

Under pressure, dubai drops port deal essay sample

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The Dubai Port World controversy began in February 2006 and rose to prominence as a national security debate in the United States. At issue was the sale of port management businesses in six major U. S. seaports to a company based in the United Arab Emirates, and whether such a sale would compromise port security. The controversy pertained to management contracts of six major United States ports. The purchaser was DP World, a state-owned company in the U. A. E. The contracts had already been foreign-owned, by Peninsular and Oriental Steam Navigation Company (P&O), a British firm taken over by DPW, completed in March 2006. Although the sale was approved by the executive branch of the United States Government, various United States political figures argued that the takeover would compromise U. S. port security. After pressure, Dubai Port World dropped the deal (“ Under Pressure” ¶1). The ruler of Dubai, Sheikh Mohammed bin Rashid al Maktoum is also the prime minister of the United Arab Emirates. The decision made by Mohammed to withdraw the company was political. DPW is a state owned company. Therefore, one can see that here relationship was directly between home government and host government. The first factor that played in the reversal of the ports deal was safety of USA from terrorist attacks. After the September 11, 2001 attacks, foreign investments from the Muslim countries were directly or obliquely considered as dangerous because there were some possibilities that through these investments some dangerous materials and terrorists could enter. However, DPW operates in many countries, and it has a totally clear reputation. Moreover, after 9/11, United Arabic Emirates had allied with the U. S. in the

global war on terror. A second critical element could be support of some US companies that had interest to obtain these strategic business objects.

From political and economical point of view, there are several factors that can stipulate support and protection of domestic companies. First, these ports are strategic for the country, and it is better to be managed by the US Company. Second, more US citizens will be employed. Finally, the most important factor is security. The country will be safer when these ports are managed by Americans. The safety of the country and support of domestic companies could have influence on the reversal of the ports deal. The US public concerns did not have big influence on a business decision made by a Dubai company. More influence had the political pressure. However, public concern also played its role in this case. For example, people's opinion was that foreign states, especially those related to terrorism in the past, could not be trusted with strategic American assets. Also, they thought that foreign countries should not have managerial responsibilities over ports due to divided loyalties and concerns over national independence.

Accordingly, all these public opinions were reflected and expressed by the politicians whose pressure constrained Dubai Company to withdraw. Thinking that transportation takes place through a global network of companies is slightly incorrect. Ports are vulnerable to the entry of terrorists or illicit weapons because of the large number of containers that enter U. S. territory. Accordingly, no foreign government should be permitted to own such strategic assets. There are many business assets that can be owned by foreign companies and investors. However, railroads, ports, and such kind of

strategic business assets must not be owned by the foreign investors. DP World's withdrawal could have some implications for global business and investments. First, it could send a negative message to foreign investors who would withdraw their investments and hurt the U. S. economy. Second, there could be some protests and boycotts against American firms in the Muslim countries. Finally, United Arabic Emirate countries are exporters of oil in the USA. Therefore, they might increase prices of oil to express protest against US policy to this port deal.

Work Cited

“ Under Pressure, Dubai Company Drops Port Deal.” Web. November 2, 2010.