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Institute of South Asian Studies
National University of Singapore

29 Heng Mui Keng Terrace

#08-06 (Block B)

Singapore 119620

Tel: (65) 6516 4239 Fax: (65) 6776 7505

www.isas.nus.edu.sg

<http://southasiandiaspora.org>



Nation Building with Non-Nationals: The United Arab Emirates's Pathway to Modernity

The United Arab Emirates (UAE) has its origin in the British colonial expansion. For about two centuries the territories of the UAE were administered by the British colonial rulers of India. The colonial authorities protected the land and residency rights of natives while excluding immigrants for these rights. Emirati citizenship is now confined only to those whose ancestors lived in the seven Emirates before 1925. In 2015 its population was over nine million of which 89 per cent were immigrants mainly from South Asian countries with no residency rights. Since 1971 GDP of the UAE has increased by 231 times making it one of the richest counties in the world. This massive increase in the country's wealth is mainly due to the economic activities of its millions of migrant workers but its main beneficiaries are Emiratis. The paper offers an overview and analysis of these developments.

Riaz Hassan¹

The modern state of the United Arab Emirates or the UAE has its origin in the British colonial expansion in Asia. Since the 16th century it was an outpost of the Ottoman Empire. In the early 19th century it came under the political control of Great Britain and came to be known as the Trucial Coast. For centuries the area was desolate, and sparsely populated by

¹ Professor Riaz Hassan is Visiting Research Professor at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore. He can be contacted at isasriaz@nus.edu.sg. The author bears responsibility for the facts cited and opinions expressed in this paper.

tribal people. It was a traditional Arab Bedouin society ruled by tribal chiefs. Its inhospitable geography and harsh climate of oppressively long, hot and humid summers made it a very isolated place. The rulers had absolute power but exercised it in a manner which was accepted as fair by the subjects. The economy was based on fishing, pearling in the coastal areas and some agriculture in the oasis areas of the interior. No reliable figure of its population is available but the best estimate puts it between 50 to 80 thousands.

The population was dominated by two main tribal factions known as Hinawi and Ghafiri which had their origins in a civil war in the early 18th century over the succession to the imamate of Oman. This tribal alignment continued even after the civil war and spread to the Trucial Coast where it manifested in enmity between two main tribes of the area, Bani Yas and Qawasim. Bani Yas were Hinawi and the Qawasim Ghafiri. The Qawasim occupied Sharjah, Ras al-Khaimah and an outlet on the Gulf of Oman in the Shimayliyyah. They were mainly seafaring people and achieved fame as able sailors and notoriety as pirates. It was because of these activities that the Coast came to be known as the Pirate Coast. Bani Yas were inland people residing in the interior mainly in Abu Dhabi. The seafaring activities and power of Qawasim in the coastal areas gave them power and influence, which was widely recognised by other tribes including Bani Yas. But their seafaring activities and especially their piratical attacks on trading ships of other countries became a source of enmity in particular of Britain who had become the dominant power as a result of their colonization of the Indian sub-continent.

By the end of the 18th Century, much of India was ruled by the British East India Company and the British government was asserting its control on trading sea routes to India which included the Trucial Coast. The coastal areas at that time were under the control of the ruling family of Sharjah - the Qawasim, which had achieved fame as a great seafaring power in the Persian Gulf. Their ships were engaged in trade as well as in piratical activities harassing merchant ships that sailed in the Persian Gulf. The trading ships of the East India Company frequently used the Gulf waters and became common targets of Pirate attacks, which enraged the British authorities in India.

In 1819 the Government of Bombay (later Government of India) dispatched punitive expeditions aimed at ending piracy in the Gulf waters. The expedition forces attacked and bombed the main towns from which the Qawasim ships sailed and forced the local rulers into

submission of the British authority through a series of treaties with the tribal chiefs. The first of these treaties known as the General Treaty of Peace was signed in 1820 between the British rulers of the Government of Bombay and the tribal chiefs of the Trucial Coast that bound the signatories not to engage in piracy or pillage on land or sea. In general, the British rulers of India regarded the people as savages and backward.

The General Treaty of Peace required the tribal rulers to keep the Gulf route to India safe and open. The most important clause of the Treaty required cessation of piracy and plundering on sea and land and desistance from the slave trade which was still carried out in the area. While the British ships were protected under the agreement, it did not prevent piracy and warfare between the coastal tribes. This was achieved through the Treaty of 1835 that required a truce between the chiefs of Abu Dhabi, Dubai, Sharjah and Ajman to report any aggression at sea to the British each year and to not retaliate against each other. This arrangement lasted until 1853 when the Treaty of Perpetual Maritime Truce was signed and the tribal chiefs undertook total cessation of hostilities at sea.

These agreements had the effect of stabilising their respective positions in inter-tribal and intra-tribal relations. This stability enhanced the power and confidence of tribal chiefs which made the British authorities in India wary that the Chiefs may enter into political or commercial agreements with other European powers including France, Belgium and Russia who were vying for influence in the Coast. To prevent this, Britain signed the Exclusive Agreement of 1892 which bound the Tribal chiefs not to enter into any agreement with any power other than Britain and not to cede, mortgage or sell any part of their territory. The cumulative effect of these Treaties consolidated and cemented British power and influence in the Trucial states which protected the British interests, especially safety of the sea routes to India. As Qawasim were the main sea faring tribes, these treaties severely curbed their power.

As a result of the treaties with Britain the tribal chiefs and later their descendents began to acquire a certain amount of stability and authority as rulers: the responsibility of each new ruler for fulfilling the treaty obligations towards Britain made for continuity and a gradual stratification of certain political and social elements in the land he controlled; so adding a new dimension to his sovereignty. The tribal chiefs gradually evolved into rulers and the areas over which they exercised a certain amount of jurisdiction evolved into sheikhdoms. It was through these treaties that Britain played an important role in the development of various

Trucial States which became not formal colonies but British protectorates. And in December 1971, after Britain ended 150 years of special treaty relations with them, they merged to become the United Arab Emirates (Zahlan 1977)².

The Trucial States were treated by the British colonial administrators not as part of the Arab world but as extensions of the Indian sub-continent, perhaps more like Indian princely states. They were governed by political officers of the British government of India. Periodic visits by British political authorities were the sign of British Raj. There was no local currency and the Indian rupee had become the currency accepted for most financial and commercial transactions. The largest foreign community in the area was made up of Indian merchants who were regarded as British subjects and had to be treated with due care and deference, and India had the major share of the Coast's foreign trade.

Under the 1892 Treaty local rulers could not have any foreign contacts except with Britain. But the period between the two World Wars saw the rise of Saudi Arabia and Iran. Both began to assert their presence in the Gulf which prompted the British colonial authorities to place strict restrictions on the movements of people into the region. An additional reason for the colonial authorities' vigilance was the discovery of oil in the region which made the Gulf an arena of major competition between European powers.

Native Land and Residency Rights

The British policies had the direct effect of strengthening the native land and residency rights. There was little or no interference in internal affairs and no attempts were made by the British authorities to introduce changes in the traditional political structures. The treaties between the local chiefs and Britain prevented any dilution of their land ownership by clearly stipulating that land and its resources could not be sold to foreigners, and no foreigners except the British subjects had residency rights. As a result, only non-British who had residency but not citizenship rights were the Indian merchants, because they were British subjects. While the purpose of various Treaties between the British and the local rulers was to ensure and cement British political hegemony, an unintended consequence of these Treaties was a strengthening

² Zahlan, Rosemarie Said. 1977. *The Origins of the United Arab Emirates: a political and social history of the Trucial States*, London: MacMillan.

of native land rights. In the Trucial States the British not only recognised the land and residency rights of the natives but protected and strengthened them through Treaties while excluding immigrants from these rights.

Exclusionary Citizenship as State Policy

The British policies laid the foundation of restricted residency and citizenship rights. The new UAE State adopted the principle of *Jus Sanguine*, with citizenship defined strictly by ancestry. Emirati citizenship is confined only to those whose ancestors lived in the seven Emirates before 1925. It has no system of naturalization or permanent residency. Its population had increased from 557,000 in 1975 to over nine million in 2015, of which 89 per cent were migrants with no residency rights. Over 60 percent of the migrant workers were from South Asia on short-term work contracts (see Tables 1 and 2).

Table 1: UAE Population and GDP 1975 and 2015

Population	1975 (000)	2015 (000)
Emiratis	201 (36%)	1,084 (11%)
Migrant workers	356 (64%)	8,284 (89%)
Total	557	9,369
GDP per capita (\$)	27631	67616 (ppp)

Table 2: South Asian Migrant Workers in the UAE 2015

Country	All Migrants (mil)	UAE (mil)
India	14	2.6
Pakistan	7	1.2
Bangladesh	7	0.7
Sri Lanka	1.5	0.3
Nepal	2.0	0.3
Afghanistan	---	0.15

Sources: http://ifrc.org/Global/Documents/Asia-pacific/201505/Map_infographic.pdf (all migrants)

<http://hq.magazine.com/socioeconomics/2015/04/uae-population-by-nationality> (UAE migrants)

In 1971 the UAE was a relatively underdeveloped and poor country with a GDP of around \$2.5 billion. In 2015 its GDP had climbed to \$370 billion, making the UAE the world's 7th richest country in terms of per capita GDP. Between 1971 and 2015 the country's GDP increased by 231 times. One quarter of its GDP is derived from oil-related sectors and the rest come mainly from services, manufacturing and construction. Only one per cent of the Emirati labour force is employed in the private sector and 60 per cent in the public sector. The massive increase in the country's wealth is due to the economic activities of the UAE's millions of migrant workers, but its main beneficiaries are Emiratis. The following figures confirm this. In 2015 the UAE's per capita GDP was \$67616 and the estimated average annual wage of its migrant worker was \$4355.

Paradoxically migrant workers have been instrumental in shaping the social links between UAE citizens and their rulers. Firstly, by contributing and transforming oil wealth into well-being of its citizens. Secondly, by laying the foundation of the post-oil economy, and finally by shaping citizens' perceptions of migrant workers as competitors in the labour market and a threat to national cohesion. Under pressure from citizens, the UAE rulers oppose

naturalization of foreign nationals because, under conditions of a declining proportion of citizens in the population, non-nationals pose a threat to the nation's cultural identity as they do not share same values as natives. Migrant workers are seen as a potential source of 'working class militancy' for better social, economic and political rights, posing a threat to the social fabric of Emirati society.

Consequently, the political framework for purposes of residency status has evolved de jure and de facto ways separating nationals and foreigners. De jure separation is embodied in the legal provisions differentiating between nationals and foreigners. All foreigners are obliged to have a national sponsor known as the *Kafala system*. Through the *Kafala system* the state has outsourced management and control of migrant workers to non-state actors. It is a system of labour brokers allied to the ruling family and Emirati citizens. These brokers sponsor foreign employees and are responsible for their actions and well-being while they are in the country. On arrival most foreign workers surrender their passports to their *Kafeel*/sponsor. Foreign business owners obtain workers' visas through partnership with citizens, in which the foreigners may own up to 49 per cent of a business. This allows wealthy expatriate elite managers and business owners to govern the day-to-day lives of migrant workers, thereby assuming responsibility for migrant well-being.

Migration to the Gulf States tends to be highly exploitative during recruitment processes and in their employment conditions overseas. The worker-paid migration costs can be as high as a third of the amount low-skilled workers will earn in two or three years abroad. Many workers borrow money at high interest rates from moneylenders to cover their migration cost. Due to the high expense to migrate, some workers overstay their visa duration, thereby becoming irregular migrants, rendering themselves vulnerable to further exploitation as well as risking imprisonment. The findings of recent studies also reveal that migration costs are regressive – costs fall as workers' skills and wages increase. Hence, the maximum burden of the migration cost lands on the semi-skilled and unskilled workers who mostly come from low-income households. Even though governments have put in place institutional arrangements and framed laws, rules and regulations to protect workers from such exploitation, it has been difficult to stop such practices (ILO 2016)³.

³ ILO. 2016. The Cost of Migration: What low skilled migrants from Pakistan pay to work in Saudi Arabia and the United Arab Emirates, Islamabad: International Labour Organization.

According to a 2016 ILO Report, this appears to be especially true for migration through the South Asia-GCC region corridor. The benefits of reducing these crippling migration expenses, especially for the semi-skilled and unskilled workers, would be enormous. Not only would it enable more people from low-income households to access foreign employment opportunities, it would also prevent asset depletion on the part of migrant households (through the sale of property and other possessions) to finance the migration journey. Lower costs would also prevent migrants from falling into heavy debt traps, which may well absorb a substantial portion of their earnings. It might also help protect workers from forced labour. Fair and low fees for obtaining a visa alone would result in larger remittance flows to migrant households and their communities, which could be used for education and medical care by family members left behind and result in desperately needed human capital formation and other productive uses as well as greater consumer spending to better bolster the economy (ILO 2016).

The UAE model of successful economic development and nation building by non -nationals has attracted global attention. What is really intriguing for observers is that, notwithstanding highly exploitative economic and working conditions for millions of migrant workers, and cultural and religious differences between migrant workers and Emiratis, the country enjoys industrial, religious and ethnic peace.

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