



Since March 25, 2020

Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at February 15, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

Unites Arab Emirates

Country/Region	General measures	Measures for construction
UNITED ARAB EMIRATES		
Lockdown	The UAE's Ministry of Human Resources and Emiratisation (Mohre) has considered the stoppage of labour exchange relationships with countries that are not responding to repatriation requests amid the ongoing Covid-19 pandemic. The ministry's decision came after numerous countries did not respond to temporary repatriation requests by their UAE-residing citizens (15 April).	The construction industry in the United Arab Emirates (UAE) has been continuing as 'usual' despite the impact of Coronavirus. There were however, some slowdown in construction projects according to PIARC (World Road Association): <ul style="list-style-type: none"> • Delays to materials and components due to factory shutdown in China; • No night shifts because of the curfew; • Impacts on labor buses due to social distancing guidelines; • Specialist tasks deferred. Indeed, Dubai's Department of Finance had ordered a 50% cut in capital spending and asked to delay new government construction projects as the coronavirus pandemic affects state revenues . Existing contracts have been reviewed. The finance department order also required that ongoing construction projects were value engineered and did not encounter cost overruns. While construction was one of the sectors exempted from the emirate's 24-hour restrictions on outdoor movement, contractors were concerned that onsite works will slow down (14 April).
Economic outlook	The country's trade, tourism and transport industries have been affected by the global slowdown of these industries. With these critical UAE industries struggling, the country's central bank has	GlobalData expects the construction industry in the United Arab Emirates (UAE) to rebound in 2021, growing by 3.1% in 2021, following a decline of 4.8% registered in 2020 . The industry is then expected to expand at an annual average of 3.8% between 2022 and 2025 (cf. GlobalData) (January 2021).

	<p>introduced an AED100 billion (US\$27 billion) Targeted Economic Support Scheme.</p> <p>The Central Bank of the UAE said the package includes:</p> <ul style="list-style-type: none"> • AED50 billion (US\$13.5 billion) of collateralized loans, which will be offered to all UAE banks at zero cost. It will also allow banks to boost their lending capacity by freeing up their regulatory capital buffers; • The package is intended to support banks and businesses during the Coronavirus crisis for up to six months. 	<p>According to a September report from Research and Markets, the construction industry in United Arab Emirates is expected to record a compound annual growth rate (CAGR) of 6.2% to reach AED 278.7 billion (US\$75.87 billion) by 2024.</p> <ul style="list-style-type: none"> • Residential construction industry in value terms increased at a CAGR of 6.7% during 2015-2019. The commercial building construction market in value terms is expected to record a CAGR of 9.1% over 2021-2024. • Infrastructure construction was estimated to be AED 89.8 billion (US\$24.45 billion) in 2019, posting a CAGR of 7.5% during review period. <p>The report expects growth across residential, commercial, industrial, and institutional sectors in United Arab Emirates to remain impacted due to the economic downturn caused by the Covid-19 outbreak. Despite near term challenges, medium to long term outlook remains positive. Over the short term, investment in the construction industry will be driven by government spending in the infrastructure sector (2 September 2020).</p> <p>It is expected for example that the economic package from the Central Bank of UAE will benefit the local construction sector, which includes small and medium-sized enterprises in the design, contracting and fit-out industries.</p>
<p>Recovery</p>	<p>According to GlobalData, the approval of a new Dubai Building Code would be a positive development for the UAE as the new code outlines a revised set of construction rules and standards and seeks to reduce construction costs by streamlining building rules. The UAE announced in August 2020 that it will deliver a three-stage 'flexible package' of measures to strengthen the economy, including steps to support the labor market and support investment.</p> <p>The medium-term outlook looks promising, as the government continues with its infrastructure plans, given various government initiatives such as the Energy Strategy 2050, the Sheikh Zayed Housing Programme and the Dubai Tourism Strategy. Infrastructure projects are a key part of the UAE's economic expansion, as not only the Emirate, but the overall Gulf Cooperation Council (GCC) region, still has huge infrastructure needs, as it seeks to build efficient transport and logistics networks as well as reliable supplies of clean energy. Also, Israel and the UAE have reached a historic deal to normalize ties opening up investment opportunities, where the countries agreed to develop a joint strategy to boost co-operation in the energy sector (cf. GlobalData) (January 2021).</p>	



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	<p>For example, in October 2020, the two countries and the US established the US\$3bn Abraham Fund to promote economic co-operation and prosperity in the Middle East and North Africa (MENA). Once operational, the fund aims to deliver ‘people-focused investments’ that should boost regional trade, enable strategic infrastructure projects (especially digital and energy infrastructure), and increase energy security and agricultural productivity (December 2020).</p>
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