

The Dubai Ports World Controversy: Jingoism or Legitimate Concerns?

By Stephen Zunes | March 13, 2006

Congressional Democrats, who proved themselves to be so timid in challenging the Bush administration in its invasion and occupation of Iraq, the initial passage of the Patriot Act, the bombing of Afghanistan, the detention without due process and torture of thousands of detainees worldwide, and other horrendous policies finally found the courage to challenge the Bush administration on a post-9/11 security issue and won. Unfortunately, they chose an issue of little real importance and decided to appeal to popular racist and jingoistic sentiments by raising exaggerated fears over the implications of a routine transfer of ownership of a company which operates facilities at some terminals in six U.S. ports.

Though there were some legitimate concerns regarding security issues and the Bush administration's handling of the situation (outlined below), the decision to focus such disproportionate attention on the purchase of the British firm Peninsular and Oriental Steam Navigation Company by Dubai Ports World was blown way out of proportion. As a result, DP World has announced they will be selling the segments of the P&O operations in the United States to an American firm.

Even under the original agreement, ownership of the American ports would have remained with state and local entities. Most port operations in the United States are currently run by foreign interests, including companies owned by the governments of Singapore and China, with no apparent objections from Congress. However, in a corporate version of racial profiling, a bipartisan group of Capitol Hill lawmakers expressed outrage over the prospect that some port operations will be managed by a company owned by an Arab government.

To make their case against allowing the company's new owners to continue its operations in the United States, opponents of Arab ownership distorted the nature of the purchase. For example, House Democratic leader Nancy Pelosi, who had no qualms about making false claims supporting the Bush administration's contention

that Iraq still had chemical and biological weapons on the eve of the U.S. invasion, proved herself quite willing to make false claims *against* the administration. In a recent letter to her San Francisco constituents, the Congresswoman insisted, "the administration brokered a deal with Dubai Ports World to provide port security at six major U.S. ports."¹ In reality, the Bush administration did not broker any deal with Dubai Ports World but merely approved the transfer of the company which had already been managing the operations of the port facilities to a new owner. More critically, DP World, like P&O, would have only been responsible for managing normal port operations, such as the docking facilities, the cranes, and the coordination with ground transportation of container shipment. The U.S. Coast Guard and the Department of Homeland Security would have continued to "provide port security." Indeed, no port company determines or sets standards for security in American ports, which—according to federal law—are solely the purview of the U.S. government.

The hyperbole of some Democrats has bordered on racism, with New Jersey Senator Frank Lautenberg claiming that the transfer of title of operations at one of Newark's four terminals constitutes an Arab "occupation,"² adding that, "We wouldn't transfer the title to the Devil; we're not going to transfer it to Dubai."³ In



response to criticism of his comparison of the Dubai government with Satan, Lautenberg defended his remarks by noting the failure of the United Arab Emirates (UAE) to support U.S. policy toward Israel and Iran.⁴

While Congress may have had concerns about the UAE owning a company in charge of some port operations, they have had no qualms about supplying that government with sophisticated armaments. If Congress was really concerned that the UAE was intent on doing harm to the United States and its interests, they would have made an effort to exercise their prerogative to block the more than \$2.5 billion in U.S. arms sales made to that government over the past three years.⁵ However, Congress has apparently determined that protecting the enormous profits enjoyed by American arms merchants by these arms transfers is of higher priority.

The reaction by Congress appears not to have been solely prompted by public outcry. Polls show far more Americans disapprove of companies owned by the Chinese government managing U.S. port operations than companies owned by friendly Arab governments,⁶ yet Congress has not raised similar concerns over the ongoing management of the important Long Beach terminal in California by a company owned by the People's Liberation Army.

While anti-Arab racism may indeed be part of what motivated Congresswoman Pelosi, Senator Lautenberg, and other Democrats to make exaggerated assertions about potential terrorist threats from the UAE government, the Bush administration has certainly made it easy for them by making false and exaggerated claims of terrorist links to other Arab governments, such as the absurd pre-invasion claim that the secular Iraqi government of Saddam Hussein had connections with the radical Islamist al-Qaida. Such charges, along with more recent exaggerated claims regarding the Syrian regime's ties to terrorism, have made all Arab governments suspicious in the eyes of the American public. President Bush is also in the tricky position of insisting that we trust Arabs to manage port facilities while distrusting them almost everywhere else, including those

living in the United States: in the aftermath of the 9/11 attacks, the administration rounded up hundreds of law-abiding Arab-American immigrants and placed them in secret and indefinite detention because of their ethnicity. After four and half years of fear-mongering about non-existent threats from Iraq and elsewhere in the Arab world, it was hard for Congress and the public to trust President Bush's assurances that "people don't need to worry about security."⁷

Legitimate Concerns

Despite the hyperbole, there were some legitimate concerns about the security implications of the DP World ownership of the port management which the Bush administration seems to have ignored. For example, a suppressed Coast Guard assessment did raise concerns regarding "many intelligence gaps" regarding the potential for DP World assets "to support terrorist operations" that make it difficult to make an accurate threat assessment of its potential control over port operations.⁸ In addition, given that the invasion of Iraq, the PATRIOT Act, and other dubious administration policies have been justified as a precautionary measure with regards to what is at stake in the post-9/11 security environment, it seems odd that the Bush administration did not bother even going through the normal security review required for approving such transfers of ownership.

And, despite President Bush's insistence that the UAE is an "ally partner in the war on terror,"⁹ their record has been somewhat spotty. The UAE was the only government besides Pakistan and Saudi Arabia to recognize the Taliban regime when it ruled Afghanistan between 1996 and 2001. President Bush's former counter-terrorism chief Wayne Downing was quoted on MSNBC in September 2003 as noting how Sheik Mohammed bin Rashid al Maktum, the UAE Defense Minister and Crown Prince of Dubai, was among a number of wealthy and influential Gulf Arabs who visited Osama bin Laden in Afghanistan for horseback riding and hunting parties.¹⁰

Though there is no evidence to suggest that the government of the UAE or the governments of any of its

sheikhdoms have directly supported al-Qaida, there have been credible concerns that the UAE has not sufficiently investigated money-laundering operations or private contributions in support of the terrorist network. Two of the 9/11 hijackers were from the UAE and some of al-Qaida's financing has come through the Emirates. By contrast, none of the 9/11 hijackers and none of al-Qaida's financing appears to have come through Saddam's Iraq, Iran, or Syria, countries which have been targeted by the Bush administration and congressional leaders of both parties as part of the post-9/11 "war on terror."

The sale of P&O to DP World has also highlighted the issue of port security, long seen as one of the most vulnerable areas for a potential attack against the United States by international terrorists. While the Bush administration has spent hundreds of billions of dollars for wars against the people of Iraq and Afghanistan, it has refused to spend more than \$700 of the estimated \$7 billion needed to adequately upgrade port security.¹¹ Only a small fraction of the containers arriving daily in U.S. ports from overseas are inspected by U.S. Customs. Meanwhile, the U.S. Coast Guard has received little in the way of the additional funding needed to adequately cover its extended responsibilities to protect the country's 3,700 seaports and cargo terminals.

The United States and the UAE

Despite such concerns, control of port operations at some U.S. terminals by a UAE-owned company is not a particularly significant threat to U.S. national security. But, then again, neither was Iraq, and that did not stop the Bush administration from pretending it was so. Why, then, did President Bush take the politically risky step of downplaying the security concerns regarding DP World's operations of the terminals and initially defended their right to do so in the face of such strong bipartisan opposition? Much of it has to do with the role of the UAE as an American ally in a strategically-important region.

The United Arab Emirates—the only federal government in the Arab world—consists of seven autocratic

sheikhdoms. The two most important emirates are Abu Dhabi and Dubai.

Abu Dhabi is the largest of the seven and the source of most of UAE's oil reserves, which are believed to be the fifth biggest in the world. Unlike Saudi Arabia and Kuwait, the two other major oil-producing kingdoms on the Arabian Peninsula, UAE has made a conscious decision to use its oil revenue to diversify its economy. This can be seen most impressively in the bustling port city-state of Dubai, where DP World is based, along with a number of other important transnational corporations. Dubai also serves as the second largest air/sea hub in the world and as an important economic and strategic asset to the United States.

With the exception of Israel, no Middle Eastern country purchases as many U.S. goods and services as the UAE. U.S. exports to that federation last year totaled \$8.5 billion. Contrasting with only \$1.5 billion in imports, this has resulted in a badly-needed trade surplus of \$7 billion for the United States, currently struggling with a record trade deficit overall.¹² UAE has also been a major purchaser of U.S. arms, leading the entire world as the recipient of U.S. military hardware from 1997-2000 (when it was supporting the Taliban regime in Afghanistan) with the purchase of \$6.8 billion in armaments.¹³

UAE has been a longstanding U.S. ally in the region and has been a major and secure port of call for the U.S. Navy. The UAE government supported the U.S.-led war against the Iraqi occupation of Kuwait in 1991 and has provided major logistical support for the U.S. armed forces since then, though—like the vast majority of Arab governments—the UAE opposed the U.S. invasion of Iraq in 2003. Today, Dubai is a major transit point for military contractors, mercenaries, contract workers, and others bound to support U.S. military operations in Iraq and Afghanistan.

Then there is the issue of the connections between the Bush family and others in the Bush administration with the UAE. For example, the UAE government is a major investor in the Carlyle Group, the private equity investment firm for which President Bush's father, former president George Bush, served as a senior adviser.

The emir also responded generously to appeals by the former President Bush for financial assistance for victims of Hurricane Katrina and for donations to his presidential library. The president's brother Neil Bush has reportedly received substantial funding for his educational software company from UAE investors. CSX, the rail and transport company chaired by John Snow before he became Bush's secretary of the Treasury, recently sold its foreign port operations to DP World for more than a billion dollars. David Sanborn, former director of DP World's European and Latin American operations, was recently named by President Bush to head the U.S. Maritime Administration, the agency that oversees U.S. port operations.

There are other embarrassing Republican connections to UAE as well. For example, Robert Dole—the former Republican Senate leader, 1996 Republican presidential nominee and husband of Senator Elizabeth Dole—has served as a lobbyist for DP World.

In conclusion, despite disturbing examples of racism and jingoism which have come to the fore in the debate over DP World's potential ownership of port operations of some U.S. terminals, the controversy provides opportunities for critics of U.S. foreign policy to raise some important questions regarding the misplaced priorities of the Bush administration in countering the threat from international terrorism, the dubious nature of some of America's Middle Eastern allies, the ties of the Bush administration to big business, and the impact of globalization on the American economy.

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END NOTES

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