



# The Weekly Business Briefing

## Sectoral Note

3 April 2026

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## Edito

As we close the fifth week of the current geopolitical situation, a clearer picture is emerging, with some sectors demonstrating remarkable resilience, while others, particularly those exposed to B2C activities, are being more significantly impacted by this unprecedented crisis.

Yet beyond these contrasts, what stands out most is the collective strength of organizations and individuals. Across our community, companies continue to adapt with determination, and employees (whether in the UAE or temporarily abroad) remain fully engaged, embracing professionalism and agility what is gradually becoming a new normal.

At CCI France UAE, we remain fully committed to supporting our members through this evolving landscape. Many of the decisions and processes currently being addressed are new, complex, and often without precedent. In this context, the ability to share experiences, compare approaches, and learn from one another has become not only valuable, but essential.

Our sectoral and functional committees continue to play a key role, fostering dialogue, alignment, and collective intelligence at a time when it matters most.

We would also like to extend our sincere thanks to MSH for their valuable contribution this week, sharing expert insights on insurance-related matters, an area that has become central to business continuity and employee protection.

This period is undoubtedly testing, but it is also revealing. It highlights the resilience, responsibility, and solidarity that define our business community.

As we move forward, these qualities will remain our strongest foundation.

Thank you for your continued trust in CCI France UAE.

CCI France UAE Team

## Construction

*The elements below reflect feedback from some of our members in the Construction sector collected during the digital meeting on Thursday 2 April 2026.*

### **Activity remains stable, but visibility is increasingly limited**

The construction sector in the UAE remains largely operational. Most companies report that projects are still ongoing, and demand remains relatively strong across several segments. Some strategic projects, particularly in infrastructure and data centers, continue to move forward.

However, this continuity is fragile. Stakeholders describe the situation as manageable in the very short term, but with limited visibility estimated at one to two months maximum. Beyond this horizon, the prolonged conflict could significantly affect operations due to cumulative pressures on logistics, costs, and supply availability.

### **Logistical disruptions**

#### **Supply chains are heavily impacted by regional disruptions. Companies report:**

- containers rerouted to India or Sri Lanka;
- severe port congestion;
- shortages in land transport capacity;
- extended delivery timelines across the board.

Several participants emphasize that even if flows resume quickly, it could take several months to clear the backlog and return to normal conditions.

### **Sharp cost increases**

The crisis has triggered significant inflation across both transport and raw materials.

Key figures highlighted include:

- maritime transport costs multiplied by 3 to 4;
- air freight: +50%;
- diesel: +70% (reported in a single day);
- raw materials: +20% to +30% on average;
- in some cases, prices doubling within a single day.

The most affected materials are:

- steel;
- aluminum;
- copper;
- petrochemical and organic chemical products.

### **Rising risk of shortages**

Beyond pricing, availability is becoming a critical concern. Logistics systems are prioritizing essential goods (food, pharmaceuticals), limiting capacity for construction materials.

Several stakeholders explicitly refer to a growing risk of material scarcity, which could become a structural constraint if the situation persists.

## **Companies remain resilient but under increasing pressure**

Temporary cost absorption strategies

In a highly competitive market, many companies are choosing to absorb part of the cost increases rather than immediately passing them on to clients.

The objective is to preserve client relationships, maintain competitiveness and avoid losing market share.

However, this approach is widely seen as temporary and unsustainable in the long term.

## **Progressive contract renegotiation**

When cost absorption becomes unviable, companies engage in renegotiations with clients.

Practices vary depending on contracts:

- partial absorption by suppliers or contractors;
- cost-sharing mechanisms beyond a defined threshold;
- negotiations with developers and project owners.

This remains a sensitive issue, as some stakeholders believe clients may prefer to delay projects rather than accept significant cost increases.

## **Operational adjustments and continuity**

Companies are adapting pragmatically by:

- prioritizing local sourcing when possible;
- diversifying supply channels;
- relying on existing stock to buffer short-term disruptions.

From an operational standpoint, resilience remains strong in the Gulf:

- most teams have returned to office-based work;
- business travel continues when necessary;
- remote work is used selectively;
- limited relocation or support measures are implemented in higher-risk areas outside the Gulf.

The construction sector remains resilient at this stage, with ongoing activity and sustained demand. However, this resilience is increasingly fragile.

## **Companies are simultaneously facing:**

- structural logistical disruptions;
- sharp cost inflation;
- a growing risk of material shortages.

**In the short term, the sector continues to operate. In the medium term, if the crisis persists, the main risks identified are:**

- project delays or slowdowns;
- increased pressure on margins;
- stronger contractual tensions with clients;

gradual deterioration of supply chain reliability

## Healthcare

*The elements below reflect feedback from some of our members in the Healthcare sector collected during a digital meeting on Thursday 2 April 2026.*

Healthcare demand remains resilient, with some segments even experiencing growth.

The biggest impact is operational, not demand-driven as the industry is facing logistics disruption, cost inflation, and financial tightening.

Post-COVID lessons are clearly shaping current strategies, with companies adopting more diversified supply chains, increasing inventory buffers, and strengthening contingency frameworks.

Companies are facing sustained margin pressure. If the conflict persists, secondary impacts such as budget cuts and global ripple effects may become more significant than current disruptions.

### **Demand Trends: Mixed Impact**

The commercial activity is generally seeing a slowdown in the Gulf countries because of the delivery issues although the core healthcare demand is resilient with even increased demand in some markets.

Hospitals largely maintain activity with limited postponement of procedures.

Hospitals and distributors increase their inventory to secure stock.

In the pharmaceutical industry there are notably strong orders from countries like Saudi Arabia and Israel that want to avoid shortages.

### **Supply Chain & Logistics Disruptions**

Overall, supply chains are still functioning, but at higher cost, lower efficiency, and increased complexity.

Logistic disruptions remain the primary challenge across the sector with delays in shipments.

Companies have been forced to adopt alternative logistics routes, such as using Omani ports, air freight, or multi-country shipping corridors.

At the same time, freight and insurance costs have risen significantly, with transport costs in some cases doubling and rising fuel prices heavily impacting road transportation.

Some hospital chains mitigated supply disruptions by building precautionary inventory early, securing up to 3–4 months of stock.

In parallel, healthcare distributors leveraged post-COVID supply chain diversification, using multiple global distribution hubs to maintain continuity despite regional logistics challenges. There is also growing interest in supply chain finance solutions and more sustainable logistics options, such as the use of electric vehicles (EV trucks).

## **Rising Costs & Financial Pressure**

Operational costs are rising across the board, driven by higher freight, insurance, and fuel expenses. At the same time, financial conditions are tightening, with suppliers imposing stricter credit terms and clients drawing down credit lines to secure liquidity.

As a result, many businesses are delaying orders due to high costs and uncertainty around future demand and logistics stability, leading to margin pressure and more cautious spending across the value chain.

## **Geographic Variability**

The impact varies highly uneven depending on each country's exposure.

- UAE & Saudi Arabia: Mostly business as usual, especially in Saudi Arabia.
- Qatar, Bahrain, Kuwait, Iraq: More severe disruption and operational difficulty.
- Regional spillover effects: Pakistan and other nearby regions also facing logistics instability.
- Global ripple effects: Asia and Africa may face future healthcare impacts due to oil price increases and budget reallocations away from healthcare.

## **Risk Management & Preparedness**

There is a clear shift toward more proactive crisis management and resilience planning. Companies are intensifying risk monitoring and scenario planning.

## **Hospitality & Leisure Sectors**

*The elements below reflect feedback from some of our members in the Hospitality & Leisure sector collected during a digital meeting on Thursday 2 April 2026.*

From the beginning of the conflict, the hospitality, leisure, and tourism sectors in the United Arab Emirates have been severely impacted. The massive departure of tourists, coupled with a significant reduction in international tourist arrivals, has deeply affected business activity. This situation has forced stakeholders across these sectors to quickly seek solutions to address the crisis.

### **Situation Overview**

Occupancy rates: approximately 5% for most hotels, while establishments with residential towers report rates between 25% and 30%, mainly due to long-term stays (around one year).

Some exceptions are observed depending on the location, building architecture (particularly the number of floors), and the hotel's positioning, such as neighborhood or local hotels, where occupancy rates can reach 40% to 50%.

Many tourism and leisure activities are partially or completely halted, including desert excursions, guided tours, cruises, cultural visits, shows and events.

Several iconic sites in Dubai have also suspended operations, including the Global Village theme park.

During Eid holidays, a slight recovery in activity was observed thanks to highly attractive offers and packages (staycations, dining, etc.) primarily targeting Emiratis and residents.

### **Measures and Initiatives Implemented**

Several initiatives have been implemented particularly to foster organic growth:

- Launch of highly attractive commercial offers
- Development of “staycation” packages combining accommodation, dining, and leisure targeted at the local market
- Creation of seasonal packages (Eid, Easter, Mother’s Day, etc.)
- Strengthening visibility on social media
- Free access to certain cultural activities, including museums
- Repositioning towards business and corporate clients, for example:
  - Renting conferences, training, and meeting rooms
  - Transforming some restaurants into spaces suitable for home working and home schooling, allowing parents and children to work or study in an appropriate environment
- Opening certain facilities (pools, gyms) to non-members
- Deployment of resilient marketing plans
- Launch of promotional campaigns, notably Abu Dhabi’s #InAbuDhabi initiative, engaging influencers to restore visibility and attractiveness to the destination
- Launch of ‘A Fine Way To Dine’ to Showcase Dubai’s Culinary Scene:  
From 28 March to 12 April, Visit Dubai is running an initiative called "Dubai, A Fine Way To Dine", encouraging residents and visitors to book a table at the emirate's finest restaurants. More info: Visit Dubai, April 2026 - <https://www.visitdubai.com/en/things-to-do/eat-and-drink/fine-dining-restaurants-dubai>
- Recommendation for some operators to avoid overly drastic cost-cutting policies, to be ready for economic recovery and to retain the talent, skills, and expertise the country will need
- In Dubai’s hotel sector, staggered payment of the tourism fee

## **Luxury & Retail**

### **Shift to Resilience – Impact Analysis of Regional Volatility on Corporate Operations**

The regional landscape has reached a critical inflection point in Week 5, necessitating a fundamental pivot in corporate priorities. The current data indicates a definitive departure from growth-oriented objectives toward a framework of defensive resilience and risk mitigation. This shift is characterized by a significant pause in capital expenditure, as leadership teams now prioritize risk attenuation over pure expansion for the remainder of the 2026 fiscal year. Consequently, most companies have officially deferred or paused planned boutique openings and renovations originally scheduled for late 2026.

## **Human Capital Management and Workplace Adaptation**

The workforce is currently navigating high levels of psychological strain. In response, the transition to remote work has become the primary operational safeguard, implemented by 80% of surveyed firms. This flexibility now extends beyond local borders, as 20% of organizations have authorized international remote work to ensure staff safety. Despite the heightened tension, there is a visible commitment to local stability, as no companies have yet resorted to repatriation or unpaid leave, choosing instead to maintain their current headcount on the ground.

## **Supply Chain Disruption and Logistical Constraints**

The logistics sector is currently defined by severe inflationary pressure and systemic delays. The impact on air freight pricing is unanimous across the board, with all members reporting extreme cost escalations. This price shock is compounded by significant slowdowns in transit times; while most businesses are managing delays of one to two weeks, others are facing disruptions of up to a month. While these bottlenecks are significant, a large majority of firms continue to adhere to their existing procurement and storage strategies, suggesting a cautious reluctance to overhaul supply chains during this period of high volatility.

## **The Physical to Digital Commercial Pivot**

Consumer behavior has undergone a forced but rapid evolution due to the current climate. Physical retail environments are facing severe contractions, with 80% of businesses reporting traffic declines between 30% and 50%, and 20% of respondents seeing footfall crater by more than half. However, this downturn in physical traffic has triggered a massive acceleration in digital commerce. The e-commerce sector is acting as a vital revenue hedge, with some members reporting significant surges in online sales, while others are seeing steady growth in the 10% to 20% range.

### **Operational Summary**

To navigate the remainder of 2026, the focus must remain on institutionalizing these flexible work models to address the documented anxiety levels of the workforce. Simultaneously, the reallocation of resources from paused physical projects toward digital infrastructure is essential to sustain the momentum seen in e-commerce. While supply chain strategies remain conservative for the moment, the universal rise in freight costs necessitates a rigorous review of margin protections to ensure long-term operational viability.

## **Key UAE News of the Week**

### **Dubai rolls out AED 1 billion incentives to boost economy**

Dubai has introduced a comprehensive AED 1 billion economic support package aimed at strengthening its economy amid ongoing regional tensions and global supply chain disruptions. The measures, effective from April 1 for a period of three to six months, are designed to ease financial pressure on businesses and individuals. Key initiatives include the deferral of government fees, particularly benefiting sectors such as tourism and hospitality, where hotels can postpone certain payments to improve liquidity.

Concretely, it is used to:

- **Defer or reduce government fees and charges** (such as licensing, tourism, and municipal fees), immediately lowering operating costs for businesses.
- **Enhance cash flow** by allowing companies to delay payments owed to public authorities.
- **Support key sectors**, particularly tourism and hospitality, which are highly sensitive to geopolitical tensions.
- **Facilitate trade and logistics** through initiatives such as virtual warehousing, aimed at improving supply chain efficiency.
- **Attract and retain international talent** by simplifying residency procedures, supporting long-term economic growth.

In addition, the government is simplifying residency permit processes to attract and retain international talent. The package also includes broader economic and social initiatives, such as trade facilitation measures and improved methods for tracking economic performance. These actions reflect Dubai's strategy to enhance economic resilience, maintain investor confidence, and support sustainable growth despite geopolitical uncertainty.

**Source:**

The Economic Times (2026) *Dubai rolls out AED 1 billion incentives to boost economy*.

Available at: <https://economictimes.indiatimes.com/nri/latest-updates/dubai-rolls-out-aed-1-billion-incentives-other-measures-to-boost-economy/articleshow/129921123.cms>

**As part of Dubai's economic initiatives to support the hospitality sector and stimulate business growth, several fees related to trade licenses have been deferred for a period of three months.**

The Department of Economy and Tourism in Dubai has announced the suspension of several fees starting from April 1, 2026, for a period of three months.

The deferred fees include :

- amendments to trade licenses,
- advertising fees on trade licenses,
- local fees on trade licenses,
- optional fees related to trade names.

The Department of Economy and Tourism in Dubai has taken this decision in line with government directives aimed at supporting business continuity and reducing the financial burden on companies during this period of uncertainty.

Source : <https://www.mediaoffice.ae/en/news/2026/april/02-04/dubai-economic-measures-boost-hospitality-and-business-growth>

### **UAE credit reports now track fines, wages and pensions**

The UAE has expanded its credit reporting system by integrating non-banking financial data, offering a more comprehensive assessment of companies' financial behaviour. Managed by the Etihad Credit Bureau, the updated reports now include information from government entities, such as wage payments, pension contributions, and outstanding fines.

This shift means that companies are no longer evaluated solely on loans and banking activity, but also on their compliance with broader financial obligations. Delays in salary payments, failure to meet Emiratisation targets, or unpaid government penalties can now negatively impact a firm's credit profile.

For businesses, this enhances transparency and encourages better compliance, as lenders gain a more complete view of financial reliability. For employees, it increases accountability regarding wage payments. Overall, the reform reflects the UAE's broader strategy to strengthen data integration, improve risk assessment, and support a more transparent and competitive economic environment.

Source: Gulf News (2026) *UAE credit reports now track fines, wages and pensions — what it means*. <https://gulfnews.com/business/banking/uae-credit-reports-now-track-fines-wages-and-pensions-what-it-means-1.500491338>

### **Sheikh Hamdan directs Dubai government entities to integrate all services into unified digital platform within one year**

Dubai's Crown Prince, His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, has ordered the integration of all individual and business government services in Dubai into a single unified digital platform to be completed within one year. This directive, announced during a visit to Digital Dubai, aims to streamline service delivery, reduce effort and time spent by users, and enhance the overall efficiency of government operations. The initiative is part of a broader strategic digital transformation agenda that includes the use of artificial intelligence and integrated data systems to build a proactive and seamless government ecosystem. Digital Dubai will coordinate the implementation across all government entities to ensure full integration and interoperability. The move reflects Dubai's ambition to strengthen competitiveness, improve quality of life, and position itself as a leading global digital city by leveraging advanced technology and data to serve residents, businesses, and investors more effectively.

Source: Gulf News (2026) *Sheikh Hamdan directs Dubai government entities to integrate all services into unified digital platform within one year*. <https://gulfnews.com/uae/sheikh-hamdan-directs-dubai-government-entities-to-integrate-all-services-into-unified-digital-platform-within-one-year-1.500493557>