

Dubai Downturn Sends Ripples Throughout Arab World

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Published: January 7, 2010

Filed at 4:45 a.m. ET

AMMAN, Jordan (AP) -- Mahmoud Tamimi's friends call it the "Dubai syndrome" -- the insatiable longing for a city he loves but was forced to leave. Back in Dubai, the 31-year-old had a good job, nice apartment and a \$3,700 monthly salary, dozens of times what he'd ever made before.

Then, early last year, the Jordanian of [Palestinian](#) origin was laid off as Dubai's economy plunged. With his residency permit tied to his job, he couldn't stay. He now squeezes into a two-bedroom apartment with his wife, daughter and seven other family members in a poor neighborhood of Jordan's capital, vainly looking for work.

Dubai's downfall is not only hurting the city-state and the financiers who bet big on its promises.

Even before Dubai's financial crisis, the sheikdom's growing economic woes had begun rippling out across the Arab world, forcing workers like Tamimi back to their home countries, where jobs are scarce and wages often rock bottom. That is eating away at the money many Middle East families depend on, sent home from relatives who work in Persian Gulf countries and emirates such as Dubai.

It is bad news for the Arab world, where chronic economic stagnation, high unemployment and low-paying jobs have long caused frustration among workers, especially the young.

Overall, the amount of money shipped back home by workers abroad, called remittances, fell by more than 7 percent in 2009 across the Mideast and Arab north Africa, the [World Bank](#) estimates. That is the first drop in a decade.

In some countries the impact is worse: Worker remittances into Egypt have already plunged nearly a quarter over the past year, the [International Monetary Fund](#) said in October.

Arab workers go to many places for jobs, including Europe. But the oil-rich Gulf has long been the bedrock of Mideast remittances, with Dubai recently its most turbocharged engine.

Dubai built itself into a booming trade and tourism hub on the backs of foreign workers like Tamimi, whose family originally hails from the West Bank town of Hebron. Only about one in 10 of Dubai's roughly 1.5 million residents is a citizen.

Expatriate Arabs are not the only foreigners hurt by Dubai's downfall. Low-paid Indians and other South Asians provide much of the hard labor to raise skyscrapers including the world's tallest, the Burj Khalifa, which opened this week. Filipinos fill many of the service jobs.

But in per-capita dollar terms, it is the Arab world that's being hit hardest.

Overall, worker wages from the Gulf -- including Dubai and other places like Saudi Arabia and Kuwait -- account for a whopping 15 to 20 percent of the economy in countries like Jordan, Lebanon and Egypt that are considerably poorer than the oil-fueled monarchies of the Gulf, said Nasser Saidi, a former Lebanese government minister who is now the chief economist at the Dubai International Financial Center, a state-run banking hub.

Under-the-table and other "unofficial" transfers of wealth outside the banking system mean the effect on local economies could be twice as high, he said.

All that means the recent decline in remittances -- combined with a drop in trade and tourism also caused by the economic crisis -- could leave many of the Arab world's poorer countries slower to recover than other parts of the world as the global economy pulls out of the crisis, the IMF said recently.

Even foreign Arab workers who remain in Dubai "are going to get less money than before" to send home, said Dilip Ratha, an economist at the World Bank.

Dubai's latest debt problems will almost certainly make things even worse.

That has worried some who say high unemployment and low pay are already a core cause of hopelessness, and sometimes extremism, in the Mideast.

"Peace is not just the absence of conflict. It is the presence of opportunity and cooperation, and a sense of justice and fairness and movement," former President [Bill Clinton](#) told students in Dubai late last year, drawing a link between suicide bombing and a lack of opportunity in some parts of the Muslim world.

For Arabs from Casablanca to Baghdad, Dubai before its downturn was an antidote to that hopelessness: A rare exception to the scraggly, overcrowded cities that sprawl through much of the Arab world -- a beacon of prosperity, offering a better and more liberal life.

In some cases, the fast-growing sheikdom promised an escape from poverty, violence or other societally imposed straitjackets.

For others, it was simply a place to yearn for and take risks in -- an aspirational oasis, an Arab city to be proud of -- just as young Americans try to make it big in New York or Hollywood.

The city also had a frantic pace and sky-high rents. But for many Arab workers, the perks outweighed that.

"We were in tears when we left," Tamimi said during a recent interview at home in Amman. Outside the small, crowded apartment, vendors thrust rickety wooden carts through jammed alleyways, their shouts competing with a nearby mosque's call to prayer -- a stark contrast to Dubai's wide freeways.

"We just couldn't look back, because there was nothing we'd be able to do to stay," he said.

Tamimi's well-paying blue-collar job coordinating construction projects for a building firm was washed away when the global financial crisis swamped Dubai, battering the boomtown's real estate, trade, tourism and financial industries all at once. Within weeks, plans for more spectacular -- even ridiculous -- manmade islands and soaring skyscrapers went out the window. Property prices and dealmaking plunged.

Layoffs soon followed.

Swiss bank UBS predicts the city's largely foreign population will have shrunk by 8 percent last year as workers from the Mideast, Europe and Asia lose jobs and leave. Saud Masud, the analyst who made that prediction, said that works out to some 120,000 fewer people in the city.

Egyptian bank EFG Hermes has estimated the population could plunge by more than double that amount.

Now the city-state is asking lenders to renegotiate the terms of a chunk of the at least \$80 billion its state-backed companies owe.

As Arabs like Tamimi return to their impoverished homelands, they hit the reality that has long dominated the Middle East -- chronic underemployment, low salaries and few prospects.

Arab economies like Egypt's and Jordan's -- like much of the developing world -- have grown in recent years, helped by a boom in global trade and reforms that loosened government controls on business.

Yet the growth has not yet been enough to wipe out the poverty endemic in many Arab countries or conquer high levels of unemployment. Thus the need for workers to still go elsewhere for work.

Foreign workers who once counted on Dubai as a source of jobs have found few other alternatives. Other Gulf sheikdoms with more oil and gas -- like Qatar or the Emirates capital Abu Dhabi -- have continued hiring.

For now, though, no city in the region is able to generate the vast amount of jobs that Dubai did before the crash.

There is another factor at play, too.

Dubai, though Muslim, is a more liberal place than the rest of the Gulf -- with thumping nightclubs, glitzy malls and look-the-other way authorities. Other countries like Kuwait and Saudi Arabia are far more conservative, and impose much harsher restrictions on the lives of workers and their families.

Ramzi, a 28-year-old Lebanese who refused to give his full name to safeguard his job prospects, said he has found work in Saudi Arabia but is holding off to find something in Dubai -- where he worked until losing a job working in a shopping mall nine months ago.

For most workers though, the choice comes down to money.

"There is no comparison between Syria and Dubai in terms of opportunities and salaries," said Alisar Hassan, 26, a Syrian studying journalism at Damascus University. She was an assistant director of a marketing company in Dubai that has since shut down, and has yet to find new

work.

"My life has changed a lot" since leaving, she said. "There are no jobs and even if there are some, they are with little salaries."

Back in Amman, Tamimi's life is also far different from his days in Dubai, when he would spend time with his wife and daughter visiting parks and restaurants in the tony beachfront Jumeirah neighborhood.

He used to send nearly half of his income to family back in Jordan -- money those extended relatives have not been able to make up.

Now, without a job, he spends his days watching the world pass by at a small convenience store owned by a friend, worrying what will happen to his uninsured family if anyone falls ill.

He has applied for jobs in Jordan and the Gulf, and made a trip back to Dubai to seek work, but nothing has come through yet. "I had a home there," he said, remembering. "My life there was just wonderful."

http://www.nytimes.com/aponline/2010/01/07/world/AP-ML-Dubai-Busts-Regional-Ripples.html?_r=1&pagewanted=all