

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

### | COVID-19'S IMPACT - UAE

The French Business Council organised a webinar (in French) on *“Les Emirats Arabes Unis face à la crise du Covid-19 - Etat des lieux, impacts économiques, plans de relance et perspectives d’avenir”*. This webinar aimed to inform the business community on the current situation, the measures taken to counter the effects of Covid-19 on the local economy, and to give concrete feedback from companies on action plans and exit scenarios through the sharing of the results of our impact questionnaire and the testimony of a panel of large and medium-sized companies based in Dubai. This webinar is exceptionally rebroadcasted free of charge. View it by [clicking here](#).<sup>1</sup>

S&P Global Ratings has lowered its outlook to negative from stable for Sharjah and Ras Al Khaimah, two of the seven emirates that form the UAE, citing the financial risks of lower oil prices and the coronavirus. The rating agency affirmed its BBB/A-2 long-term rating for Sharjah and its A/A-1 long-term rating for Ras Al Khaimah.<sup>2</sup>

OPEC daily basket price stood at \$13.30 a barrel Monday 27<sup>th</sup> April 2020.<sup>3</sup>

### | RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

#### | DUBAI

DAFZA launches incentive packages to support companies operating in the free zone. The Dubai Airport Freezone Authority, DAFZA, launched a set of economic incentive packages to support companies based in the free zone, in order to ensure business continuity across various sectors and help them mitigate the severity of the economic impact and precautionary measures the world is currently facing.<sup>4</sup>

DIFC announces Presidential Directive aimed at providing greater protection for companies and employees. Dubai International Financial Centre, DIFC, the leading international financial hub in the Middle East, Africa and South Asia MEASA, region, announced on Sunday DIFC Presidential Directive No. 4 of 2020, which seeks to help limit the impact of the new coronavirus COVID-19 situation.<sup>5</sup>

Dubai Future Foundation issues its 5<sup>th</sup> report on life after COVID-19. The report, titled ‘Life After COVID-19: Innovation and Entrepreneurship’ is part of a series of forward-looking reports to tackle the different challenges that the UAE and the Arab world will face once the pandemic subsides. The series comes at a crucial time when public and private sector organisations need to be well-prepared for the future and the challenges and opportunities that come with it.<sup>6</sup>

Dubai aims to open up for tourists at the beginning of July. The UAE’s tourism hub – Dubai is set to begin opening up for tourists again as early as July. Dubai’s Department of Tourism and Commerce Marketing (Dubai Tourism) director general Helal Al Marri revealed to Bloomberg TV that the decision is dependent on global trends.<sup>7</sup>

#### | ABU DHABI

KIZAD rolls out new set of digital services through Maqta Gateway. The Khalifa Industrial Zone Abu Dhabi, KIZAD, a subsidiary of Abu Dhabi Ports, today announced that it has successfully brought online a new set of services, which will enable customers to avail of more of its services from anywhere in the world, in collaboration with Maqta Gateway, developer and operator of the first Port Community System in the UAE, and a wholly-owned subsidiary of Abu Dhabi Ports.<sup>8</sup>

1 <https://www.fbc.dubai.com/actualites/n/news/retour-sur-webinaire-les-emirats-arabes-unis-face-a-la-crise-du-covid-19.html>  
2 [https://www.zawya.com/mena/en/economy/story/SP\\_lowers\\_outlooks\\_for\\_UAEs\\_Sharjah\\_Ras\\_Al\\_Khaimah\\_to\\_negative-TR20200426nLSN2CE052X1/](https://www.zawya.com/mena/en/economy/story/SP_lowers_outlooks_for_UAEs_Sharjah_Ras_Al_Khaimah_to_negative-TR20200426nLSN2CE052X1/)  
3 <https://wam.ae/en/details/1395302839414>  
4 <https://www.wam.ae/en/details/1395302839036>  
5 <https://www.wam.ae/en/details/1395302839054>  
6 <https://wam.ae/en/details/1395302839070>  
7 <https://www.hoteliermiddleeast.com/business/117212-dubai-likely-to-reopen-for-tourists-by-july>  
8 <https://www.wam.ae/en/details/1395302839226>



ADNOC, ADPower launch joint tender for Middle East sub-sea power transmission network. The Abu Dhabi National Oil Company, ADNOC, and Abu Dhabi Power Corporation, ADPower, announced today the issuance of a joint tender for a first-of-its-kind project in the Middle East & North Africa, MENA region.<sup>9</sup>

ADP announces measures to provide relief to businesses facing operational challenges. Abu Dhabi Ports today announced major initiatives to address concerns of its customers across its industrial and economic zone subsidiaries in these uncertain times. The relief package includes several measures for existing customers, including a three-month rent deferment for Q2, a freeze on late payment penalties and an exemption from Tawtheeq fees. The relief package also includes measures for new investors, including a waiving of applications fees, a 25 percent reduction in land lease rates for the first year, an exemption on Tawtheeq fees and a relinquishing of land fixing fees.<sup>10</sup>

Abu Dhabi malls can reopen if they meet health and safety requirements. Malls are set to reopen across the country after restrictions designed to contain the spread of the coronavirus were eased. Permits would only be granted to those which had certificates to show their staff tested negative for the virus.<sup>11</sup>

The government of Abu Dhabi is earmarking 15 per cent of procurement spending and annual contracts to micro-Small and Medium Enterprises (mSMEs) from 2020 onwards to spur growth and offset the impact of the coronavirus pandemic. The aim is drive the growth of small businesses as “backbone of the economy”, the Abu Dhabi Media Office said in a tweet late on Tuesday evening.<sup>12</sup>

9 <https://www.wam.ae/en/details/1395302839124>

10 <https://www.wam.ae/en/details/1395302838513>

11 <https://www.thenational.ae/uae/health/coronavirus-abu-dhabi-malls-can-reopen-if-they-meet-health-and-safety-requirements-1.1011788>

12 <https://www.thenational.ae/business/economy/abu-dhabi-earmarks-15-of-procurement-spending-to-smes-and-micro-businesses-1.1012424>

13 <https://www.wam.ae/en/details/1395302838879>

14 <https://www.wam.ae/en/details/1395302838985>

15 <https://www.wam.ae/en/details/1395302839560>

## | SHARJAH

Sharjah Publishing City Free Zone, SPCFZ, announced comprehensive economic relief packages in light of the economic fallout of the coronavirus, COVID-19, pandemic, to support operating enterprises in ensuring their business continuity. The COVID-19 relief plan as envisaged by SPCFZ aligns with Sharjah’s vision to ensure unhindered development of UAE’s knowledge industry and has substantially subsidised every paid service the free zone offers to its existing customers.<sup>13</sup>

## | AJMAN

Ajman Free Zone reports surge in e-commerce licences. Ajman Free Zone, AFZ, has recorded a surge in their e-commerce package where business owners can establish a digital platform to introduce their products online. The e-commerce package is suited to businesses in food and beverage, fashion and jewellery, automotive, media and entertainment, including events ticketing, industrial equipment and home, office and personal utilities trade, Ajman Free Zone said on Sunday 26<sup>th</sup> April 2020.<sup>14</sup>

## | UMM ALQUWAIN

The Executive Council of Umm Al Qaiwain has issued a decision re-opening commercial establishments in the emirate as per the amended timing of the National Disinfection Programme. The re-opening is based on a comprehensive evaluation of the current situation that has taken into full consideration the reports raised by the executive and field departments in charge of combatting the spread of the COVID-19 pandemic.<sup>15</sup>

## | COVID-19’s IMPACT - SAUDI ARABIA

Saudi Arabia’s Q1 budget slips into deficit at \$9.1b as oil revenue slides. Total revenues in first quarter reached more than 192b riyals Saudi Arabia on Wednesday reported a first quarter budget deficit of 34.107 billion Saudi riyals (\$9.09 billion), as oil revenue was hit hard by a combination of sliding global prices, demand and a supply glut in the wake of the coronavirus crisis.<sup>1</sup>

1 <https://gulfnnews.com/business/saudi-arabias-q1-budget-slips-into-deficit-at-91b-as-oil-revenue-slides-1.1588123815156>

2 <https://www.bloomberg.com/news/articles/2020-04-26/saudi-arabia-cuts-265-million-deal-with-china-to-fight-virus>

## | RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Saudi Arabia Cuts \$265 Million Deal With China to Fight Virus. Saudi Arabia will pay China 995 million riyals (\$264.6 million) to provide coronavirus tests and medical expertise, Abdullah Al-Rabiah, chairman of the Negotiation and Purchase Committee said Sunday, citing a royal decree. The deal will provide the Saudis nine million kits with a capacity to test 50,000 people per day. China will also help the kingdom with 500 medical experts, running six laboratories, including a portable lab.<sup>2</sup>



## | COVID-19's IMPACT - KUWAIT

Kuwait's KPC cuts crude supplies in line with OPEC+ deal.<sup>1</sup>

- 1 <https://www.reuters.com/article/us-global-oil-kuwait/kuwaits-kpc-cuts-crude-supplies-in-line-with-opec-deal-idUSKCN22800W>  
 2 [https://www.zawya.com/mena/en/business/story/Banks\\_in\\_Kuwait\\_set\\_aside\\_643bln\\_for\\_recovery\\_soft\\_loans-SNG\\_173200680/](https://www.zawya.com/mena/en/business/story/Banks_in_Kuwait_set_aside_643bln_for_recovery_soft_loans-SNG_173200680/)

## | RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Banks in Kuwait set aside \$6.43bn for recovery soft loans. The SME loans will hold between 15 and 20% of the total, while the rest of the sum will be directed to financing companies and clients affected by consequences of coronavirus.<sup>2</sup>

## | COVID-19's IMPACT - BAHRAIN

Bahrain's financial status report is sought. Cabinet will slash operational budgets of ministries and government departments by 30%.<sup>1</sup>

## | RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Bahrain has launched a virtual mall to enable shops to continue serving its customers during the ongoing global Covid-19 outbreak.

- 1 [https://www.zawya.com/mena/en/economy/story/Bahrain\\_financial\\_status\\_report\\_is\\_sought-SNG\\_173299037/](https://www.zawya.com/mena/en/economy/story/Bahrain_financial_status_report_is_sought-SNG_173299037/)  
 2 [https://www.zawya.com/mena/en/business/story/Bahrain\\_launches\\_virtual\\_mall\\_with\\_100\\_stores-SNG\\_173202153/](https://www.zawya.com/mena/en/business/story/Bahrain_launches_virtual_mall_with_100_stores-SNG_173202153/)  
 3 <https://gulfnews.com/world/gulf/bahrain/covid-19-bahrain-expands-stimulus-package-1.1588068375043>

The mall.bh website, which officially opened on April 23, features a range of products from more than 100 companies operating in the kingdom including fashion, homeware and electronics.<sup>2</sup>

Bahrain expands stimulus package. Financial aid pledged to drivers, kindergarten caregivers. The Bahraini government has decided to expand an economic stimulus package to cover more categories of workers affected by the spread of the new coronavirus.<sup>3</sup>

## | COVID-19's IMPACT - OMAN

The average price of Oman Crude has increased by 5.6 per cent to reach \$ 64.4 per barrel by the end of March 2020.<sup>1</sup>

Oman will cut oil production from its six largest producing blocks by 23% from their October 2018 baseline levels of 883,000 b/d to adhere with the OPEC+ production cuts coming into effect for May and June.<sup>2</sup>

- 1 <https://timesofoman.com/article/3014346/oman/government/omans-crude-price-increased-in-march>  
 2 <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/042720-oman-reveals-oil-production-cut-plans-under-opec-deal>  
 3 <https://gulfnews.com/world/gulf/oman/oman-ends-covid-19-control-checkpoints-1.1588146101778>  
 4 <https://gulfnews.com/world/gulf/oman/covid-19-oman-starts-easing-coronavirus-business-closures-1.1588091685024>

## | RESPONSE TO THE CRISIS AND STIMULUS PACKAGES

Oman ends COVID-19 control checkpoints. On Tuesday, 28<sup>th</sup> April 2020, Oman allowed a series of businesses to resume their activities, loosening restrictions imposed to stop the spread of COVID-19.<sup>3</sup>

Oman has allowed a limited number of commercial businesses to reopen, including money exchanges, state media said on Tuesday, as some Gulf Arab countries moved to ease restrictions imposed to combat the novel coronavirus.<sup>4</sup>



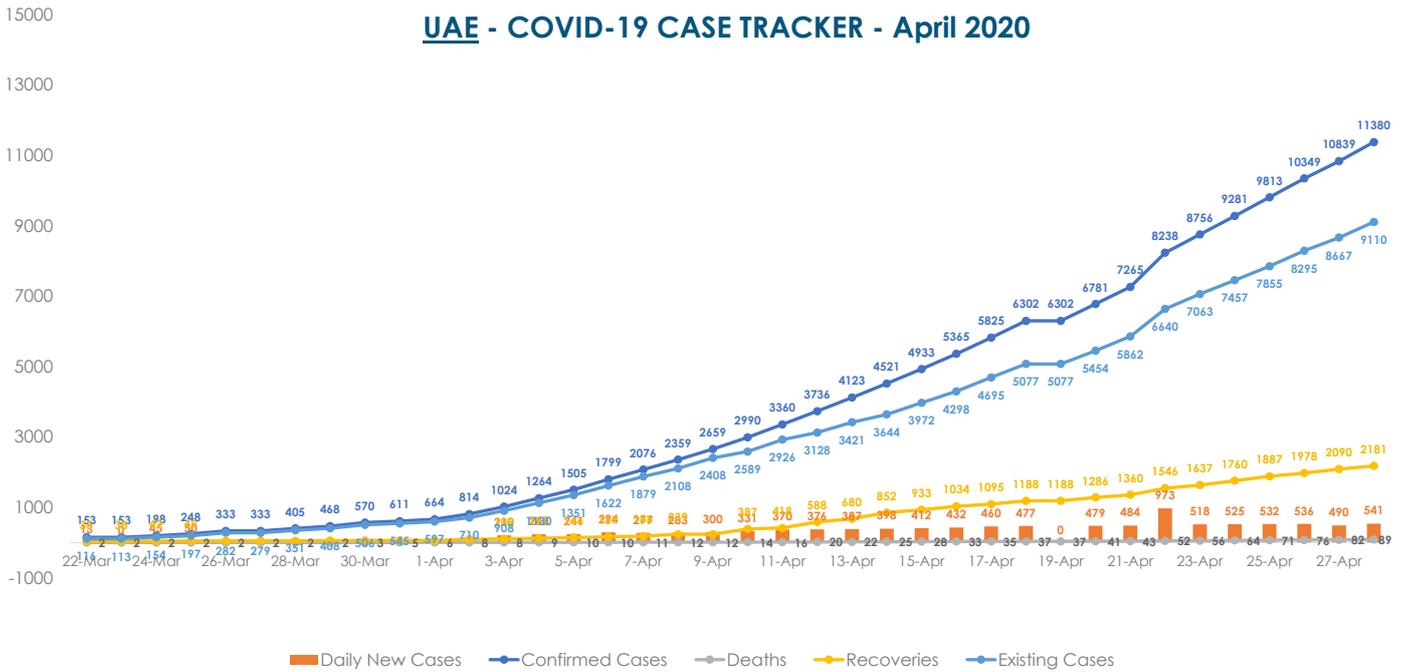
## | SURVEY RESULTS

### *Impact assessment of Coronavirus (Covid-19) outbreak on companies based in the UAE*

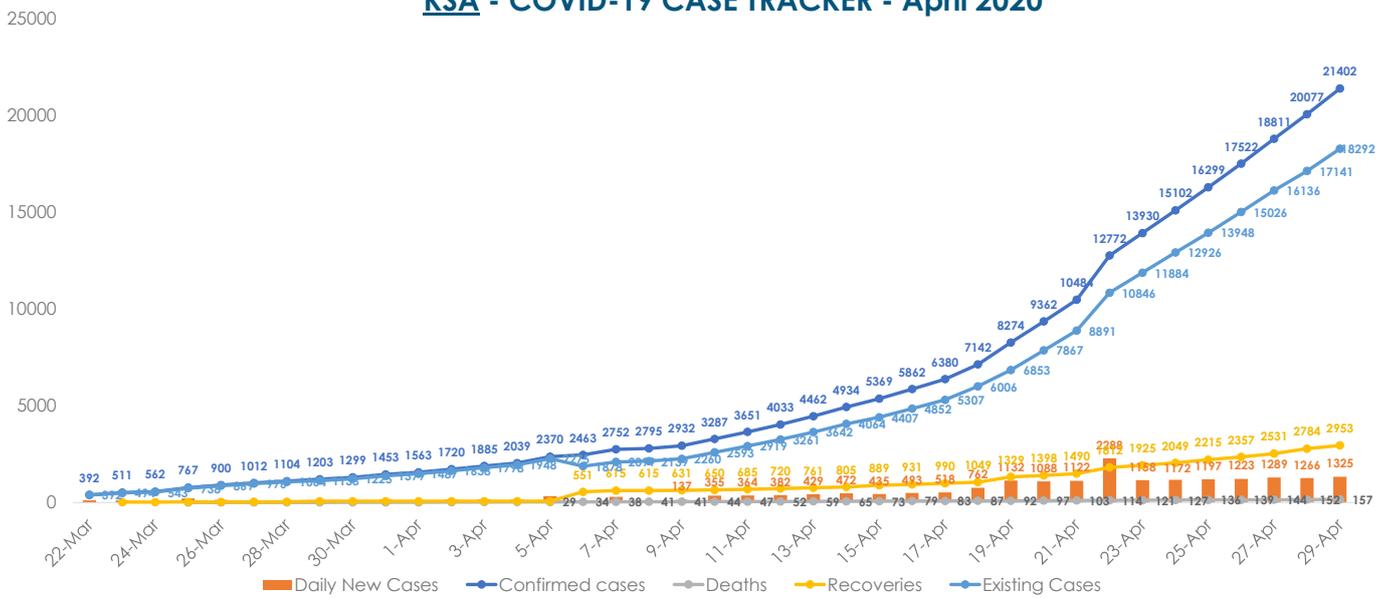
The French Business Council Dubai & Northern Emirates, in collaboration with the French Business Group Abu Dhabi, launched the second edition of the survey to assess the impact of the coronavirus crisis on companies based in the United Arab Emirates. This survey was anonymous and covered the financial and operational aspects. It has been answered by 100 managers of companies based in the UAE, between Tuesday, 14<sup>th</sup> April and Wednesday, 22<sup>nd</sup> April 2020.

[VIEW THE RESULTS](#)

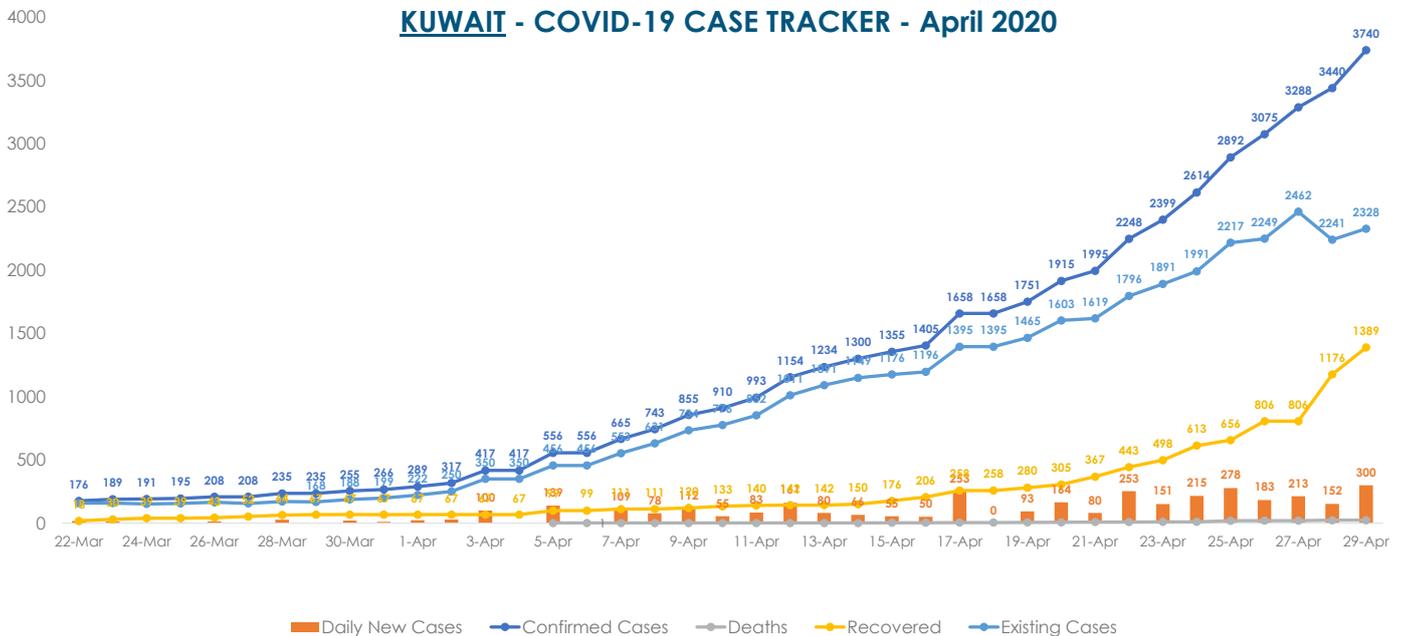
## UAE - COVID-19 CASE TRACKER - April 2020



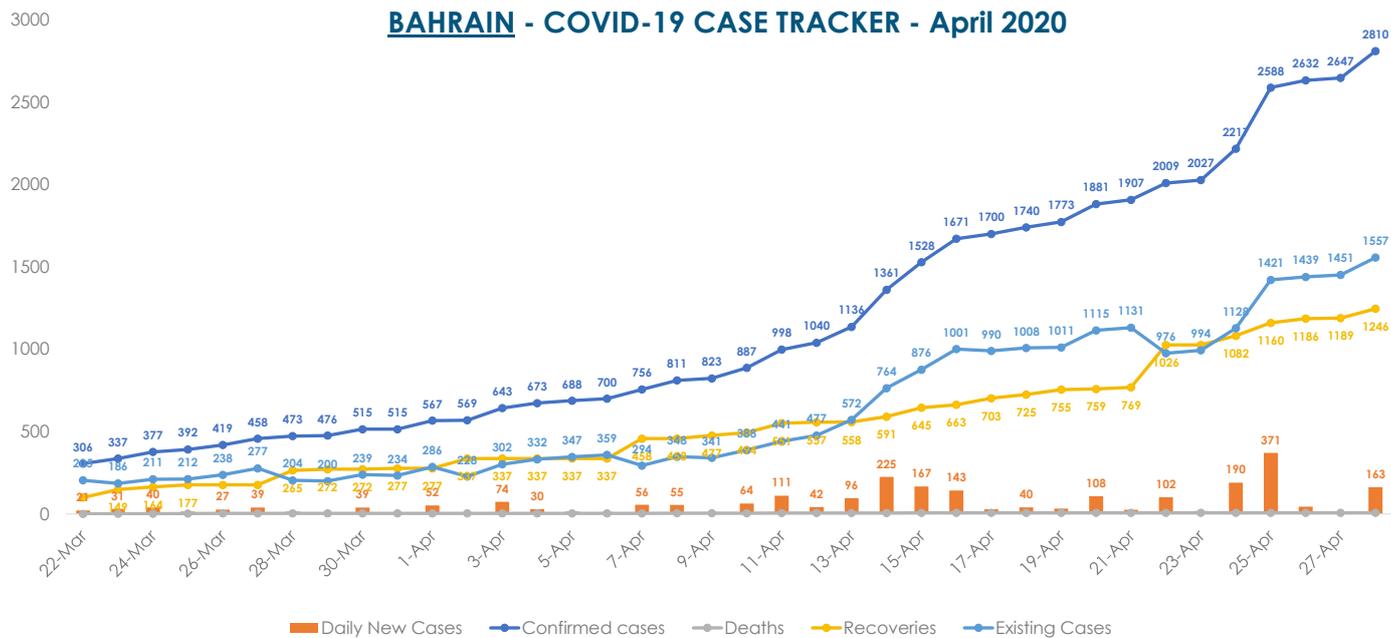
## KSA - COVID-19 CASE TRACKER - April 2020



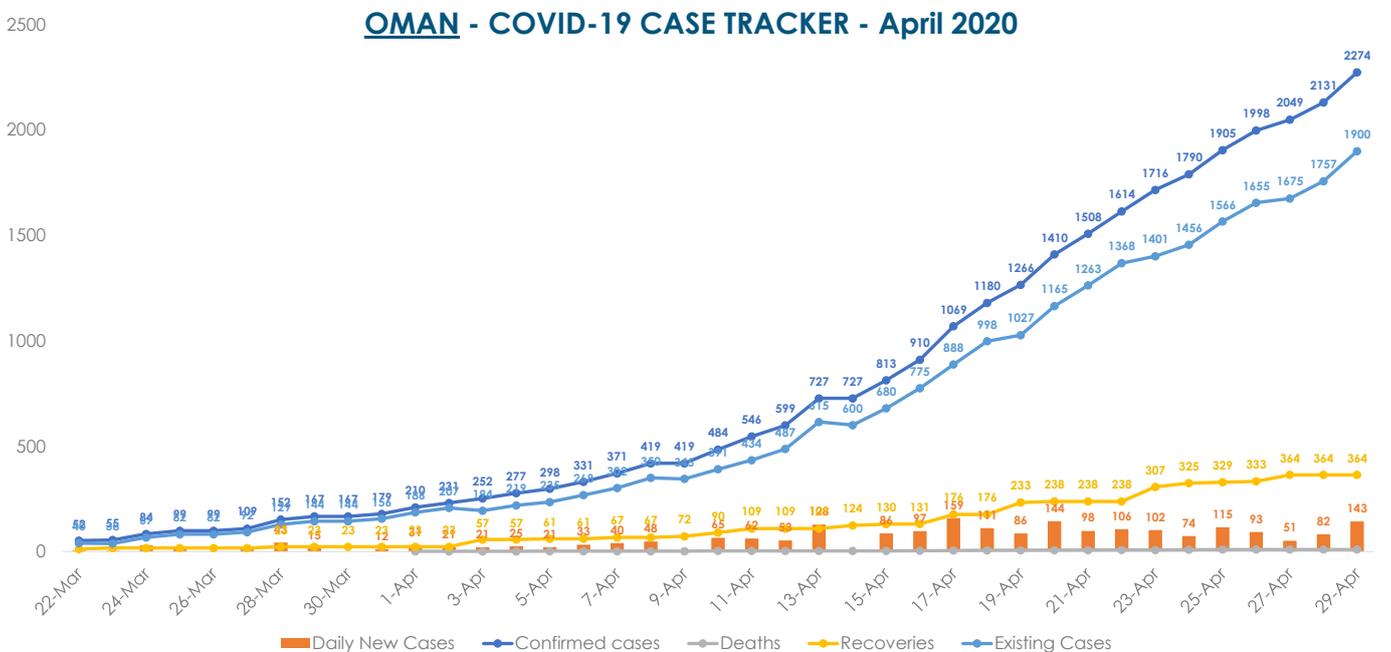
## KUWAIT - COVID-19 CASE TRACKER - April 2020



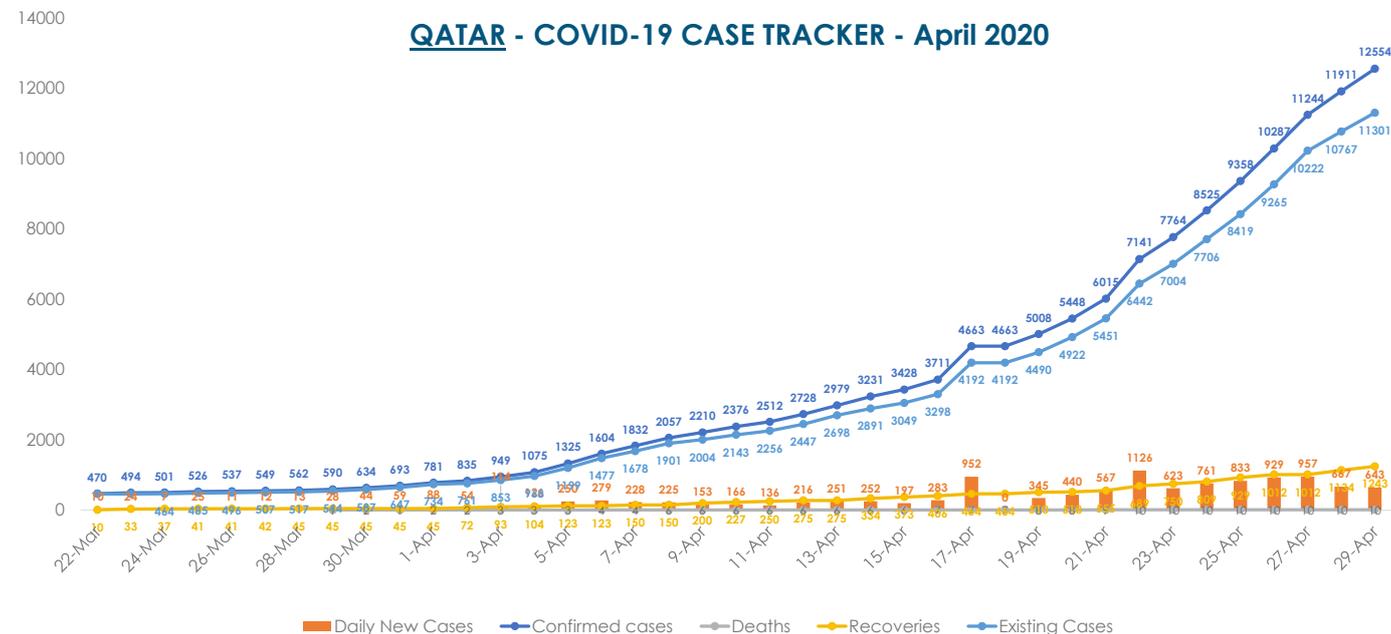
### BAHRAIN - COVID-19 CASE TRACKER - April 2020



### OMAN - COVID-19 CASE TRACKER - April 2020



### QATAR - COVID-19 CASE TRACKER - April 2020



### **COVID-19 – Requirements when re-opening**

The UAE has implemented a suite of new rules and regulations in its fight against the spread of the coronavirus, officially Covid-19. Those measures have ranged from regulations around how employers may implement reductions to staff costs, a range of lockdown measures and most recently, guidance relating to the reopening of businesses in Dubai and Abu Dhabi.

Since the beginning of the Holy month of Ramadan, the lockdown has been eased in the emirates of Abu Dhabi and Dubai. The Department of Economic Development in both emirates separately announced that private business are now able to resume their commercial activities and business under strict guidelines and protocols. This translates differently for private businesses in different sectors.

Companies are advised to continue with their remote working arrangements where possible, although offices are now allowed to host 30% of the workforce. Throughout the period during which the offices will be open, companies are required to:

- **Implement a rigorous cleaning sanitization program;**
- **Conduct entrance health checks to employees and visitors and prevent entry to those who are unwell;**

- **Provide face masks and oblige all employees and visitors to wear face masks at all times in the business premises. Hand sanitisers should be readily available and should be managed by the building management/companies;**
- **Maintain social distancing rules.** This will mean 2 meters distance between individuals in communal areas, service desk, customer service and elevators. Elevators' capacity should be capped at 30%;
- **Suspend valet parking;**
- **Provide and have ready isolation rooms for suspected cases:**
- **All restrictions to be thoroughly communicated to all employees.**

The regulator in both emirates have been closely monitoring compliance and have so far issued hundreds of warning letters, fined several establishments and closed down a number of other establishments since phase 1 was initiated.

The guidance is continuously changing and therefore businesses should closely follow the regulators' advice in order to ensure full compliance and avoid any legal action against them. If your business has been affected by the Covid-19 epidemic and you require any HR or employment law support, please do get in touch with the team.



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## Healthcare - Testimonial

“ The impact of current situation on the pharmaceutical sector can be seen at four levels:

1/ **Pressure on prices:** authorities in GCC countries are willing to discuss pricing at their healthcare expenditure have drastically increased in recent months. As a result, they wish to decrease costs on chronic diseases treatments. The risk behind prices pressure is also that generics penetration increases – in our markets their current penetration lies between 20 and 30% compared to 60% in European countries. Coming months might see this penetration increase in the region.

2/ **Patient access:** we have observed, especially on new patients, a decrease in the number of prescriptions. Patients cannot go to hospital to consult their doctor. It therefore delays access to innovation for new patients.

3/ **Launch of new treatments and access to reimbursement:** registration of new products is delayed as commissions cannot hold enough meetings due to current situation. Access to reimbursement is longer and more complicated.

4/ **Impact on payments:** this can be seen especially at distributors level. There are longer delays in payments and this situation might suffocate the industry, the difficulty being that at the same time, deliveries cannot be put on hold.

Globally of course, the pharmaceutical sector is much less impacted than other sectors as people still need to take their chronic treatments. Effects of the Covid crisis will be seen on the points mentioned earlier – healthcare expenditures and deficits will have increased for governments.

As Sanofi provides mainly chronic diseases treatments, we are less impacted. However innovations launches will be delayed for some time. At HR level, there is no social impact but we of course focus on our human force wellbeing and safety and the one of our patients. Main challenges are coming from the supply chain as lots of products come from Europe. However our logistics being very well organized, we have been able to function without rupture. We have organized in such way that our patients receive their treatments at home. We are lucky that local authorities have managed very well the crisis with anticipation and radical measures. These measures have been instrumental in the epidemic propagation which today seems controlled. All patients have been able to be treated properly and for that we have to praise the government and authorities' organization and management.”



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