

The FBC Weekly Briefing - Covid-19 Outbreak

11 JUNE 2020

This edition at a glance...

- The Central Bank of the UAE, CBUAE, has projected the recovery of economic activity to commence in the second half of the year.
- Emirates offers flights for passengers to 29 cities and resumes transits through its Dubai hub.
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- The total number of hotel guests fell by nearly 20% in Q1 in Oman.
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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

The Central Bank of the UAE, CBUAE, has projected the recovery of economic activity to commence in the second half of the year. The first quarter economic activities witnessed mixed movements, with the UAE economy performing well during the first two months of 2020. The bank affirmed - in the Quarterly Economic Review 2020 published on Wednesday - that the Targeted Economic Support Scheme, TESS, by the CBUAE and the economic stimulus packages announced by both local and federal governments are likely to weigh in positively on the PMI, real estate prices, employment and credit growth with a positive impact on the overall sentiment. In line with the agreement by OPEC+, the UAE average oil production is projected at 2.984 million barrels per day in 2020.¹



UAE unveils new guidelines for hotel facilities
Strict guidelines are in place to ensure the safety of guests and staff. Hotels are required to test all employees before re-opening, as well as every 15 days. Guests or employees displaying symptoms of Covid-19 will not be allowed to enter hotel facilities. Hotels will have to leave 24-hour gaps between guests leaving and a new guest occupying it. Other facilities – such as restaurants and cafes – will be allowed to

operate between 6am and 9pm, with four people permitted per table. Distances of 2.5 metres must be maintained between tables. These facilities, as well as gyms and swimming pools, will be allowed to operate with a predetermined cap on capacity. Beaches will also be divided into sections to avoid overcrowding. Some facilities – such as prayerrooms and kids' areas – will remain closed.²

On June 6, 2020 OPEC+ agreed to a one-month extension through July of its record output cuts and adopted a stricter approach to ensuring members don't break their production pledges. Rise of oil price : Brent at 42\$ the barrel.³

| DUBAI

Emirates offers flights for passengers to 29 cities and resumes transits through its Dubai hub. Following the UAE Federal Government's announcement to lift restrictions on transit passengers services, from 15th June Emirates will offer passenger services to 16 more cities on its Boeing 777-300ER aircraft. With travel restrictions remaining in place in most countries, customers are reminded to check entry and exit requirements before their journeys. Flights to the following cities will be available for booking on emirates.com or via travel agents: Bahrain, Manchester, Zurich, Vienna, Amsterdam, Copenhagen, Dublin, New York JFK, Seoul, Kuala Lumpur, Singapore, Jakarta, Taipei, Hong Kong, Perth and Brisbane.⁴

Dubai Duty Free Welcomes Passengers as Concourse B - West Re-opens. Dubai Duty Free is welcoming travelling passengers following the partial re-opening of its retail area in Concourse B – West at Dubai International Airport (DXB). The airport retailer closed its retail operation on 25th March across DXB and AMIA, following the UAE Government announcement to suspend passenger flights due to the outbreak of Covid-19.⁵

1 <https://www.wam.ae/en/details/1395302847692>

2 <https://www.arabianbusiness.com/travel-hospitality/447800-covid-19-uae-unveils-new-guidelines-for-hotels>

3 <https://gulfnnews.com/business/energy/opec-agrees-to-cut-oil-output-until-july-end-1.1591463524919>

4 <https://www.mediaoffice.ae/en/news/2020/June/04-06/emirates>

5 <https://www.mediaoffice.ae/en/news/2020/June/07-06/Dubai-Duty-Free-Welcomes-Passengers--as-Concourse-B-West-Reopens>



Dubai World Trade Centre Authority virtually convenes industry leaders to plan resurgence of mice sector. As Dubai's economy re-opens amidst the backdrop of COVID-19, the Dubai World Trade Centre Authority (DWTCA) kick-started efforts for an accelerated restart of the city's Meetings, Incentives, Conferences, and Exhibitions (MICE) sector, as one of the key contributors to Dubai's tourism and events economy.⁶

Dubai International Financial Centre (DIFC) is offering a range of stimulus measures including fee waivers and rental relief to support businesses from the impact of the Covid-19 pandemic. The extensive range of support is for new and existing businesses operating in DIFC, including retailers.⁷

The IHS Markit Dubai Purchasing Managers' Index increased to 46 in May from 41.7 in April. The rate of decline in Dubai's non-oil private sector economy slowed down but endured a further downturn in May following the easing of some strict lockdown restrictions imposed since March to combat the coronavirus pandemic, the latest purchasing managers' survey revealed.⁸

| ABU DHABI

Movement ban between regions within Abu Dhabi and in and out of the emirate extended by one week. Abu Dhabi Emergency, Crisis and Disaster Committee for the COVID-19 Pandemic, in collaboration with Abu Dhabi Police and DoH, have announced that the Abu Dhabi movement ban is to be extended by one week, starting from Tuesday 9th June. The ban covers

movements between Abu Dhabi's regions (Abu Dhabi, Al Ain and Al Dhafra) as well as in and out of the emirate. It applies to all Abu Dhabi residents, including UAE Nationals. Exemptions are available by special permit for employees in vital sectors, chronic disease patients visiting hospitals, and the transportation of necessary goods. Movement within each region is allowed in line with National Sterilisation Programme hours.⁹

Etihad Airways announces transfer flights to 20 cities. Effective June 10, the airline will link 20 cities in Europe, Asia and Australia via Abu Dhabi. Complementing its current list of special flights, the connections will help travellers reach key global destinations. Alongside links from Melbourne and Sydney to London Heathrow, Etihad will operate connections from Jakarta, Karachi, Kuala Lumpur, Manila, Melbourne, Seoul, Singapore, Sydney, and Tokyo to cities across Europe including Amsterdam, Barcelona, Brussels, Dublin, Frankfurt, Geneva, London Heathrow, Madrid, Milan, Paris Charles de Gaulle, and Zurich.¹⁰



Restaurants, tourism firms in Abu Dhabi can apply for 20% rent refund. The department noted the rental rebate is part of the economic packages to support the private sector such as tourism, entertainment and restaurant activities were affected by the precautionary measures taken to contain the spread of

6 <https://www.mediaoffice.ae/en/news/2020/June/10-06/Dubai-World-Trade-Centre-Authority-virtually-convenes-industry-leaders>
7 <https://gulfbusiness.com/revealed-stimulus-measures-taken-dubais-difc-support-businesses/>
8 <https://www.khaleejtimes.com/business/economy/dubai-economy-shows-sign-of-recovery>
9 <https://wam.ae/en/details/1395302847293>
10 <https://www.hoteliermiddleeast.com/business/117896-etihad-airways-announces-transfer-flights-to-20-cities>

Covid-19. The scheme, the department elaborated, is applicable to restaurants, cafes, cafeterias, and takeaway outlets, and all rental real estate units that engage in recreational activities, and properties leased to tourist and leisure activities, desert resorts and tourism-related businesses.¹¹

H.H. Mansour bin Zayed issues new regulations to contribute in development of agricultural sector in Abu Dhabi. H.H. Sheikh Mansour bin Zayed Al Nahyan, Deputy Prime Minister, Minister of Presidential Affairs and Chairman of Abu Dhabi Agriculture and Food Safety Authority, ADAFSA, has issued eight new regulations targeting organising the practices of farms and food facilities in the emirate of Abu Dhabi. These regulations come to ensure optimal use of natural resources, achieving sustainability of the agricultural and food sectors and increase the local production.¹²

| SHARJAH

Sharjah Media City, known as Shams, and Mashreq Bank, one of the leading financial institutions in the UAE, have announced a strategic partnership to boost entrepreneurship and support business owners in Sharjah. The two entities signed a Memorandum of Understanding, MoU, that will solidify this collaboration and enable Shams to leverage Mashreq's banking expertise. "As part of the MoU, Mashreq Bank will help address one of the significant challenges for SMEs and new entrepreneurs – opening a business account."¹³



D1m fund for UAE publishers to combat pandemic. The fund objectives will be achieved in partnership with the Sharjah Book Authority (SBA) and Sharjah Publishing City (SPC). An emergency fund worth Dh1 million has been launched for UAE publishers to cope with the impact of Covid-19. The Emirates Publishers Emergency Fund, established by the Emirates Publishers Association (EPA), will support publishers whose businesses have been severely impacted by the outbreak of the coronavirus pandemic.¹⁴

| RAS AL KHAIMAH

Ras Al Khaimah, RAK, has had its 'A' rating affirmed by global agency Fitch Ratings, with a Stable Outlook – a rating the emirate has now maintained for more than a decade. The positive Long-Term Foreign-Currency Issuer Default Rating, IDR, is driven by several factors, chief among them being the emirate's low government debt burden and high GDP per capita, Ras Al Khaimah Investment and Development Office, IDO, said in a statement.¹⁵

11 <https://www.khaleejtimes.com/coronavirus-pandemic/combating-coronavirus-restaurants-tourism-firms-in-abu-dhabi-can-apply-for-20-rent-refund>

12 <https://www.wam.ae/en/details/1395302847148>

13 <https://www.wam.ae/en/details/1395302847138>

14 <https://www.khaleejtimes.com/uae/sharjah/d1m-fund-for-uae-publishers-to-combat-pandemic>

15 <https://www.wam.ae/en/details/1395302847479>

WEEKLY BRIEFING COVID-19 OUTBREAK

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

[Register here](#)

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

Saudi Arabia announced the reinstatement of coronavirus restrictions in Jeddah for 15 days. The curfew will be from 3pm to 6am for two weeks starting as of Saturday June 6. Work will be suspended in offices, and mosque closed again.¹

Saudi Arabia approved a new mining law to attract more local and foreign investments in the mining sector and to diversify its economy away from oil. A new mining fund will facilitate continuous financing for the sector and support geological and exploration activities, a statement carried by the Saudi Press Agency quoting the minister of mining and industry, Bandar Alkhorayef, said. Mineral resources in the Arab world's biggest economy are estimated

¹ <https://www.khaleejtimes.com/coronavirus-pandemic/saudi-arabia-reimposes-curfew-in-jeddah-prayers-in-mosques-suspended-->

² <https://www.thenational.ae/business/saudi-arabia-approves-new-mining-law-to-boost-investments-1.1031651>

to be in the range of 5 trillion riyals (Dh4.89tn) with 20 million ounces of gold reserves below ground, according to Invest Saudi. The kingdom currently accounts for a sizeable 37.9 per cent of the Middle East and Africa's 60 billion riyals metals and mining industry market. Saudi Arabia is aiming to increase the mining sector's contribution to its gross domestic product by more than 240bn riyals and reduce imports by 37bn riyals by 2030, Mr Alkhorayef said. The mining sector contributes 15 per cent to the county's GDP currently, according to Invest Saudi. The sector is also expected to create 200,000 direct and indirect jobs to boost employment opportunities in the kingdom.²

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

Oman eases some business restrictions, seals off tourist areas. Oman will further ease its coronavirus containment measures on Wednesday, allowing several businesses and shops to re-open, but will close off some popular tourist areas from Saturday until July 3, the state news agency reported. The sultanate's easing of measures will include various stores from clothing to furniture, the agency said in a tweet.¹

¹ <https://www.arabnews.com/node/1687256/middle-east>

² <https://www.hoteliermiddleeast.com/business/117932-oman-hotel-revenues-fall-25-in-months-ahead-of-covid-19-pandemic>

The total number of hotel guests fell by nearly 20% in Q1. The total revenue of Omani hotels in the three-to-five star range fell by 25% to OMR 54.2 million (\$140.85 million) until the end of March 2020, according to government statistics. According to monthly statistics from the National Centre for Statistics and Information (NCSI), hotel occupancy rates fell 25% to 51.3% at the end of March, compared to 68.4% over the same time period in 2019.²

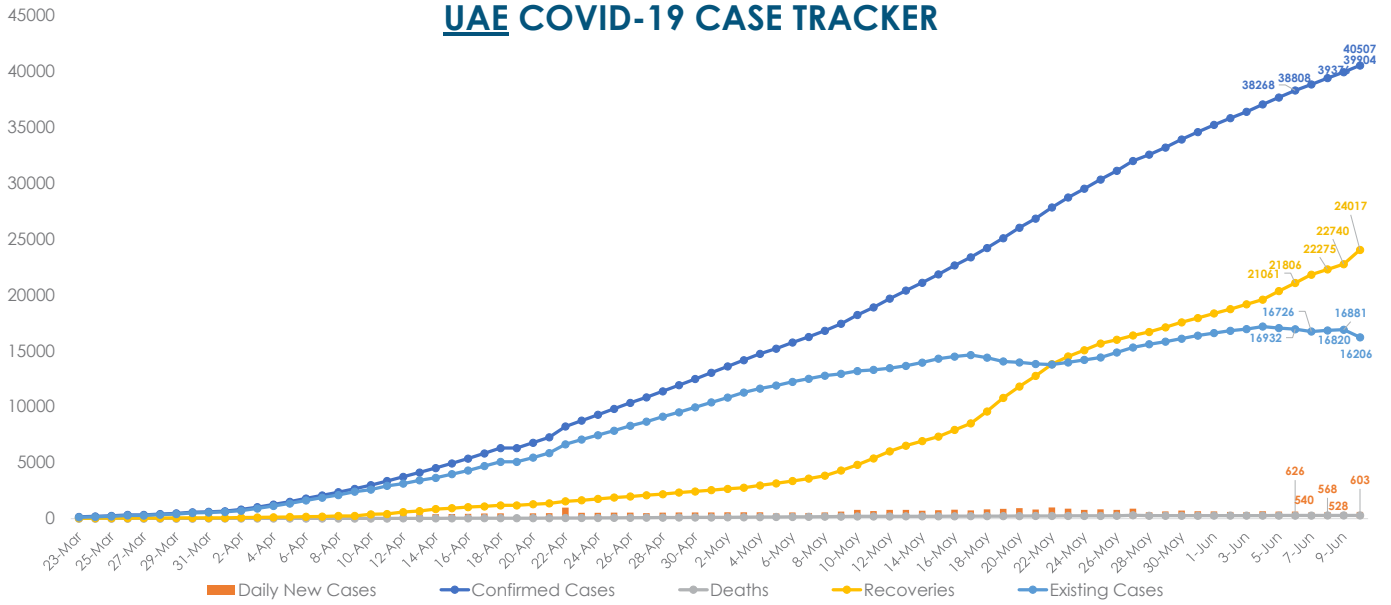
| KUWAIT - COVID-19's IMPACT, RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Kuwait to reopen mosques in some areas after three-month closure. Kuwait's Ministry of Awqaf and Islamic Affairs has given the green light to reopen mosques in some areas, as of Wednesday. The move follows a three-month of closure due

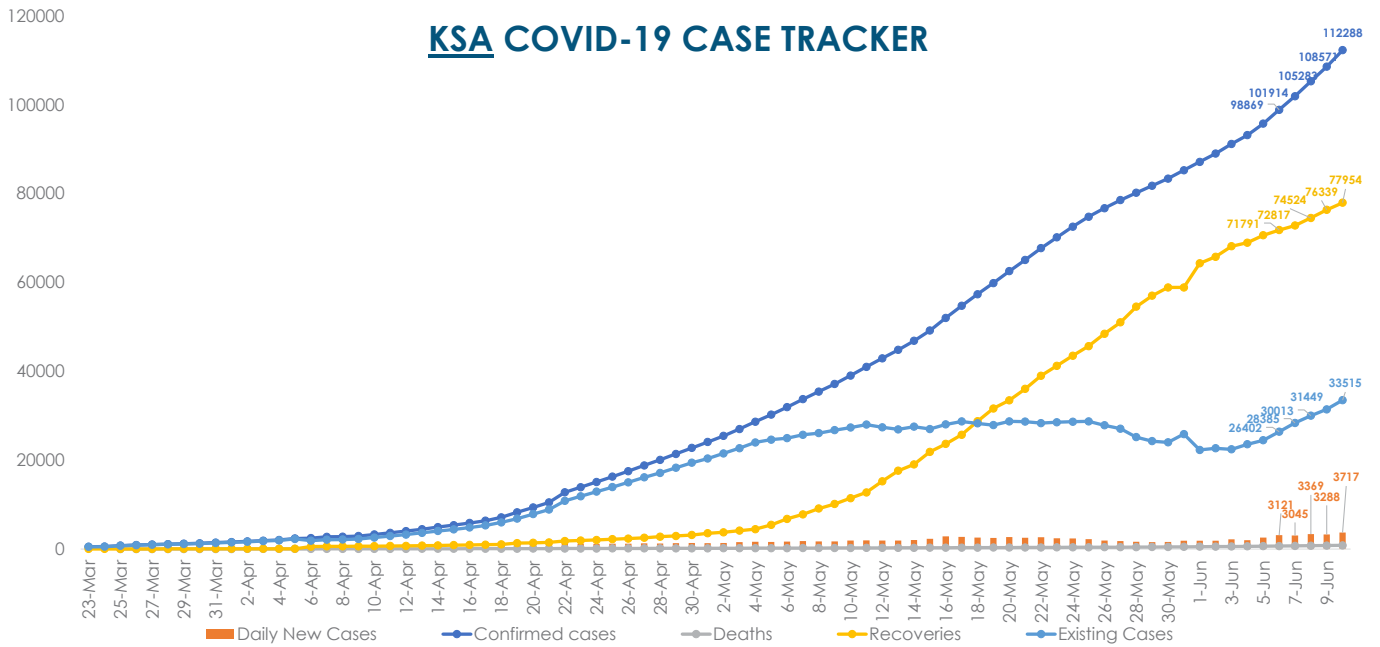
to the novel coronavirus pandemic. The Kuwait News Agency, KUNA, reported the Minister of Awqaf and Islamic Affairs, Dr. Fahad Al-Afasi, as saying that mosques in "model residential" and "sparsely-populated" areas, will receive worshipers for the five daily prayers beginning at noon prayers as of Wednesday, 10th June.¹

¹ <https://www.wam.ae/en/details/1395302847049>

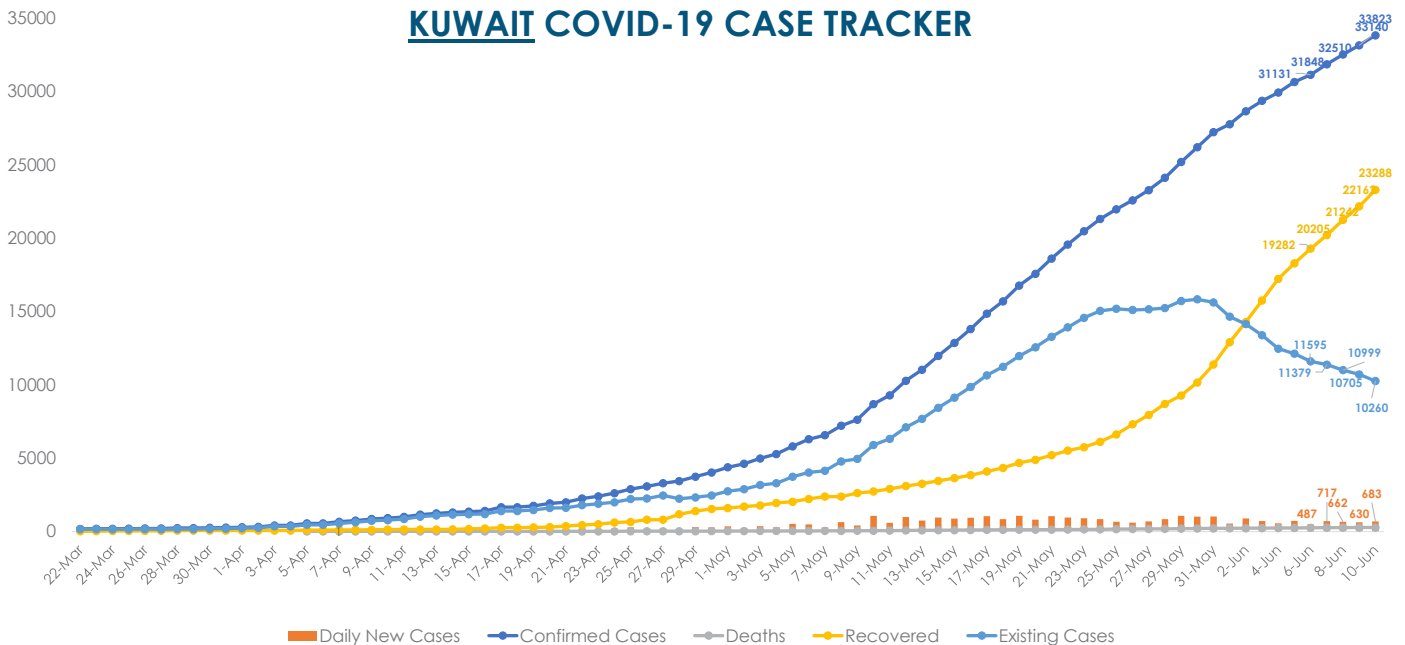
UAE COVID-19 CASE TRACKER



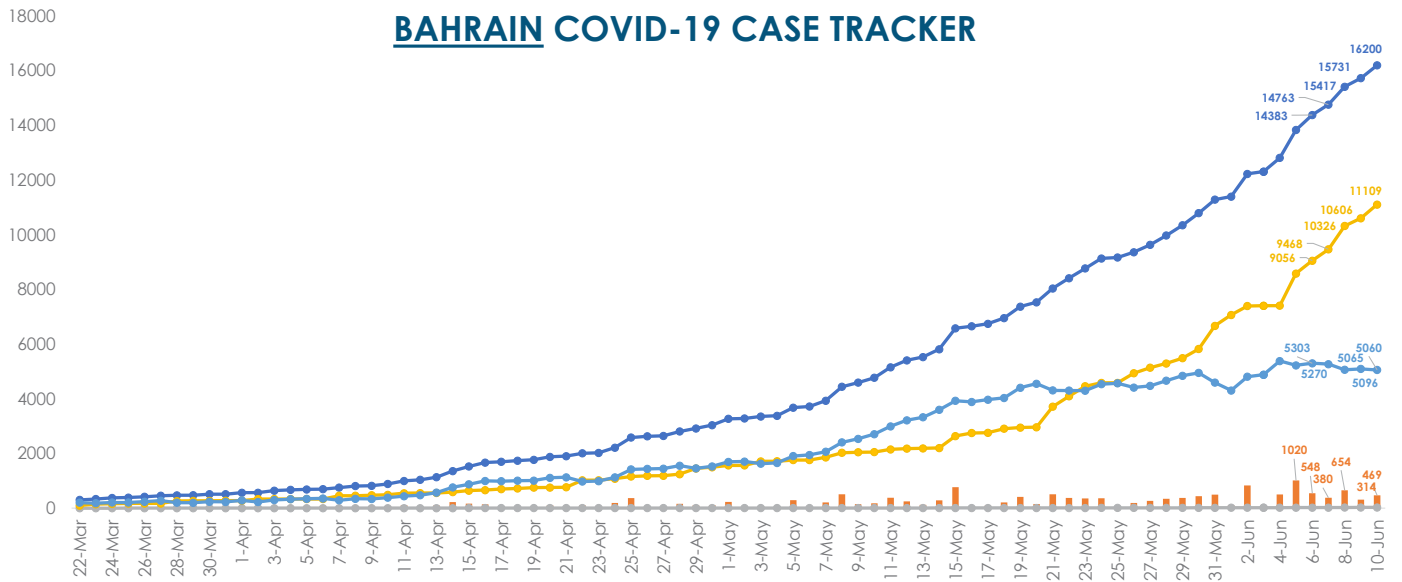
KSA COVID-19 CASE TRACKER



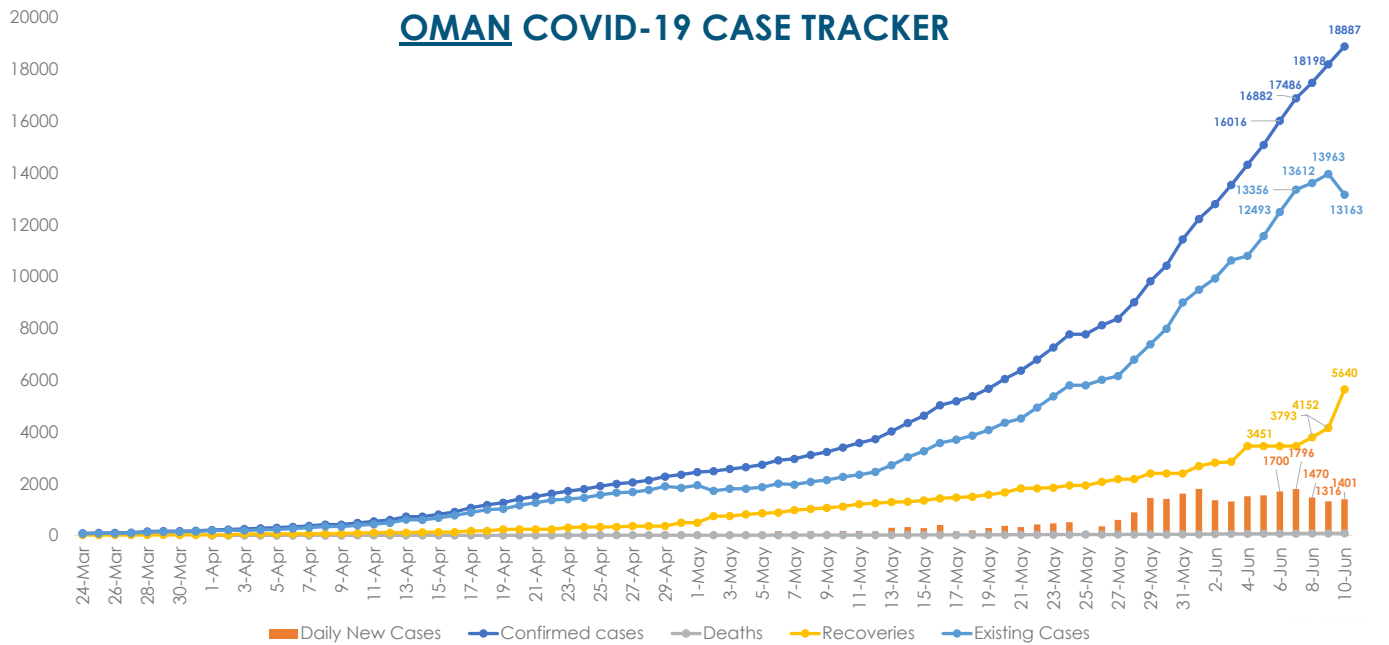
KUWAIT COVID-19 CASE TRACKER



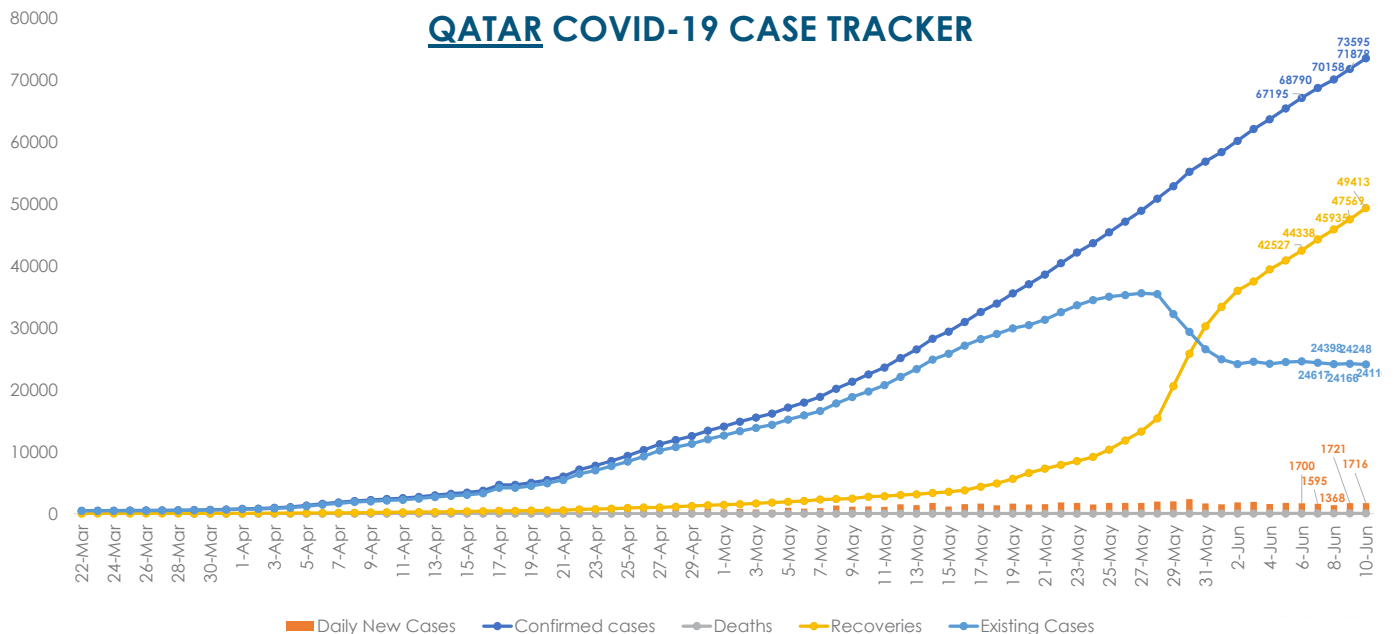
BAHRAIN COVID-19 CASE TRACKER



OMAN COVID-19 CASE TRACKER



QATAR COVID-19 CASE TRACKER



Saudi Arabian Labor Law amended to cover COVID-19

The Saudi Arabian Ministry of Human Resources and Social Development (“MHRSD”) has issued several resolutions and directives to deal with the measures taken in relation to employee entitlements during COVID-19.

Notably, Article 41 has been inserted in the Implementing Regulation of the Labor Law, which enables the employer and employee – for a period of 6 months – to agree to any of the following:

- a reduction in salary provided that there is a corresponding reduction in working hours;
- placing the employee on paid annual leave (as part of their holiday entitlement);
- implementing a period of unpaid leave.

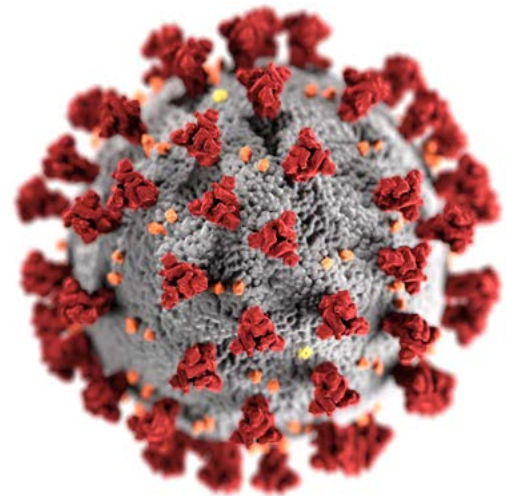
Article 41 became applicable on 13/8/1441H, which corresponds to April 6, 2020, and only applies whenever the government takes any measures regarding a general situation that warrants a reduction of hours or any precautionary measure to prevent the worsening of such general situation, i.e., in the present COVID-19 times.

In an explanatory memorandum concerning Article 41, the MHRSD noted that the

- (i) reduction in salary and
 - (ii) placing the employee on a paid annual leave
- are prerogatives of the employer and not the employee and therefore, may not be challenged by the employee. However, implementing a period

of unpaid leave would need the approval of the employee. We note that Saudi companies can now take any of the measures in Article 41 in whatever order during the 6 months; however, they must have been negatively affected by the current situation.

As for the reduction of salary, it must be in tandem with a reduction in work hours, i.e., a reduction of 20% of pay should correlate with a reduction of at least 20% or more in work hours. In addition, the maximum salary reduction should not exceed 40%.



We note that a company cannot make a salary reduction if it has benefited from any government subsidies in relation to those specific employees included in such subsidies, such as the recent state-sponsored subsidy scheme for KSA nationals.

Any reduction in salary and any granted leave must be made in written form, by signing an addendum to the employment contract with the concerned employees without invalidating the initial employment contract, which will remain applicable for all other terms. Employers may not terminate their employees during the 6 months, i.e., between April and October 2020. They may only do so if they still cannot pay salaries after:

- such a period has ended,
- they have exhausted all the possible options such as reduction of salary, giving leaves, and
- it is proved that they never benefited from any governmental help or subsidy during that period.

During those 6 months, the limitations of Article 74 of the KSA Labor Law still apply, which only recognizes termination where either the business is shutting or the business unit within which the employee works is closing.

An invalid dismissal during that period will risk an award of arbitrary dismissal compensation payable at the following rates – subject to any scale of compensation agreed in the employment contract which cannot be less than two months pay:

- Unlimited term employment contract: 15 days' wages for each year of service.
- Limited-term employment contract: payment for the remaining period of the contract.

Employers are encouraged to have a clear plan as to how to deal with employees and their businesses during this period by following the guidelines of the MHRSD and the General Organization for Social Insurance (GOSI).

Employees, whether foreigners or Saudi nationals may always challenge any dismissal, or any decision taken contrary to Article 41 or to the Labor Law, by reverting to the MHRSD and to the labor courts.



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Supply chain and logistic sector

The impact of Covid-19 has been widespread, leaving companies scrambling for alternate ways to keep operations running smoothly. Logistic businesses are doing their best to rally and keep operations running with minimum impact to the supply chain operations. Restrictions imposed by countries across the globe has impacted revenue forecast for logistics companies in the first two quarters of 2020 as the environment has remained challenging due to the ongoing economic slowdown.



Since the beginning of the Covid-19 epidemic, Bolloré Logistics has been mobilised to continue to serve its customers and participate in the continuity of public service. We have been helping our customers to set up an alternative transport plan for shipment, combining flexibility and speed of execution. Bolloré Logistics has and continues to support the overall supply chain of which but not limited to the vital sectors such as Aerospace, Healthcare, Aid and Relief as well as Food & Beverage verticals. One of the major challenges

of this pandemic has been to remotely manage activities while protecting the health and safety of the front line workers who are the pillars of our Business Continuity progress.

This unprecedented situation on many occasions witnessed an even stronger partnership with our customers and contractors, helping each other find solutions related to space management, procurement and chartering dedicated planes or space on board of vessels or even beyond,

supporting our clients to source PPEs and various products needed for their BCP. Bolloré Logistics has risen to all these challenges with flexibility, innovation, team work and resilience while always keeping the health and wellbeing of its employees in the forefront.

When it comes to the future, we know that challenges bring opportunities to outperform. We see new requests with regards to international and domestic logistics and we are preparing for some changes in the overall supply chain management. As we all know, UAE is well positioned to play an important role as Logistics Hub and we are already working with clients to adapt transport plans and communication flows that will respond to fast recovery of certain economic sectors.