

The FBC Weekly Briefing - Covid-19 Outbreak

21 MAY 2020

This edition at a glance...

- *UAE announced new timings for National Sterilisation Programme ahead of Eid al-Fitr 2020, and increased fines and penalties for violating Covid-19 guidelines.*
- *Saudi Airlines said clients can start booking domestic flights on June 1, while booking for international flights will be starting on September 1.*
- *Staycations, domestic travel to lead GCC tourism recovery from Covid-19.*
- *Since few days, the number of existing Covid-19 cases is stabilising in KSA and going down in UAE.*
- *Suspension of issuance of all entry visas has a strong impact on French companies willing to recruit new employees, currently based outside the UAE.*
- *The resulting energy mix will not only become more diversified but also more resilient to future crises.*



CONTENT

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

COVID-19 CASES

LEGAL FRAMEWORK

PROCEDURE AND TOLERANCES OF THE MINISTRY WITH REGARD TO VISAS

by Alban STEPHANT

Head of Manpower Outsourcing Services

Steering Resources

SECTORIAL FOCUS

THE ENERGY SECTOR POST COVID-19

by Omar GERMOUNI

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Air Liquide

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



| UAE - COVID-19's IMPACT, RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

| UAE

UAE residents who have been stuck abroad amid the coronavirus outbreak will be able to return from June 1, provided they meet specific criteria. The Ministry of Foreign Affairs and International Co-operation and Federal Authority for Identity and Citizenship said those wishing to return to the UAE must have a valid visa. It was previously understood that those wishing to return must also have family living in the UAE but this has since been clarified as not being a prerequisite. Residents were instructed to register in the service titled Residents' Entry Permit on the website smartservices.ica.gov.ae.¹

We need a more lean, faster and resilient government, says UAE Vice President Sheikh Mohammed. His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai, said the UAE needs a more lean, resilient and faster government that can respond to national priorities. "The UAE, led by President His Highness Sheikh Khalifa Bin Zayed Al Nahyan, is capable of facing crises and shaping the future, and continue to boost its development process and keep up with global changes and benefit from them, which strengthens the UAE's position on the global stage," he added.²

During the first quarter of 2020, the total loans provided by Emirati banks to small and medium-sized enterprises, SMEs, totalled AED93.4 billion, an increase of AED3.9 billion or 4.3 percent compared to AED89.5 billion in the fourth quarter of 2019. The loans provided accounted for some 8.1 percent of the total cumulative balance of credit facilities given to all private-sector economic and commercial activities in the first quarter of 2020, accounting

for AED1.149 trillion, according to the Central Bank of the UAE's statistics. Supporting SMEs is a priority of the federal government, as part of its policy to diversify the national economy and generate employment opportunities.³

UAE and Singapore discuss economic, investment relations and plans after coronavirus. Mohammed Ali Al Shorafa, Chairman of the Abu Dhabi Department of Economic Development, ADDED, held a remote meeting held through video conferencing with Kamal R Vaswani, Ambassador of the Republic of Singapore to the UAE, to discuss ways to improve bilateral economic relations between the two parties. During the meeting, both parties explored trade and investment cooperation and the exchange of experiences in several economic sectors, particularly innovation and information technology.⁴



Staycations, domestic travel to lead GCC tourism recovery from COVID-19, says ATM report. Local tourism and domestic travel are expected to lead the UAE and wider GCC's recovery from COVID-19 as we begin to see the easing of lockdown restrictions. The research from Colliers International, in partnership with ATM, revealed the percentage of bookings to Abu Dhabi within a 48km radius increased from just 20 per cent in January 2020 to 43 per cent in March. While, in Dubai, the percentage rose

1 <https://www.thenational.ae/uae/government/uae-announces-new-procedures-allowing-residents-to-return-from-june-1-1.1021303>

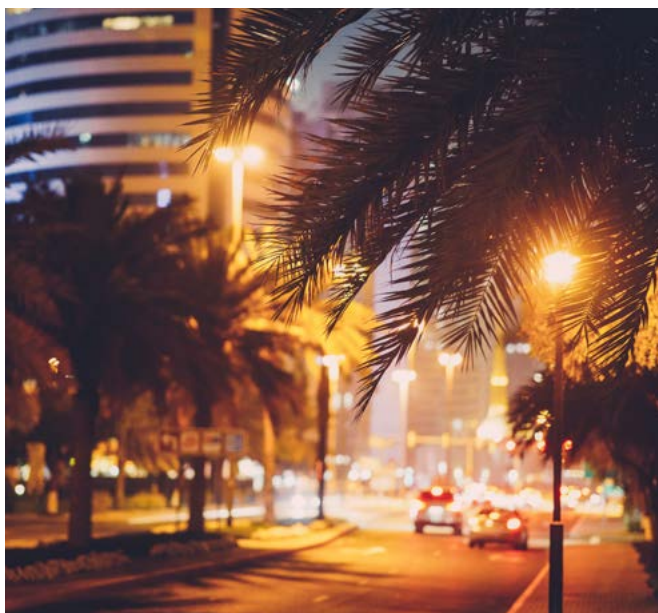
2 <https://gulfnnews.com/uae/government/we-need-a-more-lean-faster-and-resilient-government-says-uae-vice-president-sheikh-mohammed-1.1589382725713>

3 <https://wam.ae/en/details/1395302843598>

4 <https://wam.ae/en/details/1395302842804>

from 19 per cent to 36 per cent. Adding to this, research by Sojern, suggests staycations are expected to become the most popular choice of travel in the short to medium-term.⁵

UAE steps up local production and trade partnerships amid outbreak. New trade partnerships and a greater focus on local farming are just some of the measures being taken by the UAE to avoid a food security crisis amid the Covid-19 outbreak. The pandemic has affected shipping and production worldwide as countries restricted movement and economic activity to limit the spread of the virus. Countries such as the UAE, where farming is limited, are vulnerable to trade quotas or international export restrictions, but local officials say the Emirates are well placed to cope. Air cargo has been ramped up to compensate for global shipping restrictions while local food production has tripled.⁶



UAE increases fines and penalties for violating COVID-19 guidelines. On Monday May 18, the UAE announced new timings for National Sterilisation Programme ahead of Eid al-Fitr 2020. From Wednesday May 20 onwards, and until further notice, the programme will run between 8pm and 6am. Currently, the programme takes place between 10pm and 6am.⁷

| DUBAI

Dubai's inflation rate continued to fall for the seventeenth month in a row to register a 3.34% year-on-year (YoY) decline in April amid the coronavirus (COVID-19) pandemic. The Consumer Price Index (CPI) decreased to 103.93 points in April 2020, compared to 107.5 points in the same month of 2019, according to the latest data by Dubai Statistics Centre.⁸

| ABU DHABI

Abu Dhabi issues new guidelines for businesses reopening. The Department of Economic Development in Abu Dhabi (DED) said the measures are aimed at ensuring workplace health and safety and supporting employee needs, in line with preventative measures imposed by the Abu Dhabi Emergency and Crisis Committee for the Covid-19 pandemic. As part of the new guidelines, low risk individuals are eligible to be in the workplace, but those who can effectively do their jobs remotely should continue to work from home. Sector-specific guidelines includes attendance caps at 30 per cent, social distancing, and sanitisation of work and communal spaces for construction, manufacturing and utilities, financial services, retail and wholesale, transportation, and restaurants and hospitality.⁹

Mubadala announces rent deferment plans for ADGM Square commercial tenants. Move aligns with Mubadala's earlier investment of \$114mn in economic relief for tenants, \$19m of which was allocated for commercial tenants. According to a statement, tenants will be offered a deferment of rent and service charges for a three-month period, with an option to defer their second or third quarter payments. As an alternative to a deferment of rent and service charges, tenants will also be offered the ability to make payments on a monthly basis.¹⁰

Abu Dhabi's Etihad Airways continues to increase operations. Throughout May and June, Etihad will carry out its 'special flights' to a growing list of international destinations. Over

5 <https://www.arabianbusiness.com/travel-hospitality/446824-staycations-domestic-travel-to-lead-uae-tourism-recovery-from-covid-19>

6 <https://www.thenational.ae/uae/government/coronavirus-uae-steps-up-local-production-and-trade-partnerships-amid-outbreak-1.1021488>

7 <https://www.thenational.ae/uae/health/coronavirus-uae-introduces-heavier-fines-for-quarantine-offences-including-dh3-000-for-not-wearing-mask-1.1021287>

8 https://www.zawya.com/mena/en/economy/story/Dubais_inflation_rate_declines_334_in_April_2020-SNG_174831398/

9 <https://gulfbusiness.com/abu-dhabi-issues-new-guidelines-for-businesses-reopening/>

10 <https://meconstructionnews.com/41479/coronavirus-mubadala-announces-rent-deferment-plans-for-adgm-square-commercial-tenants>

recent weeks, Etihad has announced flights to hubs such as Amsterdam, London and Brussels. This week, it has added Belgrade, Dublin, Geneva, Milan, Paris Charles de Gaulle and Toronto to its services. In addition to this, Etihad will also introduce services to Sydney with a connection in London.¹¹

Abu Dhabi launches region's first safe and clean certification programme for tourism sector. The certification programme will be rolled out in phases. Phase one will be dedicated to hotels in Abu Dhabi, with other tourism attractions and businesses to follow. The latest initiative from DCT Abu Dhabi comes as part of the organisation's commitment to ensuring the health and safety of its residents and visitors, as well as its response to the change in consumer trends, behaviors, and expectations as a result of COVID-19.¹²



Mubadala and Honeywell collaborate to manufacture N95 respirators at Strata's Al Ain Facility. As part of its group-wide response to the COVID-19 pandemic, Mubadala Investment Company, the Abu Dhabi-based sovereign investor, announced a strategic collaboration between its wholly owned subsidiary, Strata Manufacturing, and Honeywell, to produce N95 respirators at Strata's Al Ain facility. The new N95 respirator manufacturing line, which has now commenced operations, will be the first of its kind in the GCC region, and will have an annual output capacity of over 30 million masks. The collaboration between Strata and Honeywell aims to address the need for Personal Protective Equipment, PPE, one of the most significant challenges currently facing governments and organizations globally as they work to limit the spread of COVID-19. N95 masks are respiratory

protective devices that play an important role in filtering out airborne particles.¹³

ADDED completes cancellations of fines and violations, urges owners of economic licenses to proceed with renewals or cancellations. The Abu Dhabi Department of Economic Development, ADDED, has revealed that it has completed the cancellations of all violations and fines incurred by the delay in license renewals for all licenses that have expired until 16 March 2020. The measures have benefitted more than 72,000 licenses with a total value exceeding AED 246 million. The move falls in line with the recent circular that ADDED issued covering the cancellation of all penalties imposed on economic licenses, which in turn also complements the Abu Dhabi Government's directives to support the private sector through the offer of a package of economic initiatives that was also earlier announced by the Abu Dhabi Executive Council.¹⁴

| FUJAIRAH

Fujairah oil product stocks surpass 30 mil barrels for first time.¹⁵

| AJMAN

The Ajman Tourism Development Department, ATDD, has revealed the precautionary guidelines enforced by hotels in the emirate to protect visitors and employees during the coronavirus pandemic. Under the guidelines, temperature checks are mandatory for all those entering an establishment. Hotels must also allocate different doors for entry and exit, place visible social distancing floor markings, install hand sanitiser dispensing units, provide enough masks and gloves for both guests and employees, and allocate isolation rooms in the case of any suspected or confirmed cases. Furthermore, the measures require that all hotels train their staff on how to handle suspected COVID-19-related situations. The guideline also forbids the use of re-usable items such as leaflets, magazines, newspapers, and cups etc.¹⁶

11 <https://www.hoteliermiddleeast.com/business/117637-abu-dhabis-etihad-airways-continues-to-increase-operations>

12 <https://www.wam.ae/en/details/1395302843661>

13 <https://www.wam.ae/en/details/1395302843649>

14 <https://www.wam.ae/en/details/1395302843635>

15 <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/052020-fujairah-oil-product-stocks-surpass-30-mil-barrels-for-first-time>

16 <https://www.wam.ae/en/details/1395302843240>



| KSA - COVID-19's IMPACT, RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Kuwait and Saudi Arabia agreed to stop production from the Al-Khafji crude oil field – part of their shared Neutral Zone – as of June 1. The shutdown comes just months after both countries agreed to resume production at the Neutral Zone. Total production at the Neutral Zone, which comprises the offshore Al-Khafji and onshore Wafra fields, was 260,000 b/d in April, with each country sharing output 50-50. Kuwait's share of the Wafra field was 60,000 b/d

at the time and the Al-Khafji share was about 70,000 b/d, signaling the shut down will remove about 140,000 b/d from the market.¹

Saudi Airlines said that it will open booking for domestic and international flights in the coming days. The official website of Saudi Airlines said clients can start booking domestic flights on June 1, while booking for international flights will be starting on September 1.²

1 <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/051720-kuwait-saudi-arabia-to-shut-shared-al-khafji-field-just-months-after-restart>
2 <https://gulfnews.com/world/gulf/saudi/saudi-airlines-to-open-booking-for-domestic-flights-on-june-1-1.1589813253209>

| OMAN - COVID-19's IMPACT, RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Hotel revenue in Oman dropped \$122m in first two months of 2020. Occupancy levels fell by 7.8% compared to same period in 2019, according to National Centre for Statistics and Information. Total revenue of Omani hotels in the three-to-five-star category fell by 6.3 percent to RO43.9 million (\$122m) for the first two months of the year compared to RO46.9m (\$122m) for the same period of 2019. According to the latest figures from the National Centre for Statistics

and Information (NCSI), hotel occupancy rates in the Sultanate fell by 7.8 percent to reach 62.5 percent at the end of February 2020 against 67.8% for the corresponding period last year.¹

The Supreme Committee which has been dealing with COVID-19 announced a new list of commercial activities that will allow resuming their business starting from 19th May 2020, with some conditions applied.²

1 <https://www.arabianbusiness.com/travel-hospitality/446976-hotel-revenue-in-oman-dropped-122m-in-first-two-months-of-2020>
2 <https://timesofoman.com/article/3015076/oman/government/muscat-municipality-releases-new-list-of-commercial-activities-allowed-to-operate>

| SURVEY

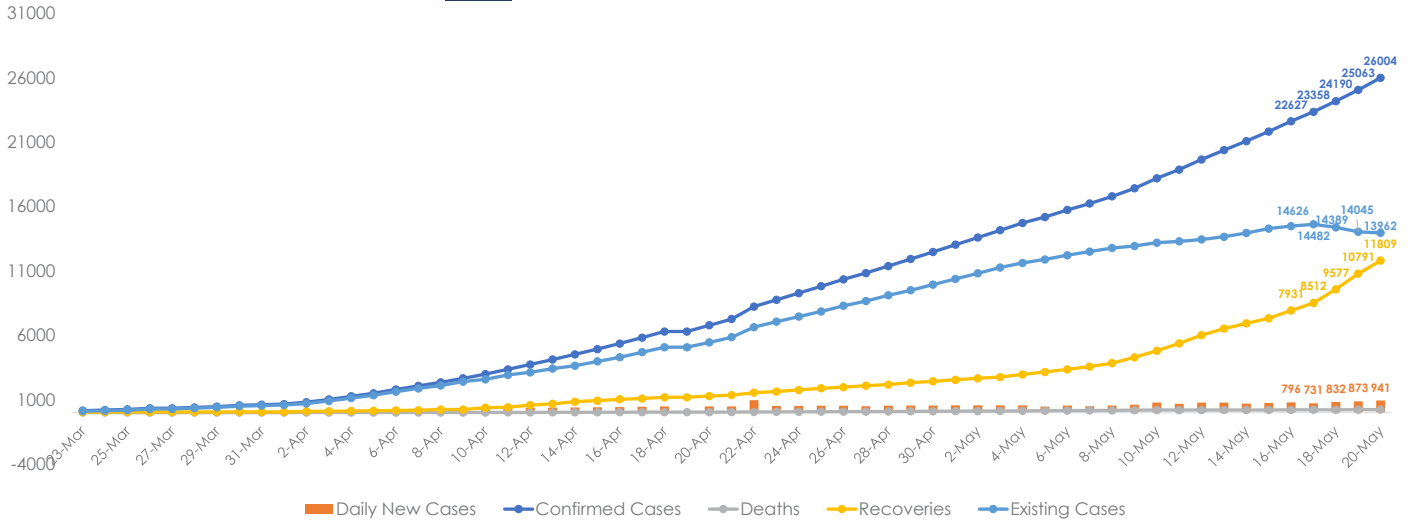
Covid-19 Business Continuity Task Force - Business to Government Discussion Platform

The French Business Council Dubai & Northern Emirates has joined forces with multiple business councils across Abu Dhabi, Dubai, and the Northern Emirates to work as one voice, one effort, and one resource to ensure that we are all maximizing every opportunity to bring business back to the U.A.E. and our members.

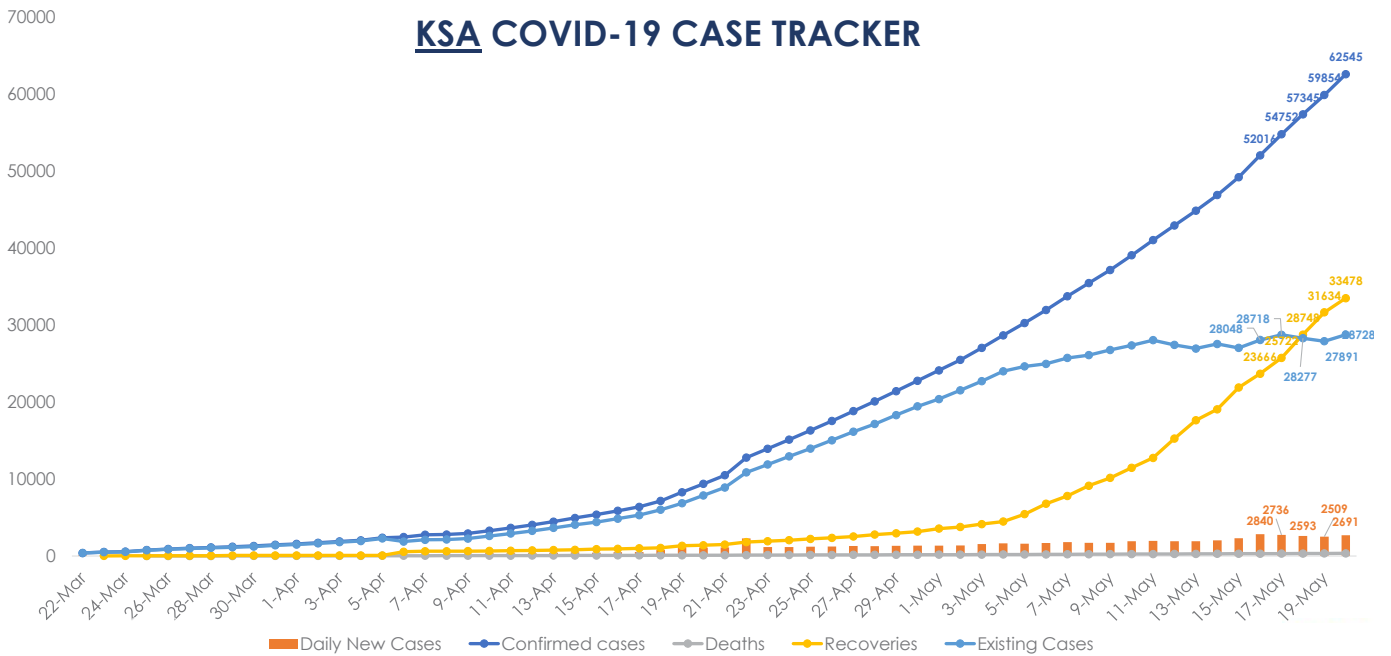
We are asking all members to participate in this 100% confidential survey, developed to provide the quantitative data that has been requested by various ministries & entities. Together, we can help shape the future of the “new normal” and work side by side to lend our combined knowledge and expertise to build the framework of the new business models. Your voice is needed!

TAKE THE SURVEY

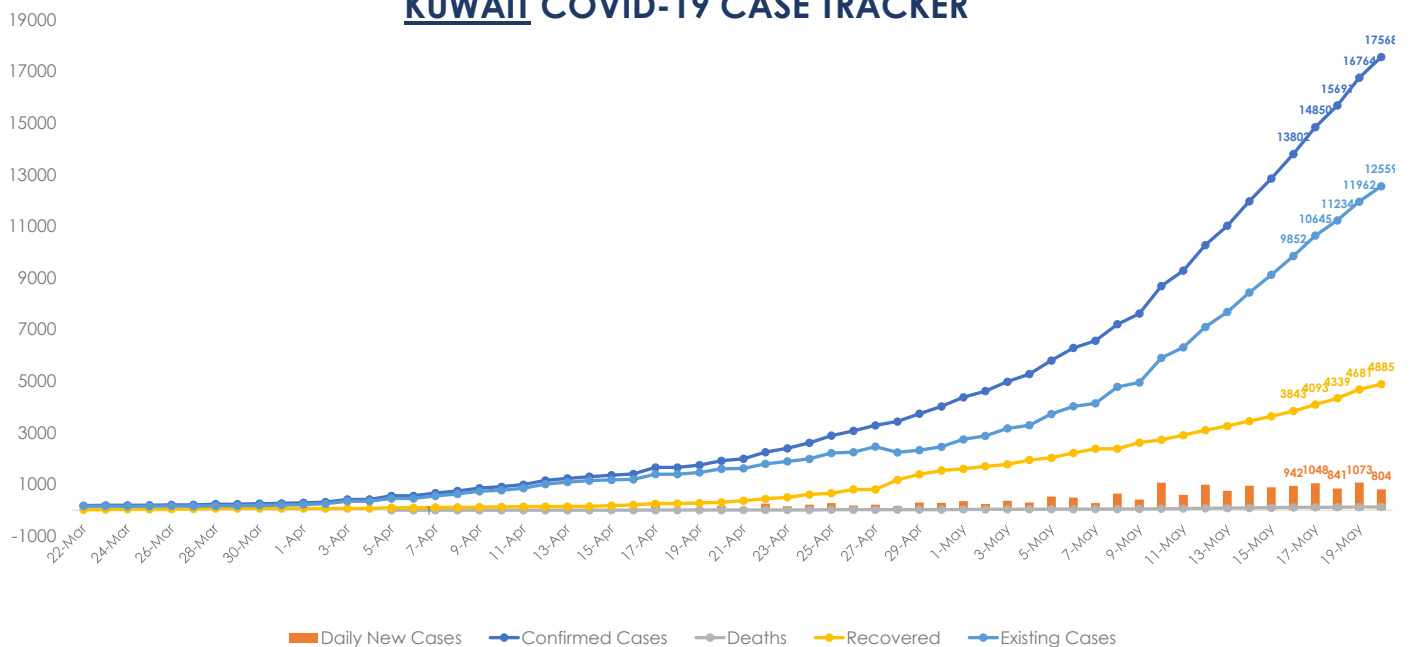
UAE COVID-19 CASE TRACKER



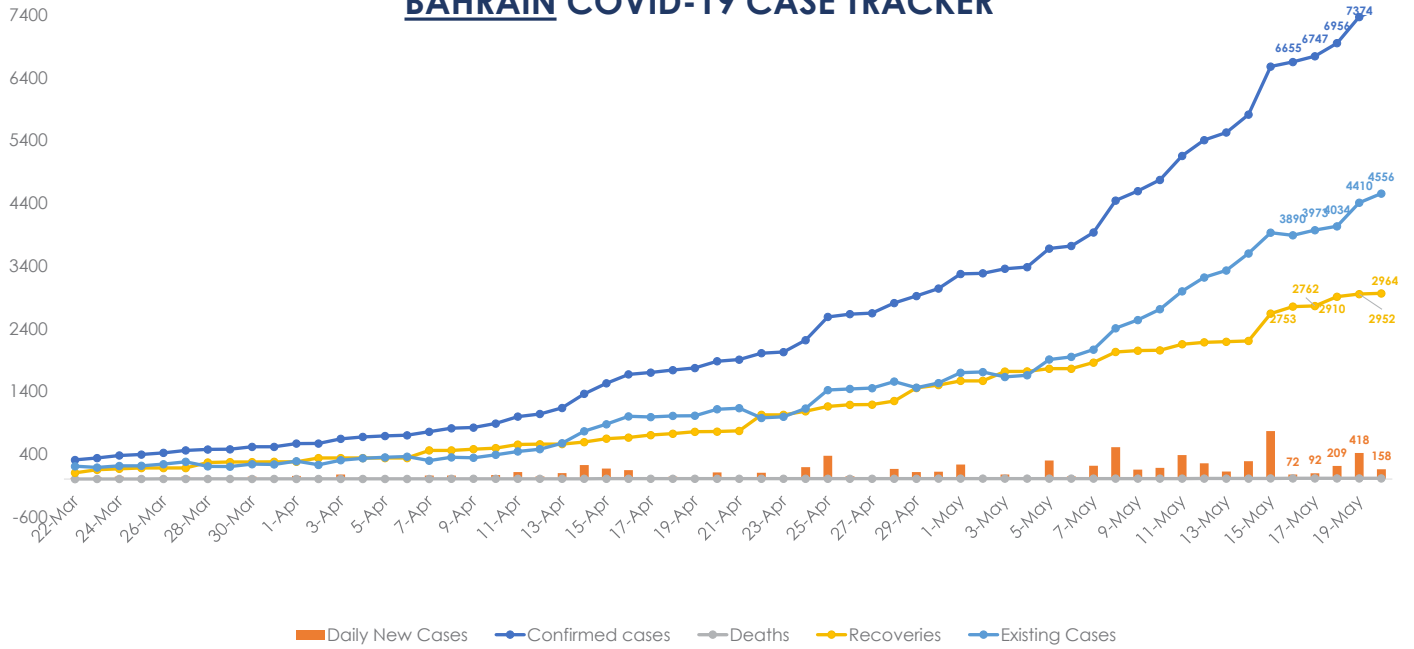
KSA COVID-19 CASE TRACKER



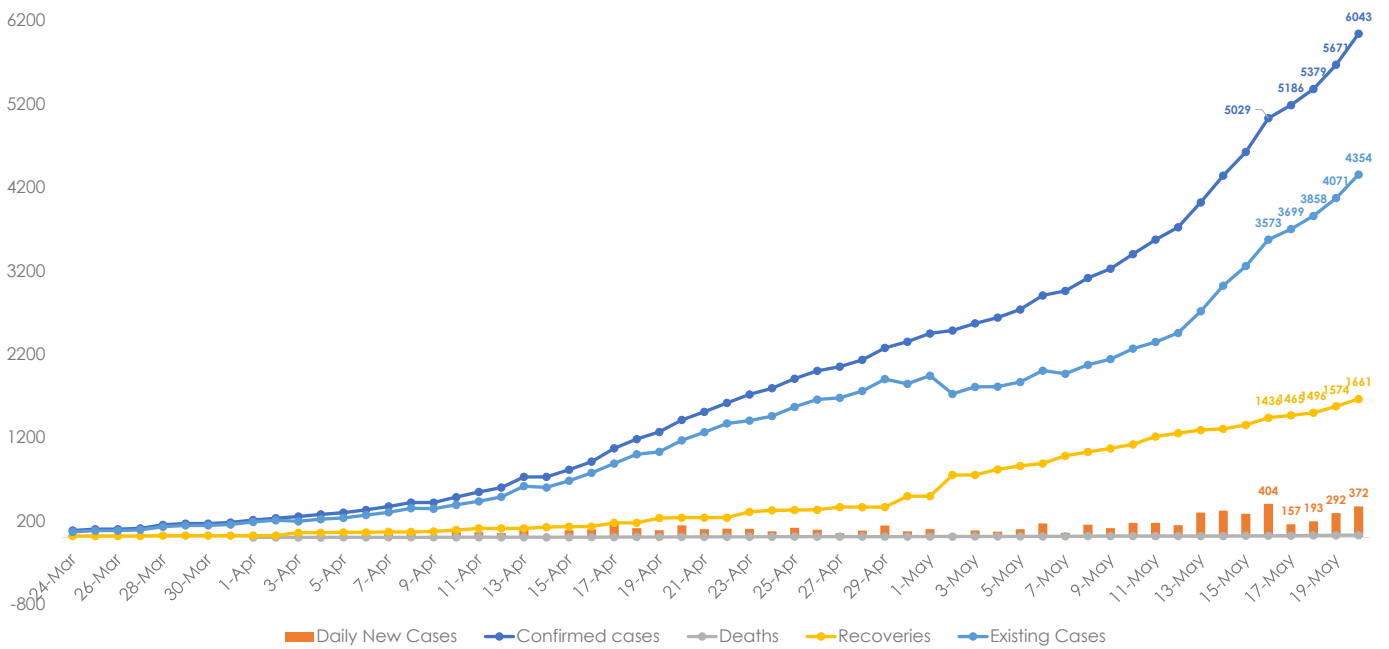
KUWAIT COVID-19 CASE TRACKER



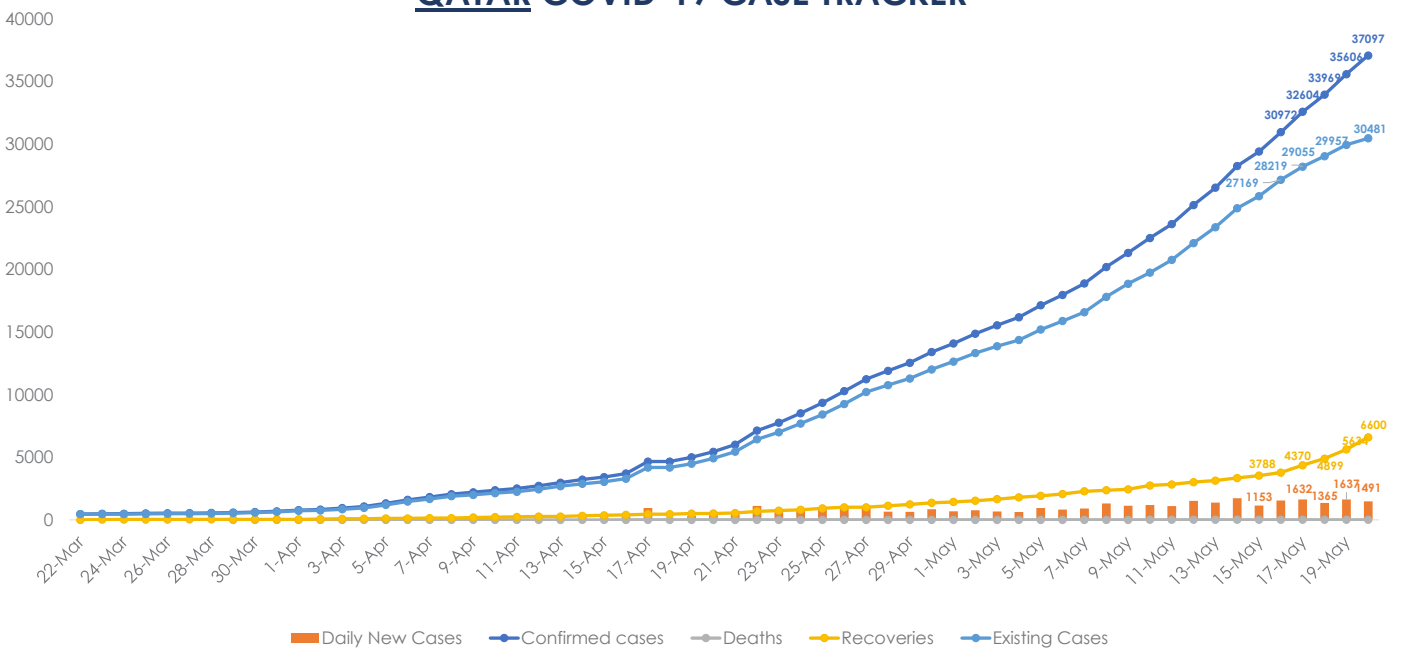
BAHRAIN COVID-19 CASE TRACKER



OMAN COVID-19 CASE TRACKER



QATAR COVID-19 CASE TRACKER



What are the procedures, what are the tolerances of the Ministry with regard to visas?

On March 17th, the UAE Federal Authority For Identity and Citizenship (ICA) has temporarily suspended issuance of all entry visas.

As of today, and borders being closed:

- No one can enter the UAE as a tourist,
- There are some restrictions on work permits issuance,
- Even UAE residence visa holders face difficulties to enter the country.

Last update from ICA is that anyone holding a valid or recently expired UAE residence visa can apply for entry permit through ICA and, the authorities will facilitate their return from June 1st (priority will be for residents for who have relatives inside the UAE).

This situation has a strong impact on French companies willing to recruit new employees, currently based outside the UAE. Even with a job offer signed and a working contract application under process on the Ministry of Human Resources and Emiratisation (MOHRE) portal, ICA will not issue entry permit for people currently based outside the UAE.

Therefore, French companies with immediate needs to hire new employees are advised to focus on recruiting

people currently based inside the UAE. There is no restriction and the MOHRE allows companies to apply for new work permits. Also, and since the start of the crisis, many people have lost their jobs and are looking for new opportunities. Quality candidates are currently available on the UAE job market.



For companies anticipating their recruitment for end of Q3 or Q4, it is impossible to commit on when the UAE Authorities will issue again new entry visas. However, when a candidate has been identified outside the country, a customized job offer can be signed with terms and conditions linked to the evolution of the situation and a validity date.



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The Energy Sector post Covid-19

The Covid 19 shockwave has profoundly unbalanced the supply and demand for goods and services, ratcheting up pressure on the global economy's very lifeblood: the energy sector.

Of all energies, oil has been the most severely affected. The failure of OPEC+ to sustain much needed production cuts in March triggered a violent price war between Saudi Arabia and Russia to the detriment of shale producers in North America. At a time when the global demand for oil was already in free fall, this race for market share had a knock-on effect on prices with no sign of short-term recovery, despite recent adjustments in production. Hence, oil players started shelving capital investment projects, adjusting workforce and cutting down spending in anticipation of a lasting sluggish demand.

The private oil sector shall witness bankruptcies, restructuring, mergers and acquisitions, with the emergence of more robust and better distributed actors across the value chain. In the GCC, the oil funded economic diversification programs will slowdown awhile, forcing states to find new sources of revenues to fund them, including new fiscal regimes and further PPP initiatives. The oil crisis has silver lining, though. The progressive shift away from oil-based fuels will give more head space for cleaner fuels to thrive.

Short term, decarbonized, desulfurized fuels, synthetic gases and ammonia will play an increasing role in power generation and maritime transport. Oil Companies will leverage on Carbon Capture Utilization and Storage technologies as they increasingly pledge to lower their emissions and carbon footprint.

Broadly speaking, those already embarked in the energy transition are likely to better weather the recession. Capital expenditures in renewable energies -solar and hydrogen in particular- will be facilitated by cost competitive technologies and economies of scale. Our region will also benefit from the efficient coupling between renewable energy production and storage. Recent technological ruptures will prompt the deployment of large-scale battery arrays coupled with high pressure hydrogen storage tanks amidst solar parks. The transition to cleaner and renewable energies will be fast tracked thanks to smart mobility solutions and the increased digitization of power grid management through affordable IIoT and AI solutions. The resulting energy mix will not only become more diversified but also more resilient to future crises. From this standpoint the United Arab Emirates and Saudi Arabia are well poised to take leading positions, owing to their already established ecosystems, funding capabilities and thought leadership.



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