

Dubai:

On the Front Line of U.S. Iran Policy

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Brief Analysis

Willingly or not, Dubai has been thrust onto the front line of diplomacy aimed at curbing Iran's nuclear ambitions and terrorism sponsorship. The January 20, 2010, assassination of Hamas gunman Mahmoud al-Mabhouh on its soil was a reminder of the emirate's longstanding trade and commercial links with Iran -- he was reportedly there to purchase Iranian rockets for Hamas units in Gaza. For years, U.S. authorities have been pressuring Dubai for more restrictions on Iranian trade passing through its ports, as well as increased controls on Iranians traveling to and living in the emirate. The ongoing Mabhouh investigation has shown that, given the requisite political will, Dubai has excellent surveillance capabilities and other attributes that could be used against Iran.

Vital Trading Link

Iran is the principal destination of goods re-exported from the United Arab Emirates (UAE), of which Dubai is a member. The bulk of these goods go by sea -- the major Iranian port of Bandar Abbas is a mere 100 miles away from Dubai. The emirate boasts a busy dhow port for smaller vessels as well as a modern container port at Jebel Ali. It also offers numerous daily flights to and from several Iranian cities. Annual trade between the two jurisdictions has reportedly tripled to \$12 billion over the past five years, and an estimated 8,000 Iranian businesses and 1,200 trading companies are currently based in Dubai.

UAE efforts to clamp down on illicit Iranian trade have grown in the face of U.S. pressure but are still a work in progress. The UAE passed its first national security export control law in 2007, and authorities have seized several illicit shipments destined for Iran. UAE officials say they are making it more difficult for Iranian businessmen to obtain and renew visas and commercial licenses. Similarly, Iranians are reportedly having trouble finding UAE banks to handle their transactions. In addition, plans have been announced to more closely regulate the dhow port on Dubai Creek, where customs supervision is currently nonexistent.

UAE initiatives do not necessarily mean cooperation from Dubai, however. Although the leading emirate, Abu Dhabi, holds nearly 8 percent of global oil reserves and often bankrolls the other six sheikhdoms, each emirate proudly preserves its independent status. Thus, while Abu Dhabi is clearly apprehensive about the prospect of a nuclear-armed Iran, Dubai appears less so. In 2008, Sheikha Lubna al-Qasimi, the UAE's minister of economy and planning, explained why its authority and ability to act might be limited: "At the end of the day, Iran is still a neighbor."

History of Tolerating Smuggling

Dubai has a track record of eschewing bureaucratic obstacles to trade and downplaying international dangers. Until late 2001, for example, it served as a financial center for al-Qaeda. And when Mabhouh's body was first discovered, a top local police investigator said that the Hamas official need not have traveled using a false name because Dubai would have been willing to give him official protection during his stay.

Dubai also played a central role in nuclear proliferation for many years. At a time when direct Pakistani trade was hampered by attention from U.S. and European customs and intelligence agencies, the emirate served as a base for Islamabad's efforts to import uranium enrichment technology and centrifuge equipment for nuclear weapons. For example, a European document from the 1980s warned how parts for a second-generation atomic bomb might be transshipped via "supply addresses known to be used by Pakistan for its nuclear programme" -- one of these addresses was listed as "Bin Belailah Enterprises" of Dubai.

This supplier's history merits closer scrutiny. According to another document released recently by Swiss authorities, the name "Bin Belailah Enterprises" was also used by the Dubai-based Khaled Jassim General Trading Establishment, a firm that came under suspicion when Canadian authorities disrupted an order it placed for centrifuge electrical components. And in 2004, when Pakistani nuclear scientist Abdul Qadir Khan was detained and accused of nuclear proliferation to Iran, Libya, and North Korea, authorities arrested a key associate of his who managed the Dubai firm SMB Computers. This firm was named after the sponsor of Bin Belailah Enterprises, Said Mattar bin Belailah. Beginning as a police officer in the emirate's immigration department, bin Belailah rose steadily in the Dubai bureaucracy over the years, directing the Department of Naturalization and Residency Administration from 1996 to 2006 and retiring with the rank of brigadier general. He remains connected today, serving as founder and president of the Rotary Club of Dubai, which receives direct patronage from a senior member of the ruling al-Maktoum family.

Tarnished Reputation

Even before the Mabhouh assassination, various events had severely compromised Dubai's ambitions as an iconic city-state of the future. A financial crisis in late 2009 raised questions about the emirate's further expansion and the government's willingness to pay its debts. In January, the world's tallest building -- the Burj Dubai -- opened with an extravagant fanfare but was promptly renamed Burj Khalifa in honor of Abu Dhabi's ruler, who had authorized a multibillion-dollar bailout for Dubai. More recently, amid questions about low occupancy levels, the tower's public areas were closed because of unspecified problems with the elevators.

Dubai also has experience with violent death. In 2008, an Egyptian politician paid a hit-man to kill Lebanese singer Suzanne Tamim, who was living there in an exclusive apartment block. The hit man was tracked down and arrested because, reportedly, bloodstained footprints marked his escape. The Egyptian authorities imposed gag orders on reporting of the case.

Just weeks before the Mabhouh killing, the magazine Vanity Fair claimed that the CIA had tracked A. Q. Khan during his frequent visits to Dubai and had planned to

assassinate him there. The magazine's source said the hit didn't happen "because of lack of political will" in Washington. A CIA spokesperson refused to discuss the question with the magazine.

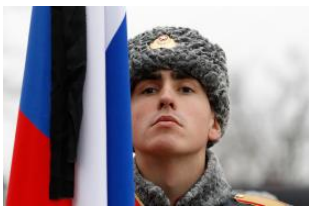
Boosting Political Will

The Mahboub incident, Iran's nuclear ambitions, and Dubai's crucial regional role are probably key elements of conversations that visiting UAE foreign minister Sheikh Abdullah bin Zayed al-Nayhan has had in Washington, D.C., this week. The assassination has likely damaged UAE-Israeli relations, which had grown steadily over the past decade with U.S. encouragement and regular, though unofficial, diplomatic exchanges. (Bilateral trade between the two countries has grown to \$1 billion annually.) Sheikh Abdullah also knows the nuclear file, having been given a guided tour of Pakistan's centrifuge plant at Kahuta in 1999 by Khan himself. Going forward, the United States should point out that helping Hamas obtain arms is unacceptable. It should also emphasize that Dubai has the technical means to prevent Iran from exploiting the emirate to avoid sanctions. Abu Dhabi should use its interest in thwarting Iran and its financial leverage to ensure Dubai's greater cooperation.

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