

Dubai within today's world economies

Dubai is like many countries which has its ups and downs in terms of economy and finance, but the way Dubai handled her downs shows us that it is indeed a one of a kind economy.

As the global crisis hit the world's economies both big and small, its impacted reached Dubai economy as well in the year 2009; leaving Dubai 80\$ b in debt, making the house prices fall 50 pc in six months and forcing the government to call for six-months standstill on payments. Thus, Experts stated their fears on various world known newspapers and websites and such was the case with Nader Naeimi, a strategist in AMP Capital Investors in Sydney who spoke to the Telegraph website stating:

"People are worried about the contagion effect from Dubai. Events like this bring back all the bad memories from the global financial crisis".

The Dubai crisis had many profound reasons behind its shadows, but the major reason was as economists called it a consequence of a real state bubble burst on November 26, 2009 where VA Dubai proposed a delay repayment on its debt that included a delay of 54 \$b debt on Dubai world. As the financial crisis hit Dubai lowering real estate properties quit severely along with the construction and employment area. And to make matters worse was the declaration of Mr. Mohammed al-Abber a senior aide to Dubai Ruler and UAE's Vice President/Prime Minister Mr. Mohammed bin Rashid Al Maktoum the Chairman of Emaar, one of the world's largest real estate companies stating that Emaar had a Credit Card debt that reached 70\$ billion in 2008 and by the early 2009 Dubai's foreign debt also reached the edge of 100\$ billion.

It is true that this hit had slowed down Dubai's economy but it had not manage to shut it down, where it is evident that although Dubai is seen by the general public as a government of its own; its own ruling families, separate budgets (which is all true) but when it comes down to Security, foreign affairs and immigration among others, Dubai is part of the United Arab Emirates and when something goes wrong all states come together to help the state in crisis.

As said early Dubai had found itself in debt and for 80\$ b, and being in this stage Dubai asked for assistance from her neighboring state Abu Dubai which gave away 10\$ b to the aid of Dubai as it was announced by Sheikh Ahmed bin Saeed, head of the supreme fiscal committee, this will enable the beleaguered Gulf state to pay off the immediate debts of its most troubled state-run companies as the sum involved was described by one analyst as a "rounding error" as Abu Dubai emirate is known to be one of the world's largest oil exporters. Consequently, this move done by the Abu Dubai state had set relief among the Market internationally and locally which

reflected itself on the Dubai exchange that rose up 10pc also the markets throughout Asia saw rebound as well and in London, the FTSE closed up 1pc.

This fund was put to use to "the satisfaction of obligations to existing trade creditors and contractors" where they are considered the number one business that must be paid for as Dubai recognition of "the concerns of Dubai World trade creditors within the Emirate of Dubai".

This fund was nearly enough to cover some of Dubai's debts but it was certainly a push forward as Dubai realized its debts reality as something to be taken and dealt with intellectually by taking steps that will uplift Dubai from its debts to a more debt free Dubai and that was the case, where Dubai started tackling its debt by selling 1.25\$ b of government bonds as the associated press reported from Dubai and despite the crisis Dubai had managed to attract nearly all the World's cooperative giants, including General Electric, Tata industry in India and HSBC to establish their Middle East Headquarters in Dubai which proofs the importance of Dubai in the Middle East and world region which is best described by Mr. Jan William Plantagie, the Middle East manager at Standard and Poor's :

"Dubai has the best infrastructure of any city in the Middle East. This is not the end of Dubai. It's just a painful shift".

In Conclusion, Dubai as a noticeable part of our today's world economies is closely related to its financial surroundings which for sure will cause Dubai to be subject to its ups as well as its downs. But, what makes Dubai's economy so unique lies in its fast and strong comebacks that leaves its economy stronger and more resistible to tomorrow's downs and more intelligence about its coming ups.