

Dubai's success in diversifying the economy

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Dubai has proved to the rest of the GCC countries that the revenue from oil exploration can be strategic in improving the economic levels for a country. Other GCC countries have realized additional progress in the expansion of income sources and thereby lowering their dependence on oil-based income, both in development programmes and funding of yearly budgets. Dubai's experience with oil provides the best example of a country that utilized its oil revenues to expand non-oil areas and discover optional sources for funding for annual budgets. In the early and late 19th century, Dubai produced over 452, 023 barrels everyday but the confirmed reserves were restricted. Therefore, policy makers were focused on the need to hasten up the procedure of consuming oil revenues efficiently in the development of other economic regions. Dubai has succeeded and gained an international acknowledgment, and become a model for oil-producing countries. In the late 19th century, oil exploration contributed a significant amount to Dubai's fiscal budget that constituted of 73-85 % (Al Asoomi). The trend to diversify the income generating sources has caught on with other countries such as Qatar.

The idea of adopting a similar economic policy for all the oil-producing countries is the first step toward achieving a regional economic integration. For any political union to occur between these countries there needs to be economic equality. Equality is achieved through seeking other means of national income other than processing crude oil and oil-related products. The two dominant countries that obviously know the advantage of such unions however lack the impetus to prompt other countries to enter into such

relations. Changing to a new blanket currency also requires the cooperation and coordination of the countries within the Middle East.

However, as stated earlier, political integration is a very difficult phenomenon to be achieved within the Middle East. Most countries fail to agree on the basic aspects that are even necessary for trade. Internal and external conflict among the states on a number of issues such as immigration, human trafficking, trade and border disputes separate these countries making it difficult to foster and maintain peaceful relations. Therefore, while a regional economy would be a good proposal for these countries, their political status deters them from contemplating the idea. The idea of joining the Middle East countries in a regional integration has three main benefits.

One, the economic gains will be greatly increased due to the economies of scale as well as increased markets and capital base. Two, the integration increases the bargaining power in international trade and lastly, it will ensure lesser conflicts occur in the region. If expected to succeed, the integration process should begin by multilateral and bilateral diplomacy that should be strengthened before regional economic integration can be attempted. The Middle East countries can therefore base their integration on other initiatives such as the Council of Arab Economic Unity, the U. S.-Middle East Free Trade Area and the Economic Cooperation Organization as stable foundations to develop their own union (Al Asoomi). If the regional economic integration within the Middle East can be achieved within a decade, it is expected that

the Gulf general economy will transform into one of the world's top economies.

The six top Gulf States have been assessed and showed the possibility of the success that will begin with the economic followed by political integration. The economic advantages are an important benefit that should prompt most countries to enter willingly into an integrated state. The political and economic disparities are the biggest challenges that deter most of these countries.

Works Cited Al Asoomi, Mohammed. Learning how to utilize oil revenues. Gulfnews. com.

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