

BIG IDEAS

for the Biden Administration: Middle East Series

In Focus: 4 Ideas for U.S.-U.A.E. Ties



U.S. CHAMBER OF COMMERCE

U.S.-U.A.E. Business Program

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The United States and the United Arab Emirates (UAE) enjoy a strong and strategic bilateral relationship with the economic partnership serving as a critical avenue for mutual collaboration and investment. As a global hub for innovation, business, and finance, the UAE has increasingly become a more attractive destination for U.S. companies to invest and do business. The U.S. Chamber of Commerce and its U.S.-UAE Business Program are ready to work with the Biden Administration as it considers the future of the U.S.-UAE bilateral relationship through the newly established Strategic Dialogue and continuation of the existing Economic Policy Dialogue. The U.S.-UAE Business Program serves as the conduit and strategic partner to facilitate a discussion on policies that encourage trade, innovation and investment with the goal to deepen commercial ties and expand U.S. business engagement within the UAE.

Over the past year, the UAE has aligned itself as a strategic ally on regional and geopolitical issues. In September 2020, the UAE, alongside Bahrain, and working closely with the United States, signed the Abraham Accords normalizing relations with Israel and establishing formal diplomatic recognition and economic ties between the two countries. In January 2021, the UAE joined other countries to end the rift with Qatar and lift the 3 ½-year embargo, further uniting the region. These strategic moves signal the UAE's commitment to helping the Middle East navigate complex challenges and continuing its role as a key security and economic ally of the United States in the region.

The Covid-19 pandemic affected countries across the globe inflicting economic turmoil, loss of life, and challenges to healthcare infrastructure in varying degrees. The UAE emerged as a global leader in its ability to manage through the crisis and accelerate innovative approaches to healthcare and digital transformation. The comprehensive system of government-funded and private healthcare facilities allowed it to remain vigilant in issuing alerts and implementing protocols to ensure efficient handling of the pandemic. Field hospitals, testing zones, and early vaccine distribution eased internal pressure and as one of the first countries to efficiently adapt to the remote environment in schools, government and the private sector, the economy was shielded from more severe impacts seen throughout the region. During this challenging time, the private sector was a stabilizing agent and encouraged innovation and partnerships with key government authorities.

The U.S. Chamber of Commerce has a long history of working with the U.S. government, UAE government and private sector stakeholders and remains dedicated to working with our partners on inclusive economic growth and structural reforms. The U.S. Chamber recommends that the U.S. Administration consider the following “4 Big Ideas” to strengthen the U.S.-UAE strategic partnership.

1. Focus on Innovations in Sustainability, Decarbonization and Clean Energy

The Biden Administration's efforts on Climate Diplomacy provide an opportunity for the U.S. and UAE to grow the bilateral relationship and draw upon the expertise of our U.S. businesses to promote a sustainable future. In April 2021, Special Presidential Envoy for Climate John Kerry traveled to the UAE to meet with H.E. Dr. Sultan Al Jaber and discuss the ways to advance global action to halt climate change. He also took part in the regional climate dialogue. During this visit, the United States and the UAE pledged to work together to finance decarbonization focusing on hydrogen, renewable energy and low carbon urban design. An annual bilateral energy dialogue was first launched in 2014 to strengthen cooperation on energy issues and technologies, including clean energy and carbon capture technologies. This new announcement not only



contributes to a crucial pillar of the new Administration’s public policy, but also builds on the partnership created in 2014.

The UAE is a global leader in its response to climate change using cutting-edge technologies to control emissions, reduce flaring of natural gas, increase energy efficiency and adopt new sources of green energy. With renewables at the heart of Vision 2021, the UAE’s commitment to expanding low-carbon technologies and investing in renewable and nuclear power serves two purposes: to diversify its economy and enhance sustainability in the Middle East. Abu Dhabi is home to three state-of-the-art projects that bring green initiatives to the forefront of the UAE’s energy sector: Masdar City, a hub for research and development on greener and more sustainable urban living; Noor Energy, the world’s largest single-site solar project; and Barakah nuclear plant, the first nuclear power station on the Arabian Peninsula.

In addition to developing new sources of sustainable energy to address the increased demand for electricity, the lack of arable land and water has made food security a key sustainable policy priority. The UAE’s climate alone poses significant challenges for domestic food production and storage. The Vision 2021 renewable agenda provides substantial opportunities for the private sector to engage. Effective policies and projects can help to mitigate some of the challenges the UAE will need to overcome to implement an effective food security strategy. Specifically, new agricultural and environmental technologies, green initiatives, and sustainable infrastructure represent areas for the U.S. private sector to partner and bring to the table its innovative technologies.

The partnership between the U.S. and the UAE allows the governments to leverage the new environmental data being developed by U.S. companies as well as ongoing research initiatives by the UAE to address some of these challenges. In July 2020, the UAE Space Agency launched the Hope Mars Mission, a collaborative project with the University of Colorado, to help gather critical data on climate change. The data itself will allow scientists to analyze and monitor Mars’ atmosphere, which will help to connect the activities observed with their influence on other data points connected changes in the Earth’s climate. Thus, the UAE Space agency, utilizing private sector innovation, will be well positioned to apply the lessons learned to a UAE sustainability and climate agenda.

Recommendation #1: The U.S. Chamber recommends establishing an annual U.S.-UAE Green Economic Summit that will serve as a permanent platform to bring together government and business leaders and other stakeholders for high-level discussions to advance mutually agreed to goals in mitigating climate change. The Summit will rotate between Abu Dhabi and Washington annually. The Summit will be supported by activities, meetings and events throughout the year to enhance public and private sector cooperation in a range of areas, including sustainability, renewable energy, energy efficiency, carbon capture utilization and storage, food security, and climate change research initiatives.

2. Institute a U.S.-UAE Digital Trade Dialogue with Private Sector Input

While the pandemic may have accelerated the adoption of digital technologies throughout the region, the truth is that the UAE was already a leader in the transformation to a digital economy. Dating back to 2000, the UAE launched Dubai Internet City (DIC) for ICT companies to set up offices, followed soon after by the eGovernment



and eDirham. The UAE government, through Vision 2021, ambitiously realized the potential of digitization and embraced Industry 4.0 as the next industrial revolution based on digital transformation. Placing the focus on new digital programs and the ICT sector, the UAE government is better equipped to address the growing needs of its ever-changing population through both the public and private sectors. Specifically, the Ministry of AI, UAE ICT Strategy, National Innovation Strategy, and Road and Transport Authority (RTA) Smart Transport Strategy all highlight the importance digital technologies are playing in diversifying the economy. The UAE has worked to incorporate digital technologies across key sectors, most notably in healthcare and transportation.

The UAE is one of the world's fastest growing transportation markets, and as a result the industry is undergoing major reforms. Remarkably, the Abu Dhabi – Dubai hyperloop project and Dubai's drone taxis are leading the world in their innovative technologies. Autonomous transportation is a key feature of the UAE's future strategy, as Dubai currently targets 25% of all trips to be driverless by 2030. Further, Dubai was the first city to successfully test a new flying taxi service. To ensure that the premier technology and innovative strategies are implemented, the government has partnered with the private sector on these initiatives – with Careem and Tesla for its autonomous vehicles, and German-company Volocopter on launching the flying taxi service.

Amidst the progress and leadership in the digital space, challenges exist to ensure effective policies are in place to regulate, ensure security, and attract private sector investment. The UAE has already taken strides to ensure regulatory entities are in place to address these growing needs. In 2017, H.E. Omar Sultan Al Olama was appointed as the first Minister of State for Artificial Intelligence in the UAE; the UAE was the first country in the world to implement a Ministry of AI. As a result, the UAE has implemented a series of regulations supporting the ethical use of data, such as the Dubai Data strategy that optimizes the use of data for providers, and the Dubai Data law that protects data privacy for individuals, among others.

While the UAE is leading the way in the adoption of many technologies, the development of a regulatory framework on data privacy, cross border data flows, the cloud, cybersecurity and other topics remains both a vital and ongoing effort. The U.S. Chamber is currently engaged in ongoing discussions with both governments to encourage dialogues bringing together the private sector and government decisionmakers to establish growth-friendly policies that instill confidence and encourage investment across the economy.

As outside actors also recognize the potential in the UAE's transition to a digital economy, clear and effective government regulations must be in place to ensure the safeguarding of intellectual property and data for U.S. companies.

Recommendation #2: The U.S. Chamber proposes launching a U.S.-UAE Digital Trade Dialogue to foster sustained discussions between our governments on best practices, policy objectives, and investment protocols. On the sidelines of these government-to-government discussions, it is vital to create a streamlined process for the private sector to provide constructive input on a range of related topics and recommendations on draft policy and regulatory proposals.



3. Foster Greater Cooperation in Innovation of Financial Services and Products

The UAE has positioned itself as a global financial center alongside other leaders, such as New York, Hong Kong and London. The UAE’s economic growth, advancement in fintech initiatives, and stability can be largely attributed to the development of the Dubai International Financial Center (DIFC) and Abu Dhabi Global Market (ADGM). Both the DIFC and ADGM create a business ecosystem that fosters growth in the financial sector and promotes an investment environment by finding new opportunities for progress. In 2004, DIFC established a “special economic zone” targeted at businesses looking to invest in the UAE. Incentives, such as 50-year exemptions from taxes on corporate income and profits, and the ability to retain 100% foreign ownership in businesses that localize, help continue the forward momentum.

At the core of UAE’s growth in the financial sector is a focus on fintech, digital assets and as seen in other sectors, digitization. Financial technology has taken off exponentially in the UAE, led by a tech-savvy population, financial free zones and a government mindset keen to explore the most recent innovations in the fintech sector. This is witnessed by efforts taken by DIFC and ADGM to encourage the development of fintech-related startups and businesses. The private sector has also played a key role in partnering with Emirati fintech startups. For example, Ripple is a major partner for cross-border remittance payments in the UAE, and Stripe, which builds economic infrastructures for the internet, has expanded into the UAE.

Fostering a financial ecosystem for digital assets made the UAE one of the most progressive countries in the world in financial innovation. Kiklab, a government-owned service offering both a Dubai-based Free Zone and onshore licensing services, became the first government-backed entity to accept cryptocurrency as payment in February 2021. Samana Developers, headquartered in Dubai, quickly followed with the announcement in May that it would accept Dogecoin cryptocurrency as payment for realty transactions.

The UAE will continue to be an attractive market for fintech start-ups and the financial sector more broadly given its pioneering adoption of new technologies, and its ability to develop regulatory frameworks that facilitate innovation. In fact, ADGM was the first jurisdiction in the world to introduce a comprehensive Virtual Asset regulatory framework for the regulation of virtual asset activities. The U.S. government can utilize its expertise from leading experts in the public and private sector to help the UAE government navigate this complex regulatory landscape, reduce barriers to innovation, and maintain transparency through technology advancements.

Recommendation #3: Under the umbrella of the U.S.-UAE Economic Policy Dialogue, U.S. Chamber encourages establishing a U.S.-UAE Financial Innovation Partnership to enhance bilateral engagement on emerging trends in financial services innovation by engaging the private sector and focusing on regulatory cooperation. The goal of the Partnership is to promote innovation in financial services and products to drive growth and capital formation and orderly and efficient markets in both nations. Through the Partnership, key government authorities and the private sector should hold regular discussions and work closely together to address regulatory challenges and share best practices.



4. Build a Long-Term U.S.-UAE Health Partnership

World-class healthcare is a key priority in the UAE’s Vision 2021 and will remain a key area of opportunity and growth as is evident by the accelerated innovation experienced during the pandemic. A shift to digital technologies played a vital role in the response to the Covid-19 pandemic. For example, the police and military were equipped with thermal cameras that could detect fevers from a safe distance. Similarly, drones were used to sterilize streets and ticket those who did not abide by curfews. Digital initiatives were quickly implemented during the past year to accommodate for the inability to travel. For example, the Abu Dhabi Telemedicine Centre launched initiatives to provide patients with virtual consultations and photo sharing technologies with medical professionals. Integrated systems for lab results, insurance and newborn documentation were also made available digitally by the Ministry of Health and Prevention (MOHAP).

To further facilitate this digital transition, the UAE government encourages more research and development (R&D) in ICT for healthcare services. Drawing upon the innovation of the private sector, the government partnered with Falcon and Associates to launch “Dubai 100” – an accelerator program aimed to support digital health start-ups.

While digitization in the healthcare sector has made strides, it will play a much larger role and will continue to grow long after the pandemic. Alongside MOHAP, the Ministry of Artificial Intelligence is playing another key role in transforming UAE healthcare. Significantly, the Ministry of AI is providing new opportunities for MOHAP to utilize new technologies. The UAE Artificial Intelligence Strategy 2031 outlines ways that AI and robotics can expand healthcare technologies with the goal of minimizing chronic illnesses and utilizing AI algorithms to expedite medical procedures. One implementation of the new technology was launched at Arab Health in 2020. Enayati, an AI-base health prevention platform, aims to predict illnesses utilizing smart systems for “at-risk” patients. For example, devices can be worn by patients to remotely detect heartbeat irregularities and early signs of illness. Currently the UAE government is testing pods that will be placed in government buildings to monitor early signs of disease in staff. 3D printing solutions have also become a popular new technology allowing hospitals to lower surgery prices by using anatomical models.

Artificial intelligence and digital technologies can offer tremendous opportunities for collaboration in healthcare between the U.S. and the UAE. Highlighting American innovation in robotic surgery, disease detection and identification, telemedicine, and many other areas can complement the existing frameworks and ambitions within the UAE. Further, U.S. regulations on the ethical implementation of AI in healthcare applications can greatly benefit the UAE as it creates new regulations and protocols to adapt to this evolving field.

Recommendation #4: The U.S. Chamber proposes creating a U.S.-UAE Health Dialogue on the sidelines of Arab Health to deepen and expand the bilateral healthcare partnership. The Dialogue would build on the existing USA Partnership Pavilion at Arab Health by bringing together government officials and business leaders and associations to meet and substantively engage in policy and regulatory issues affecting R&D and clinical trials, access to new medicines, therapies and technologies, intellectual property, health data and many other topics.