



The Weekly Briefing - Sectoral Note

13 March 2026

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Edito

As we enter the second week of this conflict, we would first like to highlight the remarkable solidarity that has rapidly emerged within the French business community in the UAE. In the face of uncertainty, our community has demonstrated resilience, composure, and an extraordinary capacity to adapt.

Over the past days, we have remained in constant contact with our members. This week alone, nearly a dozen meetings have been organized by sector and by corporate function, bringing together more than 300 participants. These discussions have enabled our community to exchange insights, share best practices, and express their key expectations towards CCI France UAE as well as towards the local authorities.

We have also gathered representatives from our vibrant community of entrepreneurs. While they shared their concerns about the current situation, they also reaffirmed their confidence in the UAE — in the flexibility of its business environment, in its capacity to adapt, and in its ability to emerge stronger from periods of uncertainty.

The key takeaways from these discussions are summarized in this document.

We would also like to extend our sincere thanks to Aya, Sany, and Theo, our three interns who have remained fully mobilized. These young professionals certainly did not expect their internship to unfold in such circumstances, yet they have demonstrated exceptional commitment and resilience. At CCI France UAE, we are extremely proud of them.

Our exchanges have also highlighted an important consequence of the current situation that requires our collective attention. Several sectors represented within our membership — particularly hospitality, restaurants, F&B, and FMCG — are already feeling the impact of declining local consumption and the absence of tourists.

This is why we have decided to offer our members the opportunity to share their special offers with the community through our website. In parallel, we will roll out a dedicated communication plan to actively promote these initiatives and provide them with the visibility they deserve. By highlighting these offers, we aim to support our members' businesses while encouraging our network to continue consuming locally and maintaining their usual habits.

This is how resilient economies endure challenging times: through solidarity, commitment, and mutual support.

Thank you for your continued trust in CCI France UAE. More than ever, we stand by your side.

CCI France UAE Board & Team

Construction

The elements below reflect feedback from members of our Construction Committee collected during a digital Working Group meeting between Thursday 12 March and Friday 13 March 2026.

Business is largely continuing as usual, with most projects progressing and teams returning to offices or job sites. Activities resumed quickly after the initial disruption, and companies have adapted their operations to maintain continuity.

Despite the uncertainty, the construction sector in the region remains resilient, with most activities continuing and companies adapting their operations. The main operational challenges relate to supply chain disruptions and rising material costs.

Operational Impact

The main operational concern is supply chain disruption. Several companies reported delays in the delivery of goods and materials due to shipping disruptions and port congestion. In some cases, deliveries are taking up to two additional weeks compared to normal schedules.

To mitigate these disruptions, companies are:

- Exploring alternative ports and rerouting logistics, including via Oman.
- Prioritizing projects based on available stock of raw materials.
- Closely monitoring material availability and price fluctuations.

Significant increases in raw material prices are also observed, raising concerns about how these additional costs will be absorbed, particularly for projects under fixed-price contracts.

Business Outlook

While projects are still being awarded, companies expect the conflict to impact financial performance over the coming months.

In addition, companies anticipate that economic recovery may take time, even after the situation stabilizes.

Fast Moving Consumer Goods – FMCG

The elements below reflect feedback from members of our FMCG Committee collected during a digital Working Group meeting between Thursday 12 March and Friday 13 March 2026.

General situation of the FMCG sector

Companies in the FMCG sector are currently experiencing a marked slowdown in activity, primarily due to the decline in tourism and the temporary departure of residents for school holidays.

Several trends are emerging:

- Slowdown in food service (hospitality and restaurants)
- Consumption shifting toward homes and residential areas
- Pressure on certain agri-food supply chains

In this context, companies are questioning the duration of this slowdown phase and the measures that could be implemented by the Dubai authorities to support activity (promotional plans, support for retail businesses, flexibility on rents).

Logistics and supply

Several companies report significant supply difficulties, particularly with food products.

- Difficulties in bringing goods into the country, both by air and sea
- Difficulties in re-exporting to other countries in the region

These constraints are creating strong logistical pressure on the agri-food sector.

- Increase in air deliveries for meat, which could lead to a price increase of €2 to €3 per kg
- Risk of supply issues for Fruits & Vegetables, notably due to blocked imports and still limited local production

Overall, companies are observing a risk of disruption in certain food supply chains.

Evolution of consumption

Retail focused on residents remains relatively stable and is even growing in some segments. Several trends are being observed:

- Increase in e-commerce
- Greater consumption at home
- Increased footfall in residential areas

- Resilience among residents who are encouraged to stay in the UAE during the holidays

Consumption is clearly shifting toward:

- Residential neighborhoods
- Home-related purchases

Conversely, tourist areas are experiencing a significant drop in activity. Some retailers report:

- A drop in in-store transactions since the beginning of the holidays (sales down by around 40%)
- The departure of many tourists and families

However, it remains to be determined whether this decline is due to a stockpiling effect during the first week or a lasting departure of part of the customer base

Food service sector (hospitality and restaurants)

The restaurant and hospitality sector is particularly impacted. Companies report:

- A significant slowdown in food service
- Very low hotel occupancy rates
- Some hotels operating with less than 20% occupancy

Observed consequences

- Temporary closures of hotels/restaurants
- Forced leave for staff

Out-of-home consumption (restaurants, bars) is sharply declining, which particularly affects beverage brands:

- Business linked to tourists is heavily impacted
- Business with residents remains more stable

Situation in the events industry

- Foreign clients are currently not allowed to travel to the region and logistical issues are leading to the cancellation of certain trade fairs.
- “Local” clients: more resilient and confident that activity in Dubai will recover.

Business situation and financial pressures

The slowdown in activity is creating cash flow pressures, particularly for small businesses.

Companies are calling for greater flexibility in payment terms, and a possible temporary revision of rents

Initiatives to support the sector

For example: The Entertainer announced 50,000 free memberships to UAE residents to support certain businesses and activities: <https://gulfbusiness.com/entertainer-offers-50000-free-memberships-to-uae-residents/>

Companies are also hoping for a promotional plan from Dubai to support tourism and consumption in the coming months.

Outlook

In the short term, companies anticipate strong pressure over the coming months. However, several stakeholders believe that:

- Retail focused on residents could remain stable
- The situation could gradually improve if support measures are implemented.

Healthcare

The elements below reflect feedback from members of our Healthcare Committee collected during a digital Working Group meeting between Thursday 12 March and Friday 13 March 2026.

The healthcare sector continues to operate but faces significant logistical disruptions, rising operational costs, and reduced commercial activity in certain segments. Companies remain operational by adapting their supply chains, implementing contingency plans, and closely monitoring the evolving situation. Companies are adapting on a day-to-day basis as the situation evolves.

Additionally, the Ramadan period, traditionally a slower business period, is further contributing to the current slowdown in commercial activity.

Supply Chain and Logistics Challenges

The main challenge highlighted by most participants concerns logistics and shipment disruptions. Many companies rely on international transport providers for the delivery of medical equipment, medical devices, and laboratory supplies.

Current challenges include:

- Shipping delays and unpredictable transit times
- Temporary shipment suspensions depending on the country
- Higher transportation and insurance costs
- Limited cargo capacity on certain routes

Logistics conditions remain highly volatile, with routes and solutions changing frequently

To maintain supply continuity, companies and logistics providers are implementing alternative transport solutions.

However, these alternatives often result in longer lead times and increased costs.

Market Activity and Demand

A noticeable slowdown in commercial activity is reported particularly in the medical devices segment. As many procedures are planned rather than urgent, hospitals and distributors are slowing down purchases and postponing orders.

As a result, companies are experiencing:

- Reduced order intake
- Lower invoicing volumes
- Slower purchasing decisions from distributors and hospitals

Regional Impact

The impact varies across countries:

- Some markets such as **Jordan are gradually reopening**, while others remain more difficult to serve logistically.
- **Iraq and certain regional markets remain challenging** due to transportation constraints.
- In smaller Gulf markets such as **Bahrain and Qatar**, stay-at-home policies and therefore reduced hospital access are contributing to lower commercial activity.

Insurance and Cost Implications

Insurance providers indicated that coverage remains available, but premiums have increased significantly, particularly for shipping and transportation risks. War-related risk coverage, previously optional, has become more expensive and more complex to secure.

Business Outlook

Companies are maintaining **flexible operational strategies and contingency plans** to adapt to ongoing disruptions.

In some sectors, particularly **medical security and assistance services**, activity has increased significantly due to demand for evacuation support and crisis assistance.

Luxury and Retail

The elements below reflect feedback from members of our Luxury & Retail Committee collected during a digital Working Group meeting between Thursday 12 March and Friday 13 March 2026.

As of mid-March 2026, the retail sector in the GCC is navigating a period of significant volatility. Data collected from industry stakeholders indicates that while the physical infrastructure remains largely intact, consumer sentiment and operational agility are being tested. The crisis is characterized by a sharp decline in revenue and a strategic pivot toward risk management and remote work.

Impact Assessment: Operations and Revenue

The escalation over the past week has shifted from a peripheral concern to a central operational challenge. Industry feedback reveals that the majority of businesses are experiencing a moderate to major impact on their ability to operate.

Identifying Primary Pain Points

Unlike previous global disruptions that were defined by supply-side failures, the current crisis is driven primarily by a **demand-side shock**. Every business surveyed identified **reduced customer Demand** as their primary concern. Geopolitical tension has led to a "wait-and-see" approach among local residents and a sharp drop-off in high-spending international visitors.

Retailers are also actively recalibrating their logistics to mitigate physical bottlenecks in the region. The most prevalent strategic responses include the strengthening of business continuity and risk management plans. This involves adjusting sourcing strategies and changing shipping routes or logistics arrangements to navigate the heightened regional risks.

While supply chain disruptions, shipping delays, and increased transportation costs are present, they have not yet overtaken the lack of footfall and consumer confidence as the top priorities for retail leaders.

Strategic Response and Business Continuity

Retailers are not standing still; they are actively recalibrating their "New Normal" for the duration of the conflict. The most prevalent response has been the **strengthening of business continuity and risk management plans**.

To ensure the safety of the workforce without halting administration, many organizations have implemented **remote or flexible work arrangements**. This shift is mirrored by logistics adjustments, including the rerouting of shipping and changing sourcing strategies to mitigate physical bottlenecks in the region.

Future Outlook: The Resilience Paradox

Despite a 25% drop in revenue, the sentiment among retail leaders remains surprisingly resilient. **75% of respondents** remain "**Somewhat Confident**" about their long-term business outlook. This suggests that the industry views the current slump as a temporary geopolitical shock rather than a structural failure of the GCC market. The remaining "Neutral" sentiment reflects a cautious, day-to-day monitoring of government announcements and safety protocols.

Strategic Recommendations

To navigate this period of high sensitivity, luxury and retail players should prioritize **Private Digital Engagement**. With physical footfall down, focusing on 1-on-1 remote shopping and personalized e-commerce for High-Net-Worth Individuals (HNWIs) is essential.

Furthermore, businesses must maintain transparent and constant communication with European headquarters to manage expectations regarding the GCC markets for the current quarter.

Supply Chain & Logistics

The elements below reflect feedback from members of our Supply Chain & Logistics Committee collected during a digital Working Group meeting between Thursday 12 March and Friday 13 March 2026.

Impact on E-commerce Activity

At the beginning of the crisis, the UAE was quickly affected by the closure of airports to cargo traffic. As a result, operations focused mainly on domestic distribution and regional Gulf flows, largely transported by road.

During the past week, air freight has partially resumed, particularly from China, to meet the increase in demand linked to Ramadan.

Impact on Logistics Activity

Air freight was heavily disrupted at the start of the crisis but is now partially operational, although capacity remains limited.

The Strait of Hormuz is currently not considered a viable route, as shipping companies are unwilling to take the risk and insurers refuse to provide coverage.

Alternative Logistics Routes

Several alternative routes have been developed:

- The Straits of Hormuz and Mandeb are not currently viable routes, due to safety risks, and absence of insurance coverage.
- **Via Saudi Arabia:** goods arrive by sea in Jeddah and are then transported by road to the UAE.

- **Via Oman:** through the ports of Sohar and Salalah (although Salalah has recently been affected and is awaiting reopening).
- **Via Khor Fakkan:** the UAE's secondary port, though it has limited storage capacity and cannot handle all types of cargo.

Some companies also use Dubai World Central (DWC) airport, but capacity remains limited. Other options under consideration include routing shipments via Port Said (Egypt) or circumnavigating Africa.

Organization of Trade Flows

The two main trade flows are from Europe and Asia.

- From **Europe**, goods typically arrive in Jeddah before being transported by road to the UAE.
- From **Asia** (mainly China and India), shipments transit through Khor Fakkan, Sohar, or Salalah. Due to its small size, Khor Fakkan may soon face congestion, potentially prioritizing essential goods.

Rising Transport Costs

Transport costs have increased significantly:

- Air freight costs between Europe/Asia and the Gulf have nearly doubled.
- Container prices have risen from \$1,500–1,700 to around \$9,000.
- Road transport from Jeddah or Salalah to Dubai costs roughly \$3,000–4,000 per truck.

Business Adaptation

Companies are prioritizing securing operations for March and adapting their supply chains by:

- Increasing lead times
- Ordering stock earlier
- Adjusting planning for May and June

Some firms have also reactivated contingency plans developed during previous tensions with Iran.

Regional and Global Implications

- Logistics activity in Saudi Arabia remains relatively normal, although there is pressure on truck capacity.
- Bahrain appears to be the most affected country in the region.
- Rising logistics costs represent a significant risk, particularly for small and medium-sized enterprises (SMEs).

Direct Consequences for Companies Operating in the Region

- Sharp decline in activity
- Risk of closure, particularly for companies whose business is exclusively regional

SMEs Feedback

Companies dependent on-air freight for goods transportation appears to be among the most directly exposed.

- Shipments to the UAE and to regional markets (Oman, Bahrain, Saudi Arabia, Maldives, Mauritius) rely almost exclusively on-air freight.
- Disruptions and limited visibility of logistics flow directly affect commercial performance.
- Some regional clients are already requesting extended payment terms.

Companies are also adapting technical training sessions that are typically delivered in person by converting them to online formats, despite the limitations of this format for highly technical content.

SMEs Perspectives

A digital meeting of the Synergy Club, representing entrepreneurs and SMEs of CCI France UAE, was held on Thursday 13 March 2026. Below is a summary of the key takeaways.

Feedback from SMEs indicates a phase of observation rather than an immediate market downturn, even amid the current conflict and slowdown in activity.

Companies are experiencing increased client caution, with certain projects or initiatives being postponed, strategic decisions delayed, and requests to extend payment terms or renegotiate financial timelines. Despite this caution, businesses remain operational while preparing for possible shifts in market dynamics, prioritizing flexible and reversible adjustments. Sectors dependent on logistics and air freight appear most exposed in the short term.

Small and medium-sized enterprises are taking a cautious approach in response to these conditions. Many are delaying planned projects and strategic initiatives to gain greater visibility on market conditions. Businesses that had planned short-term investments or expansions are repositioning their resources toward more stable or flexible operations to maintain cash flow and revenue streams. Some SMEs are prioritizing liquidity and carefully managing expenses to remain resilient, while also preparing for potential opportunities once the situation stabilizes. These measures reflect a strategy of active prudence, with companies aiming to stay adaptable and responsive to evolving circumstances.

The French business community of entrepreneurs and SMEs continues to demonstrate strong adaptability and effective information sharing, helping companies navigate uncertainty while maintaining operational continuity.

Dubai Chambers Survey

Dubai Chambers is conducting a Dubai Business Pulse Survey to measure the impact of the current situation on businesses across different sectors.

CCI France UAE is supporting Dubai Chambers, who are currently conducting the **Dubai Business Pulse Survey**. The survey is designed to measure the impact of the current situation on businesses across different sectors in the UAE, and to better understand the challenges and opportunities companies are facing.

It is very important to receive as many responses as possible, as the results will help accurately assess business conditions and identify key areas where support may be needed.

We encourage you to participate and to share the survey with colleagues, partners, or contacts who might also want to contribute.

Link to the survey: <https://www.dubaichambers.com/en/dubai-business-pulse-survey-2026>

Key UAE News of the Week

Sheikh Mohammed bin Rashid issues new law to strengthen building quality and safety in Dubai

Dubai's ruler Sheikh Mohammed bin Rashid has issued Law No. (3) of 2026 on building quality and safety, applying to all buildings across the emirate, including free zones. The law requires building owners to obtain a Quality and Safety Certificate following a comprehensive inspection by a licensed engineering firm. Certificates are valid for 10 years for buildings under 40 years old, and 5 years for older ones. Owners must carry out regular maintenance and fix any structural defects. Violations can result in fines ranging from Dh100 to Dh1,000,000, doubled for repeat offences. Stakeholders have one year to comply after the law takes effect.

Source: Ata, H. (2026, March 10). *Sheikh Mohammed bin Rashid issues new law to strengthen building quality and safety in Dubai*. Gulf News.

<https://gulfnews.com/uae/government/sheikh-mohammed-bin-rashid-issues-new-law-to-strengthen-building-quality-and-safety-in-dubai-1.500469393>

UAE Labour Law: The Legal Limbo of Workers Stranded Abroad

In a context of regional tensions disrupting air travel across the Middle East, the situation of expatriate workers unable to return to their posts in the United Arab Emirates raises complex legal questions. Legal experts consulted by Gulf News stress that employers cannot unilaterally suspend salary payments, as any deduction must comply with the employment contract. When the trip was employer-directed, full salary responsibility rests with the employer. In cases of personal travel, the situation is more nuanced, but absence caused by armed conflict or flight cancellations constitutes, according to legal specialists, a legitimate reason under UAE labour law.

Husain, Z. (10 mars 2026). « Can my employer stop my salary if I am stranded outside the UAE?». <https://gulfnews.com/living-in-uae/ask-us/can-my-employer-stop-my-salary-if-i-am-stranded-outside-the-uae-1.500469559>

Dubai Regulates Outsourcing of Government Services

Sheikh Mohammed bin Rashid Al Maktoum has issued Law No. 5 of 2026, establishing a framework for Dubai government entities to contract private companies to deliver public services. The Dubai Department of Finance will oversee implementation and set procedures for these agreements. Multiple contractors can be appointed for the same service, while exclusive contracts are only permitted when a single bidder exists. Outsourcing firms must hire at least one UAE national per non-national employee. Contracts must include clear performance indicators, duration terms and termination procedures. All entities have three years to comply.

Gulf News, Justin Varghese, March 12, 2026

<https://gulfnews.com/business/markets/dubai-issues-new-law-regulating-outsourcing-of-government-services-1.500472380>

UAE Allows Expats with Expired Visas to Return Without New Entry Permit

The Federal Authority for Identity, Citizenship, Customs and Ports Security (ICP) has announced a temporary measure allowing expatriate residents currently abroad with expired residency visas to return to the UAE without obtaining a new entry permit. Valid from February 28 to March 31, the decision targets residents who were unable to return before their visas expired due to exceptional circumstances. Upon arrival, they will be able to regularise their status through standard official procedures. The measure reflects the UAE's commitment to flexible administrative responses during the current regional situation.

Gulf News, Khitam Al Amir, March 12, 2026 <https://gulfnews.com/uae/uae-allows-expats-abroad-with-expired-visas-to-return-without-new-entry-permit-1.500472509>