

Our Thanks

First, I would like to extend a sincere thank you to the His Highness Sheikh Abdullah bin Zayed Al Nahyan, Foreign Minister; the Ministry of Foreign Affairs and UAE Embassy in Washington DC, for sponsoring our delegation to the UAE.

The UAE's growth over the past decade has been one of the most amazing and remarkable success stories in modern times. Our delegation had a unique opportunity to visit the inner workings behind this machine, gaining insights to the Emirates' business and education arenas. The delegation met with representatives of the private sector, the government, and the education sector in an effort to better understand the current issues and interests of the region.

The members of our delegation have pledged to disseminate what they have learned to our 90 World Affairs Councils around the country, and encourage follow-up trips to the UAE, as well as reciprocal visits by Emirati citizens to the United States.

We are pleased to put forward this trip report as both a summary of the meetings held during the trip and an expression of thanks to the sponsors of this trip. Thank you again!

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbara A. Propes', with a long horizontal flourish extending to the right.

Barbara A. Propes
President and CEO

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World Affairs Councils of America

ENGAGING GRASSROOTS AMERICA IN WORLD AFFAIRS

Our mission is to:

- Empower citizens to participate in the national debate on world affairs
- Build citizen support for American engagement in the world
- Stimulate communities to interact effectively in the global economy
- Help people relate their local concerns to global issues
- Improve international education locally, nationally, and internationally
- Foster international interests in America's young people
- Build alliances with counterpart organizations locally, nationally, and internationally
- Increase council professionalism by disseminating best practices

The Foreign Policy Association (FPA) and World Affairs Councils were part of the same system from 1918 until the early 1950s. The FPA began informally in the spring of 1918 with a small group surrounding Woodrow Wilson and included journalist Paul Kellogg. The initial group was concerned that with the end of World War I, Americans would choose an isolationist foreign policy over one of engagement. By 1947, this vision evolved into one of a national organization based on a network of independent community councils.

In 1986, the National Council of World Affairs Organizations (NCWAO) national office was established in Washington, DC. This office evolved into the World Affairs Councils of America - a commonwealth of 90 World Affairs Councils serviced by a national office that provides resources, as well as serving as the central agency of correspondence, and information exchange.

Each year the WACA supports the grassroots development of the council network. Our national conference allows policymakers to interact with World Affairs Council members in Washington, DC. Annually, the WACA hosts and works with local World Affairs Councils on the national championship Academic WorldQuest competition. The WACA also serves an important role representing the council network to the world at large, including foreign diplomats and the U.S. State Department.

While its structure may have evolved since 1918, WACA's goal of building a vital and diverse constituency within the American public on international affairs remains intact today.

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Ms. Maria Wulff, *President, World Affairs Council of Oregon, Portland, OR*

Member Councils

90 councils - 40 states

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Alabama WAC (Montgomery)

Southern Center for Int'l Studies
(Atlanta)

ALASKA

Alaska WAC (Anchorage)
Juneau WAC

HAWAII

Pacific and Asian Affairs Council

ARIZONA

WAC of Arizona (Scottsdale)

ILLINOIS

Chicago Council on Global Affairs
Peoria Area WAC
WAC of Central Illinois (Springfield)
WAC West Central Illinois
(Jacksonville)
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WAC of Sonoma County
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Indiana Council on World Affairs

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World Affairs Forum (Stamford)

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DISTRICT of COLUMBIA

WAC of Washington, DC

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WAC of W. Massachusetts
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WAC of Jacksonville
Naples Council on World Affairs
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Detroit Council on World Affairs
Great Lakes WAC
Int'l Affairs Forum (Traverse City)
WAC of W. Michigan (Grand Rapids)

GEORGIA

Savannah Council on World Affairs

MINNESOTA

Minnesota International Center
(Minneapolis)

MISSOURI

Int'l Relations Council (Kansas City)
WAC of St. Louis

MONTANA

WAC of Montana

NEVADA

Las Vegas WAC
Northern Nevada International Center
(Reno)

NEW HAMPSHIRE

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NEW MEXICO

Santa Fe Council on Int'l. Relations

NEW YORK

International Center of the Capital
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Foreign Policy Association
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NORTH CAROLINA

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International Affairs Council (Raleigh)
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OHIO

Akron Council on World Affairs
Cleveland Council on World Affairs
Columbus Council on World Affairs
Dayton Council on World Affairs
WAC of Greater Cincinnati

OREGON

WAC of Oregon

PENNSYLVANIA

WAC of Philadelphia
WAC of Pittsburgh
WAC of Greater Valley Forge
WAC of Greater Reading

RHODE ISLAND

WAC of Rhode Island

SOUTH CAROLINA

Columbia World Affairs Council
Charleston Foreign Affairs Forum
WAC of Hilton Head

SOUTH DAKOTA

South Dakota WAC (Brookings)

TENNESSEE

WAC of Tennessee (Cookeville)

TEXAS

Houston WAC
WAC of Greater Dallas - Ft. Worth
WAC of San Antonio
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UTAH

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WAC of Puget Sound (Seattle)
WAC of Spokane
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WISCONSIN

Institute of World Affairs (Milwaukee)

Delegates

Deb Bailey, Director, Global Corporate Communications
Steelcase Inc.

Judith A. Bell, President and Founder
Native American Business Development Center
President and Founder, Red Feather, LLC

Edward Cox, Partner
Patterson, Belknap, Webb & Tyler
Trustee, State University of New York, Fund for Modern Courts and the National
Heritage Trust
Commissioner, New York State Commission on Judicial Nominations

Ambassador Mark Johnson, Executive Director
World Affairs Council of Montana

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Foreign Policy Association (FPA)

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JMA Chartered
Board of Directors, International Relations Council of Kansas City

Ambassador Ronald E. Neumann, President and CEO
American Academy of Diplomacy

Michael Phillip, Vice President and Senior Financial Advisor
Merrill Lynch
Chairman of the World Affairs Council of California Central Coast

Barbara Propes, President and CEO
World Affairs Councils of America

Haneez Zattam, Executive Director
World Affairs Council of Columbia

Delegation Itinerary

March 15

9:30 -11 Zayed Mosque, largest mosque in UAE
11:30-1 UAE Center of Documentation and Research
2-3 Lunch
3- 9 Desert Safari

March 16

9- 10:30 Chamber of Commerce
11- 12:30 Women's Union
1- 2 Ministry of Trade
2:30-3:30 Lunch
4 – 9 Emirates Palace
- Welcome and UAE overview presentation
- Maryam Amiri, Executive Affairs Authority of Abu Dhabi.
- Remarks from Yousef Al Otaiba/other UAE government officials
- Tour of palace and Saadiyat Island exhibition and Islamic culture exhibition
- Dinner

March 17

9:30-11 MOFA
11:30-12:30 UAE Central Bank
1:30-3:20 High Technology of Education
7-9 Shangri-La Hotel

March 18

8:30–9:30 Abu Dhabi National Oil Company
10-11 Abu Dhabi Investment Authority
11:30-1 UAE National Council
1:30-3 ECSSR
3:15- 4:15 U.S. Embassy
5-5:30 Palace of the Crown Prince, HH Mohamed bin Zayed in his public *Majlis*
7:30-9 Dinner cruise in the Abu Dhabi Waters

March 19

9-10:30 Dubai Media City
11-12:30 Visit Dubai Ports and Customs
1-2:30 Dubai International Financial Center
2:30-3:30 Lunch
4-5 Burj Al Arab
7:30-9:30 Dinner with American Business Council Members

March 20

9-10:30	Dubai Museum
11-1:30	Dubai Heritage Village
2-3:30	Tour Old Dubai City
4-5:30	Jumeirah Palm
7-8	Ski Dubai

Abu Dhabi Chamber of Commerce & Industry

Ahmed Hassan Mohamed Al Mansouri, Director General

Ahmed Hassan Mohamed Al Mansouri welcomed the WACA group. Ambassador Ron Neumann introduced the WACA delegation and explained the mission and the role it plays in foreign relations education in cities across the nation. Michael Phillip welcomed the group.

The director general highlighted the effects of the positive business environment in Abu Dhabi. Abu Dhabi GDP had been dominated by oil and gas business for decades. The government has been taking initiatives to transform the component units of the GDP by placing more emphasis on the non-oil sector. Additionally, it has put in place significant economic freedoms and ease for owning and growing business with the objective of unleashing entrepreneurial potential and increasing innovation and business dynamics. As a result, the current contribution from the oil and gas industries is only 35% percent of the GDP. This transformation is not accidental but thanks to deliberate action on policies and enabling infrastructure.

Another significant area where government and industry groups played a key role is in the emphasis on education. Without developing and retaining local talent that is suitable for diversified growth there is no sustainability for an organic growth of the business and industry. Opening of education centers, assistance to local citizens for higher education abroad, and enhancing opportunities for those who come out of training really helped overall growth in the non-oil sectors. Everyday, more and more highly educated citizens are entering services and business.

“Abu Dhabi’s political leadership and nature of governance based on traditional values, economic freedom and empowerment are a good complement to government and industry. Government policies are not intrusive and are only overseeing as a regulator. This is more an entrepreneurship society and that is driving this economy”. Said Mr. Al Mansouri said.

Mr. Al Mansouri introduced Ms. Raja Easa Saleh Al Gurg, President of Dubai Businesswomen’s Council and an extremely successful entrepreneur at the helm of 24 companies with multi-billion dollars in annual revenue to offer comments on the state of women enterprises and the chamber’s involvement in promoting women-owned enterprises. She highlighted the contribution of the small businesses to the UAE economy and meaningful engagement of women in the business community. She indicated that 43% of all businesses in UAE are small businesses and women-owned businesses are steadily increasing.

“There is more excitement and enthusiasm among women to start and grow businesses due to a friendly environment created by the government. The representation of more women entrepreneurs to meet with WACA leadership mission is in itself a great testimony to that fact,” she said. She presented a snapshot of pertinent figures that highlighted the tremendous transformation in the business participation by women as follows:

- There are 11,400 women owned businesses in Abu Dhabi
- 22.5 % of those who work for government are women

Ambassador Ron Neumann inquired how Saudi women and their participation in the economic infrastructure are different from what is in the UAE. In reply she said “Muslim religion has two dimensions - religious and traditional. In Saudi women you see more tradition - they are overly conscious about the practice of traditions”. She added that “One of the Prophet’s wives was a business women and another was a consultant”. The leadership of any Muslim country makes a difference. The leadership’s attitude to women and their economic participation in Saudi Arabia is different, although it is changing slowly. For example, the reform of women’s driving rights is a change in the right direction. By contrast, in Kuwait, there is an apparent clash between women and men on many business and governance issues. “Here women and men work together and complement each other,” she said.

Fatima Al Jaber, the Deputy Chairman of the Abu Dhabi Business Women’s Council, runs business operations with gross sales over \$ 4 billion dollars. She noted that there is significant change in the outlook of UAE women in business today. “More and more young women are entering the business world. She herself had been in business for 18 years in Abu Dhabi” she proudly said. Ms. Azza Al Qubaisi, a jewelry maker and designer is thriving on the theme of “made in UAE” products and crafts.

Mr. Mohammed A. Kanfash Al Neami sounded alarm at the negative economic impact of the low dollar on the UAE economy and the region. In his opinion, the situation is hurting their economy in terms of inflation. He does not believe that the stimulus package that has been recently initiated by the U.S. Congress is going to work. He believes that the low dollar and the weak economy in U.S. are going to negatively impact the whole world.

The ADCCI has the following major responsibilities: business memberships, trade delegations, seminars, exhibitions, research, awards for excellence, promotion of women in business and training. Application and use of information technology tools have increased its membership from 41,768 businesses in 2002 to 63,000 in 2007. Presently, ADCCI has 13 branch offices.

Integration of information technology into the chamber in order to enhance their services had been a great advantage for its members. Application systems, training, internet and SMS service, imaging, work flow, web-based services, etc. has been a great opportunity for its members to increase their business and promote effective networking. The website has a significant amount of information laid out for the use of its members and to the public. The potential users of the information are local and international businesses.

They have international classifieds and links to foreign trade agencies, contractor classifications of the UAE, tender listing etc. The members of ADCC have access to the member services through user ID and password. The websites recorded 60 million hits in 2007, up from 8 million in 2002.

Michael Maibach inquired about the common market of the region. The director general indicated that various efforts are under way to explore the possibilities of that. Mike Phillips noted that the U.S. is going through the presidential election cycle, and asked if the delegation has to take a message back to U.S. presidential candidates what that will be. "Resolve the conflicts through peaceful means" the director general said. He said that UAE respects the Americans, but our nation's foreign relations policies need to have a human element to it. When the U.S. connects with the people of other countries, it will change the image of U.S. in the minds of those people. "Our children have to remember the U.S. as a peacemaker in the world and not a warmonger" said Fatima Al Jaber.

General Women's Union

Our Experience

We were greeted and provided an audio visual of the multitude of programs and services offered by the General Women's Union. We then visited the following areas that are housed at the General Women's Union on our tour:

Al Jawhara Gallery: A gallery that exhibits the numerous memorial medals, decorations and shields awarded to H.H. Sheikha Fatima Bint Mubarak from international, Arab and local organizations

Activities Center: This newly established center looks after a variety of activities and administratively belongs to the General Women's Union. This Center includes a theatre holding about 200 women, and is equipped with necessary facilities for holding training programs, lectures, workshops and for playing different theatrical shows. In addition, the center also includes a versatile hall which is used to hold training programs, conferences, lectures and symposiums.

Handicraft and Environmental Industries Center

The Ministry of Labor and Social Affairs issued a decree in 1978 to establish it. The Handicraft and Environmental Center is located in the General Women's Union. The center's goal is the development and maintenance of heritage and protecting it against extinction. They also work to establish a cultural base in the society that is acquainted with the heritage and environmental issues.

Training for young women is provided with the goal of creating job opportunities for handicraft and folklore art workers in the field of production. It aims to benefit them as well as to contribute to the maintenance and preservation of the country's heritage and traditions

The center includes several ateliers specialized in traditional industries, folklore products and henna drawings accommodating about 130 workers involved in protecting heritage and preserving it against extinction. These ateliers include:

Palm Leaves Atelier: This is an industry in which palm leaves are used in the production of some domestic appliances such as straw mats, praying mats and table cloths.

Traditional Embroidery (Al Tally) Atelier: Workers use strips decorated with intermingled colored threads for decorating women's traditional cloth.

Wool Weaving (Al Sadou) Atelier: This is considered to be the most important industry in the center where wool is used in the production of old carpets on looms including Al Ashiriya, Al Saha, Al Khorj, Al Bitan, Al Riwaq, Al Tarabish and Al Masaned types.

Textile Atelier: In this atelier some advanced and well developed carpet pieces are produced using horizontal looms.

We had the opportunity to visit each of these areas and to participate if we choose. The center also houses a small retail center where women are able to sell their crafts and artifacts to the visiting public.

Additional Background

Her highness Sheikha Fatima Bint Mubarak, the wife of His Highness the late President of the United Arab Emirates is the president of the General Women's Union. She is considered to be the pioneer of women movement in the U.A.E. The General Women's Union which was established in 1975, is often viewed as the beginning of great changes in the life of U.A.E. women.

The approach successfully introduced by Her Highness Sheikha Fatima in the field of women's work is characterized by striking a balance between endeavoring to open up to the modern age and spirit of innovation while maintaining Arab indigenous traditions, customs and Islamic teachings. This is out of her belief that maintaining the cultural special character is the only way to achieve progress and development.

Through its members, the General Women's Union seeks to develop U.A.E. women in all cultural, social, economical and political fields. The specific goals include:

- Raising Arab women's spiritual, cultural and social standards so as to be able to contribute to their countries development guided by the instructions and values of the Islamic religion.
- Expansion of women activities all over the U.A.E.
- Establishment of continuous and periodical contacts and communications with Arab women associations, and representing member associations in all Arab and international annual women conferences and meetings.
- Forming a committee structure that effectively contributes to the achievement of its goals and the highlighting of the prominent role played by women in all fields in the U.A.E.

Committees Include:

Religious Committee: This Committee supervises religious activities such as lectures, religious celebrations, philanthropic projects, fund raising and issuance of religious bulletins and pamphlets.

Cultural Committee: This Committee has the responsibility of cultural activities and organizes different lectures and issues cultural bulletins.

Arts Committee: This Committee organizes specialized artistic exhibitions and various training courses in drawing, sculpture, internal decorations and tailoring and other opportunities to develop artistic talents.

Social Committee: This Committee participates in the organization of symposiums and training courses shedding light on many family issues and identifying suitable solutions through social programs.

Health Committee: This Committee aims at raising women health awareness standards through the organization of specialized symposiums and lectures in cooperation with the Ministry of Health and Motherhood and Childhood Care Centers.

Sports Committee: This committee undertakes the organization of training programs covering a variety of sports, such as chess, ping pong and aerobics.

Heritage Committee: This committee aims at the collection and maintenance of heritage and introducing it to the society as well as raising women's economic standards by introducing them to the field of heritage handicraft production and work.

Public Relations Committee: This committee provides the society with General Women's Union news and social objectives through symposiums, bulletins and cooperation with local departments and Federal ministries.

The General Women's Union has created a number of centers for achieving its objectives and these include:

- Studies and Research Department
- Parent – Child Visitation Office
- Employment Office of National Women Graduates
- Social Culture Center
- Library
- Activities Center
- Information Training Center

- Handicraft and Environmental Industries Center

Additional information: www.wu.gov.ae/

Ministry of Economy

Mohammed Ahmed Bin Abdul Aziz, Undersecretary of Ministry of Economy

Aref Al Farra, Senior Economic Advisor

Ali Hassan Al Marzouqi, Manager/Strategic Planning & Performance MGT

The United Arab Emirates has seen a dramatic shift in its growth and economy in the last fifteen years. Emirate citizens as well as the rest of the world have witnessed the UAE move from a pre-industrial to a post-modern age in less than a couple of generations. The immense and quick growth of the region is almost too extensive and complex to grasp. In this specific meeting we discussed and learned about the UAE economy, the economic success stories, and the advantages of Investment in the UAE “free Zone.”

Mr. Mohammad Ahmed Bin Abdul Aziz, Undersecretary of the Ministry of Economy in Abu Dhabi, opened up the meeting with an interesting statistic. Mr. Aziz stated that only 35% of the UAE's GDP comes from crude oil and that 65% is from the non-hydrocarbon or non-oil sectors. Naturally, when the oil prices increase, the exports and GDP growth increase, and when oil prices decrease, the exports and GDP growth also decrease. Real GDP growth during 2007 was 7.4%, which translates to 698 billion AED. It was interesting to learn that the non-hydrocarbon sector contribution to real GDP growth has increased steadily over the last few years, even with soaring international oil prices. Economy experts claim that this indicates successful economic diversification policies by the government. The specific sectors' contribution to the nation's GDP are as follows: crude oil at 35%, manufacturing industries at 13%, the building and construction sector at 8%, trade at 11%, transportation at 6%, real estate at 8%, government services at 7 %, and others at 12%.

There were four success stories that were discussed by Mr. Aref Al Farra, Senior Economic Advisor, which illustrated influential changes that impacted the economy of the UAE. The first success story is tourism. Most tourists visit the UAE for recreational tourism, which they call “triple S” for sun, sea, and sand. Tourists also come for business meetings, conferences, and exhibitions. Of course, the UAE is known for its shopping tourism, thanks to its world-class shopping malls. The number of tourists approximately doubles their population. In fact, hotel occupancy is above 90% for most of the year. Although the UAE has no historical sites, it still competes with Egypt in terms of numbers of tourists. It was stated that even though Egypt has one of the Seven Wonders of the World, the UAE is busy creating wonders!

Air transportation is another success story for the UAE economy. Emirates Airlines established itself as a global transport leader that serves a thriving world class tourist industry. The UAE is working with airlines to increase flights for the anticipated three million tourists that are projected to visit Abu Dhabi by 2015. They are currently

expanding airports, adding new terminals, and starting up new airlines. There is a huge demand for Airbus aircraft from the Gulf regions. Currently, the UAE's commitment to an "open skies" policy means that more than 100 airlines connect through its airports.

It is estimated that around 25% of the world's cranes are currently working on many of the UAE's construction sites. The real estate boom is definitely another economic success story, given that the UAE only makes up less than 0.1% of the world's population. The "Palm Island", "The World", and other projects will add 1,500 km of waterfront to Dubai alone, and almost half of the residential homes on Palm Island, which start at seven million USD, have already been sold.

The Information and Communication Technology sector has witnessed rapid growth, which further contributes to the accomplishments of the UAE economy. Mobile phone use in 2006 exceeded 100% of the population, and at least one in five internet subscribers uses broadband, making the UAE's one of the highest usage rates in the Middle East.

There are many advantages to investing in the UAE free zones. There are 32 free zones in the UAE that offer 100% foreign ownership. Other advantages include: no minimum capital investment requirements, no corporate or personal income tax, low tariffs (around 5% for virtually all goods), and no restrictions on repatriation of profits or capital. Other advantages of investment include excellent infrastructure, support services, and communications. The UAE has at least 40 double-taxation agreements and at least 30 bilateral investment treaties. It offers a great opportunity to break into fast-growing neighboring markets. Foreign companies investing in the UAE enjoy cost efficiencies, especially in power and gas. Furthermore, investments have flourished because there is no currency risk. The AED has been pegged against the US dollar at a fixed exchange rate of AED 3.67, which means that the AED has been stable over the last few decades because of balance of payment surpluses. The UAE also has low financial risk for investment and is looking for any investment with the low labor costs. They are seeking to invest in the financial, real estate, hotel management and service sectors. Their biggest risk regarding inflation is due to the weakness of the dollar, the demand for real estate, and the political situation with instability in Iran and Iraq.

One of the biggest reasons why investments have flourished in the UAE is because it stands as a bridge between the East and West. The UAE has emerged as the top destination in the region for foreign investment due to the diversification strategies of their government, including: access to regional and international markets, excellent infrastructure, low political and economic risk, and openness to competition.

Visit to Emirates Palace and Saadiyat Island Project

Our Experience:

The Emirates Palace is the site of an exhibition that provides a self guided complete tour of the Saadiyat Island development project. We were invited to take a virtual tour of

the exhibit that shows the development plan complete with models of the various museums and performing arts centers.

Additional Background:

In 2004, the Abu Dhabi Tourism Authority (ADTA) embarked on a vision of developing Saadiyat Island into a world-class, environmentally sensitive tourist destination that included as its centerpiece the creation of a new cultural district for Abu Dhabi and the United Arab Emirates.

Included within the massive project is an impressive array of features and amenities, including commercial and residential properties, resort hotels, recreational facilities, nature preserves. Perhaps most significantly is the idea to create a cluster of world class cultural facilities and institutions that would be operated in partnership with established museums and performing arts institutions from around the world. Abu Dhabi had embarked on one of the most ambitious urban and cultural development projects ever conceived.

The highlight of the development is a cultural district that will be the focus for artistic exchange and creative expression for the whole region. The guiding principles for the cultural district are to make it, by definition, a destination everyone in the worlds of art and culture would want to visit, annually and more than once. This will be achieved by building a series of permanent institutions - museums, performing arts centers, exhibition halls, and educational institutions in the arts - that through its collections, architecture and programs will become one of the greatest concentrations of cultural activities anywhere in the world.

The district includes cultural venues designed by some of the world's most celebrated contemporary architects - Frank Gehry is designing the Guggenheim Abu Dhabi; Jean Nouvel, the Louvre Abu Dhabi; Tadao Ando, a new maritime museum; and Zaha Hadid, a new performing arts center.

One of the key projects within the vision of developing the Island is the construction of Sheikh Zayed National Museum. Specific to this project, the TDIC created an architectural competition to decide the most appropriate architecture firm to develop the museum. Twelve of the world's top architectural practices from 10 countries have entered the international design competition launched to secure an inspirational concept for the planned Sheikh Zayed National Museum in Abu Dhabi, the capital of the United Arab Emirates (UAE).

The Sheikh Zayed Museum planned for Saadiyat Island will honor the late ruler of Abu Dhabi and UAE President, His Highness Sheikh Zayed Bin Sultan Al Nahyan - a man who played a leading role in the formation of the United Arab Emirates' Federation and who has become affectionately known throughout the country as 'The Father of the Nation.'

The museum, 12,000 square meters in size, will feature five galleries - all themed to recognize an individual aspect of Sheikh Zayed's life's work - and include an education

centre, theatre, shops, café and visitor services area. Foster + Partners Ltd was declared the winner of the international design competition

The island will be home to over 160,000 residents and a working population in excess of 220,000. Sustainability is a key feature of the design work; the EDAW master plan aims to restore lost mangrove and beachfront eco-systems, mandate energy-efficient urban areas, introduce mass-transport systems, integrate a wide range of community and education facilities, and provide housing for a broad range of income groups. The overall development of the island will be phased over 15 years, with the first phases becoming operational by 2012.

For additional information: www.saadiyat.ae

Ministry of Foreign Affairs

Dr. Tariq Ahmed Al-Haidan, Ambassador and Acting Undersecretary

The United States and the United Arab Emirates have strategically important relationship. Dr. Tariq Ahmed Al-Haidan, Ambassador, Acting Undersecretary of the Ministry of Foreign Affairs, welcomed our delegation by re-instating the importance of this bilateral friendship. Dr. Al-Haidan opened the dialogue by stating that though our relationship is important, it is currently insufficient to address all regional needs. The UAE depends on the U.S. for stabilization of the area. They would like to see more coordination with the U.S. on: fighting terrorism, sanctions and resolutions of the Security Council with Iran, and resolving political tensions in the Middle East. What's more, they wish to continue to have more US delegations visit the UAE to learn and dispel misconceptions about the region. The four major concerns the ambassador discussed with us were: Iran and its nuclear program, Iraq and the current war, the situation in Afghanistan, and the image of the Arab/Muslim world.

The UAE is concerned about its security vis-à-vis Iran and its nuclear program. Iran has informed the UAE that it has a clear and transparent nuclear program, but this has made the international community skeptical. Since the two countries are geographically so close, the UAE fears a negative environmental impact stemming from possible leaks in Iran's nuclear facilities that would pollute the waters of the Persian Gulf. This creates a tension between the two countries, and the UAE must pressure and persuade Iran to stop its programs. The UAE and Iran have strong economic relations with, Iran serving as Dubai's largest trading partner. There are an estimated 400,000 Iranians living in the UAE, and all of Iran's external relations with the world go through the UAE's ports. Although the UAE and Iran have a unique relationship which differs from all other gulf states, the UAE is against Iran's nuclear program.

The current situation in Iraq is another concern for the UAE. Dr. Al-Haidan worries about the Iraqi people because the dire situation leaves the poverty stricken region with no jobs. They have no security, and the people live in daily fear of bombings and kidnappings. It was stressed that should the American troops withdraw, a civil war and division of Iraq will occur. If the U.S. leaves Iraq without its own strong military force, or

a system in which power is not shared fairly amongst all minorities with fair and proper boundaries, civil war is the most likely outcome. It was suggested that the Iraqi people should feel that the U.S. did something positive for their daily lives, such as building infrastructure that provides for security, education, health, and basic human needs across the country. It is stated that although we have built some infrastructure, it is not enough. The Iraqi people need reinforcement and positive feedback. They should feel that the Americans have helped them. The U.S. should understand that rapid retreat is not going to bring stability to this country.

The situation in Afghanistan worsens daily. The U.S. is fighting the Taliban, but what about the normal citizens? Ambassador Al-Haidan emphasizes that we should do more for the normal citizens of Afghanistan by building schools, roads, hospitals, and educating the youth. The advice that was given to us regarding the concerns and problems with Afghanistan is to communicate with the moderate people of the Taliban. The Afghans are very loyal to their tribes and religious leaders. It is important to know that the Afghani people listen to these two leaders. The United States should consult with these leaders and work with and through the moderates. Three thousand followers of the Taliban have started to change sides, so there is less of an uphill battle to connect and work with these people. The U.S. should resettle them and create education programs while providing resources for them so that they remain moderate. If this is done, then slowly, the Taliban will begin to crumble from within.

The image of the Arab and Muslim world was also discussed at great length. A huge concern for the UAE is the media image that portrays Islam and Muslim people in a negative way. These radical ideas are portraying Islam in the wrong way. In fact, Ambassador Al-Haidan stresses that the ideas and teachings of the Taliban and radicals do not portray Islam at all. It is up to us to change these stereotypes and teach our citizens that Islam is a religion of peace and compassion. The people in the UAE are eager to extend their hands and continue to work with the U.S. to help alleviate tensions in Iran, Iraq, and Afghanistan.

UAE Central Bank

Sultan al-Suawaidi, Director

Central Bank Structure: Central authority for UAE. Licenses all banks and financial institutions in the country. Run by a board of the seven emirates that comprise the Federation of the UAE. Sole currency issuing authority, although printing and minting are done.

Enforcement actions: The Central Bank is very focused on working actively against money laundering. During two missions conducted by the FBI, the bank turned over 120,000 documents that provided the basis for a case brought in Minneapolis. The bank has worked closely with the FBI, US Treasury Department, US Customs, the Financial Enforcement Center and other agencies to enhance regulations and enforcement. It has brought into being new regulations for the Hawala system of money transfers,

registering 270 entities and putting in place information requirements on in-flows, outflows and suspicious transactions. More regulation will follow gradually.

Economic highlights: The UAE has an annual \$12 billion trade deficit with the US (because oil goes mostly to Asia and Europe). The UAE currency (Dirham) is pegged to the dollar. The Central Bank does not intend to change the dollar peg feeling that this would be too disruptive to banking, private UAE financial institutions, and the private sector as a whole. The sub-prime problem has had only a small impact in the UAE; six banks were affected; five with small and one with “manageable” exposure.

Sanctions Enforcement: The UAE goes beyond UN mandated sanctions on North Korea. It enforces sanctions on Iran to the letter of the law. Relations with Iran are sensitive since the UAE is small and vulnerable both to financial disruption and to security threats but they are nevertheless meticulous in enforcing sanctions. They enforce money laundering laws in Dubai, including in the Dubai Financial City (DFC).

Priorities: First, maintaining a “clean environment against criminal and terrorist activity, second managing the currency, third improving electronic transfers. The low value of the dollar al-Suawiadi sees as a transitory cycle.

Abu Dhabi National Oil Company

Yousef Omair Bin Yousef, Chief Executive Officer

Natural Gas: Expansion of the Dolphin project will continue. “We need to share and support our neighbors such as Oman”.

Alternative Energy: Renewable energy should be the base with hydrocarbon as value-added i.e. as an ingredient.

OPEC: OPEC does not set the price; the price is determined by the market. Current production is above the technical rate. The technical rate is the optimal rate of recovery without damaging the field.

Speculation: Non consumer and non producers are getting about 30% of the market price of each barrel of oil.

Recovery: Was 30%, now with improving technology is approaching 50%.

Reserves: About 40 years, with only 25% of reserves recovered

Recommendation: In the US, eliminate hydrocarbon speculation. The price of oil will drop by a third. In Europe, reduce taxes; taxes make oil the equivalent of \$300 a barrel.

Petroleum Engineers: There is a world wide shortage.

Atomic Energy: Not in use at the present.

Major customers: Japan, South Korea, and India

Ethanol: Not in use. Other sources are significantly better.

History: 1950 first well drilled

1977 first LNG

1971 Abu Dhabi Oil Co. Formed

Current Production: 50% off shore and 50% onshore

2.5 million barrels daily from Abu Dhabi

800 thousand barrels daily from Dubai

Abu Dhabi Investment Authority

Khalil M.S. Foulathi, Advisor, Managing Director's Office

Khaled Khouri, CFA, Director Private Equities Department

Established in 1976, Abu Dhabi Investment Authority (ADIA) is an investment arm of the Abu Dhabi government. ADIA generally invests in financial services and investment companies. Having been a very prudent global institutional investor for over 30 years, ADIA has been part of the stability of the financial system in the Emirate of Abu Dhabi and has fortified its current and future prosperity. The WACA Delegation met with Khalil M.S. Foulathi, advisor to the Managing Director's office, and Khaled Khouri, CFA the Director of Private Equities Department. HH Sheikh Khalifa Zayed Al Nahyan is the managing director of ADIA.

ADIA manages a substantial global diversified portfolio of holdings across various sectors, geographies, and asset classes. ADIA does not seek active control of the management of the companies they invest in. Its investment decisions are based solely on its economic objectives of delivering sustained long term financial returns. They are fully invested in accordance with the benchmark most of the time. To make new investments or to invest in a new venture ADIA will have to sell some other investments and sometimes there are difficult decisions, the advisor said.

ADIA has industry leading governance standards with well defined policies, processes and systems that ensure accountability and transparency. It has various committees with designated tasks including; an Investment Committee, Strategy Committee, Guidelines Committee, Management Committee, IT Committee, Compensation Committee, and Audit Committee.

The committee determines the allocation of the funds and directs the investments across various asset classes. They have excellent global research on each asset class and risk-

reward analysis in the context of risk tolerance. Although it is like the pension funds investments in USA, ADIA does not have to be concerned about the withdrawals. ADIA, therefore, can invest its funds with a longer investment timeframe.

Michael Phillips asked if they are affected by the subprime loans. Mr. Khalil indicated that they invest only in the products that they can understand. They are more focused on socially responsible investment. Joe Melookaran asked if any part of the ADIA funds is used for any economic assistance to developing economies or poor countries. ADIA indicated that they are in the business of investment and investment only. Any economic assistance to other nations or organizations is dealt with by other departments in government.

Ambassador Ron Neumann asked if there was any risk of capacity and if that is an issue. This is in the context of sovereign investment in the Citigroup and similar potential investments due to continuing pressures in the current financial market. Khalil's view was that they are not very worried about the current global market. However, this liquidity crunch may be producing some opportunity for ADIA, like Citigroup. The Citigroup investment was in response to a global demand and they are taking a long term view of this investment and consider it an investment in a premier global brand.

Michael Maibach explained the concern citizens of U.S. and other countries may have when Sovereign Wealth Funds (SWF) invests in premier national private corporations or state enterprises. He added that it may be appropriate to have some code of conduct in SWF investments. ADIA Advisor indicated that they are participating in several forums. This matter, as a political issue, has been clearly understood by ADIA. More understanding and education of the people of the country where the investment is to be made will ease the fear and misgiving on such investments.

Mr. Maibach inquired about their policy of divestments by ADIA. There is lot of news about the investments although not much is heard about divestments. The ADIA Advisor indicated that they do divestment and they are not replacing intermediaries.

Khalil said that the falling dollar is a problem and is igniting inflation, and poses serious risks for pegged currencies. Unsafe borrowers who continue to enter the market are a danger from the policy perspective as well. They do have frustrations about the domestic inflation and that disposable income is further decreasing. Rising inflation is a major threat to growth to economies and affects the standard of living of people in many countries.

UAE National Council

The National Council is a first tentative and small step into the waters of democracy. Although the NC has existed for many years, only in 2007 were the first members elected. Half are still appointed and the franchise was limited to some 7000 voters. Hundreds of candidates stood for election, largely on the basis of tribal and family connections and reputations as there are no political parties.

The deputies represent the seven emirates of the Federation on a basis of population with Abu Dhabi and Dubai having the largest, and equal, numbers. The deputies can and have modified legislation sent to them by the Federal government but when they do so, it must go back to the central government for approval. They are not yet a body with the capacity to originate legislation, and much of their work is to bring to the attention of ministers problems that need fixing. The NC questioning of ministers is one tool they can use to make their concerns clear.

At this point the parliament, the National Council, exists alongside other more traditional ways of seeking redress such as direct appeals to leading royal family members in their *majles* (plural *majalis*). With its combination of a small electorate composed of leading tribal and merchant families, it is a way of slowly opening up a new institutional process without serious strain on the way the country is governed. In a society that is still largely homogeneous and very well taken care of there is time for such an experiment to be conducted.

Dubai Media City

Erlank Pienaar, Senior Business Development Manager

Abdulla K. Al-Mohaisin, Senior Business Development Manager

Dubai Media City is a media hub in the region that coordinates and organizes media-related businesses. The mission of Dubai Media City is to create and market world-class services for the media industry. It is strategically located in Dubai because it is at the crossroads of the Middle East. Its open economy and modern infrastructure make it a unique commercial center. Dubai Media City is a facilitator of the media industry, offering them the “freedom to create.”

Dubai’s success is a direct result of a project started by the Government of Dubai to expand and create opportunities through “free zones.” His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Vice President and Prime Minister of the UAE, and Ruler of Dubai, wanted to transform Dubai into a knowledge-based society and economy. Thus, the government launched the Dubai Technology and Media Free Zone that includes: Dubai Internet City, a global base for e-business and the ICT industry; Dubai Media City, a vibrant media hub for the region; and Knowledge Village, an international learning center housing a diverse range of education businesses.

At Dubai Media City, one has the freedom to express and create. Being a global hub, Dubai Media City caters to every kind of media business sector, including broadcasting and information services, printing and publishing, media and marketing, leisure and entertainment, news media, film, and music. Opened in January 2001, Dubai Media City has over 1,000 companies and 8,500 professionals that include over 200 freelancers. A few major media companies include Reuters, CNN, MBS, CNBC, Sony, Showtime, and Bertelsmann, as well as regional companies that are thriving.

Dubai Media City is a vibrant enterprise because of its many business benefits. It is able to grant the “freedom to create” because of Dubai’s free zone status. These zones have 100% business ownership requiring no sponsorship, a guaranteed 50-year exemption

from personal income and corporate taxes, no customs duties and the lowest operating costs in the region. Participating businesses enjoy this considerable competitive advantage.

Dubai Media City is a subsidiary of Dubai Holding, which was launched in October 2004. Dubai Holding was created to consolidate many large-scale infrastructures and investment projects in Dubai, as well as to identify opportunities to develop additional projects to benefit the UAE and its region. The goal of Dubai Holding is to provide a better future for all industries involved. The Dubai Holding entities include Dubai Internet City, Dubai Media City, Dubai Healthcare City, Dubailand, Dubai International Capital, Dubai Industrial City, Dubai Properties, Sama Dubai, Dubai Investment Group, Dubai Energy, Dubai Knowledge Village, Dubai Outsource Zone, International Media Production Zone, E-hosting Datafort, Jumeirah group, DuBiotech and Dubai Studio City.

TECOM Investments is a subsidiary of Dubai Holding. TECOM develops and manages businesses that support the growth of knowledge-based industries in Dubai. Dubai Media City was TECOM's second brand to be created for the media cluster.

Dubai Ports and Customs

DP World was formed in 2005 when the Dubai Ports Authority (DPA), the company set up to manage the local ports of the UAE, and Dubai Ports International (DPI), the company set up to export the UAE's port management skills, decided to integrate.

The Dubai Port is the seventh largest port in the world. Iran and Iraq do not compete with DP World, leaving them free to expand at an extreme rate. Dubai is currently building an airport 15 minutes from the sea port so that not only will DP World be the world's fourth largest port company, they will also be able to move air cargo, and make seamless air to sea transition with their cargo.

In 1993, Dubai was a desert, but just 12 years later, it is a massive city; DP World has contributed a lot to this growth. As the fourth largest port company in the world, they move marine freight equaling the amount of the marine freight moving in and out of the US. They are also responsible for the imaginative coastal and island developments such as The Palm Jumeirah, The World, and The Universe. Today, DP World has 43 terminals in 23 countries and their goal is to expand even further. All of DP World's growth comes from the business profits; they do not go to the government for capital.

DP World takes a lot of risks. They make quick decisions and have few management layers. They believe that speed is not a democratic value, since we are not able to make decisions as quickly in the US. Dubai is tax-free and non-bureaucratic. Their goal is 72 hours to 2 weeks to process a business license, a feat which takes significantly longer in the US.

DP World is working closely with the Department of Homeland Security on the Secure Freight Initiative. DP World takes pride in the security of their cargo and their stance

against terrorism. They are a part of the Customs Trade Partnership Against Terrorism (C-TPAT), an essential concern since they are operating in a high risk area for security exposure. In order to ensure the security of the cargo, x-ray scanning, radiation detection, and optical recognition systems are used. The Department of Homeland Security is not DP World's only tie to the US; they also have investments in many US hotels such as the MGM City Center in Las Vegas, a \$600M development in South Carolina, and a lease with the US Navy.

The main messages DP World wanted us to hear were that they are now a public company, trading under the symbol DPW. They have a US subsidiary, and they are working closely with the US on port security. The UAE is a key US ally in this region, and more US ships dock at the Port of Dubai than any other port in the world, except for Norfolk, VA. DP World uses ISO 28,000, the best ISO standard there is, and they are an industry leader in security.

Dubai International Financial Center

The Dubai International Financial Center (DIFC) is a non-profit, self-funded government enterprise with several functions. It is a city within the city of Dubai, comprised of 42% office, 37% residential, 8% retail, 10% hotel, and 3% cultural space. The DIFC could be called the financial Vatican of the Middle East. The UAE amended its constitution to allow for the existence of the DIFC; the only UAE laws it must adhere to are the criminal laws. The DIFC uses common law and even has its own court system.

The DIFC only does wholesale activities. It has a goal of 11% GDP growth, 4% productivity growth, and \$44,000 per capita income. The DIFC does not hold assets directly but rather in DIFC investments including capital markets, wealth management, Islamic finance, insurance, ancillary services, and banking services. They have 587 registered firms thus far. Under Shari'a law, dividends are okay, but interest is not. Islamic institutions make the same profits as non-Shari'a banks; profits come from non-interest income such as service fees and dividends. UAE bank deposits are not insured, so they use a mutualized or a co-op approach to making money: if you make money, so does the bank.

Dubai is aiming to be a service center and net exporter of knowledge. There are a lot of youth in this part of the world with few banking and loan services. This is an effort to add real financial structures, services, and value to the populations of the region.

Photos









