

Arab Business Legislative Frameworks

Saudi Arabia Profile

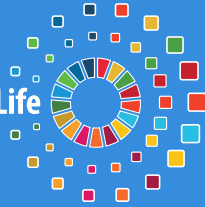


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Economic and Social Commission for Western Asia

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Country Profile

SAUDI ARABIA



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Summary



The Kingdom of Saudi Arabia, the largest state in Western Asia and the second largest in the Arab world, was established as a single kingdom in 1932. Saudi Arabia's legal system is heavily shaped by a Wahhabi interpretation of sharia jurisprudence. Its Basic System, a constitutional document established in 1992, notes that Saudi Arabia is a monarchy and underscores the essential significance of sharia in governing most of the legal processes in the country.

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 anti-competitive 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.

Main Headings

● Very Strong
 ● Strong
 ● Developed
 ● Moderate
 ● Basic
 ● Weak
 ● Very Weak

COMPETITION

● **DEVELOPED**

Anti-Trust and Competition Laws	● Strong
Anti-Dominance and Monopolisation Laws	● Moderate
Cartels and Anti-Competitive Agreements	● Developed
Competition Enforcement Practices	● Developed
International Trade Agreements	● Basic
Liberalisation and Competition Intervention in Regulated Sectors	● Moderate
Merger Regulatory Regime	● Developed
Labor Protection	● Basic




FOREIGN DIRECT INVESTMENT (FDI)

● **MODERATE**

Banking Regulations	● Very Strong
Macroeconomic Policies	● Basic
Investment Regulatory Framework	● Developed
Incentivisation Schemes	● Basic
Bi-lateral Treaties	● Weak



ANTI-CORRUPTION		● STRONG
Anti-Corruption and Integrity in Public Sector	● Very Strong	
Anti-Bribery and Whistle Blow Laws	● Very Strong	
Budgeting and Public Expenditures	● Very Weak	
Digital Government	● Very Weak	
Open Government and Transparency	● Very Strong	
Public Procurement Standards	● Moderate	

CONSUMER PROTECTION		● BASIC
Physical Safety Regulations	● Basic	
Protection of Consumers' Economic Interests	● Moderate	
Measures Enabling Consumers to Obtain Redress	● Weak	
Promotion of Sustainable Consumption	● Weak	

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 within legislation/treaties)	● 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 within legislation/treaties)	● 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	

ANTI-CORRUPTION



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

CONSUMER PROTECTION



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



