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ROOTS

## Introduction

### *Vision or Mirage?*

In a webinar in our Policy Roundtable series last Wednesday, former U.S. Embassy Deputy Chief of Mission David Rundell discussed his book [Vision or Mirage: Saudi Arabia at the Crossroads](#), to be released September 17.

According to Rundell's analysis based on 15 years service in the Kingdom, Saudi stability rests on four pillars, (1) Abdulaziz's uniting the Kingdom through 30 years of war and diplomacy, (2) six successful leadership transitions, (3) deft balancing of interests of demanding stakeholders and (4) competent domestic and geopolitical management.

Eroding these pillars, (1) memories of Abdulaziz are fading as generational torches pass, (2) the second generation has exhausted its store of candidates, (3) stakeholders face curtailed power and benefits, and (4) competence has found its limits against falling oil revenues, vast welfare commitments, quagmire to the south, and adventurism in the east.

Given such wasting pillars and a perfect storm of covid, energy and economic crises, beware the rumble below; will new pillars built on Vision 2030's economic and social modernization hold the line?

### *Denial: More than a River in Egypt?*

Saudia Airlines this week denied rumors of an imminent resumption of international flights, without meaningfully addressing residents' concerns over the current territorial lockdown's impact on business and lives.

At the same time, Saudi Arabia's coronavirus contagion figures are trending downward, as the G20 (chaired by the Kingdom) stresses the economic importance of open borders.

Despite heavy reliance on exports (oil, petrochemicals) and imports (food, consumer goods), the Kingdom has yet to address much less meaningfully open its international skies, to the consternation of all concerned.

Similar confusion arose regarding school reopening, until it was announced at the eleventh hour that schools would remain closed for seven weeks of distance learning; however sage these policies, would public and private sectors alike benefit in understanding and planning from greater transparency?

### *New Companies Law: Baby Steps*

Below are notable provisions of the new Companies Law:

- While the new Companies Law provides that in the event of a tie, the party voting with the chairman wins, this fails to assure an effective solution in the event of deadlock. May the chair always decide in the event of ties?
- A new regime is allowed for not-for-profits, which have hitherto operated in the shadows (e.g. international business groups) without formal recognition or banking or other privileges, which should now become possible.
- With no requirement to exhaust administrative remedies, concurrent jurisdiction for competing legal actions remains unresolved; competing

actions before the Ministry, the Capital Market Authority, and the courts will continue, to the confusion and frustration of all concerned.

The devil may lurk in the details of implementing regulations.

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

- **Status:** Saudi Arabia [reports](#) continued declines in coronavirus cases. As of September 8, 2020 there were:
  - 781 new cases daily, led by Jeddah, Makkah, and Medinah;
  - 322,237 cumulative cases, 19,854 active;
  - 623 recoveries daily, 298,246 cumulative;
  - 30 deaths daily, 4,137 cumulative;
  - 48,690 daily tests, 5,498,997 cumulative.
- **Recovery?:** Saudi Arabia continued to experience a sustained decline in coronavirus [cases](#).
- **Health Guidelines:** The Ministry of Health released guidelines for staying healthy during coronavirus, found [here](#).
- **Shops Shut Down:** The municipality of Jeddah shut down 235 shops in the region for violations of coronavirus [protocols](#).
- **Minister of Finance Statements:** The Minister of Finance emphasized positive economic trends in a recent [speech](#).

### ***Public Sector***

- **Saudi National Day:** Saudi National Day holiday will take place on September 23-24 for the public sector and September 23 for the [private sector](#).

### ***Corporate / Employment***

- **Localization:** The Ministry of Human Resources and Social Development plans to hire consultants to develop a program for hiring foreign workers, with an emphasis on localizing as many jobs as [possible](#).

### ***Legal***

- **Companies Law:** For an English language draft of the new Companies Law, see [here](#).
- **WIPO:** Saudi Arabia has signed on to the Locarno Agreement and the Vienna Agreement, parts of the World Intellectual Property Organization (WIPO) patent [system](#).
- **Car Seizures:** The General Directorate of Traffic Department announced the seizure of 2,437 cars for violating disability parking [regulations](#).
- **Remittances:** Nine expatriates have been arrested for illegally transferring [remittances](#).
- **Singapore Convention on Mediation:** On the Kingdom's ratification of the Singapore Convention on Mediation, see [here](#).

- **Khashoggi Sentences:** A Saudi court sentenced eight people to prison terms for the murder of [Jamal Khashoggi](#).

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

- **International Flights:** Saudia Airlines has denied rumors of commercial international flight resumption which will remain suspended pending further [notice](#), while announcing conditions for passengers returning to the Kingdom and travel requirements for [25 countries](#).
- **Expat Iqamas:** *Iqamas* of expatriates abroad will be automatically extended for [one month](#).
- **Return Fees:** Vehicles crossing into Saudi Arabia will not face any [fees](#).
- **Israeli Flights:** Saudi Arabia will allow Israeli flights to the UAE over [its airspace](#).
- **Russia-Saudi Visas:** Saudi Arabia and Russia agreed to fast-track each other's [visas](#).

### ***Economy***

- **Vision 2030:** The Minister of Finance praised Vision 2030 for helping respond effectively to [coronavirus](#); financial woes might however compel a rethinking of [Vision 2030](#).
- **SAMA Research:** SAMA will study the financial sector, macroeconomics and foreign trade, private sector, labor market, energy and mining, and [current issues](#).

- **Finance and Sovereign Wealth:**
  - **International Investment:** Residents and non-residents will henceforth be free to invest in listed and non-listed debt instruments in the [Kingdom](#).
  - **Future Investment Initiative:** The annual Future Investment Initiative conference (“Davos in the Desert”) has been rescheduled for [January 26-28](#).
  - **Startups:** 15 Saudi startups are competing in the Entrepreneurship World Cup 2020, with 174,000+ applications from 200 countries competing for six cash prizes of \$50,000 and a place in the [Misk Global Forum finals](#).
  - **Transparency:** New Rules on Disclosure of Interest Rates on Financing and Savings Products now apply, and finance companies must expand [transparency measures](#).
- **Retail:**
  - *No significant recent developments.*
- **Defense:**
  - **Corruption Probe:** Two royals in the [Ministry of Defense](#) face corruption charges.
- **Projects:**
  - **Riyadh Housing:** Riyadh’s \$267 million Antara residential development is now [open](#).

- **Medinah Developments:** The Governor of Medinah has launched the “Medinah Projects” e-platform to inform residents of progress in development projects, while adopting new [zoning measures](#).
- **Tourism and Entertainment:**
  - **AI Ula:** The vast AI Ula region is being developed into an archeological, natural, and artistic tourist [attraction](#).
- **Education:**
  - **University Ranking:** Saudi Arabia’s King Abdulaziz University ranks as the top university in MENA, and in the top 201-250 [worldwide](#).
- **Healthcare:**
  - **Contract Renewals:** As part of Saudiization plans, non-professional expatriate healthcare workers with 10+ years residency will not be eligible for renewals (see [Ministry of Health](#)).
- **Technology:**
  - **AI Summit:** Saudi Arabia will host this year’s Global Artificial Intelligence Summit (GAIS) virtually [October 7-8](#).
  - **Blockchain Business Passports:** Saudi Arabian business leaders pitched “Global Value Chain” (GVC) passports to the G20, recognizing credentials in other [countries](#).
  - **Lucid Motors:** Saudi Arabia has invested in electric car company [Lucid Motors](#).

- **Digital Infrastructure:** The Kingdom's [digital infrastructure](#) is growing rapidly; the Kingdom advanced to 66th (from 68th in [2019](#)) in the Global Innovation Index (GII).
- **Zoom:** Zoom Video Communications plans to expand operations in Saudi Arabia and the wider [Gulf market](#).
- **Agriculture:**
  - **Wheat:** Saudi Arabia is importing large quantities of wheat from [Ukraine](#).
- **Transportation and Infrastructure:**
  - **Service Postponement:** The Haramain High-Speed Train service between Makkah and Madinah has been postponed until further [notice](#).
- **Natural Resources:**
  - **Investment Licenses / Mining:** The Ministry of Investment granted over 500 new licenses to international companies during H1 2020. The Ministry stated it is seeking to develop its mining sector, promising an estimated \$1.3 trillion in [minerals](#).
- **Oil and Energy:** *Oil prices [stand](#) on September 8 at \$41.13 pbb for Saudi oil (Arab Light) and \$37.63 pbb for West Texas Intermediate.*
  - **Price Cuts:** Oil prices fell sharply Monday as a result of Saudi price cuts for oil exports to [Asia](#), an abundance of supply and uncertain OPEC+ [compliance](#).

- **Reduced Shipments to U.S.:** Saudi Arabia's oil exports to the US have fallen to the lowest level since 1985, likely given political pressure from the [Trump Administration](#).

### ***Geopolitical***

- **Israel/Palestine:** The Kingdom's stance on Israel and Palestine remains unchanged, despite opening Saudi [airspace](#) to Israeli planes. President Trump urged King Salman to normalize [relations](#) with Israel.
- **Yemen:** The Saudi-led coalition continues to intercept drones launched by Houthi [forces](#). Yemeni President Abd-Rabbu Mansour Hadi is reportedly in Riyadh for medical [treatment](#).
- **Nuclear:** Saudi Arabia's pursuit of nuclear energy, following the UAE's example, marks a shift in the [region](#).
- **Eastern Mediterranean:** Rising tensions between Greece and Turkey add another layer of geopolitical complexity to the [region](#).
- **U.S. Relations:** U.S.-Saudi [relations](#) are expanding.
- **Russia Talks:** Russian President Vladimir Putin discussed with King Salman G20 efforts, noting positive trade relations and jointly development of a coronavirus [vaccine](#).
- **Checkbook Diplomacy:** Frustration with regional allies, notably Pakistan, prompts a rethink of "[checkbook diplomacy](#)."

- **Gulf Leadership:** GCC systems have shown resilience in the face of turbulence (see [here](#)).
- **UAE:**
  - **Airline Salaries:** Emirates Airlines will restore full pay for employees beginning in October; Etihad may extend reductions through [year-end](#).
  - **Schools:** UAE schools required to implement 100% remote [learning](#).
- **Qatar:**
  - **Local Employment:** Economic uptick has driven demand for skilled local [talent](#).
- **Kuwait:**
  - **Oil Development:** Kuwait's recent oil developments mark a shift away from dependence on [Saudi Arabia](#).
  - **Financial Difficulties:** Kuwait's financial troubles continue to mount, compounded by political gridlock. The country will likely take on more debt and perhaps tap into its [sovereign wealth fund](#).
- **Bahrain:**
  - **On-Arrival Visas:** Bahrain has restored visas-on-arrival to qualifying [visitors](#).
- **Oman:**
  - **VAT:** Oman may implement VAT in 2022, as the fourth Gulf state [to do so](#).

## **Other**

- **Miscellaneous:** For earlier developments, see [here](#).
- **Culture Database:** The Ministry of Culture is developing a “[cultural database](#).”
- **Rise in Pollution:** This General Authority of Meteorology and Environmental Protection has received a 52% increase in pollution reports, mostly due to dust, with Mecca experiencing the worst [levels](#).

## **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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