

Update - COVID-19 and its Implications for Commercial Contracts in the MENA-Region

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Following our Alert on the impact of the COVID-19 pandemic on commercial contracts in the MENA Region¹, this update summarizes the most recent governmental measures of key countries in the MENA-region to combat the outbreak of the pandemic. The situation remains in flux but it is safe to assume that we will have to continue dealing with the impact of COVID-19 for the foreseeable future.

Current Situation in Numbers²

| Country | Reported COVID-19 | Infected by | Reported Deaths due to COVID-19 |
|---------------------|-------------------------|-------------|---------------------------------|
| Saudi Arabia | 767 (+634) ³ | | 1 (+1) |
| Qatar | 526 (+87) | | 0 |
| Egypt | 402 (+236) | | 20 (+16) |
| Bahrain | 392 (+156) | | 3 (+2) |
| Lebanon | 318 (+198) | | 4 (+1) |
| Iraq | 316 (+162) | | 27 (+17) |
| Algeria | 264 (+204) | | 19 (+14) |
| UAE | 248 (+150) | | 2 (+2) |
| Kuwait | 191 (+71) | | 0 |
| Morocco | 170 (+132) | | 5 (+3) |
| Jordan | 154 (+119) | | 0 |
| Tunisia | 114 (+90) | | 4 (+4) |
| Oman | 99 (+75) | | 0 |
| Palestine | 60 (+20) | | 0 |
| Sudan | 3 (+2) | | 1 |
| Syria | 1 (+1) | | 0 |
| Libya | 1 (+1) | | 0 |
| Yemen | 0 | | 0 |

¹ <http://amereller.com/wp-content/uploads/2020/03/Amereller-Covid-19-Implications-on-Contracts-in-MENA-Region-2020-03-19.pdf>.

² <https://www.worldometers.info/coronavirus/> (24 March 2020 – 09:30 PM CET).

³ Compared to the last Client Alert from 17 March 2020.

Bahrain

The National Taskforce for Combating the Coronavirus (COVID-19) held a press conference on **March 22** and announced the latest measures taken to combat the outbreak of COVID-19 including⁴:

- All retail stores will close temporarily and only delivery services will be available from **March 26 to April 9**. Hypermarkets, supermarkets, cold stores, bakeries, pharmacies and banks remain open.
- **Prohibition on public gatherings** of more than **5 individuals**.

On March 23, the Minister of Finance declared that implementation of the policy measures to counter the effects of COVID-19 remains the top priority of the Ministry. The policy measures announced on 17 March 2020 as part of the **BHD 4.3 bn economic stimulus package** to counter the effects of Covid-19, include⁵:

- **Paying the salaries of all private sector employees for three months** as from April 2020 from the unemployment fund.
- **Paying individuals' and businesses' Electricity and Water Authority utility bills for three months** from April 2020 (up to the costs incurred during the same period in 2019).
- **Exempting** all individuals and businesses from **municipal fees** for three months as from April 2020.
- **Exempting** all businesses from **industrial land rental fees** for three months as from April 2020.
- **Exempting** all **tourism-related industry** from **levies** for three months as from April 2020.

Egypt

Egypt **suspended all air traffic** at its airports from March 19 until **March 31**.⁶ On March 19 the Prime Minister announced a **partial curfew from 7:00 pm to 6:00 am** starting from **March 25** for a period of **two weeks**. Schools, universities, kindergartens etc. remain closed for further two weeks starting from **March 29**. Cafes, restaurants, casinos, nightclubs, bars and sporting clubs are ordered to close until further notice. Shopping malls, retail shops and crafts shops may open only **from 6:00 am to 7:00 pm**, except on Friday and Saturday,

⁴ <https://www.moh.gov.bh/COVID19/Details/4014>.

⁵ <https://www.moh.gov.bh/COVID19/Details/3969>.

⁶ Council of Ministers' Decision no.718 of 2020 dated 16 March 2020;

<https://gulfnews.com/world/mena/egypt-to-shut-airports-due-to-coronavirus-1.70425412>.

The decision to limit the number of public sector employees attending their work place is extended for a further two weeks until **April 15**.⁷ All public services, except health services, provided to citizens by the ministries or governorates are suspended.⁸

The Central Bank of Egypt (CBE) has ordered banks to **defer loan payments** for institutional and individual clients without penalty for a period of 6 months.⁹ CBE further relaxed the rules for banks regarding the participation in BoD meetings via video or teleconference.¹⁰

The General Authority for Investment and Free Zones (**GAFI**) permitted **virtual attendance** of corporates' **general assembly meetings** (for more information please follow the link¹¹ to our client alert).

Egyptian **stock market trade** was again suspended for 30 minutes after the index had fallen by more than 5 percent.¹² In order to combat these developments, President Sisi announced an **EGP 20 bn (USD 1.3 bn) Central Bank allocation** to support the country's stock exchange.¹³ Of the earlier announced EGP 100 bn aid, 50 bn are earmarked for the tourism industry and keeping hotels afloat and 27.6 billion will be disbursed to 2.4 million families through an amendment to a new law allowing pensioners to retroactively add five previous raises to their pay.¹⁴ In addition, a 14% annual raise for pensioners and a two-year freeze on the implementation of the tax on agricultural land were announced.¹⁵

Iraq

The Iraqi government Crisis Cell (alias Committee of the Office Order 55/2020), an inter-ministerial committee – headed by the Minister of Health and established by virtue of Prime Minister Office's Order 55/2020 to combat the outbreak of COVID-19 – issued a series of decisions starting from February 20. Following its latest meeting on **March 21** the Crisis Cell announced 12 decisions/recommendations including¹⁶:

⁷ Council of Ministers' Decision no.719 of 2020 dated 16 March 2020; <https://www.aljazeera.com/news/2020/03/egypt-el-sisi-handling-coronavirus-crisis-transparently-200322190301769.html>.

⁸ Council of Ministers' Decision no. 768 of 2020 dated 24 March 2020; <https://www.nytimes.com/aponline/2020/03/24/world/middleeast/ap-ml-virus-outbreak-mideast.html> ; (AR): <https://www.elbalad.news/4229239>

⁹ Circular dated 16 March 2020 following up the precautionary measures to counter the effects of COVID-19 Virus.

¹⁰ Circular dated 17 March 2020 regarding the participation in BOD meetings via video or teleconference during 2020.

¹¹ http://amereller.com/wp-content/uploads/2020/03/Amereller_CA_GAFI_SCC-General-Assembly-Meetings-Clean.pdf.

¹² <https://www.reuters.com/article/health-coronavirus-egypt-stocks/egypts-stock-exchange-suspends-trading-for-half-an-hour-after-egx100-falls-by-more-than-5-in-early-trading-idUSC6N2AK03C>.

¹³ <https://www.aljazeera.com/news/2020/03/egypt-el-sisi-handling-coronavirus-crisis-transparently-200322190301769.html>.

¹⁴ <https://www.cairoscene.com/Buzz/The-Corona-Economy-Egypt-Announces-Breakdown-of-EGP-100-Billion-Stimulus-Package>.

¹⁵ Ibid.

¹⁶ <https://gds.gov.iq/iraqs-crisis-cell-extends-curfew-announces-additional-measures-to-contain-covid-19/>.

- **Extending the curfew** to Baghdad and the rest of Iraq **until 11:00 pm on March 28**. The curfew excepts visits to pharmacies, medicine stores, food stores, bakeries and petrol stations. It also excepts medical, security and media personnel and staff of internet service providers (ISPs).
- Schools, universities and colleges **remain closed** until **March 28**.
- **Flights to and from Iraq** remain **suspended** until **March 28**.
- The Municipality of Baghdad and municipal departments in the provinces are directed to suspend the collection of levies and other financial dues from residents to ease the financial burden caused by the Coronavirus.
- Relevant authorities are directed to suspend deductions for loans from the salaries of all state employees.

We note that the Crisis Cell decided under no. 12 of the decisions/recommendations following the meeting dated March 21 that “[t]he *period of the coronavirus crisis is deemed force majeure [event] for all projects and contracts starting from 20 February 2020 until the Ministry of Health announces the end of the corona epidemic*” .

Jordan

In a letter dated March 17 and addressed to Prime Minister Omar Razzaz, King Abdullah approved the activation of Law 13 of 1992 (the “**Defense Law**”).¹⁷ The Defense Law was issued on the basis of Article 124 of the Jordanian constitution.¹⁸ According to Article 2 (a) of the Defense Law, the outbreak of an epidemic entitles the activation of the Defense Law which basically vests the Prime Minister with extensive competencies to take any necessary measures to combat the emergency, in this case the COVID-19 outbreak.

Based on this, the Prime Minister issued Defense Order 2 of 2020 that brought a **countrywide round-the-clock curfew** into effect. The curfew started **as from March 21** and remains effective **until further notice**. Violations of the curfew are **punishable with up to one-year imprisonment** (Article 5 of Defense Order 2 of 2020).

We note that according to Article 11 of the Defense Law any contracting party that was prevented from performing its contractual obligations due to its compliance with the Defense Law or any decisions or regulations issued thereupon is not **deemed to be in breach of the relevant contract**. The **contract** is deemed **suspended** to the extent to which the performance of the contract is prevented.

¹⁷ <http://jordantimes.com/news/local/royal-decree-approves-cabinet-decision-proclaim-defence-law>.

¹⁸ Article 124 reads:

“*In the event of an emergency necessitating the defense of the Kingdom, a law, which shall be known as the Defense Law, shall be enacted giving power to the person specified therein to take such actions and measures as may be necessary, including the suspension of the operation of the ordinary laws of the State, with a view to ensuring the defense of the Kingdom. The Defense Law shall come into force upon its proclamation by a Royal Decree to be issued on the basis of a decision of the Council of Ministers.*”

Trading at the **Amman Stock Exchange** (ASE), which was suspended as of March 17, remains **suspended until further notice**.¹⁹

Kuwait

As from March 22, a **partial curfew** from 5:00 pm to 4:00 am came into force. The **public holiday** for government departments (compulsory) and private companies (originally voluntary), announced until March 26, is extended by an additional two weeks until **April 10** and is **compulsory for both the public and private sector**.²⁰

Kuwaiti authorities also ordered on March 16 the closure of shopping malls, beauty salons and barber shops.²¹

Since March 21, **all commercial flights from and to Kuwait are halted** with the exception of those carrying Kuwaiti citizens, their first-degree relatives and cargo flights.²²

Libya

As of March 22, the Libyan Government of National Accord (Tripoli), pursuant to Article 1 of the Presidential Decree 215 of 2020 imposed a **night-time curfew** from 6:00 pm to 6:00 am except for health and public services activities. Furthermore, mosques, educational institutions, coffeeshops, restaurants, events halls, parks and stores are closed. The **usage of public transportation** and the **hosting of weddings or funerals** is **prohibited**.

The Government also declared a **state of emergency** with respect to the whole of Libya under Presidential Decree 209 of 2020 dated 17 March 2020. Article 3 of the Decree further declares the state of emergency a **force majeure event** that “*triggers all legal implication following the occurrence of such event in any valid law*”. Presidential Decree 209 of 2020 remains in effect until the issuance of a further decision ending the reasons for the emergency (Article 5).

Oman

Since its establishment on March 10, Oman's Supreme Committee for Dealing with COVID-19 – an inter-ministerial committee headed by the Minister of Interior – issued a series of decisions including²³:

- **Closing all air, sea and land borders.** As of **March 18, only Omanis** are allowed to enter the country and no Omani is allowed to exit the country.
- **Suspending** the issuance of **tourist visas** to all nationalities for **one month** starting March 15.
- All travelers entering Oman will **have to undergo quarantine** for 14 days.

¹⁹ <https://www.ase.com.jo/en/news/Suspend-Trading-ASE-Tomorrow-Tuesday-1732020-until-further-notice>.

²⁰ <https://www.kuna.net.kw/ArticleDetails.aspx?id=2880575&language=en>.

²¹ <https://www.brecorder.com/2020/03/16/580250/gulf-shares-down-despite-stimulus-packages/>.

²² <https://corona.e.gov.kw/En/Home/Faq>.

²³ The list of the respective measures as regularly updated are published by Oman Airports; the government-owned company responsible for operating all civil airports in Oman, under <https://www.omanairports.co.om/en/content/corona-virus-updates>.

- **Limiting** the number of **government employees** working in offices to **30%** and roll out work-from-home arrangements for the rest. The **private sector** is also urged to **roll out work-from-home arrangements** for their employees and to avoid gatherings of large groups of people, **effective from March 23**.
- **Closing** all **customer-facing operations and centers** in both the public and private sectors and encourage the shift to electronic services.
- **Closing all currency exchange offices** starting **March 23** and limiting currency exchange activities to banks.
- Urging businesses, merchants and individuals to **stop using cash** and use electronic payment instead.
- **Suspending the distribution of all print** newspapers, magazines and publications, including print media published outside the Sultanate.
- **Prohibiting** all forms of **gatherings in public places** or sites open to the public. Closing of mosques, all other places of worship and public parks as of **March 18**.
- Suspending all social gatherings, such as weddings and funerals.
- **Suspending studies** in all educational institutions for **one month**, starting from **March 15**.

Furthermore, on March 23, the Royal Decree 32/2020 on amending the Law for Combating Infectious Diseases, Law 73/97 was issued. COVID-19 was already included in the table of infectious diseases annexed to the Law. The amendments, however, introduced a set of obligations on persons infected or suspected to be infected, including the **obligation to head to the nearest medical facility** and **provide all necessary information**, including such related to any persons with whom the infected person had contact. The amendments also introduced **stricter penalties** with respect to **violations of the duty to report** which will be punishable by **imprisonment of between 3 months and one year or a fine between 1,000 and 10,000 Omani rials**.

Qatar

On March 20, the Qatari Prime Minister announced new precautionary measures to **prevent all forms of gathering** by law, including but not limited to the Corniche, public parks, beaches and social gatherings in general.²⁴

Since March 18, Qatar has **banned inbound flights** with the exception of cargo, transit and the arrival of Qatari citizens.²⁵ As of **March 15** and until further notice visas on arrival are suspended for citizens of / travelers from **Italy, France, Germany** and **Spain** except for persons holding a Qatari residence permit, provided that they stay in a quarantine facility for

²⁴ https://www.gulf-times.com/story/658919/Qatar-bans-all-forms-of-gatherings#section_178.

²⁵ https://www.diwan.gov.qa/briefing-room/news/general/lg/2020/march/15/lg01?sc_lang=en;
<https://www.aljazeera.com/news/2020/03/coronavirus-travel-restrictions-border-shutdowns-country-200318091505922.html>.

14 days.²⁶ Additionally, Qatar has removed exit visa requirements for an additional segment of its foreign labor force, including some of those working in the oil and gas industry, according to official tweets posted on March 20.²⁷

From March 22 until April 6, **government institutions will reduce the number of employees to 20 percent** while the rest will work remotely from home (or if they so request).²⁸ Several real estate companies announced postponement or exemption of rent and other fees for their commercial units.²⁹

On March 15, the meeting of the **Supreme Committee for Crisis Management** – the authority responsible to follow up with the development of COVID-19–was headed by the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani. In this meeting, a number of **Amiri directives** also related to the economic and financial sector, were issued including:³⁰

- Support and provision of financial and economic incentives in the amount of **QR 75 bn to the private sector.**
- The Qatar Central Bank (QCB) is to put in place the appropriate mechanism to encourage banks to **postpone loan instalments and obligations of the private sector** with a **grace period of six months.**
- The government funds are to **increase their investments in the stock exchange by QR 10 billion.**
- **Exempting food and medical goods from customs duties** for a period of six months, provided that this is reflected in the sale price to the consumer (the **General Authority of Customs** announced exempting **905 of food and medical goods** listed within Al Nadeeb, the Qatari computerized customs clearance system, from custom duties).³¹
- **Exempting** the following sectors **from electricity and water fees** for a period of six months: the **hospitality and tourism sector**, the **retail sector**, the **small and medium industries sector**, **commercial complexes** in exchange for providing services and exemptions to tenants and **logistic areas.**
- **Exemption** from **rents** for **logistical areas and small and medium industries** for a period of six months.

Saudi Arabia

On March 23, a **night-hours curfew** from 07:00 pm until 06:00 am was established by the authorities and will continue for a period of 21 days until April 12.³² The King's order provided

²⁶<https://www.gco.gov.qa/en/2020/03/14/government-communications-office-statement-regarding-the-extended-temporary-travel-restrictions-from-designated-countries/>.

²⁷ <https://en.qantara.de/content/reacting-to-corona-qatar-eases-exit-restrictions-on-migrant-gas-and-oil-employees>.

²⁸ <https://thepeninsulaqatar.com/article/17/03/2020/From-lockdowns-to-sanitisation,-round-up-of-Qatar-s-fight-against-coronavirus-Latest-Updates>.

²⁹ Ibid.

³⁰ https://www.diwan.gov.qa/briefing-room/news/general/lg/2020/march/15/lg01?sc_lang=en

³¹ AR: http://www.customs.gov.qa/news_details385.php.

³² AR: <https://www.spa.gov.sa/viewfullstory.php?lang=ar&newsid=2050399#2050399>.

exceptions for those working in the security, military, and media sector, as well as employees in healthcare and service sectors (food, transportation and energy).³³ Furthermore, the Ministry of Human Resources **suspended attendance of large parts of the private sector** starting from March 18 until April 2.³⁴ The decision applies to company headquarters and excludes vital food and medical industries and leaves vital branches with a maximum attendance of 40%.³⁵

A **full travel ban** has been in force since March 15 **until March 29**. Meanwhile, the Justice Ministry is continuing to launch more online services in light of the restrictions in attendance.³⁶

United Arab Emirates

The government called upon the **public to stay at home** except in cases of necessity, including getting essential supplies, such as food and medicine, or performing jobs, to use cars with a maximum of three individuals and to maintain social distancing.³⁷ All commercial centers and shopping malls along with open markets were closed for a renewable period of two weeks.³⁸ There is an exception for food retail outlets and pharmacies.³⁹

According to the UAE Embassy in the UK, since March 19 **no visas on arrival are issued** until further notice. On March 18, the UAE also banned its citizens from travelling abroad until further notice.⁴⁰

The **Abu Dhabi Judicial Department** decided to **suspend rent evictions for two months**.⁴¹ It has also **halted all rental property eviction cases** currently underway, along with executive procedures like imprisonment, blocking of bank accounts, seizure of vehicles, stocks and assets for a period of two months.⁴² The decision exempts cases related to alimony and labor disputes.⁴³

Judicial hearings at the three stages of the **Dubai Courts** have been **adjourned** and issuance of certificates and personal status documents like marriage and divorce certificates have also been suspended from March 22 until April 16.⁴⁴ A **remote working system** is to be activated during this period and hearings into urgent matters, criminal cases and appeals involving inmates and detainees will continue remotely, as per an order by the Dubai Courts President. In all courts, judges will issue the rulings in the scheduled hearings during the adjournment

³³ <https://wam.ae/en/details/1395302832390>; <https://www.thenational.ae/business/banking/bankers-in-saudi-arabia-told-to-work-from-home-1.993964>.

³⁴ AR: <https://mlsd.gov.sa/ar/news/>

³⁵ <https://www.middleeasteye.net/news/coronavirus-saudi-arabia-suspends-most-private-sector-attendance-15-days>.

³⁶ <https://www.spa.gov.sa/viewfullstory.php?lang=en&newsid=2050559#2050559>.

³⁷ <http://wam.ae/en/details/1395302832349>.

³⁸ <http://wam.ae/en/details/1395302832348>.

³⁹ Ibid.

⁴⁰ <https://twitter.com/UAEEmbassyUK/status/1240221493486858240>;

<https://www.arabnews.com/node/1643291/middle-east>.

⁴¹ <https://wam.ae/en/details/1395302832407>.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ <http://wam.ae/en/details/1395302832623>; <https://www.khaleejtimes.com/coronavirus-outbreak/coronavirus-in-uae-dubai-courts-hearings-suspended-judges-to-work-remotely->

period remotely. Dubai Courts will stop receiving claims in cases and claims services. These are available via the courts' app and other digital channels.

With regard to the **stock exchange**, on March 18 the UAE set a new limit for the maximum permitted daily fall in the price of shares of 5%.⁴⁵

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⁴⁵ <https://www.middleeastmonitor.com/20200317-uae-sets-new-limit-of-5-for-stocks-daily-drops-as-of-wednesday/>.