



Dubai
International
Financial
Centre

Radboud Universiteit Nijmegen

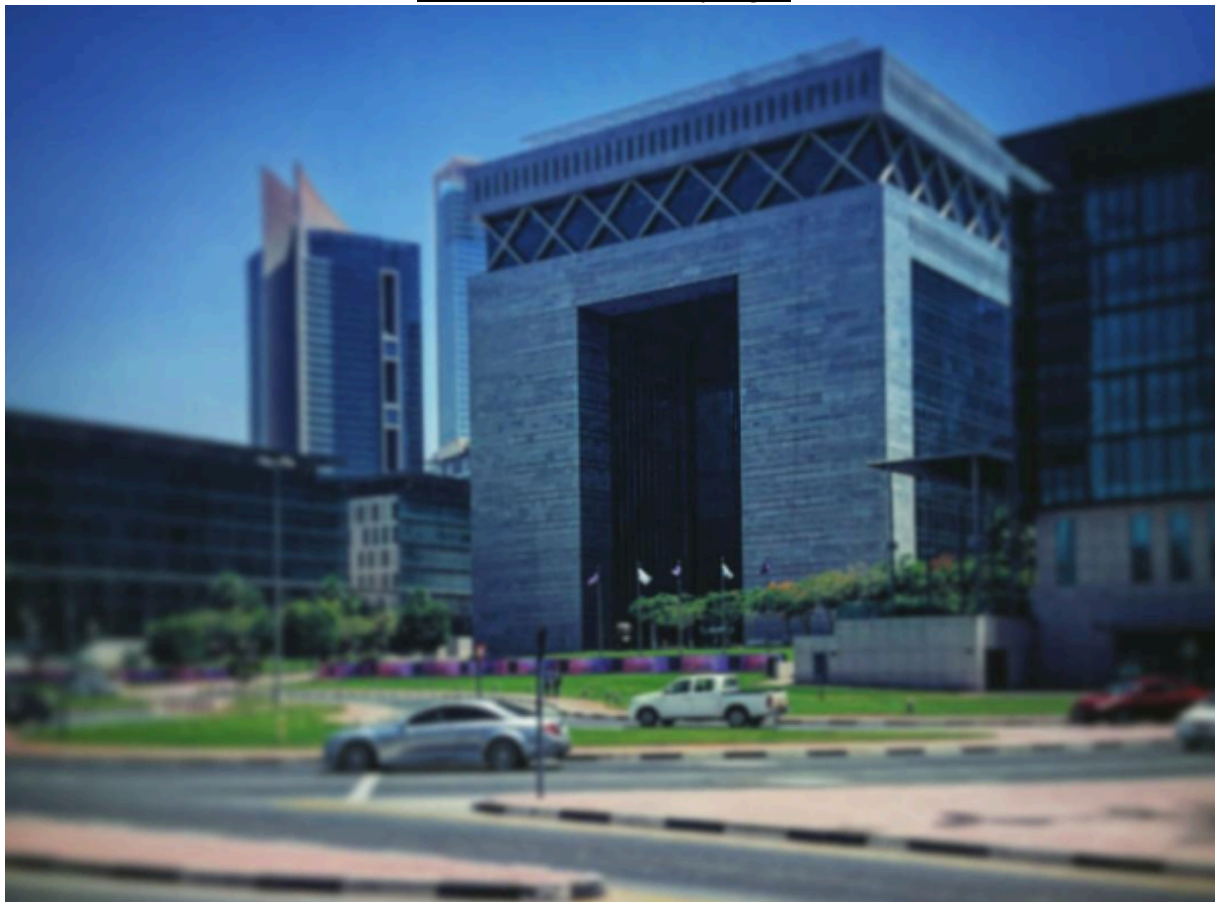
Bachelor thesis GPM

Is Dubai the city a new city should be?

*The Dubai International Financial Centre as an example for
Free Zones within Dubai*

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Front-page figure top left: Figure (1) The logo of the Radboud University

Front-page figure top right: Figure (2)The Logo of the Dubai International Financial Centre

Front-page figure middle: Figure (3) Own picture of the Gate Avenue at DIFC

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Is Dubai the city a new city should be?

The Dubai international Financial Centre as an example for Free Zones within Dubai

I Foreword

Augst, 2017

Dear reader,

You are reading my final version for the bachelor thesis for the Radboud Universiteit Nijmegen. A thank you for taking the time reading this document of which I've been working for since February 2017. This thesis is part of finishing my bachelor Geography, Planning and Environment at the University.

This thesis is part of a personal interest in Dubai which comes from an internship done in the 2nd half of 2016. Thanks to this thesis I was able to make a visit to Dubai to experience the city and do interviews to get data for this thesis. This visit really helped to understand the city and understand the concept of a Free Zone since on paper it would could look like a fenced separated part of an industrial site or port, which in this case was not present and made it really special.

The visit also made it possible to meet people at special places in Dubai. I'm probably one of the few people which were possible to visit the Gate Building on the 14th. floor (the building is on the frontpage of this thesis), twice, for an interview regarding my studies and got a great inview in the area and see the DIFC as a visitor and researcher.

The internship, did in the first half year of this college year, involved a lot of benchmarks studies on cases in Dubai of which the author started to think if Dubai would be a good example for urban planning. This question came up because the city has so much large developments and even more to come that a city like this wouldn't be able to exist in this form. During this thesis this question and off course the research question had got some answers of which this thesis is a result of. The DIFC is off course a small part but of Dubai but already a lot to handle to answer this question partly.

I would like to thank all respondents in the Netherlands and Dubai for taking time to answer my questions and providing me nice stories, interesting anecdotes and helpful answers. I also want to thank Bart Brorens and Pauline van Heugten for providing me perhaps the most helpful, at least the nicest, piece of literature for this this thesis: J. Krane, Dubai the fastest growing city. I recommend everyone to read this book because it is easy written and gives a truly nearly perfect insight on Dubai and its development. Mostly I would greatly like to thank prof. Peter Ache for his supervision during the thesis period which helped me a lot to come up to this thesis.

Kind regards,
Tim Will

II Summary

Dubai has been one of the fastest developing cities in the last decades. From a city without any utilities or even a normal electricity system in the 1960'ies it grew and developed to one of the most modern and largest cities in the Middle East with over 2 million citizens. At this moment the city developed to one of the most important cities in the region. The cities main successes are trade, tourism, financial services and the airport.

The city grew out to what it is today from a vision of Sheikh Mohammed bin Rashid al Maktoum. Since the 1980'ies the city started to develop a Free trade port, Jebel Ali Free Zone (or JAFZA), which is located South of Dubai. This was the beginning of a fast development of the city (LaSalle, 2002). After creating a successful port the city started to develop from a small trading and fishing port to the centre of the Middle East(Krane, 2009). Thanks to this success, the city started to develop more of these Free Zones in which they implemented certain advantages for foreign companies to invest.

Like most states, nations and cities in the Middle East the main income for these nations and cities GDP was oil and natural gasses. Because Dubai, compared to others, hasn't got the large amounts like Qatar, Saudi Arabia or Abu Dhabi, it had to diversify their economy in an earlier stage compared to others in the region to avoid going bankrupt before even emerging (Krane, 2009). Sheikh Mohammed bin Rashid al Maktoum understood that in order to be succesful successful a diversified economy is key to have sustainable and longer lasting economic growth (Krane, 2009).

The diversification of the economy of Dubai took off with the development of the next free zone: Dubai Internet City. This zone was created to attract more tech companies focussing on R&D. From its beginning the largest tech companies in the world have offices in the DIC (like Microsoft, Apple, Google and HP). Krane (2009) has an passage where it says the sheikh attracted Microsoft to locate in DIC by promising him the largest Microsoft-sign in the world. After this success the Dubai government decided to create more free zones with clusters as well as a financial centre. These two factors were the main triggers for the development of the Dubai International Financial Centre (DIFC).

The DIFC was supposed to launch in 2005 it had to relaunch in 2006 because the launch of DIFC was unconstitutional. The DIFC had been established as an independent entity for financial services from the Central Bank of the UAE. This means the Free Zone has got its own regulator for banks and its own court to settle disputes between companies. The laws and regulations enacted in the DIFC are based on the same laws that are used at the Channel Islands, which are seen as the best legislation for financial services. This set of laws is also called common law and is also adopted in the main financial hubs of the world: London, New York, Hong Kong and Singapore. At this stage, also thanks to the DIFC, Dubai is the most important financial hub in the MENA(Middle East & North African) region according to the interviews.

This thesis will reflect on the DIFC as a concept of a Free Zone and as DIFC as a financial centre for the city, the region and the world. So the research goal is: This thesis aims to investigate how the city of Dubai benefit of the development of the DIFC and to investigate in what extent the development of free zones helped the development of Dubai. Furthermore the goal of this research is to find out if Dubai is becoming one of the most important business hubs in the world.

Perhaps the most important theoretical concept used for this thesis is the Central Flow Theory by Peter Taylor (2008). According to this theory, cities are not connected hierarchically c, but like a network. The stronger the connections, the more important the city becomes.

The main question for this thesis is: "What influence does the Dubai International Finance Centre

have on Dubai and its position in the current world financial sector?" To investigate this question the concept of Free Zones needs to be analysed as well as how the financial sector in the world has taken shape and where Dubai fits in.

To obtain information and experience on the DIFC, Dubai and the Free Zone concept, a visit to Dubai had been made. In the first place to conduct interviews with actors, such as experts in the field, actors (like the Nasdaq Dubai and bank) and the authority which runs the DIFC. The interviews were necessary to understand the concept of Free Zone, to understand Dubai and to understand the DIFC. It also showed the success of the DIFC and also why it worked and why other Free Zones aren't. Interviews with experts in the field helped to develop the analysis on how the concept of Free Zones works within the Central Flow Theory. Since the visit to Dubai also gave some visual information about the city, the way it is structured and its development there is a short chapter on observations since they underline some statements given in the interviews.

During the interviews the question: "Would Dubai be the same without Free Zones?" All answers were "No, it wouldn't be the same." There was no answer which didn't see the success of Dubai without implementation of Free Zones, of course there are more factors but Free Zones are the platform in which foreign investments are made. Because measuring such a development is impossible because there are more effects on developments than Free Zones a comparison with other cities in the UAE were made to see in what extent Free Zone helped to develop a city. Comparisons had been made with Abu Dhabi, Sharjah and Ras Al-Khaimah.

Furthermore an analysis on the influence of Free Zones in economic way, following up on previous chapter is done by evaluating its economy with comparison to other GCC countries which are responsible for a large flow of capital into the DIFC and the Dubai real estate market. This chapter is done to underline the argument of the importance of a diversified economy. This chapter is followed by a review on the DIFC in the world scope of financial centres in the world.

The last chapter before the final conclusion is an analysis on Dubai combining the Central Flow Theory to investigate the potential Dubai has since the city seems still emerging. In potential Dubai could serve as a financial hub for the entire Middle East & African region since at this moment there is no competitor which match Dubai. The city holds a lifestyle which meets western standards, there are enough (if not too much) developments to meet the real estate demands. They created incentives which were unique in the region. They were the first in the GCC to open up the market for foreigners to own private properties and have their own businesses in the city. This created such an advantage for Dubai that even for an emirate without large amounts of oil it is probably the most successful and important city in the region for many years to come. The DIFC helped to become such because it is a large part of one of the four main drivers of the Dubai's economy: Trade, Tourism, Aviation and Finance.

III List of abbreviations and acronyms

ADAFZ	Abu Dhabi Airport Free Zone
AFZ	Aegean Free Zone
ADGM	Abu Dhabi Global Markets
ASEZ	Aqaba Special Economic Zone
BIIP	Bahrain International Investment Park
CBD	Central Business District
DAFZ	Dubai Airport Free Zone
DAMAC	DAMAC Group
DDD	Dubai Design District
DFC	Dubai Flower City
DFM	Dubai Financial Market
DFSA	Dubai Financial Services Authority
DGP	Dubai Gold Park
DHCC	Dubai Healthcare City
DIC	Dubai Internet City
DIAC	Dubai International Academic City
DIFC	Dubai International Financial Centre
DMC	Dubai Media City
DMCC	Dubai Multi Commodities City
DP World	Dubai Ports World Group
DSC	Dubai Studio City
DSO	Dubai Silicon Oasis
DWC	Dubai World Central (<i>also known as Dubai South</i>)
FSA	Financial Services Authority (<i>now Prudential Regulation Authority</i>)
FDI	Foreign Direct Investments
FZ	Free Zone
GCC	Gulf State Council
GDP	Gross Domestic Product
IAAFZ	Istanbul Ataturk Airport Free Zone
ICBC	Investment and Commercial Bank of China
IHC	International Humanitarian City
IKAC	Imam Khomeini Airport City
JAFZA	Jebel Ali Free Zone (Authority)
MENA (-region)	Middle East and Northern Africa
QFC	Qatar Finance Centre
RAKFZ	Ras Al Khaimah Free Zone
SAIF	Sharjah Airport International Free Zone
SEZ	Special Economic Zone
VAT	Value Added Taxes
UAE	United Arab Emirates

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1. Introduction

This introductory chapter will be an introduction to the thesis. It will successively consist the background, following with the research goal, the research model and this chapter will end with the research question.

1.1 Background

This chapter will outline the background of this thesis underlying the research goal. The largest population and economic growths can be expected in Africa and Asia (Moseley, 2014 p.233). Right in between those continents with large growth in population lies the Middle East. A region gifted with large amounts of oil and gas giving them a strong economic position from its discovery of the Ghawar field in Saudi Arabia, which is the largest conventional oilfield in the world with 55 billion barrels of crude oil of reserves today (Russell, 2012). In the first place the large demand for oil and gas gives the UAE, Qatar, Bahrain, Kuwait, Iran, Iraq, Saudi Arabia and Oman large incomes and so economic prosperity but is also gives certain instability since demand is such that high and everyone wants to have a part of it (Pacione, 2005). The oil fields also created a large demand in the region for labour. Kapiszewski (2006, p.47) discusses the divided population of two groups: nationals against expatriates. The last group, like stated can be divided in the low skilled workers from Southern Asia (India, Bangladesh, Pakistan, Philippines) and the high educated workers mostly from the former so called "first world", the rest of the Middle East or the "lucky few" from other states (kapiszewski, 2006 p.47).

More specific, the workforce in Dubai, the UAE and also other GCC countries is divided in three different groups:

In the first place for the Emirati themselves. The lucky few who were part of the right families are one of the richest people in the world nowadays. They own the lands and the power to exploit those oil fields, mostly together with large multinationals with the skills to exploit the oil field (for example Shell, BP & Exxon Mobil) (Kapiszewski, 2006 p.47; William et. al, 1997). For Dubai they are only part of 15% of the population.

Those mentioned companies are mostly from Europe or the USA creating a lot of job opportunities in the oil and gas sector and conducting a lot of wealth for the high skilled workers that live in the region as expatriates. These people mostly live in the region for several years before going back to their motherland, mostly up to 5 years (Kapiszewski, 2006 p48; Krane,2009). Dubai is a bit different with attracting more different companies from different places due to its diversification in their economy which will be discussed later in this thesis.

Ewers & Dicce (2016) state that skilled labour is more flexible so they are willing to come from more far away. This has become the norm for many high-educated workers to find the desired job with the skills they have (Conradson and Latham, 2005; Jones 2008). Since Dubai never had an university till recent years the Emirati used to be low educated and also a lot were illiterate. Expats are coming to Dubai to conduct business which Dubai itself wasn't cope of but next to this they are also learning from these expats (Krane, 2009 261-267).

The third group are the low skilled workers from the region and Asian countries, which work at the sites for low incomes and under high pressure along with long working days. But, since the incomes here used to be higher compared to what they could own in their own country the supply of workers

is large so people want to work cheap in sometimes doubtful circumstances (Kapiszewski, 2006 p.46). Other articles about tension of this group of workers in Arab countries come from Oommen (2016).

Oommen (2016) mostly discussed the historical origin of the Asian workforce in the Middle East. Originally a lot of trade had been conducted between the Gulf and the Indian subcontinent and the rest of Asia, also because of most of them had good trade connections with the British Empire in the 19th century (Jain, 2006). Next to the large trade with Iran the UAE and also Oman had most of its trade with India because it was on a former Indian - Mediterranean trade route (Allan, 1981). For example in 1929 almost 75% of all imports of Bahrain (part of the GCC and near the UAE) came from India (Fuccaro, 2009). Oommen (2016 p.20) states that this early trade creates a certain awareness of possibilities to trade and later work in the UAE. When oil was discovered in the UAE (and other GCC-countries) it was a catalyst for cheap employment out of the Indian subcontinent because salaries are higher and the distance from the Indian Subcontinent is rather short compared to other markets with higher salaries. According to Winkler (2012, p.12) this resulted in a 85% share of foreign workforce in the UAE (more than 7 million in total) with the largest share of these workers coming from Southern Asia. The majority of these South Asian workers are semi-skilled or unskilled workers, mostly illiterate, single males (Ozaki, 2012).

To attract a lot of direct foreign investments (FDI), the government of Dubai did set up multiple Free Zones with the first being the Jebel Ali Free Zone (JAFZA). In general Free zones are specific dedicated zones which host several tax advantages and opportunities for foreign companies which, otherwise, possibly wouldn't be settling in that specific country (Hakiman, 2011). The Dubai International Financial Centre (DIFC) which is the case in this thesis is also a free zone, located near downtown Dubai. The DIFC is a free zone which specializes in finance and service and is the main financial centre of Dubai, the Middle East and also one of the most important financial centres for the continent of Africa. The vision of DIFC is: *"Contribute to Dubai's reputation as a global business hub by maintaining international standards, developing international relations, business and employment creation, and economic development."* (DIFC, 2017)

1.2 Research Goal

This chapter will discuss and explain the research goal of this thesis. The chapter will give an outline of the main issues of this thesis.

The main objective of this thesis is to get a view on how the city of Dubai benefits of the development of the Dubai International Financial Centre. This thesis looks upon different ways towards the DIFC. First of all it looks at DIFC as a Free Zone and how this free zone works. There will be looked how the free zone works within it own system of the DIFC, secondly there will also be looked at DIFC as a free zone within Dubai and how it works as a financial hub in the region.

The first goal is of importance because the DIFC is, as will noticed later on in this thesis, a special concept of free zone with rules which don't apply at most free zones regarding the independent courts and an independent regulator which operates independent of the central bank of the UAE. Also the question which could be raised would a financial centre within Dubai function without being an independent entity like DIFC is.

The second goal is of importance because the aim of the development of the DIFC is to create a financial centre which would be able to become one of the most important economic hubs in the world. At this moment it is the most important financial hub in the MENA-region, according to the interviews done. It also serves as, possibly, the most important financial hub for the entire continent of Africa.

So the main research goal is:

The main research goal is to find out how the city of Dubai benefit of the development of the DIFC and to investigate in what extent the development of free zones helped the development of Dubai. Furthermore the goal of this research is to find out if Dubai is becoming one of the most important business hubs in the world.

1.3 Research Question

The working title of this thesis is: "Is Dubai the new city a city should be." Because this is a really broad question this working title need to be defined to a researchable research. Since investigating the entire city and its entire concept is too broad this bachelor thesis will mostly focus on Free Zones and specifically the Dubai International Finance Centre.

Defining the research to one free zone creates the possibility to look in depth towards the free zone and avoid misunderstandings since all Free Zones have different rules and react differently to new rules adopted by the government of both the Emirate or state.

In this case the vision on "how a city should be" will be not exactly investigated but more in what extend the DIFC has an effect on the city of Dubai and the rest of the world, more specifically the sectors which are the main objectives of which the DIFC had been developed.

-The main question of this thesis will be:

"What influence does the Dubai International Finance Centre have on Dubai and its position in the current world financial sector?"

Subquestions for this research will be:

-What is the influence that Free Zones have on cities and moreover on Dubai and in what extent does DIFC follow this?

This question is important to answer first because first the effect of Free Zones need to be determined. How this would be done is explained in the next chapters. These possible effects will come out of investing foreign investments in cities with free zones.

-Why is DIFC such an important location for banks to be located and why are other competitors not as strong as DIFC and how does DIFC situate in the world against other financial centres?

This question tries to outline the competitors of DIFC and the position of DIFC within the GCC-region. Dubai has some competitors so an outline of them and to position them against DIFC is of interest for answering the research question.

The last part of the question is also important because as the vision of DIFC says it want to be a financial centre for the entire world and positioning the DIFC from the past, now and towards the future is of great interest to analyse if they would succeed in this vision.

-What are the successfactors of DIFC and how are these compared to other locations in the MENA-region?

This question looks like the previous but this question also looks at the inner strength and advantages which DIFC has and compares these advantages against its competitors to determine its competitiveness and success.

Relevance

This chapter will discuss the scientific and social relevance of this thesis. For social relevance people must look if the topic is relevant for society, for scientific relevance it is important if the topic adds extra insights on the theoretical about the topic.

Dubai as a city, like stated earlier, is a city which possibly could be seen as one of the fastest and most successful cities in the last decades (laSalle, 2002, Krane 2009). With that large amount of Free Zones it creates a special situation with a lot of tax exemptions. Also the city is being seen as a "successful" city in the Middle East, also out of personal professional experience. By this in most spatial planning projects in the Middle East Dubai has got a lot of examples as well as their Free Zones that are copied or used a lot.

Adopting zones like these could also increase the competitiveness of the city. Creating special zones with tax exemptions could create a false platform in which companies want to operate (when they would not if there weren't free zones). It could be questionable if creating free zones, especially the large amount which Dubai has, is a fair thing to do. Relevant is also to mention what to do when such zones are successful.

Because of this the subtitle of this thesis is: "Is Dubai the new city a city should be" because of this title and question the scientific relevance is high because this question is one which would be a good one to answer also to find examples for future urban development which because in urban development people tend to use good examples and benchmarks for other new developments. Since people and capital become more global and the fastest growing cities are more and more located outside the "old" western world the questions are becoming more relevant how gain a piece of the global cake.

In personal experience a lot of benchmark studies for spatial developments in the region have to consist Dubai because for the clients Dubai is seen a good example. The researches which the author has worked and has experience with are about sites located in Iran, Oman and Saudi Arabia and even though those countries are not in favor of each other they all see Dubai as a reliant and good example for urban development in the region so they want that at least examples for Dubai will be taken in account when developing their own plans. The DIFC in that context is a special zone developed to upsweep foreign investors, in this case specifically banking, insurance and juridical companies.

Another important factor that makes this research relevant is on the fact that there are large social inequalities. Especially the low wagers in Dubai live in bad circumstances far away from the city that they have build. On Fridays there is no sufficient bus service towards some labour camps so the people who live there don't have the possibilities to go out to Dubai on their free days. This phenomenon indicates a 'divided city'.

On a scientific level the relevance is there because Dubai is trying to become one of the most important financial centres in the world. At this point Dubai International Airport is already the most busy airport for international passenger transport (emirates247, 2017).

2. Theory

This chapter will explain the theoretical framework of this thesis. Secondly a operationalisation of the main concepts will be given. The last chapter will outline the conceptual model. Key concepts for this research are free zones. Important to know is what a Free Zone is, what its effects are and how they occur (especially in Dubai and the Middle East). Another important part of theory is the Central Flow theory.

2.1 Free Zones

The DIFC is a free zone located in Dubai. Free zones, and special economic zones are regions where special advantages are available for companies to conduct their operations. According to the Business Dictionary, a Free Zone is a specific area within a country where imported goods can be reserved and handled. These zones could be without taxes or have special benefits for imports and employing (BusinessDictionary, 2016). Just as Free Zones there are Special Economic zones (SEZ's) that also have certain benefits regarding on rules and regulations (Inverstopedia, 2016). Tax exemption is one of the key characteristics for these zones, especially within the GCC and other MENA-region countries. The zones are so called "economic power generators" and also boosting economic opportunities of the regions within the specific country (Hakimian, 2011). Free zones and special economic zones can be used to attract more foreign investment and aiming to stimulate foreign trade in locations or cities where otherwise no intention would have been to invest (Hakimian, 2011). Free Zones are, in essence located in regions that have certain disadvantages like a remote location, low skilled staff or specific tax regulations that prevent foreign companies of investing in the region. Given the last disadvantages free zones are a way to attract foreign investments. The first two can be resolved internally by creating a better infrastructure or upgrading education (Hakiman, 2011). Attracting foreign investments is the main purpose of Free zones.

Most free zones are also create solely for foreign companies since it is not in interest of local companies to locate in Free Zones. This is because Free Zones, especially focussed on trade grant specific import, export and reexport benefits when trading through free zones (Inverstopedia, 2016). For example this could mean that instead of 20% import taxes as a foreign when importing through a free zone you pay 5% import tax. Since local companies don't have to import their goods since they are already present in the country locating in free zones is not of need, the same goes for exporting products (BusinessDictionary, 2016).

According to the Worldbank (2008) the first "modern" Special economic zone (or SEZ) had been established in 1959 at Shannon Airport, Ireland. SEZ's zone are mostly focussed on generating foreign investments and trade in the sense of imports, exports and re-export. This first mother of all free zones is seen as the example of what a free zone must be and what its function is.

Free-trade-zones are documented from 633 BC when the first was at Delos in ancient Greece (Cartwright, 2013). The ancient port of Delos had specific trade benefits for foreign traders so it became an important trading hub during that period. Other examples of free trade zones are the Hanseatic cities which were a network of cities with trading benefits stretching through Northern Europe (Vaihinger, 2014). In literature the Shannon Free Zone is indicated as the first modern free zone in the world. The Free Zone was set up in 1959 and in 1966 it reached an employment of 4000 (de Jong, 2013). The free zone was set up after the airport became the first duty free airport in the world. The location was in between Mainland Europe and America at a time planes had to refuel at Shannon to cross the Atlantic Ocean. The main objective for this free zone was to attract investments in the city of Shannon because passengers only used the Shannon airport for their stopovers instead of leaving the plane for Shannon. The Free Zone development would be an incentive for people to do that. The Free Zone had been changed over the year and slowly merged into the normal Irish tax

system with the Shannon Development Zone being enlarged including the developments at the airport nowadays as well (de Jong, 2013).

2. 3 The effect of Free Zones on Dubai

Like explained in the previous chapter the creation of Free Zones attract more foreign direct investments (FDI). Since the first Free Zone in Dubai, the Jebel Ali Free Zone, this also occurred in Dubai. This chapter will theoretically outline the impact that these implementations had. Dubai is a good example how free zones affected. Free zones are, in essence a trigger, to start economic development in the region and attract foreign trade.

Dubai's aim to diversify its economy comes hand in hand with the development of the free zones along the free zone concept. It also, in beginning matches the requirements for free zone development. In the beginning it was at a remote place with low skilled workers who earned their money with pearl diving and smuggling with Iran (Krane, 2009 & Hakimian, 2011). These requirements match the requirements why free zones are helpful to develop.

2.4 Dubai International Finance Centre (DIFC)

This Chapter will discuss the DIFC, its development and its functions according to the literature.

2.4.1 Background

The Dubai International Finance Centre (DIFC) is a 104-hectare free zone located in downtown Dubai. The Free Zone is located between the Burj Khalifa and the Emirates Towers (which also hosts the Government's main seat) located near the Dubai Finance Centre and Emirates Towers metro stops along the Red Line and is located along the Sheikh Zayed Road (which is the main North-South road through Dubai towards Abu Dhabi). The Free Zone is operated by DIFC Authority, the Dubai International Finance Centre Authority. The DIFCA had been established in the beginning of 2002 and the plans for constructing such zones come from the beginning of the 90's. The location of DIFC had been empty specifically for this development when other locations around it were being developed in earlier stages. The zone had to be relaunched in 2004 and since then it had become one of the most important locations within Dubai for finance. The developments in this zone are from then on being expanded ever since with new towers and a grand avenue that would become one of the most important retail streets of Dubai. The size of DIFC always had been the same. The DIFC had been set up by accordance of the United Arab Emirates Royal Decree No. 35 of 2004. It's a Free Zone under the law No. 8 of 2004 (DIFC Authority, 2017B).

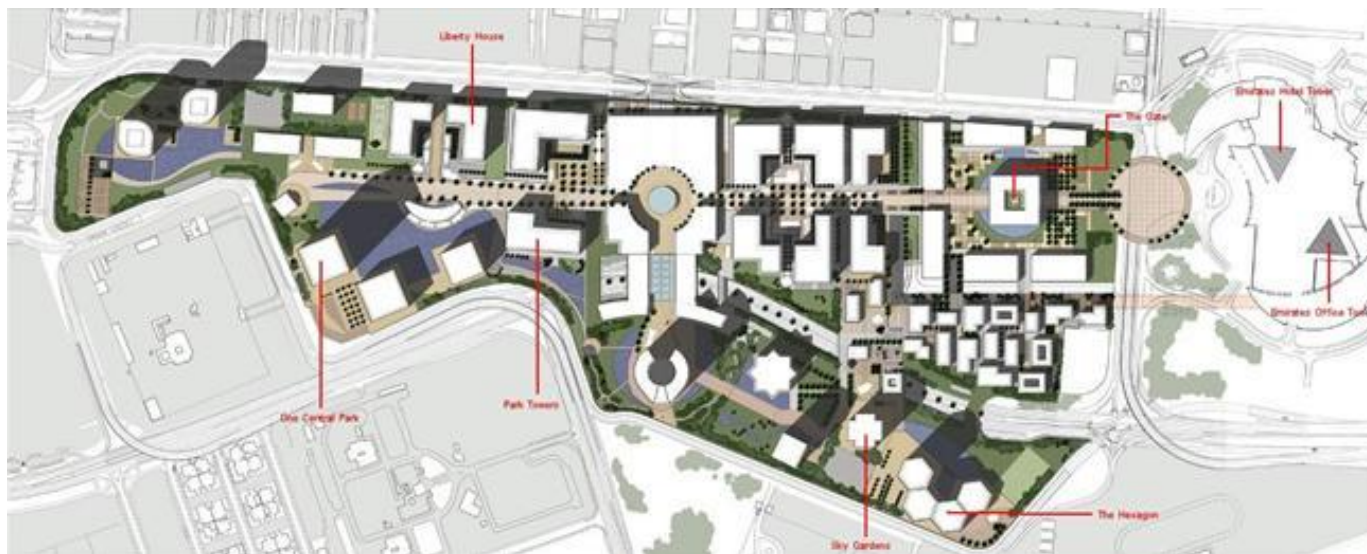


Figure 4: The DIFC when fully completed in 2024 (projected)

As seen in figure(4) The Gate building is located on the right side of the picture (which is actually in the north) just east (or down in the picture) there is the Gate village where multiple companies are located already. A lot of the developments for the rest in the picture still need to take place but will be constructed when demand is ready. Clearly visible is the "Gate Avenue" which runs from left to right through the DIFC and will be finished in a short while.

2.4.2 Vision and Ambitions

The Dubai International Finance Center focuses on the economic and business related multi-national companies. The ambition of the Dubai government is to create a new economic center in the world, where the DIFC would be leading. Dubai would be right between the time zones of London and Singapore, closing the trade gap and being able to function as an economic center for 3.0 billion people. The main plan is to be both a CBD for economic Dubai and an addition of the new city center located in between a lot of tourist hot spots like the Emirates Towers and the Burj-Khalifa, easily accessible.

through the Dubai Metro network. The main “Downtown Dubai” also consist of the area around the Burj Khalifa, Dubai Mall and Business Bay. At this moment almost all of the 25 largest banks in the world are present. Just as 9 out of 10 legal firms the presence of these companies also shows the success of DIFC. The picture below shows the timeframes of global markets all ending near or around the line of Dubai. This is the trading hole between the eastern and western markets (DIFC Authority, 2017A).

2.4.3 Development

About approximately 50 percent of the area is already built (as seen on open land in Google and from the interview with the DIFC development team). Multiple towers are situated on the site. However, at least nine towers are still under development. The area, when development started would be fully finished in 2024 but since new constructions are only allowed to start when the DIFCA desires this date is not realistic. Most constructions in the zone are skyscrapers between 100m./300m. They won't be higher than the Emirates towers. The DIFC Authority is owner itself of the Gate Buildings and the Gate village, other developments are developed by others and only supervised by the DIFC.

2.4.4 Sectors & Companies

As mentioned in the subsections above, the DIFC is a specialized economic zone, that can be seen as a major business hub aimed at international business in the tertiary sector. The focus within this zone is mainly on retail, commercial activities and residential space. Henceforth, a wide range of high-end community – and cultural facilities are present. Companies that are located within the DIFC are mainly active within the following functions:

- Banks (including investment banks)
- Insurance Companies
- Money Managers
- Legal Firms
- Exchange (i.e. NASDAQ Dubai)
- Shops (Along the main Gate avenue (which is car free on the upper floors))
- Leisure (hotels, restaurants and bars) one of them is the Ritz Carlton

Large multinational companies present in DIFC are ABN Amro Bank, Barclay's, Saxo Bank, Bank of China, HSBC, Goldman Sachs, Bloomberg, and Christie's. Most of them have a Middle eastern subsidiary that the DIFC is more often their main seat (DIFC Authority, 2017A).

2.4.5 Regulations

The special regulations that are present within the Dubai International Finance Centre are the following:

- An own juristically system based on the UK-system (or common law) which runs independent of the Dubai and UAE system without direct interference of the UAE Central Bank.
- A self developed code of law governing financial services regulation, based on the British Channel Islands law which works well for banking
- The DIFC Courts is the entity responsible for the independent administration and enforcement of justice in DIFC
- A registrar (the DFSA) which is responsible for registration and accreditation of companies which want to locate at DIFC and runs independently without any involvement of the UAE Central Bank.
- The Dollar is the currency of the DIFC and the “spoken” language is English. It is not allowed for companies at DIFC to trade in Dirhams, these are only allowed for private spendings like coffee or lunches by persons and not firms.

Other regulations are large shares of foreign ownership, the possibility of owning their own ground, tax advantages and no direct interference of the Central Bank of the UAE (DIFC Authority, 2017B).

2.5 Central Flow Theory

Dubai at this moment is seen as the financial centre of the MENA-region and Africa. At that point Taylor's "Central Flow Theory" is of great importance. Figure below shows the central place theory in a simple way. Taylor (2008) states that the central flow theory is a continuation on the central place theory since it seems, in recent years, outdated. A main argument for this assumption is the fact that because of the globalising world markets and the function of markets seems changed.

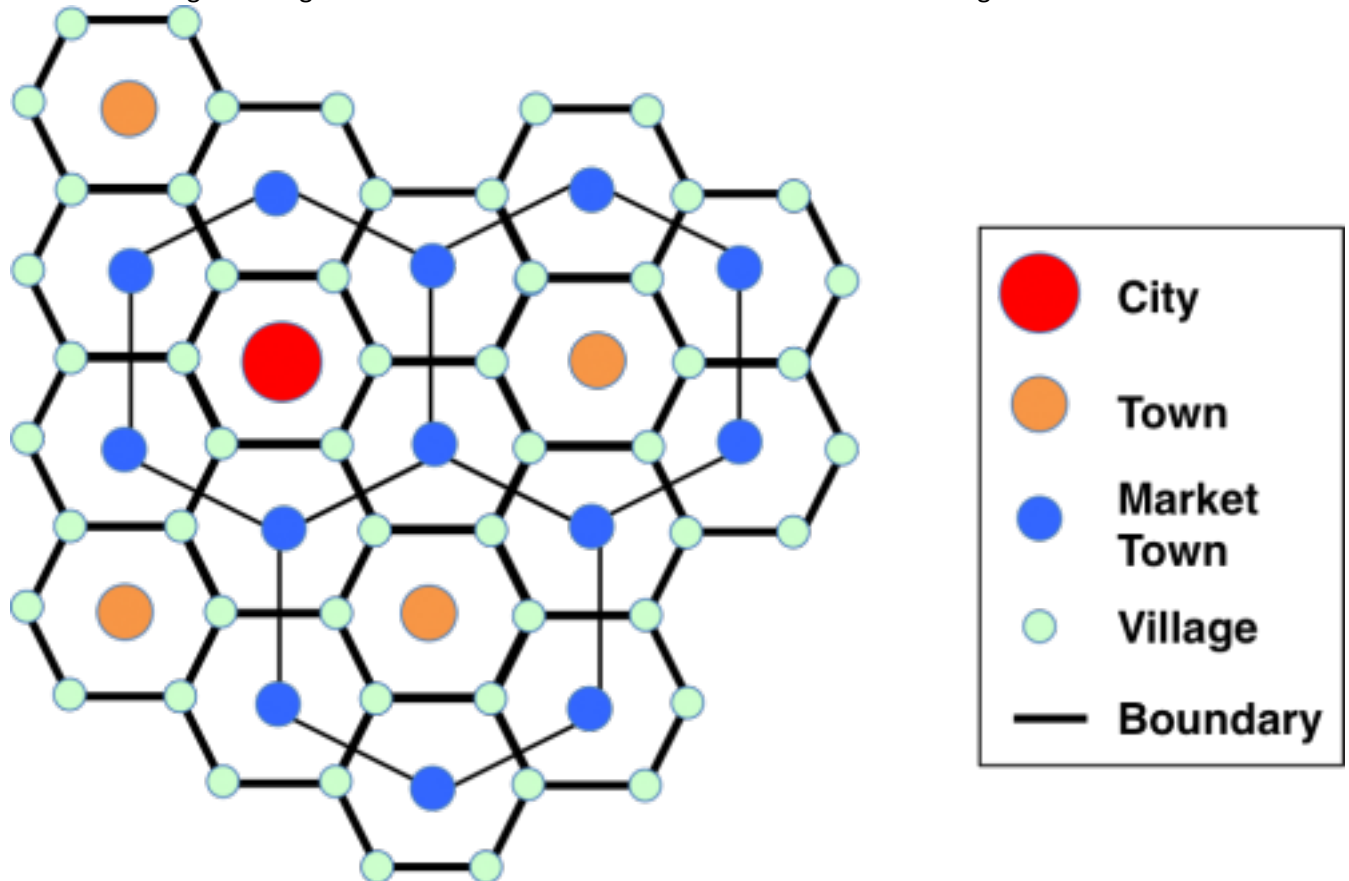
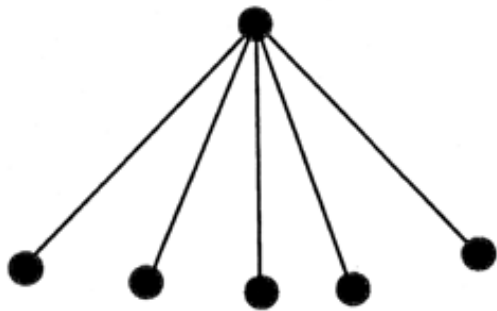


Figure (5): The Central Place Theory according to Taylor (2008)https://www.e-education.psu.edu/geog597i_02/node/681

The figure shows the central place theory for one city and its region around it. The city serves the entire region (which is shown in the picture) for all needs which it has (from groceries to main services, Courts or regional governmental facilities). The towns serve smaller parts of the region. Their borders are set by the smaller black lines. Towns have the same facilities as the city but not the most important services like a court or university. Market towns have all based needs which the small (thick bordered) region needs, it has a town hall and a supermarket to serve the smaller region with perhaps some villages in its region as well. Hereby the city is the main centre of the region. This works for small regions but as well for larger international cities of importance. Dubai could be seen as the red city where the rest of the Emirate are the other dots. But it also can be seen in a financial hub where Dubai is the red dot and other cities like Doha, Abu Dhabi but also important African capitals are the "towns". The central flow theory of Taylor creates a spatial field of urban settlements. The central place theory is more focussed on a Hierarchy but on a world scale there is more like an Heterarchy (figure 14 shows the difference). To be an important financial centre it is to do with the network between the financial hubs. This is where the central flow theory comes in place and is of importance because a stand alone financial centre wouldn't attract companies if there are no networks (so no interest) to do business with the specific city. At this point, according to Yeandle (2017) Dubai has got the strongest connections of the cities from the Middle East.

The Central Place theory is seen as a more “vertical” approach on relations between cities. The Central Place Theory seems more horizontal orientated.

Hierarchy



Heterarchy

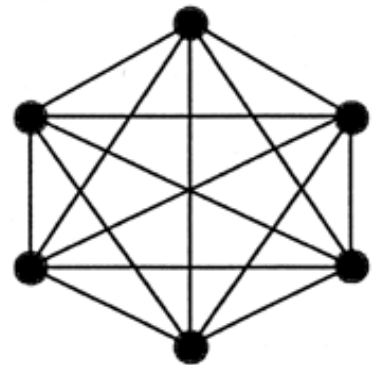


Figure (6): Schematic display of the difference between Hierarchy and Heterarchy. Retrieved from: https://www.e-education.psu.edu/geog597i_02/node/681

The central flow theory according to Taylor is more focussed on the heterarchy connection between hubs. Taylor (2008) discusses that the Central Flow theory is based on a classical view on relation between cities. The only classical thinker Jane Jacobs (1969) which contributed to the agglomeration theory of Glaeser *et. al.* (1992) stated that connections between cities are not only hierarchically. The main aim of the central flow theory is to look more to cities as a network.

Taylor distinguish that the central place theory is more based on a town-ness being the external relations between an urban place and its hinterland. City-ness is less based on its hinterland but on its horizontal relation between other cities, the hinterland is less important. So town-ness can be seen as the traditional Central Place Theory and city-ness can be seen as the Central Flow Theory. So the base of the Central Flow Theory is bringing the non-local into an urban place. This creates a cosmopolitan mix of people, commodities and ideas.

Following up on the Central Flow theory Taylor introduces the term of “Dynamic Cities”. Dynamic cities are so called complex economic units. Diversification of its economy is one of the most important things to be a “Dynamic City” since such a city is resilient to adverse change. Being dependent on just a couple of factors on which its economy runs.

These Dynamic cities create a “Nodality” rather than a “Centrality” underlining the difference between the Central Place and Central Flow Theory since there is no central most important city (thanks to this diversification).

Taylor (2008) continues by explaining the “Nodality” by saying that these nodes can be seen as world cities. These World cities have extensive office networks between the entire world. This network isn’t created by cities but by the companies within the cities. These companies exchange knowledge, information, ideas and also people. For large companies to be part of this network it is of great interest to be located at multiple location around the world.

Operationalising this theory gives the figure (15)

Concept	Criteria
City-ness	<ul style="list-style-type: none"> • Less importance of Hinterland • Connectivity to other region outside the hinterland
Nodality	<ul style="list-style-type: none"> • Large flow of Knowledge between other nodes • Large flow of Ideas between other nodes • Large flow of people between other nodes • Strength of the connection between other nodes

Figure (7) Operationalisation Nodality and City-ness of the Central Flow Theory (own figure with Taylor (2008))

2.6 Conceptual Model

After the introduction of the theory and the most important concept this chapter will discuss the conceptual model.

Figure 1 show the underlying conceptual model for cities in the Arabian Peninsula, so Dubai as well. The starting point for this model is when oil had been found. This created, also thanks to foreign investments, mono economies in cities. The negative relation with diversification comes from the not present need to diversify. Foreign investments helped the oil field further exploited. This resulted in less oil resources (so the negative feedback loop). Since oil resources are decreasing so does the benefit for the city.

Like explained since Dubai has little oil so it had to find other ways to attract foreign investments. These incentives had been found in developing Free Zones. Firstly just a free trade port but later on by more and initiating incentives for FDI which results in a diversified economy of the city. Like Taylor (2008) a Dynamic city creates a strong “nodality” so the other way around can be expected that a mono economy has less “nodality” so the connection is not positive nor negative and weaker and only from the mono economy towards the connectivity because it only generates revenue from the traded crude oil.

The last connecting is between Diversified Economy in cities back to Foreign Investments, this is a positive loop since like Taylor (2008) discussed a strong connected city creates incentives by the companies located in the city so the companies itself are boosting the development of the “dynamic city”

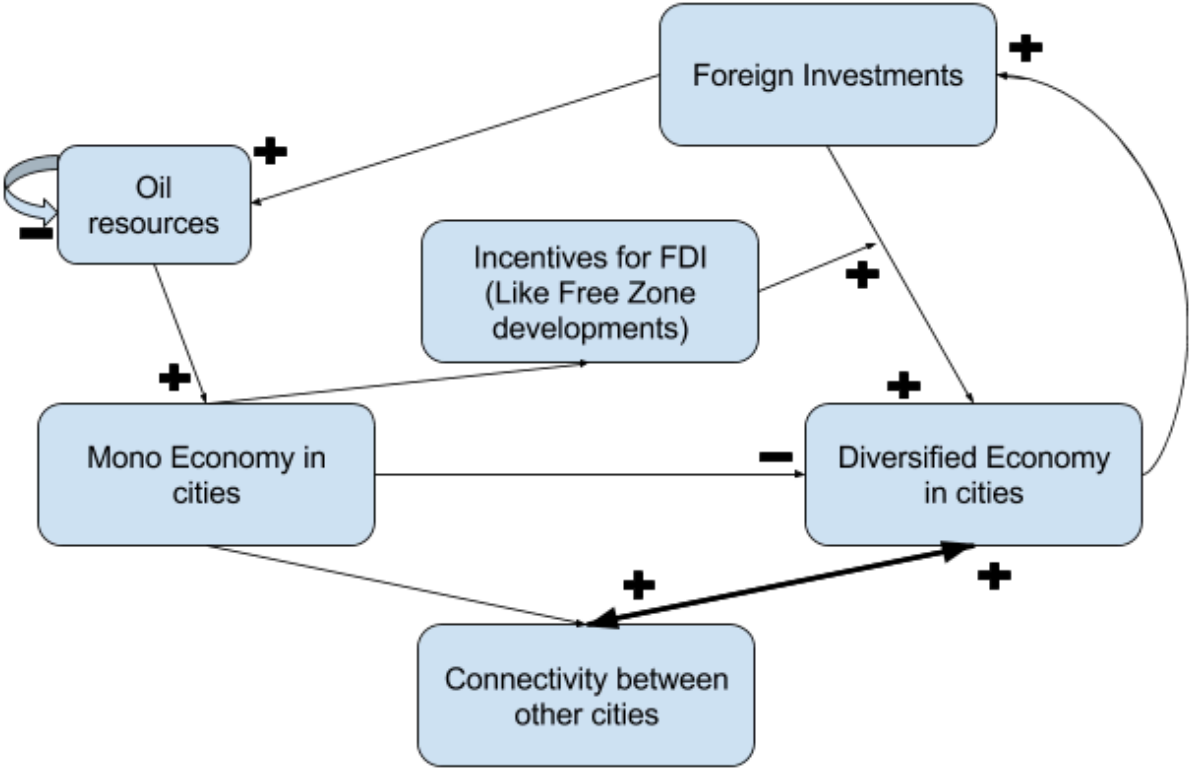


Figure (8): The conceptual model of cities in the Middle East (own figure).

3. Methodology

This chapter will discuss the chosen style of research and give insights on the methods chosen to conduct this research.

3.1 Strategy

This thesis is planned to have an in depth view on Dubai and its free zones and especially the DIFC. It is also aimed to distinguish the relation Dubai has with its Free Zone developments. To be able to get the preferred data there has to be a qualitative approach because most information needed is based on testing the current available literature on Dubai as well as their Free zone developments

By visiting Dubai the author can experience how the free zones, and again especially the DIFC, is situated and works within the city. This visit can also help doing the interviews because there could be spoken with different people of different companies and from different nationalities that is more difficult to do in or from the Netherlands.

In the first phase of the thesis the literature study is of great importance, parts of this can be found in this research proposal already. After this there's the need to do interviews with experts in the field to conduct how free zones within Dubai are part of the city and how they are of importance for the city. For the interviews the "grounded theory" tactic in qualitative research will be chosen as documented in Creswell (2007, p.62-65).

This is an important strategy because it helps evolving the knowledge towards an end conclusion. This theory conducts of a developing process after the interviews to conduct a theory. This is of great importance because the information provided by the interviewed respondent will help to solve the second sub-question. To see if grounded theory is relevant for the studies Creswell (2007, p. 67) has got procedures that can be followed to determine if grounded theory is the most suitable theory to follow. Grounded Theory is a good design to use when a theory is not available or insufficient. Another option is to explain how people are experiencing a phenomenon. Which in this case and part of the research is relevant because of the question why Dubai is a good example and in that cause Dubai is the "phenomenon" which is experienced (Creswell, 2007 p.67).

The interviews done with the authority will be there to aim on see how DIFC and other free zones are part of the city. The interviews done with people working for companies within the DIFC are used to put in perspective how the DIFC is situated within the scope of important cities in the world regarding on banking. Theories on banking and possible clusters within the banking sector are in great importance for conducting the effect to the sector and investigate if Dubai can function as a new hub for trade and banking. These theories and literature needs to be worked out in advance to be able to come to good and relevant question that can help to come to a stronger conclusion.

3.1.1 Case study DIFC

For this research there had been chosen to do a case study. Cases studies are used to get a integral understand of a process or object (in this case the DIFC). By conducting selective sampling has chosen the object. The case study focuses on the topic as a whole, which is a characteristic of a qualitative study design. A quantitative research focuses more on the units and variables of the subject (Vennix, 2011, Verschuren & Doorewaard, 2015). The decision to choose for a single case study over a multiple case study is because of the fact that coincidences and differences would make the research difficult to understand (Verschuren & Doorewaard, 2015). This difficulty could show up because a lot of Free Zones, also within Dubai have different Free zones Laws and especially for DIFC

the laws and regulations are a lot different compared to Free zones like DIC and DMC. Since a single case study is only focussing on one specific case and doesn't fully focus on other cases a generalisation is not possible to achieve. This is because the outcomes cannot just be applied on other cases, it can only be helpful in addition to theories taken in regard the context of the case (Verschuren & Doorewaard, 2015).

3.1.2 The Choice for DIFC as a case study

DIFC is one of the most successful free zones nowadays in Dubai since it keeps attracting foreign companies and still has space available for more development. Thanks to these factors the DIFC could become even more important. The DIFC could also be seen as example for other financial free zones within the UAE (like Abu Dhabi Global Market (ADGM)) or other financial centres in the region like the Qatar Financial Centre or Bahrain Business Harbour (formerly known as Bahrain International Investment Park).

3.2 Research Material

This chapter is about the materials used for this research. The discussed materials for this research in this chapter are:

- Literature
- Interviews
- Observations in Dubai.
- Descriptive statistical analysis

First of all there will be a literature analysis on Dubai, its Free Zones and the DIFC. It is important to put that in perspective and visualize the landscape of Free Zones and their functions. The article of Pacione "City Profile Dubai" written in 2005 draws the situation around 2000. From this point most of the current Free Zones have emerged so their effect would be visual in later literature that are a lot like the Pacione (2005) literature. This part is already partly discussed in the chapters before.

This thesis will conduct qualitative interviews in combination with found literature. Qualitative interviews will be done to discuss the concepts that are assumed in this thesis. For this special types of representatives are needed so these interviews are used for several aspects regarding this research. This is one of the main objectives why a visit to Dubai was of great use.

The observations are part of experiencing the city and DIFC. This is not entirely possible because the visit would be a short period of time but when visiting the city and specific locations in the city the city could be experienced. Especially the fact if certain areas (like f.i. the DIFC, other Free Zones or large residential areas) are such that closed as expected can give a good feeling of the city. The visit of different Free Zones can also be used to distinguish the differences between Free Zones. The plan is to visit the DMC and DSC next to the DIFC to see if there are actual differences.

The last "material" for this thesis are economic data which come from official state documents. These are of importance to distinguish differences between countries, cities and Free Zones but also to outline where the DIFC and also Dubai stands towards others.

3.2.1 Literature - Desk research

Taken in account that parts of the literature is already mentioned in the theory chapter this theory also needs to be analyzed and applied. The theory on Central Flow and the theory on Free Zones are the backbone for this thesis and helped providing questions for the interview guides which were produced in advance before doing the interviews in both Dubai and the Netherlands.

The Desk research also consist of a large part of reading literature on the website of the GaWC provided by P. Taylor which continues on their Central Flow theory. Reading literature on this website helps understanding the Central Flow Theory, unless a small part of information of that website actually had have to be use for this thesis.

3.2.2 Interviews

This chapter will outline the respondents which had been talked with during this research. Because this thesis comprehends different aspects a lot of experts had been talked with.

During the visit of Dubai several interviews had been done including some interviews with experts, as well as in the Netherlands. Interviewees were representatives of companies located at DIFC and representatives of the authority. These are done to see in what extent DIFC is a successful development and if it influenced the growth and development of the city of Dubai. Other interviews were with consultants working with Free Zones and urban planning to be able to see the larger picture. This chapter gives a main outline of the interviews and discusses the goal for the interviews and what kind of information it is helpful for. The main- and sub-questions consist of some concepts

which demands different answers of different experts so almost all interviews are done to discuss some parts of selected questions to come to one main answer for the research question.

In the table below the topics which had been discussed with the respondent are shortly listed

Name	Company	Where	Topic	Language
mr. J. Smith	Royal Haskoning DHV	Dubai, UAE	-Free zone Development - General development in Dubai	English
mrs. K. Derbal	DIFC Authority	Dubai, UAE	-Strategy of DIFC -Effects of DIFC for Dubai -Bussiness development of DIFC	English
mr. M. Camara	Saxo Bank	Dubai, UAE	-Development of DIFC (legislation) -attractiveness of DIFC for foreign companies -hub function of both Dubai and DIFC	English
mr. K Abdulla	Barclays Plc.	Dubai, UAE	-Succes of DIFC -Competitiveness of DIFC -Attractiveness of DIFC for foreign companies	English
mr. M. Fisher	Nasdaq Dubai	Dubai, UAE	-Position of Dubai within the financial world -Difference between Nasdaq and other Arab stock exchanges	English
mrs. F. Bouwman	Watermill Consultancy	Dubai, UAE	-Differences between Free Zones in Dubai and UAE -Attractiveness of Dubai for foreign companies	Dutch
mrs. M. Pezuk	DIFC Authority	Dubai, UAE	-Development of DIFC	English
mr. H. Vermij	Royal Haskoning DHV	Amersfoort,NL	-General Free zone concept	Dutch
mr. B. Brorens	Royal Haskoning DHV	Nijmegen, NL	-Differences between types of Free zones	Dutch

Figure (7): List of all interviewed responedents.

Some parts of some interviews were off record or written only to keep anonymously and some parts are explicitly asked to remain unquoted or used anonymous. In the analysis these parts also mentioned. The interview guides can be found in the appendices 1 till 9.

3.2.3 DIFC Interviews

The DIFC interview was with representatives of the strategy team and the development team. These interviews are useful to see the goals the DIFC have put themselves for. Questions with these representatives regarding the development process help to understand the vision they have regarding the development (are they building to fulfil the demand? or Are they building just to build?) and to investigate if the development is on track. The strategy team could help providing answers regarding trends of companies locating at DIFC (are they from everywhere around the world? Are there only financial companies located at DIFC?)

DIFC Companies interviews

The interviews with companies were with high representatives of specific companies which were useful to see if the intentions of the DIFC were working and the right ones. These interviews are also useful to see in what extent Dubai would be a new “financial centre” which could meet with London, New York, Singapore and Hong Kong. The interviews are also helpful to compare the DIFC with other competing Free Zones in the region as well as why DIFC is the place to be compared to other Free Zones. Some interviewees also worked for the development of DIFC or companies which made the regulations for DIFC.

Interviews with consultants in Dubai

In Dubai there had been two interviews with consultants. One was a urban planner which gave an outline on the development of Dubai and the effect which free zones have on the development of the city. This interview also outlined some differences between the planning role of the government in Dubai and how “european/western” planning works. This interview was also really important because it showed some major events in governmental policies (for instance with ownership of real estate). The other interview was with a consultancy firm which helps to locate foreign companies within Dubai. This is of importance because in Dubai you are only allowed to locate in the city with 51% (sleeping) ownership of a local or in a free zone. This creates a certain play field in which FDI's are taking place in Dubai.

Interviews with consultants in the Netherlands

The interviews in the Netherlands are of great use for the broader picture of free zones and how free zones works and can be used. Both give an outline of the function and advantages of free zones. The first interview is more specific about “What is a Free zone and do the free zones in Dubai match that picture.” The second interview comprehends

3.2.4 Observations

During the Dubai visit there had been visits to DIFC but also a short visit to Business Bay, DIC and DMC. Business Bay not a real free zone but planned to be part of the financial heart of Dubai, it lies just behind the Burj Khalifa and Dubai Mall close to DIFC. DIC and DMC are part of a cluster of free zones run by the Tecom Group. The main objective for these observations is to get a better understanding of the material which had been researched and to define differences between each other to do a more proper analysis. These observations can be found throughout the analysis chapters.

3.2.5 Descriptive statistical analysis

One of the questions which is important for this research is: "Would Dubai be the same without DIFC?" During the interviews this question could be answered by the respondents but these assumptions must be validated. In continuation thereof a brief descriptive statistical analysis had been done to confirm the assumptions.

This had been done in two ways. The first one is a benchmark study comparing other cities with Dubai solely in population growth. This is an important factor because for all Dubai free zones it is allowed to have up to 100% foreign employment. This concludes that Free Zones attract an increased population growth.

The second way of a descriptive statistical analysis is by comparing GDP's of different countries within the GCC and MENA-region. This had been done because most of the countries in the arabian gulf rely mostly on raw materials (off course for the largest share being oil and gas). This dependency make countries more vulnerable for external influences like a financial crisis (when the oil price drops so the income for the governments as well).

3.3 Data processing

This chapter will discuss the way the data is the interviews done for this research. The interviews have been done, like mentioned, with representatives of banks, the authority, experts in Dubai and the Netherlands regarding on free zones. The data from these interviews had been recorded and transcribed. They are not exactly 100% transcribed but for 95% with some minor unimportant parts not typed out or parts which weren't interesting for the thesis. Especially some interviews also had some passages which were more like a personal conversation than interesting for the thesis. Also the standard introduction hadn't been used for the transcription.

Like mentioned earlier some interviews are not fully transcribed because the respondent didn't wanted to be quoted or all their information literally been used. At the end of the thesis the interview guides can be found, the transcripts are not given because of the fact that some respondents didn't want their given information to be out in the open and only wanted it to useable for producing the thesis.

The data coming out of the interviews had been analysed by comparing the given answers of the respondents regarding the specific subjects. The analysis on these interviews can be found later in this thesis.

4 Analysis

After introducing the topic, outlining the most important theories, explaining the chosen methods this chapter will be analysis on the produced and obtained data regarding the main question: ***“What influence does the Dubai International Finance Centre have on Dubai and its position in the current world financial sector?”***

The first part of this analysis will be a brief outline of a research done at a previous internship providing more information and an analysis on free zones will define the concept of free zones within the Middle East and Dubai even more and outline different forms and types found during the research.

The first part of this analysis is about free zones in the Middle East which is the main objective of the review done during the internship. The second part consist an analysis on Dubai and its free zones and also outline the important stakeholders in the scope of free zones within Dubai.

The second part consists the analysis on the interviews This analysis is differentiated in four different sections. Every interview was aimed to have parts of at least two out of four sections mentioned in this chapter, this is done because not every respondent could be seen as an expert on all sections which were researched. The topics which were discussed with the respondents is mentioned in the chapter “Methodology”.

The third part of the analysis is a benchmark study regarding the other cities in the country. Dubai has the most free zones in the UAE and also some of the most developed. This difference result in a possibility to investigate what could have been happened when Dubai wouldn't have, or at least would have less free zones.

The fourth part of the analysis is a more statistical approach on the GDP development of Dubai and the UAE compared to the other GCC states and other countries within the MENA-region. This part tries to analyse the effect which a more diversifying economy, thanks to free zone, have on the country's economy.

The fifth part is an analysis on the position of Dubai within the network of financial hubs in the world. This analysis had been done by combining information provided by reviews of Jones Lang LaSalle and analysis done by the research team of Taylor, which is also responsible for the Central Flow Theory.

This Central Flow Theory is the last part of the analysis. Going further on the fifth chapter and combining the other four parts by trying to analyse Dubai in the Flow of financial world powers and using this specific theory by looking for the potential which Dubai has.

During the visit of Dubai and Abu Dhabi some observations had been done specifically to try to understand differences between specific free zones, non-free zones and Dubai and Dubai. These observations had been merged in parts of the since they do not need a separate analysis but are helpful for the understanding and helped for the analysing process.

These parts can be found on different location in the analysis.

4.1 Analysis on Middle Eastern Free Zones

A review of Royal Haskoning DHV (2016) also states that Free zones within the Middle East are used to avoid corruption for foreign investors because the government through a special Free zone authority runs most of them. Like mentioned in the theory section Free Zones also provide incentives to invest countries which otherwise wouldn't be interesting. The Middle east in this extent is a special case. Like noticed earlier the entire Middle East had been depending on Oil incomes from the discovery of large oil fields in the second half of the previous century. Governments are more and more realising their incomes need to come from different sources resulting in more diversified economies. Free zones are good solutions to create these diversified economies. To attract this foreign investment specific incentives had been implemented. In free zones to become interesting. Examples of the rules and regulations consist of:

- Upto 100% Foreign ownership: In several countries it is forbidden to be owner of your own company within that land. In Dubai all non-Free Zone companies need to be owned by Emirati for at least 51%.
- Foreign land ownership: Most Free Zones offer land for sale/lease for foreign investors which is mostly impossible for companies to do normally within in the specific country. Some free zones have land prices of just 0,50\$ per square meter for sale. JAFZA offers land lease prices of 0,10€ a year per sqm. For GCC countries these are unique incentives since within the country foreign ownership is impossible and free zones are the only exceptions on this except from private ownership for housing in some dedicated parts (which are called Residential Free Zones in the interview by Jason Smith).
- a larger share of foreign employment: Most countries want a minimum percentage of nationals that have to work at a company to avoid foreign employees take jobs which also can be filled by nationals. Free Zones mostly approve higher percentages of foreign employment upto 100% in some zones.
- Tax exemptions for transport towards the Fz from abroad: Free Zones offer (most of the time) tax exemptions to ship in goods towards the free zones. Mostly there are even no taxes. The JAFZA is a good example because goods can be shipped in Dubai for free without being "within Dubai".
- Low or No Import taxes: When goods from the Free Zone are shipped into the country import taxes are sometimes as low as 0%. This creates opportunities for re-export or re-import in which the last Dubai holds a large share of the trade within Iran because a lot of goods are re-imported through Dubai.
- Long term contracts: Most Free zones offer long term contracts in which they ensure themselves foreign companies won't leave after a couple of years. Within these contracts the investing company also pays a small fee to help the authority develop the free zones. These long terms contract also benefit the free zone authority since they know a company would be present for a specific amount of time (with contracts sometimes up to 50 years)
- Fast decision making and one-stop-shop: Where a lot of countries are seen as slow and bureaucratic Free Zones try to make decisions faster, to settle disputes faster and to avoid long bureaucracy. On of the solutions is for instance setting up an own courts of certification agency. A one-stop-shop is a office where multiple services are located so its idea is to get everything they need in "one stop".

4.1.1 Types of Free zones in the Middle East

The Middle East has a lot of Free zones. Especially in Turkey, the UAE, Iran, Qatar and Bahrain have a lot of Free Zones. Again, these zones are created to conduct foreign investments. Out of the Royal Haskoning DHV (2016) review there are 5 types of free zones within the Middle east: Port/Sea based free zones, Land based free zones, Specialized Free Zones, Commercial/CBD Free Zones and Airport City Free zones. These types are all also present in Dubai, some are developed more than others and the exact number is unknown since every source, and every respondent uses a different amount (it is probably something between 25 and 40, with some dedicated free zones within others free zones).

4.1.2 Port/Sea based free zones

The first type is Port/Sea based free zones. Port/Sea based Free Zones are located near large seaports or large seaports themselves. Free Zones like this are the access between the ocean trade routes and the hinterland. One of the main focuses is logistics. Because of the scale of large (mostly container) ships that travel the globe in these Free Zones large warehouses have a high presence. A lot of these free zones provide pre-built warehouse complexes in different sizes (and special long and short term regulations for renting) or empty plots of land that can be rented by the company itself to build a warehouse based on their own standards. Next of being a gateway between the hinterland and the oceans free zones like this can also be used as a trade hub without goods even entering the country. Another quality of these types of Free Zones is the presence of medium/large sized industries like car manufacturers, oil refineries, clothing manufacturers or other industries which are useful to locate near a sea port because of the size of the goods.

Free Zones in this category are interesting for almost all logistics companies which handle large amounts of goods for the local and international market. Good examples are:

Jebel Ali Free Zone Authority (JAFZA): the large port in southern Dubai (Jebel Ali). Focussed on trade with GCC-countries, India, China and Europe. It is the most important trade port for Iran (even more important than their own within their state borders f.i. Bandar Abbas). This Free Zone tries to be the shipping hub that Emirates and Dubai International Airport is trying to be for aviation ([FBS](#), 2016).

Aegean Free Zone (AFZ): A Free Zone located near Izmir focussed on trade in the Mediterranean region with Turkey (ESBAS, 2016).

Kizad: A large planned port that is under development near Abu Dhabi that would be the largest Free Zone in the UAE (double the size of the Jebel Ali Port in Dubai). At this point there is only a large dock and a oil refinery present in the area. The location is right in the middle between Abu Dhabi and Dubai. The aim of this free zone is to be like the Jebel Ali Port (KIZAD, 2016).

Port Said FZ and Port Said East FZ: Two free zones, of which one under construction, which are situated at the end of the Suez Canal which are mainly focused to be a logistics hub for transport through the canal. These free zones are run under the same authority (Tpegypt, 2016).

4.1.3 Land Based free zones

Land based Free Zones are dedicated zones located near a transport hub like an airport or railway node, a crossroad of highways or a border between countries, states or other governmental regions. In the Middle East these occur mostly along borders or airport since there is almost no railway system, especially not within the Arabian Peninsula. These types of Free Zones are just as port/sea based free zones focused on logistics and manufacturing but the size of goods is more often considerably smaller (because they mostly don't need large docks). Land Based free zones also don't host that much large manufactories like Port/Sea based free zones do since transport over land is considerably more expensive compared to transport over sea.

Almost all transport from and to the Free Zone enters via air, road or rail. In first observations, Land based Free Zones are a lot like Port/Sea based Free zone but unlike most Port/Sea based Free Zones Land based Free Zones function as a trade-hub and is usually located near border regions.

Examples of Free zones in this category are:

Sharjah Airport International Free zone (SAIF): The Airport/land based Free zone of Sharjah Airport International Free Zone is located next to the international airport and hosts a large share of all indian import in the UAE. This airport also serves as "3th" airport for Dubai since it is located next to the emirate of Dubai and the cities are almost grown together into one mega city (Saif-zone, 2016).

Bahrain Bussiness Harbour, formerly known as Bahrain International Investment Park (BIIP): The BIIP is located near a Port but has the characteristics of a land based Free Zone because of the large share of transport between the BIIP and Bahrain International Airport. It is mainly focused on that airport (biip, 2016).

Istanbul Ataturk Airport Free Zone (IAAFZ): An Istanbul based FZ in Turkey with the highest trade volume of Turkey and also hosts a large amount of offices and warehouses near the airport of Istanbul Ataturk Airport (formacompany, 2016).

4.1.4 Specialized Free Zones

Specialized Free zones are zones with one or sometimes a couple of focus points. Because of the specialization-factor, these free zones try to conduct a cluster of one or two sectors and create a market in which professionals of the same sector are supported to get in contact with each other at real ease. A way to create this contact is providing retail of restaurants and bars in or near the zone. Specialized cities or zones can create more innovation which could be good for on the one hand the development and growth of the sector in general and on the other hand competitiveness of the city or zone. This makes the clustered zone more interesting for other companies to start an office or workshop there.

Good examples of this type are among others the following free zones:

Dubai Internet City (DIC): DIC is a specialized free zone for tech companies, it doesn't host assembly plants but a lot of R&D functions. It is run by the Tecom-group which owns multiple Free Zones (Like Media City, Silicon Oasis, Sports City and Studio City) (DIC, 2016).

Masdar City: a "Cleantech" specialized Free Zone near Abu Dhabi (and next to its international airport) that will be energy and climate neutral. This Free zone is currently under development (Masdarcity, 2016)

Qeft Public Free zone: An Egyptian Free zone along the Nile River specialized in agriculture

4.1.5 Commercial/CBD based Free Zones

Commercial/ CBD based Free Zones are mainly focused on sectors such as commercial, business, leisure & tourism. These Free Zones offer space for functions and activities such as retail, banks, hotels, restaurants, conference rooms, office space, cultural and historical elements, shops, residential etc. These Free Zones are often characterized by good access, such as an international airport, highways; (touristic) seaports and public transport close by. The DIFC is one of these types of free zone because it plays a key role in downtown Dubai for a lot of foreign investors. The DIFC today has a real strong CBD function for Dubai but it is working on its commercial part by the development of the Gate Avenue which will be the spine in the DIFC connecting all the locations together by an 6 story connector lane with divided levels for modes of transport and host a mall as well.

Examples of Commercial/ CBD based Free Zones are:

Aqaba Special Economic Zone (ASEZ); The oldest Jordanian port based free zone, which exploits itself as a world class business hub with leisure destination (MEED, 2016).

Qeshm FZ; This Fz is offering leisure and tourism potentials by its location on an Iranian cultural, historical and natural rich island. Foreign investment is rising since the sanction relief (QFOAP, 2016).

Kish FZ; also situated in Iran, this resort island is focused on commercial activities with its numerous malls, shopping centers, hotels and touristic attractions (Kishpc, 2016).

The biggest competitors are the ADGM and QFC. These zones try to thrive the same approach as DIFC by exploiting their free zone and attracting companies with quite the same incentives. These two small chapters will briefly discuss these zones.

Abu Dhabi Global Market

The ADGM is the Abu Dhabi version of the DIFC. Just like DFSA and the DIFC courts ADGM also has independent entities. Abu Dhabi has three different entities: the registration authority, FSRA (which is the same as the DFSA) and the ADGM courts. Unlike DIFC which totally focusses on financial services ADGM also focusses on different sectors. One of the prominent sectors in ADGM is the fintech (so financial technical). Most of ADGM's press releases are about connecting the ADGM with other parts of the world. It seems that ADGM is still in a more developing phase compared to the DIFC. Unlike the DIFC ADGM doesn't hold a stock exchange, this is located elsewhere in Abu Dhabi (ADGM, 2017).

Qatar Finance Centre

The Qatari version of DIFC and ADGM but without an independent regulator and court. The Qatar Stock exchange is next to the QFC but not within the free zone. The DFM at DIFC trades in Dirhams where NASDAQ Dubai trades in Dollars, the Qatar Stock exchange trades in Qatari Riyal. In size the Qatar Finance Centre looks a lot smaller and just being a couple of large office buildings. The QFC is also more governed by the ministry of finance where DIFC and ADGM are totally independent entities that are in the end owned but not run by the government. At QFC at this moment there are +/- 4.000-5.000 people working of which only 1.800 work for regulated companies(QFC, 2016). DIFC has almost a tenfold of this (20.000 according to the interview with Mrs. Derbal of the DIFC authority).

4.1.6 Airport Cities

Airport Cities are a significant different category than the Land-based category, which also has a lot of free zones near airports or focused on airports. The main focus for an airport city is not only the airport, which is connected to the zone outside of its airport-borders, but also the Airport city itself. The functions that are usually present in these locations are aside from the airport-function, also logistical functions, commercial, leisure, residential, and manufacturing which can also occur, however this is likely to be light- and medium because of possible pollution. Above all, Airport Cities are distinctive in the sense that they often also host offices (or even a CBD). The reason for this is related to the good transport possibilities for labour and knowledge (to and from the airport and air connections worldwide). Airport cities also focus on the city aspect by creating a new city near the airport a good example is Songdo near Seoul where such a city is under development and hosts over 200.000 people already and is one of the main business districts of Korea.

A speciality about these Free zones is the fact that the Free Zones itself are mostly smaller than the entire Airport City but it is developed together because people who will live in the Airport City will mostly work in the Fz.

A couple of Airport Cities are for example:

Abu Dhabi Airport Free Zone (ADAFZ): This Free Zone is still under construction but would hold all the characteristics for this categorization. I.e. phase 1 includes an Airport Logistics Park (cargo, warehousing, maintenance, and logistics) whereas phase 2 will include storage, warehousing and light manufacturing) (abudhabi.ae, 2016).

Dubai World Central (DWC): This large Airport City will be the largest airport in the world by capacity and host also one of the largest Free zones in the world (in ha.) and focusses on being an entire city within a Free zone (Dubai Airports, 2016).

Imam Khomeini Airport City (IKAC): A development in the line of other airport cities near the Imam Khomeini Airport just south of Tehran (Iran).

4.1.7 Conclusion

Free zones in the Middle East can be found in 5 different forms: Port/Sea based Free Zones, Land Free Zones, Specialized Free Zones, Commercial/CBD based Free Zones and Airport cities. For this research the Commercial/CBD based Free Zones are the most important types of Free zones. These free zones mostly focus on financial services (like ADGM and QFC) or being a commercial centre for shopping (like Kish and Qeshm).

The Kish and Qeshm free zones are zones in which, mostly Iranian can buy goods for lower prices compared to mainland Iran. The other two, being ADGM and QFC are like DIFC in principle focussing on financial services. They hold an independent regulator and an independent court. Just like DIFC ADGM has its own individual laws and regulation different from the normal laws and regulations conducted by the Central Bank of the UAE. In comparison with ADGM and QFC the DIFC also tries to conduct leisure facilities and residential functions to become part of the city centre.

4.2 Analysis on Free Zones in Dubai

Within the entire scope of Free zones the city of Dubai is a special example in within the current scope of Free Zones in the Middle East. The city hosts over 30 free zones. Almost all Free Zones are specialized in a certain profession. Out of the 5 types of Free Zones Dubai has all of them with, a large amount of “specialized” free zones. A large part of these type are exploited by the TECOM group. This is also, just like all else, a state owned authority responsible for the development and exploitation of the Free Zones. Next to the Tecom run Free Zones a large cluster of FZ’s can be found around the new to be developed Dubai World Central (or DWC). This is a large location near the Jebel Ali port (which is is also a Fz with multiple others within that zone) where the new Dubai Al Maktoum International Airport will be developed including a large Airport City. This airport will be the largest airport in the world with a capacity of 240 million passengers a year. Next to the Tecom, JAFZA-zone, DWC-zone, there are also some Fre Zones that operate more independently. These are DIFC, Dubai Airport Free Zone (DAFZ), International Humanitarian Centre (IHC), Dubai Healthcare City(DHCC), Dubai Multi Commodities Centre (DMCC).

4.2.1 Independent Free Zones

Most of these “independent” Free Zones are not located in the vicinity of other free zones like the others usually does. The IHC is a specialized zone in humanitarian aid. This free zone is located near the Al Maktoum airport and holds large amounts of aid that can be provided when the UN desires. This Free Zone is by that under supervision and ownership of the UAE government but is almost solely used by UN agencies and NGO’s (IHC, 2016). The Dubai Healthcare City is a free zone focussed on health and innovation regarding on health (DHCC, 2016). The Dubai Multi Commodities Centre is a large office park focussed on commodity trade and companies working with commodities (DMCC, 2016). The Dubai Airport Free Zone is one of the most developed Free Zones within Dubai focussing on the Dubai International Airport could be categorized in the category of Land based Free Zones (DAFZ, 2016 & DFZC, 2016)

4.2.2 Tecom group

The Tecom group holds a large share of specialized free zones (Teacomgroup, 2017). Most of them are clustered together and focus on service- and consumer related operations. Examples are the Dubai Media City , Dubai Studio City , Dubai Design District , Dubai International Academic City , Dubai Silicon Oasis and Dubai Internet City.

Dubai Media City focusses and independent media and host companies like Reuters and Bloomberg (DMC, 2016). Dubai Studio City is a lot like the Dubai Media City but doesn’t focus on broadcasting but on creating filming and producing. Companies at DSC are companies like Warner Bros. and Paramount (DSC, 2016). The Dubai Design District is focussed on design of products like cars or furniture (DDD, 2016). Dubai International Academic City host a lot of the best universities in the world and focuses on Higher education. It also host international schools (DIAC, 2016). Dubai Silicon Oasis is trying to be a copy of the Silicon Valley like present in the USA (of which the name comes from) this development can be compared with the aim of DIC (DSO, 2016)

These zones are roughly between 10 and 100ha. large and consist out of large office parks. Some say these free zones are just large office developments with certain tax advantages for foreign companies and are only set up to attract foreign investments. These clusters seems working because a lot of them, especially the oldest look fully developed and occupied. According to Krane (2009) this worked really well for DIC and DMC

4.2.3 Jebel Ali Free zones and Dubai World Central

These zones are situated together in the southern part of Dubai. The Jebel Ali Free Zone (JAFZA) is one of the largest Free Zones in the world and focuses on the Jebel Ali port which is one of the most important ports in the Middle East for container transport. It tries to be, just as the airliner Emirates, being a hub between East and West. The zone itself holds multiple Free Zones within the zone like Dubai Flower City (DFC) or Dubai Gold Park (DGP). The DWC aims the same goal like the Jebel Ali Free Zone but then focussed on the new Al Maktoum airport situated within the DWC. This zone is mostly focused on logistics and servicing the airport. The fact that they are clustered together would assume that a strong cooperation would be present. The Royal Haskoning DHV (2016) review shows that there is almost no ship to airplane transport or vice versa so they operate next to each other with almost no cohesion (JAFZA, 2016 & Dubai Airports, 2016).

Especially Jebel Ali could be seen as a classic type of Free Zone like the Shannon Free Zone used to be. JAFZA is still the largest Free Zone in Dubai with the largest amount of companies and employment.

4.2.4 Conclusion

Dubai has all different types of free zones within its borders. Dubai has specifically tried to create these different free zones with Tecom as one of the main operators of most of the specialized Free Zones in Dubai. The city in that extent successfully attracted a lot of foreign companies and successfully creating clusters of specific clusters which worked best for DIC and DMC

4.3 Analysis on data from interviews

This chapter will discuss the analysis on results which came out of the interviews with a reflection on the literature which is used to get to results to answer the research question. The analysis can be divided in four different elements:

1. General Free zone development
2. Development of Dubai
3. Development of DIFC
4. Dubai's position in the financial sector

The second and third chapter start with a short chapter on the observations on Dubai and the DIFC to get a bit of sense before reading these chapters.

4.3.1 Analysis on general Free Zone development

Free zones, in general, are used to attract more foreign investments in a country which has limitations in their regulatory to accomplish these without giving certain advantages to foreign companies. According to the interview with Hans Vermij this is the essence of why Free Zones exist. This results in specific zones which give these advantages to companies to settle. These are mostly the Port/Sea based and Land/Air based free zones as explained in the theory. Their main objective is creating an easy platform to attract foreign companies and conduct trade with them. One of the first "modern" examples is the Shannon Free Zone. The Shannon free zone had been created next to the airport of Shannon which used to be one of the last stopovers for planes between the USA and Europe since direct flights were impossible at time due to limitations in range of airplanes at that time. But the concept of a special zone like Shannon also occurred in Dubai. Since the beginning of the 20th century Dubai ports had special treaties with Iran in the fact of subsidies and tariffs for import, export and re-exports.

From this start different free zones have developed and also the free zones concept had been evolving. The official first "free zone" in Dubai was the Jebel Ali Free Zone. Dubai is a valid example of this development because it is creating special platforms for special types of companies in the city like DIC or DMC. After that Dubai evolved this concept even more with DIFC and DWC with DIFC being next to an financial focused free zone also trying to be a commercial a touristic centre in the near future. DWC is even more evolved with being one big free zone with multiple functions like residences, logistic hub, financial, airport and expo within the free zone.

According to Bart Brorens: In the essence free zones were developed to create a competitive location to ease access to the world market without having to make treaties with every country individually. Bart Brorens argues: If this concept is used and seen in a broader perspective it can be said that the European Union is the ultimate situation where everybody at every location has the same advantages.

To do an analysis on Vermij's argument about the process of a Free Zone: An argument could be that Free Zones should be seen as how toll roads in the Netherlands are used. The Westerschelde tunnel in the Netherlands is build even though the government knew the costs are not compared to the benefits. To make it even possible the Westerschelde tunnel is a toll road. When the investment would be earned back the road will become a free road again. When this example would be transferred to free zone a free zone has to be seen as a platform to create an entrance to the world market by giving foreign companies certain advantages to get a fair share at the world market. When this share would be present a free zone wouldn't be necessary. If this example would be used fair free zones would exist for a certain period of time and then be "abolished". But when you, as a country, give certain advantages and these would be cut back or changed there could be a change that companies may leave again. Again, Shannon Free Zone is the example which is been changed

during the years to become a “normal” part of Ireland. This could be the ideal situation where a free zone is used for the setup of foreign investments and then slowly change to a situation in which investments will be done in the nation and not specifically in the Free Zone.

The interviews with Mrs. Bouwman and Mr. Brorens gave different viewings, on if how Shannon Free Zone worked and then became part of onshore Ireland again, if adapting more rules towards a possible non-free zone city would work. Bouwman says this could be disaster waiting to happen because mostly people are investing in Dubai because of the advantages for which companies are in Dubai will slowly disappear. Brorens said: “You don’t have to swim faster than the shark, you have to swim faster than your opponent.” This means that you always should be ahead of your competition and as long as you will do that you will stay alive. According to most interviews Dubai has, for the MENA-region, an ideal living climate which gives the city an advantage over every other city in the region. So Brorens says that they could raise taxes or adjust rules of the Free Zones to slowly “merge” them into mainland Dubai as long as they do it not too fast. If this would work for a Free zone like DIFC, especially because of its own DIFC Courts and law and regulations is a question which will be answered in the chapter about DIFC.

Vermij argues that free zones are used to attract more foreign investments in a country which has limitations in their regulatory to accomplish these without giving certain advantages to foreign companies. If this would be accomplished and the free zones would be unneeded (like Shannon) they could turn it to mainland (without special Free Zone rules). Another option is to create a larger share with keeping the free zone concept there, like Dubai did. It created a platform where even more companies would be attracted and you could become an important hub for the region. It could be questionable if this would be fair towards others. It is also questionable if those zones in that extent are actual true free zones and not just large real estate developments with specific benefits for foreign companies. Some Free Zones of the Tecom group could be seen as that (like DHCC or DIAC). An argument for why Dubai keeps on holding these incentives is the fear for losing investments because other cities in the region are setting up free zones like Dubai as well (like Bart Brorens also says). If Dubai would change these rules the fear exists companies are at a place which is less profitable when more restrictions would be set in place.

A possible example which already occurs in Dubai is that from 2018 there will be V.A.T. on certain things, what is going to happen is still unsure but for companies which are located in Dubai or free zone this change is already a scary perspective but creates a fairer play field compared to other countries where V.A.T.’s are common (according to Bouwman). This could be one of the first implementations of taxes but, because it will be in the entire GCC it will also be a step towards one single “European Union”-like market like Brorens tells is the most ideal situation for trade.

During the interview with Jason Smith some of the “general” rules of free zones were discussed compared to the normal situation in mainland Dubai. In this conversation the term “Residential free zone” was used. Examples of these zones are specific locations which are developed by large developers for example Nakheel and Emaar. These zones can be found at the Palm Jumeirah or Dubai Marina. Owning private property at these specific zones is the only possibility for foreigners to own land outside free zones but is restricted by the fact that no business can be conducted. Other countries are slowly also adopting these rules which could be in disadvantage of Dubai (according to Mr. Smith). This disadvantage could come from the fact that there will be in the future more locations to own properties so not everyone who wants to have an extra house needs to be in Dubai, it still has its advantage of being a luxury destination but Doha and Abu Dhabi are also coming up. Also regarding the rule of foreign employment outside free zones there needs to be a certain percentage of Emirati working at companies. Regarding foreign ownership, 51% percent needs to be owned by an Emirati when conducting business outside a Free Zone (this is also confirmed by Mrs. Bouwman).

4.3.2 Analysis on Dubai development

Observations in Dubai

The city of Dubai is a city which consist of many skyscrapers larger than the largest buildings within Europe creating a certain scale which is beyond European standards of cityscaping. Of course this is also the fact because of their are barely no older buildings in Dubai. One of the oldest skyscrapers in Dubai was the World Trade Centre build in the 70'ies this is now a building with an "average" height for the large towers in the city. It looks like a modern architectural play ground with were every new tower needs to be more beautiful than the one where it stand next to it resulting in a diverse landscape of towers. The city seems well structured and have an infrastructure ready for when the city would grow even more. The outskirts host several more large north south highways to ease traffic when the city would be expanded more into the desert. It only lacks large scale public transport outside the "old" part of Dubai and along the Sheikh Zayed Road and in the Marina where a tramway had been built. Most parts of the city need to be reached by car (or taxi). Compared to other subway systems the system itself is in top condition hosting 3 different classes (first, women-only and second) but is not covering the entire city.

Since temperatures can rise above 50 degrees celsius Air Conditioning is a welcome relief at warm days. The city also has a lot of indoor walkways passing under, through, or over buildings or roads which can get you at a lot of places without having to go outside. This adds up the liveability of the city especially because the temperatures at night drop to a convenient temperature to be outside, in the Dubai Marina area this creates a nice atmosphere for evening activities. After midnight the nightlife mostly continues in bars which are located in hotels (these are the only exemptions of a total alcohol ban in the UAE).

Next to a general observation of Dubai some parts of the city also had been visited to see if there are specific differences between DIFC and other free zones and non-free zones. The first specifically visited area was bussiness bay which is located just south of DIFC and the Dubai Mall area. The other areas are DIC and DMC. These free zones are located some 25 miles south along the Sheikh Zayed road near the Dubai Marina and the Palm Jumeirah.

Business Bay

Business Bay also hosts a lot of large skyscrapers. The area itself is less car free compared to DIFC and trying to cross the area by foot is less easy as DIFC where the large amounts of connected underpasses and the future Gate Avenue make traversing the area easy. The location is bordered by the Dubai Canal which runs along the south side of the location and creates possibilities for leisure along the canal.

DIC and DMC

Dubai Internet City and Dubai Media City are both located along the Sheikh Zayed road and host several office buildings. Compared to DIFC the locations are less attractive to visit if someone doesn't work there or have an appointment. The locations are both quite away from other locations to come by foot so public transport or car is advised. In that extent it creates kind of a island surrounded by busy roads. The site looks more like a high class business park with large billboards of well-known media and tech companies. DIFC does function more like a place to visit for tourism or leisure compared to DIC and DMC. Visits to these free zones are done because after the first interviews these free zones had been highlighted as important for Dubai and its development.

Interview analysis

A general outcome of the interviews states that Free zones in Dubai had created a platform for the city to develop even bigger. Mrs. Derbal of the DIFC Authority states: Without the free zone developments the city wouldn't became what it is now. The city has barely oil so it had to find its

own way to grow compared to other large cities in the region like Riyadh, Dammam, Kuwait City, Muscat, Doha or Abu Dhabi. According to Mr. Khaled Abdulla: it had to diversify its economy in an earlier stage than others. Mr. Mario Camara adds: These Free zones were an aspect of this explosive growth. There is no discussion that the vision of Sheikh Mohammed bin Rashid al Maktoum to make Dubai an important world player is on the base of this and the use of free zones are a smart, but large part of this success. Brorens gave during the interview a couple of examples of mono-economies that emerged based on one type of income. This income felt so the city. In other words Brorens described the concept of "Dynamic Cities" of the Central Flow Theory of Taylor. Just like other respondents Dubai's diversification led to the creation of a "Dynamic City".

Dubai itself has got not enough people to create such a position in the world with its own workforce. It needs a lot of foreign knowledge, capital and workforce to create this position. Dubai has made smart use of this by creating platforms for foreigners to conduct their business, like DIFC. For foreign companies Dubai created this platform because they are a safe haven in a unstable region with a lot of capital out of oil and natural gas, without even having oil themselves. In the region, Dubai started creating this platforms the first having a large advantage compared to others (like argued by a couple of respondents). Dubai was the first with creating advantages for businesses but also to have own real estate where Qatar for example just started with allowing foreigners to own their own properties.

This "being" the first concept and stability had been an incentive for large multinationals to locate in Dubai. The fact that the region, at the time Dubai started these developments also, lacked a location like this. It came with the right incentives at the right time (according to Mrs. Derbal).

The fact that Dubai always had been a trustful partner even made it possible for countries to conduct their businesses even though direct investments between certain countries were impossible, like with Iran which Bouwman argues. Iran, a country which officially has no ties with the UAE because of the fact that it has a bad relation with Saudi Arabia, 60% of Iran's trade goes through Dubai so they either can't exist without each other. Another example comes out of the literature of Krane (2009): Dubai is one of the largest locations to trade diamonds. This is a market where Israelis have a large presence. About 20% of the diamonds in the world are sold to the Middle East but all these countries, the UAE included, didn't acknowledge Israel as a country. This is a problem, but for Israelis it is possible to serve this market through Dubai. There are still no direct flights between GCC countries and Israel but for trade of diamonds Dubai is one of the main hubs in the world.

The fact that Dubai could be such a base for foreign companies to conduct business is the fact the first free zones in the city worked and this concept had been used several times to create more and more free zones. Like stated earlier, without this free zones Dubai wouldn't exist as it is today.

After the deployment of the first free zones and the prove that these were a success the government decided in 2008 that foreigners were allowed to buy private properties (in dedicated zones). This was the start of the first "residential Free Zones", good example of these zones have names like Palm Jumeirah, Dubai Marina or Arabian Ranches. At these locations foreigners according to Jason Smith could buy houses. Additions had been made by several others that thanks to this possibility now everyone with a little bit of money wants to invest and in India the most beautiful neighbourhood of the India is called Dubai.

Dubai again, was the first where this was possible on a large scale, this again attracted a lot of foreign investments, not only from companies but also from private capital attracting a base for people to store their money at a safe place near their homes attracting large amounts of investments from the countries around Dubai.

Thanks to this high demand prices had risen and even multiple several a lot of times again creating a platform for even larger developments. Before the economic crisis in 2008 demand was so high that developments, for instance the Palm Jumeirah, had been sold within days generating billions of income.

These large demand opened the door for even more developments where everybody with money wanted to get involved in generating even larger plans for development (like two other palm islands or the World islands). Until 2008 Dubai's economy was growing (in percentages) bigger than any other country in the world. During the crisis Dubai got struck hard, resulting in large debts. This resulted in a lot of delays in several construction projects with some even started in 2005 still on hold (the Palm Jebel Ali) or abandoned (like Palm Deira). At this time the competition between Abu Dhabi and Dubai calmed down with Abu Dhabi paying a lot of Dubai's debts and attracting a lot of talent from Dubai to Abu Dhabi.

According to a couple of respondents: After the crisis money started to flow in again and according to representatives of banks at DIFC private capital investments are again on the 2008 level with the expectation to even rise for the next years, even though other parts of the Middle East also had been developing massive projects (like Jeddah, Abu Dhabi or Qatar). Jason Smith argues this has a lot to do with the upcoming Expo-2020 in Dubai. This is the current new boom of the city with large developments. Bouwman on the other hand argues that it is based on nothing since and expo, like for example happens with Olympic parks as well is a bubble and possibly would create a sustainable base for current developments.

To be attractive a city also needs to offer a high quality of living. All respondents in Dubai were saying: It needs to be a place where people want to settle for several years, including their families. This demands for superb facilities like schools, healthcare, housing, infrastructure and leisure facilities. Dubai tried to develop these as well with school for education from all over the world including corporations with ivy-league colleges (like Harvard) but also elementary education with nationals' schools from almost all important countries in the world.

Healthcare is also at a real high standard with even a healthcare free zone within the city (Dubai Healthcare City), this created the possibility to attract the best doctors and medics from all over the globe. These types of Free Zones are according to Vermij only here for the lifestyle and not being a true real free zone and more an example of a real estate development with special benefits for certain sectors.

Infrastructure, especially for this part of the world, is of high standard with a full automatic metro system still under development and a good quality of streets where trams, busses and taxi run. These streets are broad and can handle traffic at most times of the day in a good quality with both English and Arab signing according to own observations. These investments had been paid with the toll earnings according to Bouwman.

Leisure facilities are, because of the large amount of tourist, at top level with the biggest mall in the world (Dubai Mall) build next to the Burj Khalifa. With even more malls, like Mall of the Emirates, Dubai Marina Mall and Ibn Batuta Mall, within the city there are plenty of possibilities for shopping with all large international brands including the most expensive brands. These malls are also attractions themselves with complete ice skating rinks, ski slopes (the largest indoor ski hall of the world is in the Mall of the Emirates), aquaria, swimming pools, indoor fun parks, immense food courts and plenty of other facilities within. Again, because of the tourist there are plenty of attractions that can be visited like attraction parks, beaches, sports facilities and a lot of major events within the city. All this creates a possibility for people to adapt a high standard of living.

Dubai tries to develop a city everybody would like to live, like Sheikh Mohammed bin Rashid al Maktoum said in his BBC New interview: “Dubai loves you all” (BBC, 2014). By this welcoming everybody to Dubai underlining the statement that Dubai is trying to create a city everybody wants to live.

4.3.3 Analysis of DIFC

Observations on DIFC

The DIFC is partly finished, partly under construction. The construction area, The gate Avenue will continue to improve the DIFC walkability, which is already good compared to other parts of the city. Getting within the zone can be a hassle the first time since the entrances are not marked that well but after the first time it is easy to understand. The Gate buildings and Gate villages are connected by underground walkways where a lot of shops and restaurants are located making it possible to get everywhere around here without being outside for long periods of time. The gate village feels like a small village indeed with a lot of corners and boutiques at the 1st floor (which is the outside floor). It could feel a bit like an old European medieval village with something different around each corner. Traffic flows are separated with connectors between the buildings at the floors -1 and/or 1 so there is no need to pass roads within the Gate building and Gate village area. The other buildings are not yet connected but the Gate Avenue will do. At the outside locations of DIFC large pickup locations for chauffeurs and taxis are located to reach the area easily. Such a connection with the metro is still missing so the neat planning of DIFC really ends at their borders, which are all 2x2 avenues.

Around the Gate building it is possible to eat and relax at terraces located under shaded roofs making it possible to be outside even when the sun is burning. The Gate building is in combination with the Emirates Towers one of Dubai's nicest architectural locations with a lot of (artificial) green and water. The Gate building itself looks like a modern Arc de Triomphe with a lot of glass. Around the DIFC there are also some high rise skyscrapers just as the Burj Khalifa which is pointing high in the sky next to the DIFC.

Interview analysis

Launching the DIFC was planned in 2004. But, DIFC had been relaunched in 2006. The relaunch was because the regulations were not correct. The interviews learned that the reason for this was because of the fact that the launch was unconstitutional. Since then the demand, even through the crisis of 2008 the demand kept growing and Dubai became an important financial hub. Like with the general development of Dubai the launch of the DIFC came at a good moment in a region where a lot of capital found their home at one of the banks located at DIFC.

The main advantage, according to the respondents working at DIFC, of the DIFC is the DIFC Courts and DFSA. The DFSA grants licenses to be allowed to conduct business at DIFC and regulates these operations. This license is of great importance because it proves customers the bank is trustworthy and reliable. DFSA also monitors companies at DIFC trying to avoid suspicious activities like money laundering or terrorism funding. When problems occur DIFC court is a strong tool for companies and the DIFC to settle these problems.

For companies DIFC court is a convenient court, according to respondents. It uses a set of laws which are compared to London, New York, Singapore and Hong Kong are quite a like (British common law) and because it is a dedicated court for DIFC it handles disputes with speed. The speed is one of the main advantages where the regular UAE court is seen to slow and too much involvement of the government is seen as a problem. The DIFC courts main objective is making sure DIFC works and companies are threatened honest in favor of proving the success of DIFC.

Other competitors of DIFC, like ADGM or QFC, have other laws and regulations creating a disadvantage compared to the DIFC underlining the success of DIFC for companies located there even more. One of the main problems is: if they make a law which is pretty but not entirely the same as the laws used at DIFC and you are operating in both zones the changes of a mistake is waiting to happen so the problems can be great. The DIFC, in comparison with ADGM has a huge lead when it comes to the fact that the DFSA can be seen as a trustworthy partner according to the respondents

at DIFC. During the interviews the Bahrain International Investment Park had been mentioned as a financial centre which was unsuccessful (during the interview with Mr. Camara). In the previous chapter this free zone had been categorized as a “Land Based Free Zone” since it has no real focus on financial services and is opened up for all types of businesses so this founding could be part of the unsuccessfulness.

Another success, for the banks interviewed, of the DIFC is its location and possibility to serve a large region. This is thanks to connectivity. One of the main advantages is actually the presence of Emirates. Every respondent in Dubai, also people which aren't interviewed for this thesis but just during conversations about the advantages of Dubai mentioned the presence of Emirates and what it does for Dubai. Emirates is such a good connection towards Africa (with more flights between Africa and Dubai than within Africa) that is a good place to even serve South Africa from Dubai.

Connectivity and instability in Africa (just like the rest of the MENA-region) creates an extra plus for DIFC to be such an attractive location to locate within DIFC. This works the same as the unstable MENA-region but then for corruption where Dubai is seen as a safe location to conduct business from to a region which is connected really well with Dubai. A question for this could be how long this would be the case when there will be an African country which would be stable to locate but since the market is yet to small and unstable Dubai is a good location.

A lot of Dubai developments are sold and tried to be resold again or rented on second hand. This created a lot of empty houses even though entire blocks were sold out in days. People see Dubai as an investment or a place to have a 2nd, 3th or more extra house for the holidays. DIFC is different since it is an office location and companies need to be actively present at DIFC to get a DFSA authorised licence and vice versa this creates a 98% occupancy rate according to the DIFC.

Another fact that DIFC is a top locations for financial firms to locate is that the entry requirements are at a level which doesn't leave an opening small companies to locate at DIFC. This creates the fact that DIFC is only for the “elite” firms or firms with a large capital. An argument given by one of the respondents is that it is because it could too strict and conservative. In one of the interviews comparison had been made that the FSA in England could make a possible mistake when the DFSA makes a mistake the UAE Central bank could possibly cut freedom in DIFC where the FSA is already part of the UK government.

The conversation with Mrs. Pezuk of the DIFC development team turned out with the insight that the DIFC development is also different compared to other developments in Dubai. The most development are not demand driven but driven by the investments made by rich individuals. This means the demand in the bricks is there but the demand in filling these developments is not there. DIFC only develops when the market demands new office space. A good example is the development of the Gate Village building 11 which is build later than the other since the demand wasn't there until now. DIFC also lets other developers develop properties at DIFC. One of the examples is DAMAC properties. At this stage, according to Mrs. Pezuk the rest of the upcoming developments will be done by DIFC themselves. These developments will be aiming to create addition residence, leisure, hotels and also more office space. An exact timeline hadn't been given because they develop when the demand is present so the buildings to be developed aren't

4.3.4 Analysis on Dubai's position in the financial system

Dubai has got the possibilities to grow to one of the most important financial hubs in the world. Like with the general development of Dubai there is the foundation to become one. In fact also because of the lack of a financial hub between the east and the west where there are several hours of a "gap" in trading between the eastern stock exchanges and western stock exchanges.

Since the start the foundation had been laid to fill this gap. With two stock markets at DIFC and another one in Abu Dhabi there is the possibility to become one. Hence the timing of the Nasdaq Dubai was a bad one resulting in a run on stocks and the financial crisis which came two years after the launch (Krane, 2009). At this moment the Nasdaq Dubai is a growing player and becoming more important but it only has 10 companies listed. These ten companies though are also oil giants and Dubai Ports World (DP World, one of the largest companies operating ports all over the world). The potential and play field is there, now it only needs more players to be able to become a large player, on the stock markets.

Dubai is a location to locate because there is a lot of capital, originally from oil around the Gulf. With the diversification of the Dubai's economy it generated even more money together with the allowance of foreign ownership of property. Banks are located in DIFC mostly because of three types of banking: Private, Investment and Capital banking. Other types are present as well but for the interviewed banks they seemed insufficient (for example retail banking is easier "onshore" in Dubai because of regulations).

Because Dubai lacks regional competitors it is still growing and attracting more companies from different location. When it first started with the largest firms also other firms are trying to have a piece of the cake. When it first, largely started with firms coming from Europe, Japan, the region itself or the U.S. the trend of new registering companies is more shifting east towards China and now India.

One of the main reasons Dubai could grow to a financial hub is, again, the law and regulations. Because it is used at the most important financial districts in the world, and in Dubai, it is easier for companies to adept and also to do business. Also it is more easy to attract individual labor or move from one office to another because they can work with the same set of rules without first having to be "educated" to that specific system, making running costs cheaper.

4.4 Comparison with other cities

To make a possible guess what would happen if Dubai wouldn't have any free zones is nearly impossible. There is no direct growth visible of the setting up of DIFC and the expansion of the city since there are multiple factors, like other free zones and the ongoing expansion of the city. The interviews have shown that in fact the Free Zone developments in Dubai have given the city an extra stimulans to grow even faster. The only option is to look to other cities in its vicinity to see in how successful Dubai had been with its free zones. The easiest thing is to look at other Emirates. Cities to look at are Abu Dhabi, Sharjah and Ras Al Khaimah and look briefly at their developments and diversification of the economy. To make an comparison a comparison in economy and population is needed. The Dubai economy is well diversified with only 3% of its domestic GDP out of Oil.

The Chapter of Abu Dhabi also consist a part of observations since the city had been visited for a day.

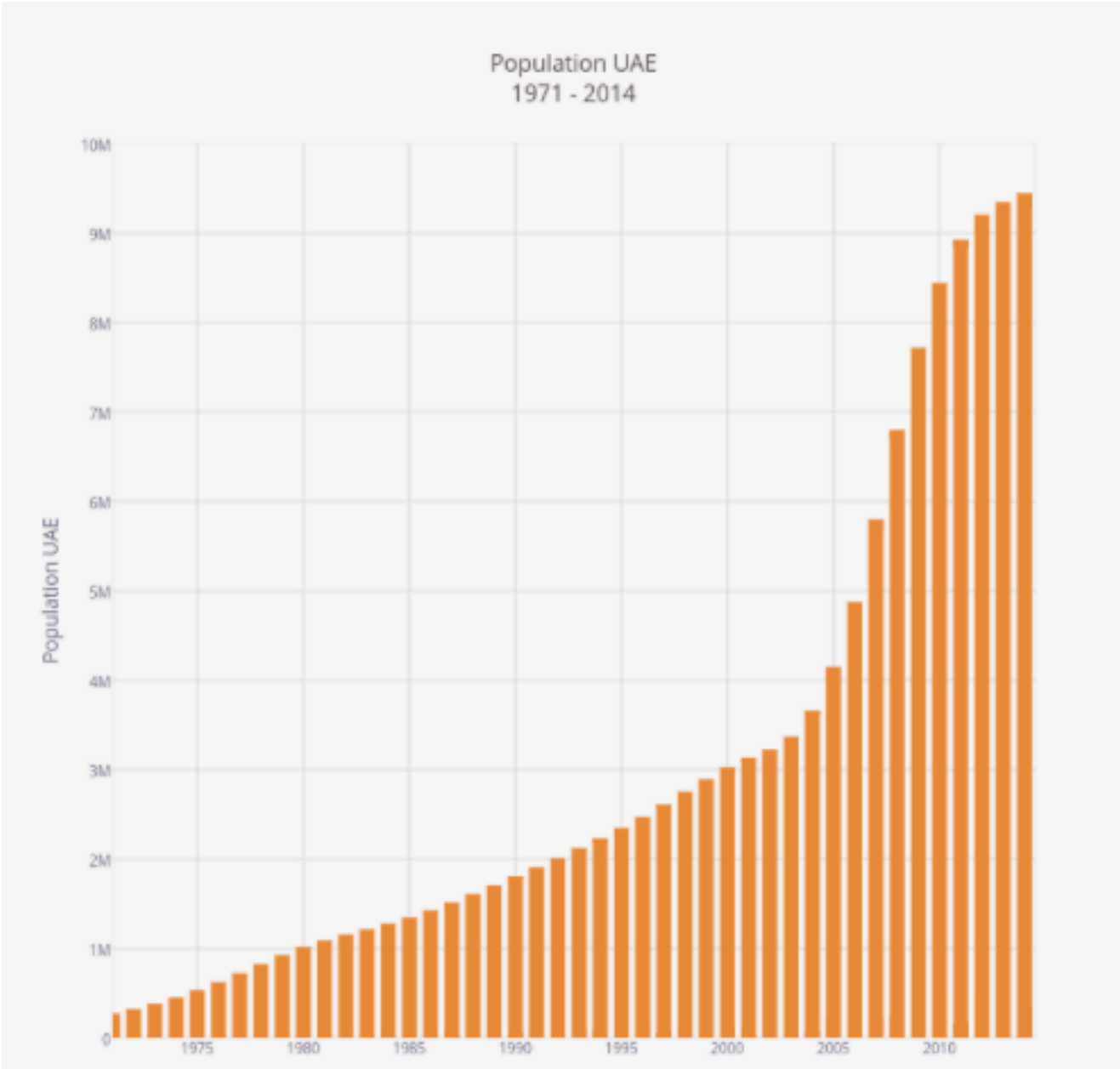


Figure (8): The total population of the UAE between 1970 and 2017

This figure shows the total population growth of the UAE from 1970 with a stable growth until 2002. After the start of the first free zones, like Dubai Internet City, DIFC, Sharjah Airport International Free

Zone and the Ras al-Khaimah Free Zone and especially after 2005, when foreigners could buy property the population of the UAE grew to above 9 million from 2010 onwards. This growth had been slowed down by the economic crisis in 2008, which is also visible by the reducing growth from that period onwards.

Population per Emirate in selected years in thousands									
	1975	1980	1985	1995	2002	2005	2010	2020	2030
Dubai	183	276	370	690	1.112	1.125	1.771	2.582	3.023
Abu Dhabi	211	452	566	942	1.270	1.320	1.477	1.473	1.615
Sharjah	79	160	228	403	599	601	1.758	1.955	2.239
Ras Al-Khaimah	43	74	97	143	187	202	250	245	272

Figure 9: Population per Emirate in selected years in thousands

The figure above shows the population per Emirate in the years 1975, 1980, 1985, 1995 and 2002. It shows the extreme rapid growth of Dubai between 1995 and 2002 and the fact that Abu Dhabi used to be larger until 2002.

4.4.1 Abu Dhabi

Abu Dhabi is the capital of the UAE and has the largest amount of oil of the UAE. The Emirate itself consist 87% of the UAE and has the largest share of it oil and gas reserves. The majority of the cities income are these resources which is responsible for about 60% of the gross income of the Emirate of Abu Dhabi. Diversification of the Abu Dhabi economy hadn't take place, yet, in the way Dubai had because their financial reserves were different and since there still is no need to do that in the way Dubai had. Making a comparison of these two main cities of the Gulf would be an easy thought but is unlikely. Abu Dhabi holds the largest share of the UAE economy, mostly because of its oil revenues. the Graph above shows the population of Abu Dhabi in recent years and a prediction for 2030. Where Dubai keeps growing with about 200.000 people every 5 years Abu Dhabi only does 100.00 or less which is about 6 to 15% for Dubai and 3 to 6% for Abu Dhabi.

Observations on Abu Dhabi

During the visit of Dubai there's also been a day trip to Abu Dhabi. During that visit a lot of similarities between Abu Dhabi and Dubai became visible. The first is, like Dubai, their constantly ongoing construction. The cities airport is being upgraded just as there are constructions to upgrade tourism (Abu Dhabi is building a new Louvre museum at an artificial Island). The AGM hadn't been visited because of the short period of time of the visit of Abu Dhabi but on the way to Abu Dhabi the area where the Kizad Port (the future planned largest Free Zone in the Middle East) has to be constructed was passed. At that location there were no activities visible. Also the Masdar City (An eco-friendly green-tech free zone) had been visited. The visible difference between Dubai and Abu Dhabi is that Abu Dhabi started development later and that Dubai is far ahead in facilitating possibilities for both living and business since its scale is larger. So these observations meet the findings in previous chapters

4.4.2 Sharjah

Sharjah is only responsible for 6.3% of the total economy of the UAE. It's projected budget for 2017 is Dh22 Billion or roughly 6 billion Euros which is considerably less than Dubai and Abu Dhabi. Only 1% of its income is from oil and their economic diversification is about the same as Dubai (Das Augustine, 2017).

This could make Sharjah an example to compare towards Dubai. Especially because Krane (2009) stated Sharjah used to be a more prosperous city in the past compared to Dubai. Around 1995 Dubai had 700.000 inhabitants while Sharjah had about 450.000. Nowadays Dubai has got 2.700.000 inhabitants and Sharjah has 1.400.000. So within 20 years the amount of inhabitants of Dubai grew by 4 times and Sharjah only 3 times. This is a difference that must come from something.

Just as Dubai Sharjah shows a large growth between 2005 and 2010 which is even above 1 million in that period. The percentage of growth for Sharjah compared to Abu Dhabi is larger (between 7 and 9% for Sharjah) but smaller than Dubai.

In quantity Dubai has got over 20-25 Free Zones with the first established in 1985 (JAFZA). Sharjah's first free zone was the Hamriyah Free zone established in 1995 as a port free zone that was the first place in this Emirate with specific tax exemptions. The first non-port free zone in Sharjah is the SAIF-zone (Sharjah Airport International Free zone), which is launched in 2003. Since then there had been an faster increase in employment than before.

The steep increase of population in Sharjah between 2005 and 2010 has a lot to do with its proximity of Dubai but also the fact that within these years (for GCC-nationals) and from 2014 it opened up several location for foreign property ownership.

4.4.3 Ras al Khaimah

Ras al Khaimah (RAK), also located in the UAE is even smaller than Sharjah with only 230.000 inhabitants. Around 1950 Dubai and Ras al Khaimah had the same population of 25.000. Ras al Khaimah, like Dubai has little income out of oil and their economy, despite being significantly smaller than Dubai, is much alike. A lot of income had been generated by tourism, manufacturing and it has one of the largest producers of cement in the world by the company of Ras al-Khaimah Ceramics.

RAK is in population far smaller than the rest of the emirates and their expected population growth from 2015 to 2030 is between 3 and 5%. As of Free zones Ras al Khaimah only has one free zone which had been founded in 2000 (RAKFZ). The free zone is now combined in a zone which also host non free zone factors to create a cluster of companies (RAKEZ, 2017).

The RAK developments are of significant smaller scale but percentages aren't on the level of Dubai compared to the increase in population since Dubai started developing Free Zones RAK shows also an increase of population.

4.4.4 Conclusion

To compare a situation of Dubai with or without Free zones is a difficult if not impossible option to investigate since so many factors are helping cities, like Dubai, to attract a certain growth. Moreover these factors combined are creating certain attractiveness for a city to settle. To come to a conclusion if Dubai without Free zones would be the same city as it is there had to be taken a different approach. This chapter tried to outline if the cities growth could had something to do with the free zone development by comparing other cities in the UAE to see if there would be other factors which helped Dubai grow.

The first comparison had been made with Abu Dhabi. Only major difference between Abu Dhabi and Dubai is its oil revenue. Since Dubai had minor incomes out of oil, compared to Abu Dhabi, a comparison wasn't relevant since Abu Dhabi has more reserves out of its oil income. These reserve also hadn't have to create the incentive to diversify its economy like Dubai did.

Sharjah is a better comparison since it also has a diversified economy like Dubai had, in a smaller way. The city also developed free zones with intention to attract foreign investments. Also since the establishment of these Free Zones the population of Sharjah grew faster than the years before. This also counts for foreign ownership of property, just like Dubai. The example of Ras Al-Khaimah shows the same effect.

It is feasible to say thanks that thanks to the Free Zone developments, especially since the launch of Free Zones like Dubai Internet City and Dubai International Financial Centre the city's growth had been influenced by these developments. It could not been said that Dubai would not have been of this size without Free Zones because of the Abu Dhabi example, which is about the same size. The difference, again is the oil revenues which also showed a different pattern in growth. Where Abu Dhabi used to grow larger in earlier times compared than Dubai, Dubai was one of the fastest growing cities of the last decades. So there could be other incentives for cities to grow but for Dubai the development of the Free Zones was one of the incentives which made Dubai which it is today and it helped to become the city which Dubai is at the moment. The next chapter will continue on this question and will go on further also looking at DIFC.

4.5 Influence of Free Zones on Dubai and UAE development

Previous chapters stated that free zones attract more foreign investments so it boost growth of cities. Theoretically a free zone creates an opening in a market which otherwise was not of interest to locate so free zones intentionally have a positive effect on cities because the firms locating at free zones are foreign companies which also bring their own labor so making the city grow. The last chapter tried to compare other cities to Dubai and see if Free zones can trigger a boost in population growth. This chapter tries to answer the first sub-question of this research even more by doing an economic analysis based on oil dependency and economic growth. Since figures of Dubai specifically most numbers and figures resemble the entire UAE.

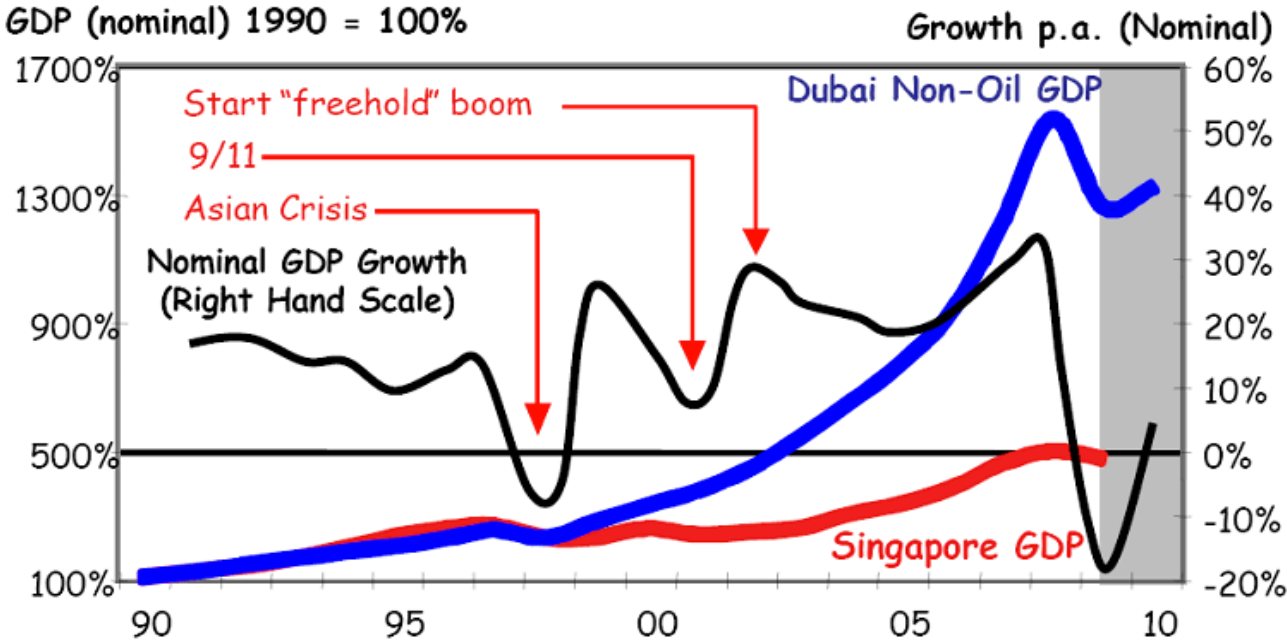
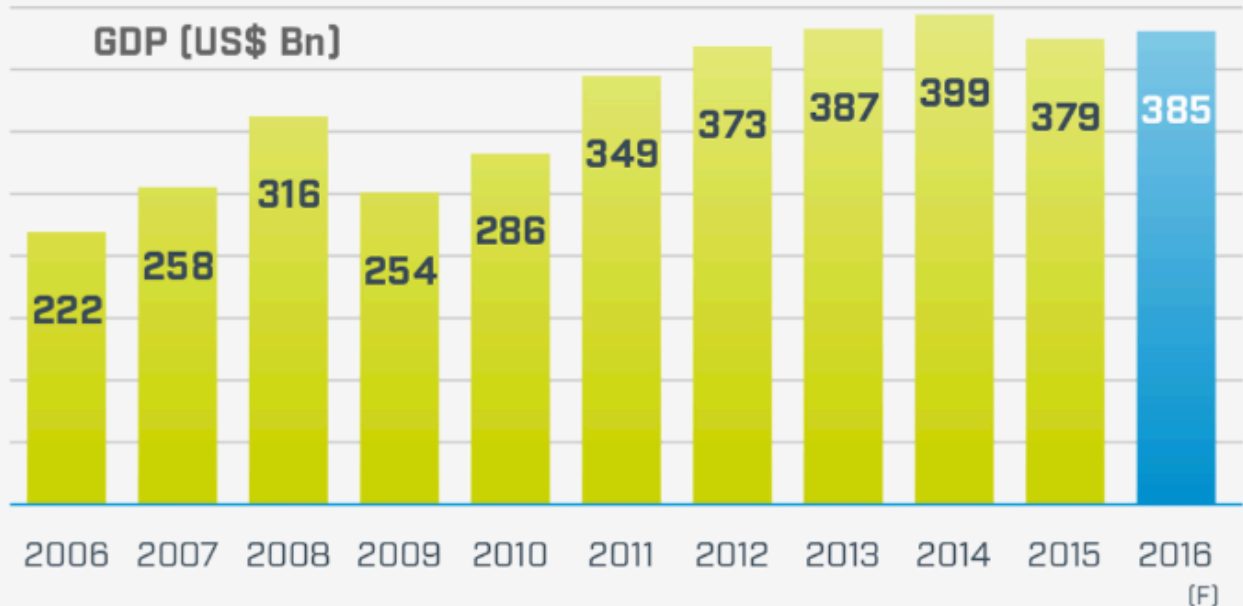


Figure (10): Graph of Dubai’s GDP development compared to Singapore between 1990 and 2010. Retrieved from: <http://www.marketoracle.co.uk/images/2009/July/bubbles-17-4.gif>

This figure tries to illustrate the GDP growth in Dubai itself. The black line represents the growth in % per year with the right y-axis as nominator. The only years with a decrease in GDP were 1998 and 2008. The 2008 dip isn’t indicated in the figure but this dip represents the 2008 housing crisis which took place at the same moment of the financial crisis everywhere in the world. The year after there was a growth again. The blue and red lines represent the nominal growth of the GDP compared to the starting year (which is 1990). The total growth the the GDP of Dubai since 1990 was 1300% and were for Singapore “only” about 500%. This means that the Dubai economy has grown 13 fold in these 20 years. The second peak in the black lines of GDP growth were “start “freehold” boom” is indicated is located at the place were the Dubai government started to develop its free zones like DIC and DIFC. So in Dubai free zones are one of the core reasons for its growth.

The Economist + IMF



Despite GDP growth slowing in Q3+Q4 2016, the UAE fared reasonably well given the regional volatility in oil+gas prices. This was primarily due to the diversified economy and the minority reliance on oil revenue for GDP contribution. 2017 is expected to be slow with growth starting to pick up from 2018 onwards.

Figure (11): Graph of Dubai's absolute GDP development between 2006 and 2016. Retrieved from: <https://www.fgould.com/middle-east/articles/construction-intelligence-report-uae-04-16/>

This figure shows the GDP in billion US Dollars for the entire UAE. Note the dip in GDP between 2008 & 2009, again this is the financial real estate crisis which struck in 2008. In 2011 the overall GDP was already above the 2008 level. This means the economy was recovered at that time. The note under the graph is also an interesting notice. This means that de diversification of the economy of the UAE, started by Dubai and now also adopted by others proves to change from a state dependent of oil to an independent country with a diversified economy. Since Abu Dhabi is responsible for nearly 50% of the UAE GDP with 46% of its Emirati GDP out of oil the oil dependency in the UAE is still at a high point (as of 23% in 2016). The government of the UAE aims to reduce its oil dependency in 2020 to 16%.

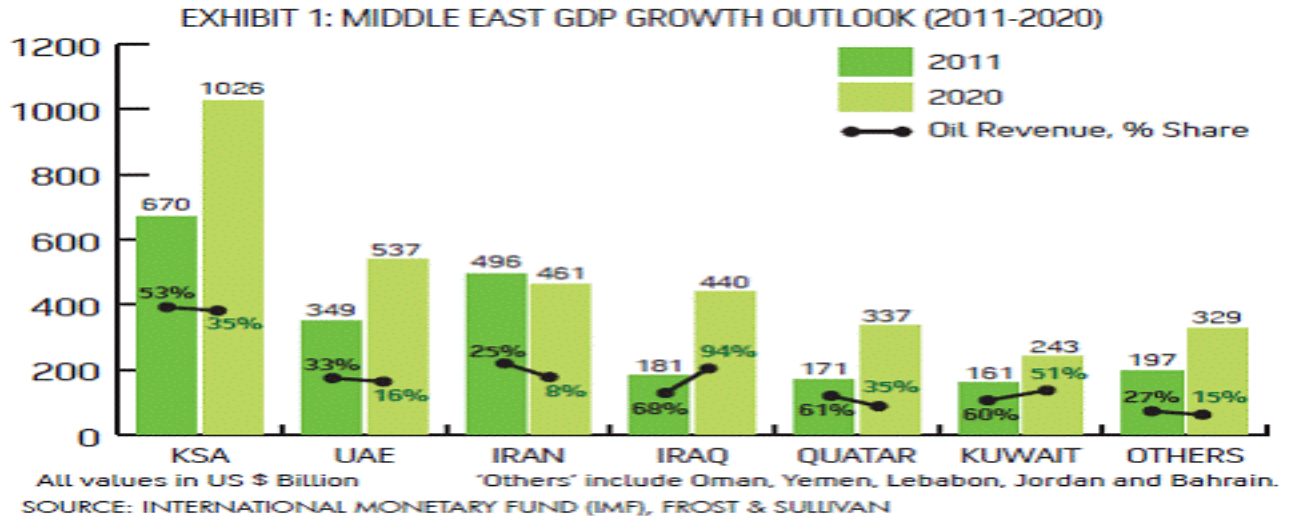


Figure (12): Graph of the Predicted GDP outlook between 2011 and 2020 of large oil producing countries in the Middle East. Retrieved from: <http://www.imf.org/external/pubs/ft/med/2003/eng/fasano/>

Compared to other large producers of oil the UAE is trying to reduce their oil revenue even more towards the future. The figure below shows the effect of a more diversified economy. In 2014 there had been an drop in oil prices from above 100\$ to under 60\$. The UAE was one of the only states in the GCC being able to hold on their economic growth pattern of the years since the 2008-crisis

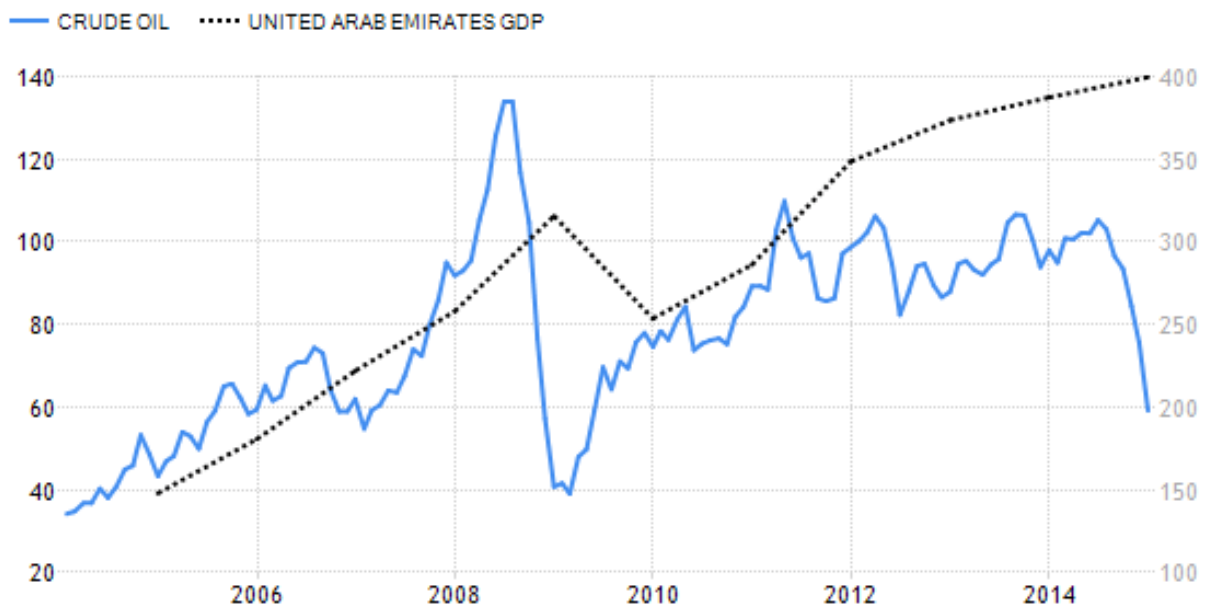


Figure (13): Graph of the Oilprice and UAE absolute GDP between 2004 and 2014. Retrieved from: <http://analysteye.blogspot.nl>

Real GDP growth rates (%)

Real GDP	Avg. 2006-2010	2011	2012	2013E	2014F
Bahrain	5.9	2.1	4.8	4.4	3.3
Kuwait	1.3	6.3	6.2	0.8	2.6
Oman	6.9	4.5	5.0	5.1	3.4
Qatar	18.1	13.0	6.2	5.1	5.0
Saudi Arabia	5.9	8.6	5.1	3.6	4.4
UAE	2.6	3.9	4.4	4.0	3.9
GCC	6.0	7.7	5.2	3.7	4.1

Source: IMF

Figure (14): Table of the Real GDP growth rates of GCC countries and the GCC overall between 2006 and 2014. Retrieved from: <http://luxurymena.com/business/regional/the-gcc-wealth-insight-report-2014-by-emirates-investment-bank-released/>

The graph above shows the GDP growth rates of all GCC-countries between 2006-2010 and 2014 with 2013 being an expectation and 2014 being a forecast. This article from 2013 shows that the economic growth of lots of oil dependent countries is sufficient because of the fluctuating oil price which can be observed in the figure before. With most of the GCC-countries seeing their % growth reducing compared between the 2006-2010 average and 2014 only the UAE remains around a 4% growth showing the effects of a more diversifying economy. This indication is also picked up by these countries where Saudi Arabia recently, just like others, is also trying to diversify its economy with Dubai as their example (Al Jazeera, 2017).

Like Krane (2009) states the decision of creating Free Zones had been a trigger for an economic growth in Dubai which is an example in an oil rich region which has to diversify to keep being an important factor in the world before the oil runs out.

FORECAST

Estimates for years leading up to event

Dubai's projected GDP and debt growth	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth %	5	5		5	5	5	5	5
GDP deflator (CPI Inflation) %	1.7	2	2	2	2	2	2	2
GDP (\$ billion)	144.2	155.1	166.9	179.6	193.3	208	223.9	240.9
Debt (\$ billion)	144.5	147.9	151.4	154.8	158.2	161.6	165.1	168.5
Debt to GDP ratio %	100.2	95.4	90.7	86.2	81.8	77.7	73.7	69.9

All figures are forecasts

Source: Institute of International Finance

Figure (15): Estimates for the Dubai GDP until 2020. Retrieved at: <http://expo2020news.blogspot.nl/2013/12/expo-2020-will-raise-dubais-gdp-growth.html>

To determine of Dubai could be a stable factor and being possible to avoid that a crisis like 2008 would be avoided. This crisis was because of the city got into large debts. Figure (15) shows the

expected development of the Dubai economy. What can be seen is that the predicted growth of GDP will be around 5% every year. The GDP rises every year but so does the debt. As long as the GDP rises faster than the debt the Debt to GDP ratio % drops. According to Eurostat the Dutch current debt to GDP ratio is around 65%, Dubai would be at 69% in 2020 which would be around the level of Germany in 2017.

4.6 Importance of DIFC for the financial sector

In matter of fact the emirate Dubai is the exception with having limited amounts of oil being an example for other states and emirates in the region, with Free Zones being an important factor because they make it possible for foreign companies to do business in a region where own raw materials are preferably exploit by state-owned companies. Most of these companies hold large capital which make these companies interesting for banks and financial companies to conduct business with. This is where the DIFC is of interest, and the first, in the Middle East to create a possibility to store this capital at a secure, independent location, in the region. This made Dubai, without having a lot of oil themselves, of great importance for the oil industry.

This large amount of capital has found a location at DIFC with stock lists located at DIFC of large companies from all over the arabian world. The DIFC now is of great interest for private banking as well with a lot of rich foreigners buying more property in Dubai. Stock markets in Dubai also show the same path as the overall GDP does



Figure (16): Graph of the Dubai Financial Market stock exchange points between 2004 and 2015. Retrieved from: <http://failaka.com/dubai-market-amazing-rise-2014/>

This rise at the Dubai Financial Market also creates growing possibilities for Nasdaq Dubai which saw the biggest bank the the Industrial and Commercial Bank of China (ICBC) listing at Dubai since late may 2017 (Arabian Business, 2017).

This indicates the growing maturity of the stock markets which are needed according to experts to become a sustainable economic hub for financial services in the world.

The large amount of capital in the Gulf helped the DIFC developing into an economic hub serving the MENA-region and the rest of Africa. According to Yeandle's (2017) Global Financial Centres Index, Dubai is now on rank 25 of the most important financial centres of the world but it is one of the three most upcoming cities with only Shanghai and Singapore listed higher on that list.

The list is made up out of five important indicators (business environment, human capital, taxation, infrastructure and financial sector development). One of them being "infrastructure". Infrastructure in this case means the infrastructure present to conduct business and financial firms. Dubai is ranked 10th on that specific list also flight possibilities is mentioned at as an important issue for

infrastructure. MENA financial centres are listed low on the indicator of of business environment. One of the reasons for this could be the fact that financial companies feel the need to locate in a free zones especially DIFC because of its independency underlining this possible low ranking (Yeandle, 2017).

The GFCI also outlines the types of financial centres in fact of their specialisation and serving range. Dubai is within the same group of the big four which are global broad & deep financial centres. This means that these types of financial centres serve globally with a a lot of diversity of financial companies and operations (“Broad”). This means that there is a diverse business environment. The other being a lot of speciality that is measured with comparing the other financial centres with each other (“Deep”). So even when Dubai is the 25th most important financial centre according to GFCI it is among the 14 “Global leaders” in the financial world. This means Dubai is of great importance and becoming even more important because it is at the the top three upcoming centres in the world (Yeandle, 2017).

Chart 38 | GFCI 21 – The Stability of the Top 40 Centres

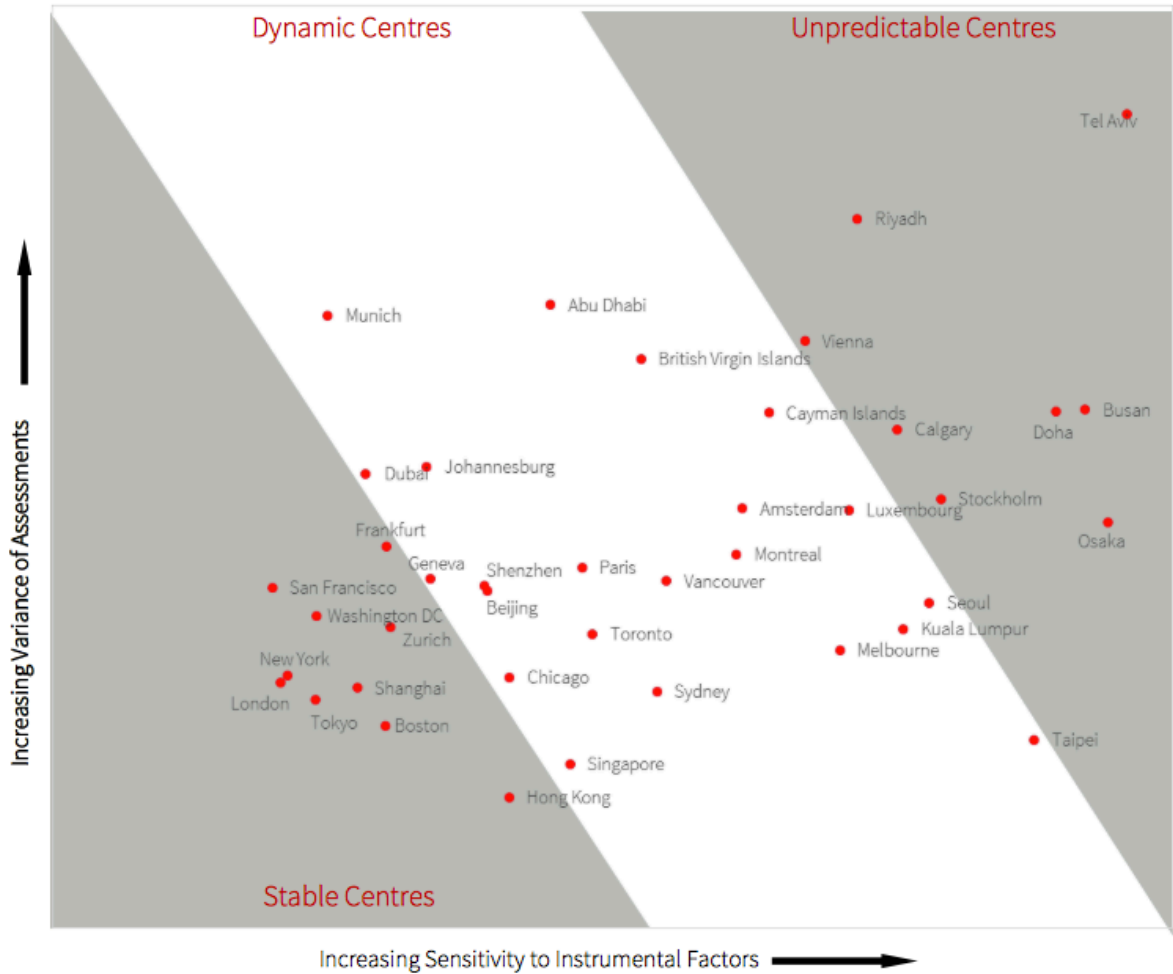


Figure (17):Schematic display of the 40 top financial centres according to (Yeandle, 2017) The figure above shows the stability of financial centres with Dubai being near the down left corner of “stable centres” near Frankfurt and Geneva. The other competitors of Doha and Abu Dhabi being more “Unpredictable” With Doha being on the right side within the “unpredictable centres” corner. The Qatar rift of June-2017 being a possible example of this prediction (Al Jazeera, 2017).

4.7 Dubai in the flow of cities

Dubai wants to become one of the most important cities in the world according to Krane (2009). If this vision needs to become reality according to Taylor (2008) Dubai must be one of the key nodes within the so called “Nodality” of the central place theory in which it has a strong connectivity with other cities.

The Central Flow Theory also discusses that a world city needs to be a so called “dynamic city” this means that it has to have a diversified economy because it needs to be resilient to changes in the economy. This chapter will discuss if Dubai meets the requirement to fit within in the Theory to be such a world city.

The first part of this analysis chapter discusses the concept of Free Zones which are created with the goal to diversify its economy. The incentive to diversify the economy seems to happen successfully since a lot of Free Zones within Dubai seem more successful than others in the region since some of the older Free Zones seems full. Also quantitatively seen this concept must work as Dubai keeps developing new free zones to attract new clusters of companies within the city.

The second part of the analysis was on the information out of the interview. These interviews must underline the assumptions made out of the review on Free Zones within Dubai. Most respondents underline the success of the diversification of the economy of Dubai with DIFC being one of the best examples. Mrs. Derbal in the interview highlighted that 9 out of the 10 top banks and 14 out of the 15 most important law firms have offices at DIFC. In that extent it means that the most important companies of the World seems to want to locate in Dubai because it actually is a node, as figure (19) also shows the large amount of companies coming from outside the GCC (over 75%) proving a great interest in the city.

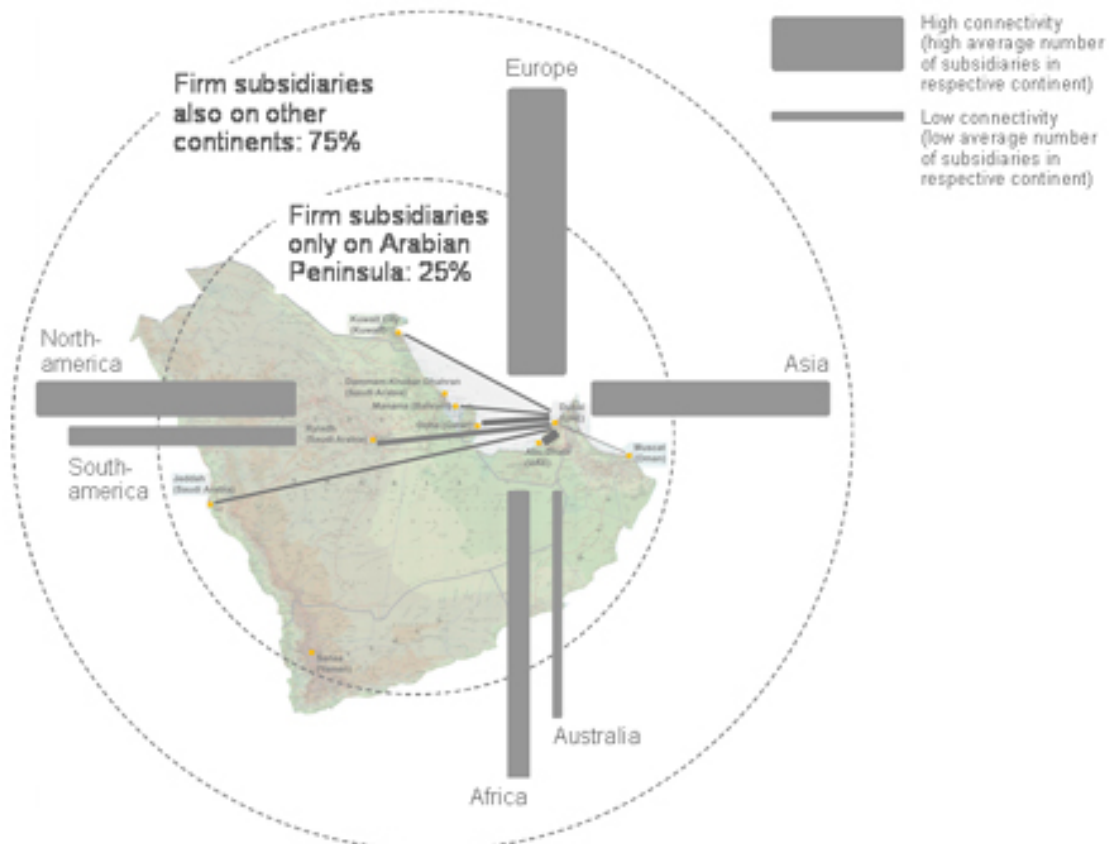


Figure (19): Origin of international firms located in Dubai in a schematic view based on Derudder (2014). Retrieved from: <http://www.lboro.ac.uk/gawc/rb/rb277.html>

The next figure (19) also underlines this statement where respondents also said that for their banks the location at DIFC serves the Middle East and Africa. Derudder (2014) also states that figure 20 shows the network of world regions in which Dubai could be the core for the Africa and Middle Eastern region. Figure (20) only shows a rather thin connectivity between Africa and Dubai but without numbers this could be explained by the fact that the overall GDP of the continent of Africa is a lot smaller compared to other continents mentioned in this figure.

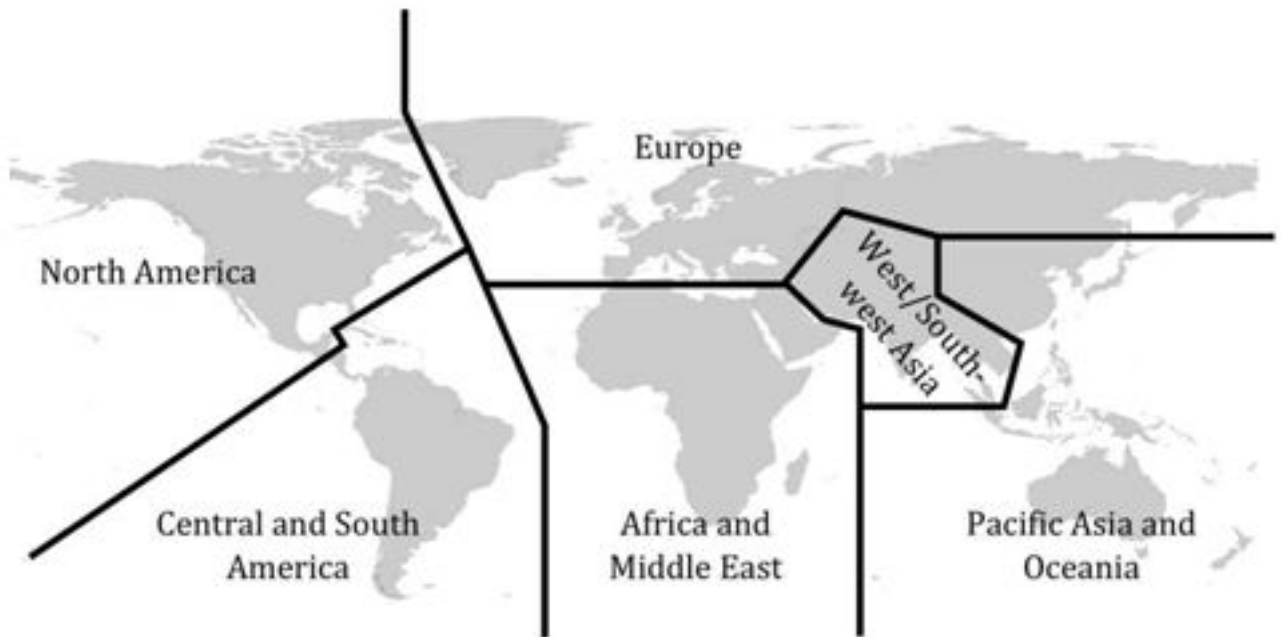


Figure (20): World regions according to Derudder(2014). Retrieved from: <http://www.lboro.ac.uk/gawc/rb/rb401.html>

The third part of this analysis consist an analysis on the comparison between other cities and what would have happened if Dubai would have less free zones. This part of the analysis only shows that the city wouldn't have grown faster than it would so the diversified economy with Free Zones helped the city to grow. In combination with the fourth part of the analysis the diversification of Dubai have showed that even for the entire economy the city is indeed more resilient for changes in the economy which have been shown during the last economic crisis, the Dubai debt crisis and foremost the drop of the oil prices in recent years where in other countries the economic growth was less compared to the UAE.

The fifth part of this chapter tries to analyse the importance of Dubai in the financial world. So it tries to define in what extent it already is a node for finance and if it could be. Like stated Dubai is becoming more and more important in the future. Combining this with predictions from the interviews Dubai can become one of the key players since in the world region (as discussed by Derudder (2014) there is, at the moment, no other city with the possibilities to overrule Dubai, as long as it keeps safe.

To conclude on the Central Flow Theory regarding Dubai: the city is in a great possibility to become a large player in the world network of heterarchy and become a world city and even be a capital of a World region, if it isn't already. The city's diversified economy and interest of companies from outside the GCC show this.

5. Conclusion

Dubai is one of the latest success stories of large scale development building a city out of nothing. Even though the region was gifted with large amounts of oil, Dubai had to implement other strategies to go along with the flow of men. From a dusty small fishing village about a century ago, Dubai is now one of the fastest growing cities in the world at the time. Where the current leader Sheikh Mohammed bin Rashid al Maktoum grew up without electricity or air conditioning, the city is now seen as one of the most modern cosmopolitan cities around the globe. Dubai has four main pillars on which the city is successful: Finance, Tourism, Trade and Flight.

The city started developing strong trade connections with tax advantages for trade along the Gulf and with Iran. These implementations of advantages for foreigners could be seen as a beginning of how Dubai tried to put itself on the map. Without raw materials and a harsh climate it needed to become attractive in another way. The Jebel Ali Port is one of the best examples of this, it is now the most important port of the entire MENA-region. This was also the first official Free Zone in the Emirate of Dubai with multiple to follow in the recent past. After this Port development came the so called specialized free zones with Dubai Internet City being one of the first and most successful creating a business environment which would be impossible at that time in this part of the world.

Again: this had been done with certain advantages for foreign companies which came in large numbers. Before these free zones foreign ownership in the UAE was impossible.

This all had been done to diversify the economy of Dubai, to make Dubai a city everyone in the world would know about according to the Sheikh Mohammed bin Rashid al Maktoum vision. This means Dubai also needs to be a city of importance in the financial world. In 2006 the DIFC had been launched which was planned to be the financial heart of Dubai and the Arabian world. DIFC would become a Free Zone with an independent court based on British Common law. This thesis focusses on this specific Free Zone and its influence on the financial world and the city of Dubai which both since its launch changed enormously. The main research question on this thesis is: ***“What influence does the Dubai International Finance Centre have on Dubai and its position in the current world financial sector?”***

Subquestions for this research will be:

-What is the influence that Free Zones have on cities and moreover on Dubai and in what extent does DIFC follow this?

-Why is DIFC such an important location for banks to be located and why are other competitors not as strong as DIFC and how does DIFC situate in the world against other financial centres?

-What are the successfactors of DIFC and how are these compared to other locations in the MENA-region?

The first aspect which is important to look at is what a Free Zone is, what it does and why Free Zones are necessary for certain countries to put in place. The first ever “modern” Free Zone was the Shannon Free Zone in Ireland, but so called free trade ports exist from 600 BC. The Shannon Free Zone was created to, just like all Free Zones, attract more foreign investments. When this succeeded, they slowly implemented taxes or other incentives to become more the same like the mainland of Ireland, one of the base principles why Free Zones are set up.

The base of setting up a Free Zone is creating an opening for foreign companies to invest in a market in which they otherwise wouldn't be interested in. Dubai proves this assumption since it has been a sleepy fishing village in the past. Only after creating incentives for companies to invest, Dubai started to emerge. This is the starting point for Dubai's Free Zones: creating incentives to attract more foreign investments. This resulted in several specialised Free Zones and the opening of the real estate market for foreign private investors. This resulted in even more attractiveness for doing business in Free Zones with an economic meltdown in 2008 as result. The city got struck by large depths and recovery of its economy took about two years with a large economic growth yet again.

This melt down has little to do with the Free Zone developments or DIFC, it was more a debt crisis because of the construction sector.

The influence of these free zones on Dubai is indisputably because in economic and population it is visible that since the launch of several zones there had been an increasing rise in population and growth of GDP. Free Zones itself create a need for developments for the developing of the Free Zone itself, mostly done by an independent Free Zone authority and developments like infrastructure and housing. The developments of housing also means that people working in the free zones are going to live in the city. In the case of Dubai this is a logical step since a large scale of the employment in the emirate are expats. Most of these workers bring their families. And this creates the need for schools and leisure, making the city more attractive to settle.

With the DIFC as planned centre for finance in the MENA-region the infrastructure for doing business has to be at top level. This had been done by creating an independent DIFC Courts which is for financial disputes completely independent of the general courts and the UAE Central Bank. This creates a independency which is felt like a security and by that creating a trustful bond between the authority and the companies located at DIFC. These factors in combination with the large amounts of capital in the region, gave the city certain advantages why banks located at DIFC. It resulted in being the most important financial sector in the Middle East at present day which is also serving the rest of the MENA-region including the rest of Africa. The large amounts of oil in the region is one of the biggest shares for the large amount of capital when DIFC was launched. Now it holds large reserves for investors in the MENA-region.

Other competitors aren't as strong as DIFC because at this point they lack a sufficient base for financial companies to choose others (like Qatar Financial Centre or Abu Dhabi Global Markets) over DIFC. One of the core reasons is that only DIFC and ADGM have independent courts. The type of law is slightly different. The DIFC courts use the same set of laws as in most major financial centres where Abu Dhabi claims they have a "better" law. Only problem, the so called "common" law is widely used and works well in other cities as well. The fact that ADGM adapts a slightly different type of law could cause problems because minor mistakes could be with huge consequences. Other competitors also haven't surpassed Dubai because there is no need for more large financial centres in the region, especially not within one country (for Abu Dhabi and Dubai). This makes operations unnecessarily difficult when all operations could be done within one office. Some companies even closing other offices and move all their operations for specific types of banking (mostly private, investment and capital banking) to their DIFC office.

In the scope of financial centre for the world just as New York, London, Hong Kong and Singapore, the DIFC needs to keep its stability, continue growing in means of companies and importance for other region next to the region it serves and stay trustfull. The DIFC is only "recently" launched compared to other financial centres so it needs time to establish.

The main question of this thesis is: ***"What influence does the Dubai International Finance Centre have on Dubai and its position in the current world financial sector?"***

Partly answers on this are given by answering the subquestions. The influence which DIFC has on the city of Dubai as well as it has on the financial sector. The launch of the DIFC was an extra stimulans, together with the other Free zone developments. Finance is one of the four pillar of the success of Dubai, so the DIFC has had a big role in its emergence. For the financial sector and Dubai being one of the main financial sectors in the world, it still needs to mature some more. The infrastructure and base is there but time is needed to grow into a financial centre of world scope.

It is not sure if this could happen on a short term. The region still is unstable and Dubai could once be affected by this which perhaps could crash the entire "Dubai Dream". Other external factors could stop Dubai from being at the top. A possible threat could be if other markets start to emerge and gain more attraction than Dubai. Dubai now serves the MENA-region and Africa. Since Africa is such a large continent and also showed some stable growth in recent years, it is expected to become a "new" Dubai in Africa. This would move a lot of operations from Dubai to this new upcoming market, but again this also needs trust before companies would settle. If Dubai does want to become a more important hub, it needs to strengthen their connections with both the current large financial centres

and the upcoming future to create a strong network. But at some point Dubai's golden times will be over, but no one can prospect when.

6. Reflection and Recommendations

6.1 Recommendations

As mentioned in the relevance chapter, the question could be raised if adopting free zones to improve foreign investments and a region is a fair thing to do. This question is not fully part of the thesis and hadn't been fully investigated but a thing to notice and to mention in this conclusion. When analysing the answers given in the interviews, especially the interviews on general free zones development, it can be concluded that free zones on itself aren't a bad thing to do. It could attract FDI at moments when the market wouldn't be interesting enough when there would be no Free Zone.

The main point comes after implementing a successful free zone. The example of the Shannon Free zone learns that slowly adopting rules within the free zone to turn it more to "mainland" could work. In Dubai they created a format in which these benefits are part of the success of the city, and compared to Ireland the rules in "mainland" Dubai are way different compared to Ireland (like foreign ownership or repatriating profits). So a question for further investigating the free zone concept in Dubai could be if incentives to change the free zones slowly towards "mainland" Dubai would work and not scare of the FDI in Dubai, which is a large part of the cities succes. ***"You don't have to swim faster than the shark, you have to swim faster than your opponent."***

6.2 Reflection

Like stated in the foreword this topic comes out of a personal interest in Dubai and follows up on a personal research in Free Zones. Combining these elements resulted in this thesis. By defining the topic a specific Free Zone has randomly been chosen. In this extent the chosen Free Zone is totally different to most free zones. Also the sector which is serves has pretty special demands.

The DIFC in its form has, unlike almost all free zones in the world, an independent rule of law for companies operating within the DIFC. In this extent the conclusions about the Free Zone can't be generalized since Free Zones like JAFZA and DIC only have a different Free Zone law but operate fully under UAE law. The DIFC operates under the DIFC law which is based on the same rule of law as London, New York, Hongkong and Singapore.

Reason for this is are the demands from the sector. The banking sector is a sector which runs on finance and demands these types of rules, at least that is what it seems. To have a more critical view on this a representative of other banks, for example located in the Netherlands could have been interviewed. This could also have given a better view on the position regarding Dubai in the scope of financial centres.

Regarding the interviews about the general free zone concept these were also critical on the Free Zone developments in Dubai and were often named as "Large Real Estate developments with special benefits for certain sectors." These opinions also raised question about if these locations about "What is a Free Zone really?" and "How is the concept of Free Zones used."

Because of the fact that everybody at DIFC says the DIFC is a success it doesn't have to mean that in the way of the Free Zone concept DIFC is successful. It was sometimes hard to distinguish the best formulation since the launch of DIFC perhaps thrived another goal than how the Free Zones had been implemented regarding the free zone concept like used in the beginning (with Shannon and also JAFZA).

The amount of respondents is for the banks and other companies at DIFC was preferably higher but getting in contact with people was really hard. Out of over 75 emails or calls to possible respondents

I felt in the beginning the amount I went to Dubai with as “not enough” and more respondents would off course give a more reliable analysis but the respondents of the banks which I spoke with had more information than just about the operations of the banks since they have more experience with DIFC (or ADGM) than just their bank.

The fact that the DIFC authority had been interviewed was helpful to see the motor behind the DIFC. There had been contact with the DFSA but they were not available during my visit in Dubai and a Skype interview was not preferred. The DFSA could have helped more to understand how companies would get at DIFC and how operations work, which is actually of minor importance for this thesis but could have helped for better understanding of the structure within DIFC.

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Appendices

1. Interview guide M. Fisher (Nasdaq Dubai)

Introduction to thesis and subject. Introduction Fisher (door hemzelf)
Spreken over interviews en het doel van het interview met mr. Fisher
What kind of function do you have?
Is Nasdaq Dubai the most important bourse in Dubai?

Part I

About locating in the DIFC
Why is Nasdaq Dubai located in DIFC?
For How long is Nasdaq located at DIFC?
What kind of advantages does DIFC have for a bourse as Nasdaq? And are there certain disadvantages?
What are strong points of DIFC?
What are weak points of DIFC?
Is AGM a competitor for DIFC? And are they also planning an international orientated bourse
Compared to other financial centres could Dubai be of world class as the largest in the world?
Are banks located at DIFC trading at Nasdaq Dubai?

Part III

About Dubai?
Is Dubai the only market for Nasdaq Dubai?
How strong is the competition with other cities in the region?
Why is Dubai so important for the region?
Is it the most important financial hub in the region?

Part IV About Nasdaq and trade

Are banks located at DIFC trading at Nasdaq Dubai?
How many companies are listed at Nasdaq Dubai? Is that likely to grow?
Are there specific differences between DFM and Nasdaq Dubai?
Are there are also Sukukbonds listed at Nasdaq Dubai?
Are people employed at DIFC also stay in Dubai for a long period?

Personal questions about Dubai

Interesting? Recommending? Personal? How long in Dubai? Does want to stay?

2. Interviewguide B. Brorens (Royal Haskoning DHV)

This interviewguide had been made in dutch since the interview is in dutch. This inerview guide was briefly made since the meeting was more focussed on a open conversation about free zones

Algemene Free Zone ontwikkeling

- Hoe ziet een algemene free zone ontwikkeling eruit en zijn er specifieke verschillen?
- Zijn er ook verschillen per regio te observeren in soorten free zones?
- Wat voor Free Zones zie je vooral in het Midden Oosten?
- Wat voor Free Zones zie je vooral in Dubai?

(Indien bekend met Dubai)

- Lijkt Dubai veel concurrentie te hebben van andere steden in de regio?
- Hoe belangrijk is Iran voor Dubai
- Heeft de onveilige omgeving in combinatie met het veilige Dubai wellicht te maken met het succes van Dubai?

3. Interviewguide F. Bouwman (Watermill Consulting)

This interviewguide had been made in dutch since the interview is in dutch. This interviewguide was rather short since it also contained some questions of other interviewguides

Over Watermill

- Wat doet Watermill precies?
- Is Watermill een tussenpersoon die bedrijven plaatst in Dubai?
- Zijn het vooral Nederlandse bedrijven die door Watermill geholpen worden?
- Plaatsen jullie bedrijven door het gehele Midden Oosten?

Indien bekend met Dubai

- Lijkt Dubai veel concurrentie te hebben van andere steden in de regio?
- Hoe belangrijk is Iran voor Dubai
- Heeft de onveilige omgeving in combinatie met het veilige Dubai wellicht te maken met het succes van Dubai?
- Zouden andere steden interessanter zijn voor Nederlandse bedrijven om te vestigen?
- Hoe sterk is de concurrentie met Abu Dhabi

4 Interviewguide H. Vermij (Royal Haskoning DHV)

This interviewguide had been made in dutch since the interview is in dutch

Algemene Free Zone ontwikkeling

- Hoe ziet een algemene free zone ontwikkeling eruit en zijn er specifieke verschillen?
- Zijn er ook verschillen per regio te observeren in soorten free zones?
- Wat voor Free Zones zie je vooral in het Midden Oosten?
- Wat voor Free Zones zie je vooral in Dubai?
- Is een Free Zone tijdig? (Hooft deze voor altijd te bestaan of niet?)
- Creeert een Free Zone ontwikkeling geen oneerlijke concurrentie

(Indien bekend met Dubai)

- Lijkt Dubai veel concurrentie te hebben van andere steden in de regio?
- Hoe belangrijk is Iran voor Dubai
- Heeft de onveilige omgeving in combinatie met het veilige Dubai wellicht te maken met het succes van Dubai?

5 Interview guide - Jason Smith (Royal Haskoning DHV)

Introduction to thesis and subject. Introduction Jason (door hemzelf)

Spreken over interviews en het doel van het interview met Jason

Part I About RHDHV

First of all:

-What kind of function do you have?

-In what extent does Royal Haskoning has to do something with free zones?

-What kind of Free Zones did your office work with (as far as you know?)

And for Dubai?

Part II About Dubai

-Out of own experiences Dubai is used a lot for urban planning as a benchmark. What is so special about Dubai that is such an example for urban planning?

-and especially in the middle east?

-Are people living in Dubai stay for a long period of time? (And at RHDHV)

-You see a lot of developments but isn't it going "too" fast?

Part III

-Why is Free zones such a big thing in the UAE and especially Dubai?

-Are these possible advantages affecting the rest of the city and in which extent are other areas of the city influenced by this phenomenon?

-And in the way of urban planning?

-Does these free zones attract more people compared with when there were no free zones in Dubai?

-And if there would be an "all Dubai" free zone with certain advantages for foreign companies?

Part IV (if necessary)

The DIFC

-Do you have certain important knowledge about the DIFC? (He mentioned he is not an expert on DIFC)

Personal questions about Dubai (maybe off record)

Interesting? Recommending? Personal? Does want to stay? How long in Dubai?

6 Interviewguide K. Abdullah (Barclays)

Introduction to thesis and subject. Introduction Abdulla (door hemzelf)

Spreken over interviews en het doel van het interview met mr. Abdulla

What kind of function do you have?

What services does the Barclays have in Dubai?

Does Barclays have had other offices in Dubai or the Middle east before locating in DIFC?

Other offices in ME?

What region does this office serve?

Part I

About locating in the DIFC

Why has Barclays chosen to locate in DIFC?

For How long is Barclays located at DIFC?

What kind of advantages does DIFC have for a bank such as Barclays? And are there certain disadvantages?

What are strong points of DIFC?

What are weak points of DIFC?

Is AGM a competitor for DIFC to locate?

Compared to other financial centres could Dubai be of world class as the largest in the world?

Part III

About Dubai?

Is Dubai of special importance of Barclays to locate or are there other indicators?

Isn't there such a thing as competitiveness why Barclays is located here?

Does Nasdaq Dubai have a certain importance for locating at DIFC?

How strong is the competition with other cities in the region?

Why is Dubai so important for the region?

Is it the most important financial hub in the region?

Part IV About Barclays and banking in general

What kind of customers does Barclays have? Only from their origin country (British)? Emirati?

Others?

Is it likely that that everyone "banks" with a bank from their own country and is that one of the success of

DIFC?

Are people employed at DIFC also stay in Dubai for a long period?

Would Barclays be leaving if cities like Abu Dhabi would be more attractive?

Personal questions about Dubai

Interesting? Recommending? Personal? How long in Dubai? Does want to stay?

7 Interview Guide K. Derbal (DIFC)

Introduction to thesis and subject. Introduction Mrs. Derbal (door haarzelf)

Spreekt over interviews en het doel van het interview met Mrs. Derbal

Part I About DIFC

What types of companies occupy the DIFC?

How far is the development at this moment?

When will the development be done and how many companies and workers will the DIFC have at that time?

Which are the key players of DIFC?

Part II

About DIFC development

How did the entire idea of a "DIFC" start in your point of view?

Are there certain trends in the general development of the DIFC?

Are there certain trends in the development of companies at DIFC? (Does the region have something to do?)

Are there companies which already left or even reentered? Which are they and why?

Are companies moreover bringing staff from their home town or do they also hire a lot of foreigners (Indian?) or Emirati?

Which special regulations have the most attraction power (like 100% foreign ownership)?

Did the financial crisis have a lot of effect on DIFC? (More compared to other large players (like Shanghai or London) in the banking sector)

Is Dubai cooperating with the Dubai Government along with the development of the city in favor of DIFC or is DIFC effecting the development policies of the city? (if (not) so: Are other Free zones doing otherwise?)

Part III DIFC and Dubai

If DIFC wouldn't exist would the banking sector in Dubai have been the same?

The people employed at DIFC do they stay for long periods of time? Is there a general trend in that?

Is it feasible that the DIFC (and general Free Zones) have helped evolving the city Dubai?

If DIFC is compared to other free zones (like the Dubai Internet City, DMC and JAFZA) is DIFC doing "a good job"?

Do these free zones need each other (they create a strong setting of multiple free zones so they attract large players from all sectors) (vragen of DIFC net zo succesvol geweest zou zijn als de andere niet zouden bestaan)

Is there a certain cooperation between the free zone authorities?

Part IV DIFC and other cities?

Is Abu Dhabi a competitor of Dubai? And in the case of free zones? And in the case of the DIFC?

Are there other (maybe upcoming keyplayers) in the region which could be a strong competitor of DIFC?

What are in DIFC's view the key players in financial market?

Is Dubai cooperating or working together with other key cities?

8 Interviewguide M. Camara (Saxo Bank)

Introduction to thesis and subject. Introduction Camara (door hemzelf)

Spreken over interviews en het doel van het interview met mr. Camara

What kind of function do you have?

What services does the Saxo bank have in Dubai?

Does Saxobank have had other offices in Dubai or the Middle east before locating in DIFC?

Other offices in ME?

What region does this office serve?

Part I

About locating in the DIFC

Why has Saxobank chosen to locate in DIFC?

For How long is Saxo Bank located at DIFC?

What kind of advantages does DIFC have for a bank such as Saxo Bank? And are there certain disadvantages?

What are strong points of DIFC?

What are weak points of DIFC?

Is AGM a competitor for DIFC to locate?

Compared to other financial centres could Dubai be of world class as the largest in the world?

Part III

About Dubai?

Is Dubai of special importance of Saxo Bank to locate or are there other indicators?

Isn't there such a thing as competitiveness why Saxo Bank is located here?

Does Nasdaq Dubai have a certain importance for locating at DIFC?

How strong is the competition with other cities in the region?

Why is Dubai so important for the region?

Is it the most important financial hub in the region?

Part IV About Saxo Bank and banking in general

What kind of customers does Saxo Bank have? Only from their origin country (Denmark)? Emirati?

Others?

Is it likely that that everyone "banks" with a bank from their own country and is that one of the success of

DIFC?

Are people employed at DIFC also stay in Dubai for a long period?

Would Saxobank be leaving if cities like Abu Dhabi would be more attractive?

Personal questions about Dubai

Interesting? Recommending? Personal? How long in Dubai? Does want to stay?

9 Interviewguide Mrs. Pezuk - DIFC Development team

This interview had to be rather short so I made a short interview guide also because the confirmation for the interview had been given on the same day

Introduction to thesis and subject. Introduction Mrs. Derbal (door haarzelf)

Spreken over interviews en het doel van het interview met Mrs. Derbal

Part I About DIFC

How is the DIFC development taking form?

Part II

About DIFC development

Are there certain trends in the general development of the DIFC?

Did the financial crisis have a lot of effect on DIFC? (On the development level)

Are there specific differences between companies in the developments built by DIFC and built by others?

What special upgrade does the Gate Avenue give to the area.

Is Dubai cooperating with the Dubai Government along with the development of the city in favor of DIFC or is DIFC affecting the development policies of the city? (if not) so: Are other Free zones doing otherwise?)

Would the government be in the position by interfering the development process of DIFC? (Could there for example be a new Burj Khalifa at DIFC grounds)

Part III DIFC and Dubai

Is there a strong cooperation together with the developers around DIFC to develop the rest of the site around DIFC? (Like Business Bay or the WTC complex).