

The FBC Weekly Briefing - Covid-19 Outbreak

28 MAY 2020

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- *UAE welcomes return of foreign nationals holding valid residence visa from June 1st.*
- *Dubai announced a gradual reopening of business activities from fourth day of Eid, and allows 50% of staff to return to offices.*
- *Abu Dhabi's Etihad Airways aiming for July return to 'meaningful' flight schedule.*
- *Saudi Arabia to start easing restrictions from Thursday, and extends tourist visas for 3 months for free.*
- *Kuwait government will not extend full curfew due to end Saturday, May 30, and will turn to partial curfew.*
- *To complement the UAE Central Bank stimulus package, Dubai and Abu Dhabi banks have come together to offer a comprehensive relief package to ease the financial pressure on their business customers.*
- *Construction sector : This crisis might bring innovative solutions to project stakeholders, keeping their construction sites running, or at least, safely on hold.*



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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 welcomes return of foreign nationals holding valid residence visa from June 1st.¹

The UAE Government has announced that the number of COVID-19 tests has broken the two million mark, reaching 2,044,493 screenings as part of the national plan to intensify coronavirus detection.²

| DUBAI

Gradual reopening of business activities in Dubai from fourth day of Eid. Under the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, Crown Prince of Dubai and Chairman of the Executive Council His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum announced the gradual reopening of business activities in Dubai from the fourth day of Eid Al Fitr (Wednesday, 27 May). [Read the reopening guidelines.](#)³

Dubai to allow 50% of staff to return to offices from Wednesday, after the authorities eased restrictions. Dubai Economy said 50 per cent of employees could be in an office at any time, up from 30 previously. The regulator said shops and retailers could have 70 per cent of staff on duty, also up from 30 per cent. Officials repeated the need for masks to be worn indoors and employees' workstations to be two metres apart.⁴

Under the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, H.H. Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of Dubai Executive Council, announced that 50

per cent of government employees will work from the office starting Sunday, 31st May, 2020. 100 per cent of government employees will start working from the office two weeks later, effective from 14th June, 2020. Precautionary measures will continue to be strictly enforced in government offices.⁵



Dubai Tourism, stakeholders discuss post-pandemic steps, strategies to support industry revival. Presided by the Director General of Dubai Tourism, the meeting was attended by key executives of hospitality groups including Jumeirah, Emaar Hospitality Group, Marriott International, Millennium, Accor, JA Resorts and Hotels, Kerzner International, Al Habtoor Group, Wasl and Rotana, in addition to aviation sector players like Emirates, flydubai and Dubai International Airport. With the hospitality sector being a key pillar of Dubai's economy, the discussions between Dubai Tourism and partners focused on the steps being taken to pave the way for the reopening of hotels and other tourism facilities across the city, while ensuring adherence to the strictest guidelines and providing opportunities to revive domestic market demand.⁶

Dubai Chamber holds second roundtable with Business Groups, Business Councils. With the aim of ensuring business continuity and discussing the way forward to mitigate the impact of COVID-19, Hamad Buamim, President and CEO, Dubai Chamber of Commerce and Industry affirmed that the Chamber continues to follow

1 <https://www.mofaic.gov.ae/en/mediahub/news/2020/5/19/19-05-2020-uae-visas>
2 <https://wam.ae/en/details/1395302844664>
3 <https://wam.ae/en/details/1395302844689>
4 <https://www.thenational.ae/uae/government/coronavirus-dubai-to-allow-50-of-staff-to-return-to-offices-1.1024991>
5 <https://www.wam.ae/en/details/1395302844858>
6 <https://wam.ae/en/details/1395302844677>

and study indicators related to commercial activity in the emirate, and to communicate with the local business community in order to be informed of the latest developments in this field. During the roundtable, the latest local and international developments were discussed, along with recommendations and proposals that the Chamber has presented to relevant government authorities for mitigating the impact of coronavirus on Dubai's business community.⁷

DEWA increases strategic cooperation with Huawei on AI and digital transformation. HE Saeed Mohammed Al Tayer, MD & CEO of Dubai Electricity and Water Authority (DEWA) has held a video conference with Charles Yang, President of Huawei Middle East; Marwan Bin Haidar; Executive Vice President of Innovation and the Future at DEWA; Mohammad Bin Sulaiman, CEO of Data Hub Integrated Solutions (Moro), a fully-owned subsidiary of DEWA; and Matar Al Mehairi, Chief Information Officer & Chief Innovation Officer at DEWA. The meeting strengthened cooperation with discussions on promoting bilateral relations, and sharing best international practices and experiences to protect against the COVID-19 coronavirus.⁸

DIFC reveals gradual reopening plan. Dubai International Financial Centre, the region's largest free zone, plans gradual reopening of business activities from Wednesday, May 27.⁹

Dubai's MAF to open cinemas, entertainment destinations from May 27. UAE retail conglomerate Majid Al Futtaim (MAF), will reopen VOX Cinemas, Ski Dubai, Dreamscape and Magic Planet in Dubai on May 27, it announced on May 26. This move is in line with the ruling of Dubai's Supreme Committee of Crisis and Disaster Management, which has allowed businesses in Dubai to gradually reopen, starting today, May 27.¹⁰

| ABU DHABI

The Department of Culture and Tourism - Abu Dhabi has shared detailed guidelines with the

emirate's hotels in preparation for granting approvals to reopen the establishments' restaurants, lounges, bars, beaches, pools and gyms. Having closed due to health and safety precautionary measures imposed to contain the spread of the COVID-19 virus, hotels will now be able to reopen their facilities and resume trading as soon as approval is granted from DCT Abu Dhabi. To obtain approval, the hotels must complete all the measures which are outlined in the document which DCT Abu Dhabi has compiled.¹¹



Abu Dhabi's Etihad Airways aiming for July return to 'meaningful' flight schedule. Etihad Airways CEO Tony Douglas said the airline has managed to get a "skeleton network" of flights using 25 of its Boeing 787 Dreamliners. The schedule has been growing each week, and this week the airline added more flights, including return services to Paris, Geneva, and Milan.¹²

Abu Dhabi's Mubadala to waive Q2 rent for retail tenants at its Galleria mall. Retail tenants at the Galleria mall in Abu Dhabi will not have to pay rent for the second quarter, mall operator Mubadala has said. The real estate and infrastructure arm of Abu Dhabi-based sovereign investor Mubadala Investment Company will provide tenants at the Galleria a three-month rent-free period effective from April through to June 2020, a statement said.¹³

Abu Dhabi's Hub71 will cover all employees' housing and office space rent for two months, and will evaluate the need for further support on a monthly basis as it shores up the 51 start-ups housed there amid Covid-19.¹⁴

⁷ <https://wam.ae/en/details/1395302843930>

⁸ <https://www.mediaoffice.ae/en/news/2020/May/26-05/DEWA-increases-strategic-cooperation-with-Huawei-on-AI-and-digital-transformation>

⁹ <https://www.khaleejtimes.com/coronavirus-pandemic/reopening-responsibly-difc-reveals-its-gradual-reopening-plan>

¹⁰ <https://gulfbusiness.com/dubais-maf-open-cinemas-entertainment-destinations-may-27/>

¹¹ <https://wam.ae/en/details/1395302844497>

¹² <https://www.timeoutabudhabi.com/travel/441335-abu-dhabis-etihad-airways-aiming-for-july-return-to-meaningful-flight-schedule>

¹³ <https://gulfbusiness.com/abu-dhabis-mubadala-waive-q2-rent-retail-tenants-galleria-mall/>

¹⁴ <https://www.thenational.ae/business/technology/coronavirus-abu-dhabi-hub-to-cover-start-ups-office-rent-and-housing-costs-for-two-months-1.1022411>

Shurooq re-opens leisure, eco-tourism destinations across Sharjah. Sharjah Investment and Development Authority (Shurooq) has announced the completion of a sterilisation drive across its properties, and opened its doors to their popular leisure and entertainment destinations, Al Qasba, Al Majaz Waterfront, Al Noor Island, the Flag Island, Heart of Sharjah, Mleiha Archaeological & Ecotourism Project, Khorfakkan Beach, Maraya Art Centre and 1971-Design Space. In addition, its state-of-

15 <https://wam.ae/en/details/1395302844745>

the-art City Sightseeing Sharjah (CSS) buses have begun to ply, transporting guests to tourist sites across the emirate.¹⁵



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

Saudi Arabia to start easing restrictions from Thursday. Restrictions will be lifted in three phases, culminating in the curfew completely ending - with the exception of the holy city of Makkah - from June 21, the state news agency reported on Tuesday. The Islamic Affairs Ministry also said that mosques in the kingdom will open for Friday prayers for the first time in weeks.¹

Saudi Arabia extends tourist visas for 3 months for free. Saudi Arabia will automatically renew all tourist visas that expired during the suspension of international flights free of charge for three months, the Saudi Press Agency (SPA) reported. The extension will be done automatically through the system, and that tourists will not need to visit any centre.²

1 <https://www.thenational.ae/world/gcc/coronavirus-saudi-arabia-to-start-easing-restrictions-from-thursday-1.1024736>
 2 <https://gulfbusiness.com/saudi-extends-tourist-visas-three-months-free-charge/>
 3 <https://saudigazette.com.sa/article/593530/SAUDI-ARABIA/Saudi-Arabia-to-resume-domestic-flights-starting-May-31>
 4 <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/052620-russia-overtakes-saudi-arabia-to-become-chinas-top-crude-supplier-in-april>

Saudi Arabia to resume domestic flights starting May 31. Saudi Arabia will gradually resume domestic flights, beginning on Sunday (May 31) as it eases coronavirus lockdown measures, according to a statement from the Kingdom's General Authority of Civil Aviation. Resumption of domestic flights will be in a phased manner and will include all domestic destinations within two weeks, the GACA said.³

Russia overtakes Saudi Arabia to become China's top crude supplier in April. China's crude oil imports from Russia rose 17.7% year on year to 7.2 million mt or 1.76 million b/d in April, resulting in Russia overtaking Saudi Arabia to become the country's top supplier in the month, latest data from China's General Administration of Customs showed.⁴

| KUWAIT - COVID-19'S IMPACT, RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Kuwait to restore normal life after May 30. Kuwait government will not extend full curfew

1 <https://wam.ae/en/details/1395302844675>

due to end Saturday, May 30, and will turn to partial curfew to pave way for restoration of normal life, Deputy Premier and Interior Ministry Anas Al-Saleh said on Monday, according to the Kuwait News Agency.¹

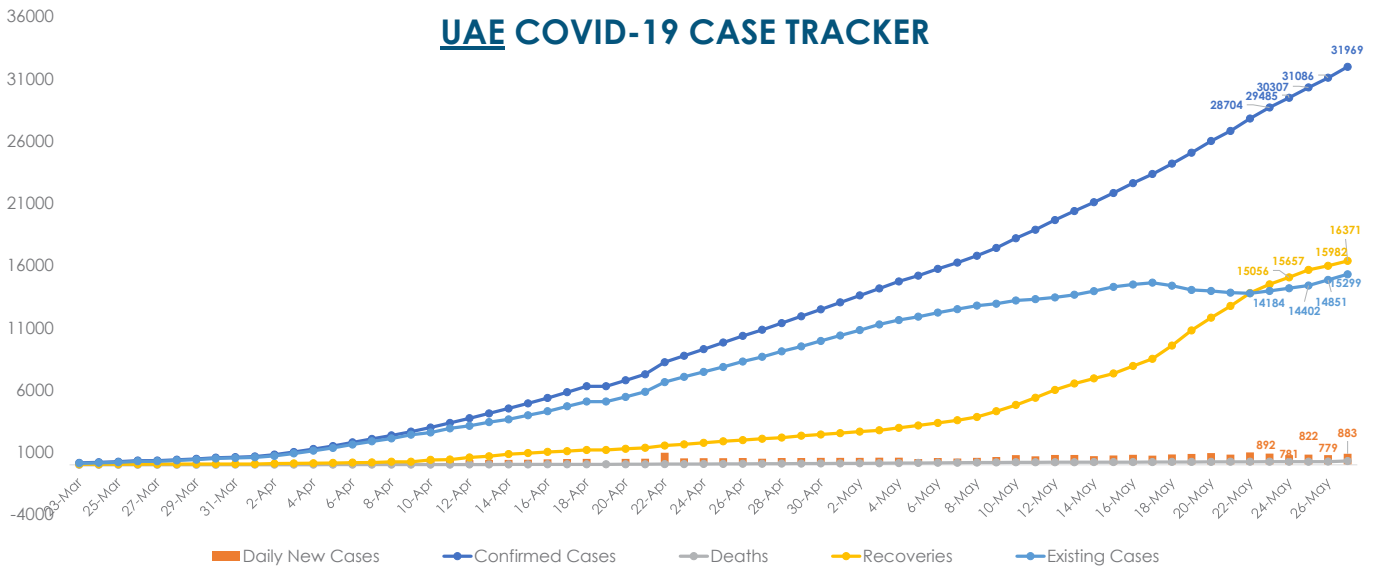
| BAHRAIN - COVID-19'S IMPACT, RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Bahrain has launched a new online service allowing people impacted by the novel coronavirus Covid-19 to register through the

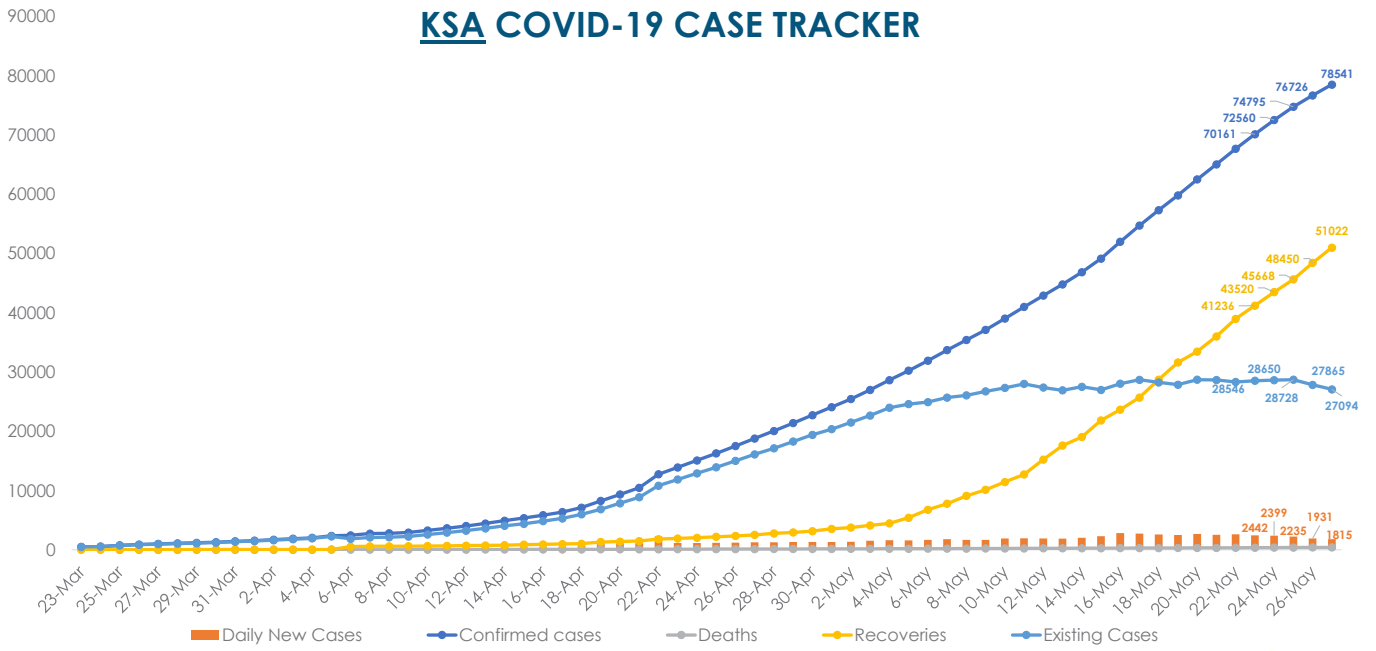
1 http://www.tradearabia.com/news/MISC_368280.html

national platform Bahrain.bh for aid. The drive is in line with the directives of His Majesty King Hamad bin Isa Al-Khalifa to provide assistance to Bahraini families which are affected by the pandemic and alleviate their financial burdens during this exceptional situation.¹

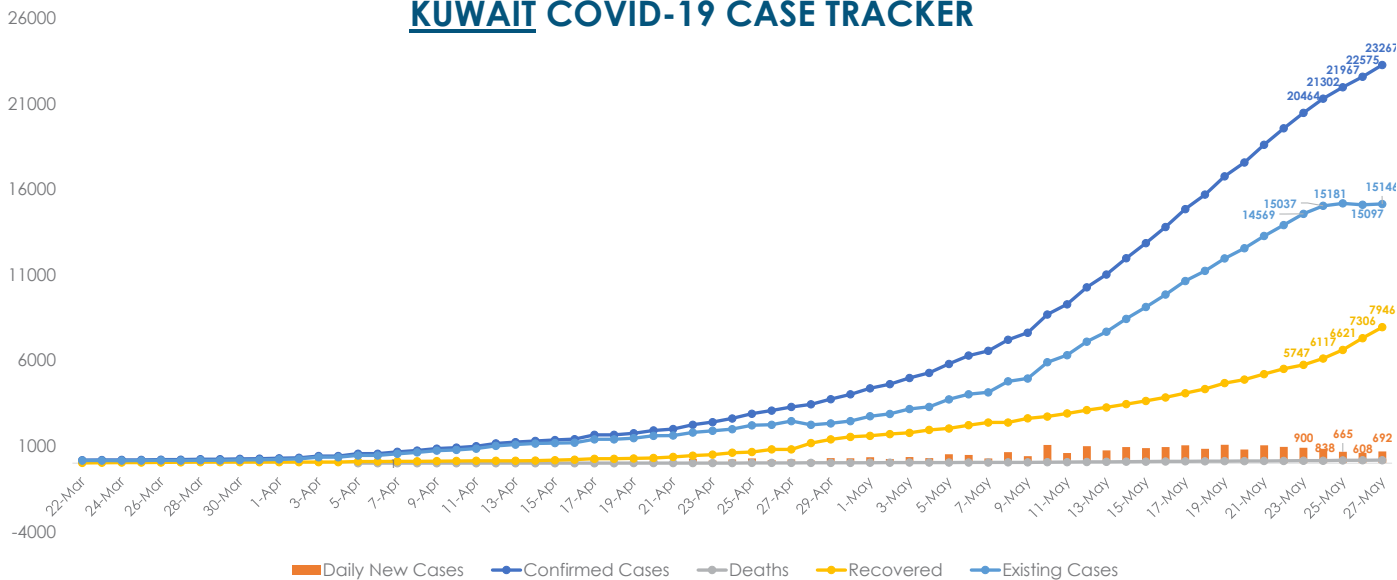
UAE COVID-19 CASE TRACKER



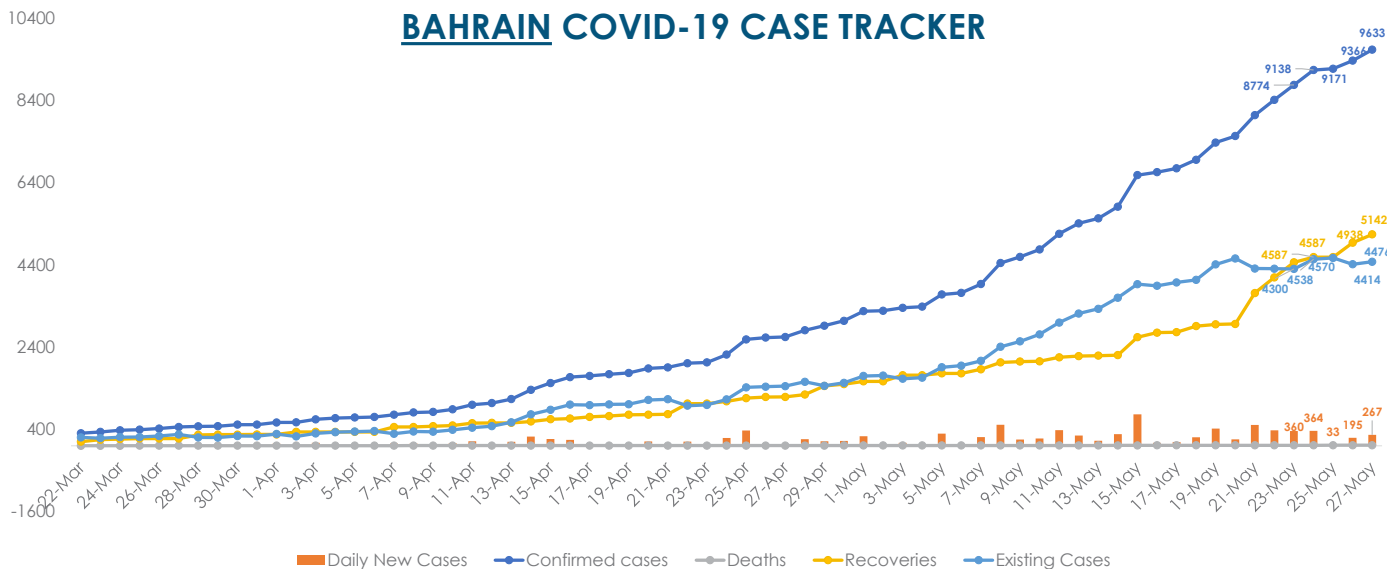
KSA COVID-19 CASE TRACKER



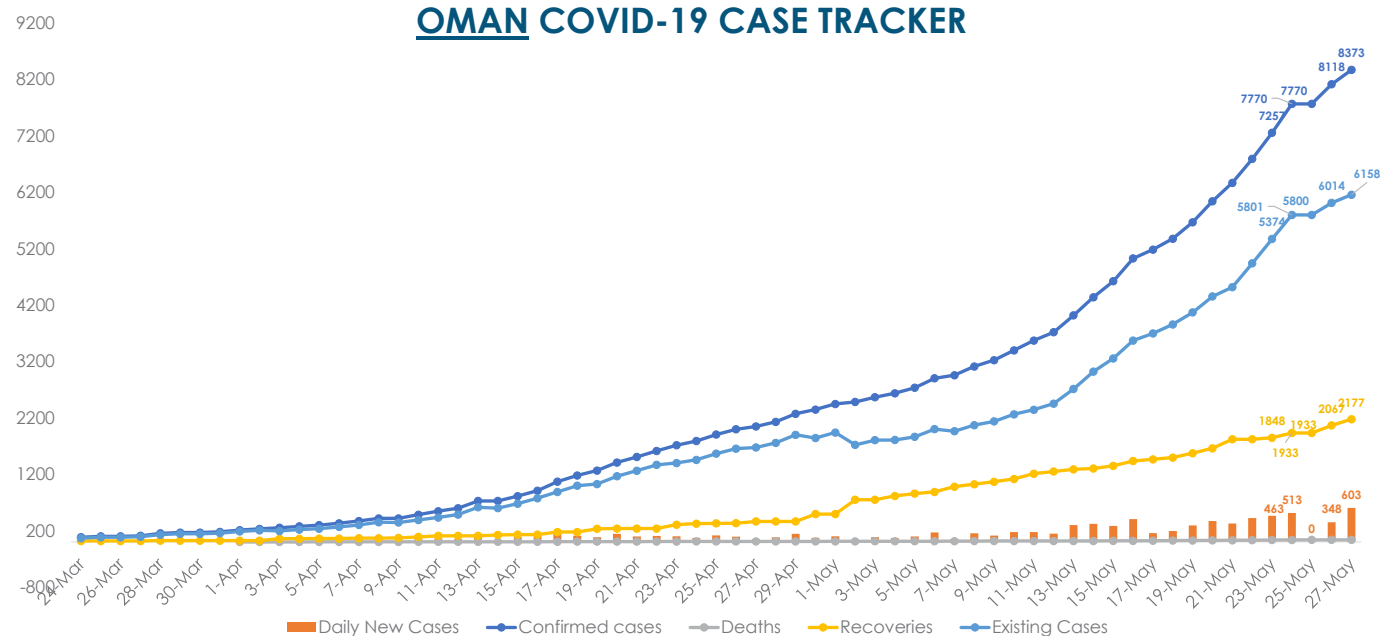
KUWAIT COVID-19 CASE TRACKER



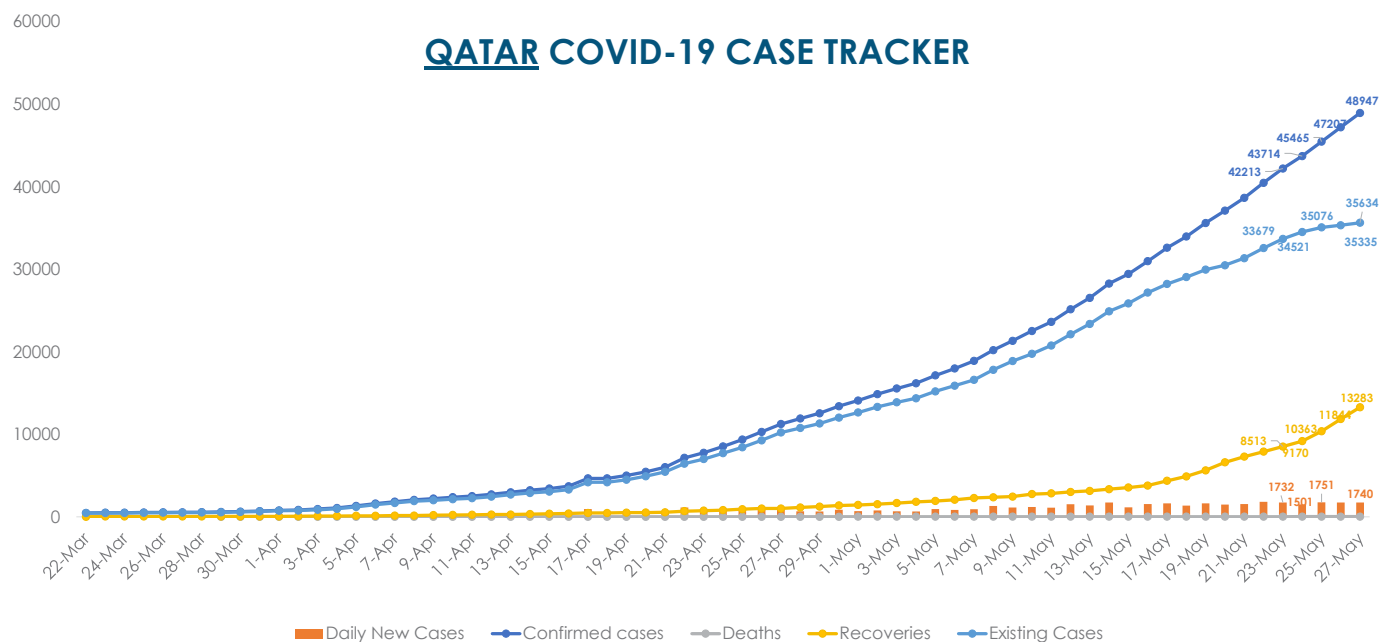
BAHRAIN COVID-19 CASE TRACKER



OMAN COVID-19 CASE TRACKER



QATAR COVID-19 CASE TRACKER



Covid-19 | Stimulus packages offered by the UAE and banks

Since the start of the coronavirus outbreak, the UAE central bank has doubled its economic stimulus package reaching AED 256 billion to mitigate the effects of the coronavirus pandemic.

To complement the UAE Central Bank stimulus package, Dubai and Abu Dhabi banks have come together to offer a comprehensive relief package to ease the financial pressure on their business customers. As of 16 May 2020, 17 banks have availed more than 50% of the allocated stimulus liquidity facility offered by the UAE Central Bank to extend support measures to their business customers, including:

- repayment holiday with 0% interest and fees for their business related loans;
- refinancing, repayment deferrals or lower repayments relief measures;
- reduction of bank charges for digital trade transactions;
- enhancement of credit and trade lines to manage ongoing operational costs;
- reduction of the monthly minimum balance required for basic business banking account to AED 10,000.

On 20th May 2020, the Dubai Chamber held a roundtable with Business groups and Business Councils (including the French Business Council) with the aim of discussing the way forward to mitigate the impact of COVID-19 and ensuring business continuity.

During this roundtable, the Dubai chamber has highlighted the policy recommendations that has been made to the Government to increase liquidity support measures, such as provision of government guarantees to facilitate firms' access to affordable loans, easy access to tax payment relief (including VAT), waiving of government fee and taxes, bank credit extensions and special bank loans for SMES, to name a few.



The Dubai Chamber along with the UAE business representatives continue to work closely with the government to develop practical solutions that positively reflect on giving companies greater and more effective options in dealing with crisis.

For more information on the Covid-19 legislation and tax measures that impact you and your business, wherever in the world you operate check out the COVID-19 global tax and law tracker on www.mazars.com.

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Covid-19 - Impact and stakes on the construction sector

Most countries in the Middle East have adopted a partial or complete lockdown to limit the outbreak of virus cases. While the construction industry was allowed to carry on, the difficulty is that, being labor-intensive, the direct consequence of the social distancing policies means operations of on-going projects have slowed down, or even came to a total halt, delaying the completion of projects. On top of this, with little to no visibility about future reboot of activities, market uncertainties leave major developers and the public sector with cold feet, deferring the start of new projects. We expect the remainder of 2020 to be seriously impacted, with effects dragged further into 2021.

Understandably, the COVID-19 crisis is having an immediate impact on finances: a cash flow gap. With running costs slightly increasing following the set-up of workaround measures to protect employees, and a serious drop in income due to stalled projects, the cash wheel comes to a standstill. The second issue is related to our business development. In the construction world, months are often observed between the commercial prospects, tendering stage, contract award, and effective start of activities. Requests for quotations having dried up, we fear new mobilizations might be few and far between in coming months, and that once the current on-going projects are completed, a second mid-term shockwave might hit the business.

This new phase of the crisis which we are entering is one where we must learn to change our habits and ways of sustainably working. In order to weather the storm in the best possible way, adapting daily operations was necessary.

Some companies have had to lay off people, while globally, the deployment of other initiatives, such as using time off, was used to ensure full availability of teams when the activities resume.

Although SIXENSE scope of works goes beyond operations solely construction-related, tends to be more on the service provider side of the industry, and generally is less workforce oriented, it is undeniable that a decrease in construction activities has a direct negative impact on our current operations, financial state and mid-term commercial prospects. Our DNA is the digital aspect of the industry, so our advanced tools being operable remotely and through our datacenters, we can still mitigate risks and remain effective on running projects.

More than ever, remaining financially solvent by ensuring the receipt of due payments, and securing new projects despite a delayed start has become of paramount importance. Although some companies may be able to thrive on a backlog of purchase orders, the pipeline is expected to be quite empty for the foreseeable future, and construction companies globally may have to contend with a temporarily decreased demand.

On an optimistic note, we believe that the COVID 19 crisis will act as a catalyst, make us re-assess how our work is carried out, and accelerate, somehow, the adoption of digital transformations. Maybe we could even go out of this crisis stronger, being able to bring innovative solutions to project stakeholders, keeping their construction sites running, or at least, safely on hold.