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Introduction

Great Again?

On Wednesday the Kingdom celebrates National Day, a riotous occasion for excited youth to take to the streets with flags and patriotic regalia in gratitude for the spirit of secular uniqueness and modern amenities so widely enjoyed, from an expanding entertainment scene to loosened social restrictions to a spirit of entrepreneurial creativity and exuberance as the economy transitions from rentier to free market models.

Along with the annual Janadriya festival of local arts and culture, National Day represents a secular version of the Kingdom's cultural and social heritage, showcasing reasons to be proud as Saudis beyond the Kingdom's importance as the cradle of Islam.

Since the collapse of the Ottoman Empire in World War I and before, the Middle East has struggled to define its identity, from the Westernizing and secularizing model of Ataturk to Muslim Brotherhood's fundamentalism to Nasser's Arab nationalism to the Black Wave of 1979 and most recently to the modernizing and secularizing themes of the Arab Spring.

While maintaining its grip in Iran, Turkey and other quarters, the Black Wave now attracts mostly condemnation and sanctions from within and without, and like the

socialist models that have so poorly served Cuba, Venezuela and North Korea may now finally be receding as a force for the future.

To the extent that Vision 2030 and National Day capture the hearts and minds of Saudi youth with its themes of engagement and alignment with global institutions and values, moderate and tolerant values and willingness to engage others of all traditions and religions, there will indeed be much to celebrate on Wednesday.

Taxman Cometh?

Rumors abound of a year-end 10% personal income tax on expatriates; hints to this end include more systematic enforcement of the wage protection system whereby employers pay salaries directly to employees' local bank accounts, the better to collect directly from banks (in some ways similar to U.S. employer social security deductions from payroll); and reported preparations within the Tax Authority.

While Americans should be able to deduct any such taxes in the U.S., only the U.S. taxes worldwide income, and a 10% reduction in take home pay could for non-American expats make the difference between staying and leaving, particularly in the wake of fees on dependents and other financial and regulatory burdens.

To the extent that such taxes if real make it more difficult to recruit expatriates, how will this affect the hoped for foreign investment on which the success of Vision 2030 will so critically depend?

Taxing Saudis would be more complex and potentially transformative; to the extent that budgets are financed not by oil revenues but rather by nationals, what role might they claim in their allocation, and would this suggest a more pivotal role for a more accountable Majlis Al-Shura?

I'll Fly Away

Despite the suddenness and confusing rollout of the September 15 restoration of international flights, commercial flights are once again operating if not normally at least tentatively; leaving is easy, while returning requires a negative covid test within 48 hours of departure and a 7-day self isolation upon arrival monitored via cellphone app.

A full return to normalcy will occur sometime in the new year; stay tuned for further notice, hopefully with a more reasonable lead time.

Upcoming Events, Webinars, and Conferences

- September 21-22: [2020 C3 US-Arab Healthcare and Business Summit](#)
- September 22: [Navigating the Gulf Ecosystem for Startups](#)
- September 30: [SABIC's NUSANED Initiative for Localizing Opportunities in KSA \(Webinar\)](#)
- October 2: [IMPACT20](#)
- November 9-11: [Virtual Business Development Mission To Saudi Arabia](#)

COVID-19 Status, Restrictions, Aid, and Enforcement

- **Status:** Saudi Arabia [reports](#) continued declines in coronavirus cases. As of September 21, 2020 there were:
 - 492 new cases daily, led by Makkah, Jeddah, and Medinah;
 - 330,246 cumulative cases, 14,235 active;

- 1,060 recoveries daily, 311,499 cumulative;
- 27 deaths daily, 4,512 cumulative;
- 43,652 daily tests, 6,093,601 cumulative.
- **Decline:** The Kingdom is reporting its lowest infection numbers in [months](#).
- **WHO Aid:** Saudi Arabia has provided the World Health Organization (WHO) \$100 million for a UN coronavirus [response plan](#).

Public Sector and Government Aid

- **Privatization:** Authorities have announced that 38 government entities, including 13 ministries, will be privatized over the next [two years](#).
- **Anti-Corruption:** The Saudi Anti-Corruption Authority (Nazaha) has arrested 347 citizens and residents for various acts of corruption, including money laundering, influence peddling, and misuse of public [funds](#). These efforts are part of a broader crackdown on [corruption](#).
- **Social Development Bank:** The Social Development Bank grew 187% compared with the same period last year. 1,900 entities have benefited from the [program](#).

Corporate / Employment

- **Amendment to Foreign Investment Law:** The Saudi Shura Council amended the Foreign Investment Law to incorporate a penalty of up to SAR500,000 for illegal foreign investment [activities](#).

- **New Bank Account Rules:** The Saudi Arabian Monetary Authority (SAMA) has issued new rules for opening bank accounts ([Arabic](#)).

Legal

- **Companies Law:** For an English language draft of the new Companies Law, see [here](#).
- **Court Notices:** The Ministry of Justice (MOJ) notifies parties to legal actions via text message to the designated representative, in Arabic only, of hearings and other important matters, in some instances only a few hours before a scheduled hearing. If the representative reads no Arabic or is abroad, important events could be missed. Please forward any such messages to us to know to attend hearings on your behalf, or advise on how best to respond.
- **False Rumors:** Spreading false rumors on social media risks a fine of up to SAR3 million and imprisonment of up to [five years](#).
- **Female Inheritance Rights:** The Shura Council is considering a measure to strengthen inheritance rights for [women](#).
- **Depository Receipts:** The Capital Market Authority (CMA) has issued requirements for issuing depository receipts out of Saudi Arabia for shares listed in the [Kingdom](#).
- **IP Non-Profits:** The Saudi Authority for Intellectual Property (SAIP) is encouraging the formation of non-profit organizations dedicated to protecting [intellectual property rights](#).

Visas, Travel, and Repatriation

- **Resumption of International Flights:** Saudi Arabia will reopen land, sea, and airports to various classes of international travelers, including businessmen, [on January 1](#).
 - **Updated Traveler Guide:** The General Authority of Civil Aviation (GACA) has released an updated version of its [traveler guidelines](#).
 - **Restrictions Eased September 15:** Flights to and from Saudi Arabia partially resumed on September 15 for holders of most [non-tourist visas](#).
- **Kuwait Land Border Reopening:** The land border between Kuwait and Saudi Arabia has been reopened. Travelers are required to display a PCR test taken within the last [96 hours](#).
- **Indian Employees:** Authorities will reportedly allow most essential Indian employees to return to Saudi Arabia via special [flights](#).

Economy

- **Outlook:**
 - **Inflation Jump:** The Consumer Price Index jumped 6.2% in August over the same month last year after a tripling of the [value-added tax \(VAT\)](#).
- **Finance, Investment, and Sovereign Wealth:**
 - **PIF:** For an insightful interview with Yasir al-Rumayyanwill, the governor of Saudi Arabia's Public Investment Fund (PIF), see [here](#).

- **Robinhood:** The popular investment platform Robinhood is reportedly shaking the Saudi [stock market](#).
- **Angel Merger:** Riyadh-based angel groups Riyadh Angels and Najd Angels are merging into a new network dubbed the [Riyadh Angel Investors \(RAI\)](#).
- **Retail:**
 - *No significant recent developments.*
- **Real Estate:**
 - *No significant recent developments.*
- **Defense:**
 - **Joint US Airbase:** The US military has completed the five-year construction of the \$250 million Dirab Airbase near Riyadh for joint use by the US, Saudi Arabia, and other [MENA partners](#).
- **Projects:**
 - **Neom Infrastructure:** Aecom has been hired to build backbone transport and utilities infrastructure for [Neom](#).
- **Tourism, Hospitality, Culture, and Entertainment:**
 - **Tourism Transformation:** Saudi Arabia is investing \$810 billion in tourism megaprojects, including \$500 billion for Neom, \$10 billion for Qiddiyah, and \$20 billion for Amaala as part of an ambitious plan to build its [tourism industry](#).

- **Riyadh Historic Renovation:** The Minister of Culture announced the renovation of historic areas of downtown [Riyadh](#).
- **Safari Resort:** An African-style safari resort, dubbed the Nofa Resort Riyadh, has been built off the [Riyadh-Makkah Highway](#).
- **Digital Art Museum:** A digital art museum by the famous Tokyo-based technology group teamLab will launch by 2023 in [Jeddah](#).
- **Education:**
 - **Cybercamp:** The Human Resources Development Fund (Hadaf) is launching a programming [bootcamp](#).
- **Healthcare:**
 - **Ban on Medicinal Herbs and Plants:** The Saudi Food and Drug Authority has banned the sale of over 70 potentially dangerous medicinal [herbs and plants](#).
- **Technology:**
 - **Cybersecurity Boom:** Saudi Arabia's cybersecurity sector has seen rapid growth in [recent months](#).
 - **5G Partnership:** Sweden's Ericsson announced a partnership with Saudi telecom company Mobily to test 5G on the 800/1800 MHz band with Ericsson's [Spectrum Sharing technology](#).
 - **NEOM Challenge:** The Saudi Data and Artificial Intelligence Authority (SDAIA) has launched a competition to create innovative solutions for [Neom City](#).

- **Agriculture:**
 - **Mill Privatization:** Saudi Arabia's state grain buyer SAGO announced the start of the final phase of the privatization of the Kingdom's [grain mills](#).
- **Transportation and Infrastructure:**
 - **Container Handling Growth:** Data from the Saudi Ports Authority (Mawani) revealed a 12% increase in container handling operations in August vs the same period last [year](#).
 - **Auto Imports Blocked:** The Saudi General Ports Authority has temporarily blocked imports from 16 car companies after they failed to submit a supply plan and a commitment to comply with new [fuel standards](#).
- **Industry:**
 - *No significant recent developments.*
- **Natural Resources:**
 - **Uranium:** According to Chinese reports, Saudi Arabia reportedly has enough uranium reserves to produce its own [nuclear fuel](#).
 - **Mining Plans:** Saudi Arabia continues to make progress in its Vision 2030 goal of boosting mining revenues to \$2.4 billion. The Kingdom holds vast wealth in phosphate, gold, copper, zinc, iron, uranium, silver, silica, and other [resources](#).

- **Oil and Energy:** Oil prices [stand](#) on September 21 at \$42.99 pbb for Saudi oil (Arab Light) and \$39.90 pbb for West Texas Intermediate.
 - **OPEC Pressure:** The Saudi Minister of Energy took a strong tone during a recent meeting with OPEC+ ministers, urging protection of the industry's recovery efforts. He criticized short selling and OPEC+ members who exceed production [quotas](#) (notably [Iraq, Nigeria, and the UAE](#)).

Geopolitical

- **Israel:** Saudi royalty is reportedly divided on the issue of normalizing ties with [Israel](#). The past week has seen rumors of normalization from [Kuwait](#), [Oman](#), and [Qatar](#).
- **Yemen:** The King Salman Humanitarian Aid and Relief Centre (KSRelief) will provide over \$200 in assistance to Yemen and UN aid agencies operating in the [country](#). Houthi forces continue to launch [missiles](#) and [drones](#) over the Kingdom.
- **US-Iran Tensions:** Tensions continue to simmer between the US and Iran, with the chief of the Revolutionary Guard vowing to target those who played a role in the killing of [General Soleimani](#).

GCC

- **UAE:**
 - **Hospitality Sector:** A report by Colliers International predicts that the hospitality sectors in the UAE and Saudi Arabia will recover in Q4

2020, with significant growth in the UAE due to the World Expo which will take place from [October 2021-March 2022](#).

- **F-35 Sales:** US President Trump stated he has “no problem” with F-35 fighter jet sales to the [UAE](#).

- **Qatar:**

- **Dispute Resolution:** The US-Qatar Strategic Dialogue took place in Washington, DC last week, providing an opportunity to discuss relations with Israel and the resolution of the dispute with Qatar’s [Gulf neighbors](#).
- **US Relationship:** The US reportedly aims to designate Qatar as a major [non-NATO ally](#).

- **Kuwait:**

- **LNG Plans:** Kuwait plans to open the Al-Zour LNG terminal as early as March, doubling the region’s [LNG capacity](#).

- **Bahrain:**

- **Precautionary Penalties:** Penalties for violating coronavirus precautions in Bahrain now range from minor fines to [deportation](#).

- **Oman:**

- **Travel Rules:** Oman has issued rules for those entering the country from October 1. Travelers will require permission from the Ministry of Foreign Affairs and a No Objection Certificate (NOC) from their [sponsor company](#).

Other

- **Miscellaneous:** For earlier developments, see [here](#).
- **Umrah:**
 - **Operator Mergers:** The Ministry of Haj and *Umrah* outlined six requirements for merging *Umrah* [operators](#).
- **Local Pilgrimage:** The Ministry of Interior is considering reopening the Umrah pilgrimage to Saudi [residents](#).

Resources

- [Previous Newsletters](#)
- [Ministry of Health Dashboard](#)
- [Ministry of Health Coronavirus Guidance](#)
- [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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