Global Financial Crisis and its Effects on the Crisis in Dubai

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Introduction:
With the progress of science and technology development and information in the presence of the Web is the world together where he became an economic bloc interrelated and complex, affecting any economic event in a particular area on a number of regions and economic centers in the world the sense of the interdependence of interests of businessmen in Britain and the United States of America with a group the huge investments in the region such as Dubai may affect any economic event in one of the countries mentioned have a direct and tangible in the other country, whether the event recovery or recession, the birth of companies and major facilities or the collapse of another, so that the influence on the other directly, but no one guess the kind of impact a positive or negative.

Problem of the study:
The problem of the study in the misuse and interpretation of financial statements and the lack of credibility of the information given by the departments of large companies and this in itself is a weakness in the global management system that puts the region in a serious financial situation.

In addition, the weakening of the policy of lending and lack of caution by banks and private real estate which is enough and the absence of objectivity in the process of assessing the mortgaged properties, which have been inflating their values in an exaggerated manner, causing it to drain liquidity from the banks and the inability of borrowers to repay and which led turn to the collapse of the plight of banking sector_ economy column in any country_.

Importance of the study:
Off the importance of the study to know the reasons that led to the global crisis, which started from the United States of America and the emphasis on the negative effects of this crisis on the countries of the world that was put together by globalization and due to the link to the world directly to the U.S. economy - Pole only -. And extends the importance of this study was to determine the effect of the crisis on Arab economies and that we are a part, especially the Emirate of Dubai as important commercial center in the Middle East and most affected by the global crisis and to link its economy directly to global markets, whether financial markets or real estate, bonds and loans.
Objectives of the study:
- To identify the causes of a crisis Dubai
- Know how the crisis affected Dubai and its association with the global crisis.
- Know the reasons for the delay crisis Dubai on the global crisis.
- Identification of appropriate economic solutions to overcome the crisis of Dubai.

Hypotheses of the study:
- The process of lending money which always lead to the inability to pay.
- The capitalist system has proved incapable of and lack of appropriate solutions to overcome this kind of crisis.
- The policy of unipolar domination and hegemony of the United States of America against the world's economies and its association with its economy of procedure, the greatest impact on a large number of countries in the world have been moved so that the internal financial crisis in the United States to the rest of the world.
- The emirate of Dubai is the most affected country in the Middle East in general, and GCC states in particular.
- That optimism is exaggerated as well as vanity and lack of transparency by political analysts and financial leaders not affected by the crisis and the ability to address them has had a negative impact on the economy and the crisis affected the severity of the incident.
- The deficit of the Government of the Emirate of Dubai and its inability to deal with this kind of crisis has exacerbated the deficit and increasing debt.

Methodology of the study:
The methodology of the study to explain the global crisis and its relationship to crisis Dubai inductive analytical method as follows:
- This study begins with a preliminary introduction to facilitate identification of the extent to which the world together and then demonstrate the importance of the study and illustrate the problem that will be identified and access to accurate knowledge of their causes and how they evolve and their impact.
- We define the crisis both sides of the linguistic and terminological from more than one source.
- And then begin the search by the reasons which led to a crisis in the United States, whether direct or indirect.
- And then focus on the developmental stages of the crisis from escalating and their impact on different sectors from banking and real estate.
- Study the economic effects of U.S. financial crisis on Europe and the Middle East.
- Focus on the impact of the global crisis on the GCC and the rest of the Arab world.
- The crisis of the Emirate of Dubai and its affiliates and their irresponsible economic situation in the emirate, especially the real estate sector, which represents the backbone of the economy in the emirate.
- Study the impact of the crisis Dubai associated economies of the GCC.
- Clarify and summarize the relationship between the crisis of Dubai and the global crisis, in addition to the stated reasons for the delay needed Dubai on the global crisis.
- And then review some of the solutions and methods of treatment expected and the proposed exit from the crisis of Dubai.
- Conclusions and summary of the global crisis and the crisis in Dubai and how they relate to each other.

Definition of the global crisis causes and effects
The definition of crisis:
**Known as the crisis in the language:** Chuck transition characterized by balance, and is a turning point determined in the light of future events, which lead to significant change.

Either conventionally, it was known as the pioneers of the administration: a critical moment and decisive about the fate of the administrative entity that suffered, thus constituting a severe difficulty in front of decision makers, keep him in a very confused, and leave the crisis effects considerable material damage.

Also known as Institute of Public Administration definition of crisis to another view: that the crisis a turning point in an unstable situation, it can lead to undesirable results, if the parties concerned is unwilling or unable to contain or prevent risks.

Since knowledge is a part of his vision there is less choice but a statement from the crisis and the beginning stages of development and how their impact. And is considered by experts that the current financial crisis is the worst of its kind since 1929 the time of what is known as the Great Depression, “has started the global financial crisis” is actually emerging, and blatantly revealed in September 2008 when the U.S. abandons its most cherished principles of economic and considered a source of strength of its economy (free market), and started to support and the nationalization of some financial institutions.

The crisis began first in the United States of America, then spread to countries in the world to include European countries, Asian countries and the Gulf States and developing countries that their economies are linked directly to the U.S. economy, how the crisis occurred? And how the impact of causes? And how to proceed?

That occurred in the United States - also dealt with specialists - is the existence of institutions lending to the real estate financing transactions and other real estate and commercial clients to be clear from the outset that they are not able to fulfill their financial obligations to the lending institutions.

According to the agreements of lending to these borrowers have to pay interest on the loans, which received them during the first two years, in the third year they pay the debt and its benefits. And where 'n many of these borrowers cannot afford to meet the payment of principal and interest, this means that in economic terms, the value of those loans has weakened, and that are worth calculation is greater than its true value (market).

**Lending agreements:**

Of the property a key role in the crisis, where there are lending institutions agree on the debts of granting money to people who have a drug that is used as security or guarantee for the loan. As the demand for real estate in decline until it reached the freezing point, where there is no originally requested the purchase of real estate. This leads naturally to a decline in property prices (according to the theory of supply and demand economics), which drives up lending institutions to seek liquidity and compensation from those who do not have the money in the original.

Therefore, banks start lending institutions to suffer in order to preserve the value of those loans and debt, which weakens the market value of more and more difficult to process converting into cash in financial transactions.

**Guarantees of borrowing:**

As a result, the financial institutions to convert those loans into "assets" that is, they turned to the producer of a new financial can be sold and purchased in the financial market (stock exchange), and is, therefore, that be owes money to a person and that person sell your debt to another person (the sale of debt). Due to the fact that "the promised profits" of this process was high at the outset has approached investment funds to purchase these "assets" in the stock market heavily. But with the start of the loss of these assets to the value according to supply and demand, investments funds want to get rid of them sell. But the problem is the lack of buyers, and if found so that is at prices lower than hoped at the outset, or less than the value of the purchase.

**The inclusion of assets in money market:**
To avoid problems of lack of liquidity, the sale of these investment funds and other assets owned nothing to do with these loans, and if it quickly falls in value of these assets as well, which makes her losses, added to the losses of banks that purchased the assets of these funds.

**Controls the sale of assets in money market:**
And the combined effect of these failures and losses in the United States that the number of banks that went bankrupt during the year in 2008 and part of the year in 2009, as stated by the institution the U.S. federal deposit insurance to 132 bank and the share of the year in 2008 the collapse of 26 banks, in between the banks of America's 8400 banks. And for comparison with the financial crisis in 1992 has seen a 181 to close a bank.

These banks have lost a lot of money and suffer from lack of liquidity, I tried to get the money by borrowing from other banks, which is unusual among banks. However, because each bank is unaware of the true depth of the problem financial suffered by the second bank, it is therefore refusing to relent, and that means increasing the number of banks suffering from liquidity problems even if it was developed well and are not covered by the crisis and this is it.

**Transparency of banking transactions:**
And the major role played by banks in the capitalist system, if there is a large number of banks suffering from liquidity problems, the financial activity as a whole is affected, so the central banks lend these banks money, the goal is to maintain the confidence of depositors and clients and to create a balance in the medium term.

**Controls lending from central banks:**
And money market dealers and staff always need liquidity at their disposal so as not to be forced to sell assets in each time he is asked where one Mttaemehm money due them. Because many of the assets and shares after the onset of the crisis in the decline, with the sale, whether for cash or by the panic of a decline of market uncertainty leads to further plunge in the value of those assets.

**Control rules in the general index of the market and the indicator for the share:**
This part of the financial institutions that is a component of a free economy the basic and affecting him greatly, either by the U.S. citizen has been borrowed from the bank in order to buy from real estate companies, Beta him through credit cards (Visa and Master Card) to ease lending and not to request adequate assurances.

The home loan is through banks that rely on interest rates in its financial transactions) riba-based loans). And the interest rate increases the price of real estate each year, and this led eventually to the inability of American citizens (the borrower) to repay its obligations in the mortgage, and his inability to USA meet payments, to which the resulting aggregate general lack of liquidity in the banks, and the inability to the financing of new projects, and reduced demand for real estate with increased supply, and then the declaration of bank bankruptcy is gradually leading to the financial crisis beginning in the United States of America, and widening of the spread to Europe and the other from the rest of the world for the U.S. economy a strong impact on other economies directly or indirectly.

So, the causes of the economic crisis is all legal can be summarized in: lending agreements, guarantees of borrowing, the sale of debt, controls the inclusion of assets in the money market, controls the sale of assets in the capital market, transparency of banking transactions, controls lending from central banks, control rules in the general index the market and the indicator of the shares, in addition to interest rates and loan interest.

- **Developments in the financial crisis:**
  Started in the main stages in the financial crisis since the beginning of the year in 2007, in a dramatic sequence of events, where he was as follows:
In February 2007: non-payment of advances to mortgage (granted to the debtors do not have adequate capacity to pay), bringing the deficit condenses in the United States, the first cause of bankruptcies in specialized banking institutions.

August 2007: stock is deteriorating at risk for the widening crisis; central banks intervened to boost liquidity.

From October 2007 to December 2007: Several major banks announced a significant decline in stock prices due to the mortgage crisis.

In January 2008: U.S. Federal Reserve central bank cut its key interest rate three-quarters point to 3.50%, which is a fixed-size exponentially. Was then gradually reduced to 2% between the months of January and the end of April.

In February 2008: The British government nationalized bank "Northern Rock" and the concerted efforts of central bank's lending again to address.

In the same month: "JP Morgan Chase" declares the purchase of Bank of American Business, "Bear Stearns" at a low, and with the financial assistance of the Federal Reserve.

Late in 2008: the U.S. Treasury Department put the two giants in the field of lending to mortgage "Freddie Mac" and "Fannie Mae" under the tutelage throughout the period which they need to restructure, while ensuring their debts to the borders of 200 billion dollars. Then recognition bank business, "Lehman Brothers " his bankruptcy while declaring one of the leading U.S. bank is Bank of America "buy another bank to work on Wall Street is a bank," Merrill Lynch ". Ten international banks agreed to establish a fund of cash capital of 70 billion dollars to address the most needs urgent, while accepting Central Banks to open areas of credit, but that did not prevent the decline in global stock markets. In the meantime, the Federal Reserve and the U.S. government nationalize de facto largest insurance group in the world, "AIG" threatened bankruptcy by granting assistance amounting to 85 billion dollars for possession of 9.79% their capital.

In addition, the global stock markets continue to deteriorate and credit weakens the financial system. And intensify the operations of central banks to provide liquidity to financial institutions. The Bank of England "Lloyd TSB" to buy rival "HBOS" at risk of going bankrupt. And the U.S. authorities declare that it is a plan worth 700 billion dollars to rid the banks of the assets of non-sale, where President George W. Bush appealed to "act immediately" on a rescue plan for banks to avoid exacerbating the crisis in the United States. The financial crisis dominated the discussions in the General Assembly of the United Nations in New York, and the financial markets increased concern about the delay before the American plan for the financial bailout. And then collapsed share price of banking group, insurance, Belgian-Dutch "Fortis" in the stock market because of doubts about their ability to meet its obligations. In the United States buy the bank, "JP Morgan" rival "Washington Mutual", to help federal authorities.

In Europe, being floated "Fortis" by the authorities of Belgium and Holland and Luxemburg. In Britain, the Bank was nationalized, "Bradford and Bingley." At the same time, U.S. House of Representatives rejected the rescue plan proposed by the Congress. And Wall Street's collapse a few hours after European stock markets fell sharply, while interest rates continued to rise between banks sealing banks to refinance themselves.

Finally, in November 2008: After long discussions lasted for months, the U.S. Senate to approve the revised bailout plan.

- **The seriousness of the U.S. financial crisis on the global economy:**

The financial crisis in the global economy is still suffering from one of the worst crises experienced by the global economy since the thirties, but is most dangerous in the history of financial crises, especially
after the proven inability of current global economic system to contain and mitigate the effects of rapidly and effectively.

Comes the seriousness of this crisis from being struck the lending sector in the League, a sector which stimulates investment and creates jobs, leads his weakness to the weak economy in general, and the inception of the United States, which economy is the locomotive of growth in the global economy, its economy is the world's largest volume of about 14 trillion dollars, a foreign trade has more than 10% of total world trade, and that the transactions of international trade is denominated in its currency (the dollar) and occupy the U.S. financial market leadership position of the global financial markets, and any risk to the market spread effect to the rest of the other financial markets very quickly.

And now that the financial crisis, truth and concern for the world without expectation or anticipation, not be the hand of one, and it became all flops and seeking right and left, but every day that passes is an increase in the bad, and makes treatment difficult, countries began to carry the United States blame for the crisis, and calls resolved to bear alone.

It was after this, not only as a result of external pressures (international) in the United States, but the adverse impact of the crisis on the U.S. economy itself, and even on the political status of the United States of America pole single in the political arena - gets its strength actually its economic strength - it began to think in the development of solutions to the crisis in the United States of America from its earliest days, and the voices calling for development of alternatives to reduce or prevent the American economic hegemony over the global economy, and it is not fair to pay the countries in South America, Africa and Asia, the price of the responsibilities and errors should be borne by the financial sector in America North. Had resulted in all of these reasons to develop a plan to save financial encountered run of acceptance of and objections internally and externally.

- **The effects of the financial crisis in the Arabian Gulf:**

  Varying degrees of impact of financial crisis on the Gulf countries and their financial institutions and businesses and individuals, and al Qaeda in this disparity is that the more link to the origin of the crisis the greater the vulnerability and its consequences, seismic, and it was the **Emirate of Dubai** is more affected by the causes of a link its economy to state economies most affected by the financial crisis, and the presence of many companies and financial institutions with foreign assets are closely related to the origin of the crisis, such as real estate investments and loans related, was also influenced by individuals and institutions with investment activities in the States or the institutions themselves.

- **Gulf stock markets:**

  Gulf markets witnessed - like others - a sharp decline in stock trading, as financial analysts attributed the decline to the bankruptcy of Lehman Brothers, the fourth-largest investment bank in America. Stock indexes also declined in the Gulf States to its lowest level since the year and a half after the exposure of the crisis and the collapse of Lehman Brothers, and coincided with the flight of investors from the market for fear of repercussions affected by the recent turmoil in U.S. financial sector.

And that, despite statements from officials - at the time - where the governor said Saudi Arabian Monetary Agency (SAMA) Hamad bin Saud al-Sayyari did not see at present any risk to the movement of money in the Gulf.

As commented by UAE Central Bank Governor Sultan Nasser Al Suwaidi, Governor of Central Bank of Oman Hamoud bin Sangour similar comments when you ask whether suffered by financial institutions in their countries of any risk.

The Qatar Central Bank Governor Abdullah Bin Saud Al Thani said banks in his country has no funds to collapsed U.S. investment bank Lehman or Merrill Lynch, referring to his country is not affected by the recent financial crisis.

In Kuwait, President of the Union questioned the banks in the country's banks to be affected by the crisis, likely to not have any money invested in Lehman Brothers.
Remarks before the crisis Dubai:

Leaders began to work their discussions very optimistic in the Business Leaders Forum in Dubai 2008, at the time still under the economic crisis sweeping the world and the increasing fears of a recession coming, despite the fact that the GCC has so far escaped the disastrous consequences of the crisis in the United States and Europe have by world leaders expressed concern about the long-term impact of the crisis on the region.

Participants agreed that discussions of the Committee pioneers, that the GCC is one of the countries least affected by the crisis, when ranked using risk analysis focusing on the foundations of economic infrastructure and in terms of total indebtedness and exposure to the global financial system, noting that the GCC has reason to remain optimistic about the continued growth of the market in the coming period. Sfakianakis said: "chief economist at Saudi British Bank - "No doubt that the financial upheavals in the United States had an impact on the GCC in terms of lower oil prices and the financial liquidity and decline in the shares of companies listed on local stock markets and the Gulf, the region is in a good position to turn the crisis into an opportunity by attracting talent and focus on mergers and acquisitions, I expect the GCC to see a growth rate of 4.3 percent in 2009."

Agreed AL - ansari - Executive Chairman and Chief Executive Officer of Dubai Inter National Capital - with Sfakianakis, that the crisis will not adversely affect the region, adding: "I believe that Dubai and the United Arab Emirates in general able to convert the current financial challenges in their favor.

So far, the effects of the crisis in the region can be controlled when compared to other places of the world, when viewed in the context of the fundamental strengths of the economies of the GCC. I think that the region will continue to offer great investment opportunities in the present and the future."

On the other hand, he noted Dave Ulrich, Dean, Management Sciences for leadership styles and innovative way to create brand value as one of the key elements that will determine the long-term success of the company, noting that His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President of the United Arab Emirates Chairman Minister and Ruler of Dubai, is a source of inspiration and an example of the great leaders of today.

He also pointed out that the "conservative asset management" is the best strategy for success during the current difficult times.

In the meantime, an exhibition Cityscape Dubai, where it was clear that the rush to buy real estate on the map in the emirate has ended, or at least dropped dramatically at the time hit the worst global economic crisis since the thirties of last century with the decline in global stock markets and local communities.

It was noted that the number of visitors exceeded previous occasions about 70000 but most of these visitors came to see the projects rather than purchase.

The show saw the launch of a smaller number of real estate projects than had been expected, despite the launch of Jumeirah Gardens project worth 95 million, the highest tower in the world by Nakheel and the "Green Tour" of the 120-story launched by Tameer.

The Declaration was the only major investment is to buy the DIFC in Dubai Pearl project a total value of around 3 billion dirham's.

If proven true past experiences Dubai will be the winner of the current global financial crisis. We must remember the existence of winners and losers in any major financial crisis. After the events of 11 / 9 - which appeared to be disastrous to attract investment to the Middle East, Arab investors brought an estimated trillion dollars into the region from America after being under threat of arrest. The money that is worked on the real estate boom began in Dubai.
Similarly, no one expected the invasion of Iraq in 2003 had a positive impact on the regional level at that time. But Dubai has become a safe haven in a troubled region in the aftermath of the war and benefited from high oil prices after the war fueled the increase in business and served the economy. Dubai set up a committee to make recommendations for ways to address the effects of global financial crisis on the emirate's economy, while struggling to maintain investor confidence amid concerns about transparency.

Nasser al-Shaikh Committee Member and Director General of the Department of Finance in Dubai, that some of the negative press caused by the failure to exercise a sufficient degree of transparency.

And left investors collectively market shares in Dubai and Abu Dhabi, Dubai, pushing the benchmark index to fall more than 60% this year, partly due to fears of possible collapse of the real estate sector in the Emirate.

And he added that the aim of the Committee is to assess the global financial crisis on Dubai, what can be done in sectors such as real estate and banking sector, and it is a client to us, and we have to deal with the challenges to mitigate the impact of the crisis on Dubai to a minimum.

According to Citigroup, Dubai is the most vulnerable to economic slowdown in the Gulf Arab region.

The Dubai economy has been booming thanks to six years of the rise in oil prices has allowed it to expand real estate, financial services and tourism, but analysts expect a large-scale correction in house prices in the emirate opened its property market to foreign investment in 2002.

Sheikh: No one is immune to influence, and all face a challenge. Adding that the commission will carry on the policy recommendations to the Governor of Dubai Sheikh Mohammed bin Rashid Al Maktoum, Chairman of the Council of Ministers and Deputy Head of State. He said Emaar would announce more details next week.

Dubai government does not publish statistics on the debt, but Fitch Ratings said earlier this month: The government-owned enterprises have the bonds and debts in foreign currencies worth about 70 billion dollars (U.S. dollar equivalent of 3.67 dirham’s.

The Sheikh said: most of the companies of the Dubai government is able to meet its own debt, but there may be a few may need help from the government.

We can deduce from the previous statements of the crisis is that financial officials as well as the ruler of Dubai and his advisers have exaggerated optimism about the ability of the emirate and its affiliate companies to respond to the crisis looming, as they were not honest, not committed to the Emirate of Dubai transparent to the public opinion about the ability to repay their debts, and the amounts in which, as was the beginning of the crisis.

- Eruption of the crisis in Dubai:
He is an economist that the severe shocks experienced global markets after the announcement of companies owned by the Dubai government intention to request to defer payment of debt (exaggerated) as that in the emirate of Dubai has many successful companies that are still able to make profits, has brought Dubai shock among global investors and raised angered some of them, after Dubai World requested postponement of the payment of debts, despite assurances earlier launched by officials in the emirate over the past months on honoring their financial obligations estimated at 80 billion dollars.

After two hours on the government announcement to float bonds worth 5 billion dollars from banks UAE nationals in Abu Dhabi Department of Finance requested the postponement of payment and on all debt of Dubai World and its affiliate companies such as Nakheel troubled.

Here we recapitulate the reasons for Dubai's crisis and the impact of the subprime mortgage crisis and the bankruptcy of the banks that issue mentioned above on the economic situation in the emirate of Dubai and around.

Confirmed by an international expert that the Arab region has not significantly affected by the global crisis, as is the case for Europe, America and some Asian countries, a reference to a lack of overall integration of Arab economies into the global economy and noted Dr. Ahmed Galal, head of the Economic Research Forum Egyptian and former Monetary Fund that the global crisis has shown split the Arab countries into two parts and both did not much affected by the crisis, but for different reasons.

The first section are those of petroleum, which was not affected by the crisis proportions only limited by the availability of excess liquidity has accumulated, as it has succeeded in creating a demand for a local alternative external demand, but these countries still suffering from the lack of diversity of its economy and has a severe shortage of employment.

The Jalal at a symposium on the Egyptian economy after the global crisis that the second part of the Arab states are the non-oil did not strongly affected by the crisis because of the economic isolation experienced by most non-integration with the global economy.

But Dubai pavilions and investments were the most affected by the global crisis of the Arab countries where they do not fall in the classification of one of the above-mentioned sections.

- **Causes of the crisis Dubai:**
- It became clear that the subprime mortgage crisis in the United States that arose prior to two years ago pressured bubbles investment in different parts of the world, including Britain, and quickly explode that economic bubbles, but the impact of the collapse of real estate in other regions has been slow and it took a longer time until noon.
- The developers who built skyscrapers in Dubai, they knew that it was difficult to be used or filled by tenants, and considered international banks to castles near-empty on the sands of Dubai are not worth of such loans enormous, are ominous signs that the world economy is in bad shape, the problem is that the emirate The borrowing beyond its boundaries to the model, turning it from a services economy to investment funds, and followed through diligently to break into areas and new projects proved to be beyond the capacity of the Emirate and lavish spending by the proposal of the economic institutions of foreign of the key with only the search for quick profits, which clarifies Adventure financial computed which killed those responsible for financial management in the Emirate of Dubai.
- The Director General said Joman Center for Financial Advisors in Kuwait, Naser Al-Nafisi, and Dubai accomplished in twenty years, McCann should be in a hundred years, and this is good but when the risk pays today.
- Dr. Salah Al-Shalhoub Director of the Centre of Excellence for studies and finance at King Fahd University of Petroleum and Minerals, said: One of the main causes of this issue is the significant expansion in borrowing, which was followed by a global financial crisis has affected the revenue and the values of Dubai World's investment and increased the magnitude of the crisis. Add to that...
the volume of investments in Dubai may be moving faster than the demand. In any case, debt crisis swept many major companies in the world, and the Gulf region is part of the world and was expected to occur such a crisis.

- The absence of oil wealth to pay the rulers of Dubai emirate to diversify its activities depending on the promotion of real estate, residential construction, tourism, marketing and market development and financial services sector. Resources-oil share does not exceed 5% of gross domestic General of Dubai, but the financial flows to Gulf countries in general and the Emirate of Abu Dhabi in particular and found in large-scale projects in Dubai employment are favorable, the geographical location of the emirate as a gateway to cross helped the success of the strategy, which has become the emirate in a few years a unique model in the Gulf region, but a victim of its success when launched in shaping plans for giant projects that went mostly to external demand, real estate projects in the majority such as the draft palm residential on the surface of the sea, the city's cosmic and the city sports, the Eco-City ... projects a figment of imagination but it was to find sponsors and shareholders, local and foreign.

- The financial speculation is also one of the causes of the crisis Dubai Financial terms of opening the Dubai Financial Market emirate capital flows poison found in the emirate of Dubai, a hotbed of speculation and quick-win, were not the market advanced significantly comparable to the global stock markets and outperform Bahrain, for example, being directed a large share of the real estate speculation, which attract surplus oil in the Gulf region, but capital will become exhausted after oil prices tumbled in the past year, as financial market lost 67% since the beginning of 2009, as the syndication market outside the emirate of Dubai has suffered huge losses in a number of European and American stock exchanges, amounting to billions of dollars.

- The overlap of public and private funds is considered by some analysts, one of the flaws underlying the economic system in the emirate of Dubai, given the overlap of state funds, including funds, princes and rulers of the emirate with capital inflows in the completion of major projects, set up to guarantee banks and domestic financial institutions and foreign, even in the absence of the economic feasibility of these projects.

- However, the scarcity of resources of the federal state (United Arab Emirates) in the current circumstances, especially after the decline in oil prices, making investors less aggressive on risk, companies are Dubai declined in punctuation agency "Standard & Poor's," which rearranged 5 subsidiaries of the emirate since the announcement of the latter request for debt rescheduling.

- The conflict Senate at the top of the pyramid of power the United Arab Emirates is a hidden conflict between the rulers of Dubai and Abu Dhabi, although the emirate of Abu Dhabi, which depends mainly on the oil resources is the main financier of the huge projects in Dubai, a sanctuary, resorted to Dubai in cases of hardship, where pumped Abu Dhabi in the artery Dubai 15 billion dollars since the start of the year 2009. But Abu Dhabi has always been considered to Dubai with a mixture of anxiety and envy, as long as the success story of Dubai attracted to impress the world and has, despite its lack of oil to bring the interest of investors and businessmen from across the globe.

- Abu Dhabi announced recently that it will not bear to buy Dubai’s debt, but only as part of the eyes of the rulers of Abu Dhabi is looking to acquire a group of companies led by the emirate's "Emirates" and set "Dubai Ports."

- Economic effects of the crisis of Dubai:
- Expert, Moroccan Anas Hasnawi that Dubai's crisis may end changing the owners of the big companies in the emirate of Dubai to the Emirate of Abu Dhabi, and the entry of Abu Dhabi is the most powerful beneficiaries of the revenues of oil, also predicted the emergence of new shareholders from Chinese and the Indians benefited from the location of Dubai as a market to promote their business across the world. Dubai is no up in appreciation into bankruptcy, they
retain the strategic advantages and global position. The reluctance of capital and international companies, including at the present time primarily due to the circumstantial crisis and problems that beset these companies.

- That the crisis of Dubai's debt has led to a decline in asset prices, it is an amendment necessary to the markets which increased temperature, such as the stock market, and knock the crisis sounded the alarm over global economic recovery, the crisis of Dubai sudden opened the way for the emergence of a financial crisis hit a new spot of the world, where growing investor fears the emergence of potential risks, especially in emerging economies.

- Some analysts believe that the explosion of Dubai's crisis had a negative impact on some sectors, could be delayed economic recovery, Global, and noted a report by the American bank that if the spread Dubai's crisis to the emerging markets on a large scale, it is possible to go down the recovery process of global economic substantially.

- On the one hand real estate it occupies a large percentage of Dubai's economy, accounting for 30% of the income of Dubai, has put the crisis erupted great pressure and concrete-related sectors across the world, he said that Richard Boao - Analyst Stock Rukdail of America - said: "Dubai may sell real estate projects with high quality, meaning reduced the value of all commercial real estate."

- This will raise the likelihood of the Dubai Government to speed up the sale of panic at discounted prices very real estate abroad, if he refuses to creditors of the two subsidiaries have proposals to freeze the claim obligations they become mature soon, until May 2010, includes investment group Dubai World, features international; such as: Grand Buildings, near From Trafalgar Square in London, Mandarin Oriental Hotel in New York, Victoria & Albert Park in Cape Town, South Africa to reduce its financial obligations to the large.

- And also formed the Land Department in Dubai Real Estate Regulatory Agency Commission to cancel the project is not feasible in the emirate, the committee will cancel projects based on the Fund's decision on whether to continue, or requests for cancellation by real estate companies or complaints to regulators from investors, and has confirmed Brolds Research the market - the Dubai-based - that's more than half of construction projects, which cost 582 billion dollars in the UAE have been suspended.

- It is expected that that the real estate market in Dubai would need years before they can go back to the levels they were in 2008, noting that while the Dubai to postpone the implementation of some real estate projects, and cancel each other, the busy of the drug that has been leased no more than 41% of the drug, which was constructed, and that one can note signs bearing the words: "For Rent", on the front of each building in the emirate.

- And the effects of investors Gulf, notably Saudi Arabia, the re-Saudi investors their accounts in return once again to invest in Dubai real estate, and investments in the emirate have stalled because of the inability to sell assets; as a result of the decline in the real estate market, and which was clarified statistics Deutsche Bank: The real estate prices in Dubai have fallen by roughly half compared to their value in the year 2008, Saudi officials consider the main engine of real estate in Dubai, and occupy the first position among the largest GCC investors to buy real estate assets; where we find that 30% of the properties are open to Saudi investors.

- For the banking sector, the Abu Dhabi National Bank: The size of the exposure to two insolvent units in the Dubai World group of 345 million dollars in the first disclosure of its kind for a large bank in the region for fear of losses, said bankers: The versions of the global Islamic bonds - instruments - can be on the decline the near term, where The Bank of Bahrain-based Gulf postpone bond issues worth 4 billion dollars, and investors are awaiting further developments in Dubai and watching the situation carefully.
Also came to Dubai’s reputation for accountability after 6 years of rapid growth, have caused uncertainty, and loss of confidence about the role of the Government of Dubai and practices of borrowing by the government institutions of the state of lack of credibility of the financial sector of the emirate, and will suffer unless the authorities move, banks quickly to allay fears that the graduation crisis Dubai’s debts out of control.

For the cadres, would lead the crisis to the closure of certain sectors are not profitable, in addition to increasing mergers, and reduce the expenses of marketing projects, and weaken the salaries of staff, and will not obtain such an increase as a result of debt and lack of liquidity, and the sector economy does not grow, but the development of sources of income and control expenses.

In addition, the coming period will witness the demobilization of a number of corporate officers, who do not perform their work as it should, and there he lay in a prior period due to the global liquidity crunch.

The relationship between Dubai’s crisis and the global crisis:

Follow this relationship through the following questions:

- How have the global crisis on the emirate of Dubai and its affiliates?
- Why the crisis was delayed Dubai on the global crisis?
- Are the rulers of Dubai and financial officials involved in any preventive measures to prevent falling into crisis?

Basis of the relationship between the Dubai and its affiliates and the global economy is a link investors real estate sector in Dubai and the United States of America and Europe as the explosion of the subprime mortgage crisis in the United States of America, which worked on the collapse of the banking sector, which in turn led to a serious lack of liquidity, where he was widespread economic collapse in the United States of America, followed by Europe and Asia and some Third World countries associated with the economy in the United States directly.

On the other hand hit the emirate of Dubai and its affiliates acute shortage of liquidity due to the close association of the Emirate of Dubai and its affiliates the global economy, is that owning a lot of projects and real estate, tourism, and even sports as well as significant contributions to the leading banks in Europe and the United States of America, which was expected to generate a good bit of cash derived from the profits of these contributions as the financial departments of Dubai and its affiliates was dependent on the profits to support its financial position and contribute to the payment of some debt.

Unfortunately, however, comes the winds have swung, with the collapse of the real estate sector, banking and bankruptcy of a large number of international companies directly linked to the economy of Dubai and its affiliates led to a significant decrease in the other income in the financial statements of the subsidiaries of Dubai, which in turn put the financial departments of these companies in a difficult situation difficult for them to take any administrative decision on the alternative sources of financing for the payment of obligations perhaps.

Why the crisis was delayed Dubai on the global crisis?

Delayed blast crisis of Dubai on the global crisis, or rather delay the announcement of a severe financial crisis in Dubai, where the Government of Dubai and its affiliates was sure of its inability to pay the debt from the first moment that announced the global crisis. The reason for this is the following:

- Debt were not reached due to the Government of Dubai and its affiliates, that is not the time has come to pay it off, knowing that these companies were not possess sufficient liquidity to repay this debt since the beginning.
Lack of transparency and lack of sincerity of statements of financial officials of the Government of Dubai on the financial status of the emirate and its affiliates, in addition to exaggerating the optimism that the global crisis will have a positive impact on the emirate's not negative and their firms.

Lack of experience of the financial leaders of the Emirate of Dubai in dealing with this kind of crisis as they relied on money that would be pouring down heavily on the emirate to invest in them, so based on what happened as a result of the September 11 events in the United States of America, and also after the invasion of Iraq in the summer of 2008, high oil prices in record numbers and the amounts of the time.

Conference was of world leaders, economists and optimistic statements too that they have made during the eruption of the crisis in the emirate of Dubai for the emirate's economy and the ability of companies liability have to pay their obligations with all the goodwill, and corruption of the government of the emirate, drugging them and not advise them to take any type of measures needed to prevent and to prevent falling into the crisis, the greatest impact in exacerbating the crisis and the speed to explode in Dubai.

Sunken straw; administration were not affiliates of the emirate oblivious to what will happen at the maturity of debt, but they clung to the ropes the illusion that large amounts of capital will pour into the emirate of money smuggling from the global crisis, but the expectation that McCann only like a drowning man conversing with the old where they were waiting to receive a divine miracle conviction investors and venture capitalists manned nearly 59% of real estate and projects completed and sits empty.

At a time when the value of operating profits on the main activity of these companies is the sale and leasing of real estate at the top of the real estate collapse, because this is not the total retail and rent including money for more than 41% only.

Imagine, my dear reader that the company (s) operating in the particular area for Eder by only 40% of the total revenue expected to be majority approved the funding and payment obligations on foreign loans long-term benefits are relatively high in addition to other income, which depend on it directly, the portfolio and Revenue from investments in outside companies questionable economic viability, if the bankrupt or were these companies is a great loss, which was dependent of the profits from contributing to it, with the refusal of banks to extend new loans or rescheduling of debt of the company (s), what would be the result?

Inevitably the result will be shocking and severe crisis will not end with only change owners of the company (s) for the benefit of creditors, or who pay their debts to those creditors.

This is precisely happened and for the Emirate of Dubai's checks affiliate, it is expected that the emirate of Abu Dhabi sister and the oil-rich, which owns approximately 500 billion dollars as a strategic reserve, to pay a large part of the debt of the Emirate of Dubai, but only if the acquisition of economic hubs mainly in Dubai such as Emirates Airlines, Dubai Ports Authority.

Results:

Require policy Dubai Financial to attract foreign capital to build major projects, and engage in projects as high risk to satisfy the ego of rulers and fuel the conflict, including by the financial officials in the emirate of Dubai, and greed for the benefit of high speed was the cause in the explosion of the liquidity shortage crisis which was followed by a lack of liquidity expected from the investment is not studied abroad, and of doubtful economic viability, such as buying a sports club in England.
Should have been to Dubai to diversify fields of investment and therefore diversification of sources of income, taking into account supply and demand matched with the amount available in the market, to prevent from falling into such risks.

Dubai Financial policy focused and directed to the Dubai World debt and borrowing from international banks, as associated with the global liquidity in the market without thinking to rely on the development of the industrial sector and agriculture.

To bring scientific expertise and process to the country for the development of industrial activity and agricultural real supports the local economy and earnings sustainability and continuity would be better to attract capital for speculative real estate market, entertainment and tourism, these sectors are in turn broken down completely when the external funding ceases, where the collapsed real estate sector in the first shock the façade.

Dubai was heavily dependent also on a class luxury and rich, which controls the economy by their huge, which seeks primarily to the rapid profit and loss through speculation, without exploiting the poor and medium, in addition to cheap foreign labor in supporting the economy through the establishment of projects Industrial characterized by continuity and in the interest of the emirate.

- **Recommendations:**

  There must be some kind of agreements with creditors to delay the payment of such debt and that there is a restructuring of the investments of Dubai World, to sell part of its investment many and multiple purpose of payment of those debts, it is also possible that there will be support by the governments of other Gulf. This is because of this crisis may not be the impact on the Dubai World, which may also prevail in other companies, regional and international cooperation, it is important to resolve such crises, and to develop mechanisms that contribute to the reduction of recurrence.

  You must be the federal government in Abu Dhabi, the oil-rich to provide assistance to its neighbor, and was manifested on the ground as it provided assistance amounting to 10 billion dollars in order to enable the Dubai World Group of the Government of the Emirate of debt payment summary, which in turn declared its intention to pay the debt on the campaign instruments Nakheel which is the real estate arm of the group with an estimated debt of 4.1 billion dollars.

  Must preserve the status of Dubai’s economy and global can be seen through a serious desire when the Government of the Emirate of Abu Dhabi, where it provided the funds for Dubai, up to 25 billion U.S. dollars in less than 3 weeks of the bombing of the crisis, which is equivalent to half of its income from oil for a year, and submitted to the form of debt instruments or to purchase assets in the emirate.

  Must restructure the debt of the group Dubai World, which announced the Dubai World Group for the restructuring of debts worth 22 billion dollars, and explained the Dubai World and its financial creditors as it seeks to restructure the debt associated with Nakheel and Limitless, the global real estate subsidiaries.

  It is worth mentioning that Dubai has a number of companies can be disposed of to prevent the worsening crisis in the form of the sale or restructure the terms of generating that amount of cash was not bad has happened already during the Dubai Declaration on the sales of interior, including the takeover market Dubai part of the NASDAQ Dubai worth 121 million dollars, and sell a
minority stake in DP World after it had received an offer from a regional company to private investment will benefit the emirate in terms of providing adequate liquidity to cover their debts to, and re-investment stalled to work and feet.

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