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ROOTS

## Introduction

### Jordan: Existential Crisis or Teachable Moment?

*Loyal Opposition or High Treason?*

Jordan recently celebrated the centennial of its founding as a [British protectorate](#) amid multiple challenges, including not only a struggling economy further burdened by a poorly-managed covid crisis, a politically unsettling balancing act between accommodating an American partner's policies and promoting its own national interests, but most critically one of its worst political [crises](#), following alleged [sedition](#) by King Abdullah II's half-brother former Crown Prince Hamzah.

*Quest for Legitimacy*

King Abdullah's great-grandfather, Abdullah bin Hussein, was recognized by a UK Protector as [Emir of Transjordan](#) in 1921. Beginning in 1946, a newly-emancipated Hashemite Kingdom of Transjordan, short on economic means or geopolitical weight, has pursued legitimacy by serving its tribes, welcoming Palestinians after the 1948 and 1967 Arab-Israeli wars, and nurturing a long-standing and deeply-rooted U.S. partnership.

### *Social Compact Under Stress*

Since King Abdullah's accession in 1999 a social compact based on jobs for loyalty has worn thin, in the face of covid-compounded economic and political hard times.

Discontent runs deep; a proposed 2018 tax increase triggered protests demanding political and anti-corruption reforms, following deep declines in Transparency International's corruption perceptions index (from 45th to 60th of 180) and in Freedom House's democracy ratings from "partly free" to "not free".

While nominally a parliamentary monarchy, parliament offers at best weak checks and balances, while populace and press remain tightly controlled. \$2 billion in 2019 Saudi and Emirati investment fell 90% last year. Instead of addressing rising unemployment and a failing public health system (500,000 covid cases and 5,000+ deaths in a population of 10 million), resources have been directed towards high-end hotels, an oil shale-fueled power plant and potash and fertilizer projects, ignoring demands for jobs, affordable housing, and urban amenities.

Rumors of foreign intrigue abound, while the less conspiracy-minded attribute recent events to covid mismanagement on the back of a long-stagnant economy: a 3% GDP drop, a 10% unemployment rise (from 15 to 25%), and a 21% rise in poverty (from 16 to 37%), against a background of unfulfilled promises of democratic reform, all ripe for royal rivals to leverage for personal advantage.

### *Rays of Hope*

For all these gloomy indicators, Jordan has outperformed many in the region in its professional education, and in the quality of its doctors, engineers, and others, many

of whom have demonstrated their quality in serving more dynamic economies throughout the Gulf.

The country's greatest asset may be its human capital, as a foundation for economic growth built on its educational and technological infrastructure and an emerging culture of entrepreneurship.

### *Engaging Critics: Empowerment vs. Repression*

With some exceptions, regional autocracies have demonstrated limited imagination in productively channeling and accommodating healthy dialogue; while democracies guarantee and encourage diversity through free speech and press and political enfranchisement, autocracies are typically quicker to label dissidents as traitors, deserving of judicial and extra-judicial sanctions.

Few regional autocracies have escaped palace intrigue or rumors of sedition, as Morocco, Bahrain, Kuwait, and others have over recent years faced challenges from rivals of various stripes, rooted in religion, nationalism, or intrafamily rivalry.

To signal serious intent to address public demands and restore badly degraded public confidence, King Abdullah's reforms should prioritize transparency and accountability.

All mention of Prince Hamzah in the press was briefly banned; the "mushroom treatment" (keep them in the dark and feed them garbage) however carries a political cost, undermining the credibility of promises of greater transparency.

## *Competing Loyalties*

Current stresses may also reflect the mixed blessings of Jordan's U.S. partnership, reflected in a recent [defense treaty](#) expanding U.S. access and rights. The U.S. relies heavily on Jordan as a regional voice of moderation, with President Biden encouraging King Abdullah to "stay strong" and Secretary of State Blinken celebrating a "strategic partnership."

As the U.S. replaced the UK as Jordan's protector after World War II, throughout the Cold War Jordan served as a geopolitical firebreak for Israel and the Gulf from Soviet and Arab threats. Jordan has advanced regional stability by making peace with Israel, combatting political extremism, supporting American policies in Iraq, and hosting the coalition against the Islamic State and in support of Syrian rebels. The Jordanian General Intelligence Directorate cooperates closely with the U.S. in combatting terrorism, while its military relies heavily on U.S. equipment and training.

U.S. foreign aid exceeds \$1 billion annually, sometimes exceeding tax revenues; the U.S. Agency for International Development has designed and operated [physical infrastructure](#) since the 1960s, including the Aqaba Special Economic Zone.

Such interdependency carries costs, including limited latitude to oppose President Trump's Israeli-Palestinian "deal of the century," arguably favoring Israel's territorial claims while ignoring Jordan's traditional mediation role.

## *"Our" Autocrats?*

The Middle East remains in play between the traditional and the modern; six autocratic rulers have been ousted since the Arab Spring.

Former Secretary of State Jeanne Kirkpatrick distinguished between totalitarian and authoritarian systems, viewing pro-Western dictatorships as preferable to anti-Western democracies. Once invested in such relationships, the United States may face Hobbesian choices between aligning local policy with its own goals vs. affording local regimes latitude to sustain legitimacy.

While Saudi Arabia remains financially and operationally autonomous hence free to prioritize its own national interests and resolve internal challenges with a relatively free hand, Jordan can ill afford to ignore or defy the U.S.

While U.S. support remains unshaken, new Jordanian realities shaped by domestic pressures could at some point diverge from U.S. policies and interests, placing a premium on skillful diplomacy to harmonize partnership policies with domestic realities.

#### *Things to Come: Regional Model of Reform and Moderation?*

Saudi Crown Prince Mohammed has demonstrated courage and imagination in planning for and betting heavily on a post-carbon economy, addressing long-deferred public hopes for progress in harmony with global technological and economic principles.

Will King Abdullah similarly fulfill his Arab Spring promise of less repression and more democracy through meaningful reforms, as a much-needed regional model of reform and moderation, by making government more accountable, creating jobs, promoting human rights and empowering and inspiring a still-hopeful people, all the while remaining true to a long-standing and mutually-productive partnership with an

anchor American partner?

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

- **Ramadan:** April 13-May 12

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

- **Status:** Saudi Arabia [reports](#) as of April 28, 2021, a leveling-off of COVID cases, with:
  - 1,045 new coronavirus cases daily, led by Riyadh, Jeddah, and Makkah;
  - 414,219 cumulative cases, 9,710 active;
  - 983 recoveries daily, 397,587 cumulative (>98% recovery rate);
  - 9 deaths daily, 6,922 cumulative (<2% fatality rate);
  - 64,782 daily tests, 16,708,703 cumulative;
  - 8,700,779 vaccine doses administered.
- **Vaccine:** Saudi Arabia has approved both the Pfizer and Oxford-AstraZeneca vaccines for [import and use](#). 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](#).
  - **Registration:** Registration for the vaccine is now available for [citizens and residents](#). To register, visit [here](#) or use

the [iOS](#) or [Android](#) “Sehanty” apps. Within 24 hours applicants will receive a message providing a date for receiving [vaccine doses](#).

- **Vaccine Resumptions:** Residents aged 60 years and above will continue to receive their second dose of the vaccine against COVID-19 as scheduled despite an earlier decision to [postpone administering the second jab](#).
- **Exposure Penalties:** Public Prosecution has announced intentionally transmitting COVID warrants up to five years in prison and a fine of up to SR500,000. Expats will also be deported and prohibited from ever [returning to the Kingdom](#).

### ***Public Sector Updates***

- **Privatization Push:** Saudi Arabia is accelerating its privatization push in an effort to narrow its budget deficit. According to the head of the National Center for Privatization, the kingdom aims to strike around 15 billion riyals (\$4 billion) worth of infrastructure deals with [private investors this year](#).

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

- **Tax Plans:** Crown Prince Mohammed bin Salman stated in a recent interview that there are no plans for income tax and that the [VAT increase is temporary](#).
- **Saudization Statistics:** Saudi citizens accounted for 22.75% of the total private sector workforce in Q1 2021, compared to [20.37% in Q1 2020](#).

## ***Legal***

- **Al Tamimi Legal Magazine:** For Al Tamimi Law's latest magazine issue (March 2021, focus is on Africa), see [here](#).
- **E-Commerce Crackdown:** The Ministry of Commerce has held 100 social media advertisers for [flouting e-commerce laws](#).
- **Waste Management Law:** The Shura Council has passed a draft law on waste management to regulate the transport, treatment, storage, and [disposal of all types of waste](#).

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

- **New Travel Ban:** Saudi Arabia banned expatriates from entering the Kingdom from 20 countries, including the UAE, Egypt, Lebanon, Turkey, the US, UK, Germany, France, Italy, Ireland, Portugal, Switzerland, Sweden, Brazil, Argentina, South Africa, India, Indonesia, Pakistan, and Japan. Exceptions will be made for diplomats, medical staff, and their families. The ban also applies to travelers who transited through any of the 20 countries [within 14 days of arrival](#). The Kingdom's travel ban for citizens and the closure of its borders will remain in place until [May 17, 2021](#).
  - **Travel Guidelines:** For Saudia's travel guidelines, see [here](#).
  - **Visa Extensions:** The General Directorate of Passports (Jawazat) has clarified that exit and reentry visas of expatriates who are outside the Kingdom can be extended electronically through the employer's Absher or Muqem platform, after paying fees through the [SADAD payment system](#).

- **Flight Resumptions:** The General Authority of Civil Aviation of Saudi Arabia (GACA) has outlined plans to resume international flights [beginning May 17](#).
  - **Potential Decision Changes:** Saudi Arabia has not ruled out surprise decisions regarding the resumption of [international flight services](#).
  - **Saudia Plans:** Saudia is preparing for a full-capacity operation ahead of the international travel ban [lifting on May 17](#).
  - **Tawakkalna Requirements:** The General Authority of Civil Aviation (GACA) has told airlines operating in the Kingdom that boarding passes can only be issued to passengers who have either been vaccinated or have not been infected as registered in the [Tawakkalna application](#). GACA said that *Tawakkalna* use is mandatory for entering airports and [boarding flights in the kingdom](#).
- **Rise in Flight Searches:** Saudi Arabia recorded a 110% month-on-month surge in [flight searches in March](#).

## ***Economy***

- **General:**
  - **Foreign Investment Growth:** Foreign investment in Saudi Arabia passed the SR2 trillion (\$0.53 trillion) mark for the first time at the end of 2020, a [9% increase year-on-year](#).
- **Finance, Insurance, Investment, and Sovereign Wealth:**
  - **Non-Profit Investment Funds:** Jadwa Investment has signed an agreement with the Ministry of Human Resources and Social Affairs to

launch two funds to support the development of [the kingdom's non-profit sector](#).

- **Retail, Luxury, and E-Commerce:**

- **Popeyes Expansion:** Fast food chain Popeyes has signed an exclusive master franchise and development agreement with Gulf First Fast Food Company to [expand in the kingdom](#).
- **Fnac Darty Expansion:** Fawaz Alhokair Group will reportedly open the kingdom's first Fnac Darty store in 2022 after signing a franchise deal with the [French consumer electronics retailer](#).

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

- **Red Sea Development Funding:** The Red Sea Development Company (TRSDC), the developer behind Saudi Arabia's Red Sea mega-resort scheme, has obtained \$3.76bn (SAR 14.120 billion) in "Green Financing" [with four Saudi banks](#).
- **Medinah Tourism Development:** The Tourism Development Fund (TDF) in cooperation with Riyadh Bank will finance SAR1.3 billion (\$346.7 million) project in Medinah dubbed the "[Knowledge Economic City](#)."

- **Defense:**

- *No significant recent developments.*

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

- **Hospitality Sector During COVID:** Deloitte has issued a report outlining the performance of the kingdom's hospitality sector [during COVID](#).
- **Potential WWE Event:** The WWE is reportedly interested in hosting an event in Saudi Arabia [this year](#).
- **Religion:**
  - **Female Security Personnel in Makkah:** Saudi female security personnel now help facilitate the [entry of pilgrims into Makkah](#).
- **Education:**
  - **Religious Tolerance in Curriculum:** Saudi Arabia's new curriculum reportedly includes the concepts and history of [Buddhism and Hinduism](#).
  - **King Fahd University Opens to Women:** The King Fahd University of Petroleum and Minerals is [opening admission for female students](#).
- **Healthcare:**
  - *No significant recent developments.*
- **Technology:**
  - *No significant recent developments.*
- **Food and Agriculture:**
  - **Lebanon Produce Ban:** Saudi Arabia has issued a ban on Lebanese fruit and vegetables over [concerns of drug smuggling](#).

- **Industry, Utilities, and Transportation:**
  - *No significant recent developments.*
- **Natural Resources, Mining, and Environment:**
  - *No significant recent developments.*
- **Oil and Energy:** Oil prices [stand](#) on April 28 at \$64.99 pbb for Saudi oil (Arab Light) and \$62.92 pbb for West Texas Intermediate (WTI).
  - **Arabian Sun:** For Aramco's most recent weekly newsletter April 14) see [here](#).
  - **Aramco Foreign Sale:** Crown prince Mohammed bin Salman stated that the kingdom was in discussions to sell 1% of Aramco to a [leading global energy company](#).

### ***Geopolitical***

- **India COVID Crisis:** [Escalating COVID rates](#) in India is causing concern in the Gulf, with several countries including the UAE, Kuwait, and Oman [banning flights](#).
- **Talks with China:** China's President Xi Jinping told Crown Prince Mohammed bin Salman that Beijing was willing to push its strategic partnership with Riyadh "[to a new level](#)."
- **United States:**
  - **Arms Sales Blocked:** The US House of Representatives voted 350-71 to pass a measure to restrict US arms sales to Saudi Arabia in response to the [2018 death of Jamal Khashoggi](#).

- **Anti-OPEC Bill:** A U.S. House panel passed a bill to open OPEC and countries working with it to lawsuits for collusion in [boosting petroleum prices](#).
- **Yemen:** Houthi forces continue to target Saudi Arabia with [drones and missiles](#).

## GCC

- **Qatar Invitation:** King Salman has invited Qatar's emir to visit the kingdom, in the latest sign of [detente between the countries](#).
- **UAE:**
  - **Potential Movement Restrictions:** The UAE is considering implementing strict restrictions on movement for unvaccinated residents as it ramps up its [vaccine campaign](#).
- **Qatar:**
  - **Mandatory Quarantines:** Qatar has instituted mandatory hotel quarantines for passengers arriving from Bangladesh, India, Nepal, Pakistan, Sri Lanka, [and the Philippines](#).
- **Kuwait:**
  - **India Flights Suspended:** Kuwait has suspended [all flights from India](#).
  - **Property Lending Plunges:** Kuwaiti banks lending to the property sector plunged in the [first two months of the year](#).

- **Iraq Reparations:** The UN Compensation Commission (UNCC) said it had paid Kuwait \$380 million as an Iraqi payment of the total amount owed by Baghdad due to its [1990 invasion of Kuwait](#).
- **Bahrain:**
  - **Flight Restrictions:** Bahrain has introduced new health measures for passengers arriving in the kingdom from [India, Pakistan, and Bangladesh](#).
  - **GCC Trade:** Trade between Bahrain and other GCC members rose 6% year-on-year to \$1.76 billion [during Q1 2021](#).
- **Oman:**
  - **Stricter COVID Protocols:** Oman has announced tougher penalties for individuals and businesses flouting [COVID precautionary measures](#).

### ***Other***

- **Miscellaneous:** For earlier developments, see [here](#).
- **Qatar Airways vs Emirates:** During the pandemic, Qatar Airways enjoyed success relative success compared with Emirates. The Wall Street Journal has written an [analysis on the subject](#).

## **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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