

The history of the globalisation and uae economics essay

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UAE is the most globalised country in the Middle East because Abu Dhabi, emirates with huge oil wealth and Dubai with entrepreneurial skills was opened as commercial hub soon after gaining independence from British. Long before UAE had started opening up to free trade, free movement of labour and joint business ventures then the other countries in Middle East. So, when the trend of globalisation becomes clear in mid 1990s most of the Middle East countries are unprepared for the economic and political impact of globalization while UAE was all set for becoming globalised at least economically. It had never taken gobalisation as challenge but as opportunity from which they can have benefit. UAE was always prepared to do this without making any compromises with his values and tradition. (THE UAE - The Challenge Of Globalisation - Part 19., 2002)

Introduction

Today globalisation is a need of every country in the world, whether it is small or big, developed or developing country. Globalisation was started in 1980, but has taken pace with the technological advancement in the sectors of transport and communication and by investing through big developing countries and opening them for international trade and investment. Even the poor countries are also trying hard to utilize the opportunity of globalisation. They are making to world markets of manufactured products and services with their huge labour. (Viswanathan, 2008)With 32, 278 square miles of area, consisting of 7 small emirates of Abu Dhabi, Dubai, Ras Al-Khaimah, Sharjah, Ajman, Umm Al-Qaiwain, and Fujairah, which together makes United Arab Emirates. These emirates were united as one federal state on 2 December, 1971. Abu Dhabi is the wealthiest member in the union because

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of its huge oil wealth and Dubai is second largest emirates being a commercial port. Being allied to the emirates like Abu Dhabi and Dubai, the remaining five small emirates are enjoying political and economic benefits. UAE is considered to have autocratic government, in which one person possesses the power. There are less political reforms in the country than the economic ones because of existence of 'sheikh's dilemma' in the country. UAE has foreign policy of non-interference in the internal affairs of other countries. They believe in peaceful resolution of disputes. UAE always supports for international institution like United Nation and Gulf Cooperation Council (GCC). (Stone)

Globalisation and UAE

In terms of population and its territory Middle East may not be a good region for investment, but having good natural resources of gas and oil make these countries to actively participate in globalisation. UAE was poor desert country but the discovery of oil changed its economy markedly. The effect of globalisation had made the resources of oil so important that investors rather consider the small territory and population of the UAE. Globalization is interdependence of world economy; it requires cooperation among economies of the countries. Some techniques like outsourcing and insourcing proves to be the best method for international collaboration. Today UAE, especially Dubai is attracting many foreign investors because it provides all the facilities for business development. UAE recognized the importance of being an open country that can offer something new to the investors. Thus, offshoring, which consist of shifting of production processes and services from one country to another also plays an important role in globalization and <https://assignbuster.com/the-history-of-the-globalisation-and-uae-economics-essay/>

made direct impact on the countries. Dubai is offering considerable economic conditions and opportunities to foreign investors for doing business there. The vision of UAE is to create an open country for international business investment and to give their best for building better infrastructure. At first the economy of UAE was mostly dependent on natural resources, but now it is also concentrating on other sectors for developing profit. It has begun to search other sources of income such as tourism, real estate and international finances. Globalization also permits UAE to expand its market. Its economy is not only depending on foreign trade but also on import and export market. Its top most export partners are Japan, South Korea, Thailand and India; and main export goods are natural gas, crude petroleum and dried fish. The main importers countries are Germany, UK, Italy, France, United States, China, Japan and India; and main imported goods are equipment and chemicals for inner enterprises. Another success of UAE is the application of latest technologies. The market is cooperating with modern trends and applying new knowledge to production function. Compliance advance ideas in market helps in getting efficient work in sectors like production, management and entrepreneurship. (Effect of Globalization on United Arab Emirates Market)

Challenges and Opportunities

Present day situation does not give any other option then to join the globalization process along with other developing nations. However it may not be same for some developing countries. Globalization interrupts the culture and mentality of UAE people. If the country wants to attract tourist and foreign investors then it have to make compromises with its deep-rooted

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Islamic traditions, but the strong following of rules for both locals and foreigners results in losing most of the visitors and tourists. Therefore to enter the globalization UAE become a free country with broad views. This resulted in change not only culturally but also economically. Dubai can be best example as it is surrounded by conservative countries like Iran and Saudi Arabia but it is able to attract foreign investors by allowing company to work in tax free environment. Globalization is acculturation of many countries. So it is very difficult to preserves ones culture and traditions, therefore for the sake of globalization people in UAE have to abandon some rules and values of their customs. Another Challenge of globalization is financial instability; absence of financial control can also lead to economic instability. It is true that large countries are making profits from globalization but it is not confirmed in the case of small countries. Foreign investment helps in development of the country so it is important to have correct policy and logical use of the received money. Government should check whether the countries financial sector is getting full benefit from the investments or not. (Effect of Globalization on United Arab Emirates Market)The challenges of globalization can be met through the joint effort of both public and private sector. The public sector is actively participating in development of open economy process and adapting economic and social circumstances in compliance with the requirements. On other hand private sector is getting support by establishment of industrial area and free trade zone. Enhancement in the process of privatization is letting the market forces to remedy twists and turns timely by controlling economic life. Government should not only be responsible for the growth and development, private

sector should also participate. Private sector can help by improving performance and productivity. They can merge small private enterprises to make large productive unit and can increase competition. Meanwhile, Government should work with social and business organization to achieve different goals. (Paulo, 2004) On the security end, UAE has signed many defense treaties with western powers like US, Britain, France and have strong defense relations with closer nations and number of other nations. With the time there is change in thinking of people in UAE, because of positive changes brought by Dubai in field of business development. Even it has become an example for other emirates. Younger generations of UAE are leading him and are the decision makers. Their inputs are making remarkable changes in the commercial and infrastructural sectors. The younger generation is directly related to ruling families. (THE UAE - The Challenge Of Globalisation - Part 19., 2002)

Conclusion

United Arab Emirates is greatly influenced by Globalization. It has actively participated in the process by providing favorable environment for business and foreign investment. They also have broaden their imports and export market with increase in the number of countries. This also helped UAE in development of infrastructure of the country. Some economic techniques like outsourcing, insourcing and offshoring helped him to develop good business relations with other countries which indirectly are influenced by the globalization. Globalization also leads to openness of country which can make negative impact as in terms of culture and tradition. Government need to manage the flow of foreign investment in order to have economic stability.

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(Effect of Globalization on United Arab Emirates Market) From 1990 to 2003 volume of trade has been increased and high and middle income countries had made their share in world trade, this became possible only because of globalization. Globalization cannot be taken as a solution to everything. It hardly provides any opportunities, countries who have taken advantage are flourishing who don't are sinking. Countries with right mindset can produce equality of outcome with globalization. The low income countries need international assistance and support to participate in Globalization It demands the collective action of all the countries in the world. Read more: <http://www.ukessays.com/essays/economics/the-uae-and-the-ongoing-challenges-of-globalisation-economics-essay.php#ixzz2RuVWfWE9>