

# lex arabiae

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## **The Background for the Seminars - “Iran Presents Itself!”**

The Iranian government agreed to present the Iranian business world through a seminar, held early autumn in Germany. The Seminar organizers with the support of Iranian government will appoint official speakers and representatives of real projects. Iran is on its way to get reconnected to the world’s business and Germany always was a strong partner. The seminar helps German companies to directly verify, whether there is something meeting their expectations. OIETAI (Organization for Investment, Economic and Technical Assistance of Iran) will appoint official Iranian experts, with the right knowledge which is essential for international companies in Iran. They will explain, what Iran has to offer and what perhaps meets their expectations. Additionally German representatives, especially with regard in federal guarantees and exporting permission shall be invited to be available for questions from the German side, whether the key data meets the official German requirements.

The goal of OIETAI, the Iranian experts and the German organizers are to open Iran’s business to the German business has a long background. The way to get to this point was not easy:

On the 16.01.2016 (so-called "Implementation Day"), after the UN Security Council followed a corresponding recommendation of the IAEA, confirmed in its Resolution

2231(2015), that the nuclear-related economic and financial sanctions on Iran were lifted. This cleared the way for the implementation of the Joint Comprehensive Plan of Action (JCPOA) (also called the "Vienna Agreement"). The EU confirmed the implementation by its Resolution (GASP) 2016/37 on 16th of January 2016, which entered into force on the same day.

However, only the nuclear-related economic and financial sanctions were repealed, and these only partially. The German Federal Office for Economic and Export Control BAFA and the Austrian Chamber of Commerce (WKO) are giving a good overview of how complicated the implementation may be in detail. The implementation of the JCPOA may not be as easy as it appear at a first glance.

Germany enjoys traditionally a special position in Iran and could benefit from lifting the sanctions perhaps more than others. Many official delegations and companies already visited Iran since quite a time to get prepared for the "Implementation Day". Being well informed is the right approach. However, as often, the devil is hidden in the details.

The laws being applied in Iran before, during, and after the sanctions did not change very much irrespective of some adjustments in the course of time. However, who wants to approach the Iranian market now, should be well familiar with applicable local laws in order to optimize their engagement. For this reason, the Organizers of the Iran Seminars prepared a Special Issue with commentaries on the most relevant Iranian commercial laws. The Special

Issue can be found also on this Web page under "Literature".

Economically, Iran has changed substantially during the sanctions. Necessity is the mother of invention and Iran and its citizens have learned to help themselves where help from abroad was barred. Goods and services provided before the sanctions from abroad may today be produced in Iran. Nevertheless, large gaps remain and became even larger. Foreign investors should find out the primary needs of Iran today and whom they should approach to realize them. After a long period of isolation, mutually new trust and confidence between the partners has to be developed.

Already during the sanctions the Tehran Office of Meyer Reumann & Partners (M&P), headed by Mrs. Zahra Tahsili, together with German partners (in Frankfurt RA Mr. Michael Fausel of the law firm Beiten & Burkhart, in Munich RA Dr. Michael Scheele of the law firm Legal Alliance, in Düsseldorf Mr. Sasan Krenkler of the consultancy office Krenkler & Partner and in Berlin Dr. Rudolf Steinke of the Association Berliner Wirtschaftsgespräche e.V. repeatedly tried to organize Iran seminars in Germany but has to postpone the dates again and again. Now the seminars about Iran were converted to seminars of Iran, where Iran itself can represent its business opportunities.

The seminars of the Organizers are actively supported by the Iranian Investment Authority "Organization for Investment Economic & Technical Assistance of Iran" (OIETAI), a Department of the Iranian Ministry of Economic Affairs and Finance. OIETAI

mandated by the Iranian Government for all activities having an external nature with global international affairs. It ranges from investment to financing as well as from bilateral to regional and international relations. Experts selected by OIETAI will present Iran's interests in the seminars prepared by the Organizers.

In the morning, they will talk on commercial issues foreign investors should be familiar with. In the afternoon operators, Iranian project will present selected projects tailor-made for foreign investors.

Prior to the seminars, the organizers consortium will concentrate on their task: to organize! In the seminars, the organizer's part will be matchmaking, as much as possible and to promote the attendants interests! The floor is given to the Iranian experts.

The Iranian self-portray shall enable the seminar participants to use what they learnt in the morning during discussions about projects catching their interest in the afternoon.

This webpage [www.investiniran.ir](http://www.investiniran.ir) is designated to introduce anyone interested in Iranian business with all details and all developments until the day of the event. Companies, organizations, officials and the press may continuously update themselves about the program, the venues and information related to Iran's business.

If you want to participate, you may register yourself for the seminar in Berlin, in Frankfurt or in Munich and register themselves online - against a moderate fee.

The Organizers are looking forward to welcome you on one of our seminars.

**Rolf Meyer-Reumann**  
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**Dubai Office**

United Arab Emirates

## **Effects of the New UAE Company Law, Federal Law No. 2/2015**

### **Guiding Principle**

*On July 1, 2015 the long-awaited new UAE Commercial Company Law, Federal Law No. 2 of 2015 (New CCLaw) has taken effect and replaced the existing Federal Law No. 8 of 1984 concerning Commercial Companies (Old CCLaw). Art. 374 NewCCLaw puts an obligation on all companies governed by the NewCCLaw to amend their by-laws by no later than 30 June, 2016, failing which stiff penalties will apply. This article will look at the effect the New CCLaw will have on LLC's daily commercial operations.*

### **A. Introduction**

In previous articles, we had looked at the changes that were introduced by the New CCLaw. This article will now look at the New CCLaw's practical implications on the day-to-day operations of "onshore" LLCs.

### **B. Increased Focus on Managers' Activities**

As mentioned in our previous article, the New CCLaw puts additional focus on managers' activities. The previously

common practice of indemnifying managers from potential liabilities has now explicitly been outlawed by Art. 24 New CCLaw, which states:

"[...], any provision in the Memorandum of Association or Articles of Association of the company authorizing it [...] to agree to exempt any person from any personal liability that such person bears in his capacity as a current or former officer of the company shall be void."

We believe the practical application of Art. 24 New CCLaw to be limited, however. Even in those by-laws, which included managers' indemnities, these indemnities were usually limited to instances where liabilities arose without the manager being at fault or where the manager could not reasonably foresee that his actions would result in damage to the company. Such indemnities usually did not cover instances where the manager intentionally caused damage. Now, with Art. 24 New CCLaw in place, things are unlikely to change much. Generally, compensation claims do not only require fault, but also liability for such fault. Hence, even with the New CCLaw in place the determination of a manager's liability still depends on whether or not the manager can evidently be blamed for the damage.

Art. 15 New CCLaw now also puts an obligation on managers to properly maintain the company's by-laws and to inform the "Registrar" of any relevant new developments, details of which are required to be entered into the commercial register. Failure to do so may again attract personal liability of the manager.

At present, however, the office of the

“Registrar” has yet to be established. Furthermore, in most instances (i.e. where there is a change of management, a change of shareholders or an amendment to the registered capital) the manager will have a vital interest in recording such change anyway (if there is a change of management, for example). Or the manager will be pressured by the shareholders to record the change (in instances where shareholders change, for example). That being said, the practical implications of this new requirement would appear to be rather limited.

### **C. Accounts and Auditors**

Art. 27 New CCLaw requires all LLCs to have its accounts audited at least once every year. This is not a new requirement as such. Even the Old CCLaw required LLCs to have their accounts audited annually and to submit them to the Ministry of Economy and the DED. This was never followed in practice, however, and any attempt to actually submit audited accounts to either the Ministry of Economy or the relevant DED would most probably have resulted in a surprised face on the other side of the counter. The New CCLaw (Art. 102 / 236) retains this requirement and it now remains to be seen if the DEDs’ practice will change going forward.

Maintaining accurate and audited accounts would appear to be good business practice anyway, however, and even free zone authorities across the board do require audited accounts to be submitted to them on an annual basis. Hence, while this “new” requirement might, in fact, require some LLCs to change their accounting practices we do

believe that for the majority of companies the New CCLaw describes not much more than a common practice.

### **D. Annual General Meetings**

The New CCLaw also introduces more elaborate regulations for quorum requirements in Annual General Meetings (“AGM”). Under the Old CCLaw, if a quorum (then, 50% of the capital being represented) was not present during the first meeting, there was no quorum requirement for the second meeting.

The New CCLaw (Art. 96) makes matters a little more complicated. The first meeting is quorate only if at least 75% of the capital are present. Even the second meeting is quorate only if at least 50% of the capital are present. This means that neither the first, nor the second meeting can take place without the UAE national shareholder (holding not less than 51% of the capital) being present. Only the third meeting will be quorate even without attendance of the UAE national shareholder(s).

In our view the new Art. 96 New CCLaw makes matters more complicated, but for no apparent reason. We can only speculate about the reasons behind this new requirement. However, common practice in most LLCs would appear to be that all shareholders, including the UAE national shareholder, meet more or less informally once every year and confirm their attendance by signing the AGM’s minutes of meeting, thus avoiding the complications Art. 96 stipulates in certain instances. Going forward, there certainly may be instances where UAE national shareholders may use the more burdensome quorum

requirements to their advantage, for example in order to remind their fellow shareholders of their existence and the fact that they have a role to play and must not be ignored. As with most disputes between foreign investors and their UAE national “sponsors”, however, our experience shows that such disputes are rather rare.

### E. Pledging of Shares

Art. 79 New CCLaw introduces the opportunity for shareholders to pledge their shares “to another partner or to a third party”. Any such pledge becomes effective only after such pledge has been registered in the Commercial Register. This is new and could have a significant practical application since, in principle, the local shareholder can now pledge his/her shares to the foreign partner and have such pledge officially registered.

To our knowledge this process has yet to be tested, however, and even if it is assumed that it is, in fact, possible for the local shareholder to pledge his/her shares to the foreign partner, this relates to the shareholder level only and will not have any impact on the daily commercial operations of the company.

### F. Conclusion

The New CCLaw is unlikely to have any major, or often any, impact on the day-to-day commercial operations of UAE LLCs. In light of this, the rather draconian sanctions of Art. 374 New CCLaw (companies being “deemed dissolved” if their by-laws do not comply with the New CCLaw by no later than 30 June, 2016) would appear rather surprising. However, the New CCLaw has a more far-reaching impact on Public Joint Stock Companies

(“PJSC”), which are not the subject of this article. It thus may be assumed that Art. 374 New CCLaw aims more at non-complying PJSC instead of the more standard LLC (which does not alter the fact that it does apply to LLCs in equal measure, however).

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## **Enforceability of Non-Competition Clauses under UAE Law**

### **Guiding Principle**

*The law of the United Arab Emirates generally acknowledges the possibility to agree on Non-Competition clauses in employment contracts as long as its contents complies with the principles of the UAE-Labour Law (= “UAE-LL”), Federal Law No. 8 of 1980 (as amended) and the UAE-Civil Code (= “UAE-CC”), Federal Law No. 5 of 1985. However, the clauses may not always be enforceable subject to overriding considerations of public policy.*

### **1. Conditions of a Non-Competition Clause under UAE Law**

Art.127 UAE-LL serves as a guideline for the application of a non-competition clause in employment contracts and reads as follows:

*"If the job allotted to the employee allows him to know the employer's clients or to know the secrets of the job, the employer may*

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*stipulate that after the end of this contract, the employee shall not compete with him or share in any competing project." The employee has to be 21 years old or over at the time of signing the contract for this agreement to be legal. The agreement shall be, as far as time, place and nature of work are concerned, limited to what is necessary to protect the legal interest of the employer."*

Save any further explicit regulations in the UAE-LL as "lex specialis", also the provisions as included in the UAE Civil Code, in particular Art. 897-923 UAE-CC relating to "Contracts of Employment" may be applied.

Art.909 UAE-CC mirrors the contents of Art.127 UAE-LL, and refers to three essential conditions for the admissibility of a non-competition clause apply in employment contracts. As far as a non-competition clause is required to serve to protect the legal interests of the employer the clause must

- be limited for a certain period of time;
- be specific as to the place and area of work; and
- limited to the type of work and activity,

in order to be valid and enforceable.

Non-competition clauses in the UAE can be agreed on if the employee in the course of his occupation is acquainted with and/or has direct access to company secrets i.e. trade secrets of the employer and/or other confidential information on customers, clients, partners and other persons, companies or authorities, which

have direct or indirect relations with the employer<sup>1</sup>.

This includes as well, although not expressly stated, not to canvass the customers of the old employer or to work for a customer who is a direct competitor of an employer.

## **2. Validity of a Non-Competition Clause**

Hence, a non-competition clause usually may be considered valid and effective if it complies with the above requirements. However, in case of a dispute before a UAE court the court generally will evaluate the circumstances of each case, e.g. the value of information available to the employee, the importance of his role and seniority within the company and the damage to the company. Based on such evaluation a non-competition clause may still be found to be invalid in cases where for example the amount of compensation payable in case of violation of the non-competition clause included in the labor contract is fixed at an exorbitantly high amount and the employee therefore will be forced to remain with the old employer, Art.910 UAE CC.

Similarly, if the employer terminates the employee without giving a reason or the employer committed an act, which would justify a termination of the employee, the non-competition clause does not apply and is ineffective, Art.909 UAE CC.

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<sup>1</sup> Dubai Court of Cassation, Petition No. 105/2008, judgement of 30.08.2009; Dubai Court of Cassation, Petition No. 87/2008, judgment of 22.12.2008

The employer may also not rely on the non-competition clause, if the employee transferred to the new employer with his knowledge and possibly his assistance. If, for example, a certificate of non-objection was issued to the employee to facilitate the official transfer to the new employer, the old employer cannot refer to the non-competition clause.

For the non-competition clause to be effective, it is therefore not only relevant to comply with the legal requirements in the drafting of its wording but it is also equally important when and how the employer got notice and gained knowledge of the transfer of the employee to the new employer<sup>2</sup>.

Concerning the timely limitation, a reasonable duration for a non-competition clause normally ranges between 3 months to 2 years from the date of termination of the employment contract. In the past, it was often held that the (previous) automatic employment ban of 6 months after termination have a similar effect as a non-competition clause i.e. preventing the employee to enter the country during this time; hence, it was concluded that a specific non-competition clauses included in the employment agreement should only be limited to 6 months as well.

Based on the above it can be held that non-competition clauses must be “reasonable” to be enforceable and are more likely to be upheld by UAE courts

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<sup>2</sup> Dubai Court of Cassation, Petition No. 105/2008, judgement of 30.08.2009; Dubai Court of Cassation, Petition No. 87/2008, judgment of 22.12.2008

if the geographical range is quite small, the duration is short and the type of work is specified. The clause cannot be used merely as a means to prevent the movement of the employee to another company and is more likely to be accepted if it is restricted solicit the former employer’s customers. This always provided, however, that reason of the non-competition clause is an underlying desire to protect a genuine business interest and the restriction is not being used simply to prevent competition.

### **3. Enforceability of Non-Competition Clause i.e. Claim for Damages:**

Concerning the claim for damages, the conclusion of a crucial decision of the Supreme Court Dubai was that an employer indeed has the right to demand compensation for damages. In the relevant case, the employee took on a new working relationship with a direct competitor in breach of the non-competes period within 2 years after leaving the former employee. However, it was also held that compensation can be awarded, and thus was denied in this procedure, only if the employer can provide evidence that they indeed incurred the damages in the claimed amount.<sup>3</sup> The onus of proof lies with the employer.

Occasionally employers claim that the employee has agreed to the payment of so-called "liquidated damages" i.e. a fixed sum in the event of a breach. In such event, the proof of damages is not supposed to be required and the employer is entitled to the contractually

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<sup>3</sup> Dubai Court of Cassation, Petition NO. 58/2008, judgment of 28.09.2008



fixed amount (as long as it is reasonable). However, in practice the court will always request the employer to demonstrate actual damages even if a fixed amount as compensation was agreed on. Furthermore, the employee has the possibility to provide evidence to the contrary; i.e. he can in turn demonstrate, that no damage was or could have occurred and if evident, no compensation will be awarded.

In a case before the Court of Cassation the court stated that "Although the workers did indeed violate the non-competition clause there is no damage to the employer. The documents presented in the proceedings did not produce enough substantial evidence to award damages and thus the case should be dismissed and the claim for payment from the non-compete obligation should be rejected."<sup>4</sup>

#### **4. Result:**

In judicial practice it is therefore extremely difficult to enforce payment of a non-compete obligation if no specific and definite damages can be proven. In most cases the courts and its judges in this respect rely solely on the findings of an expert or experts and if in doubt rather tend to conclude that the evidence was not sufficient to evidence the claimed damages.

Although some decisions rendered in the past have clearly confirmed

- that generally the employer can exercise his claims arising from a non-competition clause (as per the context

specified in the clause and provided that the period does not exceed 2 years); and

- that employee (in the relevant cases)); actually violated the non-competition clause

no compensation was in fact awarded in any of the previously decided cases. In none of the known court cases or those quoted in the literature, the courts did see sufficient evidence to confirm a claim.

Presumably, the tendency of the courts, particularly the courts of first and second instance, will not change unless the Court of Cassation renders a decision, where it is decided that enough evidence was presented to positively confirm a claim of an employer for damages,.

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<sup>4</sup> Dubai Court of Cassation, Petition No. 122/2006, judgment of 17.12.2006

GCC

## Unifying Trademark Laws in the GCC

### Guiding Principle

*The GCC Trademark Law once adopted throughout the GCC intends to create uniformity of the regional trademark laws in the Middle East. The GCC member states are discussing a unified trademark law since 2007 and appear now to be moving closer to harmonization of their trademark laws. This briefing considers the next steps in the process and the implications of the new law for businesses with brand assets in the GCC.*

The GCC states, namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, have been involved in the coordination of intellectual property already since the late '80s. The GCC Patent Regulations and the Statute of the GCC Patent Office were approved in 1992 and the GCC Patent Office commenced operations in 1998, and granted its first patent in 2002.

### A. The new Legislation of the GCC Trademark Law

Although the concept of a harmonised trademark law across the GCC is hardly new, it was only in 2013, following the publication of a revised draft of a unified law governing trademarks across the GCC ("Trademark Law"), that further steps were undertaken with a view to bringing the law into force. The GCC's highest decision-making body, the Supreme Council, has issued a resolution requiring each member state to implement the Trademark Law into their

respective national laws within 6 months of the publication of the Implementing Regulations. We now appear to be reaching the final stage of this process because the Implementing Regulations are expected to be published in 2016.

Furthermore, multiclass applications are allowed under the GCC Trademark Law, which constitutes a major shift in trademark practices in the once single class application countries in the GCC. The registration requirements have also been updated and now include a provision for foreign words, which entails providing certified translations of the word or phrase and an indication on how to pronounce it in Arabic, as per Article 4 of the Implementing Regulations.

The GCC Trademark Law is a unifying, not a unitary law. Unlike (for example) the EUTM, which allows unitary registration and enforcement across all member countries, the Trademark Law sets out a single set of provisions that will apply uniformly across all the GCC states. The Trademark Office of each GCC state will continue to receive applications and register trademarks on a national basis. Registering a trademark across the six GCC countries will still require filing six separate national trademark applications. However, the official fees are not expected to be unified and will vary depending on the individual overhead costs of the different TMOs involved. Also, Saudi Arabia, Kuwait, and UAE have considerably increased their official fees over the past few months with Bahrain and Qatar expected to follow suit.

The Trademark Law will contain improved provisions relating to well-

known marks, exclusivity and parallel imports. New penalties for trademark infringement are included and the law anticipates the availability of remedies that are not routinely available in every GCC state now. For example, claimants may seek an account of profits from the infringer who may be ordered by the court to disclose the identity of any third parties involved in the infringement. Rights holders may also apply for an injunction to "stop or prevent" infringement, implying that interim relief may be available.

#### **B. The Features of the GCC Trademark Law**

- a) Trademark applications accepted by the Registrar will be published for opposition purposes. Oppositions must be filed within 60 days from publication date;
- b) The Law recognizes famous trademarks that are well-known in the GCC member states and shall ensure protection thereof even if the marks are not registered;
- c) Claim of priority, based on an earlier-filed foreign application, is possible;
- d) A trademark is vulnerable to cancellation by any interested party if there has been no effective use of the mark for a period of five consecutive years after registration;
- e) The Law gives the right to trademark owners to initiate civil and criminal actions against any infringing party. Penalties include a maximum of five year imprisonment and payment of fines of up to US \$270,000;

- f) Trademark registrations are valid for 10 years from filing date and are renewable for like periods. There is a grace period of six months for late renewals.

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### **Saudi Arabia's Vision 2030**

#### **Guiding Principle**

*The Saudi Council of Economic and Development Affairs chaired by the Deputy Crown Prince Mohammad bin Salman Al Saud presented a new vision for the future of Saudi Arabia. The new vision "Saudi Arabia's Vision 2030" as approved by the Saudi Council of Ministries on April 2016 is based on three pillars: The first that Saudi Arabia is the heart of the Arab and Islamic Worlds. The second pillar is turning Saudi Arabia into global investment powerhouse. The third pillar is transforming the location of Saudi Arabia into a global hub connecting three continents, Asia, Europe and Africa.*

#### **A. The Targets of the Vision**

The Vision's target is - by or before 2030 - to double the capacity of Saudi Arabia in transferring ARAMCO<sup>5</sup> into

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<sup>5</sup> Saudi Aramco, officially the Saudi Arabian Oil Company, most popularly known just as Aramco (formerly Arabian-American Oil Company), is a Saudi Arabian national petroleum and

an industrial giant working around the world, transferring the Saudi Public Investment Fund (PIF)<sup>6</sup> into the largest sovereign wealth fund in the world, stimulating major Saudi companies into being multinational corporations. The vision further targets to manufacture half of the military needs of the Saudi Army inside the Kingdom.

The Vision includes reducing the bureaucratic procedures, expanding serving the electronic services. Adopting transparency by having a centre measuring the performance of the government agencies.

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natural gas company based in Dhahran. Saudi Aramco's value has been estimated at anywhere between US\$1.25 trillion and US\$10 trillion, making it the world's most valuable company. Saudi Aramco has both the world's largest proven crude oil reserves, at more than 260 billion barrels (4.1×10<sup>10</sup> m<sup>3</sup>), and largest daily oil production. Saudi Aramco owns, operates and develops all energy resources based in Saudi Arabia. According to a 2015 Forbes report, Aramco is said to be the world's largest oil and gas company. For more info, please visit: [https://en.wikipedia.org/wiki/Saudi\\_Aramco](https://en.wikipedia.org/wiki/Saudi_Aramco)

<sup>6</sup> The Saudi Public Investment Fund, founded in 1971. Its main task is to invest in productive projects of a commercial nature which cannot be privately solo implemented, either due to the inexperience or inability to provide capital. The Fund turned with time into a portfolio of the State property of commercial nature. Fully owns many companies not included in the financial market, and owns majority stakes in major companies listed on the market.

## B. Vision Themes

### I. A Vibrant Society

In the last decade, the number of Umrah<sup>7</sup> visitors entering the country from abroad has tripled, reaching 8 million people. The Vision targets increasing the number of Umrah visitors to reach 30 million people and to at least double the number of archaeological sites registered in UNESCO. This in addition to building the largest Islamic museum in the world.

In this context, the Saudi Government have recently begun a third expansion to the Two Holy Mosques, as well as modernizing and increasing the capacities of the airports. Saudi Arabia has launched the Makkah Metro project to complement the railroad and train projects that will serve visitors to the Holy Mosques and holy sites. The Kingdom have reinforced the network of its transport system to facilitate access and help pilgrims perform their visits with greater ease and convenience. At

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<sup>7</sup> The 'Umrah is a pilgrimage to Mecca, Saudi Arabia, performed by Muslims that can be undertaken at any time of the year, in contrast to the Hajj. In Arabic, Umrah means "to visit a populated place". In the Sharia, Umrah means to perform Tawaf round the Kaaba and Sa'i between Al-Safa and Al-Marwah, after assuming Ihram (a sacred state), either from a Miqat like Zu 'l-Hulafa, Juhfa, Qarnu 'l-Manāzil, Yalamlam, Zāt-i-'Irq, Ibrahīm Mursā, or a place in Hill. It is sometimes called the 'minor pilgrimage' or 'lesser pilgrimage', the Hajj being the 'major' pilgrimage and which is compulsory for every able-bodied Muslim who can afford it. The Umrah is not compulsory but highly recommended. For more info, please visit: <https://en.wikipedia.org/wiki/Umrah>

the same time, we will enrich pilgrims' spiritual journeys and cultural experiences while in the Kingdom. The Saudi Government plan to establish more museums, prepare new tourist and historical sites and cultural venues, and improve the pilgrimage experience within the Kingdom.

The Vision targets via this theme to classify three of the Saudi cities amongst the best 100 cities in the world, increase the spending of the Saudi families on culture and entertainment to 6%.

## **II. A Thriving Economy**

The Saudi government have begun expanding its investments into additional sectors to the oil and gas. This will be done by supporting promising sectors and foster their success so that they become new pillars of the Saudi economy.

In the manufacturing sector, the Saudi government will work towards localizing renewable energy and industrial equipment sectors. In the tourism and leisure sectors, Saudi Arabia will create attractions that are of the highest international standards, improve visa issuance procedures for visitors, and prepare and develop the historical and heritage sites.

In technology, the Saudi government will increase its investments in, and lead, the digital economy. In mining, Saudi Arabia will furnish incentives for and benefit from the exploration of the Kingdom's mineral resources. At the same time as diversifying its economy, the Saudi government will continue to localize the oil and gas sector. As well as creating a new city dedicated to energy, Saudi Arabia will double its gas

production, and construct a national gas distribution network. The Saudi Government will also make use of its global leadership and expertise in oil and petrochemicals to invest in the development of adjacent and supporting sectors.

The private sector currently contributes less than 40 percent of the Saudi GDP. To increase its long-term contribution to the economy, the Saudi government will open up new investment opportunities, facilitate investment, encourage innovation and competition and remove all obstacles preventing the private sector from playing a larger role in development.

The Saudi Government will continue to improve and reform its regulations, paving the way for investors and the private sector to acquire and deliver services – such as health care and education – that are currently provided by the public sector. Saudi Arabia will seek to shift the government's role from providing services to one that focuses on regulating and monitoring them and we will build the capability to monitor this transition. We will seek to increase private sector contribution by encouraging investments, both local and international, in healthcare, municipal services, housing, finance, energy and so forth.

The Vision targets via this theme to raise the size of the Saudi market to the first 15th ranks globally, raise the local content at the Oil and Gas sector from 40% to 75%, raise the assets of the PIF from 600 billion to 7 trillion Saudi

Riyal<sup>8</sup>. The Saudi Government is committed to localize the military industry in the country, increase the mining sector and the renewable power market.

### III. An Ambitious Nation

The Saudi Government promise zero tolerance for all levels of corruption, whether administrative or financial. This will acquire by adopting leading international standards and administrative practices. Saudi Arabia will set and uphold high standards of accountability. The goals, plans and performance indicators will be published so that progress and delivery can be publicly monitored. Transparency will be boosted and delays reduced by expanding online services and improving their governance standards, with the aim of becoming a global leader in e-government.

The Saudi Government will continue to build safe and sufficient strategic food reserves, to better guard against emergencies. Aquaculture will be promoted, as will strategic partnerships with countries blessed with natural resources such as fertile soil and water reserves. In Saudi Arabia, the use of water in agriculture will be prioritized for those areas with natural and renewable water sources.

The Saudi Government will deepen communication channels between government agencies on one hand and citizens and the private sector on the other. Facilitating interactive, online and smart engagement methods and ways to

listen to citizens' views, and to hear all insights and perspectives.

The Saudi government is committed for no taxes on citizens' income or wealth, nor on basic goods. Saudi Arabia shall prudently and efficiently balance the budget, as well as diversify and maximize the revenue sources. The goal is to keep prices stable over the long term, and give Saudi citizens greater economic security.

The targets of the Vision via this theme is to increase the non-oil revenue from 163 billion to 1 trillion annually, to reach from the 80th rank at the Government Effectiveness Indicator to the 20th rank and to reach to the first 5 ranks at the e-Government Indicator.

### C. Vision Map

The Saudi Government will restructure the way it works towards having more flexibility for achieving the national priorities of the Vision. This has been done by cancelling the high committees at the State and establishing two committees one for the political and security affairs and the other for the economic and development affairs.

In addition, the Saudi Government has adopted several programs including a one for achieving financial balance, another program for managing projects together with the strategic transformation program for ARAMCO and the restructuration of the PIF and the Human Capital program and others.

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<sup>8</sup> US\$ 1 = SAR 3.47.