

# Land of plenty

The United Arab Emirates does everything in a big way. It has a big economy, big oil, big buildings, a big heart and, as KERRY DIMMER discovers, big arms when it comes to welcoming African trade agreements

**It's somewhat like the computer game, *SimCity*.** You have an area of 83 600 km<sup>2</sup>, occupied by seven smallish, but established, territorial communities, all headed by a family of sheikhs. You have 38 years to build a modern country in the desert. To make it happen you need a visionary and a life-changing discovery.

Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi in 1958, was the visionary. Oil was the discovery – the world's fifth largest deposit – found beneath the coastal waters of Abu Dhabi.

At the time, the emirates (or states) were British protectorates, and despite the increase in wealth after the discovery of oil in 1962, the sheikh's domain was slow to develop.

In the meantime, neighbouring Dubai, ruled by yet another visionary, Sheikh Rashid bin Said al-Maktoum, was also enjoying the benefits of an oil discovery. The increase in cargo handling at the town's natural creek harbour demanded infrastructural development.

Together the two sheikhs dreamt of a confederated emirates which was finally realised in 1971 when the Trucial States of the Persian Gulf merged to form the United Arab Emirates (UAE).

Sheikh Zayed took office as the first president with Sheikh Maktoum as his deputy. The two determined the following non-negotiables for the development of their newly formed country: high-quality infrastructure, an expatriate-friendly environment, zero tax on personal and corporate income, and low import duties.

However, foreign investment was restricted largely because, at Sheikh Zayed's insistence, only native-born Arabs could own property, and then only at his discretion. After his death in 2004, his son Sheikh Khalifa, as the new president, lifted the ban, granting 99-year leaseholds to foreigners and as a result foreign investment soaked the sands.

The UAE, in particular Abu Dhabi and Dubai, boomed. Hotels, office complexes, banks, malls and successful airlines were built to cope with the rapidly growing trade environment.

Trade has always been a mainstay of the UAE. Its proximity to the Gulf countries, Europe, India and Africa, allowed it to develop successful maritime trade, particularly along the east coast of Africa as far south as Mozambique.



Built to represent a billowing sail, the luxury Burj Al Arab hotel is situated on an artificial island off the Jumeirah Beach in Dubai

Ismaeel Obaid Al Ali, UAE ambassador to South Africa, says that once the federal state was established, the establishment of diplomatic relationships was so successful that the UAE had more embassies in its country than it had established elsewhere.

'There was a lot of political activity. Our heads of state travelled to numerous African countries. Ministerial and trade environments were secured. Africa is core to our foreign relations and we believe we can build a model of strategic economic partnership with the continent,' says Al Ali.

'The UAE is big in its ambitions, despite its size; big in its vision for the future and strong in its goodwill to further develop its relationship with the African continent.'

For that to happen Al Ali says that there are five main elements that the UAE considers when looking at mutually beneficial investment opportunities. 'Firstly, we prefer to deal with stable countries – those that are secure and safe. Secondly, we need to ensure that there are feasibility studies to justify profitable investment. Thirdly, there must be guarantees that the investment will not be confiscated. Fourthly, we prefer the lowest taxation possible. If there is no tax that is even better.

'Finally we require facilities and privileges for the investor, such as being able to transfer profits back to his country of origin. This of course means cutting back on red tape and procedures, the obstacles that often hinder and discourage investment.'

While some may consider this a tall order, the UAE reflects these actions in its own dealings. 'The UAE is very stable politically,' says Al Ali. 'It is very secure and economically strong through its oil and gas. Its import tax is only 5% but otherwise it is tax free. There is no red tape or corruption. Our banking system is very efficient and our government and economic departments are very quick when processing documentation.'

According to the ambassador, trade volumes between the UAE and Africa in 2008 totalled almost US\$6.4 billion. Of this imports accounted for US\$2.26 billion, exports US\$502 million and re-exports US\$3.64 billion. The main African imports into the UAE include fruit, wood and raw materials, fish, flowers



A passenger jet carrying tourists to African destinations

and livestock. It exports petrochemicals and oil, fertilisers, perfume, ceramics, dried fish and dates. 'Our major trading partners are South Africa, Tanzania, Kenya and Angola. But we are eager to develop, even triple the size of trade,' says Al Ali.

In this vein, and apart from its Chamber of Business activities, the UAE hosts more than 150 comprehensive trade fairs annually. 'We act as a gateway to the world for thousands of companies to showcase their countries, products and services and to sign deals. Bear in mind, the UAE services a market of 1.5 billion customers,' says Al Ali. He reinforces that African countries can also benefit greatly by importing and exporting via UAE air- and seaports which are not only efficient but also offer rapid and simple procedural turnover.

Emirates is one of the most successful airlines in the world, having notched up over 400 international awards, including this year's Best Airline, Best Regional Airline and Best First Class. Its activities into Africa service

16 passenger and cargo destinations with two new links opening this year – Luanda in Angola and Durban in South Africa. Tim Clark, president of Emirates, says that the Luanda flight offers enormous potential to develop air travel into Angola, including the assistance the airline will provide for international trade through Emirates SkyCargo.

The South African Emirates SkyCargo operation announced in June that it has seen, in the past year, 43% growth in outbound cargo volumes. This is a sure sign of the airline's ongoing success and its investment into the new Terminal 3 at Dubai International, coupled with completed Concourses 2 and 3, have increased the airport's capacity to 70 million passengers annually.

Many of those passengers are using Dubai International as a hub to access any one of the 100 emirates, or link any of the other 120 airlines that fly into the airport. The cheaper flights that Emirates offers, combined with its Dnata Travel Service, hold even more appeal,

giving travellers the opportunity to stop over in the UAE for the sublime shopping and cultural experiences that the country offers.

Likewise, UAE nationals enjoy travel, particularly into Africa. 'July and August are the hottest months of the year and therefore the most popular time to holiday,' says Al Ali. 'Popular destinations include Kenya, Zambia, Tanzania, Mozambique, South Africa, Morocco, Mauritius and Egypt. Because we fly such high volumes of tourists, it benefits those countries that suffer high unemployment rates. We are adding value through tourism.'

MD of Bolt Tours, Naushad Khan, confirms that beach and safari holidays bundled with lots of shopping are what excite UAE nationals the most. 'There is a demand for excellent service that includes a very high standard of luxury accommodation,' says Khan. 'Countries seeking to attract tourists from the UAE need to bear in mind that most visitors travel as a family so a variety of experiences are needed.'

With wealth comes responsibility and the UAE takes this so seriously that aid is one of the country's basic pillars of its foreign policy. In the words of Sheikh Zayed: 'We believe there is no true benefit for us from the wealth that we have unless it does not also reach those in

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Oil rig in Port Khalid, Sharjah

need, wherever they may be, and regardless of their nationality or beliefs.'

Half of Africa has benefited from the humanitarian aid provided by the UAE, mainly through charitable organisations that include the UAE's branch of the Red Crescent Society (part of the International Federation of the Red Cross). The aid relief is varied and comprehensive: the Red Crescent's activities have focused on conflicted Somalia and helped with flood relief in Tanzania, Somalia and Malawi.

The Emirates World Heart Group, a team of voluntary cardiologists, have provided surgery assistance in Sudan and Kenya.

Dubai Cares is providing primary education to over a million schoolchildren in some of the poorest countries in the Middle East, Africa and Asia. The Zayed Foundation is active in responding to emergency needs by contributing to infrastructure projects like hospitals, healthcare institutions and schools,

agricultural development and even provide employment opportunities.

'In the past year, UAE grants have provided the means for one million people in Africa and Asia to be treated for cataracts,' says Al Ali. 'One to five million students who would be unable to secure an education – and therefore their futures – have been targeted for educational development. The total cost of these two funds is almost US\$1.8 billion.'

The ambassador says that the revenue derived from oil is not just for UAE nationals and reaches the needy, irrespective of their location, language, religion or ailment.

Oil revenue aside, the UAE has started investigating ways to develop sustainable and renewable energy. As the ambassador points out, this is a country that has 360 days of sunshine and this solar source will be tapped to benefit not just the UAE but the world.

'Our oil contributes almost 37% to our GDP but we don't want to put all our eggs in one basket. Masdar City, in Abu Dhabi, is the world's first carbon-neutral, zero-waste city fully powered by renewable energy.'

'Renewable energy is one of our most ambitious goals in terms of partnership development, for if you do not have energy you cannot do anything.'

There are many bilateral and multilateral agreements between the UAE and African countries, with investment in all the regions of the continent.

Africa has a lot of potential for further UAE investment but the continent needs to ensure it is ready to do business with the UAE by, perhaps, acquiescing to its terms. And what can be wrong with improving security, slicing taxation, improving policies and cutting back on red tape?

'It all works to improving the prosperity of a country,' says Al Ali. 'We are eager to trade and want African countries to shock us with their advertising and marketing strategies.' Now that's an invitation that shouldn't be ignored. **AD**

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