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ROOTS

A Path Forward

We are all encouraged by reductions in numbers of deaths and new cases and increases in recoveries, as many firms including our own return gradually to the office. While we currently have five active cases in a team of 30, we are encouraging those who test negative and remain symptom-free to return to the office, subject to distancing, masking, temperature-testing and other precautions.

While hospitals have been challenged to handle the numbers of cases requiring active in-patient treatment, many have been transferred to remote facilities to make room in the major cities for resumption of treatment for critical non-Covid19 patients.

The Saudi government has informed Embassies of a new program to allow essential expatriates currently stranded overseas to return to the Kingdom, perhaps a harbinger for a rumored August 1 resumption of international flights. The UAE restored international flights last week subject to testing and quarantine requirements.

The government has demonstrated zeal in issuing reforms and promoting Vision 2030 objectives, including new licensing rules for [ground water use](#), a new Companies Law released in draft form for public comment, a supportive attitude by the Ministry of Investment towards foreign companies seeking to enter the market.

COVID-19

- **Status:** Saudi Arabia [reports](#) as of July 13

Cases (daily): 2,852 (led by Riyadh, Jeddah, and Hofuf)

Cases (cumulative): 235,111 (63,026 active)

Recoveries (daily): 2,704

Deaths (cumulative): 2,243 (~20 daily)

Tests (daily): ~45-60,000 (primarily [PCR](#))

After an upsurge in cases in recent weeks, infections appear to be [declining](#).

- **Antibody Production:** Aboundbio and SaudiVax have agreed to develop and produce neutralizing antibodies against [coronavirus](#).

COVID-19 Restrictions and Enforcement

- **Violations and Penalties:** The Ministry of Interior has released a list of coronavirus violations and penalties, found [here](#).
- **Group Housing:** No more than 20 may share the same home (with exceptions for workforce [housing](#)).
- **Rights and Freedoms:** Amidst the government's precautionary measures against coronavirus, the Saudi delegate to the UN Human Rights Council has affirmed the Kingdom's commitment to international standards of freedom of expression and opinion, including for [journalists](#).

Government Aid

- **Stimulus Booklet:** The government has released a booklet summarizing all stimulus [initiatives](#) (English version [here](#)).
- **Industry Stimulus:** The Ministry of Industry and Mineral Resources licensed 118 new factories in June, often with grants of land and capital, to stimulate [industry](#).
- **SANAD Support:** The General Organization for Social Insurance (GOSI) has announced it will provide salary support for 70% of companies' employees in certain industries for July and August and for 50% of employees for September. The 70% support is for companies operating in residence activities, travel agencies, tour operators, reservation services and related activities, air transport, sports activities, leisure and entertainment activities, creativity, arts and other personal services activities. Less affected companies will receive 50% support from August 1-15 and should enter their information in the portal accordingly. Employers may require subsidized employees to return to work full hours, though this will not affect the entitlement to compensation payment, provided the employer disburses the remaining amount of the full wage to the [worker](#).
- **GOSI Fines:** GOSI has announced fines for private sector violations of SANAD support [rules](#):
 - Excluding workers after the expiry of the compensation period, a fine of SAR50,000
 - Failure to comply with the payment of workers' wages not included in the compensation, a fine of SAR10,000

- Failure of the employer to resume the payment of workers' wages not included in the compensation, a fine of SAR20,000
- Invalid subscription data provided for the institution, a fine of SAR10,000
- Invalid pledges and declarations submitted to GOSI, a fine of SAR10,000

Corporate / Employment

- **Summary:** For earlier reports, see [here](#).
- **VAT:** Some companies, such as Lulu Group, will bear some or all of the price increases from the new 15% VAT [rate](#).
- **Expat Accounts:** The Saudi Arabian Monetary Authority (SAMA) has denied rumors of freezing accounts of expatriates whose financial transactions exceed their [wages](#).

Legal

- **New Corporate Law:** The Ministry of Commerce and the Capital Market Authority is considering amending the Kingdom's [Corporate Law](#) (summary in [English](#) and [Arabic](#)).
- **Marriage Transfers:** Jurisdiction over marriage, initiation, and custody documents has been transferred from [courts](#) to [notaries](#).

- **Guardianship:** The Shura Council may lift financial guardianship of minors at [age of 18](#).

Visas, Travel, and Repatriation

- **Summary:** For earlier developments, see [here](#).
- **Flights:** According to the General Authority of Civil Aviation (GACA), over 55,000 Saudi citizens have been repatriated since April 15. Over 750,000 passengers flew on over 9,500 domestic flights within the Kingdom in [June](#).
- **Employer Visa Issues:** The General Directorate of Passports (Jawazat) clarified the procedure for employers to follow if an employee leaves the Kingdom before a final exit visa is [issued](#).
- **American Community Newsletter:** The U.S. Mission on Saudi Arabia has released its quarterly newsletter, with information on repatriations, visas, and health and emergency [procedures](#).

Economy

- **Unemployment:** Unemployment stood at 11.8% in Q1 2020, down from 12.9% in [2018](#).
- **Credit:** Micro, small and medium enterprises (MSMEs) credit grew 19% in Q1 2020 to SR135.1 compared with the same period last [year](#).
- **Finance:**

- **Derivatives Market:** The Capital Market Authority (CMA) plans to launch a derivatives exchange. Further information will be provided in [Q3 2020](#).
- **Defense:**
 - **UK Arms Sales:** The UK will resume military sales to Saudi Arabia, generating [controversy](#).
- **Sovereign Wealth:**
 - **PIF:** The Public Investment Fund (PIF) seeks to boost assets to \$400 billion, up from \$225 billion in 2017. It also aims to raise total shareholder return to 5% (up from ~3% in 2014-2016), and contribute 6.3% (~\$45 billion) to the Kingdom's GDP. The fund will focus on military industries, entertainment, and recycling, through establishing companies and funding [megaprojects](#).
- **Projects:**
 - **Riyadh Metro:** Authorities announced that the \$27 billion Riyadh metro project will be partially opened in [2020](#).
 - **Riyadh Expansion:** The Royal Commission for the City of Riyadh announced a \$800 billion plan to double the area and population of the city over the next decade, transforming it into an economic and cultural hub, with 18 ongoing [megaprojects](#).
 - **Jeddah Waterfront:** The Jeddah Governorate announced a \$60 million project to develop Jeddah's 2.8 km [waterfront](#).
- **Tourism:**

- **Domestic:** Domestic tourism has done well in recent weeks, particularly in rural areas such as [Asir](#). The government is currently promoting the Tanaffas summer tourism [program](#).
- **International:** Foreign tourists spent \$27 billion in Saudi Arabia in 2019, an 8.8% increase from [2018](#).
- **Agriculture:**
 - **Imports and Exports:** The General Ports Authority (MAWANI) reported a 15% increase in food imports and exports from January to May [2020](#).
- **Energy:**
 - **NEOM:** ACWA Power, Air Products and NEOM agreed to build a \$5 billion hydrogen energy production [plant](#).
- **Oil:** Prices [stand](#) on July 13 at \$40.55 pbb for Saudi oil (Arab Light) and \$43.32 pbb for West Texas Intermediate.
 - **Aramco:** Aramco is increasing the price of oil sold in Saudi Arabia to SAR1.29, up from [SAR0.98](#).

Geopolitical

- **Iran:**
 - **Arms Embargo:** Saudi Arabia has called on the international community to implement an arms embargo against [Iran](#).

- **Cyber Attack:** Rumors indicate a recent fire at an Iranian nuclear facility were caused by a foreign cyberattack, escalating regional [tensions](#).
- **Khobar Reparations:** Iran has been held liable for the 1996 bombing of Khobar Towers, and ordered to pay \$879 million to [survivors](#).
- **Yemen:** Negotiations between the Southern Transitional Council and the Yemeni government in Riyadh appear to be at a [standstill](#).
- **Arab Parliament:** The Arab Parliament has approved a plan for Arab economic [integration](#).
- **Arab-Chinese Summit:** Saudi Arabia plans to host an Arab-Chinese summit to discuss potential joint efforts and [cooperation](#).
- **WTO Candidacy:** Saudi Arabia has nominated Mohammad al-Tuwaijri to serve as director-general of the World Trade Organization ([WTO](#)).

GCC

- **Regional Train Network:** The \$15 billion Gulf Railway Project, which aims to link the GCC countries by rail, will reportedly open its first section connecting Saudi Arabia, the UAE, and Oman, in 2023. The second phase will link Saudi Arabia, the UAE, and Bahrain and open in [2025](#).
- **UAE:**
 - **Visa Extension:** The UAE has rescinded its decision to extend expatriate visas that expired in March to the end of the [year](#).

- **Abu Dhabi Fund for Development:** The Abu Dhabi Fund for Development will extend debt repayments for some countries and companies until the end of the [year](#).
- **Qatar:**
 - **Qatar Airways:** Qatar Airways has shown resilience compared with [competitors](#).
- **Kuwait:**
 - **Aid:** Kuwait will disburse \$780 million in aid to the private [sector](#).
 - **General Reserve:** Kuwait's main sovereign wealth fund, the General Reserve Fund (GRF), has reportedly lost a third of its assets since June 1 due to the drop in oil prices and [coronavirus](#).
- **Bahrain:**
 - **New Security Agency:** Bahrain has established a new security body, the [Strategic Security Agency](#).
- **Oman:**
 - **Public Sector Workers:** Oman will allow just 30% of public employees to come in to work in an effort to curtail [coronavirus](#).

Other

- **Miscellaneous:** For earlier developments, see [here](#).
- **Education:** The Ministry of Education announced plans to complete 21 school projects worth a combined [\\$53 million](#).

- **Hajj:** Authorities have allocated 70% of *Hajj* pilgrimage slots to foreigners and the remaining 30% to Saudi [citizens](#).
- **Riyadh Toll Rumors:** Transportation authorities have denied rumors that tolls will be implemented on Saudi Arabia's [roads](#).

Resources

- [Previous newsletters](#)
- [Ministry of Health dashboard](#)
- [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.

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