

The UAE on the European Blacklist: How Did It Become a Haven for Dirty Money?



The United Arab Emirates' tainted record on money laundering and terrorism financing has returned to the spotlight, following criticism of the European Union for keeping the country on its blacklist of non-cooperative jurisdictions in the fight against illicit finance—a list that currently includes 27 nations.

The criticism came from UAE Minister of Economy Abdulla bin Touq Al Marri during his appearance at the World Economic Forum in Davos. He claimed his country does not understand why it remains on the list in the first place.

In an interview on the sidelines of the forum in Switzerland, Al Marri told Bloomberg that the UAE will hold talks with the European Union. “This EU blacklist issue—this is a question for them. I don’t understand how the UAE is still on the blacklist,” he said.

He noted that the UAE is making diplomatic efforts to resolve the matter, though he gave no indication of whether the EU’s stance might shift.

The minister also voiced concern over potential EU action that could lead to sanctions on imports from countries that do not allow labor unions, while emphasizing that the UAE has no intention of introducing an income tax—despite

having implemented corporate taxes.

Bloomberg pointed out that the European Union regularly evaluates countries' efforts to combat money laundering and international terrorism financing. The UAE has remained on the EU blacklist despite being removed last year from the "grey list" of the Paris-based Financial Action Task Force (FATF), a global anti-money laundering watchdog.



The Grey List

The Financial Action Task Force placed the UAE on its "grey list" in March 2022. While a notch below the black list, the designation dealt a major blow to the country, which for years has marketed itself as a glittering global financial hub and indispensable Western ally. But behind that image, it had become a significant destination for money laundering, gold smuggling, and the misappropriation of national wealth, as the following details make clear.

In its report, the FATF noted that the UAE still needed to make improvements across various areas—including strengthening its capacity to track high-risk money laundering threats and demonstrating a sustained increase in effective investigations and prosecutions.

The report also stated that while the UAE had addressed half of the key actions recommended to fight money laundering and terrorism financing, it now needed

to show progress in facilitating international investigations, managing risks in sectors like real estate, precious stones, and metals, and identifying suspicious transactions in its economy.

Two years later, FATF removed the UAE from the grey list after the Gulf nation made legislative reforms aimed at countering money laundering and illicit finance, and at fostering a business environment that supports growth. UAE Minister of Justice Abdullah Sultan Al Nuaimi stated that more than 5.4 billion dirhams (\$1.4 billion) were seized between December 2021 and June 2023, mostly from money laundering cases. He also claimed that the country had “pushed back the specter of terrorism financing.”

However, Markus Meinzer, Director of Policy at the Tax Justice Network—a global organization promoting financial transparency—cast doubt on the FATF’s decision. He argued that removing the UAE from the grey list only highlights how ineffective the listing system is.

“There’s room for interpretation of the rules,” Meinzer said. “It’s easy to appear compliant without making significant changes. And it’s impossible to know how decisions are made, because everything happens behind closed doors.”

U.S. Pressure Behind the UAE’s Removal

The American news outlet Politico echoed Meinzer’s skepticism, publishing a report in June 2023 that detailed U.S. and European efforts to have the UAE removed from FATF’s grey list. It pointed to energy deals as the motivation behind this lobbying, which intensified after Russia’s invasion of Ukraine triggered a fuel crisis across the West.

According to the report by journalist Matthew Karnitschnig, the United States and several European governments turned a blind eye to the UAE’s ongoing money laundering issues. They pressured FATF to give the country a clean bill of health, despite repeated warnings that Abu Dhabi remained a haven for shady contracts—warnings supported by European officials familiar with the matter.

Some members of FATF’s International Cooperation Review Group, composed of banking and financial crime experts, reportedly raised concerns about the credibility of the UAE’s submissions. To their surprise, representatives from the U.S., Italy, Greece, and Germany declined to address those concerns.

The issue came to a head during a May 2023 meeting in Mauritius, where Belgian delegate Michel Verwilghen objected to removing the UAE from the grey list due to insufficient progress in combating money laundering.

Germany’s delegation, however, insisted that the group base its decision solely on information supplied by the UAE—even if that information was questionable.

Neither Germany's finance minister nor officials from Italy, the U.S. Treasury, or other relevant countries responded to Politico's inquiries about whether data manipulation played a role in the UAE's removal from the list. In the end, objections by Verwilghen and other critics were ignored.

Looting Nations' Wealth

An investigation by the Financial Times found that the UAE is expanding its influence across Africa through money, conflict, and by fueling civil wars in pursuit of looting natural resources.

When UAE President Mohammed bin Zayed Al Nahyan flew hundreds of friends to a private airport in South Africa's Eastern Cape province last year to celebrate Eid, it underscored the risks of dealing with a new cash-rich player in Africa.

According to the paper's May 30 report, before staying at his private resort in one of the country's poorest regions, bin Zayed donated 20 million rand (about \$1 million) to renovate the local runway. The authorities even designated the small airport an international port of entry for the event.

But despite such gestures, South Africa was unable to convince the UAE to extradite the Gupta brothers, who are accused of looting the South African state.

The Guptas fled to the UAE in 2018. Just two weeks before bin Zayed's trip, a Dubai court rejected South Africa's extradition request, citing "inaccurate paperwork"—a decision South Africa's justice minister called "shocking."

This financial clout has allowed the UAE not only to shape the economic futures of entire countries but, in some cases, to influence the political fates of African leaders, according to the Financial Times.

In 2021, when Tigray rebel forces threatened Ethiopia's capital, the UAE supplied drones that helped Prime Minister Abiy Ahmed push back the offensive. In return, the UAE secured large agricultural land deals and a contract to build a new airport near Addis Ababa.

And after Sudanese generals ousted longtime dictator Omar al-Bashir in 2019, the UAE later provided support to the Rapid Support Forces (RSF), the paramilitary group that launched a war last year to seize control of the country.

Although the UAE denies backing RSF commander Mohamed Hamdan Dagalo (known as Hemedti), members of the U.S. Congress and UN experts say the allegations are credible.

Investigative reports have long documented the UAE's role in smuggling Sudanese gold from RSF-held areas in Darfur. That gold has fueled both war and criminal finance networks.

A Gangster's Paradise

The “Pandora Papers,” a trove of leaked documents obtained by the International Consortium of Investigative Journalists, revealed that numerous owners of Dubai real estate are key figures in global organized crime.

Among them is Irish cocaine trafficker Daniel Kinahan, who sought refuge in the emirate after surviving a gangland shooting in 2016 that left 18 dead. Irish authorities labeled the event a drug war. Kinahan fled to Dubai with his father and brother.

In the 1990s, his father was known for introducing heroin into Ireland. Daniel was a boxer in Dublin at the time. Over the years, investigative reports have described how he and his younger brother flooded Europe with narcotics.

A VICE News investigation shed further light on Dubai's transformation into a global criminal haven—a magnet for crime bosses and terror financiers, particularly from European countries where financial oversight is stricter.

According to the report, four of Europe's top cocaine traffickers met at Dubai's seven-star Burj Al Arab hotel in 2017 to discuss business. They had no idea that, within a few years, two would be arrested in Dubai and the other two would become targets of the U.S. Drug Enforcement Administration (DEA).

The four—Ridouan Taghi (a Dutch-Moroccan), Raffaele Imperiale (a senior member of Italy's Camorra mafia), Daniel Kinahan, and Bosnian trafficker Edin Gađanin—were observed by DEA agents meeting in Dubai. According to the agency, the quartet controlled about a third of Europe's cocaine trade.

Their presence in Dubai highlighted how the city's lack of extradition, lavish lifestyle, relaxed financial regulations, and free trade zones made it an irresistible refuge.

In 2020, the influential think tank Carnegie Endowment for International Peace published a report warning that Dubai's lax financial structures had created a hub for transnational crime.

“Dubai is a global financial center, a shopper's paradise, and a haven for the world's wealthy,” the report said. “But part of what fuels its boom is the continuous influx of illicit funds generated by corruption and crime. Dirty money has helped inflate the city's real estate market.”

Bloomberg's latest report on the UAE's frustration over remaining on the EU blacklist for a third consecutive year underscores a key point: The UAE's strategy of image management—whether through diplomacy or soft pressure—doesn't always work.

UAE Economy Minister Al Marri tried to play the energy card by warning that the blacklist designation “poses a real challenge to our oil and gas industries.” But unlike the successful pressure campaign with the FATF last year, this time the EU doesn’t appear to be yielding.

Ultimately, the UAE’s inability—or unwillingness—to genuinely confront the issues of dirty money and gold smuggling leaves it exposed. As the minister himself acknowledged, the country could face sanctions or even a return to the FATF grey list under pressure from transparency watchdogs.

According to the Financial Times, the UAE has become a central hub for smuggling tons of African gold used to launder bloodstained money. One of the report’s authors, Marc Ummel, urged the FATF to reconsider its decision to delist the UAE.

A 2022 analysis by the Swiss development organization Swissaid revealed that 435 tons of gold—worth more than \$30 billion—were smuggled from Africa that year. The UAE received 405 of those tons.

Over the past decade, Abu Dhabi has received more than 2,500 tons of smuggled African gold worth an estimated \$115 billion. This hidden side of the nation—behind its gleaming skyscrapers and luxury malls—tells a very different story than the one it projects to the world.