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Introduction

U.S./Saudi Relations: How Special?

President-Elect Joseph Biden has promised that "under a Biden-Harris administration, we will reassess our relationship with the Kingdom, end U.S. support for Saudi Arabia's war in Yemen, and make sure America does not check its values at the door to sell arms or buy oil. America's commitment to democratic values and human rights will be a priority, even with our closest security partners. I will defend the right of activists, political dissidents, and journalists around the world to speak their minds freely without fear of persecution and violence."

While U.S. policies have since Woodrow Wilson's [14 Points](#) often featured a strong measure of "values diplomacy," this has typically been balanced by a more pragmatic concern for American interests, strongly evident in the outgoing administration's policies. The U.S. and its allies will long continue to rely heavily on reliable access to affordable Middle East oil, which will require continuing partnerships with moderate Gulf states, most notably Saudi Arabia. In a rough neighborhood threatened by hegemonic aspirations of Iran and Turkey, with inroads of Hezbollah in Syria, Lebanon, and beyond, few viable alternatives arise to balance

the threat of religious extremism.

In the face of the sometimes harsh rhetoric from Presidential *Candidate* Joseph Biden, when asked by Saudi friends what to expect from a Biden *Administration*, I caution them not to interpret campaign rhetoric as an accurate predictor of likely U.S. policies towards Saudi Arabia once in office, given a partnership that has proven its value over decades of working cooperatively on a wide range of regional, energy, global and economic issues.

Saudi Arabia has demonstrated its commitment to the liberal global order through a long history of cooperation and good intentions, as well as in the liberalization of its economy through Vision 2030 and a wide range of very encouraging social and cultural reforms.

For all these reasons, can we confidently put campaign rhetoric aside, and reasonably expect more continuity than change in the U.S./Saudi relationship long into the future?

[Do Not Go Gentle Into that Good Night: Shadow Presidency?](#)

While many in the Gulf would have welcomed President Trump's re-election, as his chances fade the issue remains whether he will follow an informal rulebook for ex-presidents to ride quietly into the sunset, or assert a more vocal and visible role as has been his wont at every other stage in his long career.

Just as Richard Cheney re-invented the Office of the Vice-President, an ex-President Trump could indulge a lifelong hunger for the spotlight by leveraging his post-presidency into quasi-official opposition, catering to supporters who remain skeptical of Democratic policies and welcome a continuing opposition voice, or at least Twitter stream.

Following his two terms in office, President Ulysses Grant embarked on a two-year world tour, a precedent that could appeal to ex-President Trump.

When Richard Nixon failed in his campaign for the governorship of California in 1962, the chastened and embittered candidate told the press [“you won’t have Nixon to kick around any more.”](#) If history and personality provide any guide, an ex-President Trump is unlikely to go equally quietly into the good night, or to disappoint a press and public long accustomed to a never-ending spectacle of political shock and awe.

Trading Sector Protectionism: Sacred Cow or Free Trade Anachronism?

In joining the WTO in 2006 the Kingdom loosened restrictions against foreign involvement in local trading, marketing, and sales at the instance of its WTO partners; formerly tight protections of a long-entrenched local trading and agency monopoly were partially loosened, with investment licenses newly available to mixed Saudi/foreign trading LLCs with minimum 25% local ownership and SR20 million foreign investment.

Further reforms have followed in the wake of a new Competition Law, and pressures from foreign suppliers to allow if not national treatment at least more equal competition in trading.

Similar protections survive in the area of commercial agency, which restricts the role of commercial agent to Saudis only; the Ministry of Commerce (MoC) will only accept agreements with wholly-Saudi entities for registration in the Commercial Agency Registry, often required as a condition for sales to government agencies and ARAMCO.

In earlier days the MoC allowed registered agents a veto over deregistration of their existing agreements with foreign principals at the Commercial Agency Registry or registration of new agreements with new agents, assuring quasi-permanent exclusivity for the original agent; deregistration was possible over an agent's objection only by order from the Chamber of Commerce Disputes Committee, a slow and expensive process at best.

The MoC later implemented a contrary policy of *rejecting* agency agreements containing exclusivity clauses, based on an idiosyncratic interpretation of its Competition Law as restricting vertical as well as horizontal combinations in restraint of trade.

The MoC has more recently reverted to its earlier practice of *allowing* exclusivity while permitting foreign principals to register new agents with or without the incumbent's approval.

Foreign suppliers including Apple and Samsung have pressed for further easing of restrictions against direct local sales of their products; at least six have obtained foreign investment licenses for 100% foreign-owned entities, including Pfizer, 3M, and several European companies, though implementation has been delayed by onerous conditions, including investment commitments of SR300 million over five years.

We recently succeeded in registering such an entity for a global client, and expect further liberalization as the Kingdom adopts global norms in pursuit of a Vision 2030 goal to energize its private sector by expanding foreign investment fivefold.

While a highly competitive and free-market-oriented world is decidedly ready and eager for a privatized and deregulated Saudi economy, how ready are the Saudi business community and workforce for free and open competition in local markets?

Upcoming Events, Webinars, and Conferences

- November 9-11: [Virtual Business Development Mission To Saudi Arabia](#)
- November 10: [SCFPA's Achieving Spending Efficiency and Economy Sustainability in the Public Sector virtual seminar](#)
- November 17: [Webinar: The Expanding Frontier Technology Environment of Saudi Arabia](#)
- November 21-22: [G20 Virtual Summit](#)

COVID-19 Status, Restrictions, Aid, and Enforcement

- **Status:** Saudi Arabia [reports](#) as of November 9, 2020:
 - 392 new coronavirus cases daily, led by Medinah, Makkah, and Riyadh;
 - 350,984 cumulative cases, 7,637 active;
 - 402 recoveries daily, 337,788 cumulative;
 - 19 deaths daily, 8,547,910 cumulative;
 - 53,583 daily tests, 5,559 cumulative.
- **Cases Set to Rise:** Officials from the Ministry of Health stated that coronavirus cases in the Kingdom will likely rise due to weather changes, growing global infection rates, and a decline in residents following [safety precautions](#).
- **Vaccines:** A Chinese experimental coronavirus vaccine developed by Sinopharm in conjunction with the UAE is seeing increasing use in the Gulf. The vaccine has been administered to [Sheikh Maktoum](#) and front-line workers in the UAE and [Bahrain](#).

Public Sector

- **SCFPA Seminar:** The Saudi Center for Financial and Performance Auditing (SCFPA) is hosting a virtual seminar on November 10 on the auditing of government agencies to ensure [spending efficiency](#).

Corporate / Employment

- **Abolishment of *Kafala*:** Further details have been released on Saudi Arabia's move to [abolish](#) its *Kafala* sponsorship system under the "Labour Reform Initiative." The Ministry of Human Resources and Social Development (MHRSD) stated that five professions are excluded from the reforms: private drivers, guards, household workers, care workers, and [gardeners](#). For expats to be eligible for job mobility services, they must have worked for their employer for at least a year in the Kingdom, have a job offer submitted by the new employer through MHRSD's Qiwa online platform, and submit a transfer request to their current employer, among [other conditions](#).
 - **Exit Re-entry Visa Rules:** As part of the MHRSD's Labour Reform Initiative, expatriate workers with exit re-entry visas are allowed to travel outside the Kingdom with their employer's approval after submitting a request. Employers will be notified electronically of the employee's departure. Expatriates may also leave the Kingdom after the end of the employment contract without the employer's consent, with the worker bearing all consequences (financial or otherwise) relating to breaking the employment contract. These services are available through the Absher and Qiwa portals.
- **Labour Breaches:** MHRSD reported 35 labour breaches during recent Saudization [inspections](#).
- ***Mudad* Platform:** MHRSD stated that all 600,000 private sector companies with over four workers will be on the agency's *Mudad* platform, which is used for compliance with wage protection rules, by [December](#).

Legal

- **Al Tamimi Legal Magazine:** For Al Tamimi Law's magazine for September 2020 focused on transportation and insurance, see [here](#).
- **Anti-Sharia Names Banned:** Saudi Arabia has banned names deemed to violate [Sharia law](#).
- **Automatic Monitoring of Traffic Lanes:** Traffic authorities are implementing a system to automatically detect when vehicles move between lanes [without signalling](#).

Visas, Travel, and Repatriation

- **Flight Resumption:** Flights to and from Saudi Arabia partially resumed on September 15 for holders of most [non-tourist visas](#), with land, sea, and airports reopening to various classes of international travelers [on January 1](#), and travel for holders of tourism visas to reopen [early next year](#).
 - **Travel Guidelines:** For Saudia's travel guidelines, see [here](#). All non-Saudi visitors guests over the age of 8 must now provide a negative PCR test certificate issued from a verified laboratory taken within 72 hours of departure, [up from 48 hours before](#). All guests must undergo two days of self-quarantine at home upon arrival, then take another PCR test by the end of period. If they do not take a PCR test, they must undergo another seven days of self-quarantine.
- **Regional Flight Decline:** Air travel in the Arab region has declined over 50% since 2019, though maritime traffic has [held steady](#).
- **India, Brazil, Argentina Arrivals Curbed:** Arrivees from India, Brazil, and Argentina must have spent at least 14 days in a third destination before

entering [Saudi Arabia](#).

Economy

- **General:**
 - **General:** The Kingdom's non-oil private sector, measured via the Purchasing Managers Index (PMI), grew for the second month in a row in October. However, sales growth fell due largely to a drop in export demand while job numbers and corporate spending [fell](#).
 - **USSBC Weekly Overview:** For the US-Saudi Business Council's (USSBC) most recent economic update, see [here](#).
 - **USSBC Preliminary 2021 Budget & GDP Review:** USSBC has released a budget and economic forecast for Saudi Arabia in 2021. To view the report, see [here](#).

- **Finance, Insurance, Investment, and Sovereign Wealth:**
 - **PIF Reliance Retail Investment:** The Public Investment Fund (PIF), Saudi Arabia's chief sovereign wealth fund, invested \$1.3 billion for a 2.04% stake in the retail arm of the Indian oil-to-telecoms conglomerate [Reliance Retail Ventures Limited](#).
 - **US Treasury Holdings Cuts:** Data from the Saudi Arabian Monetary Authority (SAMA) showed Saudi banks reduced their holdings of US Treasury bonds in September by [\\$24 million](#).

- **Retail:**
 - **Seasonal Sales Extended:** According to the Ministry of Commerce, Saudi shops and malls have been instructed to extend the duration of

seasonal sales to mitigate overcrowding and the [spread of coronavirus](#).

- **Real Estate:**

- *No significant recent developments.*

- **Defense:**

- **UAE Drone Sales:** Marking a shift in regional defense policy, US State Department notified Congress that it plans to sell armed MQ-9B reaper-style drones to the UAE in a deal estimated at [\\$2.9 billion](#).
- **F-35s:** Given recent moves to allow sales of F-35 stealth jets to the UAE, Saudi leaders have reportedly conveyed they would only seek to acquire them via official channels and with full transparency rather than "[backroom deals](#)."
- **Iron Dome:** Saudi Arabia and the UAE are reportedly interested in procuring the Iron Dome missile defense system from [Israel](#).

- **Construction, Infrastructure, and Megaprojects:**

- **Diriyah Art Oasis:** Construction has begun on the Ad Diriyah Art Oasis, the world's first digital art center, with a planned launch in [2022](#).

- **Tourism, Hospitality, Culture, and Entertainment:**

- **France Al Ula Cooperation:** Saudi Arabia is in talks with France to facilitate museums, archaeological digs, conservation, and tourism development in the Al Ula region. Plans include a subterranean desert resort by [Jean Nouvel](#).

- **New Qiddiya CEO:** Qiddiya Investment Company appointed Philippe Gas as its [new CEO](#).
- **Red Sea Protection:** The Ministry of Culture announced an initiative to establish a center for managing, protecting, and restoring underwater cultural heritage in the [Red Sea and the Gulf](#).
- **Religion and Religious Tourism**
 - **Grand Mosque Crash:** Saudi security authorities have established roadblocks around the Grand Mosque following a recent [car crash](#).
- **Education:**
 - *No significant recent developments.*
- **Healthcare:**
 - **WADA Membership:** Saudi Arabia was elected, along with China, to represent Asia in the Constituent Assembly of the [World Anti-Doping Agency \(WADA\)](#).
- **Technology:**
 - **Nano-Technology Patent:** The University of Najran's Saudi Nano-technology Research Center filed a patent related to chemical sensing and [photo-catalysis](#).
- **Agriculture:**
 - **SAGO Wheat Tender:** The Saudi Arabia Grains Organization (SAGO) has issued its fifth tender this year to import 600,000 MT of wheat to be supplied during [February-March 2021](#).

- **Industry and Transportation:**
 - *No significant recent developments.*
- **Natural Resources, Mining, and Environment:**
 - **Mining Law:** Saudi Arabia's new mining investment law, aimed at spurring growth in exploiting the Kingdom's vast mineral wealth, will come into effect in [January 2021](#).
- **Oil and Energy:** *Oil prices [stand](#) on November 9 at \$40.18 pbb for Saudi oil (Arab Light) and \$ 41.25 pbb for West Texas Intermediate.*
 - **Output Hike Delay:** OPEC+ is reportedly considering delaying the easing of output cuts due to [Russian pressure](#).
 - **Asia Cuts:** Saudi Arabia cut the price of Arab Light by \$0.10 per barrel shipped to Asia, likely due to weakening [refining margins](#).
 - **Chevron Moves:** Chevron is pivoting its natural gas ambitions away from US shale to the Middle East, focusing on projects in [Qatar](#), [Israel](#), and [Egypt](#).
 - **Gas Production Growth:** Saudi Arabia's gas production is growing markedly, indicating it is on track to meet its ambitious Vision 2030 export goals. The Kingdom currently consumes all of the gas it produces, using it mostly to [generate electricity](#).

Geopolitical

- **Israel:** Israel's Intelligence Minister stated that Saudi Arabia, Morocco, Oman, Qatar, and Niger might be next to normalize ties with [Israel](#). The Emir of Qatar stated, however, that normalisation with Israel is not possible without a

“just solution” for [Palestine](#). Meanwhile, the first plane carrying tourists from Israel landed in the [UAE](#).

- **New US President:** Saudi Arabia has been anxious over a Biden presidency due to potential pressure on human rights and the war in [Yemen](#). The Kingdom was the last GCC member to congratulate Biden for winning the [election](#).
- **Pakistan Loan Return:** Pakistan is reportedly considering returning a \$2 billion loan from [Saudi Arabia](#).
- **Yemen:** Houthi forces continue to target Saudi Arabia with [drones and missiles](#).
 - **Transportation Development:** The Saudi Development and Reconstruction Program for Yemen (SDRPY) signed an MoU with the Ministry of Transportation to build land, sea, and air transportation infrastructure in Yemen, along with [other development projects](#).

GCC

- **UAE:**
 - **Social Spending:** The UAE will spend around \$7 billion out of its \$16 billion budget for 2021 on [social projects](#).
 - **Business Conditions Worsen:** The UAE experienced a contraction in its non-oil private sector in October as output growth and job numbers [declined](#).

- **Islamic Law Loosened:** The UAE announced an overhaul of its Islamic personal laws, allowing unmarried couples to cohabit, loosening alcohol restrictions, and criminalizing [honor killings](#).
- **Qatar:**
 - **H1 2020 Deficit:** Qatar's deficit for the first half of 2020 was lower than expected, at just over [\\$500 million](#).
 - **2021 Shura Council Elections:** Qatar will allow its citizens to vote for a new Shura Council in [2021](#).
 - **Additional Flights to the US:** Qatar Airways has resumed flights from Doha to Miami and expanded flights to New York and Chicago. It will resume flights to San Francisco on [December 15](#).
- **Kuwait:**
 - **New Finance Officials:** Kuwait's Minister of Finance has announced replacements for the six officials from the Ministry who recently [resigned](#).
 - **Anti-Money Laundering:** Kuwait's anti-money laundering authority issued various actions against 56 companies held in violation of [anti-corruption laws](#).
 - **Visa Renewals:** Violators of Kuwait's visa laws may submit pleas to the Ministry of Interior by [January 2](#).
- **Bahrain:**
 - **Policy on Illegals:** The Parliament of Bahrain will soon consider measures to crack down on the country's 50-55,000 [illegal workers](#).

- **Grand Prix:** Bahrain's upcoming Grand Prix races will be held predominately [without spectators](#).
- **Oman:**
 - **Income Tax:** Oman's Ministry of Finance announced it will be the GCC's first member to institute an income tax. The tax will be for high earners and will be oriented towards reducing the Sultanate's [deficit](#).
 - **Expats Deported:** Four expatriates were deported from Oman for violating coronavirus [precautionary measures](#).

Other

- **Miscellaneous:** For earlier developments, see [here](#).

Resources

- [Previous Newsletters](#)
- [Ministry of Health Dashboard](#)
- [Ministry of Health Coronavirus Guidance](#)
- [New Companies Law](#)
- [Chamber of Commerce Global Policy Dashboard](#)
- [Ministry of Investment Guide to Business Continuity](#)
- [US Embassy in Saudi Arabia](#)
- [US State Department Travel Information](#)

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

Christopher H. Johnson, Managing Attorney

Disclaimer: While the above information was gathered from sources believed to be accurate at the time, we cannot be responsible for errors due to human or technical error.

Al Mousa Commercial Centre, Tower 2

5th Floor, # 259

Riyadh 11413, Saudi Arabia

Tel: +966 11 462 5925

<https://www.alshariflaw.com/>

Chris@alshariflaw.com