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# U.A.E.'s 'Projects of the 50' & the Competitive Game of Nations

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Afshin Molavi first covered the U.A.E. as a Reuters correspondent in the late 1990s, and writes and speaks widely on global emerging markets, the New Silk Road, and geopolitical risk. He is the founder and editor of the Emerging World newsletter on Substack, and his writings have appeared in the Financial Times, the Washington Post, Bloomberg, Reuters, Institutional Investor, and several academic and specialty publications. He has been based in Riyadh, Jeddah, Tehran, and Dubai as a correspondent, and has traveled widely across Asia as a geopolitical risk analyst. He coined the term "HUBSS" – an acronym that refers to the key economic hubs of Asia: Hong Kong, United Arab Emirates, Bombay, Singapore, and Shanghai. A frequent commentator on U.A.E. geo-economics, Molavi is often a keynote speaker at investor and trade association conferences. He is a senior fellow at the Foreign Policy Institute of the Johns Hopkins University School of Advanced International Studies, where he completed his graduate studies. He is also the author of a previous guest monograph for the U.S-U.A.E. Business Council, "The New Silk Roads: The U.A.E.'s Careful Balance of its Business, Investment, and Trade Relationship with China."

# The U.A.E.'s Recently Announced 'Projects of the 50' and Global Competitiveness

*The author examines the U.A.E.'s recently announced "Projects of the 50" – an ambitious fifty-year set of initiatives to guide the country's development over the next five decades – in light of the history of competition among nations, present-day competition with regional peers, and the U.A.E.'s position in the global economy. This is the first paper in a series of studies examining these Projects, with a second report in the New Year set to analyze [40 new laws](#) that the U.A.E. released as this current paper went to print. Future studies will further explore the opportunities presented by these reforms, as well some of the challenges and headwinds they may face.*

**By Afshin Molavi**



In September, the U.A.E. government announced an ambitious set of principles and reforms known as the "Projects of the 50." Launched in the Golden Jubilee year when the U.A.E. celebrates its 50<sup>th</sup> anniversary as a nation, on December 2<sup>nd</sup>, the series of initiatives and reforms looks to the next 50 years and undergirds two ambitious goals set out by policy-makers: to double the size of the U.A.E. economy over the next decade,<sup>1</sup> and to "create the most dynamic economy in the world."

Long-time observers of the U.A.E. have become accustomed to the roll-out of the newest "Vision" plans or top-level initiatives with ambitious targets, so how should we view the latest "Projects of the 50" plan? In one respect, it should be viewed in the historic context of the competitive game of nations. Throughout history, nations and cities have excelled through robust infrastructure and human talent development (and attraction) coupled with an environment of innovation, competition, and flourishing private enterprise – as well as relentless drive to continually maintain its leadership position.

Consider Amsterdam of the 17<sup>th</sup> century, London and Great Britain of the 18<sup>th</sup> century, New York and the rising United States in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, or the more modern rises of Singapore, Japan, South Korea and the United Arab Emirates in the post-World War II period into the 21<sup>st</sup> century. While each of those cases differed according to their times, they all marked a departure point, a leap forward from the previous ways toward new frontiers of development that both lifted their own people and served as a catalyst for neighboring regions and the world.

In many respects, the U.A.E. occupies a similar position as Singapore, Japan, or South Korea - modern economic success stories fueled by globalization and driven by a combination of far-sighted economic policies, state-led investment in infrastructure and key industries, private-public partnerships, a focus on connectivity and trade, and the work of private entrepreneurs and enterprises leveraging the set of opportunities availed to them by the critical mass of growth and scale arising from all of the above.

U.A.E. authorities - or Singaporean or South Korean – seem to understand that the leaders of today can be eclipsed by rising powers tomorrow. To stay at or near the top requires relentless innovation, far-sighted vision, and an ability to educate and attract top talent. The Projects of the 50 initiative, it seems, suggests that the U.A.E. does not intend to rest on its established areas of development success. Rather, it aims to retool and reform the areas that have perhaps hindered its growth and leadership position, while doubling down on clear and proven areas of success from logistics to aviation to trade to investment.

***U.A.E. authorities - or Singaporean or South Korean – seem to understand that the leaders of today can be eclipsed by rising powers tomorrow.***

<sup>1</sup> The stated goal is to deliver an economy worth 3 Trillion AED by 2030 (roughly \$822 Billion)

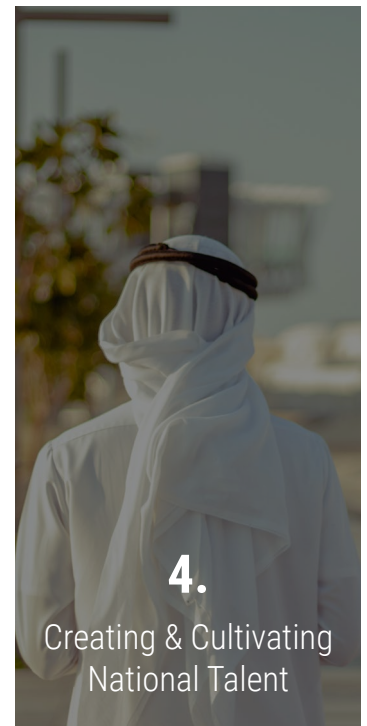
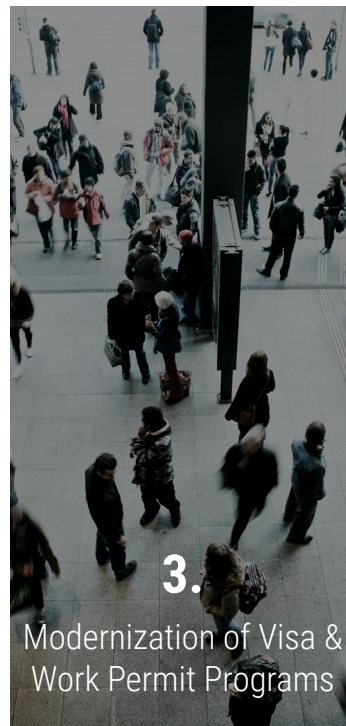
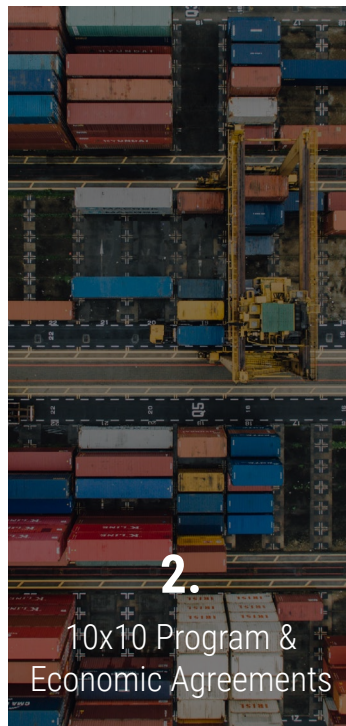
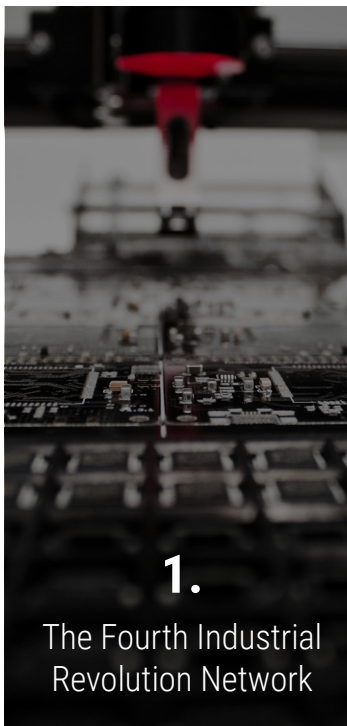
## The Projects of the 50

The “Projects of the 50” were launched with two sets of initiatives. Among them, they include:

- + Ambitious goals to cultivate a new generation of Emirati talent
- + Supporting Emiratis as they move away from the traditional desire to find jobs in the public sector or state-owned enterprises toward private sector opportunities (this includes incentives for the private sector to employ more Emiratis)
- + New visa rules to attract and retain top expatriate talent
- + Active efforts to attract coders and other ICT professionals
- + Global campaigns to attract foreign direct investment
- + New economic partnerships and trade goals with 17 designated countries ranging from China to Ethiopia to the United Kingdom
- + Targeted investments to accelerate industrial development, digitize industrial firms, and grow next-generation “Fourth Industrial Revolution” businesses
- + The launch of a new “Emirates Talent Competitiveness Council” along with a series of initiatives to build national human resources

The Projects, as outlined, are a clear marker for all to see that the U.A.E. remains, above all, ambitious. As regional competition rises – most notably from Saudi Arabia – the U.A.E. has raised the bar by stating boldly, in one of the ten principles outlined with the initiative, that “we will strive over the upcoming period to build the best and most dynamic economy in the world.” It goes on to outline a whole-of-government approach to achieve this goal, saying: “The economic development of the country is the supreme national interest, and all state institutions, in all fields and across different federal and local levels, shall bear the responsibility of building the best global economic environment and maintaining the gains achieved over the past 50 years.”

Four specific projects offer a representative sample of the many initiatives rolled out in the Projects of the 50, though they are worth exploring in full.<sup>2</sup>



<sup>2</sup> <https://u.ae/en/about-the-U.A.E./initiatives-of-the-next-50/projects-of-the-50>

## 1. The Fourth Industrial Revolution Network

The U.A.E. has leaned into the “Fourth Industrial Revolution,” a concept first outlined in a book by World Economic Forum Chairman Klaus Schwab in 2016, arguing that the rapid development of next generation technologies from artificial intelligence to robotics to nanotechnology and more means that “we stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another” and “the transformation will be unlike anything humankind has experienced before.”

As businesses rush to adapt to this Fourth Industrial Revolution, the best positioned companies will benefit. In that respect, as part of the Projects of the 50, the U.A.E. has launched a Fourth Industrial Revolution Network that aims to “establish and grow 500 national companies equipped with the technologies of the Fourth Industrial Revolution and technologically advanced workforce.” The project will also support “the digital transformation of 200 industrial companies after evaluating the efficiency of digital operations.”

This initiative reflects and accelerates the U.A.E.’s embrace of advanced manufacturing in recent years. The U.A.E. has, for instance, partnered with the United Nations Industrial Development Organization (UNIDO) to launch the Global Manufacturing and Industrialization Summit in order to “harness the Fourth Industrial Revolution’s transformative potential for inclusive and sustainable industrial development.” Moreover, the U.A.E. appointed a Ministry of Industry and Advanced Technology with a mission statement calling itself “a modern ministry with a progressive vision that aims to develop the U.A.E.’s industrial sector by promoting the adoption of advanced technology.”

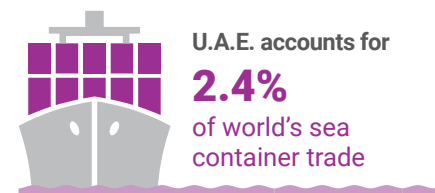


## 2. The 10x10 Program and Economic Agreements with 8 Global Markets

The U.A.E. is a well-established trade hub. With a population of less than 10 million, the U.A.E. conducts more foreign trade than Brazil or Indonesia, with populations exceeding 200 million. More specifically, with less than 0.13% of the world’s population, the U.A.E. accounts for about 1.5% of total world trade and 2.4% of world sea container trade. The U.A.E.’s \$632 billion global trade flows rank them among mid-sized European industrial and financial powers, somewhere between Switzerland and Spain and just behind Singapore.<sup>3</sup>



The U.A.E. is also a well-established global foreign direct investor. According to UN figures, the U.A.E. has been the leading outward investor from the West Asia region for the past decade.



Still, there remains room for growth on both fronts. The 10x10 program seeks to achieve an annual 10% increase in the country’s exports to the following 10 countries: China, the United Kingdom, Netherlands, Italy, Russia, Poland, Luxembourg, Austria, New Zealand, and Indonesia. The countries are well-targeted. According to this author’s examination of U.A.E. export figures over the past decade, only one of the targeted countries (China) ranks in the top five U.A.E. export destinations<sup>4</sup>, so there remains room for growth. The plan also seeks “a growth of FDI directed to target countries of 24% by 2030.”

Additionally, the U.A.E. will seek to “undertake comprehensive economic partnership agreements with eight key global markets,” hoping to raise annual trade volume with these countries by more than \$10 billion per year. While the Projects of the 50 document did not outline the markets specifically, subsequent statements and press reports indicated they are the following: Israel, India, Indonesia, Kenya, United Kingdom, Ethiopia, Turkey, and South Korea. Interestingly, Indonesia is the only country that is named in both the 10x10 initiative and the broader trade one. “Besides being home to 26 percent of the world’s population, the eight countries possess large markets with high demand for goods and services, in addition to strong trade and economic relations in their respective regions,” the document noted.

<sup>3</sup> See Molavi, Afshin - <http://usuaebusiness.org/publications/new-silk-roads-the-u-a-e-s-careful-balance-of-its-business-trade-and-investment-relationship-with-china/>

<sup>4</sup> See IMF Direction of Trade Statistics - <https://data.imf.org/?sk=9d6028d4-f14a-464c-a2f2-59b2cd424b85>

While the United States is not identified in the 10x10 program, the U.A.E. remains committed to growing its trade and commercial ties with all 50 states. Commenting on Mubadala Investment Company's \$100 billion of investments in the United States, Mubadala Group CEO and Managing Director H.E. Khaldoon Al Mubarak recently told the U.S.-U.A.E. Business Council's Board that this is the "direction Mubadala will continue to head" as the world recovers from the pandemic and U.S. economic fundamentals remain strong. This is particularly the case as the U.S. continues to play a leading role in many of those sectors that are part of Mubadala's pivot toward investing in "specific areas of the new economy that are changing life around us," including technology, life sciences, AI, and mobility.



### 3. Modernization of Visa and Work Permit Programs

The success of the U.A.E. owes a great deal to the millions of entrepreneurs, professionals, service workers, investors, and highly skilled individuals from around the world that chose to make the country their place of work. Acknowledging their role and hoping to attract the next generation of talent, the U.A.E. has rolled out a series of new visa and work permit programs that includes "the introduction of the 'Green visa', which expands the self-residency status to investors, entrepreneurs, highly skilled individuals, top students and graduates, and the federal freelancers visa for self-employed workers based in the U.A.E. and overseas in specialized fields such as Artificial Intelligence, Blockchain and digital currencies."

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The U.A.E. has also expanded its "Golden Visa" program to include "managers, CEOs, specialists in science, engineering, health, education, business management and technology," and expanded residency status for dependents of visa holders beyond their early adult years. This Golden Visa program has notably helped attract high net worth individuals to the country, coupled with a new law introduced in February 2021 (Decree Law No. 19) that enables these individuals to bring their family offices with them.

Reforms to visa and residency rules are unfolding rapidly, both at the Emirate as well as the Federal Level. In early November, Dubai announced a five-year multiple entry visa to facilitate business trips for foreign employees of firms based in the Emirate.

To achieve its ambitious targets, it's clear the U.A.E. recognizes that a new generation of professionals will need to find the U.A.E. an attractive place to live and work. Relatedly, the U.A.E. has recently introduced a series of reforms to laws related to alcohol consumption, cohabitation, and other personal status issues to create an even more attractive environment for all.

## 4. Creating and Cultivating National Talent

Traditionally, Emirati graduates have preferred work in the public sector. The jobs have been more stable and financially remunerative than the private sector. U.A.E. authorities, however, are seeking to change that paradigm. Under an initiative known as NAFIS (which literally means ‘compete’ in Arabic), the U.A.E. aims to employ 75,000 Emiratis in the private sector from 2021-2025. By that year, it aims for Emiratis to hold 10% of all private sector jobs.

Additionally, as the initiative notes, “the U.A.E.’s citizens will be offered a series of incentives to choose private sector jobs, careers of national priorities and to launch their own businesses in the labor market. The Government will provide salary support, unemployment benefits, child allowance, pensions and several other benefits to enhance career competencies, vocational skills and talents for its nationals.”

Under this initiative, an ‘Emirati Talent Competitiveness Council’ was launched with a budget north of \$6 billion to achieve its goals. The Council will be chaired by Minister of Presidential Affairs H.H. Sheikh Mansour bin Zayed Al Nahyan with H.H. Sheikh Abdullah bin Zayed, Minister of Foreign Affairs and International Co-operation, as the Vice Chairman of the Council.

This initiative builds on previous efforts to promote private-sector employment of U.A.E. nationals that are often referred to as “Emiratization” programs. The U.A.E. has historically required particular types of companies to hire a certain number of Emiratis. Moreover, it has incentivized private sector entities to employ U.A.E. nationals through such means as “Offsets” programs or “In-Country Value (ICV)” programs. The latter advantages those companies bidding for government contracts that hire locally.



## The Competitive Game of Nations




Taken together, the above reforms buttress the U.A.E.’s already-strong position in today’s competitive game of nations. In fact, in our contemporary era, the U.A.E. has surpassed Japan and South Korea in several aspects of the world’s most competitive nations indexes. The 2021 IMD World Competitiveness Yearbook ranks the U.A.E. 9th in the world, just ahead of the United States (10<sup>th</sup>), and ahead of South Korea (23<sup>rd</sup>) and Japan (31<sup>st</sup>).<sup>5</sup> The well-regarded index describes itself as “a comprehensive annual report and worldwide reference point on the competitiveness of countries.” The U.A.E. is the only Middle East and North Africa country ranked in the top ten.

The U.A.E. also ranks highly among its peers in a wide range of global indexes and benchmarking reports, from the World Economic Forum’s Global Competitiveness Index to The Global Innovation Index, usually ranking first or second in the Middle East and North Africa region, often neck-and-neck with Israel.

When you scan the leading nations that regularly appear at the top of benchmarking indexes, they all have a few things in common. They tend to be governed by business-minded leaders, attract some of the best talent worldwide, host world-class infrastructure, and promote innovation in industry and technology.

They also have another intangible in common: an understanding by leadership that destinies are made by sound, well-implemented policies. Michael E. Porter, writing in the Harvard Business Review, in a seminal article from 1990, summed it up clearly when he wrote: “National prosperity is created, not inherited. It does not grow out of a country’s natural endowments, its labor pool, its interest rates, or its currency’s value, as classical economics insists.”<sup>6</sup>

### IMD World Competitiveness Index

01.		SWITZERLAND
02.		SWEDEN
03.		DENMARK
04.		NETHERLANDS
05.		SINGAPORE
06.		NORWAY
07.		HONG KONG SAR
08.		TAIWAN
09.		UNITED ARAB EMIRATES
10.		UNITED STATES

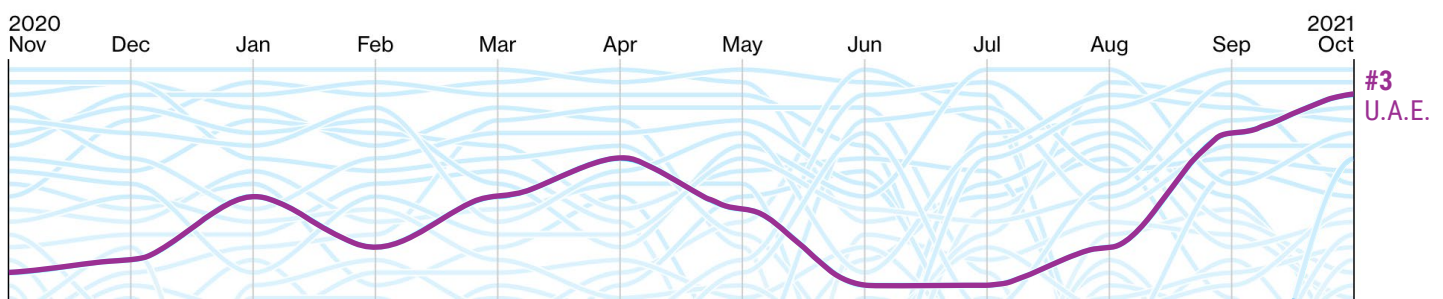
<sup>5</sup> See IMD World Competitiveness Yearbook - <https://www.imd.org/centers/world-competitiveness-center/rankings/world-competitiveness/>

<sup>6</sup> <https://hbr.org/1990/03/the-competitive-advantage-of-nations>

At the heart of Porter's thesis is a focus on competition. The most competitive nations are the ones that understand the competitive nature of our world. They understand that capital and people and enterprises are mobile, and they will gravitate toward the best opportunities. They understand that heavy investments in education and infrastructure combined with an enabling business environment will set them apart from their competitive peers. They also understand that dynamic private businesses are vital to next-level growth.

What's also clear is that the leaders of today can be the laggards of tomorrow. Consider 14th and 15th century China, the world's leading economic power until the emperors turned inward, cut off most of their trade and exploration, and fell behind Europe just as it was beginning to explore - and exploit - the world. Or even Amsterdam, from our earlier example. Viewed from the mid 17th century, Amsterdam looked like the center of the world. That is, until London played Amsterdam's own game of becoming a finance and trade hub, while its maritime fleet exploited the riches of others across the seas, challenging Dutch shipping dominance. Great Britain's Industrial Revolution ultimately sealed Amsterdam's fate as second fiddle to London.

At a time of tension and flux arising from a global pandemic that has reordered our world, the countries that react the most nimbly to this era are the ones that will continue to see prosperity for their people. According to the recently published Bloomberg Resilience Index, the U.A.E. ranks third in the world among the best places to be right now amid the Covid-19 pandemic.<sup>7</sup>



The above graph illustrates the rise over time of the U.A.E. (purple) relative to its peers (blue) in Bloomberg's global resiliency index - Image Credit: Bloomberg

## ***"A Decade of Competition" in the Region***

On a recent visit to Washington, D.C., U.A.E. statesman and former U.A.E. Minister of State for Foreign Affairs Dr. Anwar Gargash predicted that the 2020s will be the "decade of competition in the region." The U.A.E. is not the only country in the region with big plans for the future. Of course, declaring long-term visionary plans is not new in the U.A.E. or the wider Gulf Cooperation Council (GCC) states. Many have, over the years, developed a range of "Vision" plans attached to a year somewhere in the future - often developed in conjunction with the world's leading consulting firms. The most prominent, of course, is Saudi Arabia's Vision 2030, an ambitious effort to restructure the Kingdom's economy away from overdependence on fossil fuels toward becoming a knowledge and logistics hub, as well as a major global investor.

In the regional competitive game of nations, Saudi Arabia looms large. The Kingdom's Vision 2030 could truly transform the economy and pose a substantive challenge to regional peers, including the U.A.E. Competition between Saudi Arabia and the U.A.E. is clearly underway, but this should benefit both countries and the region. Even European Union states - bound together under a common charter - compete ferociously to attract investment and build the best environment for thriving firms. Here in the United States, it's not just companies competing for market share; cities and states compete to host those companies.

In one sense, the "Projects of the 50" can be seen as the vision of an ambitious nation that understands this need to innovate, re-tool, reform, and stay ahead of the rest. In another sense, it also serves as a clearly outlined vision of where the U.A.E. is headed over the next five decades, and the overwhelming thrust of the vision centers on the economy.

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<sup>7</sup> <https://www.bloomberg.com/graphics/covid-resilience-ranking/>

## ***“The most dynamic economy in the world”***

It is worth reviewing the “Principles of the 50,” as laid out in the launch document, to truly understand the vision behind the projects. “We will strive over the upcoming period,” Principle 2 notes, “to build the best and most dynamic economy in the world.” It goes on to say: “The economic development of the country is the supreme national interest, and all state institutions, in all fields and across different federal and local levels, shall bear the responsibility of building the best global economic environment and maintaining the gains achieved over the past 50 years.”

That’s a clear mission statement, but just in case it was not clear, the next outlined principle, reinforces it. Principle 3 touches on U.A.E. foreign policy and politics, and brings the issue full circle back to the economy. “The goal of our political approach is to serve the economy,” the Principle states, “and the goal of the economy is to provide a better life for the people of the Union.”

Other principles declare the importance of maintaining “stable and positive” relations with regional neighbors and working toward “global peace and stability”, supporting local human capital, investing in digital innovation, maintaining a “core value system” based on openness and tolerance, strengthening the union of the seven emirates that make up the country, and promoting foreign humanitarian aid “not tied to religion, race, color, or culture.”

While the foreign policy implications of these principles are not entirely clear, U.A.E. authorities have clearly been signaling a renewed interest in a foreign policy that would serve its economy. How this will serve as a departure from the U.A.E.’s more assertive foreign policy that saw it engaged widely in regional conflicts from Yemen to Libya over the last decade remains to be seen. One can likely expect a continued assertiveness in foreign policy, though channeled toward diplomatic and economic partnerships, as evidenced by the Abraham Accords, and a series of free trade agreements in the works.

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## ***The Constancy of Change***

Close observers of the U.A.E. have become accustomed to playing catch-up over the past few years with the latest new initiative roll-out, or new ministry formed, whether it is the 2017 U.A.E. National Strategy for Artificial Intelligence, or the more recent “Operation 300 Billion,” which seeks to double the country’s manufacturing output to AED 300 Billion (roughly \$80 Billion). Still, the scale and duration of this latest plan trumps all of them – and offers valuable sign posts for business and countries trying to understand the future of the U.A.E.

The U.A.E. seems to be in a constant effort to reinvent government to stay ahead of the times and the steady flow of new initiatives looks a lot more like the workings of a private sector firm than a traditional state. The U.A.E. has long played host to the World Government Summit, which is dedicated to shaping the future of governments. Not many countries, for example, have a Minister for the Future or one for Industry and Advanced Technology.

Neither of these ministries are gimmicks. Both men who occupy these positions – H.E. Mohammed Al-Gergawi and H.E. Dr. Sultan Al-Jaber - are leading figures in the U.A.E. Cabinet. Al-Gergawi also holds the portfolio of Minister of Cabinet Affairs and has long been a close advisor to U.A.E. Vice President and Prime Minister and Dubai Ruler H.H. Sheikh Mohammed bin Rashid al-Maktoum, and Al-Jaber is the CEO of Abu Dhabi National Oil Company, U.A.E. Special Envoy for Climate Change, and a long-time advisor to Abu Dhabi Crown Prince and Deputy Supreme Commander of the U.A.E. Armed Forces, H.H. Sheikh Mohammed bin Zayed Al Nahyan.

The announcement of the world’s first Minister of State for Artificial Intelligence has likewise not been a gimmick. H.E. Omar Al Olama has made a significant impact, shaping new policies on data privacy and localization that will be central to the U.A.E.’s economic ambitions in the coming decades. Al Olama is part of a group of younger, dynamic ministers with economic portfolios that will continue to shape the future. Veteran U.A.E.-based emerging markets advisor, management specialist and academic Yasar Jarrar calls this younger generation of ministers “the dream team that will drive the U.A.E. deep into the 21<sup>st</sup> century” and establish the U.A.E. as a major technology hub. Notably, nearly one-third of the U.A.E. cabinet are women, many of whom are leaders in this next generation cohort of ministers.

While the ‘Projects of the 50’ should be seen as one of the more ambitious initiatives outlined by an ambitious nation, long-time observers of the U.A.E. understand that it will not be the last. Change in the U.A.E. can be dizzying and rapid, but it is seemingly constant.

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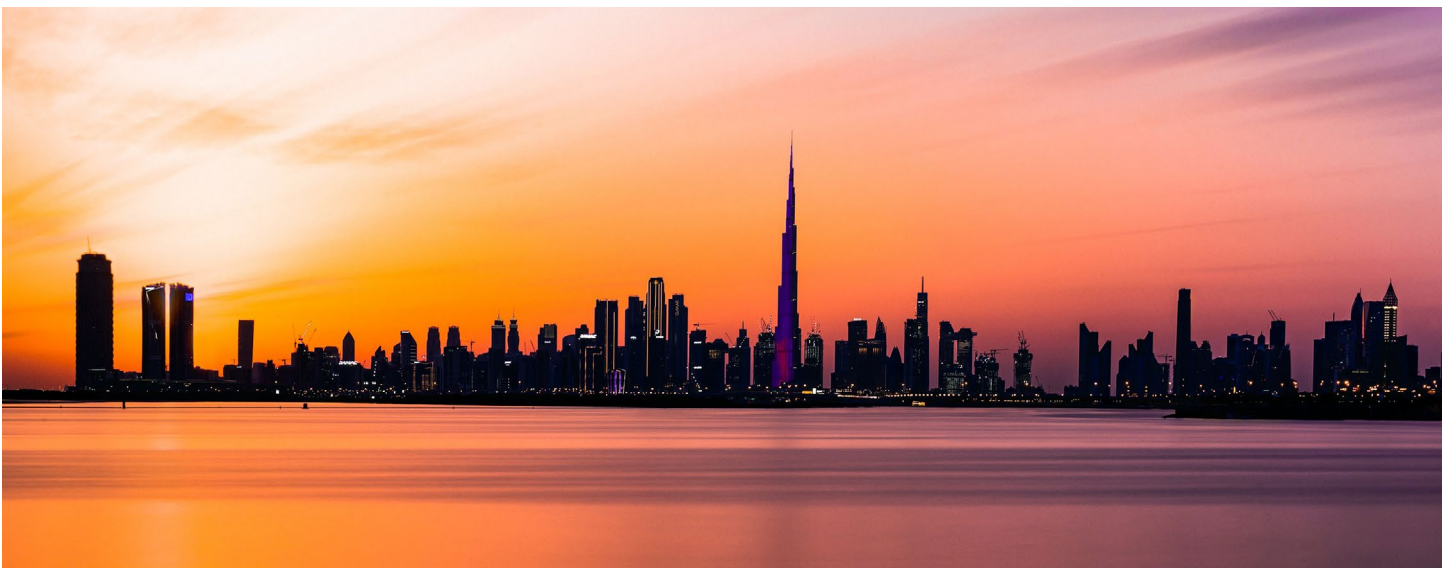
"The only thing constant in life," the ancient Greek philosopher Heraclitus wrote some 3000 years ago, "is change." The countries that embrace and lead changes tend to be the ones that excel and create prosperity for their people. History is littered with great cities or firms that failed to adapt or lead change.

When the United Arab Emirates was founded as a unified nation in 1971, few could have foreseen the trajectory of its rise. In many ways, it was a start-up nation. The next 50 years will be the U.A.E.'s scale-up phase, building on many of its gains, and finding new ways to grow and develop. Still, it would benefit from maintaining that start-up mentality, as it moves from a start-up nation to a scale-up one.

Competitors loom from Singapore to Seoul to Sao Paulo, from Riyadh to Rabat to Rome. While competition will create winners and losers, on a macro scale, the competitiveness of nations, cities, and firms help drive the kind of innovation that spurs economic growth and human prosperity.



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