

# Analysing the economic profile of dubai economics flashcard



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- Decision

Choose a state or part of the universe of which you have an involvement. A part can be defined as portion of a larger state ( e. g. Hong Kong ) or as a group of states ( e. g. ASEAN ) . You may non take a state or part where you originate from or presently live. Supply a basic overview of its development and current economic profile utilizing appropriate statistics wherever possible.

The state which I have chosen for making the analysis is “ Dubai ” . I have selected this state because this state will carry through the demands of this inquiry really good and the informations associating to this state will be easy available to me.

Dubai

## Overview

There is a federation of seven provinces in UAE named as Umm Al Qaiwain, Fujairah, Ajman, Abu Dhabi, Sharjah, Dubai and Ras al Khaimah. After acquiring the independency from Britain these provinces came in to being in 1971, among all Abu Dhabi is considered as the largest province of UAE and is besides the capital. The production of oil was foremost discovered in United Arab Emirates in 1966 which give a encouragement to the whole economic system of UAE. ( TipTopJob, online )

In the North East of United Arab Emirates, Dubai located. Dubai portions economic, legal, political and military map with other emirates of UAE with a federal model.

The largest population among all emirates is of Dubai and in country it is 2nd largest emirate of UAE. The population of Dubai is about 970, 000 and harmonizing to Dubai development and investing authorization the population of Dubai will make 1. 4 million by 2010 ( John., 2008 )

Harmonizing to the article 7 of UAE probationary fundamental law Islam is declared as the province faith of the UAE so as of Dubai. But there is besides a big per centum of people belong to other faiths such as Christianity, Hinduism, Sikhism and Buddhism life in Dubai. But Muslims are in bulk. Peoples from all the faiths are free to follow their ain faiths and worship in their ain private places. Every faith is allowed to keep their spiritual maps freely to avoid any sort of struggles within the society. ( New World Encyclopedia, online )

Arabic is the official linguistic communication of Dubai but English linguistic communication is normally used to pass on internationally. There are many other linguistic communications which are spoken by the people of the state they are Urdu, Persian, Hindi, Malayalam, Bengali, Tamil, Tagalog, and Chinese.

Dubai is genuinely known as a cosmopolite state which offers a quality life to the people along with lively and modern environment. There are so many modern installations available to the people of the state, there are modern medical installations first-class schools, colleges and universities and great <https://assignbuster.com/analysing-the-economic-profile-of-dubai-economics-flashcard/>

amusement and shopping chances. There held an international shopping festival in Dubai which capture so much international attending and made the good international reputation. Peoples from different states come for going that shopping festival held in the state. ( Scribd, online )

Dubai is besides be aftering to develop a hub for service industries which includes finance and IT industry and set up the industry specific free zones through out the state. If this planning got successful with in the defined clip period so it will convey so much betterment in the finance and information sector of the state. ( Dubai Property Real Estate, online )

“ Dubai has been ruled by the Al Maktoum dynasty since 1833. Its current swayer, Mohammed bin Rashid Al Maktoum, is besides the Prime Minister and Vice-President of the UAE ” . The authorities of the state operates with in the constitutional monarchy model. ( Zimbio. , 2008 )

The state is besides really celebrated for the forming the athleticss maps of a really good degree. People from all over the universe came to Dubai to take portion in those competitions.

Dubai is besides celebrated for mega building plans. For variegation of Dubai economic system, the authorities wants the building sector of the state to turn more. It will non be incorrect to state that the building in UAE every bit good as in Dubai is much faster than the western states. This high velocity of building is due to the low pay workers employed from Asiatic bomber continent by Dubai who works up to twelve hours a twenty-four hours and work six or seven yearss a hebdomad. ( Johann. , 2009 )

The economic system of Dubai is to a great extent dependent upon oil and its chief gross come from oil but the authorities does n't desire that their economic system merely remain dependent upon oil because it is mostly believed that the oil militias of Dubai will go dog-tired till the terminal of 2010. That is why the Dubai authorities has diversified its economic system to pull gross in the signifier of spread outing commercial and corporate activity. ( DubaiLime, 2010 )

Due to the rapid betterment in the building programs of Dubai the per centum of touristry in the state besides increases because the authorities is doing really new attractive shopping promenades, Parkss, hotels, eating houses, bowls and resorts to pull more and more tourers to their state. But the basic program behind all this planning is to cut down the dependence of economic system on the grosss of oil. Because the authorities is scared that if it does n't develop other sectors of the state and the grosss from oil besides goes down so there will go a really critical state of affairs for the state to face. ( Colin. et al. , 2007 )

The Dubai International airdrome is the busiest airdrome of Middle East and known as the one of the fastest turning airdrome in the universe. It caters a big per centum of people presently but every figure of riders increased which are catered in Dubai International airdrome. It is predicted that Dubai airdrome will provide up to 30 million people in it till the terminal of 2010. There is no deficit of investing for Dubai airdrome that is why they have the programs to hold a entire rider managing capacity of 45 million by 2018. ( Dubai Property Real Estate, online )

“ The state has a sub-tropical climate with mild temperate winters and really hot summers. There is really small rainfall, even in the winter months ” . Peoples have to wait really long for the rainfall. In short we can state that the state has most of the clip hot season. There are hot cheery yearss throughout the twelvemonth and in summers it has a high temperature up to 40 A°C and nightlong depressions around 30 A°C.

**Supply a set of scenarios for the hereafter development or your chosen state or part. These should follow the standards for good scenarios outlined in the class and must be credible in their context.**

The scenarios which I will discourse for the hereafter development of Dubai are listed below:

Global Recession

Solar energy Consumption

Change in investing tendencies

Muslim Financial Banks

## **Global Recession**

As recession has a really bad consequence on the universe ' s economic system and the recession can be best defined as the planetary recession. Like many other states Dubai besides become the mark of the recession and its whole economic system slowed down because of that. Currently Dubai is non that much affected from recession if we compared it with many other states but the recession will act upon the economic system of Dubai really

severely when the foreign investors in western states face jobs because of recession. Even in the recent clip many foreign investors stopped putting because they feel trouble in that and they are non certain of the sum of net income they can gain from a specific investing. Due to increasing uncertainty in the international markets the investors start going scared of doing any short term and long term investments. ( Martin. , 2009 )

The economic system of Dubai is besides confronting several jobs due to planetary fiscal crisis which cause a shortage in liquidity. Due to the short autumn in liquidity the private investing sector besides got affected really severely. Each sector of the state is confronting so many jobs due to planetary recession and fiscal crisis. A per centum of gross of the state come from tourism and belongings but unluckily the advancement of both of these sectors stopped down because of these crisis. The building sector of the state besides faces many troubles due to the deficiency of foreign investments. The ratio of foreign investing in the private belongings and state development programs besides goes down which reduces the gross of the state generated from the gross of belongings. ( Rivlin. , 2009 )

The figure of tourists coming in Dubai besides reduces because people do n't experience comfy to travel to other states while the economical status of their ain states are non that much good.

An article in the Wall Street Journal in October 2009 reported that " Dubai ' s economic system, to a great extent dependant on existent estate where monetary values have fallen 50 % in a twelvemonth, has been severely hit by the planetary fiscal crisis, unlike its wealthier neighbouring emirate, Abu

Dhabi. Dubai has \$ 50 billion of debt coming due in the following three old ages, harmonizing to Standard & A ; Poor peoples. But its entire debts are estimated to transcend \$ 80 billion " ( Chip., 2009 )

For get the better ofing this job the authorities is shooting hard currency shortage in the economic system because the whole economic system is severely affected from the planetary recession. This injection of money in the economic system will assist the economic system to come out of the effects of recession and jobs caused due to fiscal crisis. But as I have discussed above that planetary recession consequence many different sectors of the state so will it be helpful for the economic system to turn once more because of that injected hard currency shortage. ( Paul., 2009 )

Dubai is besides be aftering to increase the foreign investing in the state by presenting incorporate free clasp visas to the foreign investors. Such visas will assist the foreign investors to see the state easy and do investings where of all time they want. By presenting such visas the foreign dealings of the state besides become better.

Abu Dhabi which is the largest and the wealthiest state of UAE is willing to assist Dubai to acquire out from the effects of recession and is ready to do investings in it but if at one side it seems like Abu Dhabi is seeking to assist Dubai but on the other side there are besides opportunities that the Abu Dhabi wants to take advantage from the current state of affairs of Dubai and do investings merely to go the leader of the whole part. ( Vincent., 2009 )



## **Solar Energy Consumption**

As I have mentioned above that it has been predicted that the major oil militias will wash up till the terminal of 2010 but still the state have some of their oil militias. The state understands really good that the fossil fuels militias may non last for of all time so they start devouring solar energy because in Dubai there are 300 yearss of Sun on norm so it is non hard for the people to acquire solar energy. Solar power is relatively so much cheap from fossil fuels and if we talk about Dubai so it is an ideal state to use solar energy because bulk of yearss in the state is of Sun. ( Kearney. , neodymium )

As the state is late confronting Global fiscal crisis so in such state of affairs solar energy ingestion helps the economic system to turn because it is rather cheaper and it besides reduces energy cost.

Dubai is the lone state all over the universe which is using solar energy really good and it reduces over all energy cost of the state. Renewable energy is the best alternate energy and besides considered as the cleanest beginning of energy. “ While solar power links in distant desert parts have increased the coverage country of nomadic phones, the usage of solar power in telecommunications has reduced over 260 tones of C dioxide emanations each twelvemonth every bit good ” . Because of solar energy the foreign investings once more start up to some extent because foreign investors find these solar energy undertakings really profitable and they make long term investings on that. ( Maurice. , 2009 )

Solar energy undertakings and use besides attracts the tourers and the touristy sector of the state besides improved up to some extent. And as the touristy sector improved and more and more tourers come in to the state so the foreign investing will decidedly increases. ( Maurice. , 2009 )

Solar energy is utilizing in many different countries of the state like there are some hotels in which whole warming system is based upon the solar energy. Solar energy is besides utilizing in autos every bit good as in parking metres. Peoples feel some troubles while they moved from oil to gas but following the usage of solar energy is rather easy for them. The scientists are still working on use of solar energy and there is besides a university in the state which merely works on renewable energy development. It has been forecasted that boulder clay 2050, the energy demands of half of the UAE will cover my renewable energy which is besides considered as the cleanest beginning of acquiring energy. ( Maurice. , 2009 )

“ Dubai hopes to go a sustainable edifice innovator, and has started integrating green edifice patterns into assorted new development undertakings since the beginning of 2008 ” . Dubai is besides be aftering to construct biggest solar energy works which is expected to get down bring forth energy in the last one-fourth of 2010 and will fabricate photovoltaic panels that can bring forth 130 megawatts of power yearly. ( Green., 2008 )

So after discoursing the advancement of Dubai in efficient ingestion of solar energy and looking at its hereafter programs, it will non wrong to state that the solar energy contribute a batch in taking the whole economic system on its original path and helped it a batch to turn once more. ( Meena. , 2009 )

## **Change in Investment Tendencies**

As Dubai economic system is mostly dependent on its oil gross but it is predicted that its major petroleum oil militias will acquire exhausted till the terminal of 2010. So the state did n't allow its whole economic system slowed down if the oil militias got dog-tired. They start putting in their touristy and building sector.

The state started and planned to get down some really mega building plans. The made immense shopping promenades, Parkss, five stars and seven stars hotels and immense edifices. Recently on 4th January 2010, Dubai launches its highest edifice consist of 200 storey. It is the tallest edifice of the universe and the state invested a immense sum of money on it. This tallest edifice of the universe attracted the attending of so many foreign investors and besides gets the foreign investing excessively. ( RTE. , 2010 )

So the state is presently bettering its building sectors which will besides pull the tourers towards the state. As the tourers sectors get improved so the state will acquire a major portion of its grosss from this sector. The foreign investors besides get attracted from these sectors and they besides made immense investings in them.

There are many opportunities that the building and touristy sector will convey betterments in the economical status of the state and will assist the economic system to come out of the effects of planetary recession. But it has been predicted that this sector will still take a batch of clip to acquire decently develop.

## **Muslim Financial Banks**

There has been a transition from the western banking system to fiscal banking system in Dubai. Being a Muslim state there is a tendency of Islamic fiscal banking system in Dubai and the overall banking of the state is based upon the Islamic system. The chief purpose behind this Islamic banking system in Dubai is to supply justice and to halt any unjust activity in the state. There was a time when there were western banks in the state but due to some solid evidences there conveying a displacement from the western banking system to the Islamic banking system. Chiefly the banking sector of Dubai boost up because of these four banks named as Dubai Islamic Bank ( DIB ) , Dubai Bank, Emirates Islamic Bank ( EIB ) and Noor Islamic Bank ( NIB ) . These four are the chief Islamic banks which brings a turn in the banking sector of the state ( Islamic Bank, 2009 )

Islamic banking bring so many benefits for the Muslims and non Muslim bank clients. Islamic banking is besides a manner to develop a Muslim civilization in the state so that the whole civilization reflects the Islamic instructions. Muslims and non Muslims clients, both of them are dealt really ethically. Islamic banking brings a alteration in the civilization of the state. Few old ages back all the organisations in the state are merely concentrated on net income goals but now Islamic banking conveying a construct that concerns are finally done for net income goals but morals should besides be considered in concerns. Due to this banking system the investors are non scared of doing investments they feel safe in putting in the state.

The Islamic banking besides attracts foreign investments in the state because this banking system is besides alone in nature and can pull many investors towards the state.

Harmonizing to a top Shariah bookman “ Dubai will shortly set up the first academy in the part to learn Islamic banking ” . This new establishments will endorse the Islamic Banks and Islamic finance leaders in the state. These institute unmarried mans, Masterss and doctor’s degree classes in Islamic finance which shows that now the state is be aftering to give a better criterion to its Islamic banking system and will learn people about it before they enter in to that system. ( Islamic Bank, 2009 )

All the investments and minutess in Dubai are done through the Islamic banking system and the finance of the state is besides circulated within and outside the state through this system, this just banking system caught the attending of many western states and they besides tried to follow moralss in their systems.

**Based on your scenarios and any farther informations that you see as utile highlight the critical factors in finding the hereafter of your state or part and thereby sketch the scenario that you think most likely**

The scenarios which I have been discussed above are planetary recession, solar energy ingestion, alteration in investing tendencies and roar in Islamic fiscal Banks. All of these scenarios are on their portion impacting the economic system but in existent all of them are interlinked when we relate them with the economic system of Dubai.

First we discussed the job of planetary recession and explicate its effects on the Dubai economic system. Because of planetary recession the foreign investors become hesitating in doing that much investings and the economic system faces many hurdling in doing investings. At this clip Abu Dhabi wants to do investings in Dubai to assist the economic system of the state to turn but if this clip Dubai allows Abu Dhabi to do investings in it so there are many opportunities that after some old ages Abu Dhabi got dominated over Dubai, already it is the largest and the wealthiest province of the part. So if Dubai becomes ready to take the aid from Abu Dhabi at this critical clip so it will creates jobs for the state in the long term. To forestall the economic system from this job authorities takes a measure of shooting shortage hard currency in the economic system. The determination of the authorities of injection of shortage hard currency has been take after making proper planning. If the authorities injects excessively much money in the economic system to do it stable so there are opportunities that the state will confront rising prices in the hereafter. So one of these stairss taken by the authorities to do the economic system stable looks helpful for the economic system to turn.

In the following scenario I have discussed about the increasing ingestion of solar energy in the state as Dubai is the lone state which consumes the solar energy really good and decreases their dependence on the dodo fuels because they realize really good that the fossil fuels militias will non stay everlastingly. The economic system is besides cut downing their cost which they spent on fossil fuels in the yesteryear. And the authorities is still puting on this sector to do it more improved. They have made a separate university

which merely deals with the renewable energy and besides have a program to do a really big energy renewable works. All this attempts made by the people and authorities will certainly assist to convey betterment in the economic system.

The 3rd scenario which we have discussed is the alteration in the tendencies of doing investings. The oil militias of the state are expected to wash up till the last one-fourth on 2010 so the authorities start doing investings in the building and touristy sector to bring forth the upper limit revenues out of it. They have started some really mega undertakings but once more the job come under this facet is planetary recession. There is really small foreign investing made in these two sectors and already the economic system is short of liquid hard currency because the recognition crunch hits the whole Dubai economic system really severely. So that is why these two sectors will besides take so much clip to develop and its slow development will besides decelerate down the whole economic system.

The last scenario which I have discussed is the Islamic fiscal roar. The banking system in Dubai got a displacement from Western banking system to the Islamic banking system. The Over all minutess of the state are done through these Islamic Bankss. These basic rule of these Bankss is to supply justness to both Muslims and non-Muslims and cover their clients ethically. But the non-Muslim community life in the state does n't experience that much comfortable to go clients of Islamic fiscal Bankss that give rise to struggles in the society. So if these struggles rise in the state so it can go a hurdle in the advancement of the state.

These all are the different scenarios but there are several premise that whether the planning associating to all of these scenarios will really go on or non. Equally far as I understand the state of affairs of the state I feel that the increasing use of the solar energy will decidedly convey a good alteration in the economic system because it already assist the economic system to turn because it reduces the dodo fuels cost and solar energy is rather cheaper than that. The hereafter be aftering about doing a immense renewable energy works will besides assist in use of more and more solar energy.

## **Decision**

After discoursing all the above four scenarios and their function in the development of the economic system of the state I will state that all of part made by all of these scenarios are really utile in doing the economic system stable and strong. But still work is needed to be done to convey the betterment in the economical conditions of the state.