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Boom town

The fastest-growing city on earth, Dubai is spending mind-boggling sums on construction and is about to swallow up P&O in its bid to be a global maritime power. Given the scale of its ambition, could it become the most important place on the planet? Adam Nicolson reports from 'Mushroom City'

It looks like a hot Grozny. On the vast invented islands offshore and in the even vaster building sites that stretch in a wide band the whole length of Dubai's now famous riviera, acre on acre of grey-faced, concrete, hollow-eyed buildings, fenced in with scaffolding and overhung by tower cranes, stare at each other across the sands. Tower blocks look abandoned rather than half-made. It is said that a fifth of the world's cranes are now at work here. An army of some 250,000 men, largely from India and Pakistan, are labouring to create the new glimmer fantasy, earning on average £150 a month, and living in camps, four to a room, 12ft by 12ft, hidden away in the industrial quarters of al Quoz. One night in one of the luxury hotels would cost six months' wages of one of the men who built it. Below and around their work sites, the new streets are chaotic with rubble and piles of steel.

The traffic is already as bad as Los Angeles. The city authorities are now giving priority to new roads, hundreds of millions of dollars are being spent on bridges across the Dubai Creek, five lanes in each direction, but still a taxi ride that might take 10 minutes at midday lasts an hour at either end of it. If you ask a driver to take you to some places, he laughs. "Do you want to have a very long talk?" he says.

Dubai is growing faster than any city on earth. "Mushroom City", Ravi Piyush, a plumply content dealer in the Gold Souk, said to me. "Nothing today, everything tomorrow." The World Bank reckons that the reconstruction of Iraq is going to cost \$53bn. Here, along the strip of footballer-friendly sand that stretches 25 miles or so along the shores of the Persian Gulf, there is, at a rough estimate, about \$100bn worth of projects either underway or planned for the near future. That is a numbing figure, ungraspable. It is the equivalent of every single dollar invested in the United States from abroad last year; almost twice the foreign investment in China.

There are the three famous offshore "palms", man-made peninsulas laden with more hotels and more "signature villas" than the entire Premiership might ever dream of. The 7,000-man workforce on one of them is too large to get on to the palm each morning without creating its own traffic jam: they are shipped in by sea from further along the coast. There's to be a Giorgio Armani Hotel and a Palazzo Versace. There's the tallest building in the world under construction, Burj Dubai, costing \$800m and expected to be 800m tall when complete, but the precise figure is being kept secret in case New York's new Freedom Tower tries to top it. A billboard the size of Piccadilly Circus stands out in

the desert showing the pencil-thin rocket of a tower alongside a simple rubric: "History Rising." The biggest shopping mall in the world is already here. Another, bigger, the world's largest retail development, is under construction.

There's to be an underwater hotel (\$500m). One indoor ski resort, with real snow and its own black run, exists already, a weird, looming presence on the city's southern skyline. There is to be a second, with a revolving mountain. Plans are mooted for a Chess City, with 32 tower blocks of 64 floors, each in the form of a chess piece. There's to be a 60-floor apartment block in the shape of Big Ben. One company selling flats is giving away a free Jag with each one. There will be a pyramid and a building called Atlantis that will cost \$600m and include a "swim-with-the-dolphins encounter programme". An Aviation City and a Cargo Village, an Aid City and a Humanitarian Free Zone, an Exhibition City and a Festival City, a Healthcare City and a Flower City, a \$4bn extension to the airport and another entirely new airport along the coast towards Abu Dhabi, for which no figures are available but you can take a guess at a few billion: six runways, annual capacity 120 million passengers, 12 million tonnes of cargo.

Next to it, as the Dubai government's Department of Tourism and Commerce Marketing puts it, "There will be several smaller cities that will cater to the financial, industrial, service and tourism industries." To fill these airports, Emirates, the national airline, has just placed the biggest order that Boeing has ever had: \$9.7bn for 42 777s, each capable of carrying 300 passengers non-stop more than 9,000 miles across the world. They have also ordered a fleet of the biggest Airbuses on offer, each capable of carrying 555 people.

The Middle East's answer to Disneyland, called Dubailand, which is far larger than Monaco, is costing \$4.5bn. It will employ 300,000 people in the various joylands, servicing 15 million visitors. A new urban railway, with 37 stops, begins construction soon. Dubai is to have its own Silicon Oasis (\$1.7bn) for computer companies. A mixed development called Dubai Waterfront/Arabian Canal covers an area larger than Barbados and will house, when completed (\$6bn), more people than Paris.

There's another side to Dubai. Drive south along the Gulf, away from the glamour zone of the great hotels, past the giant malls and the huge gas-fired power stations, almost to the western border of Dubai, and you come to the largest man-made harbour in the world. The unapproachably vast quays of the modern port at Jebel Ali were dredged out of the desert sands in 1979 at a place where the present emir's father, Sheikh Rashid, used to come for evenings camping with his friends. Abdulla bin Damithan, one of the port managers, showed me around in his red Audi. (This was a replacement; the BMW was in for service.) The 1.5 mile-long quays are so enormous that to look the length of them is to stare into a desert haze. Halfway along, the metal bodies of the ships and cranes disappear like mirages.

But it is no dreamy place: every minute, every towering gantry crane lifts another container off the high-stacked decks of the bulbous ships alongside, lowers it to a waiting truck that delivers it to another part of the site, or transfers it from the unimaginably huge motherships, which travel the world oceans, to the slightly less huge feeder ships that

service the Gulf, the Indian trade and the Mediterranean. Nothing interrupts the movements, day and night, 365 days a year, even in July at 90% humidity, an air temperature usually over 49C and when even the seawater in the docks approaches 38C. No one works outside. More than seven million containers are moved here in the course of the year, a figure that grew 23% last year, and is set to triple within the next six years, serving a market of two billion people. It's like looking at the guts of the world, the usually hidden machinery by which things actually happen. Over on the other side of the harbour, two diminutive destroyers are tied up, the stars and stripes hanging off their sterns. This is where the American carrier battle groups patrolling the Gulf come for service - and shopping. It's the port most visited by the US navy outside the United States.

Like almost everything of any significance in Dubai, the port system belongs to the state, or to the Maktoums, the ruling family. The two are indistinguishable, and in some ways, Dubai is like Poundbury writ large - and rich: a princely vision of how the world might be. The Maktoums came here as Bedouin chieftains in the 1820s, to a small, palm-fringed trading creek, where political control was in the hands of the British. Only in 1971 did Dubai gain independence as part of the United Arab Emirates. It was already known that Abu Dhabi, by far the biggest and richest of the Emirates, was sitting on a vast mineral reserve. At current rates of production, Abu Dhabi has more than 120 years' supply of oil and gas still untapped. Dubai is nothing like so well endowed, and so from the 1960s onwards, the Maktoums have been consciously shaping Dubai as the trading and financial motor of the Emirates, and the Dubai ports system is central to their vision.

Dubai sits on the all-important strategic routeway of the modern world: China, India, Middle East, Europe and the US. That is where the money is going to be. China has just become the third biggest economy in the world and it is the fastest growing. India is set for its own acceleration. The Maktoum plan is to make Dubai the centre of a global strategic network of port facilities to rival Singapore and the huge Hong Kong-based conglomerate of Hutchison-Whampoa. They have been acquiring hard and fast and now control massive facilities in China, Hong Kong, Australia, South Korea, India, Yemen, Djibouti, Saudi Arabia, Romania, Germany and Latin America. In a profoundly symbolic move, Dubai Ports are now manoeuvring to make a bid for the great harbours in southern Iraq.

They want more, and that desire for global control is what lies behind their bidding war for P&O, the British ports and shipping combine, which has a powerful European presence (including the giant London Gateway, planned to be Britain's biggest container port at Thurrock on the Thames), exactly what Dubai wants. Singapore wanted it too and the two commercial city states' rival bids drove up the price, adding 80% to the value of P&O's shares and valuing the company at a reported \$6.8bn (just short of £4bn), an unprecedented 40 times P&O's profits last year. At the weekend, Singapore pulled out and all the signs are that when P&O's shareholders vote today, they will accept Dubai's offer. This bid alone is a measure of the hunger, the money and the drive of what is happening in the emirate. And the Arab world has backed the bid. When Dubai Ports

issued a bond for \$2.8bn last month to help it buy P&O, it found itself drowning in \$11.4bn of subscriptions.

Why is Dubai doing this? And why so fast? What can the hunger be traced to? I spent a morning on The World, one of the big prestige projects, consisting of 300 artificial islands made of sand dredged from the sea floor and either dumped or pumped into forms that vaguely mimic the shape of the world's continents. Every week between five and 10m cubic metres of sand are delivered to the site. The islands will cost up to \$30m each, and that is for the sand alone. Making the lumps habitable for the world's island-hungry rich will cost half as much again.

I was somewhere in Greenland with Hamza Mustafa, the man who is running it for Nakheel, the state-owned developer. It was another invented moment: we were there for a photo. Vijay Singh, the Fijian golfer, was going to fire some shots from Greenland over a narrow channel to Iceland, still nothing but sand, on which one of Nakheel's PR men had put a golf flag. There were helicopters, artificial grass, English marketing girls, Singh's personal trainer in shorts, his agent in shades, two photographers, their assistants, cooks, waiters and barmen, boatmen, people from a Nakheel golf development and Singh's personal course designer, who told me in detail how sewage makes courses greener. It's a perfect symbiosis: houses need golf courses and golf courses need the sewage the houses produce. How happy is that? "As long as it's got the nutrients, grass loves sand," he said.

While Singh stood beneath the chopper firing his shots, I talked to Mustafa, in the sleek Arab-modernist villa he's had built on Greenland. He has already sold 30% of the \$3bn project, mostly to "local money, from the region", the rest, he says, to British and Americans. Australasia has been sold to a developer from Kuwait. Why are they buying? "No tax, good weather, an easy life, a comfortable life, affordable. I don't have to push the sales. I've got 10 islands left of the ones I want to sell at the moment. They are clamouring for them. And then I'll stop for a while. We don't want a glut." He smiled, complicit, knowing as well as I did what sales talk amounts to. "By 2015, there will be 250,000 people living here. It'll be like Venice."

I asked him why Dubai was going through this world-busting surge. One might have expected the straightforward business answer, which goes something like this: Dubai, unlike other parts of the Gulf, has little of its own oil or gas. A great deal of Arab money, invested in the US, came back from there after 9/11 and needed an outlet. The fact that oil is now pushing \$70 a barrel means that the Gulf is awash with liquidity. There is clearly a role for a strategic financial centre in the Middle East: Beirut played it once, Dubai could do so now. Money has been draining out of Iran for years and Dubai, just across the Gulf, has always been a traditional place for Iranians to put their money to work. Mohammed Noor Taleb, a 75-year-old textile trader I spoke to in the souk, who had lived with his mother as a child in a tent made of palm leaves and now owned a business in Indian cottons turning over \$5.2m a year, told me an old Dubai joke. A young boy is asked by his father "What is two add two?" "Am I buying or am I selling?" the boy says. Commerce is in the blood.

But Mustafa's reply came from another place entirely, evidence of the extraordinary hybridisation of cultures that is going on here: traditionalist, modernist, Arabist, internationalist, market-based, bowing to authority. For Mustafa, it all stems from the Emir of Dubai himself, Sheikh Mohammed bin Rashid al-Maktoum. Mohammed only became Emir on January 4, when his elder brother Sheikh Maktoum bin Rashid al-Maktoum, died after a long illness. But Mohammed has had his hand on the tiller for years. "Sheikh Mohammed has had a vision," Mustafa said, "which is that Dubai should become a fully developed city, with the best life of any city that has ever been created. The whole city is growing as a single organism. We have planned this, very carefully, he is a leader who has bestowed a great vision on us, so that in time Dubai is going to become the first ever Arab modern metropolis." Was this really about an Arabist dream of perfection? "No, this is not Arab nationalism. But what Dubai is trying to do is set an example of how Arabs should be represented. After 9/11, Arabs suffered from a lot of bad publicity. Dubai is trying to come back with the right kind of publicity. It will be a fully modern state. It will be setting the standards. It will be a place that people will look up to."

You might have to take that with a few bucketloads of salt. There is no hint of democracy in Dubai. There is a consultative council whose members are nominated by the ruling family. A group of five old Arab families control the entire emirate. The working and living conditions of the construction labourers and the domestic servants from south Asia are notoriously bad. Thirty-nine building workers died on sites last year, 22 of them simply by falling, as provision of slings and ropes is inadequate. The Dubai press is full of stories criticising companies for late payment, no payment, the confiscation of passports, imposition of penalties for minor infringements, the manoeuvrings of loan sharks and all the other expectable abuses of a poorly regulated employment system. The property laws are explicitly racist: no non-UAE national can own land outside the designated free zones. No foreign company can operate in the country without paying a UAE "sponsor" to be their local representative. No one except UAE nationals can get one of the plum jobs in a government department. Education and healthcare are free for all UAE nationals but no one else. The local press will never be seen to criticise the government and when, for example, I tried to interview the director of strategic planning in the offices of Dubai municipality, I was told I could only do so "if we have checked you out first and seen that what you will write will be favourable". Not much hybridisation there.

And yet it is not Saudi Arabia. Brokeback Mountain is soon to open in Dubai cinemas, which it never could in Saudi Arabia. There is no problem with bikinis and sunbathing on the beaches. And on a more substantial level, there is a determined effort to de-monopolise the economy, to make market competition the driver for this new model world. Local customs must be respected: no loud music during Ramadan, no eating in front of Muslims on fast days, no possibility of making a political claim on the direction of the state. And in return for those limits, the state delivers a sense of wellbeing. That is the trade-off on which Dubai is relying. A booming market, with a consciously courteous social culture and a tight police system (panic buttons in the thousand gold shops in old

Dubai bring the police in two minutes) deliver a better wage than would be available at home - all this in return for surrendering anything resembling a political right.

Eduardo Ferrari, an Argentinian cameraman who has lived in Dubai for the last eight years, says he couldn't "give a damn for democracy. I live here in the most democratic country in the world. Why? Because the economy is taking you by the tip of your head and pulling you up. Every year I have more and more. In Argentina, every year I have less and less." Vishal Khemani, a 26-year-old from Mumbai, who imports Indian and Japanese textiles for Dubai wholesalers, says he loves Dubai simply because it is "very disciplined, very neat, very clean. Everything is going to timetable. I have a good job, good food. It is a cheap country." And extremely safe. There has been no hint, so far, of any terrorist attack, although you would have thought it was due for one. A western businessman, surveying the most luxurious of the Jumeirah beach hotels, said simply to me: "Everything about this place smells of western women, right? It looks like an al-Qaida target to me." There are rumours in Dubai that a terror plot was foiled last year but the processes of government are so opaque that there is no confirming that. It may be that the levels of government control in Dubai are high enough to make any terrorist operations very difficult.

Bob Gogel, CEO of Liberata, an international company specialising in the outsourcing of financial services, probably speaks for the business community as a whole. "Dubai is an unpolished gem polishing itself very quickly. You could look at it as a CD compilation - the best of London, Sydney, Miami, Las Vegas - and you have to give them the benefit of the doubt. Where else in the Middle East is going to do it? Turkey? Saudi Arabia? Lebanon? Egypt? Kuwait? You can't see it. Nowhere in the world do you get such good service. Certainly not in London. And business people like that. They've got a good plan, it's tightly controlled, they've managed to pull in some good people, they've got the oil money, and that price is not going to drop very far. The property market in Dubai is probably overheated and the Dubai stock market is due for a correction. But you try poking holes and I have trouble poking that big a hole."

This is the Dubai sandwich: at the bottom, cheap and exploited Asian labour; in the middle, white northern professional services, plus tourist hunger for glamour in the sun and, increasingly, a de-monopolised western market system; at the top, enormous quantities of invested oil money, combined with fearsome social and political control and a drive to establish another model of what modern Arabia might mean in the post-9/11 world. That is the intriguing question: can Dubai do what Libya, Egypt, Palestine, Lebanon, Syria, Iraq, Yemen, or almost anywhere else in the Arab world you might like to mention, have failed to do? Is Dubai, in fact, the fulcrum of the future global trading and financial system? Is it, in embryo, what London was to the 19th century and Manhattan to the 20th? Not the modern centre of the Arab world but, more than that, the Arab centre of the modern world.