AHK SURVEY
Coronavirus and its Impact on Businesses in the UAE
AHK SURVEY – CORONA VIRUS AND ITS IMPACT ON BUSINESSES IN THE UAE

Statistics

The survey was conducted from 25th of March till 07th of April 2020 among members and partners of the AHK in the United Arab Emirates.

195 persons contributed (working residents of the UAE)

Participating companies are almost equally based in Freezones and Mainland (or are having branches in both locations).

54% working for a company with headquarter in Germany

70% working for SMEs (less than 100 employees)

87% of the companies are based in Dubai followed by Abu Dhabi
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Industries

- **Construction / Industrial & Commercial Machinery / Equipment / Components Business**: 25%
- **Consultancies, Business Support, Legal and Recruitment Agencies, HR**: 18%
- **Trade and Wholesale**: 10%
- **Automotive**: 10%
Impact on Company Performance

More than 80% of the companies already feel the negative impact on their business and expect a declining turnover due to the coronavirus crisis.

More than 60% of the companies even expect a significant decrease.

Do you expect to see declining turnover in 2020 due to the coronavirus crisis?

- Yes, a significant decrease: 66.10% (117)
- Yes, a slight decrease: 16.95% (30)
- No estimate possible at present: 14.69% (26)
- No: 2.26% (4)
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Main Challenges

- Less demand of goods and/or services (66%)
- Travel restrictions impact business (54%)
- Uncertain future business environment (projects/investments on hold) (52%)
- Government restrictions (39%)
- Cancellation of trade fairs/events (33%)
- Liquidity bottleneck (28%)
Main Challenges

Due to **Government restrictions** and / or **financial issues** companies are forced or expect to be forced to shut their businesses in the next couple of weeks.

Majority of the businesses are still operating - however meanwhile with **flexible working schemes** (working from home or with reduced capacities).

**30%**

**OF BUSINESSES EFFECTIVELY HALTED OPERATIONS ALREADY BY THE END OF MARCH 2020**
Almost half of the companies expect a lack of supply of goods.

50% expect lack of supply of goods

Mainly from Germany and Europe followed by China and Middle Eastern Countries.

70% no substitution possible
Immediate Protective Measures

- **HOME OFFICE**: 88%
  - Staff is equipped with necessary hardware, access to servers, IT security etc.

- **LESS or NO TRAVEL**: 85%
  - May be even higher in the meantime due to closure of borders and lock down

- **COMMUNICATION TOOL**: 70%
  - Video conference tools in place / internal communication network

- **HYGIENE MATERIALS**: 67%
  - Provide hand sanitiser, masks, gloves

Around 60% of all companies cancelled any type of business meetings, events or participation in trade fairs.
Clear communication is key

The Government of the UAE has taken strict measures to tackle the outbreak of the coronavirus and to keep companies and residents informed on a daily basis. However, there is still further clarification needed with regards to monetary support and contractual issues (force majeure).
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Support by Government

Companies in the UAE are facing huge issues due to the coronavirus crisis. Fast support is necessary.

- **83%**
  - **TAX RELIEF**
    - Temporary suspension of VAT, easier processing

- **76%**
  - **REDUCTION OF SERVICE FEES**
    - Reduced general service costs and charges for companies (electricity, water, admin costs, visa costs, license etc.)

- **62%**
  - **RENT**
    - Rent cap / reduced rent for offices / warehouses / production

- **60%**
  - **STIMULUS PACKAGES**
    - General stimulus packages e.g. for banking sector, interim financial aid
Summary

80% of the companies feel the negative impact of the coronavirus crisis and expect a declining turnover. Especially SMEs are affected facing financial / cash flow issues. 30% of the participating companies effectively halted operations already by the end of March 2020.

Main issues are less demand in general, the negative impact of restrictions e.g. the lock-down, no travel options, cancelled events and trade fairs and the general uncertain business future. Due to the global crisis companies fear lack of supplies to run their businesses especially from Europe. Substitutions are difficult to find.

Immediate Protective Measures are in place. Majority of companies established home office, stopped travels and switched to online business meetings and webinars.

However there is a demand for further clarification and support e.g. how to deal with a suspected / confirmed case at my workplace / company? Companies would appreciate support in terms of creating an internal pandemic plan. Many companies are facing legal and contractual issues. The clause Force Majeure needs to be clarified. Is it applicable in my case? What are the next steps? Last but not least companies need advice on existing support offers and how to access them.

Fast support is necessary especially in terms of financial aid, reduction of general costs and charges for companies, rent, tax relief and easing processes. The UAE Government released several stimulus packages to tackle the crisis. Short-term implementation of those measures and a clear communication is the key.
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