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**AN INTERNATIONAL  
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## **Introduction**

To say that 2020 was eventful for Saudi Arabia and the Gulf would fall woefully short of the harsh and often surprising reality; following as they have a long period of relative stagnation, the natural, political, and economic, changes occasioned by dual corona and energy crises arguably rival 1979 in their pivotal nature and enduring impact.

The year started normally, with oil prices and revenues relatively high and little concern over health issues in Wuhan. Travel continued normally throughout January and February; only in March did the world wake up to the severity of the crisis and protective options, including isolation, closure of shops and businesses, and travel restrictions.

The economic shutdown quickly and severely impacted energy demand and prices, which slowly but steadily regained traction as OPEC and Russia haltingly found common interest in adjusting production to new realities.

The crisis risked nipping new economic initiatives in the bud, notably opening of the Kingdom to foreign tourism with resorts on the Red Sea, at Al-Ula and Qiddiya, though support consistent with Vision 2030's long term perspective commitment to this initiative never lost a beat. With limited travel options, citizens redirected

vacation plans to long-neglected domestic destinations, while expatriates discovered the meaning of “staycation.” A lingering consequence is the difficulties faced by nationals in obtaining approval for foreign travel, which may or may not be related to the economic benefits of directing vacation spending locally.

The PIF assumed new responsibilities as economic energizer for the domestic private sector, while continuing to invest meaningfully abroad. The government buffered the crisis quickly and effectively with economic relief for individuals and businesses alike, while asking sacrifices of public sector employees.

Privatization and deregulation continued apace, though foreign interest was negatively impacted not only by local uncertainties and opacities but also by uncertain prospects elsewhere.

The anti-corruption initiative continued apace, in continuing response to priorities identified in the wake of the Arab Spring and a clearly expressed desire by Saudi youth for fairness and equity in employment and economic opportunities; Lord Cooke’s observation that the history of the common law consists of evolution from status to contract now applies more broadly in the shari’a context also.

The Kingdom broke into higher ranks of global leadership through membership and leadership in the G20, sadly overshadowed and diminished in visibility and impact by force majeure.

-Perhaps most noticeable and consequential for citizens and residents alike, social norms were significantly relaxed on many fronts, particularly for women, as the powers of the *haia* were curtailed and new opportunities for public entertainment rolled out, including cinemas, cultural festivals, and such celebratory events as the

Riyadh Season.

Digitization was vastly accelerated, including for visas and employment services and portals, distance learning, artificial intelligence, and an impressively effective COVID testing and contact tracing program.

Reforms have continued in a wide range of sectors including a new Companies Law, government procurement, franchising, and intellectual property protection. Labor reforms included an announced abolishment of the kafala system scheduled for this coming March, and an increase in the minimum wage for nationals.

Consistent with Vision 2030's goal of diversifying economic activity and government revenues, VAT was tripled from 5 to 15%, amidst continuing rumors of a possible personal income tax.

The government demonstrated competence and seriousness of resolve in containing contagion, more successfully than many Western countries.

Not all initiatives have been fully harmonized; ambitions to Saudiize the workforce while attracting meaningful foreign investment have yet to be effectively harmonized, though an interagency committee meets regularly and will hopefully succeed in reconciling such competing agendas.

There has been no relaxation in advancing the Kingdom's NEOM, Red Sea, and Qiddiya gigaprojects, offering solid evidence of a real and hopefully sustainable commitment to a liberalized and globalized economy.

Policy changes may be facilitated by new leadership in Kuwait, Bahrain, and Oman, which will no doubt be emboldened by ambitious and courageous reforms in Saudi Arabia and the UAE.

While threats to regional stability continue from Iran, Turkey, and Yemen, the prospect of resolving differences within the GCC between Saudi Arabia and the UAE on one side and Qatar on the other signal a better quality of regional cooperation in the face of common threats.

The opening of diplomatic and commercial relations with Israel by the UAE, Bahrain, Sudan, and Morocco represents a breakthrough for regional peace and cooperation, in the face of a continuing threat from an ideologically and militarily belligerent and expansionist Iran armed with a uniquely weaponized version of Islam.

While the new U.S. administration has yet to announce its plan for balancing security and human rights policies, risks of major fractures in alliances in the context of a mutually beneficial 75-year relationship and impressive social and economic reforms remain remote.

On the more prosaic but nevertheless important quality of life issues, beautification of major cities continues while driving safety and monitoring reforms bode well for better road safety and improved traffic courtesies.

Commitment to Vision 2030 goals continues unabated, promising continued economic and social reforms and opportunities into the new year and beyond.

Perhaps most importantly and diverging from the lessons of 1979, Saudi Arabia has now clearly cast its die towards becoming a normal country economically, socially,

culturally, and otherwise in harmony with global institutions and norms, unlike disruptively resistant Iranian and Turkish models to the east and north.

While these and other changes considered as a package constitute the most significant advances in the Kingdom's and region's identity and orientation in decades, these remain formative times in Saudi and regional history, as we continue to assess longer-term consequences and the shape of things to come over the coming months and years.

### ***Upcoming Events, Webinars, and Conferences***

- January 3-15: [Dakar Rally](#)
- January 5: [GCC Summit in Riyadh](#)
- March 6: [MIT Enterprise Forum \(MITEF\) Saudi Startup Competition](#)

### ***COVID-19 Status, Restrictions, Aid, and Enforcement***

- **Status:** Saudi Arabia [reports](#) as of January 4, 2021 a [continued decline](#) in COVID cases, with:
  - 94 new coronavirus cases daily, led by Riyadh, Jeddah, and Medinah;
  - 363,155 cumulative cases, 2,290 active;
  - 166 recoveries daily, 354,609 cumulative (>98% recovery rate);
  - 10 deaths daily, 6,256 cumulative (<2% fatality rate);
  - 31,689 daily tests, 11,134,877 cumulative.

- **Vaccine Rollout:** Saudi Arabia has approved the Pfizer vaccine for [import and use](#) and has [begun inoculations](#). Inoculation will [not be compulsory](#). Health authorities have initiated a major vaccination campaign, which consists of [several phases](#) scheduled to be completed by late 2021. The stated goal is to reach [80% population immunity](#). UPS delivered the first batch of Pfizer vaccines to Saudi Arabia on [December 21](#).
  - **Registration:** Registration for the vaccine is now available for [citizens and residents](#). To register, visit [here](#) or use the [iOS app](#).
  - **Update:** Health authorities are establishing mobile vaccination centers across [the Kingdom](#).

### ***Public Sector / Government Initiatives***

- **Anti-Corruption:** The Saudi Control and Anti-Corruption Authority (Nazah) has continued its crackdown on graft, arresting a number of current and former [officials and businessmen](#).
- **Anti-Collusion:** The General Authority for Competition (GAC) has fined three oilfield services companies SAR3 million each for [engaging in collusion](#).
- **Anti-Fraud:** The Saudi Ministry of Commerce has rewarded 19 citizens and residents for [reporting fraudulent products](#). Under the Anti-Commercial Fraud Law, whistle-blowers collect 25% of fines.
- **Digital Economic Policy Launch:** The cabinet has approved a digital economy policy to encourage investments, increase local technical leadership, and attract international partnerships in various [fields of innovation](#).

## ***Corporate / Employment***

- **New Port Tariffs:** The Saudi Ports Authority (Mawani) has imposed new port tariffs for handling [certain types of cargo](#).
- **Potential New Fee Schedule:** The Ministry of Human Resources and Social Development (MHRSD) is considering a plan to allow payment of dependent and government fees on a quarterly basis [rather than annually](#).
- **Healthcare Clarification:** A spokesman of the Council of Cooperative Health Insurance (CCHI) has stated that employers are not required to provide health insurance to the parents and siblings of [non-Saudi workers](#).
- **Saudi Engineers:** The Saudi Council of Engineers plans to hire 7,000 Saudi engineers [in 2021](#).

## ***Legal***

- **Al Tamimi Legal Magazine:** For Al Tamimi Law's latest magazine issue (October 2020), see [here](#).
- **Judicial Reforms Report:** The Ministry of Justice has released a "Vision and Impact" report covering major achievements in judicial reforms over the past five years, particularly digitization of judicial [services and documentation](#).
- **New Traffic Penalties:** Traffic and judicial authorities have classified eight types of traffic accidents as major crimes, subject to a penalty of up to four years imprisonment and a [fine of SAR200,000](#).

- **Women's Rights:** The Interior Ministry's Civil Affairs Agency will now allow women to change the names of their family, children, and social status without their [guardian's consent](#).
- **Debt Collectors Exempted from Licenses:** The Ministry of Commerce no longer requires debt collectors to [obtain licenses](#).

### ***Visas, Travel, and Repatriation***

- **Flights Resume:** Saudi Arabia has [reopened](#) its land, sea, and air ports to travellers after two weeks of closure. Visitors from the UK, South Africa, and other countries affected by the new strain of coronavirus must spend at least two weeks outside of the country and take a PCR test before entering the Kingdom and undergo a seven-day quarantine and take another [PCR test on arrival](#). A large number of expatriates are reportedly rushing to [enter the Kingdom](#).
  - **Travel Guidelines:** For Saudia's travel guidelines, see [here](#).
- **PCR Tests for Causeway Visitors:** The King Fahd Causeway Authority (KFCA) is giving free PCR tests to certain categories of visitors crossing the [causeway to Bahrain](#).

### ***Economy***

- **General:**
  - **General:** Saudi Arabia's economy showed a number of positive indicators in November, including year-on-year growth in money supply, private sector credit, deposits, POS transactions, and banking

sector profits. However, cost of living rose, due mostly to the VAT, while [SAMA foreign reserves fell](#).

- **USSBC Weekly Overview:** For the US-Saudi Business Council's (USSBC) most recent economic update, see [here](#).

- **Finance, Insurance, Investment, and Sovereign Wealth:**

- **PIF Launches Private Security Firm:** The Public Investment Fund (PIF) formed a private security company dubbed the [National Security Services Co. \("SAFE"\)](#).
- **Overseas Investments:** The Minister of Energy stated that Saudi companies like Aramco, SABIC, and ACWA Power are exploring foreign investments in the [industrial and services sectors](#).

- **Retail and E-Commerce:**

- *No significant recent developments.*

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

- **Qiddiya Builds World's Fastest Roller Coaster:** The Qiddiya Investment Company (QIC) is partnering with Intamin Amusement Rides to build the "Falcon's Flight," which will be the world's [longest, fastest, and tallest roller coaster](#).
- **Diriyah Development MoU:** The Diriyah Gate Development Authority (DGDA) signed an MoU with the Misk Art Institute (MAI) to help boost cooperation in building the historic city of Diriyah as a [cultural hub](#).

- **Defense:**

- **US Bomb Sale:** The US State Department's Defense Security Cooperation Agency has approved a \$300 million sale of Boeing smart bombs to [Saudi Arabia](#).
- **SAMI Purchase of AEC:** Saudi Arabian Military Industries (SAMI) is purchasing the Advanced Electronics Company (AEC) in the Kingdom's largest-ever [military industries deal](#).

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

- **Cultural Ideas Contest:** The Ministry of Culture has launched a cultural ideas contest where contestants can submit concepts for innovative activities at festivals and events [in the Kingdom](#).
- **Dakar Rally:** The 2021 Dakar Rally, which is organized by the Ministry of Sports in coordination with the Saudi Automobile and Motorcycle Federation (SAMF) around the Red Sea, began on [January 3](#).
- **Female Participation in Sports:** According to the Ministry of Sports, female participation in sports is up [150% since 2015](#).

- **Education:**

- **New Music Institutes:** The Minister of Culture has licensed two new institutes aimed at providing [musical training](#).
- **Filmmaker Program:** The Saudi Film Commission is partnering with the British Film Industry (BFI) to train professional and amateur [filmmakers](#).

- **Healthcare:**

- *No significant recent developments.*

- **Technology:**

- **Space Partnerships:** The Saudi Space Commission (SCC) is planning to unveil a number of partnerships aimed at developing the [space sector](#).

- **Food and Agriculture:**

- *No significant recent developments.*

- **Industry and Transportation:**

- *No significant recent developments.*

- **Natural Resources, Mining, and Environment:**

- **New Mining Law Launched:** The new Mining Investment Law has come [into effect](#). For further details, see [here](#).

- **NEOM Environmental Deal:** The Ministry of Environment has signed an MoU with NEOM aimed at enhancing cooperation in the construction of the [gigaproject](#).

- **Oil and Energy:** Oil prices [stand](#) on January 4 at \$51.18 pbb for Saudi oil (*Arab Light*) and \$48.35 pbb for West Texas Intermediate (*WTI*).

- **Arabian Sun:** For Aramco's most recent weekly newsletter (December 30) see [here](#).

- **February Price Hikes for Asia:** Saudi Arabia is expected to raise crude selling prices for Asian buyers in February, the second straight month of [such hikes](#).
- **ADNOC Expansion:** ADNOC Distribution, the UAE's largest fuel and convenience retailer, is expanding into Saudi Arabia with the purchase of [15 service stations](#).

### ***Geopolitical***

- **Saudi Bank Penalized by US:** The US Treasury Department has announced a civil penalty on Saudi Arabia's National Commercial Bank (NCB) bank for processing \$6 million in 2011-2014 for Sudanese or Syrian counterparties, in violation of [US sanctions](#).
- **Rohingya Situation:** Saudi Arabia is exploring ways to handle its 55,000 Rohingya population who reside mostly in Makkah, including pressuring Bangladesh to issue them [passports](#).
- **Yemen Airport Attack:** 26 people were killed and over 60 injured when an airplane carrying members of Yemen's parliament was attacked in [Aden](#). Saudi Arabia responded with strikes against [Houthi forces](#).

### **GCC**

- **GCC Summit:** The 41st GCC Summit is scheduled to begin on January 5 in [Al Ula](#). The agenda is expected to include reducing tensions with Qatar and bolstering [pressure on Iran](#).

- **Qatar Embargo Lifted:** Saudi Arabia is reportedly lifting its embargo and opening its border [with Qatar](#).
- **Bahrain-Qatar Rift:** Tensions between Bahrain and Qatar over contested fishing waters threaten to disrupt a GCC resolution with [Doha](#).
- **UAE:**
  - **Vaccination Locations:** The UAE has released a list of [vaccination centers](#).
  - **New Coronavirus Strain:** The UAE has reported “limited” cases of the [new strain of coronavirus](#).
  - **New Abu Dhabi Supreme Council:** Sheikh Zayed has established a Supreme Council for Financial and Economic Affairs, which will also help oversee [oil and natural resources](#).
  - **Abu Dhabi Judicial Department Digital Authentication:** The Abu Dhabi Judicial Department (ADJD) has launched a digital authentication for processing various [legal documents](#).
- **Qatar:**
  - **Schools Partially Reopen:** Qatar has partly reopened schools, launching a new system that blends [online and in-person learning](#).
- **Kuwait:**
  - **Reopening:** Kuwait has resumed commercial flights via Kuwait Airways, though will continue its travel ban on 32 [high-risk countries](#).
  - **US Attack Helicopter Sale:** The US State Department has approved a \$4 billion sale to Kuwait of [AH-64E attack helicopters](#).

- **Bahrain:**

- **Online Vaccine Registration:** Bahrain has opened online registration for the [coronavirus vaccine](#). The vaccine will be offered free of charge at health centers to citizens and residents [aged over 18](#).
- **Iranian Bank Guilty of Money-Laundering:** The High Criminal Court of Bahrain has charged the Iranian-owned Future Bank, along with five of its officials, and several Iranian banks with [money laundering](#).
- **Loan Extensions:** Bahrain's central bank has asked banks and financing firms to extend loan repayments for [six months from January](#).

- **Oman:**

- **Firms Permitted to Cut Salaries:** In light of economic stress, private sector firms have been permitted to cut salaries for three months in exchange for [reducing working hours](#).
- **2021 Budget Unveiled:** Oman has revealed its 2021 budget, which foresees a \$5.7 billion deficit despite a 14% spending cut. The government will spend \$28.5 billion and expects revenues of \$22.5 billion based on an oil price of [\\$45 dollars per barrel](#).
- **Economic Contraction Forecasted:** The Minister of Economy also stated he expects a 4% economic contraction in 2021, though the government has set aside 8 billion OMR to deal with the [effects of the pandemic](#).
- **Reopening:** The Sultanate has reopened visa-free travel to [103 countries](#), with the notable exception of [Ireland](#).

## **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.

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*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.*

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