

All six member states of the Gulf Cooperation Council (“GCC”) have taken measures to deal with the Covid-19 Pandemic (the “Pandemic”). This overview summarizes the current situation in the GCC countries, and the main measures taken by their governments to ease the burden on the local companies and protect the population. The numbers and measures cited reflect the situation as at 23 April 2020.

1. United Arab Emirates

Introduction

As of April 23, 2020, the United Arab Emirates (UAE) have confirmed 8,757 Covid-19 cases with 56 fatalities. In mid-March 2020, the UAE started to implement restrictive measures such as suspension of issuance of new visas, closure of borders and airports, closure of commercial establishments (except supermarkets and pharmacies) and a sterilisation program aimed at eliminating the virus in the city environment. Certain other measures have been handled differently in each Emirate. For instance, in the Emirate of Dubai, a full lockdown was implemented not allowing residents to leave their homes except for essential needs (supermarket, pharmacies and medical appointments) and with the requirement of a prior special permit from the Dubai Police. The Emirate of Abu Dhabi and other Emirates have imposed a curfew between 8pm and 6am restricting movement of residents only during these times.

Employment Matters¹

The central measure taken is the Ministerial Resolution 279/2020 by the UAE Ministry of Human Resources and Emiratisation (MOHRE) regarding the implementation of employment-related measures as a response to the Pandemic which includes:

- remote working (in the Emirate of Dubai in line with the full lockdown imposed this is mandatory for staff of companies which are deemed non-essential),
- paid annual leave & unpaid leave (both measures require consent of employee and MOHRE form must be used),
- temporary salary reduction (requires consent of employee and MOHRE form must be used),
- permanent salary reduction (requires consent of employee, amendment of employment contract and approval of MOHRE), and

¹ For a detailed overview on employment related measures in the UAE please refer to our publications on <https://www.schlueter-graf.com/en/publications>

- termination (employer remains liable for accommodation allowance and health care and must register employee in a virtual labour market system). It is however uncertain, whether the Pandemic actually qualifies as a valid reason for termination (if not, the employer will be liable to pay compensation).

These measures shall be taken gradually (i.e. measures with the lowest impact to employees to be used first). Application in free zones varies from free zone to free zone.

Relief Programs

- Various free zones in the UAE have announced relief programs for their customers including the waiver of certain fines and penalties, reduced license renewal and lease renewal fees as well as instalment plans for lease payments.
- The Department of Economic Development in Dubai announced a simplified method to renew company licenses without the necessity of providing a renewed Ejari certificate (which certifies the registration of the lease agreement with the competent authority).
- As part of the Targeted Economical Support Scheme² ("**TESS**") The Central Bank of the UAE grants zero cost facilities/loans to the UAE banks which can extend such facilities to their customers.
- In addition, the Central Bank recommends to banks and finance companies to provide additional financing at reduced rates to their private sector corporates, SMEs and individuals and to re-schedule the payments on existing loans and reduce fees and commissions.
- Residence visa and Emirates ID expiring as of 30 March are extended automatically by 3 months. Holders of visit visa which expire whilst the person is still in the country and cannot leave are exempted from fines.

2. Saudi Arabia

Introduction

As of April 23, 2020, the Kingdom of Saudi-Arabia (KSA) has confirmed 13,930 Covid-19 cases with 121 fatalities. The government restricted travel into and out of KSA, between provinces and partly inside provinces (between Riyadh Capital and Riyadh province as well as between Qatif and the rest of the Eastern Province). Major cities (like Makkah, Medina, Jeddah and Riyadh) are under a complete lockdown with citizens only allowed to leave their house for essential needs. Non-essential commercial establishments are closed (excluding pharmacies and supermarkets) and social gatherings in public are prohibited. Pilgrimage to the Holy Sites has been totally suspended.

Employment Matter

The Ministry of Human Resources and Social Development has issued a decision as of 6 April adding a new Article 41 to the Implementing Regulations of the Saudi Labour Law. This decision clarifies that in the current Pandemic situation a private sector employer may agree with its employees to:

² For further details on this topic please refer to our publications on <https://www.schlueter-graf.com/en/publications>

- reduce the employee's wage to be commensurate with the actual working hours,
- grant the employee leave that will be counted within his entitled annual leave dues,
- grant the employee exceptional leave as per Art. 116 of the Labour Law (unpaid leave)

The termination of the employment contract after that is not legitimate if it is proven that the employer has benefited from any state's subsidy / support to face the Pandemic.

In general, an event of force majeure is – as per the Labour Law - a valid reason for the termination of employees. It is however unclear, whether the current situation qualifies as a case of force majeure under the Saudi Labour Law.

In addition, the government has announced the option for companies in the private sector to suspend the labour relations with their employees of Saudi nationality. In this case the government will pay 60% of the salaries of such employees and the employer is freed from paying any salary to such employees. However, the employer is not permitted to request those employees to work during this period.

Relief Measures

The KSA government has been tackling the crisis very openly and introduced an initial bundle of more than 75 initiatives under several ministries and government authorities, concerning citizens, enterprises and investors. These include:

- reduction of government fees,
- extension of permits in residence and work as well as export matters,
- deferred payments for taxes, customs duties and loans,
- direct and indirect financing schemes through banks and finance companies,
- certain sector specific measures (especially in industry and agriculture) as well as additional measures related to SMEs.

Aside this, KSA seems to pursue its general reform agenda with almost the same speed and seriousness as before and particularly wants to keep speed and intensity of projects as high as possible under the current circumstances.

3. Qatar

Introduction

As of April 23, 2020, Qatar has confirmed around 7,764 cases with 10 fatalities. Qatar may be the GCC country with the most moderate measures in response to Covid-19. Although Qatar has closed its borders and airports for all inbound flights (except for Qatari nationals returning home) it is still allowing transit passengers in its Hamdan International Airport. Furthermore, entertainment establishments (e.g. cinemas, gyms, play areas) have been closed as of March 13, 2020 until further notice. Residents have been advised to stay home and avoid social gatherings in public. However, no official curfew has been imposed yet.

Employment Matters

The Ministry of Administrative Development, Labor & Social Affairs published a statement on April 14, 2020 which was addressed to all businesses in Qatar concerning employment matters and clarified the following points

- all unaffected organizations shall continue to pay the salary to its employees (including all allowances) as per the employment contract,
- in organizations that are affected by the imposed Covid-19 related measures, employees and employers may agree on paid leave, unpaid leave or reduction of working hours against payment decrease (agreement of employee always required!),
- any reduction of salary shall not result in a reduction of housing and food allowances, and
- employment contracts can be terminated by observing the statutory requirements.

Relief Programs

Qatar's government has introduced several initiatives and programs to support local businesses during Covid-19, including:

- exempting certain food and medical products from customs duties for a period of 6 months,
- exempting certain sectors (hospitality, retail, tourism, industrial and commercial) from payment for water and electricity consumption for a period of 6 months,
- loan instalments for individuals and private sector companies can be deferred for a period of 6 months, and
- extension of tax filing period.

4. Bahrain

Introduction

Bahrain has confirmed around 2,098 cases with 8 fatalities so far. By end of March 2020, Bahrain started to implement restrictive measures such as entry bans for travellers (excluding Bahraini nationals, residents, diplomats), suspension of issuance of visa on arrival, mandatory 14 days quarantine for everyone returning from abroad, introduction of social distancing in public, closure of non-essential businesses (except supermarkets and pharmacies) and fixing prices for certain essential products during the pandemic (such as face masks and disinfectants). All measures have been implemented until further notice.

Employment Matters

The Bahraini Ministry of Labour and Social Development has announced several measures:

- distance control and remote working etc. in labour camps and in commercial establishments to ensure the safety of the workforce,
- paying Bahraini nationals working in the private sector their salary for 3 months starting from April 1, 2020 as a measure to relief financial pressure on local companies.

However, no measures have been announced in connection with non-Bahraini workforce so far.

Relief Programs

Various authorities in Bahrain have announced relief programs for residents which include inter alia:

- waiver of municipal property rents for certain shops for 3 months and starting from April 1, 2020,
- payment of electricity and water bills by the government for individuals and companies for a period of 3 months (up to an amount incurred during the same period in 2019) and starting from April 1, 2020;
- Bahraini Central Bank has increased its liquidity fund to allow banks and financial institutions to defer debt payments for and extend additional credit to its customers.

5. Kuwait

Introduction

Kuwait has confirmed around 2,399 cases with 14 fatalities as of today. As one of the first GCC countries, Kuwait has already introduced restrictive measures by beginning of March 2020 such as entry bans for non-Kuwaiti nationals, closure of the airports and borders for all inbound flights, non-issuance of visa on arrival, mandatory 14 days quarantine for everyone returning from abroad, closure of non-essential businesses (except supermarkets and pharmacies) and a nationwide curfew between 5pm and 4am with complete closure of 2 areas (Jleeb Al-Shuyoukh and Mahboula). All measures have been implemented until further notice.

Employment Matters

As of today, the Kuwaiti government did not implement any special labor provisions in connection with the Covid-19 pandemic. This means that the provisions of the Kuwaiti Labor Law No. 6 of 2010 are fully applicable. An employer cannot force his employees to take paid or unpaid leave. Furthermore, an employer can neither decide to reduce salaries nor stop paying salaries completely during a partial or complete closure of the organization due to the Pandemic unless the employee has agreed to such measure.

Relief Programs

- Kuwait's Central Bank has announced various measures to support the economy, e.g. moratorium of 6 months for loan instalments including a waiver for interest and charges as well as the option to finance projects by 100%.
- Social security contributions have been postponed for 6 months for all companies in the private and oil sector.
- Kuwait's government announced an accelerated payment of amounts due to companies of the private sector.
- Ministry of Finance in Kuwait announced a postponement of due dates for tax filling and payment of taxes.

6. Oman

Introduction

Oman has confirmed a total of 1,716 cases and a total of 8 fatalities, still being the least affected GCC country in absolute numbers. The country's main approach to react to the Virus has been through a central Supreme Anti-Coronavirus Committee (SCC) established by order of the Sultan on 10 March 2020 under the Ministry of Interior. The SCC analyses and develops measures to be enacted throughout the Sultanate.

Measures included the suspension of tourist visas, border closing, postponement of court hearing and the suspension of schools, universities etc. By now, all malls and major shopping outlets are closed except for foodstuff and medical outlets. All public transport (apart from certain vital domestic ferries, bus, and flight connections) is suspended.

The governorate of Muscat and inside it the community of Matrah as well as other selected areas of the country are under lockdown. Checkpoints do limit movement between individual governorates. Public administration is required to allow a maximum of 30% of its employees to work in the offices physically.

Employment Measures

In Oman just like in other GCC countries, employment related measures often address Omanis and expats separately. The SCC has announced additional measures to deal with employment matters during the Pandemic, e.g.:

- Employers may send their staff on paid leave at a time they see fit (it is recommendable to coordinate such measures with the ministry of Manpower).
- From 1 May onwards, Omanis may work part time for reduced salaries once their paid leave has been exhausted,
- Expatriate employees may agree to a salary reduction,
- The Ministry of Manpower has taken initiatives to reduce fees for the renewal of residence visa and ease the process of extending work permits,
- Secondment of employees inside the group of companies of the employer as well as outside such group has been eased to a certain extend,
- There is an increasing tendency to encourage private sector companies to repatriate their expat employees.

Neither force majeure nor redundancy are accepted as reasons to lawfully terminate an employee.

Relief Measures

- Several taxes have been reduced or payment has been deferred,
- Social insurance payment can be deferred until June 2020,
- Loan installment payments to the Al-Rafd Fund by SMEs and to the Oman Development Bank are deferred for six months,
- Rent payments for factories located in Oman's industrial cities does not have to be made for three months,
- Trade license renewal fees are waived for three months,
- Fees and charges for cargo and freight in ports and airports are reduces. Food commodity storage in public warehouses is for free,

- the Central Bank of Oman has required banks and financial institutions to defer personal and housing loans by 3 months from May 2020 without charging additional interest, profit or fees.

Through a number of directives, the Central Bank of Oman expects the banks and financing companies operating in Oman to provide additional available liquidity of around OMR 8 billion, to stimulate the economy under the current conditions.

This preliminary overview of the situation in the GCC countries under the current Pandemic as well as measures taken by the governments only highlights a few aspects of the current situation in these countries. As further decisions are announced on almost a daily basis, it is impossible in this context to provide a complete picture of the current situation. For any further information or specific question in this regard, please do not hesitate to contact the team of SCHLÜTER GRAF Legal Consultants directly. We are monitoring the developments closely and will be happy to assist you with any inquiry.

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