

Chapter 2

UAE Goes Global

Abstract The inhabitants of the area now known as the UAE were successful business people, trades people, and administrators well-connected with their regional counterparts, long before the discovery of oil. The UAE transitioned from a traditional economy to the modern global economy in less than half a century, however, the rapid economic growth brought about socio-economic shifts including a demographic imbalance in which UAE nationals comprise less than 20 % of the total population and only about 10 % of the workforce. Diversification efforts were instituted from the early days of nationalization to allow the country to maintain a prosperous economy even after the oil revenues stop flowing. Federally funded public works and extensive infrastructure development provided the elements needed to create a safe and attractive work and living environment that attracts business people, tourists, and expatriate employees from counties around the globe. Film crews have used the UAE as backdrop for well-known productions. Sporting events, concerts, art shows, and other entertainment are held in world class venues around the country in addition to educational conferences, seminars, and training courses. Foreign investment-friendly economic policies combined with the establishment of free-zone areas have encouraged multinational companies of all sizes to set up regional hubs or headquarters in the UAE. Even though the UAE faces challenges, in a troubled region surrounded by counties experiencing economic turmoil and issues related to uneven distribution of wealth, the UAE stands as example of openness and prosperity.

Keywords United Arab Emirates (UAE) unemployment • UAE labor market

2.1 The Transition from a Traditional Economy to a Global Economy

Rapid economic and social progress in the UAE cannot be attributed solely to the discovery of oil. There are numerous examples of oil exporting countries that have not achieved a similar level of modernization and social progress. The inhabitants

of the area now known as the UAE were successful business people, trades people, and administrators, well connected with their regional counterparts, long before the discovery of oil. This chapter describes the transition from a traditional economy to the modern global economy that the UAE has become and points out opportunities and challenges associated with the transition.

2.1.1 Overview of Pre-oil Society

From the early years of the nation, the leadership of the UAE had a vision of using the oil proceeds to upgrade the economy and improve the lifestyle of the people and is clearly spelled out in the *UAE Vision 2021* document (Government of UAE 2010b). The method for achieving success was by *upgrading and modernizing* the familiar economic practices previously followed for thousands of years. The familiar process consisted of anchoring the economy on one main economic product, natural pearls in the pre-oil days, then using the proceeds to support ancillary industries and promote trade. Proceeds from the main economic product and trade were then used by the leadership to drive public works and establish social services. For thousands of years, natural pearls were seasonally harvested and served as the backbone of the regional economy. The pearl industry supported active trading bases and promoted contact with other regional trading partners. These practices were a part of the economic and cultural fabric of the region mentioned in century's old written texts and practiced until the natural pearl market collapsed in the early 1930s (Davidson 2005; Smith 2008).

The inhabitants of the region devised ingenious ways to maximize the other meager resources available to them in the arid and inhospitable desert environment. Inhabitants of the region adapted to the lack of rainfall in the desert climate by utilizing underground water sources obtained from wells. Underground water was transported to settlement areas inland and near the coast and to agricultural areas in sophisticated irrigation systems known as *wadis*. Oasis areas provided with irrigated underground water were able to produce seasonal fruits, vegetables, and grains. Securing and transporting water from underground sources enabled continuous inhabitation of the region for millenia even though the UAE has no naturally occurring surface water (Magee 2014; Sherif et al. 2012).

Surviving in adversity using the natural resources at hand is an attribute for which the inhabitants of the region were well known (Al-Sayegh 1998). Dates were used as a food source well suited as sustenance for overland travelers or as a dietary supplement for seafarers. The palm fronds were used as construction material for houses, ropes, and other household items. The main dietary staple came from the abundant fish and sea life along the coast. Animals such as camels, goats and sheep were used for meat and milk. Although camels were used for milk and sometimes for food, they were most importantly used for transport in the harsh desert environment. The inhabitants of the region were for the most part self-sufficient and

used the revenues from pearling and trade to purchase items such as textiles and rice that they could not produce locally themselves (Magee 2014; Potts 2001).

The contributions of women in the traditional society were well acknowledged with women empowered to run families when men were frequently away traveling for trading purposes or off-shore during pearling season (El-Saadi 2012; Heard-Bey 2001; Sonbol 2012). It is not surprising that the leadership of the country integrated women fully in the development process by making education of both genders mandatory up to 10th grade, by establishing post-secondary institutions specifically for Emirati women, and by legally empowering women to work outside the home (Al-Sayegh 2001; Government of the UAE 2010b).

Throughout the history of the region tribal rulers collected a share of the revenues from pearling, fishing, trading, and other economic activities, exemplifying an early form of rent-gathering. In exchange, they provided protection and administrative services for their constituencies (Al-Sayegh 1998). Experience with the early forms of rent-gathering and administration provided the training and expertise needed for negotiating interests and managing the economic and social transitions that occurred after the discovery of oil. For these reasons and others, the area now known as the UAE has been a prosperous area, continuously inhabited for thousands of years, and well connected with the other civilizations in the region (Jasim 2012; Mansour 2013). With a bit of modernization and upgrading, the same attributes that contributed to the historic success of the region also enabled the country to achieve economic success in modern times.

2.1.2 Pre-oil Era Economics

The debilitating poverty experienced by inhabitants of the region in the pre-oil era, often written about by Western observers, was caused by a combination of factors. The economy suffered from the isolation that was imposed on the region while under protectorate status during the colonial period and the collapse of the natural pearl market. The indigenous people of the Trucial States, the name of the area now known as the UAE during protectorate era, were not allowed venture off-shore except for fishing and pearling without special permission from the protectorate government. In addition, the only permitted trading partners were the British East India Company and other approved companies, often to the detriment of their indigenous trading partners (Al-Qasimi 1988). The inhabitants of the Trucial States had no choice but to continue to practice their century's old traditional economic pursuit of pearling in isolation while the rest of the world experienced the industrial revolution and progressive modernization. With the economy so heavily dependent on one product, the collapse of the natural pearl market started the economic downturn that was exacerbated by the worldwide economic ramifications of the Great Depression and Second World War. The combined effects were devastating to the region, wiping out the fortunes and progress of previous generations (Al-Fahim 1995). A small amount of relief came when some of Trucial States rulers

received concessions for air landing rights and oil exploration rights from their protectorate governors (Al-Qasimi 2012). The modest new rentier wealth enabled Trucial States rulers to initiate a few public improvement projects aimed at upgrading the living standards of their people (Davidson 2005).

2.1.3 Nationalization Without Fanfare or Celebrations

In the days prior to unification, some experts seemed to doubt that the UAE could stand on its own, let alone prosper. In 1966, a few years before the British announced their plans to withdraw from the region, David Holden, an iconic Middle East news correspondent expressed his opinion that “there is no realistic possibility of the present Gulf rulers coming together of their own accord in any political group worth mentioning” (quoted in Davidson 2005, p. 48). Despite the seeming lack of confidence of some observers, when the withdrawal announcement was made in 1968, the rulers of the individual Trucial States led by the Shaikh Zayed Al-Nahyan, Ruler of Abu Dhabi, and Shaikh Rashid Al-Maktoum, Ruler of Dubai, united. The federation was signed into existence on December 2, 1971.

The process of nationalization occurred in the UAE with little attention from the rest of the world. Geoffrey Arthur, the British political resident present at the time of nationalization, remarked, “I do not recollect that a single special correspondent of a major Western newspaper, let alone a politician or statesman, took the trouble to attend the ceremony of its formation” (quoted in Davidson 2005, p. 49). Elderly citizens, interviewed for a study about life in the UAE before and during nationalization, indicated that even though they heard about nationalization efforts at the time by word of mouth or on the radio, they did not fully appreciate the significance of the event until much later (Abdulrahman 2013).

Although outwardly supportive, even the UAE’s partner in oil production expressed skepticism retrospectively. In a report released in 1977, the Undersecretary for Political Affairs of the United States of America, Joseph Sisco, admitted to a senate committee that “the United States had also expressed grave doubts about the UAE holding together back in 1971” (quoted in Davidson 2005, p. 49). Yet, despite skepticism on numerous fronts, the leadership set out to establish a nation that was uniquely Arab and Islamic and, at the same time, modern and integrated into the fabric of the global society (Ahmad et al. 2011).

2.1.4 Economic Growth Commences

After an economically stifling period of colonial isolation from the early 1800s to the mid-1900s, the British withdrew and country nationalized, around the same time that oil revenues began to flow (Heard-Bey 2005). The leadership used the new source of income to initiate massive public projects to start developing the physical

and social infrastructure of the country from the ground up. Roads were built, residential areas were developed, market areas were improved, communications systems were established, and the basic infrastructure was put into place to provide health care, education, other much needed social services (Al-Sayegh 1998). At the same time, policies and procedures from around the globe were studied and used in the development of the modern laws and legal system that now exist in the country (Rugh 2010).

The leadership effectively recalibrated the traditional economy by swapping out natural pearls, a product highly valued in the premodern global economy, for oil, a product highly valued in the modern world economy craving energy. Oil revenue was used to fund the major modernization efforts that facilitated trade and attracted international companies seeking to establish a presence in the MENA and GCC regions. Another part of the re-calibration included re-conceptualizing the tribal social structure using the notion of citizenship as a way to incorporate all Emiratis into one cohesive supersized extended family, a super tribe, with all receiving a share of the membership benefits (Heard-Bey 2005). Realizing the finite nature of oil as a main economic anchor and retaining vivid memories of the repercussions that followed the collapse of the natural pearl industry, the founding fathers of the country advocated diversification of the economy from the early stages of nationalization (Augustine 2014; Shuey 2016).

In forming the country, the leaders of the individual emirates consolidated their collective authorities to form a central government with specific powers including administration, protection, and managing natural resources assigned to it. The main ruling body of the federal government, the Supreme Council, included representation from all of the seven emirates. All powers not specifically delegated to the federal government were retained by the leaders of the individual emirates. The federal government prioritized upgrading the physical and social infrastructure needed to stimulate the national economy and sub-economies of each of the individual emirates and upgrade the quality of life for its constituents (Herb 1999).

During the massive growth and modernization phase, foreign labor was urgently needed at every skill and education level (Malit and AlYouha 2013). In the meantime, the leadership invested heavily in its most precious resource, the education of its people which is discussed later in more detail in Chaps. 8 and 9 (Heard-Bey 2001). The leadership of the country envisioned that as skilled Emiratis emerged from the newly established educational system, the educated Emiratis would be prioritized for employment, to contribute their skills and efforts to support the nation that provided them with so much, naturally decreasing the overall dependency on foreign labor (Government of the UAE 2016).

2.1.5 Preparing for a UAE Without Oil

Economic policies were put into place vigorously promoting an economic shift away from oil as the main GDP contributor (Al-Sadafy 2010). The goal was to

move toward a service-based knowledge economy with technology enabling productivity gains reducing the number of workers needed to sustain an acceptable GDP. At the same time, the economic diversification aimed at creating new jobs that would be attractive to nationals (Government of UAE 2010b). Preparations *for the day when the last barrel of oil is shipped from its shores* were announced by H. H. Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister and Vice President of the UAE after a retreat during which policy makers met to consider the economic future of the country (Shuey 2016). Discussed at the retreat were the sweeping restructuring efforts that were enacted to enable the UAE to better achieve its social and economic goals. The official UAE government website states that:

The UAE Federal Government is under the process of major structural changes. Several federal ministries, authorities and institutions are being ceased or merged. H. H. Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister and Vice President of the UAE and Ruler of Dubai announced these changes on 8 February 2016 through his official Twitter account as part of the three-day World Government Summit... In the new government strategy, the UAE will have a roadmap to outsource most government services to the private sector. (Government of the Future, n.d).

To improve government efficiency and enhance the efforts of Emiratization, structural changes have been applied to four ministries including the Ministry of Labor, renamed as the Ministry of Human Resources and Emiratization (MoHRE). The name change highlights the Ministry's continuous concern for all human resources in the country and emphasizes the special focus on Emiratization by dedicating a subsection to providing training and development opportunities for UAE national employees. Two recent decrees exemplify the MoHRE's commitment to Emiratization in the private sector by mandating that:

- all companies with 1000 or more employees employ Emiratis in data entry positions and
- all construction companies with 500 or more employees employ Emirati Health and Safety officers (Emirati Health 2016; Ministry mandates 2016).

2.1.6 Emiratization and Privatization as the Way Forward

Emiratization and privatization, according to the leadership of the UAE, are both needed as part of the overall labor market correction that must take place to create a sustainable economy. As stated on the UAE official website, many of the heavily subsidized public sector jobs will be privatized, thereby contributing to creating new jobs in the private sector. By assisting in the creation of desirable jobs through privatization, the UAE government hopes to aid in transitioning the collective social mindset away from preference for public sector jobs. It is further anticipated that dependence on foreign labor can be decreased by making progress toward establishing a knowledge-based economy with the desirable jobs created being filled by the increasing the indigenous population (AlWasmi 2014; Malit and AlYouha 2013).

Experts, including Behery (2009), explain that as the social and economic transitions more fully align with the emerging social and economic realities, Emirati unemployment rates will decrease because Emiratis will find more jobs that suit their skills and abilities at an acceptable salary. Oil revenues provided the means to rapidly modernize the physical infrastructure of the country in less than the lifetime of a person, but transitioning the collective social mindset and re-aligning private sector employment practices are proving to be longer and more complex processes.

2.2 Progress from Diversification Efforts

The *World Fact Book* (United Arab Emirates 2014) ranked the UAE as the sixth largest oil producing country in 2014 by virtue of exporting over 2.7 million barrels of oil daily. The only GCC country to top the UAE in 2014 was Saudi Arabia with over 6.8 million barrels of oil exported daily (Katzman 2010). The massive public projects and continual infrastructure upgrades funded by the oil revenues allowed the leadership to modernize the country and create an attractive business environment. To further invigorate private sector growth, the leadership of UAE established trade policies favorable to foreign investment including re-exporting and other private sector enterprises. The diversification strategy aimed at diversification at a federal level by providing the tools for diversification at the individual emirate level. Because the seven emirates vary widely in population density, geographic features, and available natural resources, the diversification strategy empowers the individual emirates to expand their own local economy utilizing their own strengths and resources to increase individual contributions to the GDP. At the same time, citizens in all seven emirates enjoy similar access to social and civil services provided by the federal government regardless of the GDP contribution of the emirate in which they live.

According to a recently released Standard and Poor's report, the diversification efforts seem to be working. The report states that "although the UAE remains highly oil dependent, it is the least vulnerable to oil price declines or export volume declines among the six GCC countries" having lowered its overall national dependence on oil exports by 15 % from 2001 to 2013 (Augustine 2014). In 2005 revenue from oil exports reportedly made up about three fourths (73 %) of the nation's GDP while more recent reports place oil exports at approximately 25 % of the overall GDP (Government of UAE 2016).

Presently, the emirates of Abu Dhabi and Dubai contribute the most revenue toward the GDP with approximately 60 % coming from the emirate of Abu Dhabi which contains the capital city and has the largest oil reserves. Dubai contributes around 29 % of the GDP with most revenues coming from the non-petroleum-related sectors including construction, manufacturing, trade, real estate, transport, storage and communication, and finance (Istaitieh et al. 2007). Chapter 3 examines the sub-economies of the seven emirates in more detail.

2.3 Surviving the Global Economic Crisis and Falling Oil Prices

The effects of global financial crisis in 2008 were felt around the world and, for some countries in the region, profoundly. However, the economy of the UAE was able to weather the storm by utilizing an economic cushion to absorb the most devastating effects of the crisis and minimize the negative impact on the economy. A summary of the effects of the global financial crisis is available in the *Analytical Report on Economic and Social Dimensions in the United Arab Emirates* (Government of the UAE 2010a). The report explains that in 2009, the UAE government

intervened through aggressive expansionary monetary and fiscal policies to cushion the adverse effects of the global slowdown by adopting counter-cyclical stabilization policies to generate aggregate demand and ensure that the banking system has enough liquidity to finance the economic recovery (Government of UAE 2010a, p. 10).

The report goes on to state that even with the liquidity policies in place, the global financial crisis took its toll on the real estate sector in Dubai. However, investments in projects such as the Dubai Metro, Burj Khalifa, and soft infrastructure enhancements such as the e-gov services initiatives have created efficiencies that offset the real estate sector setbacks.

The declining price of oil in the global marketplace continues to serve as a major challenge to economic growth in the UAE. During the crisis period, oil prices dropped drastically from 2008 to 2009 as shown in Table 2.1.

Oil prices rose to an all-time high in 2012 then plummeted to the lowest prices in more than a decade in early 2016. Later in 2016 the price of oil gradually began to rise.

With oil as a main economic product, the plummeting oil prices affected the GDP growth rates through the crisis period. Table 2.2 shows the transition in GDP growth rates in the UAE context as compared to the global context revealing that although the growth rates slowed considerably, the economy did not go into decline.

Table 2.1 Oil prices from 2002 to June 2016 (Statistica 2016; Oil-Price.net 2016)

Date	Price of oil/per barrel US\$	Date	Price of oil/per barrel US\$
2002	24.36	2010	77.38
2003	28.10	2011	107.46
2004	36.05	2012	109.40
2005	50.59	2013	105.87
2006	61.00	2014	96.29
2007	69.04	2015	49.49
2008	94.10	2016	27.63
2009	60.86	June 2016	48.00

Table 2.2 Global GDP growth during through global financial crisis (Government of UAE 2010a)

Year	Global GDP growth (%)	GDP growth in the UAE (%)
2007	5.5	11.1
2008	3.2	12.3
2009	-2.2	1.6

As shown in this subsection, the UAE faced financial challenges and pulled through by enacting policies designed to strengthen and interconnect the interests of the individual emirates.

2.4 Population Growth and Composition

Population numbers in the region have been affected by the economic status of the region as business people and migrant workers arrived to take part in economic prosperity and departed in times of economic hardship. Table 2.3 illustrates population growth and declines from the beginning of the twentieth century to the present.

The large number of migrant workers who immigrated to the UAE during the prosperous period of the pearling heyday are reflected in the estimated population figure for 1904. Following the collapse of the natural pearl market, many of the expatriate merchants and businesspeople returned back to their countries of origin. The population did not recover even half a century later in the population estimate just after the Second World War in 1950. The population decline in 1950 reflects not only the decrease in expatriate workers but also the high mortality rate of indigenous people mainly due to impoverishment and lack of modern healthcare and social services available at the time (Al-Fahim 1995; Al-Sayegh 2001).

Table 2.3 Population growth from the early 1900s to present (Kawach 2003; Macris 2015; Government of UAE 2011; UAE Population 1960–2016 2016)

Year	Estimated population
1904	80,000
1950	70,000
1968*	80,000
1970	232,000
1975	557,887
1985	1,379,303
1995	2,411,041
2005*	4,106,427
2010	8,264,070
2014	9,400,000

*1968 and 2005 are census figures not estimates

In the late 1960s, news of the economic opportunities in the early days of the oil era began to spread. Around the same time, the British lifted travel restrictions as they announced their 3 year plan to withdraw from the region beginning in 1968. As shown in Table 2.3, a massive population swell occurred with the population nearly tripling in the few years prior to nationalization. Rapid increases in population during the oil boom of the 1970s and the early 1980s occurred as mostly Arab expatriate workers migrated to the UAE, providing a timely and effective way of addressing the massive labor needs arising from rapid development (Yousef 2005).

In the early 1980s migrant workers from the Indian subcontinent arrived in increasing numbers, many of whom were willing to work for less compensation than their Arab counterparts (Weiner 1982). From the 1990s, the economy increased steadily through two Gulf Wars, declining oil revenues, and even through the Global Financial Crisis in the mid-2000s. The population roughly doubled every 5 years from 1970 to 2010 as shown in Table 2.3.

As the economy expanded in the late 1980s and early 1990s and became more integrated with the global economy, more English-speaking employees were needed. The preference for English speakers, especially in the private sector, continued to shift labor migration patterns with a marked decrease in Arab expatriate labor migration and an increase in migration of workers from the Indian subcontinent and Southeast Asia (Yousef 2005). Southeast Asian workers provided a low cost English-speaking alternative for skilled service sector labor especially in the hospitality, security, and medical sectors, as well as unskilled or low skilled domestic servants, drivers, cleaners, and laborers. So expansive was the inclusion of Indian subcontinent and South Asian workers in the GCC economies that the remittances sent back to home countries comprised a significant part of the national economies of the countries receiving remittances (Willoughby 2006). Remittances are discussed in more detail in Chap. 7.

In the mid-2010s, English-speaking African nationals were increasingly incorporated into the labor market to fill service sector jobs. The shift to migrant workers from African countries such as Kenya, Uganda, Nigeria, Uganda, and Comoros occurred because the improved educational opportunities in those countries produced workers who could function in English, the official language in many African countries, and who had basic computer skills (Matthews 2015). The shift from workers from the Indian subcontinent and Southeast Asia was partially caused by their own governments increasing regulations and establishing minimum wages making their nationals less attractive to employers in the UAE. Table 2.4 lists the minimum wages established by governments supplying large numbers of migrant workers to the UAE.

African nationals, many of whom were Muslim, faced with dire conditions in their own counties accepted the wages and increasing filled the void, especially in service sector jobs.

As the expatriate investors, business people, and workers arrived in the UAE to take advantage of the economic opportunities, a population imbalance occurred and previously mentioned in Chap. 1. Figures from the UAE National Bureau of

Table 2.4 Minimum salaries for established by migrant exporting countries (Dubai salary and pay scale 2016)

	Minimum monthly salary	Minimum monthly salary
County providing workers	AED	US\$
Bangladesh	750	204
India	1100	300
Indonesia	800	218
Philippines	1400	381
Sri Lanka	850	232

Table 2.5 Population composition from 2006 to 2010 (Government of UAE 2011)

Year	Total population	Expatriate population	Emirati population	Percentage of non-nationals (%)
2006	5,012,384	4,161,220	851,164	83.0
2007	6,219,006	5,341,265	877,741	85.9
2008	8,073,626	7,168,769	904,857	88.8
2009	8,199,996	7,266,615	933,381	88.6
2010	8,264,070	7,316,073	947,997	88.5

Statistics, *Population Estimates 2006–2010* (Government of the UAE 2011) show that although the Emirati population steadily increased from 2006 to 2010, the percentage of Emiratis in the total population steadily decreased during the same period as shown in Table 2.5.

World Bank (2014) figures were slightly higher estimating that by 2012 Emiratis comprised around 18 % (about 1.8 million) while expatriates comprised around 82 % of the country's estimated total population of about 8.2 million people, yet Emiratis still comprised less than 10 % of the workforce. All reports support the United Nations (UN) report that in 2013 “the UAE had the fifth-largest international migrant stock in the world” (Malit and AlYouha 2013). The impact of wage remittances of the large migrant population on the economy of the UAE is discussed in Chap. 7.

2.5 International Attention

Diversification efforts enabled the modern day UAE to become a popular destination for professional development, leisure activities, domestic and foreign investment, and expatriate employment earning international attention in multiple areas including professional development and academia, sports, and entertainment.

2.5.1 Professional Development and Academia

The UAE has become a popular destination for professional development and career enhancement activities. A wide variety of conferences, seminars, workshops, and international summit meetings are held annually in the world class venues on offer in the country. In 2016 more than 50 international conferences covering various disciplines were scheduled with even more planned for 2017 (UAE Conferences 2016).

The UAE attracts domestic and international students wishing to earn post-secondary degrees from the more than 160 private and public colleges and universities operating in the country. In recent years, prestigious colleges and universities from Europe and North America have established branch campuses in the UAE making a high quality Western education more accessible to Emirati and international students of the region (List of colleges 2016; Top Universities 2016).

2.5.2 Sporting Events

Major international sporting events have been held in the UAE in nearly every sport imaginable. For example, soccer fans viewed the FIFA Club World Cup 2010, the FIFA Club World Cup 2009, and the FIFA U-20 World Cup in 2003 broadcasted from the UAE (UAE to host 2015).

Table 2.6 lists a few of the international sporting events held the years 2015–16, along with the websites describing the specific events, demonstrating the variety of different sporting events held in the UAE each year.

Many sports competitions are held during the winter months to avoid the blistering summer heat. However, indoor temperature controlled facilities are available so that competitions can be run any time of year for variety of sports including football, tennis, swimming, ice skating, bowling, billiards, cricket, rugby, martial arts, and basketball. Outdoor endurance sports that attract visitors to the UAE include camel racing, kayaking through the mangroves, car rallies, golf, horse riding, polo, rock climbing, archery, and wide variety of water sports (UAE National Medial Council 2016).

2.5.3 Film Industry

In recent years, the UAE has attracted the attention of film-makers seeking interesting, iconic, and exotic backdrops for their productions. The Dubai Film and TV Commission estimates that more than 6000 feature films, television series episodes, commercials, and corporate videos have been produced in Dubai alone since 2005 (Filming in Dubai 2016). For example, episodes of popular

Table 2.6 Selected international sporting events held in UAE in 2015–16

Event	Source website
Dubai World Cup Horserace “World’s richest horserace”	visitdubai.com
HSBC Golf Championship	abudhabigolfchampionship.com
Dubai Sports World 2016	dubaisportsworld.ae
Dubai Tour 2016 Cycling Competition	dubaitour.com
Abu Dhabi Cycle Race 2	abudhabievents.ae
UM Class 1 World Powerboat Championship	class-1.com
Dubai Fitness Championship	dxbfithnesschamps.com
Nad Al Sheba Sports Tournament	nasst.ae
2016 Abu Dhabi Tour	abudhabitour.com
14th World University Chess Championship	wucchess2016.com
DP World Golf Tour Championship	dpwtc.com
Formula 1 Etihad Airways Abu Dhabi Grand Prix	yasmarinacircuit.com
Emirates Airlines Dubai Rugby Sevens	dubairugby7s.com
Mubadala World Tennis Championship	mubadalawtc.com

series *Top Gear*—A British motoring series, *The Bold and the Beautiful*—an American daytime soap opera, and *The Amazing Race*—an American reality TV program were filmed between the years of 2013–2014 (Most Popular 2016).

Areas of the county that have attracted feature film crews include the emirates of Abu Dhabi, Dubai, and Ras Al Khaimah. Productions have featured shots filmed in the emirate of Abu Dhabi including the metropolitan areas of the capital city of Abu Dhabi, salt flats in the desert, and the mountainous areas surrounding the city of Al Ain. In the emirate of Dubai, filming locations have included the commercial district of the city of Dubai and iconic structures such as Burj Khalifa—the world’s tallest skyscraper. The unspoiled natural areas of the emirate of Ras Al Khaimah have attracting film crews as well. Table 2.7 lists a few of the well-known Hollywood and Bollywood film productions featuring scenes filmed in the UAE in the last decade.

2.5.4 World Expo 2020

Attesting to the country’s economic growth and stability, the UAE won the bid to host the 2020 World Expo, frequently referred to in the UAE as Expo 2020, an international economic gathering to be held in Dubai from October 20, 2020 through April 10, 2021. The expo organizers expect to attract over 200 participants and experience over 25 million visits with around 70 % of all visitors coming from outside the UAE. The area chosen to house the expo consists of a 4.38 km² area

Table 2.7 Selected high profile movies filmed in the UAE (Fernandes 2005; Fitzgerald 2016; Most Popular 2016; Filming in Dubai 2016)

Name of film	Location/features
<i>Kung Fu Yoga</i> (2017)	Locations in Dubai
<i>Geostorm</i> (2017)	Dubai
<i>Independence Day: Resurrection</i> (2016)	Featuring Dubai including Burj Khalifa
<i>Airlift</i> (2016)	Abu Dhabi
<i>War Machine</i> (2016)	Several Abu Dhabi locations
<i>Star Trek Beyond</i> (2016)	Areas in Dubai featured as futuristic “vertical” city
<i>Dishoom</i> (2016)	Mountains in Ras Al Khaimah
<i>Ki and Ka</i> (2016)	Featuring Dubai Mall and fountain area in Dubai
<i>Star Wars: The Force Awakens</i> (2015)	Desert in Abu Dhabi
<i>Welcome Back</i> (2015)	Dubai and Al Ain
<i>Furious 7</i> (2015)	Abu Dhabi
<i>Diamond Necklace</i> (2012)	Dubai
<i>Mission Impossible: Ghost Protocol</i> (2011)	Famous Burj Khalifa scene with Tom Cruise
<i>Wall Street: Money Never Sleeps</i> (2010)	Dubai
<i>Race</i> (2008)	Shots from Al Ain, Jabel Hafeet Mountains
<i>The Kingdom</i> (2007)	Abu Dhabi

located in the Dubai South district located near Al Maktoum International Airport, one of two international airports located in the emirate of Dubai according to the Official Website for the Expo 2020 (Expo 2020 2016).

Construction contracts related to preparing for Expo 2020 include an extension of the Dubai Metro—a driverless automated above ground public transport system, and over 10.6 billion AED (US\$ 2.8 billion) in other major project contracts. Projects for Expo 2020 are expected to stimulate the construction industry still recovering from the economic downturn of 2008–2009. In a show of support for the World Expo 2020, private sector developers contributing to the Expo 2020 construction projects have committed themselves to complete their work ahead of the Expo 2020 preparation schedule (Fahy 2016).

Expo 2020 is anticipated to be a catalyst for entrepreneurial activity and apprenticeship opportunities for Emirati young people, so the leadership of the country plan to fully integrate the Emirati youth, especially young Emirati adults seeking employment, into the Expo 2020 preparation and events. Planned activities include roadshows and workshops at post-secondary institutions in the UAE to increase awareness of the ways in which potential job seekers may benefit from Expo 2020 and to build momentum for the event (Pamadero 2016).

2.6 Economic Development Indicators and Regional Corporate Business Hubs

Various economic achievements combined to earn the UAE international attention including achieving milestones in international economic indicators and increasing international economic rankings. For example, the UAE ascended from 27th to 12th in the Global Competitiveness Index ranking in only four years (Schwab 2014). Table 2.8 chronicles the year by year increase in rankings from the year 2011 to the year 2014.

With investment-friendly economic policies and the establishment of Free-Zone areas, the UAE has attracted the attention of multinational corporations seeking to expand into the Middle East and North Africa (MENA) and Gulf Cooperation Council (GCC) regions. Table 2.9 lists a few of the well-known multinational corporations representing a variety of industries that have established headquarters or regional hubs in the UAE.

Table 2.8 Global competitiveness index rankings (Schwab 2014)

Year	Rank (Total)	Score from 1 (Lowest) to 7 (Highest)
2014–2015	12 (out of 144)	5.3
2013–2014	19 (out of 148)	5.1
2012–2013	24 (out of 144)	5.1
2011–2012	27 (out of 142)	4.9

Table 2.9 International companies with headquarters or regional hubs in UAE (Revealed: Top 10 2015; Companies Move Headquarters 2015; Top 10 Firms 2011)

Company name	Sector
Bayt.com	Communications/technology
Continental	Manufacturing
Dulscos LLC	HR and industrial services
Fed Ex	Transportation
Global Hotel Alliance	Hospitality
Halliburton Co.	Energy
LuLu Group International	Foodstuff and retail
Marriott	Hospitality
Merck Serono	Pharmaceuticals
Microsoft Gulf FZ LLC	Communications/technology
Pepsi Co Asia, Middle East and Africa	Food and beverage
Pfizer	Pharmaceuticals
PricewaterhouseCoopers	Audit, assurance, business advisory services
SHUAA Capital	Financial services
Starwood Hotels and Resorts	Hospitality
Swiss-Belhotel International	Hospitality
THE ONE	Retail

2.7 Stability in a Troubled Region

Located in the MENA region, the UAE resides in an area full of political, economic, and social tensions. Neighbors to the northwest across the Arabian Gulf include the war-torn countries of the Levant (Syria, Lebanon, and Palestine) and Iraq. Just across the Arabian Gulf to the north lies Iran, isolated from most of the world for the last 30 years. Only recently have the global world players taken steps to normalize relations with Iran (Government of the United States of America 2016). Saudi Arabia, sharing many of the cultural attributes of the UAE, yet less of the social openness, borders on the south. Next to Saudi Arabia, located on the southern tip of the Arabian Peninsula, is Yemen, currently experiencing its own political unrest and social conflict (Dobbs 2016). Just across the Red Sea opposite the UAE are Libya, Egypt, Sudan, and Somalia, all of whom have experienced internal conflicts and issues related to unequal distribution of wealth. In contrast, the UAE has pulled through its nationalization and modernization processes as a moderate Islamic country that is economically strong and open to tourists, foreign investors, and guest workers (Rugh 2010).

Political instability and economic issues have prompted nationals from other countries in the region to migrate to the UAE to make a living. Therefore, both *pull* and *push* factors exist to engage migrant workers in the UAE labor market. As previously mentioned, migrant workers were being *pulled* into the UAE labor market lured by jobs and relatively high salaries. The recent turmoil in the region has also created *push* factors in which the job opportunities in local job markets in countries surrounding the UAE have diminished or in which safety and security issues have prompted workers to migrate to find a more stable living environment.

Facing severe difficulties in their home countries, many expatriate workers are willing to work long hours and accept substandard salaries just to have some type of income or to enable them to keep their families in a safe living environment. Unfortunately, according to some experts some companies may locate in the UAE to take advantage of the circumstances of the unfortunate people in the region by driving wages to the lowest possible level, or by increasing the working hours to the longest possible duration, or by expecting workers to forfeit holidays in exchange for overtime payments on a regular basis (Forstenlechner et al. 2012; Toledo 2013).

To assure a fair and equitable labor market, the UAE has established and strictly enforces the labor laws protecting both Emirati and expatriate workers. Labor regulations include *Article 65 of the UAE Labor Law* which states that “the maximum normal working hours for adult employees shall be eight hours per day or 48 hours per week” and *Article 67 of the UAE Labor Law* which states that if workers are requested to work more than normal working hours, i.e., more than 48 hours per week, then the extra hours must be considered as overtime hours with corresponding overtime pay. The law stipulates that overtime pay must be at least 25 % above regular pay (Bobker 2015).

Some employees complain that their employers violate the labor laws and expect their employees to work overtime hours regularly preferring to pay the overtime

differential to avoid the costs of hiring more employees. The government discourages this practice, and the Ministry of Human Resources and Emiratization (MoHRE) follows up on reported cases of forced overtime and imposes penalties on companies found guilty of doing so. The *Analytical Report on Economic and Social Dimensions in the United Arab Emirates 2009* states that:

The UAE authorities have aggressively investigated and prosecuted employers which violate UAE labor laws, have prohibited companies from doing business with recruitment agencies (both in the UAE and abroad) that charge workers fees for travel and/or employment visas and contracts, have substantially increased the number of inspectors responsible for overseeing the treatment of migrant workers by private companies, and have taken various actions to inform workers of their rights upon arrival to the UAE (Government of the United Arab Emirates 2010a, p. 59).

The combination of the excess labor supply, many of whom have extremely low expectations for compensation packages and working conditions, and the behaviors of companies who are willing to exploit such employees, skew labor supply and demand equilibrium. The result is a downward pressure on salaries in the UAE labor market (Forstenlechner et al. 2012; Toledo 2013).

2.8 Summary

Chapter 2 provides key examples of ways in which diversification efforts have provided avenues for the UAE to gain international attention, which in turn, increases employment opportunities in the private sector. Economic indicators were presented supporting the UAE's stable and growing economy and labor laws were briefly mentioned that safeguard the rights of UAE nationals and expatriate workers in the private sector in an effort to assure a fair and equitable work environment. Chapter 3 describes the sub-economies of each of the seven emirates emphasizing the diversification initiatives and private sector expansion in each.

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