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Given strong response and positive feedback since launching this newsletter, we are considering hosting Zoom meetings to address questions; please let me know if interest arises at chris@alshariflaw.com

Overview:

The Saudi government has maintained and in some ways tightened its proactive Covid-19 containment campaign; while the STC automated response states that “these restrictions will be lifted soon,” official indications of when, under what circumstances and how these may be loosened have been evident in the breach.

Containment measures have been tightened in areas of high occurrences, including Malaz and Faisaliah districts in Riyadh, where restrictions against traveling or shopping for necessities outside one’s district are being aggressively enforced.

Public reaction has been favorable towards the government’s early and effective containment measures, with strong public support reinforced by severe penalties, including recent reminders of anti-fraud penalties for forgeries of exemption and waiver documents.

A recent Ministry of Health directive to contractors drafted to ensure safe and healthy work camps for workers suggests specific targeting of areas experiencing the greatest threat.

In ICU, a patient on a ventilator may be intentionally sedated into a medically-induced coma, to avoid rejection of the 10” tube threaded through the throat. The longer this

continues, the poorer the prospects for long term quality of life.

Like this patient, the Kingdom in shutting down its economy has been forced into a medically-induced coma under aggressive, expensive and risky life support, including mandatory isolation and social distancing. The longer it remains on oxygen, the worse its prospects for returning to its previous normal.

Also like the ventilator-dependent patient, a nation with co-morbidities faces greater challenges from the contagion-caused assault on the body, just as the weaning process for an otherwise healthy patient differs from one suffering from co-morbidities. In this context the Kingdom faces greater challenges than many based on the ways in which energy markets have been disproportionately impacted by crisis, though it also enjoys special strengths based on strong economic and financial fundamentals and a prescient economic transformation plan in Vision 2030, which planned for such adverse contingencies little suspecting that they would arise so suddenly and unexpectedly.

Our own strategy for maintaining team spirit and effective service includes twice-daily team meetings via Zoom, and encouragement to all to replace the telephone with video conferencing as the closest option currently available to the in-person meetings on which we normally rely so heavily for full understanding of complex business scenarios and challenges and effective counselling.

A summary follows of recent events as they affect business interests; we are here to support our valued clients and friends through these challenges (albeit from home), and welcome any questions that you may have.

Covid-19:

- **Health Measures:**

- **Testing:** Saudi has expanded its testing capability as numbers of Covid-19 cases continue to rise, with no evidence so far of flattening of the curve. (<https://arab.news/83svr>)
- **Home visits:** Home visits are allowed for healthcare workers, plumbers and electricians, though not for barbers, beauticians or sales representatives. (<https://bit.ly/2XMwZNT>, <https://bit.ly/2VI5u5h>)
- **Tracking:** Google's and Apple's joint global initiative to collect and distribute crisis-relevant travel and mobility data indicates significant

declines in retail, work, and recreational movement in the Kingdom.

(<https://apple.co/2VcBlqj>)

- **Online medical services:** Al-Qurayyat Imara's health authorities now offer online medical reports, sick leave inquiries, birth notifications and medication distribution via WhatsApp. (<https://bit.ly/2yfVl86>)
- **Medical deliveries:** The Ministry of Health has partnered with Saudi Post to deliver free medicines, beginning with King Salman Hospital in Riyadh, the Maternity and Children's Hospital in Dammam, King Fahad Specialist Hospital in Buraidah and the Maternity and Children's Hospital in Al-Ahsa. (<https://bit.ly/2XAXE05>)
- **Insurance:** Insurance providers have expended SR67+ billion in health claims and contributions. (<https://bit.ly/3cnNaVM>)
- **Anti-corruption:** The Control and Anti-Corruption Authority (Nazaha) has opened several cases against officials involving exploitation of government Covid-19 housing spending and falsification of travel permits. (<https://bit.ly/3cxSWEc>)
- **Food Security:** Agricultural imports continue to flow through the Kingdom's 28 entry points.
 - **GCC:** GCC member states have adopted a common food supply and safety network. (<https://bit.ly/2z4UF5F>)
 - **Food sector aid:** The Saudi Agriculture Fund announced a SR2 billion (\$533.33 million) plan to support local food production, featuring aid to small-scale livestock, fish and poultry farms. (<https://arab.news/w5hqq>)
 - **Charities:** The Ministry of Health & Human Resources has issued a list of charities distributing food. (<https://bit.ly/3etip3B>)

Government Assistance:

- **Private Sector:** The Saudi government has announced SR50 billion in private sector support, including expediting dues, transportation sector salaries, healthcare expansion and a 30% electricity subsidy for agricultural, industrial, and commercial subscribers. (<https://bit.ly/2VaJLnF>)

- **Global Pandemic Initiative:** The Kingdom has pledged \$500 million to support global coronavirus efforts. (<https://reut.rs/2ym2MKR>)

Curfew:

- **Lockdowns:** Last week, 24-hour lockdowns were applied in the following regions, excepting essential travel from 6 am to 3 pm (food, pharmaceuticals and health care). Essential industries are exempt, subject to local restrictions.
 - **Dammam:** Al-Atheer neighborhood (<https://bit.ly/2XF7Rso>).
 - **Al Ahsa:** Al-Faisaliah and Al-Fadhliya neighborhoods (<https://bit.ly/3bndfUO>).
 - **Jazan:** Samtah and Addayer governorates (<https://bit.ly/2xJDWoj>).
- **Tajawal:** We reported earlier that errands would require approval via a smartphone app, a system that while still discussed has yet to be implemented.
- **Mobility permits:** Employers must apply through their government customers/counterparts, and permits stamped by MoI (Baladia, MOT, MEWA, NWC, MCIT, and SFDA, and general activities guide, at <https://bit.ly/2RCyVV8>). (<https://bit.ly/2RCyVV8>)
 - **Universal permit:** Permits valid Kingdom wide will be available for all exempt industries starting Tuesday at 3 pm. Penalties for fraudulent permits include up to five years prison and fines up to SR500,000. Standard permits bar movement between cities and regions. (<https://bit.ly/3cALSHn>, <https://bit.ly/2RSngBY>, <https://bit.ly/3cvz1Gm>)
 - **Emergencies:** Public Security provides transportation services between regions, governorates, and neighbourhoods for emergencies, except for tMakkah and Madinah (apply at <http://tanaqul.ecloud.sa>). (<https://bit.ly/3ajYBMZ>)
- **Delivery:**
 - **Apps:** For 20 delivery apps and 15 shipping companies approved by the Information Technology & Communication Authority, see <https://bit.ly/2Xuu6kG>.

- **Taxis:** Taxis may operate outside lockdown areas.
(<https://bit.ly/2RPMbpy>)

Employment:

- **Employment support:** GOSI has been encouraging companies through the Chambers of Commerce and other channels to avail themselves fully of its SANED Salary Support program, to relieve financial burdens, with deadlines of April 20 for companies and April 24 for employees, to qualify to receive their April payments on May 1; those who apply later will receive April and May payments in June. (<https://bit.ly/2VnYPyv>, <https://bit.ly/2ywCLZb>)
- **Work camps:** Work camps have been identified as a prime cause of coronavirus contagion, prompting widespread health inspections (<https://bit.ly/3bkhSPv>) and uncovering new coronavirus cases. New mandatory sanitation and health rules have been issued, with fines of SR5,000-10,000 for violations (<https://bit.ly/3b9mA2B>, <https://bit.ly/2VzidHn>, <https://bit.ly/2VbhMEn>, <https://on.ft.com/3cu6jp9>).
- **GAZT:** GAZT is encouraging taxpayers to avail themselves of its tax relief and deferment initiatives. (<https://bit.ly/2RPVHJh>)

Corporate:

- **Government contracts:** The Ministry of Finance has announced that fines will be waived for delays on government projects (Tenders Regulations Art. 74) and deadlines extended where:
 - the delay is caused by the government entity or unforeseen circumstances;
 - the delay is beyond the contractor's control; and
 - the owner suspends some or all of the works or reasons not attributable to the contractor.
- **E-signatures:** STC has launched a "Sayen" secure e-signature service. (<https://bit.ly/2xu5mOJ>, <https://bit.ly/3bkGY0V>)
- **Community Responsibility Chamber (CRC):** The Ministry of Human Resources and Social Development has launched a chamber to unify the government's private sector communicates, present anti-coronavirus opportunities, and link companies with appropriate projects.

(<https://bit.ly/2XQecRG>)

Courts:

- **Operations:** The Ministry of Justice accepts appeals and memos online, and has been scheduling hearings via videoconference. Courts will soon resume issuance of judgments, enforceable by the Enforcement Courts, with payments by judgment debtors payable directly to judgment creditor accounts. (<https://bit.ly/34NsrrX>)
- **Nafith platform:** The Ministry of Justice has launched the online Nafith platform, which provides e-services to create, track, and manage enforcement orders and request the issuance of promissory notes. To view this system please see www.nafith.sa. (<https://bit.ly/3asgBEJ>)
- **Foreign arbitral awards:** The Ministry of Justice announced that foreign arbitral awards need no longer be certified by the Appeal Court, but may now be submitted directly to the Enforcement Court.
- **Commercial Courts Law:** A new Commercial Courts Law has been implemented. For a summary, please see <https://bit.ly/3bqBwJY>. A full text of the law can be found at <https://bit.ly/2KaXN2o>.

Visas and Repatriation:

- **Tourist visa extensions:** The Ministry of Tourism is extending unused tourist visas, excluding the lockdown period from the validity term (<https://bit.ly/3eqQphi>).
- **Repatriation:**
 - **Saudis:** Saudis continue to be repatriated from abroad, subject to tests and quarantines upon return (applications at <http://www.mofa.gov.sa/es>). (<https://bit.ly/2XEzRfK>)
 - **Ethiopians:** Prompted by coronavirus concerns, thousands of Ethiopian “illegals” are being returned to their home country by Saudi Arabia and the UAE. (<https://bit.ly/3ekKqKR>)

- **Flights:** All regularly scheduled international flights remain suspended. (<https://bit.ly/2VEJNmJ>)

Licenses and IDs:

- **Driver's and Vehicle Licenses:** Residents may renew driver's licenses online, without eye exams, and vehicle licenses through absher, without inspection. (<https://bit.ly/2VpzoN0>, <https://bit.ly/2VpzoN0>)
- **National IDs:** National IDs have been automatically extended by two months. (<https://bit.ly/3aICTbo>)

Economy:

- **Secured interests:** MoCI has launched a new system to protect secured interests over liquid assets through an electronic database of registered security interests (scr.bc.gov.sa). (<https://bit.ly/3eEbqVV>, <https://bit.ly/2KgVpIN>)
- **Bonds:** Saudi will sell \$7 billion in bonds to address an estimated \$100 billion budget shortfall, raise its debt to GDP ratio from 30% to 50%, and apply 5% spending cuts immediately and plan for cuts of 30% (<https://on.wsj.com/2XBUw8V>, <https://reut.rs/3bmyXIC>).
- **National Finance Services Company:** SAMA has launched a National Finance Services Company with SR80 million capital. (<https://bit.ly/3cscMB1>)
- **FinTech:** In an effort to boost digitization of financial services, SAMA has permitted nine additional FinTech companies to operate in its Regulatory Sandbox Framework. <https://bit.ly/3cqPz22>
- **PIF:** The PIF is seeking new investments in healthcare, technology, and logistics. (<https://bit.ly/2VjENF5>)
- **Red Sea Project:** Construction continues on the Red Sea Project. (<https://bit.ly/34OkNh4>)
- **Mining:** Ma'aden will defer dividends to preserve cash. (<https://bit.ly/2wBA6No>)
- **Ports Authority:** The Saudi Ports Authority (Mawani) has awarded an SR7 billion (\$1.9 billion) a 30-year contract to Saudi Global Ports (SGP) to build and operate container terminals at King Abdul Aziz Port in Dammam. (<https://bit.ly/3a9jJWd>)

- **Telecom:** STC, Mobily, and Zain are offering eSIM services with improved security and technical features. (<https://arab.news/5w78d>)
 - **Vodafone Egypt:** STC is acquiring 55% of Vodafone Egypt. (<https://reut.rs/3cfaVPP>)
- **Online payments:** Online payments have reached SR1.79 billion (\$475.81 million) in the first quarter, with over 2.7 million Mada cards used online in March. SAMA has instructed banks to raise purchase limits through POS channels from SR100 to SR300, and allow free transfers between local banks via a Saudi Arabian Riyal Interbank Express (SARIE) system. (<https://arab.news/zmt6x>)
- **Oil:**
 - **Production:** Oil demand continues to fall (currently \$22.21 pbb for Saudi oil, and under \$15/bbl for West Texas Intermediate) as inventories grow, with pressure for further production limits. Last week, 9.7 million bpd of cuts were agreed through June, to be followed by a production ramp up from 7.7 million bpd for July - December to 5.8 million bpd for December 2020 - April 2022. (<https://bit.ly/2xG6SgV>)
 - **ARAMCO:** ARAMCO is seeking a \$10 billion loan to help fund its SABIC acquisition. (<https://reut.rs/2VA0P5g>)

Geopolitical:

- **Yemen truce:** Saudi Arabia has resumed talks with Houthi forces, as the recent truce was shaken by renewed violence. (<https://reut.rs/2K6vqCt>)
- **Strait of Hormuz:** Tensions around the Strait of Hormuz flared last week as Iran seized a Hong Kong-flagged oil tanker and harassed US Navy vessels. (<https://fxn.ws/2VwNoDi>)

Other:

- **Hajj:** No official statement has been released on possible cancellation of the annual Hajj pilgrimage, scheduled for July 28-August 2.
- **Ramadan:** Ramadan will likely begin this Thursday, April 23, continuing through Saturday, May 23.

- **Tarawih and Eid prayers:** Saudi's religious authorities are encouraging Muslims to pray at home to limit coronavirus risks. (<https://bit.ly/3bl67IT>).

Macro:

- **IMF forecast:** The IMF expects a sharp downturn in MENA economies due to domestic political turmoil, oil price decline and coronavirus effects, predicting declines in Saudi Arabia of -2.3%, in the UAE of -3.5% and 2% growth in Egypt. (<https://bit.ly/2VaQuOg>)
- **Construction:** The construction industry faces challenges and uncertainty, due to mobility restrictions, possible project cancellations and delays and supply chain disruptions. (<https://bit.ly/2yb71c3>)
- **Cashless society:** Online payments have expanded as a result of coronavirus, consistent with a Vision 2030 goal of 70% of all payments. (<https://bit.ly/2XA73oC>)

Further Guidance:

FAQs: <https://bit.ly/2URjLNR>

Force Majeure: <https://bit.ly/2yWvoL4>

New Commercial Courts Law: <https://bit.ly/3bqBwJY>

New Procurement Law Implementing Regulations: <https://bit.ly/2K0BSe7>

Resources:

Ministry of Health Covid-19 dashboard: <https://covid19.moh.gov.sa/>

US Embassy on Covid-19 in Saudi Arabia: <https://bit.ly/2VCBuaW>

US State Department Covid-19 travel information: <https://bit.ly/2XBvFxi>

We will be happy to provide more specific advice in the context of particular circumstances, concerns, and priorities; please let us know.

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