

LIFE AFTER COVID-19

مؤسسة دبي للمستقبل
DUBAI FUTURE FOUNDATION



FUTURE TRENDS

COMMERCE



INSIGHTS IN BRIEF



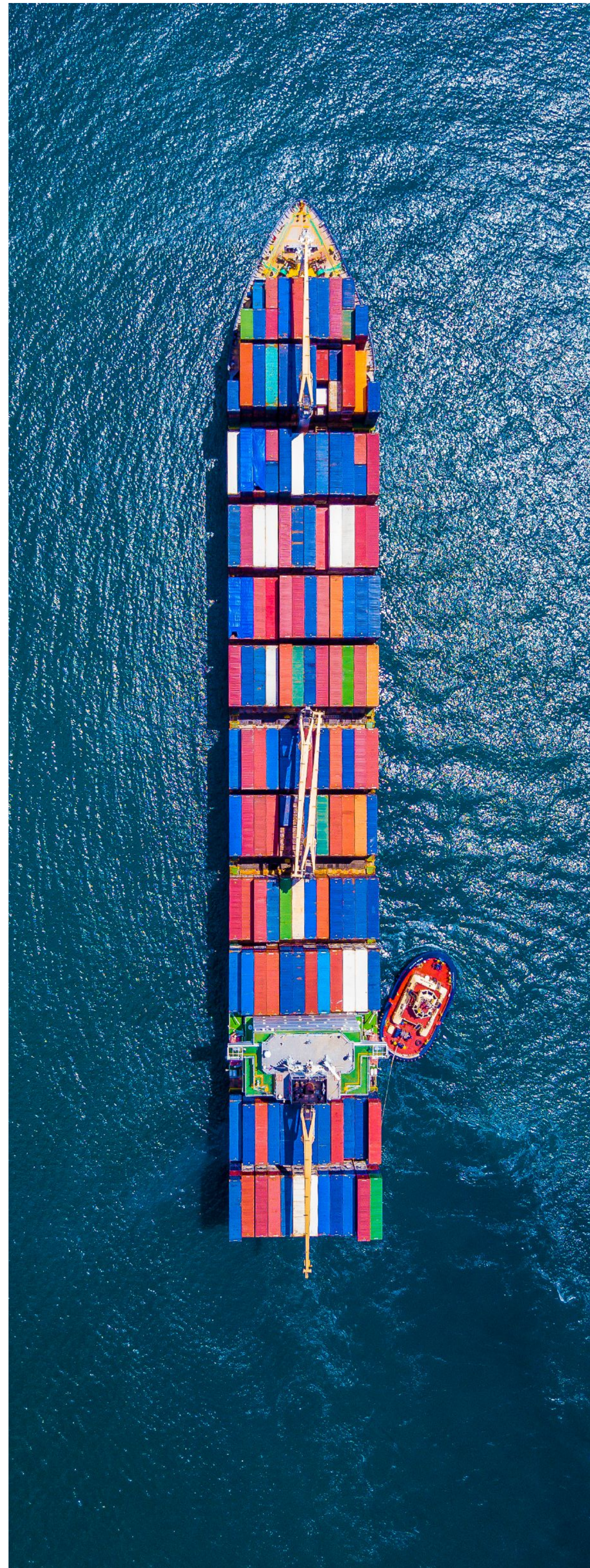
Commerce is a key sector in the global economy, but it will be hit substantially by the controls imposed at borders and the reduction of trade between partners.



Global dependence on international trade partners may change, and nations may begin looking inwards for short-term production.



Established digital infrastructures will become increasingly important during and after a worldwide quarantine, with more jobs and services moving online.



CURRENT SITUATION

Commerce, which includes supply chains, retail, trade, banking, manufacturing and transport, is dependent on a global network. This was an asset, both politically and economically, prior to the pandemic. However, the weakening of this global network has now meant that the global economy may be headed into a recession.

Experts have claimed that much of the world's retail sector will become digitized, although this may not make up for global short-term losses among bricks-and-mortar retailers. With many online outlets linked directly to physical stores, it is likely that retail will be hurt both digitally and physically by a worldwide reduction in consumption.¹ The global maritime supply chain, which supports a large share of many countries' trade and goods imports, has paused in several countries due to fears of the virus spreading across regions. Some countries have closed borders temporarily and more countries are looking inwards to maintain business continuity.²



¹ Wahba, P., "Why e-commerce won't save retailers from the coronavirus", Fortune, 2020.

² Garcia, G., Phone Interview, ALG Global, 2020.



China is the leading trade partner accounting for over **9%** of the UAE's non-oil trade

OPPORTUNITY

For the UAE, China is the leading trade partner, accounting for over nine percent of the UAE's non-oil trade.³ Although local supply chains may face short-term challenges with regards to high imports, this may lead to the development of further domestic production and manufacturing during and after this period. The UAE continues to import goods from China, as the coronavirus is being tackled domestically, yet the current decrease in international trade has shed light on a larger global discussion of suppliers and trade partners.⁴ In the future, countries may have several supply chain routes to ensure there is no larger cut off if a crisis occurs.

³ "China leading trade partner of UAE: Al Mansouri", Gulf News, 2019.

⁴ Garcia, G., Phone Interview, ALG Global, 2020.

E-commerce has become more prevalent globally, but with quarantine affecting so many people worldwide, the sector is set to grow and diversify even more rapidly. In Italy alone, between February and March, retailers registered an increase in online sales by 90%.⁵ The UAE is already in the lead with regards to e-commerce. The current digital economy contributes to 4.3% of the nation's GDP and the UAE's e-commerce industry is set to reach US\$ 63.8 billion by 2023.⁶ This digitization drive is key. Worldwide, it is noteworthy that the countries that have tackled the virus quickly are also those with strong digital infrastructures. In South Korea, the government used cellphone data to determine if citizens had been in contact with someone who had been infected with the virus. They were then able to track where the virus might have been transmitted.⁷ China has mobilized new technology to increase the efficiency, safety, and transparency of public services, such as use of robots for administrative duties and checks.

The UAE's digital economy contributes **4.3%** to the GDP

The UAE's e-commerce industry is set to reach **US\$ 63.8 Billion** by 2023

⁵ "Impact of Coronavirus (COVID-19) on online sales in Italy between February and March 2020". Statista, 2020.

⁶ The UAE eCommerce Landscape, 2019

⁷ Lyons, K., "Governments around the world are increasingly using location data to manage the coronavirus", The Verge, 2020.

LOOKING AHEAD

Short term insights ●-----

(during the COVID-19 outbreak)

Digital infrastructure is key to companies' business continuity. The UAE has put in place platforms, such as UAE pass, for digital identification and transactions, but the digitization of entire public and private sector systems will be necessary if work remains remote

Short to long term insights ●-----

(post COVID-19)

Automation and new technologies will become increasingly common in trade and production related work. Factories will be repurposed for post COVID-19 work, and employees will be reskilled so that their jobs are not lost.

