas commodities and fluctuates with them accordingly. They were almost wholly dependent on certain activities such as pearl fishing and trading, fishing, trade, agriculture, grazing and some handicraft industries. Each Emirate differed from the other by its relative dependence on special economic resources. Since 1957 and onwards, oil and its related industries have become the backbone of the UAE economy.
The transformation the country has undergone since gaining its independence in the early 1970s has been considerable. The UAE today is an exceptionally modern country with a high standard of living. Industries in the UAE include petroleum, fishing, petrochemicals, construction, boat building, pearling and some handicrafts. The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Its wealth is based on oil and gas output (about 33% of GDP), and the fortunes of the economy fluctuate with the prices of those commodities. UAE’s cost of living is lower than most comparable countries like Singapore etc. The UAE economy is less dependent on oil exports when compared to other countries in the region. The strength of the UAE’s foreign reserves and international investments serve as a guarantee of the stability of the dirham, and this position is upheld by the relative strength of oil prices UAE Ranks 14th in the 2001 World Index of Economic Freedom. UAE shares this rank with 5 countries (Austria, Canada, Denmark, Estonia and Japan. UAE has the third largest oil reserves in the world, however, oil contributes only one third of the total GDP.

2.6.1 GDP Growth in UAE at Current and Real Prices

Fig. 2.3 and Fig. 2.4 show the GDP at current prices and Real GDP growth during 1990-1999.
It is observed from Fig. 2.3 that in 1990 the GDP of UAE showed a slow growth rate until the year 1993, wherein the GDP amounted to 131.7 billion DHS. Post 1993 the chart shows a constant growth in GDP. In the year 1999 the GDP of UAE took a steep leap showing the GDP at 181.5 billion, thus showing the tend of economic growth in UAE. Hence it can be concluded that the economy of UAE has shown a very prospective growth rate which in turn is an influencing factor for increased foreign trade.
Fig. 2.4 illustrates the percentage growth of Real GDP in UAE. In the year 1990, the GDP of UAE showed productive growth in the GDP percentage of UAE which amounted to 11.9%. From the year 1991 to 1995 it showed a negative growth rate. In the year 1999 the chart showed a steep leap in the growth of the GDP percentage of UAE, which was recorded at 6.7% compared to the year 1995 where the GDP showed a negative growth. Thus the GDP percentage has shown a diversely fluctuating growth rate during the period 1990 to 1999.

The traditional occupations of fishing and pearling are still practiced. The economic policy of the UAE is based on safeguarding and respecting the individual freedom in ownership of the means of production, practicing any type of business activity and providing all facilities for that purpose. There are no restrictions on
imports and exports except some minor customs and administrative duties. Imports include food, textiles and garments, manufactured goods, machinery and chemicals.

UAE hosts various trade and tourism development programmes all year through. The Dubai Shopping festival is one such prominent name which attracts visitors from all across the globe. Apart from such festivals, UAE hosts a number of Trade Fairs and exhibitions in order to facilitate progress and development. One such fair is ‘MOTEXHA’ which apparently is the Middle East’s largest Garment, Textile, Leather & Accessories Trade Exhibition, and is held in Dubai every year.

The currency of UAE is the Dirham (AED). The exchange rate being, 1 US Dollar ($)= 3.67 UAE Dirhams (AED) (as on 02/01/2003). The internet suffix for UAE is ‘.ae’

2.6.2 Industries in the UAE

Economic diversification is being actively pursued by the government for establishing environmentally safe, high technology and capital intensive industries manufacturing high value products. Oil, chemicals, plastic, crude metal, metal products, textile, leather, foodstuffs, tobacco, printing and publishing are thriving industries. The free zones have attracted a large number of foreign companies to set up manufacturing and service units here.

The government is very keen to develop non-oil manufacturing in pursuit of its policy of controlled economic diversification. The establishment of high technology and capital intensive industries manufacturing high value products, while
protecting and maintaining the environment forms the basis of the governments strategy towards promoting industrial growth. UAE has become the third most important re-export center in the world (after Hong Kong and Singapore). In fact re-export trade provides a substantial one-third of the entire trading sector in the UAE. In Dubai, where a large part of the re-export trade is concentrated, it forms an even greater proportion of that emirate's total income. Dubai is a major transshipment center for a variety of food products. It is estimated that about 60 percent of total UAE food imports are re-exported to other destinations, primarily other Gulf countries, Iran, India and increasingly the former Soviet Union.

2.6.3 Business Opportunities and International Trade in the United Arab Emirates

The UAE is one of the booming markets in the Middle East. Doing business here is very attractive as the tax free options and the legal formalities are not embroiled in extensive red tape found in other countries. The most important requisite of business here is to be in constant touch with the market as word of mouth is the fastest way of opportunities passing around. Fig. 2.5 and Fig. 2.6 present the total import and export trend of UAE during the period 1990-1999.

Fig. 2.5 illustrates the import trend for the period 1990 to 1999. The imports for the year 1990 amounted to 11.69 billion USD. In the year 1993, the imports took a steep leap, showing an increase of 6.06 billion USD as compared to the year 1990. In the year 1999 the imports showed a tremendous increase, which amounted to 28.33 billion USD. Thus the imports of UAE have shown an increasing growth trend which
emphasizes its potential to evolve as a crucial player in the global market. Readymade Garments are one of the major items in export trade.

Fig. 2.5

Total Imports of UAE [FOB], $ billion

UAE is a long standing commercial and business hub of the Arabian world, is the third major re-export centre in the world after Singapore and Hong Kong. Thus the U.A.E market is important for the opportunities it provides as a major sourcing centre for important markets such as Iran, Iraq, Africa and the CIS countries (Commonwealth of Independent States) to name a few.

Fig. 2.6 illustrates the total exports of UAE from the year 1990 to 1999. In the year 1990, the exports amounted to 21.25 billion USD. The chart shows an increase in the growth of exports, by 2.06 million USD in the preceding year that is 1992. In the year 1994 the exports decreased by 1.59 million USD as compared to the year 1992. From the year 1995 to 1999, the chart shows steep growth in the total export amounting to 32.28 million USD. It can be analyzed that the exports trend has been satisfactory and that UAE can increase its potential for growth in this sector thus facilitating the overall growth of the Middle Eastern economy.
The import trend of the United Arab Emirates for the year 2003 can be seen from Fig. 2.7. Japan ranked number one in the imports of UAE, whose imports amounted to 4,136 million USD. USA ranked second and its import amounted to 3,625 million USD. China, ranked fourth, its imports amounted to 3003 million USD. UK ranked fifth with its import amounting to 2,885 million USD. Indian ranked sixth in the import trend of UAE with 2,573 million USD. Countries like South Korea, France, fellow GCC countries and Benelux' import trend were almost similar, between 1,900 to 1,250 million USD. There were still the other countries like Australia, South Africa, Italy, Canada and Brazil, whose import trend for the year 2003 was low amounting from 550 to 193 million USD. The collective import from other countries amounted to 11,260 million USD.

Trade practices in UAE are in line with normal international standards. UAE is a member of the World Trade Organization (WTO), the Arab League, the Gulf
Fig. 2.7

Import Trend of the United Arab Emirates [2003]
Co-operation Council (GCC), the United Nations (UN), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the International Monetary Fund (IMF), the International Labour Organization (ILO), the International Bank for Reconstruction and Development (IBRD), the World Health Organization (WHO), Organization of Petroleum Exporting Countries (OPEC), the Organization of Arab Petroleum Exporting Countries (OAPEC), the Arab Bank for Economic Development in Africa (ABEDA), the Arab Fund for Economic and Social Development (AFESD), the World Intellectual Property Organization (WIPO), the Non Aligned Movement (NAM), the International Atomic Energy Agency (IAEA), the Organization of the Islamic Conference (OIC), the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) and the Group of 77.7

The UAE market is very open and competitive. The share of foreign trade in its GDP is nearly 150%. The top three export partners of UAE are: Japan, India and Iran. The commodities mainly exported are mineral fuels & oils, pearls & precious stones, electric & electronic equipment, and vehicles. The top three import partners are: India, China and Japan. UAE mainly imports pearls & precious stones, machinery, electric & electronic equipment, and vehicles. Only importers who have appropriate trade license can undertake imports into UAE. It remains the most attractive, growing business center between the Mediterranean and India.

India’s exports to the UAE are well diversified with a large basket. The major items of India’s exports to UAE have been RMG (readymade garments) cotton,
including accessories, manmade yarn, fabrics and made ups, jewellery, marine products, manufacturers of metals, machinery and instruments, plastic and linoleum products, tea and meat preparations etc. Similarly, major items of imports from UAE include petroleum and petroleum products, gold and silver, metal ores and metal scrap, sulphur and unroasted iron pyrites and pearls, precious and semi precious stones.

Some of the treaties India has signed with the U.A.E. are:

- **Defense Co-operation Agreement**: To provide for co-operation between India and UAE in matters related to security and defence and for annual meetings of strategic dialogue.

- **Channel Carriage Agreement**: To provide for the down-linking and distribution of DD World signals in the UAE through E-Vision’s cable network, signed between the Directorate General of Doordarshan Broadcasting Corporation of India (Prasar Bharati) and the Emirates Cable TV and Multimedia LLC (E-Vision).

- **Extradition Treaty, Mutual Legal Assistance Treaty in Criminal Matters & Mutual Legal Assistance Treaty in Civil Matters**: To provide for Extradition and Mutual Legal Assistance in Civil and Criminal Matters

- **Information Cooperation Agreement**: To provide for cooperation and exchange of news, signed between the Emirates News Agency (WAM) and the Press Trust of India (PTI).

- **Agreement on Juridical and Judicial Cooperation in civil and commercial matters**: To provide for Juridical and Judicial Cooperation in Civil and Commercial Matters.
Agreement to Combat Trafficking in Narcotic Drugs and Psychotropic Substances: To provide for exchange of information through nodal agencies on smugglers, suspects, financiers, organizers and those involved in trafficking of narcotic drugs and psychotropic substances.

Civil Aviation Agreement: To provide for establishing air services between and beyond India and the UAE.

Cultural Agreement: To provide for Cultural Exchange Programmes. The last Cultural Exchange Programme under this agreement covered the years 1994 to 1996.

Framework Agreement: To develop Industrial Relations.


Memorandum of Understanding on Manpower Sourcing.

Memorandum of Understanding for Technical Cooperation between Bureau of Indian Standards (BIS) and Emirates Authority for Standardization and Metrology (ESMA).


Memorandum of Understanding for Assistance and Mutual Cooperation on the Exchange of Information between Securities and Exchange Board of India and Emirates Securities and Commodities Authority.
2.7 Conclusion

From the above UAE profile, it can be concluded that;

1) The United Arab Emirates (UAE) or Al Imarat al Arabiyah al Muttahidah is a federation of Seven Emirates that was formed on Dec 2, 1971.

2) The Seven Emirates include Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Ras al Khaimah and Umm al Quwain.

3) UAE lies within a sub tropical zone with very hot summers, high humidity, mild and pleasant winters. UAE is embedded in an area of 77000 sq. kms excluding the small dependent islands. There are no permanent rivers and rain is very scare.

4) UAE has a growth rate of 1.6%, birth rate of 18.7 per 1000, infant mortality rate of 15.1 per 1000 and life expectancy of 75. The density per sq. m is 79 and the literacy rate is about 78%.

5) The population was 1044 thousand in 1980. It increased to 1844 thousand in 1990 and further to 4320 thousand in 2004 respectively.

6) The UAE economy is primarily based on oil and gas commodities each.

7) Each Emirate differed from the other by its relative dependence on special economic resources.

8) In GDP at current prices of UAE, has increased from Dhs.126.0 billion in 1991 to Dhs.181.5 billion in 1999. In real, the GDP growth rate increased from 6.7 % to 24% in 1999.

9) Economic diversification is encouraged by the government actively

10) Readymade garment is one of the major items among imports.