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Overview

The Kingdom's early, aggressive, and effective response to the coronavirus crisis was greatly facilitated by its relative technological advance. Inspired by the UAE, Singapore, and others, Saudi Arabia's young, educated and highly networked society has come far in e-governance, achieving a high level of public/private communication and coordination.

License and registration applications are for the most part submitted and approved online, along with notarizations, residency, and other visas, and most topically curfew exemptions and mobility permits.

With many if not most government agencies closed with officials working remotely, the level of preparedness has been impressive given the relative novelty of e-government platforms; while the crisis has facilitated testing, scaling, and reinforcing of an already well-advanced and widely-accepted and embraced e-government initiative.

Other initiatives accelerated by the crisis include:

- Vision 2030. The urgency of economic transformation from a rentier to a free market model, featuring privatization and deregulation of the commanding heights of the economy (most notably Saudi ARAMCO itself) and other state-owned assets, has been highlighted not only by current challenges to the government's crisis-driven role as economic driver of first and last resort in a highly energy-dependent economy, but also a sudden collapse in oil revenues.
- Diversification of Revenues. Ever dwindling oil prices and revenues have accelerated initiatives to balance expenditures with income, and efforts to smooth the transition from a public to a private-financed economy through sales of major

state assets and diversification of sovereign assets from 95% domestic to 50/50 domestic/foreign.

- **Insolvency.** The new Bankruptcy Regulations and Saudi Center for Commercial Arbitration have come of age none too soon, as fragile and vulnerable ventures face reorganization and liquidation in the context of a crisis-driven collapse in demand for their products and services.

The April 26 partial lifting of the curfew, albeit abrupt and widely unexpected, provided a strong lift in animal spirits on the part of many otherwise despairing local business owners and managers, offering hope for further relaxation of crisis-driven restrictions and the prospect of an imminent return to life in a broad spectrum of economic activity.

Business organizations have perfected the art of online conferencing, including this morning's AmCham presentation on Green Riyadh attended by 50+, and our firm's Policy Roundtable series, most recently featuring U.S. Economic Counsellor Ed Sagurton, Economist John Sfakianakis and others.

Ever-widening circles of businesses will return to the office and something closer to commercial reality, well-trained through weeks and in some cases months of isolation, in the advanced arts of videoconferencing and remote, distributed customer service.

In the context of this positive outlook for our esteemed clients, summaries follow of the medical and commercial crisis response, curfews, employment, immigration, corporate, judicial, political and other recent developments.

COVID-19

- **Official Report:** For a government summary of COVID-19 programs, see [report](#).
- **Health Measures:**
 - **Testing:** The Minister of Health (MoH) attributes a recent spike in new coronavirus cases, giving way more recently to a flattening and now falling curve, to expanded testing ([Saudi Gazette](#), [Arab News](#); 17,500+ recorded cases currently, [Ministry of Health](#)).
 - **MoH App:** Analysis of 600,000 self-administered MoH App health exams suggests +/- 15,000 cases ([Arab News](#)).
- **Food Security:**

- **Agriculture:** The Ministry of Environment, Water, and Agriculture deems food supplies to be adequate, as domestic production rises supplemented by a regular flow of imports ([Saudi Gazette](#)).
- **Testing:** Beijing Genome Institute will provide the National Unified Procurement Company (NUPCO) with 9 million test kits, 500 technicians, and six testing/training laboratories each administering 50,000 tests daily, valued at \$265 million ([Arab News](#)).

Government Assistance

- **Financial Support:** The MoH will receive SR47 billion to combat the virus, SR23 billion for private sector dues ([Saudi Gazette](#)).
- **Industry:** The Ministry of Industry & Mineral Resources has launched three industrial initiatives, a restructuring and loan installment deferral program for medium projects, credit facilities for SME operations, and raw materials subsidies for pharma companies ([Argaam](#)).
- **Industrial Development Fund:** SR4 billion has been budgeted to restructure loans for 378 small and 12 medical projects ([Zawya](#)).
- **SAMA:** The Saudi Arabian Monetary Authority (SAMA) has budgeted SR50 billion for repayment deferments and financing to SMEs (800 125 6666, 463 3000, x5824, x4296, x2272, cpd@sama.gov.sa; [SAMA](#), [Saudi Gazette](#)).

Curfew

- **Relaxation:** The government-imposed curfew has been partially lifted Kingdom-wide April 26 - May 13, excepting Makkah and previously designated high-risk neighborhoods, subject to implementation of social distancing and a 5-person limitation for social gatherings; a 5 pm - 9 am curfew remains ([Arab News](#), [MOI](#)).
- **Mobility:** A Ministry of Interior (MOI) ban remains on travel between provinces, and into and out of Riyadh, Makkah, Madinah, Tabuk, Dammam, Dhahran, Hofuf, Jeddah, Taif, Qatif, Khobar, Samtah, and Al Dayer ([MOI](#)).
 - Bus, taxi, and train services remain suspended ([MOI](#)).

- **Public Services:** Government agencies continue to operate remotely, excepting essential services ([MOI](#)).
- **Ramadan:** The Ministry of Human Resources and Social Development (MHRSD) has announced Ramadan working hours of 10 am - 3 pm for the public and six hours for the private sector ([MOI](#)).
- **Exempt Industries:** For April 29 - May 13 (when there will be a reevaluation), the following restrictions have been relaxed:
 - Wholesale shops and malls may operate from 9 am - 5 pm, subject to:
 - continuing closure of beauty clinics, barber shops, beauty salons, sports & health clubs, recreational centers, cinemas, restaurants, cafes, cinemas, play areas, arcades, prayer rooms, and changing rooms;
 - removal from corridors of benches, chairs and rest areas;
 - stationing of testing and disinfectant stations at mall entrances to measure temperatures and exclude anyone testing at 38+°C;
 - daily disinfection, and issuance of gloves and masks to customers;
 - no cash payments;
 - no cash payments allowed, and e-payment machines in grocery stores by May 10;
 - face masks and social distancing for all mall visitors;
 - enforcement of rules by adequate security forces.
 - Construction companies and factories may operate freely throughout the day ([MOI](#), [Saudi Gazette](#), [Arab News](#)).
- **Banks:** SAMA will allow bank branches to operate 10am - 2pm during Ramadan, transfer branches will be 7am - 4pm, and the Saudi Fast Transfer System (SARIE) 10am - 4pm, with holidays May 21 - 31 for branches and transfer branches and May 21 - 28 for SARIE ([MHRSD](#)).
- **Food Delivery:** The MoI will allow restaurants to operate hours from 3 pm - 3 am during Ramadan ([MOI](#)).

Employment

- **HADAF:** The Saudi Human Resources Development Fund (HADAF) encourages private companies to register Saudi employees with its employment support initiatives (Taqat), which may assure 30-50% of monthly wages for two years to Saudis employed after July 1, 2019 at salaries of SR4,000-15,000 (Taqat portal [here](#), [HRDF](#), [SPA](#)).
- **Unemployment Insurance:** The General Organization for Social Insurance (GOSI) encourages companies to use Chambers of Commerce and other channels for salary support through its Unemployment Insurance (SANED) Program ([GOSI](#)), with April 20 and 24 deadlines for companies and employees respectively to apply to receive their April payments on May 1; later applicants will receive April and May payments in June ([SPA](#), [GOSI](#)).
- **Worker Housing:** Mandatory sanitation and health rules have been issued for labor camps as high contagion risks, with SR5,000-10,000 in fines for first violations, doubled for repeat offenders. The MHRSD has directed business employers to report workforce housing locations and details by April 30 through the *Ejar* platform ([MHRSD](#)).

Corporate

- **Cover-up:** Public prosecutors have warned against engaging in coverup (*tasattur*), i.e. engaging in commercial activities through a Saudi front, on penalty of up to 2 years in prison and SR1 million in fines, revocation of commercial registration, deportation, and business closure ([Saudi Gazette](#)).
- **Social Development Bank:** The Social Development Bank has launched an e-portal for loan applications ([SDB](#)).
- **Finance Violations:** The Ministry of Justice has been issued a resolution barring unlicensed financial services, to protect against predatory lending practices ([Saudi Gazette](#)).

Judicial

- **Operations:** Courts continue to accept new cases and issue decisions online.

- **Flogging:** Saudi Arabia's Supreme Court has replaced discretionary flogging with imprisonment or fines ([BBC](#)).
- **Capital Punishment:** Minors are now exempt from the death penalty ([Saudi Gazette](#)).
- **Online Edicts:** The Shoura Council has proposed an online posting of edicts of the Council of Religious Elders ([Arab News](#)).

Repatriation

- **Auda:** Holders of exit/re-entry and final exit visas may apply for help in returning to their home countries via the *Absher* platform ([Arab News](#), [MOI](#)).
- **Saudis:** Saudis stranded overseas continue to return home ([Arab News](#)).
- **Commercial Airline Services:** Etihad will resume some flights on May 16 ([Arab News](#)).

Economy

- **Ministry of Finance (MoF):** In the context of lower oil revenues and non-oil private sector losses the budget deficit will approach SR220 billion, requiring an additional SR110-120 billion in public funds ([SPA](#)).
- **Finance Companies:** SAMA has issued new regulations to combat loan-sharking and other unlicensed finance services ([Arab News](#)).
- **Reopening Economy:** The plan to reopen the economy post-crisis prioritizes basic services and commodities, boosting spending in healthcare and delaying it in travel and entertainment. Businesses will be required to implement protective measures through 2020. Additional economic support measures will be announced by late June ([Asharq Al-Awsat](#)).
- **Financial System:** The IMF's Saudi envoy deems the Kingdom well-positioned to weather the crisis given its well-capitalized and solvent banks and economic reforms ([Saudi Gazette](#)).
- **Borrowing:** The Kingdom may borrow \$26 billion and apply \$32 billion from reserves to counter the health crisis and oil revenue fall, raising 2020 borrowing to \$58 billion. The debt ceiling rose in March to 50% of GDP from 30%. Spending

was cut 5% in March and may be further reduced, as the deficit rises to 7-9% of GDP by 2020 year end ([Reuters](#)).

- **Online Retail:** Online shopping has risen 400% in two months, straining local logistics ([Arab News](#)).
- **PIF:** The Public Investment Fund (PIF), with \$300 billion in assets, is pursuing new investments ([New York Times](#)), as its bid to purchase Newcastle United sparks controversy in the UK ([The Independent](#)).
- **Minerals:** The Ministry of Industry & Mineral Resources plans to award 54 gold, copper, silver, zinc, lead, iron, quartz, and tin concessions ([Arab News](#)).
- **SBG Debt Restructuring:** The Saudi Binladin Group (SBG) has hired Houlihan Lokey Inc. to advise in a \$15 billion debt restructuring, including allocating assets into business sectors, streamlining operations, and boosting activities ([Argaam](#)).
- **Asia Games:** Saudi Arabia and Qatar both seek to host the 2030 Asia Games ([Arabian Business](#)).
- **Nuclear Power:** A King Abdullah Petroleum Studies and Research Center (KAPSARC) commentary considers Saudi nuclear energy potential ([Saudi Gazette](#)).
- **Oil Production and Prices:** The Kingdom has reduced oil production ahead of the May 1 start date for OPEC+ cuts, reducing production from 12 to 8.5 million bpd. Prices stand at \$15.91 pbb for Saudi oil, and \$14.72 pbb for West Texas Intermediate ([Bloomberg](#)).
- **Aramco:** Aramco is considering a \$10 billion stake sale in its pipeline business ([Bloomberg](#)), following Abu National Oil Company's recent example ([Bloomberg](#)).

Geopolitical

- **Yemen:** The Southern Transitional Council (STC), a separatist group in Aden backed by the UAE but not Saudi Arabia, declared emergency rule over Aden and Yemen's southern provinces ([The Guardian](#)).
- **Strait of Hormuz:** Tensions have flared between Iran and the United States in the Persian Gulf, with both sides threatening retaliation if provoked ([SOFREP](#)).

Other

- **Iftar:** Mosques have been asked to avoid Iftar donations to stem Covid-19 ([Riyadh Express](#)).
- **Holy Sites:** The Makkah Grand Mosque and the Prophet's Mosque in Medina have been closed to the general public ([TVC News](#)).
- **Real Estate:**
 - **Ejar.** On February 23, the Ministry of Housing issued a standard lease contract for commercial premises, requiring their registration in the *Ejar* system through certified real estate brokers.
 - **Community Property:** The community property system has been amended under the Regulation of the Ownership, Subdivision, and Management of Real Estate Units, superseding Royal Decree M/5 of 2002.
 - **Real Estate Ownership:** The Shoura Council has announced penalties for violations of property ownership and real estate investment laws, and measures to combat fraud and breach of trust ([Arab News](#)).
- **Transportation and Water:** The National Project Management, Operation, and Maintenance Organization in Public Entities (*Mashroat*) has signed two MoUs with the Ministry of Transport and the Saudi National Water Company to standardize and codify construction, maintenance, and operations for over 400 transportation and water contracts ([SPA](#)).
- **Expo 2020 Dubai:** The UAE will likely postpone the World Expo to 2021 ([Arab News](#)).
- **Iftar Ramadan Initiative:** The Community Fund of the Ministry of Human Resources & Social Development has launched a "Ramadan Iftar" initiative to provide meals to those affected by the coronavirus pandemic ([MHRSD](#)).

Macro

- **WFP:** A World Food Program report shows severe food strains in the MENA region ([report](#)).

- **UNICEF:** UNICEF forecasts financial fallout for Middle East children as primary caregivers lose employment ([Reuters](#)).
- **Aviation:** The Arab Gulf States Institute foresees abrupt and potentially permanent adverse changes in the Gulf's air transport sector ([Arab Gulf States Institute](#)).

Resources

- [Previous newsletters](#)
- [FAQs](#)
- [Force Majeure](#)
- [New Commercial Courts Law](#)
- [New Procurement Law Implementing Regulations](#)
- [Ministry of Health dashboard](#)
- [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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