



## **The Weekly Business Briefing**

### **Sectoral Note - 17 April 2026**

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## Edito

The past week has been generally calmer, marked by several encouraging signals: the Israel–Lebanon ceasefire appears to be holding, no new Iranian strikes have been reported, and backchannel talks remain active in search of a potential off-ramp. Taken together, these developments create the impression of a gradual return to a degree of normalcy.

However, this easing of immediate tensions should not obscure the underlying reality: structural risks remain elevated, and it is still too early to consider the crisis over. Regional fragilities persist, and the overall balance remains unstable.

On the economic front, the effects of the situation continue to be felt across multiple sectors. In particular, the ongoing constraints around the Strait of Hormuz continue to weigh on logistics, transportation costs, and overall visibility for businesses.

In this context, our business community continues to operate with agility and resilience. Companies are adapting and moving forward in an environment that, while calmer on the surface, is neither fully stabilized nor back to normal.

At the same time, the announcement of the return to in-person schooling, under certain conditions and without school transport, is a positive development. It should help ease some of the pressures on human resources management, while still requiring flexibility in the days ahead. It remains, therefore, a day-by-day environment.

We continue our active mobilization to support our members and has also resumed in-person events, including two very insightful conferences in partnership with APM this week, as well as upcoming gatherings such as French Tuesday in Dubai and French Wednesday in Abu Dhabi next week.

In conclusion, this week's briefing is somewhat lighter than previous editions, which is in itself a positive sign.

We would like to thank all contributors for their input and wish you an insightful reading.

Kind regards,

The CCI France UAE Team

## Construction

### **General sentiment: a slightly calmer context, but no real return to normal**

Although some participants acknowledged a few encouraging regional developments, particularly the ceasefire announcements, the overall mood remained cautious. The general feeling across the committee was that it is still too early to speak of recovery, as the operational consequences of the crisis continue to affect day-to-day business. Participants agreed that the geopolitical situation may appear marginally more stable than in previous weeks, but this has not yet translated into a meaningful improvement for the construction sector.

### **Business impact: slowdown in some segments, resilience in others**

The discussion highlighted that the effects of the crisis are uneven across the sector. While some project-based activities remain active, other business lines are already seeing clear signs of slowdown, especially those linked to discretionary spending or non-urgent work.

- Renovation and maintenance activities appear to be among the most affected. Several participants explained that clients are postponing kitchen, bathroom, and non-essential maintenance work because they prefer to wait until the situation becomes clearer. This creates a direct drop in inquiries and new business opportunities.
- Ongoing projects, however, are generally continuing, especially in sectors such as oil and gas, piping, valves, HVAC, and MEP. In these areas, the issue is less about project cancellation and more about the difficulty of delivering under current logistical and financial constraints.
- Some companies with diversified portfolios and stronger access to locally sourced products reported that the domestic market is still moving. One participant even noted demand levels 15–20% above the same period last year in some segments, showing that resilience remains possible for businesses that are less dependent on imported raw materials.

### **Logistics, costs, and contracts: the core pressure points**

The strongest consensus during the meeting concerned logistics. More than raw material shortages alone, it is the combination of shipping delays, port congestion, transport rerouting, and unplanned extra costs that is currently putting the greatest pressure on companies.

- Participants described a highly disrupted logistics environment. Containers have been diverted to ports such as Karachi or Mumbai, some shipments have been delayed for weeks, and Khorfakkan was specifically mentioned as a major bottleneck, with long queues of trucks and severe congestion at sea and on land.
- These disruptions are generating major additional costs.
- Material prices have also increased sharply; with several participants mentioning rises of 30% to 40% on certain products. For SMEs especially, this is becoming unsustainable when contracts were signed months earlier on fixed-price terms.
- A major point of tension lies in the contractual framework. In many cases, companies cannot easily invoke force majeure, while clients refuse to accept price revisions or schedule extensions. As a result, businesses are being forced to absorb part of the increase, which in some cases means that margins disappear entirely, and projects become loss-making.

## **Operational responses: negotiation, substitution, and value engineering**

Faced with these constraints, companies are not remaining passive. The committee made clear that adaptation strategies are already being deployed, although their effectiveness depends greatly on project type, client profile, and company size.

- One of the key recommendations repeated during the discussion was the importance of early and continuous dialogue with clients, suppliers, and partners. Anticipating disputes, renegotiating expectations, and opening conversations as soon as possible were presented as essential ways to limit escalation.
- Some companies are actively using value engineering to replace unavailable or overpriced materials with more accessible alternatives. This can help projects move forward, but it also requires technical validation and client acceptance.
- At the same time, participants warned about the increasing use of “mix and match” solutions, where components from different manufacturers are combined simply to reduce cost or bypass shortages. While this may offer short-term flexibility, it also raises concerns about performance, quality, and warranty coverage.
- For some larger clients or public-sector linked projects, there seems to be at least partial understanding of the current hardship. However, this flexibility is far less common in smaller private contracts, where companies often bear the full burden of disruption.

## **Comparison with COVID and outlook for the coming weeks**

An interesting point raised during the meeting was the comparison with COVID. Participants were unanimous in saying that the current situation is not comparable, and in many ways is more difficult to manage operationally.

- During COVID, despite an initial adjustment period, logistics chains remained more fluid, and economic activity adapted relatively quickly. Demand patterns changed, but business continued. In contrast, the current crisis combines logistical paralysis with geopolitical uncertainty, making forecasting much more difficult.
- The expectation that support will come indirectly, through the acceleration of public or strategic projects rather than through company-level assistance.
- The upcoming Make it in the Emirates event was mentioned as a possible signal of renewed support for local industry and locally embedded companies.

## **Key takeaway**

Overall, the committee confirmed that the construction sector is still operating in a highly constrained environment. If some segments remain active and certain businesses continue to perform relatively well, the broader picture is one of persistent instability, elevated costs, severe logistical friction, and fragile contractual balances.

- The crisis is no longer being seen as a short-term disruption, but rather as a structural stress test for the sector.
- SMEs and highly import-dependent businesses appear to be the most vulnerable, especially where margins are already thin, and client flexibility is limited.
- In this context, agility, negotiation capacity, and supply-chain adaptability are emerging as the main conditions for short-term resilience.

## Healthcare

The Healthcare sector continues to act as a highly resilient and adaptive system, supported by continuous demand and operational continuity.

Supply chain exposure and talent acquisition constraints remain the main challenges.

### **Demand & Business Performance**

- Healthcare demand remains stable, driven by essential healthcare needs rather than crisis-related spikes, confirming structural stability.
- Providers and suppliers report consistent activity levels, with no significant drop in patient demand or service utilization.

### **Supply Chain & Procurement**

- To face the logistic disruptions, companies are proactively managing risk through stockpiling (4–6 months of inventory) and diversifying logistics routes.
- The primary concern is a potential prolonged or partial closure of the Strait of Hormuz, which could highly disrupt regional and global supply chains and impact availability and costs of medical supplies.

### **Cost & Financial Pressures**

The sector is experiencing moderate cost inflation, mainly driven by increased logistics and transport costs and higher cost of funding. These pressures are already being reflected in pricing adjustments, though stakeholders expect normalization if geopolitical stability improves within the next 3–6 months.

### **Workforce & Talent Dynamics**

Healthcare workforce availability is emerging as a key vulnerability:

- Hospitals report growing difficulty in recruiting international medical talent, particularly from the US and Europe.
- Some doctors are delaying or reconsidering relocation to the UAE due to geopolitical uncertainty.
- This mainly affects permanent roles but not short-term or visiting practitioners.

### **Health Insurance Dynamics**

The health insurance segment experienced an expansion of:

- Tele-health services
- International treatment access coverage

Policy adjustments to cover conflict-related scenarios (passive exposure) were also implemented.

Focus has been on client reassurance and coverage continuity, rather than managing demand shocks.

## Key UAE News of the Week

### UAE Central Bank Develops e-KYC Platform

The Central Bank of the UAE is developing a nationwide electronic Know Your Customer (e-KYC) platform as part of its Financial Infrastructure Transformation programme. This initiative aims to modernize the financial sector by creating a unified system for verifying customer and business identities.

The platform will streamline onboarding processes by reducing duplication in due diligence checks, lowering compliance costs, and accelerating access to financial services. It will also integrate trusted data sources and automate workflows, improving efficiency for banks and fintech companies. Security and privacy are central to the project, with data sharing based strictly on customer consent. Authorities highlight that the platform will strengthen anti-money laundering compliance and reinforce the UAE's position as a leading global financial hub.

Source: Gulf News, <https://gulfnews.com/business/banking/uae-central-bank-to-develop-e-kyc-platform-1.500507493>

### UAE Emerges as a Leading Global AI Hub

The United Arab Emirates has been recognized as one of the world's leading artificial intelligence hubs in the AI Index Report 2026 by Stanford University. The country stands out for its strong institutional support, including advanced strategies, governance frameworks, and widespread awareness of AI technologies.

The UAE performs strongly across key indicators such as talent, skills, job creation, and adoption, with AI usage exceeding expectations relative to its economic size. More than 80% of employees reportedly use AI in the workplace, reflecting high trust and integration across sectors. Rapid growth in AI talent, education initiatives, and national strategies further reinforce its position. Authorities aim to strengthen innovation and global competitiveness, positioning the UAE as a central player in the future of artificial intelligence.

Source: Gulf News, <https://gulfnews.com/business/economy/uae-ranks-among-leading-global-ai-hubs-in-ai-index-2026-1.500508377>

### Investors Continue to Favor UAE Despite Regional Tensions

Despite ongoing geopolitical tensions in the Middle East, investors continue to view the United Arab Emirates as a safe and attractive destination for capital. The country benefits from strong policy consistency, legal clarity, and a business-friendly regulatory environment, which provide reassurance during uncertain times.

The UAE's diversified economy and strategic position as a global trade hub further reinforce investor confidence. Its advanced infrastructure, connectivity between major markets, and openness to international business make it resilient compared to other regional economies.

Additionally, stable financial systems, strong liquidity, and government support measures help maintain market stability. Even amid short-term volatility, investors remain focused on long-term fundamentals, viewing the UAE as a reliable hub for growth and capital preservation.

Source: Gulf News, <https://gulfnews.com/business/markets/why-investors-keep-choosing-uae-despite-regional-tensions-1.500508105>

### **UAE and China Strengthen Trade Ties with 24 Agreements**

The United Arab Emirates and China have signed 24 agreements aimed at boosting trade, investment, and economic cooperation, marking a significant step in their strategic partnership. The deals were concluded during the visit of Abu Dhabi Crown Prince Sheikh Khaled bin Mohamed bin Zayed Al Nahyan to Beijing.

These agreements cover key sectors such as energy, technology, infrastructure, and sustainability, reflecting both countries' commitment to deepening collaboration and fostering innovation. The partnership builds on already strong economic ties, with non-oil bilateral trade surpassing \$100 billion for the first time, reaching over \$110 billion in 2025.

Officials from both sides emphasized the importance of expanding investment flows, enhancing connectivity, and creating new business opportunities. The UAE and China aim to further scale their trade relationship, with long-term ambitions of reaching \$300 billion in bilateral trade by 2030.

Source: Gulf News, <https://gulfnews.com/business/markets/uae-and-china-sign-24-deals-to-push-trade-past-100-billion-1.500505401>

### **Dubai South introduces new incentives for free zone firms**

Dubai South has introduced a new package of incentives to support companies operating within its free zone and reduce overall business costs. These measures include significant administrative relief, such as fee waivers on license renewals and the removal of penalties for late payments, allowing companies to regularize their status without additional financial pressure. In addition, businesses can benefit from more flexible payment plans, making it easier to manage cash flow in uncertain conditions.

The initiative also provides support for new company formation, with simplified procedures and reduced setup costs to encourage entrepreneurship and attract new investors. These measures aim to ease entry barriers while helping existing firms sustain their operations.

By easing operational constraints, Dubai South aims to help firms maintain stability and continue their growth. This move is part of Dubai's broader strategy to strengthen its position as a leading global business hub, attract new investors, and enhance economic resilience, particularly for small and medium-sized enterprises.

Source: Gulf News: <https://gulfnews.com/business/markets/dubai-south-rolls-out-new-incentives-for-free-zone-firms-1.500510006>