

Case Study – Globalization: The Example of Dubai

1. Describe the geographical location of Dubai.

Dubai is one of the 7 emirates of UAE, located **at the creek along the Middle Eastern trade routes**. It is a strategic connecting point to Arabian gulf, the Indian Subcontinent, Kazakhstan, Kyrgyzstan, Russia, Ukraine, Uzbekistan, and down south it is in close proximity to Africa.

2. List some of the important facts that have helped Dubai become so “successful.”

In 1960 Middle Eastern regions discovered tons of oil that beneath them, as the oil prices started shooting up, billions of dollars started flooding into the city. But Dubai has only 4% of the oil reserve of the UAE, so the **city took advantage of the only oil reserve** they had before it runs out.

When the money started to come from oil, Sheikh Reshid Maktoum started identifying the most important strains of Dubai- **to build a diversified economy**

The strategic location of Dubai more precise the place which is 35km Southwest of Dubai, **port of Jabel Ali**, this was the **important location for the world trade**, because of it is in close proximity to Iran and the entrance of Persian Gulf, **very important for the Middle East Trade**

Dubai's strategic connecting point gave unparalleled access to some of the most important regions of the world both through sea and air, which gave access to a market 1 billion people at that time

In 1970 with have loans to first dig deep Shallow waters and carried out dredging, sand was taken out from Dubai's creek to **create a deepwater Port, for shipping Dubai's oil** and more importantly to build a cutting-edge shipping facilities so **that Dubai could offer world-class shipping services** to the most valuable ships in the world. Today Ali Port provide many important logistical services in many areas. This port handles roughly 10% of the entire world's container traffic.

But oil just contributes 1% of Dubai's GDP, but the **maritime industry in 2018 alone contributed 7%.**

Another important asset of the success of Dubai's economy was **the free zone**, where companies from all across the world could set up their business with special privileges like nowhere else in the world (**100% foreign ownership, 100% repatriation of capital and profits as you can send 100% of your profits to your home country, 100% import and export exemption, 100% exemption from income and corporate taxes**). But how Dubai is making money in spite of giving so many privileges? The answer is that Dubai does not make a lot of money from the free zone.

The shake of Dubai is giving all these benefits for 3 important reasons: de-risking itself from oil; diversification; to create an irreplaceable-irreversible global business eco-system. This way Dubai can make money not today, not tomorrow but in 10, 20 years down the line. The fact is that every business actually needs a conducive ecosystem along with the important supporting entities that function as business, without these entities a company can't function alone.

Because of the Regulations and Taxation being so lenient more than 100 000 companies set up their basis in Dubai like fin-tech, food-tech, med-tech from all across the world

3. How has tourism helped the economy of Dubai?

The industry of tourism is an important part of Dubai's economic growth. Each year is held in Dubai the Dubai world cup, European golf and tennis tournament, horse racing, 2 huge shopping festivals each year which attract millions of visitors. The attractive infrastructures such as hotels, hundreds of restaurants of all types, transportation facilities such as the new Metro and the wide range of activities such as waterparks, golf, skiing and snowboarding attract tourists from all over the world. Burj Arab hotel is world's only seven-star hotel and rate start at \$1500 per night.

Dubai is one of the most strategic locations of the world for air transportation. Just 4 hours flight away for a population of 2 billion people (India) and 8 hours flight away from 5 billion people which is literally two-thirds of the world's population (Europe, China, Singapore, Africa).

As a result in total the international **overnight visitors(tourists)** spent in Dubai **in 2022 was 14.36 million** visitors growing 97 percent from 7.28 million tourists in 2021 according to the latest data published by Dubai's department of Economy and Tourism (DET).

According to the World Travel and Tourism Council (WTCC) **Dubai earned \$29.4bn from international tourists in 2022**, making it the top city for international tourist spending. Dubai surpassed Doha and London in spendings, where tourists spent \$16.8bn and \$16.1bn respectively.

4. Describe how the business world is treating the success of Dubai.

With the successful growth of Dubai business world see great opportunities to invest in Dubai.

Entrepreneurs and business drivers depend on macroeconomic factors such as change in trade, government regulations, threats of instability, and others.

Dubai has not only helped millions of entrepreneurs and their business but has also has given timely stimulus packages and contributed to their welfare. Dubai has proven to be a great proposition for investors and companies thanks to robust legal structure, a business-friendly regulatory framework and strong corporative governance. Its laws and regulations are transparent and agile.

5. What role has tolerance played in the success of Dubai?

In recent years Dubai has built a pioneering network of international partnership on tolerance and coexistence aimed at building capacity, preventing and combating terrorism and crime, and has strengthened it with platforms for international dialogue between religions and cultures. The tolerance in the community, education, workplace, cultural world, media, legislation has empowered and helped Dubai's economy, society prosper that will ultimately benefit all people of UAE and the rest of the world.

6. How is Dubai "building new land" in the Persian Gulf affecting development? Give 2 examples.

Dubai building new land in the Persian Gulf promoted development of the economy. One of the most ambitious project was the construction of the **Port Jebel Ali**, one of the world's 10 busiest ports. It is vital to the infrastructure and economy of the entire Gulf region and the center of the United Arab Emirates' economy. It is the world's largest human-constructed harbour and an industrial whose port operations are supplemented by cutting-edge tech like Automatic Identification System maritime data, autonomous internal terminal vehicles and BoxBay storage. Port of Jabel Ali is recognized as one of the world's best managed and most innovative port operations. It is not just a regional transportation hub but also key for logistics of global import.

A dream destinations for tourists: **Palm Jumeirah**, is the world's largest manmade island and has increased Dubai's shoreline by 120km, creating

numerous residential, leisure and entertainment areas. Palm Jumeirah is a home to more than 30 billion dollars worth of luxury hotels, sea side apartments in beachfront villas and its many features attract millions of tourists every year. The island has unique shape of a palm tree and can be easily spotted from space. It connects to Dubai thanks to 1.4km of bridge. The monorail transportation can transport 20000 passengers each day. All together the development and the creation of the island ended up costing 12 billion dollars, but the innovative idea that went into making this unique paradise are worth every penny.

7. What are some of the negative aspects of the global development of Dubai?

The major challenges facing Dubai by the global development are: **environmental challenges**, caused by natural resource exploitation; **invasive species**, enter the region due to increased commercial activity and have severe consequences for wildlife and environment; **air pollution**, keeping ambient air quality has been one of the main challenges of the country's environmental authorities; **land degradation and desertification**, population growth, human activities, land utility, all increase land degradation and desertification.

And one not less important negative aspect is that various influences from tourism can bring about **change or loss of values and cultural identity** especially when local cultures and festival are re-structured to conform to the expectations of tourists. In Dubai, the demands for entertainment and arts have lead to commodification of important cultures leading to **loss of community values and identity**.