

Comments in Gulf News article – The UAE: The best place to live?

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The UAE: The best place to live?

Being a country of mostly expatriates, one of the most common questions in the UAE is, “Where are you from?” An answer of a city or country is usually followed by, “One of the most beautiful places on Earth.” Yet 87 per cent of the UAE’s estimated population of 8,264,070, according to 2010 data, are expats. It is home to people from close to 200 nationalities and the country’s net migration rate, 21.71, is the world’s highest, although the National Bureau of Statistics has no data on the number of UAE nationals living abroad.

As the country celebrates its 42nd National Day, we take stock of the country’s appeal among expatriates and citizens.

“There’s a definite buzz around the UAE,” says Dakotta Alex, an HR specialist from the US looking to join the country’s expat community. “All around the world, people are talking about the boom occurring here and the subsequent growth opportunities.

“Comparatively, no other place in the Middle East is as much of an oasis. It’s East meets West and you can live in both simultaneously. The diversity of the population is also appealing.”

One attraction is the standard of living available in the

country. The recent Knight Frank Lifestyle Report placed Dubai at the top of its list of favourable locations to live globally. Meanwhile, an HSBC study into the best country for foreigners placed it ninth.

Although quantitative studies such as these aren't the only way to measure lifestyle, they are a useful tool. "This particular study [Knight Frank] openly identifies that it is only using categories that may be of concern to an investor or someone considering relocating a business," says Dr Gerald Legé, Associate Professor of Mathematics and Dean of the School of Arts and Sciences at American University in Dubai. "It seems unreasonable to assume that all of those people are as concerned with the cost of bubbly, the number of Michelin-starred restaurants, or the number of leisure pursuits available nearby as they are in the selling price of petrol or the cost of living.

"Additional lifestyle elements that might be important to include would be air and water quality, availability of public parks and open space, and traffic flow beyond commute hours and outside Dubai city," he says.

Favourable financial foothold

One of the biggest advantages of living here is the favourable financial situation, with the World Bank ranking the UAE 16th in terms of its GDP – the economy expanded 4.9 per cent in the first half of the year – and 26th for ease of doing business, while the World Economic Forum's (WEF) Global Competitiveness Index places it at 19.

These rankings may sound impressive, but it doesn't guarantee success. Dubai-born and raised Emirati brothers Mohammad and Peyman Parham Al Awadi opened their first Wild Peeta gourmet shawarma restaurant here in 2009 after studying and working abroad. Last year, however, they closed all three outlets. Even though they had extensive experience working for multinational companies, the two found it wasn't easy to start a business. "It was the most challenging work that we had done. It was tedious, difficult, bureaucratic and time-consuming to open the first outlet," Mohammad told Gulf News earlier this year.

"We thought we knew how to start. We actually didn't know the execution details. It was a steep, long and expensive learning curve."

The brand was very successful through social media, necessitated by its small marketing budget. The brothers are keeping the brand alive through their TV show Peeta Planet on Dubai One, in which social media plays a key part. They also plan on revisiting the restaurant idea.

“Ease of access and doing business is a definite benefit to living here,” says Dr Nasser Saidi, Founder and President of economic advisory and consulting firm Nasser Saidi and Associates and former Chief Economist of the DIFC.

“The UAE, and particularly Dubai, is the trade, tourism and logistics hub of the Middle East. This is its primary attraction, and its location serves this role. The country benefits from being midway between Asia and Europe, and from being in close proximity to Asia, Africa and the Indian subcontinent.”

Tax-free conditions and the legal framework also count in its favour, as does the UAE’s status as political safe haven. “We have rule of law,” says Dr Saidi.

“The UAE boasts high levels of quality of life, infrastructure, safety and stability.” The world peace index places it at 36th out of 162 countries. “The region is plagued by turmoil, unrest and rising inflation, and although other countries might be promising long-term, their short-term prospects aren’t inviting.”

Huge share of the property pie

The Knight Frank study also found Dubai to have the fastest-growing real-estate market in the world, at 21.7 per cent year to June. Investments from the rest of the region play no small part in this. *Saidi says the UAE benefited doubly from the Arab Spring, “It attracted not just capital, but people too.”*

Although the UAE scored well in the latest Happy Planet Index – a score of 7.2 puts it at 16th out of 151 countries – the government is consulting experts to break into the top ten. According to reports, the Emirates Competitiveness Council aims to improve residents’ quality of life while making the country more attractive to investors. Last year, the country was ranked first in the Arab world in a similar report by the UN.

On the humanitarian front, the UAE is one of the biggest donors internationally – 16th in terms of gross national income, as per the Organisation for Economic Coordination – a

position reinforced recently by the \$10 million (about Dh36.7 million) donated towards relief efforts in the Philippines following typhoon Haiyan.

Yet there are challenges, which the government seems committed to addressing. "The UAE excels in combating crime, especially drugs, in promoting cultural tolerance and cultural awareness while maintaining its heritage and tradition," says Dr Legé. "It is also true that the UAE is probably more responsive to the needs of citizens and to addressing problems related to growth in general. There clearly is a can-do attitude about improving the country and its social fabric, and a lack of bureaucratic red tape for addressing strategic priorities."

Dr Saidi says the rising costs of living are problematic, and in Dubai rental increases of up to almost 40 per cent have been reported. An HSBC study found the UAE had among the lowest levels of disposable income, while the National Bureau of Statistics found consumer prices increased year-on-year by 1.26 per cent in September. "With rents and the like rising, the UAE is in danger of becoming too expensive to set up businesses. It takes us back to before the crash, in 2007," he says. "A warning should be sent out."

Sallie Bowtell, Senior Associate at legal firm Trowers & Hamlins, concurs. "Probably one of the largest legal risks is the exposure to the rising cost of living in the UAE, most notably in the residential leasing and utilities sectors – there is a likelihood of this skyrocketing with the Expo 2020 announcement. Dubai, in particular, has taken, and continues to take steps toward regulation of the property and utility services markets, although enforcement remains an issue with landlords continuing to take steps to circumvent the law."

A health crisis?

The WWF said the UAE was the third-worst country in the world for resource consumption per person, although it is an improvement on its number one position in 2010. The country also ranks among the worst for the prevalence of obesity and diabetes.

Despite the country's premier health-care system, which 87 per cent of Emiratis are happy with according to a Gallup survey, 39 per cent of UAE nationals would still prefer to be treated abroad. Regarding international academic mobility, the Institute of International Education found that 12 per cent

more Emirati high-school leavers went to study in the US last year than the year before.

The country is also actively involved in the fight against human trafficking through a National Committee established in 2007. "The fight against human trafficking is our fight, and a goal we share with all responsible nations," Dr Anwar Mohammad Gargash, Minister of State for Foreign Affairs and chairman of this committee, said in the body's 2010 annual report.

Then the UAE's media laws are under review. In a 2012 submission to the UN, the The Ministry of Foreign Affairs (MoFA) said greater emphasis on "freedom of opinion, as guaranteed under the Constitution, [has] been included in the new bill, which is on its way to becoming law". This new law will facilitate access to information while curbing censorship and related penalties.

Ranking first in the region and thirteenth in the world on rule of law and judicial transparency, according to the World Justice Project, the UAE can be proud of its judicial system. It is also one of the least corrupt places on earth, placing second in the Middle East and North Africa and 28th out of 183 countries in Transparency International's 2011 Corruption Perceptions Index, one better than its ranking in 2010.

Says Bowtell: "There is the risk of introduction of income or other taxes in the region. I think you would see the quality of living for expatriates in the UAE dropping significantly in that instance.

"Then, there is always the legal and political risk that is inherent to living in an emerging market. The laws are subject to change at short notice at times and their introduction is not subject to the live and extensive debates that might be expected in other jurisdictions."

Temporary workforce

One of the biggest disadvantages to living in the UAE is, as Dr Saidi says, the uncertainty that comes with expatriates not being able to live here permanently. Turning the country's temporary labour force – essentially financial and labour migrants – into a more permanent one, would fuel the economy of the UAE for the next few decades. "People invest less here than they otherwise would have. It also accounts for the high rate of remittances," Dr Saidi says.

Remittances rose 9.5 per cent to Dh45.1 billion last year.

Sultan Sooud Al Qassemi, political commentator and proponent of naturalisation, wrote in a column in Gulf News recently: "Part of the fear of naturalisation is that Emiratis would lose their national identity; we are after all a shrinking minority in our own country.

"However, UAE national identity has proven to be more resilient and adaptive to the changing environment and times than some may believe."

President His Highness Shaikh Khalifa Bin Zayed Al Nahyan's decree in 2011 giving children born to expat fathers and Emirati mothers the right to citizenship is a step in the right direction. But, he says, the issue should be considered for expats, citing the US as an example: "A large part of America's success is based on the continuous stream of immigrants, who were subsequently naturalised."

One of the government initiatives to safeguard its citizen minority is the Emiratisation programme, which is enjoying minimal success – UAE nationals are said to account for as little as 10 per cent of the workforce in the private sector. There is a call for the government to address this issue by subsidising citizens' salaries in the private sector and levelling the differences in holidays and other public-sector perks.

If the UAE isn't the best place to live, it certainly is working hard at becoming it – and the country is taking its cue from studies drawing international comparisons. The UAE Government – which ranked fifth in efficiency, 25th on performance and capacity, and 27th on innovation and development in WEF's Global Competitiveness Report 2011-12 – will take reports more seriously in future. Last month, the Cabinet said a committee will be created in the Federal National Council (FNC) to investigate and debate the country's reputation. "The UAE has improved tremendously in the past five years according to these reports and has beaten many countries," the FNC report reads.

In its UN 2012 submission, the MoFA states that the UAE ranked first in the Arab world and 30th out of 187 countries in the Human Development Report, up two places, and 38th on the indicator of women's empowerment. It also said the country topped the Arab world in WEF's gender equality index.