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AN INTERNATIONAL
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ROOTS

Introduction

In 2005 Saudi Arabia was admitted to [membership in the World Trade Organization](#). while many hoped that trade embargoes had become anachronistic in a post-cold war global economy, the Kingdom wisely sought to guarantee access to foreign markets for critical oil and petrochemical exports, risks that current anti-Russian trade embargoes have once again highlighted.

In exchange for WTO benefits, including most favored nation treatment in tariffs and other market restrictions, Saudi Arabia was obliged to make various concessions to its new WTO partners.

Central to the WTO free trade principles is the doctrine of national treatment, whereby entities from other members states enjoy the same protections and privileges as local entities, with immunity from discrimination through unequal regulatory and trade policies.

In a market where the government serves as economic locomotive, the main action relates to government procurement. One of the Kingdom's promises in gaining U.S. support for its admission was to join the [Agreement on Government Procurement](#) assuring equal opportunity for foreign competitors, a promise that remains unfulfilled.

Like all WTO applicants, Saudi Arabia also negotiated exceptions to the national treatment principle, resulting in a [negative list](#) of exceptions, including trading, which became possible only subject to minimum 25% Saudi ownership and SR20 million foreign capital.

Vision 2030 depends heavily on foreign investment, and the Kingdom has made [bold strides](#) in improving its investment climate to attract foreign companies and professionals, so far with [mixed results](#).

In comparing competing investment options, multinationals look closely at market barriers and risks, and compare local investment opportunities against global best practices, including how faithfully WTO national treatment and other global standards have been applied.

To gain advantage against the likes of Dubai, Singapore and other competing global business hubs, the Kingdom would do well to consider how to enhance its competitive profile by WTO and other global standards, including its fidelity to the national treatment principle. The Kingdom succeeded in gaining a waiver for its differential tax treatment, whereby foreign businesses paid a 20% corporate income tax vs. a much lower 2 ½% zakat wealth tax for Saudi competitors, a strong disincentive with few parallels outside the region.

The Kingdom is clearly attuned to these issues, as reflected in a [new law](#) mandating equal treatment for national and foreign investors, as the letter and spirit of the Kingdom's WTO national treatment obligations require, and in appreciation of the importance of assuring treaty partners the same reciprocal courtesies as those enjoyed by Saudi investors in their own foreign export and investment markets.

We will monitor the extent of reforms that this promising initiative entails; stay tuned for further discussion on this potentially encouraging development as specifics emerge.

Upcoming Saudi Holidays, Events, Webinars, and Conferences

- **USSBC Program:** For a schedule of upcoming U.S.-Saudi Business Council (USSBC) events and webinars see [here](#).
- **Eid al-Fitr:** April 25-May 5
- **FIFA World Cup Qatar:** November 21-December 18

Public Sector and Significant Updates

- *No significant recent developments.*

Corporate / Employment

- *No significant recent developments.*

Legal

- **Al Tamimi Legal Magazine:** For Al Tamimi Law's latest magazine issue (focus is on the future of retail), see [here](#).
- **IP Enforcement Upgrade:** The Office of the United States Trade Representative has taken Saudi Arabia off its Priority Watch List in its annual

Special 301 Report due to the Kingdom's tightening of its [IP enforcement procedures](#).

- **Older Trucks Banned:** Saudi Arabia will bar lorries more than 20 years old from operating in the Kingdom, with companies given a [three-year window to comply](#).

Visas and Travel

- **Travel Guidelines:** For up-to-date travel information, visit the US Embassy in Saudi Arabia's [COVID-19 page](#). For Saudia's travel guidelines, see [here](#).
 - **COVID Protocols Lifted:** Saudi Arabia has lifted all COVID travel restrictions. Unvaccinated travelers [can enter the Kingdom](#).
- **GCC National IDs for Travel:** GCC citizens traveling to Saudi Arabia can once again enter using only their [national ID cards](#).
- **Riyadh Flight Recovery:** Air traffic at Riyadh's King Khalid International Airport has returned to [pre-pandemic levels](#).

Business / Economy

- **General:**
 - **Economic Growth:** Saudi Arabia's GDP grew 9.6% in Q1 2022 as a result of [higher oil prices](#). As a result of recent growth, the Kingdom looks set to see its [first budget surplus since 2014](#). The Minister of Finance stated he expects stronger-than-expected growth this year in the non-oil sector due largely to [Vision 2030 structural reforms](#).

- **Income Cuts for Royals:** Saudi princes have reportedly sold over \$600 million worth of real estate, yachts, and artwork in the U.S. and Europe as their incomes [have been slashed](#).
- **Public Investment Fund (PIF):**
 - *No significant recent developments.*
- **Finance, Insurance, and Investment:**
 - **IsDB Sukuk Listing:** Saudi Arabia-based Islamic Development Bank (IsDB) has listed a \$1.6 billion sukuk [on Nasdaq Dubai](#).
- **Real Estate, Construction, Infrastructure, and Megaprojects:**
 - **Green Riyadh Progress:** Green Riyadh, the Kingdom's project to expand vegetation in its capital, has officially launched [in seven neighborhoods](#).
 - **Shurayrah Island Bridge:** A major portion of the bridge to Shurayrah Island, a project of the Red Sea Development Company, [has been completed](#).
- **Industry, Utilities, Logistics, and Non-Oil Energy:**
 - **Lucid Vehicle Purchases:** Electric carmaker Lucid Group has signed a deal with the Saudi government to purchase up to 100,000 vehicles over the [next ten years](#).
- **Tourism, Hospitality, Culture, Sports, and Entertainment:**
 - **Tourism Support Fund:** Saudi Arabia announced it will dedicate \$100 million to establish the Tourism Support Fund in collaboration

with the World Bank with the aim of bolstering tourism [locally and internationally](#).

- **Air Traffic Targets:** Saudi Arabia is aiming for a tenfold increase in air transit traffic [by 2030](#).
- **Box Office Growth:** Saudi Arabia now represents the largest market in the region for movie screenings, with the industry receiving [continued investment](#).
- **Disney Film Banned:** Saudi Arabia has banned the screening of the Disney film Doctor Strange due to [depictions of homosexuality](#).
- **Retail, Luxury, and E-Commerce:**
 - *No significant recent developments.*
- **Religion:**
 - **Visit Visa Hajj Validity:** The Ministry of Hajj and Umrah announced that holders of visit visas may not [undertake the Hajj](#).
- **Education:**
 - *No significant recent developments.*
- **Healthcare:**
 - *No significant recent developments.*
- **Technology and Telecom:**
 - **Blockchain in Government:** Saudi Arabia is exploring implementing blockchain technology [across its government](#).

- **Defense:**
 - *No significant recent developments.*
- **Food and Agriculture:**
 - *No significant recent developments.*
- **Natural Resources, Mining, and Environment:**
 - **Cloud Seeding:** Saudi Arabia has launched a cloud-seeding project [in several regions](#).
- **Oil:** Oil prices most recently [stood](#) on May 3 at \$110.04 pbb for Saudi oil (Arab Light) and \$102.80 pbb for West Texas Intermediate (WTI).
 - **Aramco 2021 Financial Report:** For Aramco's financial report for 2021, see [here](#).

Geopolitical

- **Erdogan Visit:** President Erdogan of Turkey visited Riyadh to meet with Crown Prince Mohammed bin Salman in an attempt to [mend relations](#).
- **Pakistan Aid:** Pakistan's new Prime Minister Shehbaz Sharif secured an \$8 billion aid package during a recent visit [to the Kingdom](#).
- **Iran Talks:** A fifth round of talks between regional rivals Iran and Saudi Arabia has been held in Baghdad to contain tensions [and restore ties](#).
- **U.S.:**
 - **New U.S. Ambassador:** President Joe Biden announced the nomination of Michael Ratney, a career foreign service officer, as the

next [U.S. ambassador to Saudi Arabia](#). This may come as a disappointment to the Kingdom, which prefers [political appointees](#).

- **Relationship Status:** The Saudi Embassy in Washington stated that ties with the U.S. were “historic and remain[ed] strong,” [despite recent strains](#).

Gulf

- **Potential Qatar, Kuwait Visa-Free EU Travel:** The EU plans to offer visa-free travel to Kuwaiti and Qatari citizens [for 90-day periods](#).
- **UAE:**
 - **COVID Information:** For current COVID information from the U.S. Embassy in the UAE, see [here](#). For statistics and information from the UAE government, see [here](#).
 - **NUBS Forecast:** According to UBS, the UAE’s real GDP growth is projected to grow 4.3% in 2022 and 5.2% in 2023, led by an expansion in domestic credit, current account surplus amidst high oil prices, [and growth in non-oil sectors](#).
 - **Space Mission:** The UAE has signed an agreement that will see one of its astronauts work in the International Space Station [for six months](#). The astronaut will fly in SpaceX’s Crew-6 mission, which is expected [to launch in 2023](#).
 - **Balkan Criminal Networks:** Western Balkan crime networks reportedly use the UAE as a safe haven for their [leadership and money](#).

- **Qatar:**
 - **COVID Information:** For current COVID information from the U.S. Embassy in Qatar, see [here](#). For statistics and information from the Ministry of Public Health, see [here](#).
 - **IMF Outlook:** The IMF predicts Qatar's GDP will grow 4.6% in 2022 as it recovers [from the pandemic](#).
 - **Sovereign Wealth Fund Expansion:** Qatar is considering a plan to expand its \$450 billion sovereign wealth fund, [the Qatar Investment Authority](#).
 - **Airbus Court Case Loss:** The UK's high court has denied a request by Qatar Airways to force Airbus to keep building A321neo jetliners [for the airline](#).
 - **Ukraine War Benefits:** For an analysis of how the Russian invasion of Ukraine has boosted the Qatari economy due to greater oil and gas exports, see [here](#).
 - **LNG Expansion Contract:** QatarEnergy has awarded the final major construction tender for Phase 1 of its 48 million ton per year LNG expansion to a [Spanish-Chinese JV](#). For an analysis of Qatar's LNG expansion plans, see [here](#).
 - **U.S. Diplomat Corruption Case:** Richard G. Olson, a retired diplomat who recently served as ambassador to Pakistan and the UAE, said he would plead guilty to charges of illegally lobbying [for the government of Qatar](#).

- **Kuwait:**

- **COVID Information:** For current COVID information from the U.S. Embassy in Kuwait, see [here](#). For statistics and information from the Ministry of Health, see [here](#).
- **Economic Status:** Kuwait's GDP shrank 9% [during the pandemic](#). The Arab Monetary Fund forecasts 5.8% growth in 2022 and 3.8% growth in 2023 due to increased oil demand and growth [in the non-oil economy](#).
- **COVID Restrictions Lifted:** The Kuwaiti Cabinet agreed to lift all COVID restrictions as well as mandatory [PCR tests for travelers](#).
- **Pakistan Investments:** Kuwait-backed entities are planning to invest in several projects in Pakistan [valued at \\$750 million](#).

- **Bahrain:**

- **COVID Information:** For current COVID information from the U.S. Embassy in Bahrain, see [here](#). For statistics and information from the Ministry of Health, see [here](#).
- **FDI Growth:** Bahrain saw FDI inflows increase 5.6% to \$33.1 billion [in 2021](#).
- **New Crowdfunding Rules:** The Central Bank of Bahrain has issued new rules for [crowdfunding platforms](#).
- **F-16 Upgrades:** Bahrain's fleet of F-16 fighter jets will soon receive [\\$1.09 billion worth of upgrades](#).

- **Starlink Approval:** SpaceX has received approval to introduce its Starlink satellite internet service [to Bahrain](#).
- **Plastic Bag Ban:** Bahrain announced a ban on single-use plastic bags [beginning in September](#).
- **Oman:**
 - **COVID Information:** For current COVID information from the U.S. Embassy in Oman, see [here](#). For statistics and information from the Ministry of Health, see [here](#).
 - **Sovereign Wealth Fund Split:** Oman will split its wealth fund into two units overseeing [local and foreign assets](#).
 - **Waste-to-Hydrogen Plant:** US-based hydrogen generation and storage company H2-Industries has signed an MoU with Oman's Madayn to build a \$1.2 billion waste-to-hydrogen plant [in the Sultanate](#).
 - **Income Tax Status:** Oman is still on track to implement a personal income tax [in 2023](#).

Other

- **Miscellaneous:** For earlier developments, see [here](#).

Resources

- [Previous Newsletters](#)
- [Ministry of Health Dashboard](#)
- [Ministry of Health Coronavirus Guidance](#)
- [New Companies Law \(English\)](#)
- [Chamber of Commerce Global Policy Dashboard](#)
- [Ministry of Investment Guide to Business Continuity](#)
- [US-Saudi Business Council](#)
- [Saudi-US Trade Group](#)
- [American Community of Saudi Arabia Newsletters](#)
- [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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