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Nine Reasons To Take Dubai Seriously As A Global City And Emerging Markets Capital

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Some cities seem to encapsulate a particular moment in time. Dubai, right now, seems to represent three moments, one more important than the other two. First, one of the last gasps of the oil culture; second, the rise of business as a way to govern society. And third, and most significantly, the shift in the world's economy from developed markets toward emerging markets.

I went for the annual conference put on by the Abraaj Group, the emerging markets private equity firm started by Arif Naqvi, with an eye toward getting a better sense of the city. I came away thinking about New York City in the post-World War II boom, when the city was ushering in the decades of America's ascendance.

Dubai is a Middle Eastern city in some ways — there are plenty of Rolls Royces pulling up to hotel bays, and the call to prayer echoes from the mosques. But it's invented itself as something bigger: A global city, and possibly the emerging markets capital of the world. It's one of the five fastest-growing metropolitan areas in the world, according to a January 2015 report from the [Brookings Institute](#). The population of this United Arab Emirate is more 3.3 million today, up from about 1 million a decade ago; about 80 percent of those are expats.

I'd been to Dubai last year, during July's heat, when the temperatures were more than 120 degrees. I visited the city's free trade financial zone, where air conditioning sticks poured cool air into the open, in a futile effort to make walking between buildings more bearable. I went to the indoor ski slope, strolled through the Dubai Mall and went up the Burj Khalifa.

I left after that short trip feeling like I'd seen what most Western visitors see: a city devoted to the best in entertainment, and a freewheeling business capital, a sort of wild, wild east. This time around, and after reading the news out of Dubai for the past year, I saw a much more ambitious city.

“In many Western minds, Dubai is either a magnificent real estate play or a ‘play ground’ to attract global businesses or both,” notes Christopher M. Schroeder a U.S. based venture investor and author of *Startup Rising: the Entrepreneurial Revolution Remaking the Middle East*. ”They

completely under-estimate the strategic seriousness of the leaders there and in the UAE overall to become a regional and global hub of 21st century innovation across society.”

He cited leaders’ actions in the rule of law — the UAE was named one of the freest economies by the Cato Institute — and local actions to encourage the best talent in ecommerce, robotics, AI, space and healthcare.

Here are nine reasons Americans, especially entrepreneurs and business leaders, should take Dubai more seriously.

1. Dubai is a city of immigrants. I’ve not yet heard people from Dubai celebrate this aspect of their city (they might do; I just didn’t hear it) — but as success stories like Naqvi’s — he’s a citizen of Pakistan who came to Dubai as an unknown — become more common, it seems only a matter of time.

It’s estimated that people from other countries outnumber Emirates natives by 8 or 9 to 1. Many of those are expats, but many others come to stay. Immigrants are by their nature more entrepreneurial than people who are native born; the easier their paths are into the economy, the faster they will drive growth.

In fact, it was that sense of pushing ahead that made me think of New York.

The wisest commentators on cities know that immigrants fuel great cities. Writing in 1949, E.B. said the city of final destination was New York’s greatest identity. “It is this (immigrant) city that accounts for New York’s high-strung disposition, its poetical deportment, its dedication to the arts, and its incomparable achievements.”

2. Dubai is a gateway city. Dubai’s airport claimed the title as the world’s busiest from Heathrow in 2015, according to some measures; others put it in the top two or three. It’s a gateway to three regions. “Asia, the Middle East and Africa are markets growing at double the rates of the developed world, and the hub for accessing these markets is Dubai,” Mustafa Abdel-Wadood, global head of private equity, told me late last year. Abraaj now has TK in assets under management.

3. It’s also the gateway to Iran: The re-entrance into the world economy of a natural-resources-rich nation of 80 million people, with a strong and educated population of young people is will be one of the biggest economic stories over the next five years. It will take a while for the world banking system to re-embrace Iran, however — especially because the United States has kept most of its sanctions in place. That financial companies in Dubai are likely to serve as intermediaries in the meantime.

4. It’s making a serious effort to modernize, especially when it comes to women. Eight women, including a 22-year-old minister for youth affairs, hold ministerial positions in the UAE Cabinet, wrote Noura Al Kaabi, UAE Minister of State for Federal National Council Affairs, in an op-ed in Gulf News recently. “Three of the UAE’s ambassadors, one consul general and the UAE’s Permanent Representative to the United Nations in New York are women. ... Women constitute 66 per cent of the public sector workforce, with 30 per cent in senior and decision-making positions. ... 46 per cent of the country’s graduates in science, technology, engineering and mathematics (STEM) are women.”

5. The economy is diversified. In contrast to other Middle Eastern economies, Dubai won't be decimated by the decline in oil prices. Though it clearly benefits from the oil wealth of the rest of the Middle East, the biggest sectors in the Dubai economy are trade and tourism, which account for more than 28 percent of the GDP; business and finance, which account for more than 27 percent; and transportation, accounting for nearly 14 percent.

6. It's made a big commitment to free trade. Dubai is famously low-tax, though that is starting to change as the Emirate introduces a few taxes (still no income tax). But Dubai has set up special zones where the laws encourage international investment, in contrast to some other emerging markets economies. For instance, Abraaj has its offices in the International Financial Center, a neighborhood where regulations against foreign ownership of firms has been lifted.

In the Internet Zone and a neighborhood called Media City, employees aren't subject to the same work-visa requirements as elsewhere in the emirate.

7. It's a cultural hotspot. There's plenty of chintzy flash in Dubai — Beverly Hills meets barf, as one art dealer I met described the architecture of some of the new houses being built. But there's also a massive commitment to culture, from architecture to art to the city's already famous architecture. I went over to Art Dubai, an enormous convention of galleries from around the world held the same week as the Abraaj meeting.

8. It is drawing tech talent from around the world. Even five years ago, it might have been difficult to find many real tech companies in Dubai. But I've found some at all levels of development, from a startup that is drawing attention from Silicon Valley, to Jamalon, a 65-employee online Arabic language bookstore that is beginning to scale up and seeking its B round of funding. Founder Ala' Alsallal moved from Amman, Jordan, to Dubai to manage the company's launch of print-on-demand — which is far better to run out of Dubai, he told me, because the shipping costs out of Dubai's busy airport are cheaper. There's also, of course, Souq.com, the Middle East's first unicorn.

9. While much of the West has been looking the other way, or seeing only Dubai's glitzy veneer, the city has been transforming itself into a global city. That's the biggest reason Americans should be paying more attention to Dubai: Great cities at some point in their history deliberately create themselves — that's what Dubai seems to be doing today.