

Business visitors to Saudi Arabia face compliance issues

While Riyadh's new visa policy has opened up the kingdom for the first time, potential compliance problems must be considered



Fluctuating oil prices, a booming population and an influx of foreign workers have forced the government of Saudi Arabia to launch a wide-reaching, long-term economic diversification and legislative reform programme.

An important step in the programme was taken in September 2019 when Riyadh announced the introduction of new visit visas for tourism to the kingdom.

The new visa policy has been welcomed by international business communities as a milestone in easing access into the country. But

inefficient state entities and attracting foreign investment. Under the plan, economic sectors, including renewable energy, advanced technologies, transportation and tourism, were given priority status for development, with the latter a surprise to many.

Prince Mohammed's appointment the next year to crown prince saw him become arguably the most powerful figure in the region and led to an acceleration of the Vision 2030 agenda.

Sudden social reforms that started with new laws for female drivers now also include relaxed policies on male guardianship and the opening of cinemas and music clubs.

The development of gigaprojects, including the \$500bn Neom future city project and the Red Sea project, is expected to boost the kingdom's GDP by billions of dollars and create thousands of jobs in hospitality, transportation, construction and other sectors.

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companies and foreign visitors should be aware of potential compliance issues if they utilise this visa for purposes other than tourism, including business or work.

Vision 2030

While Riyadh has been pushing for the diversification of the Saudi economy for several decades, the kingdom's economic, social and political reform agenda experienced a paradigm shift in April 2016 with the launch by then Deputy Crown Prince Mohammed bin Salman bin Abdulaziz al-Saud's Vision 2030 strategic roadmap.

Vision 2030 aims to increase the share of non-oil revenues in the kingdom by privatising

Tourism focus

Considering that the majority of companies in the kingdom rely heavily on a foreign workforce, the ongoing reforms cannot be completed without easing the existing immigration and employment regulations.

The appointment of the new minister of labour in 2018 signalled a more relaxed and business-oriented approach to existing nationalisation policies. From expat levy exemptions, through to the removal of labour market testing requirements, to introducing a permanent residence programme and new visa categories, the policy adjustments are in full swing.

The Saudi Commission for Tourism & National Heritage (SCTH) has formulated a national

SAUDI ARABIA'S NATIONAL TOURISM STRATEGY



100 million visitors a year by 2030



Revenues of up to 10 per cent of GDP



1.6 million new jobs in the tourism sector



Citizens of **49 countries** eligible

tourism strategy that sets up an ambitious goal to transform the country into one of the world's top five tourist destinations. It also aims to increase revenues from the industry to 10 per cent of the country's GDP by 2030.

In early 2019, Saudi Arabia launched an event visa for foreign nationals attending official events, including concerts and sport competitions. Tied to purchasing often costly entry tickets, the event visa was a testing ground for the Saudi government before more radical solutions could be brought forward.

The announcement of visas for tourism in September 2019 made headlines across the region and beyond. This ground-breaking decision has opened up Saudi Arabia to visitors from all around the world, and allowed around 28,000 tourists to enter the country in the first month of the programme, according to the SCTH.

Compliance drawbacks

But there is also another side to the topic, and potential compliance issues must be taken into consideration.

Enforcement actions are common in Saudi Arabia and may include site inspections and possibly questioning on arrival. Since the new visa is primarily for tourists, foreign nationals travelling for other purposes must obtain an immigration authorisation relevant to their activities.

The available options have recently been reduced, following a decision by immigration authorities to replace the commercial visit visa (for business travellers) and work visit visa (used by those seeking short-term work) with a uniform visit visa for business.

The "not permitted to work" notification on the new visit visa for business effectively removes the only option available for foreign nationals seeking short-term work.

While the need to have a short-term work authorisation in Saudi Arabia appears to be fundamental for its economy, there are no signs that a separate permit will be introduced in the immediate future. This complex situation is expected to cause further compliance issues for international businesses with the requirement to deploy project workers who cannot be hired on a permanent basis.

When it comes to tourist visas, it is likely that the market practice will eventually result in further amendments to immigration regulations and allow more flexibility for visitors to conduct light business activities.

The ongoing changes in the kingdom indicate that prosperous economies must sustain healthy growth and attract foreign investment by implementing flexible policies and business-friendly regulations.

Although sometimes underestimated, immigration rules are inherent to this success as they drive investors' ability to expand their businesses and create opportunities for local and foreign talent. Policy-makers must respond quickly to the ever-changing business environment, and cater to the needs of employers, business visitors and job seekers. ¹⁴

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