# COUNTRY PROFILE SAUDI ARABIA

Arab Business Legislative Frameworks Saudi Arabia Profile

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# Country Profile SAUDI ARABIA



ARAB BUSINESS LEGISLATIVE FRAMEWORKS Country Profile: SAUDI ARABIA

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# Summary



Saudi Arabia's legal system is heavily shaped by sharia jurisprudence. The sharia is governing most of the legal processes in the country.

## SAUDI ARABIA

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## Competition



- COMPETITION IN SAUDI ARABIA is governed by Royal Decree No. M25 of 2004, which has most recently been updated by Royal Decree No. M75 of 2019;
- The UPDATED COMPETITION LAW greatly expands jurisdictional powers on competition, establishes a General Authority for Competition, and has stronger punishments for anti-competitive behaviour;
- More importantly, the NEW COMPETITION LAW provides greater clarity on merger processes and approvals (in particular, a longer waiting period for approval). Yet, the law also provides means for companies to seek exemptions on their anticompetitive behaviour through the Authority.

## **Foreign Direct Investment**



- SAUDI ARABIA'S LEGISLATION governing FDI is Royal Decree M1 of 2000;
- Saudi Arabia LACKS CLEAR DEFINITIONS in both of its laws governing FDI: the 1979 Foreign Investment Law and an update to the law through Royal Decree No. M1 of 2000. In both iterations of the legislation, definitions are rudimentary, lacking elaboration and clarity as recommended by international standards;
- DESPITE RECENT STEPS to open up the Saudi economy for FDI, such as allowing foreigners to invest in most sectors of the economy (except for essential sectors related to oil and mining, among other services), and waiving the requirement of having a local partner to operate, there is a lengthy process for approval and a stronger drive for the Saudization of the economy. In addition, much of the enforcement and mechanisms to resolve commercial disputes remain inadequate.

# Anti-Corruption



- Saudi Arabia relies on OVERLAPPING LAWS to tackle aspects of corruption, such as Royal Decree No. M128 on Public Tenders and Procurement; Royal Decree No. M19 on Commercial Fraud; Royal Decree No. M39 on the Regulations for Combating Money Laundering and Terrorism Financing; and, more crucially, Royal Decree No. M36 on Combating Bribery;
- ROYAL DECREE NO. M36 was greatly expanded into the private sector through Royal Decree No. 4 of 2019, which also established the National Anti-Corruption Commission as the key related governmental agency, as well as the Control and Investigation Board;
- However, Saudi law DOES NOT PROVIDE an explicit definition of bribery or corruption, nor does it provide clarity on formal settlement mechanisms.

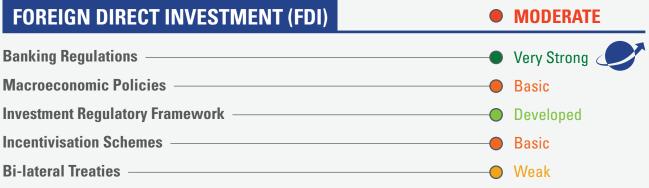
## **Consumer Protection**



 As of yet, THERE ARE NO FORMAL LAWS in Saudi Arabia that directly deal with consumer protection. However, a draft law is currently pending approval.

### **SAUDI ARABIA**

🔵 Weak 🛛 🔘 Very Weak
DEVELOPED
<ul> <li>Strong</li> <li>Moderate</li> </ul>
— Developed
Developed
Basic
Moderate
Developed
Basic



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### **Main Headings**





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Sub-categories	
Very Strong Strong Developed Moderate	🛑 Basic 🛛 Weak 🔵 Very Weak
COMPETITION	
Laws/Decrees (i.e. national legislations/regulations)	Strong
Definitions (i.e. legal definitions	Moderate
Institutions (i.e. bodies/authorities)	Strong
International Agreements (regional/international conventions, treaties, trade agreements)	Developed
Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences)	Very Strong
Exemptions	Very Weak
Accessibility/Transparency	Basic

## FOREIGN DIRECT INVESTMENT (FDI)

Laws/Decrees (i.e. national legislations/regulations)	Moderate
Definitions (i.e. legal definitions	) Weak
Institutions (i.e. bodies/authorities)	Very Strong
International Agreements (regional/international conventions, treaties, trade agreements)	Basic
Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences)	Strong
Exemptions	Very Weak
Accessibility/Transparency	Moderate

#### **Sub-categories**

**Strong** 

## ANTI-CORRUPTION Laws/Decrees (i.e. national legislations/regulations)



#### **CONSUMER PROTECTION**





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