

# NEW GULF CITY

## DUBAI HAS AUDACIOUS ARCHITECTURE, LITTLE OIL, AND LOTS OF FOREIGNERS. IS THIS THE NEW MIDDLE EAST?

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**DUBAI, United Arab Emirates** – With its glistening skyscrapers, impossibly green grass, and tanned tourists in skimpy bikinis, this shimmering coastal city-state feels more like south Florida than the Arabian desert. Even the complaints commonly heard around **Dubai** – too much development, too much outside investment, too much obesity – feel as imported as the Hugo Boss ties and Hermes handbags that line the shelves of the endless shopping malls.

**Dubai**, the commercial center of the federation of Persian Gulf city-states known as the United Arab Emirates, is like nowhere else in the Arab world. Last week, the President of the UAE set his nation apart from the traditional powers of the Arab world when he called for Saddam Hussein's exile, but **Dubai** has been standing alone for some time. Its shiny new infrastructure and whirring economy – based on Hong Kong-style re-export business as well as finance, tourism, and transportation – distinguish it dramatically from the larded bureaucracies and ancient edifices of old cities like Cairo. Meanwhile, **Dubai's** openness to Westerners and its ability to forge a future without relying on oil revenues separate it from the more inward-looking, petroleum-based cities of the Gulf.

**Dubai** may be dismissed by many Arabs as a "plastic" city, but understanding its success offers important clues for repairing the decayed economies so prevalent across the Arab world. "Hope begins with a paycheck," Secretary of State Colin Powell said recently. "And that requires a vibrant economy." **Dubai's** is downright electric.

But a closer examination of Dubai raises some thorny questions. Unlike nearby Bahrain and Qatar, the emirate has avoided any whiff of democratic reform. Meanwhile, it has been so successful in attracting outsiders, and has become so dependent on them, that nationals are now a minority in their own nation. They are believed to represent just 10 percent or so of Dubai's 1 million-plus population. While groups of local men wearing the traditional white *dishdashes* can be spotted in cafes conversing in Arabic, they are outnumbered by the many Indians, Pakistanis, and Brits who work as everything from low-paid laborers to high-ranking executives. English is clearly the dominant language, but Urdu might edge out Arabic for the number two slot.

Along the drive from downtown to the beach district, one glimpses a single domed mosque dwarfed by rows of sleek office towers and luxury hotels, and it is hard not to wonder: How much of an Arab success story can you be when there's so little evidence that you're still all that Arab?

Then again, Dubai has always been different. Its commercial culture, which dates to the late 1500s, long ago made it comfortable with outsiders. "Our grandfathers in the old souq – when they see foreign faces, that means business is good," says Abdul Hamid Juma, the 40-year-old CEO of the emirate's newest free-trade venture, Dubai Media City. "When they don't see them, things are not good."

In 1966, oil was found in Dubai. (This was five years before the UAE would be born; at the time, Dubai belonged to the British protectorate known as the Trucial States.) The first question asked by leader Sheikh Rashid bin Saeed Al Maktoum was: "How long will it last?" Then he answered his own question: "Let it be one day." It turned out to be slightly longer than that, but the precious resource is dwindling fast. Oil represents only between 5 and 10 percent of Dubai's gross domestic product. (By contrast, Abu Dhabi, the capital of the UAE, is believed to have the world's third largest reserves of oil, after Saudi Arabia and Iraq. It was the late Sheikh's refusal to become overly reliant on the black gold, and his insistence on using oil revenues to build infrastructure, that laid the foundation for Dubai's current position as the Middle Eastern base for multinationals and a playground for wealthy Arabs and European tourists. Only in Dubai can you see a German tourist

in a black bikini walking past a local woman in a traditional black abaya, with neither one standing out. If you want a drink, there are plenty of bars to choose from.

Last year's United Nations Arab Human Development Report, authored by a group of Arab intellectuals, offers a depressing litany of the many ways in which Arab states have fallen behind the rest of the world. To remedy the dismal situation, the report proposes a number of steps: closing the "digital divide" (less than 1 percent of the Arab world's 280 million people use the Internet), increasing opportunities for women in the workplace, making government more efficient, promoting democracy, reconciling differences among religious groups, and engaging with the West.

Some have criticized the UN prescriptions as obvious, even if they are largely unattainable given the current political circumstances. But what is striking is just how many of those steps **Dubai** had already taken. **Dubai** is thoroughly high-tech: **Dubai** Internet City, a government-built high-tech office park modeled after Silicon Valley, is now home to 400 information technology companies, including Microsoft, IBM, Dell, and Oracle. And even though non-Muslim proselytizing is illegal, the city boasts Christian churches and Hindu temples – an uncommon sight in many other parts of the Gulf. The **Dubai** workforce is awash in female expats, and female nationals are a growing presence in the workplace, particularly in government offices.

Of the UN report's recommendations, only democracy is absent. Some residents contend that they have found other ways of getting their voices heard. "The private sector offers its criticism directly to the government, and things change," claims Nasib Bitar, director of programming for state-run **Dubai** TV.

A Jerusalem-born Palestinian who is part of a tiny group of expatriates granted UAE citizenship, Bitar is convinced **Dubai** is the model the Arab world needs. Shifting his large frame underneath a crisp white robe, he says, "I find so many answers in **Dubai**."

Others are left with only more questions. "This picture isn't real," says one expat. "There's a lot below the surface that isn't pretty."

There is talk of shady dealings, mistreatment of poor laborers, and an allergy to criticism on the part of the ruling family that conflicts with its recent drive to attract the operations of media giants like CNN and Reuters.

There is also considerable doubt about just how "oil-free" Dubai's economy really is, considering that the banks in oil-rich Abu Dhabi have bailed out a lot of loans in Dubai, says Jean-Francois Seznec, an adjunct professor at Georgetown University's Center for Contemporary Arab Studies.

Seznec says Dubai's over-reliance on foreign labor and smuggling – the term he uses to describe the re-export of American products to Iran and other countries that are supposed to be off-limits – reduces its ability to serve as a model. "Dubai is a very exciting place, but at the end of the day it has always been the center of funny business in the Gulf." While officials boast that fundamentalism is not a problem in Dubai, the government has come under pressure from American officials to put tighter controls on a lax financial system through which, they say, Al Qaeda money has flowed.

Yet even Dubai's critics express admiration for the vigor with which the emirate has managed to rise above the Arab world's age-old problems.

The current ruler, Sheikh Mohammed bin Rashid Al Maktoum, appears to function like the ultimate one-minute manager, setting a clear vision with strict deadlines and holding regular brainstorming sessions at his palace with leaders from government and industry. "This is Dubai, Inc.," he says often, "and I am the CEO." Though he also holds the title of defense minister for the UAE, he is much more apt to talk about business than foreign policy.

Dubai's expansion has accelerated since Sheik Mohammed assumed control in 1995. He has created numerous free-trade zones, which relieve foreign companies of taxes and the UAE's traditional requirement that they have local "sponsors" – usually, nationals who do little more than collect an annual stipend. He has also attracted hordes of European tourists by building new white-sand beaches and creating an annual month-long shopping festival.

There is no fear of being too over-the-top. The Sheikh's Burj al Arab, which bills itself as the world's first seven-star hotel, is a sail-shaped structure that shoots 350 yards into the sky. It offers a butler for each room. Not far away, work has begun on an absurdly grandiose plan to build a massive resort over two man-made islands designed to resemble palm trees. Members of the ruling family or their close associates have ownership stakes in many of the big developments.

Despite the impressive gains, Jean-Francois Seznec says the lack of a local work force will ultimately become a problem for Dubai. "With 90 percent of the population from somewhere else, what would worry me in the long term is whether I can keep the goodies to myself," he says.

Then again, as with everything else, the government maintains total control. Every non-national, from the Bangladeshi taxi driver to the British executive, has to ask every three years for permission to stay.

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