

The FBC Weekly Briefing - Covid-19 Outbreak

14 MAY 2020

This edition at a glance...

- *KSA announced that VAT will be tripled as of July 1st 2020 in a bid to counter the effect of oil price drop on public finance. UAE government has mentioned they would not apply such a rise.*
- *U.A.E. Sets Two-Stage Plan to Reopen Economy as Virus Spreads.*
- *Emirates to resume 9 destinations starting from May 21st 2020.*
- *Number of active cases decreasing in KSA for 2 days in a row and plateauing in UAE.*
- *Look at your insurance in detail.*
- *The FBC is launching its collaborative platform.*



CONTENT

IMPACT OF COVID-19 ON THE GCC ECONOMIES & ECONOMIC STIMULUS PLANS

United Arab Emirates
Saudi Arabia
Kuwait
Oman

COVID-19 CASES

LEGAL FRAMEWORK

COVID-19 and business interruption by Sareena BAMRAH, Director - Accuracy.

FBC NEWS

Collaborative Platform Covid-19 -Creating synergies and collaboration together.

The "FBC Weekly Briefing" is published by the French Business Council Dubai & Northern Emirates. The views and opinions expressed in its columns do not necessarily reflect those of the Chamber's Members and Management. All efforts have been made to ensure accuracy of the information within its publication.

The French Business Council Dubai & Northern Emirates endeavours to disseminate accurate and up to date information, and will correct, to the extent possible, any errors that it finds will be reported. However, the French Business Council Dubai & Northern Emirates can in no way be held responsible for the use and interpretation of the information contained in this publication. Copyright: French Business Council Dubai & Northern Emirates 2020 - All right reserved.

| IMPACT OF COVID-19 ON THE GCC ECONOMIES & ECONOMIC STIMULUS PLANS



| COVID-19'S IMPACT - UAE

UAE will reduce oil output by 100,000 bpd in June. Suhail bin Mohammed Faraj Faris Al Mazrouei, Minister of Energy and Industry, announced that the UAE will voluntarily cut its oil output by 100,000 barrels per day in June in a bid to back Saudi Arabia's efforts to rebalance the world oil market.¹

Dubai PMI declines to new low in April. The Dubai PMI fell to a new record low of 41.7 in March, the second consecutive reading below the 50-level that separates expansion from contraction. Both output and new work contracted sharply in April, as non-essential businesses were closed for most of last month and movement was restricted. More than 40% of firms surveyed reported lower new orders in April, while 37% reported declining business activity. [Read the analysis](#)²

Dubai's Emirates airline reveals 21% increase in profit year on year. But Sheikh Ahmed said it 'will take 18 months at least, before travel demand returns to a semblance of normality'. Emirates airline reported an annual profit of AED1.1 billion (\$288 million), up 21% from the previous year, in its results announced on May 10, 2020. The sharp increase in profit was due to "healthy demand", particularly in the second and third quarters of the year and "lower average fuel prices over the year" according to Sheikh Ahmed bin Saeed Al Maktoum, chairman and chief executive, Emirates Airline and Group. [Read the Annual Report](#)³

| RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

| UAE

U.A.E. Sets Two-Stage Plan to Reopen Economy as Virus Spreads. The UAE's response to the economic challenges caused by the Covid-19 pandemic will come in two phases, including longer-term stimulus that will "encourage investment in sectors with high potential", such as the digital economy, the renewables industry and companies promoting food security, Minister of Economy Sultan bin Saeed Al Mansoori said.⁴

Mohamed bin Zayed orders payment of cost for stem cell treatment of critical coronavirus cases. His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, has ordered payment of all costs related to treatment of critical cases of coronavirus through stem cell therapy. The initiative of His Highness Sheikh Mohamed bin Zayed Al Nahyan comes after the Abu Dhabi Stem Cell Center, ADSCC, announced development of an innovative and promising treatment for COVID-19 infections using stem cells.⁵

Ministry of Human Resources calls on private sector establishments to grant sick leave to COVID-19 cases. The Ministry of Human Resources and Emiratization has called on private sector establishments to consider workers infected with COVID-19 as sick cases entitled to sick leave as per Federal Law No. 8 of 1980. Pursuant to the law, an employee who has completed more than three months of service after the completion of a probation period is entitled to sick leave for a period not exceeding 90 days, continuous or otherwise, for every year of service, wherein he or she should be paid a full salary for the first 15 days, half salary for the

1 <http://wam.ae/en/details/1395302842060>

2 <http://www.emiratesnbdresearch.com/research/article/?a=dubai-pmi-declines-to-new-low-in-april-1802>

3 <https://www.hoteliermiddleeast.com/business/117450-dubais-emirates-airline-reveals-21-increase-in-profit-year-on-year>

4 <https://www.thenational.ae/business/economy/coronavirus-longer-term-stimulus-part-of-economic-recovery-plan-says-uae-minister-1.1018573>

5 <http://wam.ae/en/details/1395302841561>

subsequent 30 days, and go without any salary for the remaining 45 days. The Ministry called on establishments not to terminate the service of any employee proven to have been infected with COVID-19.⁶

| DUBAI

Supreme Committee of Crisis and Disaster Management approves minor updates to protocols followed in the easing of restrictions in Dubai. While maintaining all previous preventive measures in shopping malls and retail outlets, the updates allow the refund and return of goods and use of fitting rooms with the condition that strict precautionary conditions aimed at ensuring the safety of customers be observed. The updates also allow the opening of public parks with strict enforcement of specific preventive measures. These include ensuring gatherings do not exceed five people. Hotels are allowed to reopen their private beaches only to their guests while enforcing stringent preventive measures, the most important of which is mandatory physical distancing between individuals.⁷

Dubai releases post-Ramadan ‘reopening’ plan for malls and offices. Dubai Economy released a “reopening” plan on Tuesday setting out rules and guidelines. Shopping centres and retail outlets can now remain open between 10am and 10pm, from the existing 12pm-10pm. Stores will continue to operate at 30 per cent of their capacity in terms of staff and customer numbers.⁸

DSOA announces additional incentives, exemption packages for business partners. The new DSO exemptions and incentives package include waiving both a AED12,000 license fee and AED6,900 registration package for new clients for the first year until end of June 2020; the new client registration package includes a one-time registration fee, shareholder resolution fee, specimen signature fee, trade name reservation fee, memorandum of articles and association. Under these packages, DSOA will also provide a one-month grace period for new companies.⁹

6 <https://wam.ae/en/details/1395302841484>

7 <http://wam.ae/en/details/1395302842485>

8 <https://www.thenational.ae/uae/government/coronavirus-dubai-releases-post-ramadan-reopening-plan-for-malls-and-offices-1.1018284>

9 <https://www.wam.ae/en/details/1395302841883>

10 <https://www.mediaoffice.ae/news/2020/May/13-05/Emirates-resumes-passenger-flights-to-9-destinations>

11 <https://www.sme10x.com/10x-industry/elevision-media-creates-aed-4-million-media-fund-to-support-local-smes>

Emirates resumes passenger flights to 9 destinations, including connections between UK and Australia. Emirates has announced its plan to operate scheduled flight services from 21 May to nine destinations: London Heathrow Frankfurt, Paris, Milan, Madrid, Chicago, Toronto, Sydney and Melbourne.* The airline will also offer connections in Dubai for customers travelling between the UK and Australia. These flights will be available for booking on emirates.com. Travellers will only be accepted on these flights if they comply with the eligibility and entry criteria requirements of their destination countries. This includes an approval from the Federal Authority for Identity and Citizenship (ICA) for UAE residents who wish to return to Dubai.¹⁰



Elevision Media creates AED 4 million media fund to support local SMEs. Initiative will assist struggling businesses affected by the crisis with targeted ad campaigns. In response to the Covid-19 pandemic and its impact on the SME community, Elevision Media has launched an initiative to provide AED 4,000,000 in free advertising to help small local businesses market and promote their businesses. The “Support your Local Community” initiative is coordinated with Elevision’s community partners across Dubai and Abu Dhabi.¹¹

Sojern Launches New Interactive COVID-19 Travel Insights Dashboard. Real-time travel data provides travel marketers the tools needed to monitor travel demand and plan for recovery. The dashboard, updated daily, will provide market-level details on future searching and booking trends.¹²

| ABU DHABI

Kizad rolls out new relief packages to help businesses cope with Covid-19. Khalifa Industrial Zone Abu Dhabi (Kizad), a subsidiary of Abu Dhabi Ports, rolled out new relief packages that provide up to 36 per cent savings for businesses operating in the freezone in an effort to support its customers amid Covid-19. The new measures, available to both existing and prospective customers, offer savings of up to 25 per cent on new registrations and renewals while security deposit charges will be waived.¹³

Abu Dhabi announced on Monday, 11th May 2020 a 20 per cent refund on annual commercial property leases for restaurants, tourism and entertainment facilities. Abu Dhabi Department of Economic Development (ADDED) said eligible

12 <https://www.ameinfo.com/industry/travel/sojern-launches-new-interactive-covid-19-travel-insights-dashboard>
13 <https://www.thenational.ae/business/kizad-rolls-out-new-relief-packages-to-help-businesses-cope-with-covid-19-1.1016289>
14 [khaleejtimes.com/business/local/20-rent-refund-for-abu-dhabi-restaurants-tourism-firms](https://www.khaleejtimes.com/business/local/20-rent-refund-for-abu-dhabi-restaurants-tourism-firms)
15 <https://gulfnews.com/uae/government/opening-of-sharjahs-city-centre-al-zahia-deferred-until-next-year-1.71438866>

businesses would have to apply online for the refund, which is calculated against fixed rental costs. The refund scheme is aimed at easing pressure on businesses affected by government measures to contain the spread of the pandemic, official news agency WAM said. It did not however say who would bear the cost of the refund or whether the government would compensate landlords.¹⁴

| SHARJAH

Opening of Sharjah's City Centre Al Zahia deferred until next year. Decision has been taken in light of the coronavirus pandemic. Majid Al Futtaim has announced a new opening date for its upcoming mall in Sharjah - City Centre Al Zahia. Now set to open in March 2021, the decision allows tenants sufficient time to prepare for their new store openings and ensure they can provide a compelling customer experience. In a statement by the company on Monday, the decision to defer the mall opening date has been taken in light of the global disruption in the retail sector due to the coronavirus pandemic.¹⁵



WEEKLY BRIEFING COVID-19 OUTBREAK

Register here to get the next one directly to your inbox!

[Register here](#)

| COVID-19's IMPACT - SAUDI ARABIA

Saudi Arabia to cut oil production by additional 1 million bpd. Saudi Arabia will unilaterally cut an extra 1 million barrels of oil production per day from June in a renewed effort to stabilize global energy markets. The Kingdom's energy ministry told Saudi Aramco to further reduce the output level beyond the historic reductions agreed with OPEC+ countries last month, bringing the total the Kingdom is pledged to reduce to nearly 5 million barrels a day.¹

Aramco's Q1 net profit slides 25% on lower oil prices and Covid-19. Saudi Aramco, the world's largest oil-exporting company, reported a 25 per cent decline in first quarter net profit because of lower crude prices as well as declining refining and chemicals margins and inventory re-measurement losses. Net profit for the three months ending March 31 fell to 62.5 billion Saudi riyals (Dh61.2bn/\$16.7bn) from the year-earlier period, the company said in a statement on the Tadawul exchange where its shares trade. Aramco's sales for the quarter fell 16.2 per cent to 225.6bn riyals. The company paid \$13.4bn in dividends in the first quarter for the last three months of 2019. It will pay \$18.7bn in dividends in the second quarter for the first three months of 2020.²

1 <https://www.arabnews.com/node/1673136/business-economy>

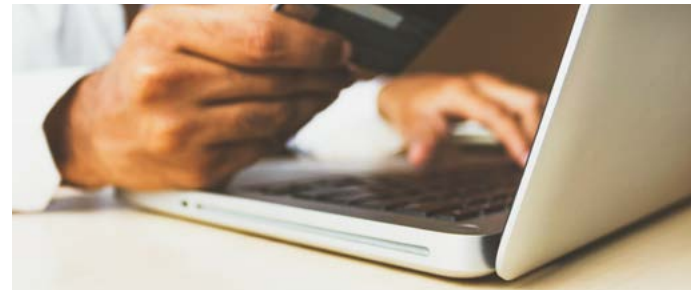
2 <https://www.thenational.ae/business/aramco-s-q1-net-profit-slides-25-on-lower-oil-prices-and-covid-19-1.1018199>

3 <http://wam.ae/en/details/1395302842007>

4 <https://www.reuters.com/article/us-health-coronavirus-saudi-curfew/saudi-arabia-to-enforce-nationwide-24-hour-curfew-for-eid-holiday-idUSKBN2202QE>

| RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Saudi Arabia triples VAT to counter economic impact of oil price drop on public deficit. Saudi Arabia will increase its value-added tax, VAT, from 5 to 15 percent in July, the Finance Ministry said on Monday, as part of moves to support the economy amid the novel coronavirus pandemic, reported the Deutsche Presse-Agentur, DPA. Starting in June, the Kingdom will suspend its cost of living allowance, a bonus King Salman ordered two years ago for state and military employees. Finance Minister Mohammed Al Jadaan said the pandemic had caused a decline in revenues, thus requiring the government to cut expenditures and introduce measures to support stability of non-oil revenues.³



Saudi Arabia to enforce nationwide 24-hour curfew for Eid holiday. Saudi Arabia will enforce a countrywide 24-hour curfew during the five-day Muslim Eid al-Fitr holiday later this month to help stem the spread of the coronavirus, the interior ministry said on Tuesday. The curfew will apply from May 23-May 27 following the end of the fasting month of Ramadan.⁴

| COVID-19's IMPACT - KUWAIT

| RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Kuwait imposes 'total curfew' from Sunday to curb coronavirus. Kuwait on April 20 expanded

1 <https://www.arabnews.com/node/1671706/middle-east>

a nationwide curfew to 16 hours a day, from 4pm to 8am, and extended a suspension of work in the public sector, including government ministries, until May 31.¹

| COVID-19's IMPACT - OMAN

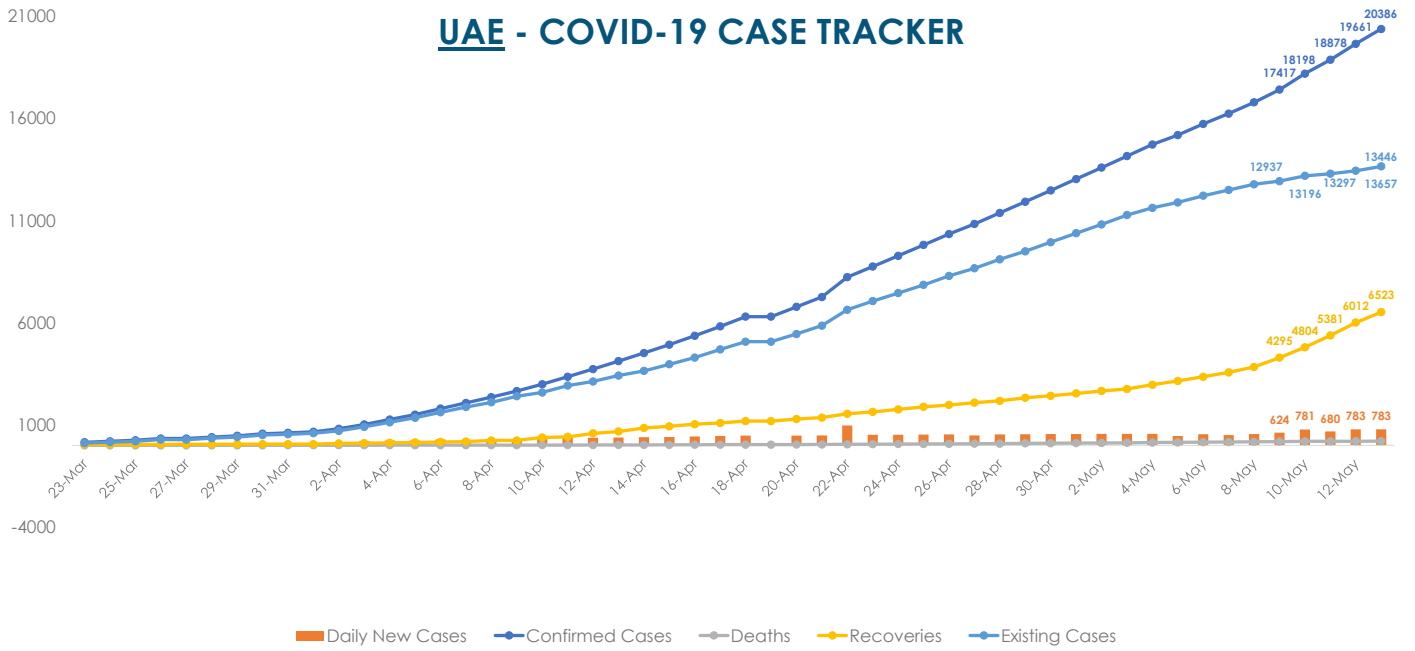
| RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Oman government orders more budget cuts. The Ministry of Finance issued directives for an

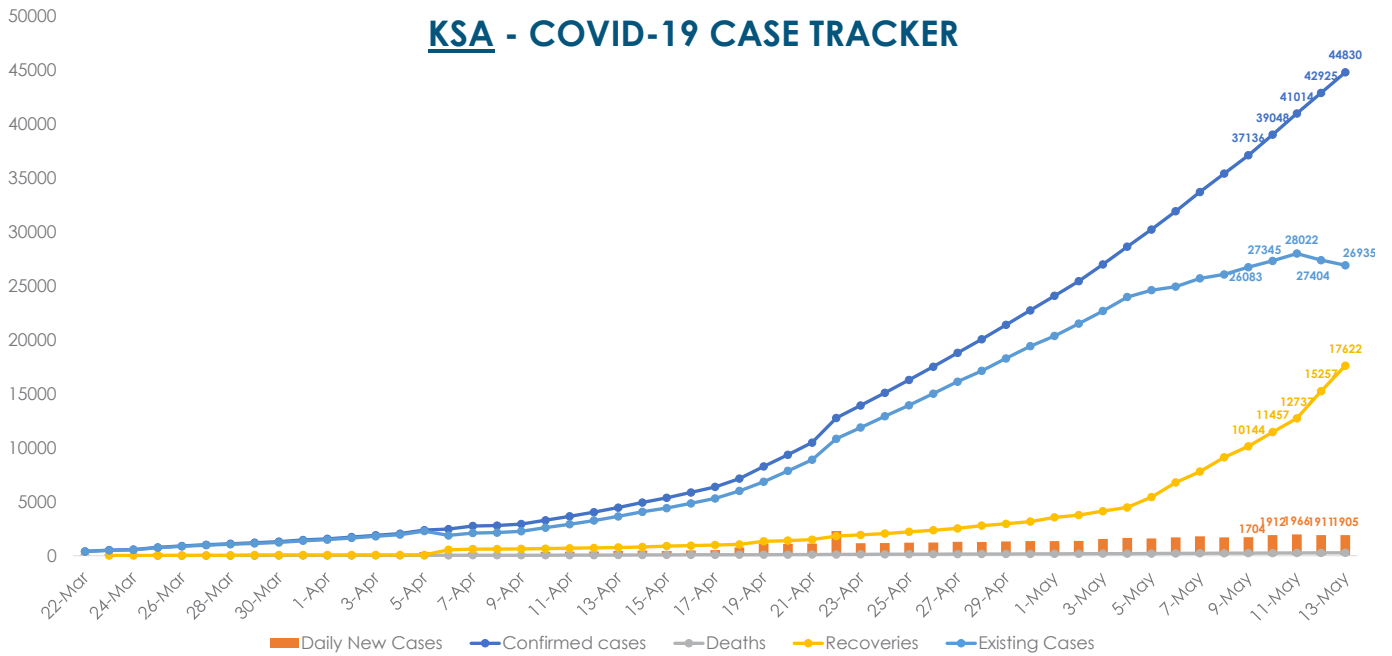
additional 5 per cent reduction in the approved budget for all civilian, military and security units for 2020. The directives included stopping all unnecessary parties and events such as annual celebrations and inaugural parties.¹

1 <https://timesofoman.com/article/3014863/oman/government/oman-government-orders-more-budget-cuts>

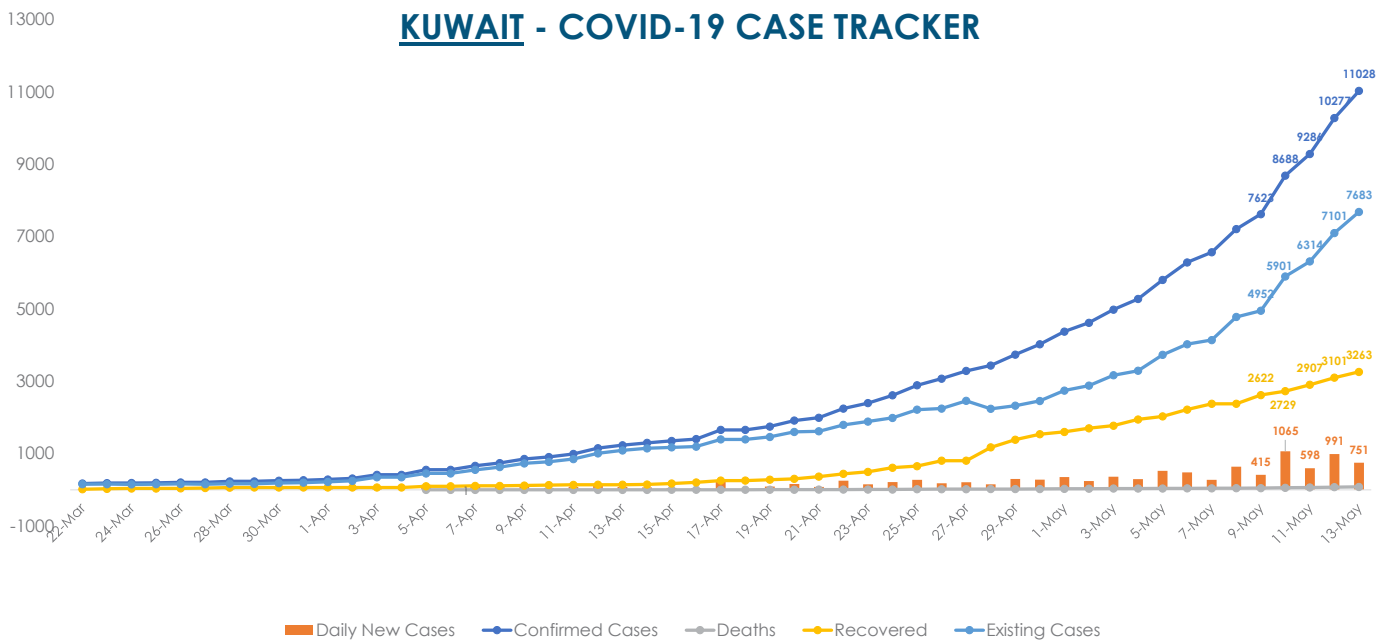
UAE - COVID-19 CASE TRACKER



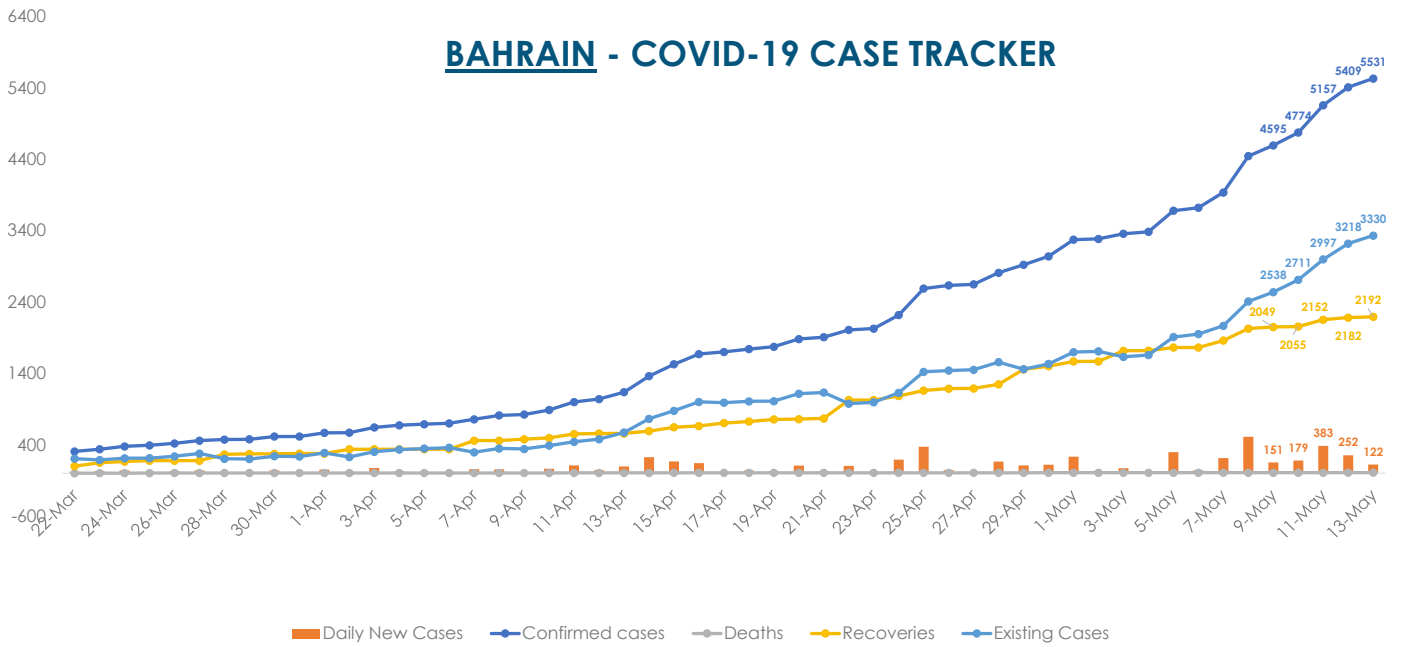
KSA - COVID-19 CASE TRACKER



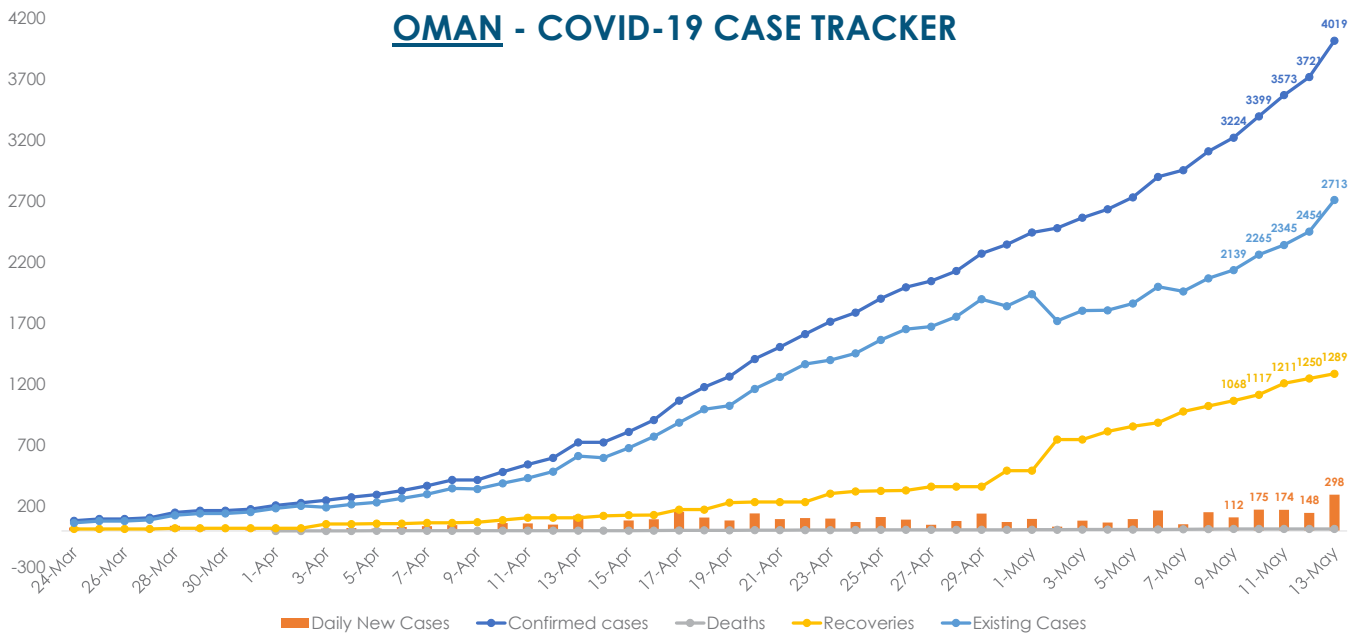
KUWAIT - COVID-19 CASE TRACKER



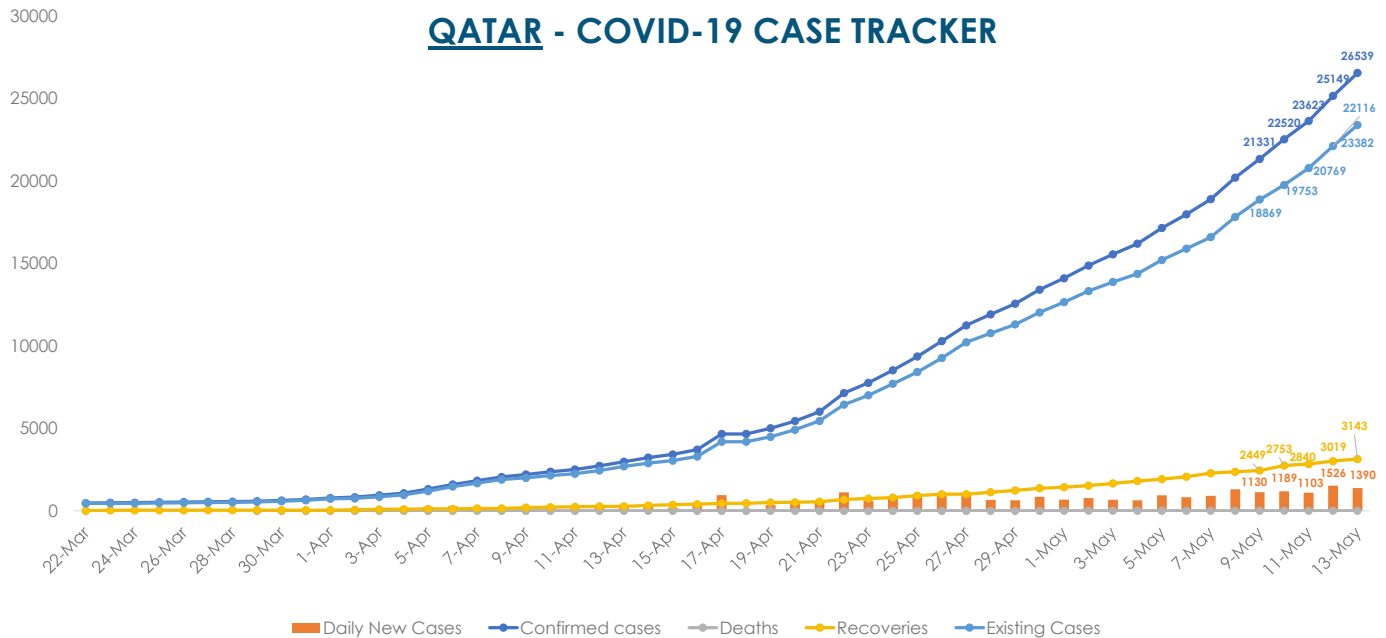
BAHRAIN - COVID-19 CASE TRACKER



OMAN - COVID-19 CASE TRACKER



QATAR - COVID-19 CASE TRACKER



COVID-19 AND BUSINESS INTERRUPTION

In the event that COVID-19 affects the financial position of your business, your insurance policy may provide relief under a claim for business interruption.

As the novel COVID-19 pandemic evolves, the financial impact on business is uncertain. Despite the efforts from governments to support businesses through means of stimulus packages, companies will seek indemnity from insurances for financial losses sustained.



The purpose of insurance is to reduce your business's exposure to the effects of particular risks such as a pandemic which has brought global economies to a halt. Whilst a pandemic may not fulfil the property damage provision of a standard business interruption policy, which would typically respond to perils such as fires, floods, there may be provisions within the cover

for non-damage extensions including notifiable disease, contamination, loss of attraction, cancellation of events, public authorities clause, provided that these are not otherwise excluded from the insurance program. Since no one business interruption policy is the same, each claim must be assessed on its own merits.

In the event that you have a rightful claim for business interruption, a specialist forensic accountant and insurance expert can support you in quantifying the financial losses sustained due to the reduction in turnover resulting from the suspension of operations, whether wholly or partially.

Specialist forensic accountant and insurance experts act as independent experts and work seamlessly with you to facilitate an efficient claims process and an equitable claim settlement allowing you to focus on the reinstatement of your business. Many policies include the benefit of having the cost of these services covered under the claims preparation extension in the policy.

For more information on Accuracy's Forensic Accounting services and experts, please contact Sareena BAMRAH.



by Sareena BAMRAH
Director
Accuracy
sareena.bamrah@accuracy.com



COLLABORATIVE PLATFORM COVID-19

Today, it is more than ever important for us to be there for you, to **assist you in maintaining and developing your business, as well as creating meaningful connections**. For all of these reasons, we are pleased to launch our online collaborative platform.

What is the objective of the Covid-19 Collaborative Platform?

The objective of the COVID-19 Collaborative Platform is to **empower our business community to find solutions to meet their business needs and to offer their services**.

It allows callers and suppliers to meet each other through a business matchmaking service managed by our team. This collaborative platform is **open to all and is provided free of charge** by the French Business Council.

How does it work ?

YOUR COMPANY IS FACING CHALLENGES AND NEEDS SUPPORT.

- 1 Fill out the online form describing your need.
- 2 The French Business Council team will publish your need on the the platform* and its communication supports.
- 3 Companies that can help you solve your challenge will contact the FBC team.
- 4 Our team will put you in touch with the company.

YOUR COMPANY PROVIDES A SOLUTION TO HELP OTHERS.

- 1 Fill out the online form describing the solution*.
- 2 The French Business Council team will publish your solution on the platform and its communication supports.
- 3 Companies interested in your solution will contact you directly.

[KNOW MORE](#)