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## Saudi Arabia

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administration. The Agency is to take over the property in stages within two years, which is connected with a total liquidation of state farming enterprises. The Agency is to restructure the state farming sector by means of: property selling, leasing, contributing to companies, instituting administrators, giving under the administration of state units with no legal status (for example, agricultural colleges), and by forming single-shareholder companies of the Agency. It is assumed that the basic principle of managing state real property will be that of leasing it to natural and legal persons. In order to protect those domestic entities that are economically weaker it has been stipulated that land can be leased to foreign entities only exceptionally and with the consent of the Minister of Agriculture for the first three years since the law became effective, that is, as of January 1, 1992. In those areas where there is no lessee market, the Agency will conclude management contracts to administer agricultural real property. At the same time, single-shareholder companies of the Agency are to be established primarily with a view to improving the structure of private farms, creative crop growing, and animal breeding. The state real property also is subject to sale in stages. The October 19, 1991, law creates legal grounds for the state to pursue an active structural policy in agriculture. The law constitutes a certain turning point in the state approach to the process of privatization.

Legislative work is also underway on the draft Law on the State Treasury, will create organizational grounds for curing the state sector of the economy and prevent the sale of deteriorated enterprises for too low a price. Legislative work in this respect is orchestrated with work on the reform of central administration aimed at clearly separating the administration's policy-shaping function from the management of the property of the State Treasury.

## Saudi Arabia\*

The enforcement in Saudi Arabia of foreign judgments issued by courts of states not members of the Arab League is still problematic following the reversal of decisions of the Saudi Arabian Board of Grievances that had ruled for the first time in favor of enforcing such judgments. The promulgation of implementing rules strengthens the regulations to combat "cover-up" (*tasatur*). A ministerial resolution was recently issued implementing the detailed protest and notice provisions of the negotiable instruments law that was promulgated over twenty-five

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years ago. A law has been promulgated that provides for the establishment of professional partnerships. Disputes between terminated commercial agents and their principals are now subject to mandatory mediation by a new committee headed by a Deputy Minister of Commerce. The Saudi Companies Law has been amended in certain important respects. Finally, King Fahd bin Abdul Aziz has announced royal decrees enunciating a basic law of government, establishing a Consultative Council, and providing for the revision of the law of provincial government.

## I. Enforcement of Foreign Judgments

In October and November 1989, the Board of Grievances sitting in Jeddah, decided in three companion cases to enforce three English High Court judgments against the same Saudi judgment debtor.<sup>1</sup> These decisions are believed to be the first ever issued by a Saudi court enforcing a foreign judgment of a state not a party to the Arab League Treaty.<sup>2</sup> The Board's decisions were subject to appellate review; following remand by the appellate review committee, the Board of Grievances held further evidentiary hearings and in November 1991, reversed the earlier decisions.<sup>3</sup>

The latest decisions, which are final, essentially turned on the issue of reciprocity and whether a Saudi court judgment and an English court judgment would have the same legal effect in England. After further hearings the Saudi court found that the United Kingdom and Saudi Arabia are not parties to a treaty for the reciprocal enforcement of judgments and that no law or principle of comity applicable in the United Kingdom would provide for automatic recognition of a Saudi Arabian judgment. The court concluded that a judgment creditor seeking to enforce a Saudi judgment in England would be obliged to commence a common law action against an English judgment debtor in the English High Court to recover the debt awarded by the Saudi judgment. In such new action the High Court would be free to accept the Saudi judgment as proof of the debt.<sup>4</sup> The Saudi court held, accordingly, that in the absence of reciprocity the enforcement of the High Court judgments should be denied, but expressly left it open to each

1. See *Regional Developments: Saudi Arabia*, 24 INT'L LAW. 836, 837-38 (1990).

2. See Agreement for the Execution of Court Decrees, executed in Cairo on 22/2/1372 A.H. (corresponding to November 10, 1952). This Treaty "enables judgments of a signatory state (including arbitration awards and judgments thereon) to be enforced by the courts of another signatory state, subject to certain limitations." *Regional Developments: Saudi Arabia*, *supra* note 1, n.4.

3. Two of the opinions were issued in January 1992. The third opinion has not yet been issued, but it is anticipated that its reasoning and ruling will be identical to the other two. None of the opinions have been reported, as decisions in Saudi Arabia are not generally reported. See *Regional Developments: Saudi Arabia*, *supra* note 1, at 387-88.

4. In its earlier decisions the court found that the judgment creditors had demonstrated that the English High Court would permit the enforcement of Saudi judgments. The *volte face* may be explained by the review committee's instructions to the court. However, in accordance with the Board of Grievance's procedures, these were not made public or advised to the parties. *Id.*

judgment creditor to institute a new action before the Board of Grievances on the debt evidenced by the High Court judgment. Although the Board of Grievances reversed itself in the three cases at issue, the latest decisions still suggest that the Board would enforce a foreign judgment otherwise conforming to Saudi legal requirements if the judgment creditor could make an adequate showing on the reciprocity issue.

## II. Combat of "Cover-Up"

Generally, a non-Saudi company may not do business in Saudi Arabia without proper approval, license, or registration by the relevant governmental authorities. In 1989, a royal decree promulgated a law (Cover-Up Regulations) to combat certain abuses in this area.<sup>5</sup> The Cover-Up Regulations provide that: "[A]ny person who enables a foreigner to invest or engage in any activity for which he is not properly licensed, whether by allowing the foreigner to use his name, license or commercial registration, or by any other means, shall be deemed to be providing a 'cover.'"<sup>6</sup> Violations of the Cover-Up Regulations are punishable by imprisonment, fines, and other administrative sanctions. The so-called "coveror" and the foreigner involved are jointly liable to pay all fees, taxes, or other liabilities that have not been collected or assessed because of the alleged cover-up.<sup>7</sup> Notwithstanding this regulatory regime, many foreign businesses continue to act in ignorance or in derogation of the Cover-Up Regulations.

In December 1990, the Cover-Up Regulations were supplemented by implementing rules (Cover-Up Rules).<sup>8</sup> The Cover-Up Rules provide for the establishment of "committees to combat cover-up" in cities throughout Saudi Arabia.<sup>9</sup> Such committees have the authority among other things to investigate suspected cover-up activities, arrest or detain violators, and attach bank accounts.<sup>10</sup> If the convicted violator is a foreigner, such person will be deported after serving his sentence, and his name will be placed on the list of those banned from entering the country.<sup>11</sup> The new rules also provide for a scale of rewards to informers of up to 30 percent of the fines imposed in the case of conviction.<sup>12</sup>

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5. See Regulations to Combat Cover-up, Royal Decree No. M/49 dated 16/10/1409 A.H. (corresponding to May 21, 1989) [hereinafter Cover-Up Regulations].

6. *Id.* art. 1.

7. *Id.* art. 4.

8. See Rules for Implementation of the Cover-up Regulations, Ministry of Interior Resolution No. 2144 dated 23/5/1411 A.H. (corresponding to December 10, 1990) [hereinafter Cover-Up Rules].

9. *Id.* arts. 1-2.

10. *Id.* arts. 4-6, 8-9, 11-13.

11. *Id.* art. 19.

12. *Id.* art. 22.

### III. Negotiable Instruments Protest Offices

The Saudi Arabian negotiable instruments law regulates the issuance and use of bills of exchange, order promissory notes, and checks.<sup>13</sup> While the law includes detailed protest and notice provisions,<sup>14</sup> these provisions largely have not been implemented during the twenty-five-year period since the law was enacted. In March 1991, the Minister of Commerce issued a resolution that provides for the establishment of protest offices and specifies the procedures for protest, notice, and mandatory mediation of negotiable instruments disputes.<sup>15</sup>

Protest Offices have now been established in Riyadh, Jeddah, Dammam, Madinah, Buraidah, and Al Hasa.<sup>16</sup> These offices have the power to receive applications from the holders of negotiable instruments protesting nonacceptance or nonpayment.<sup>17</sup> Upon the filing of the creditor's application, the Protest Office will prepare and send a notice of protest to the debtor.<sup>18</sup> If the obligor fails to accept or pay, as the case may be, the Protest Office will schedule a hearing before the Secretary General or other designee of the local Chamber of Commerce and Industry to mediate between the parties. The period for such mediation is two weeks from the filing of the creditor's application unless the mediator extends such period with the consent of the creditor.<sup>19</sup> Absent a settlement within the prescribed two-week period or any extension, the mediator will deliver to the creditor a certificate evidencing the obligor's nonpayment or nonacceptance together with a copy of the protest notice.<sup>20</sup> Ministerial Resolution No. 487 precludes a creditor from commencing an action on the instrument before the Negotiable Instruments Office without first obtaining the requisite certificate from the Protest Office.<sup>21</sup> The mediation process triggered by the timely presentation of the instrument to the Protest Office does not waive compliance by the holder and endorsers with certain notice requirements specified in the Negotiable Instruments Regulations.<sup>22</sup>

Although Ministerial Resolution No. 487 itself is unclear on the point, the Explanatory Note published in connection therewith indicates that the register of

13. See Negotiable Instruments Regulations, Royal Decree No. M/37 dated 11/10/1383 A.H. (corresponding to February 24, 1964).

14. *Id.* arts. 54-57; 89(c), 117.

15. See Ministry of Commerce Resolution No. 487 dated 19/6/1411 A.H. (corresponding to January 5, 1991) and Explanatory Note, which became effective on March 31, 1991 [hereinafter Ministerial Resolution No. 487].

16. *Id.* art. 1.

17. *Id.* art. 3.

18. *Id.* art. 3(b)-(c).

19. *Id.* art. 3(c).

20. *Id.* art. 3(d).

21. *Id.* art. 2. The Negotiable Instruments Offices are the courts of competent jurisdiction to resolve disputes relating to negotiable instruments in Saudi Arabia. See Ministry of Commerce Resolution No. 918 dated 25/3/1403 A.H. (corresponding to January 9, 1983).

22. See Ministerial Resolution No. 487, *supra* note 15, art. 4, and Explanatory Note; see also Negotiable Instruments Regulations, *supra* note 13, art. 56.

protests will be open to public inspection, that copies of recorded protests can be obtained upon payment of prescribed fees, and that periodic bulletins will be disseminated to the public.<sup>23</sup>

#### IV. Professional Partnerships

In August 1991, Saudi Arabia enacted a law that provides a mechanism for two or more individuals licensed to practice in one of the "free professions" to form a professional partnership.<sup>24</sup> The "free professions" are not defined, but are generally understood to include those professions for which a special license is required, such as engineering,<sup>25</sup> accounting,<sup>26</sup> and legal advice.<sup>27</sup> Regulations governing the licensing of professionals have been in existence for sometime, and certain of such laws contemplate the formation of general partnerships for the conduct of professional activities.<sup>28</sup> While such regulations are not uniform, the policy of the Ministry of Commerce was to license professional partnerships in accordance with such regulations and the provisions of the Companies Law relating to general partnerships.<sup>29</sup> The Professional Partnerships Regulations now provide a uniform and detailed framework for forming duly licensed professional associations outside of the framework of the Companies Law.<sup>30</sup>

Significantly, the Professional Partnerships Regulations, among other things, contemplate the affiliation of non-Saudi professional entities with licensed Saudi professionals subject to Ministry of Commerce implementing rules, which were issued in December 1991.<sup>31</sup> The Professional Partnerships Rules provide that licensed Saudis may associate with non-Saudi professional entities that have an

23. Explanatory Note to Ministerial Resolution No. 487, *supra* note 15.

24. *See* Professional Partnerships Regulations, Council of Ministers Resolution No. 16 dated 16/2/1412 A.H. (corresponding to August 28, 1991) [hereinafter Professional Partnerships Regulations].

25. Organization of the Practice of the Profession of Engineering Consultancy, Ministerial Resolution No. 264 dated 16/9/1402 A.H. (corresponding to July 7, 1982) [hereinafter Engineering Licensing Regulations].

26. *See* Chartered Accountants Regulations, Royal Decree No. M143 dated 13/7/1394 A.H. (corresponding to August 1, 1974) [hereinafter Accountant Licensing Regulations]. The Accountant Licensing Regulations are to be superseded by the Chartered Accountants Regulations, Council of Ministers Resolution No. 40 dated 12/5/1412 A.H. (corresponding to November 18, 1991), which will become effective on March 10, 1992.

27. *See* Regulations Governing the Profession of Legal Advisor, Ministerial Resolution No. 1190 dated 16/2/1402 A.H. (corresponding to December 12, 1981) [hereinafter Legal Advisor Licensing Regulations].

28. *See* Engineering Licensing Regulations, *supra* note 25, art. 9; Accountant Licensing Regulations, *supra* note 26, art. 7; Legal Advisor Licensing Regulations, *supra* note 27, art. 3.

29. *See* Regulations for Companies, Royal Decree No. M/6 dated 22/3/1385 A.H. (corresponding to July 20, 1965), as amended [hereinafter Companies Law], arts. 16-34.

30. *See* Professional Partnerships Regulations, *supra* note 24, art. 1.

31. *See* Rules of Implementation of the Regulations for Professional Partnerships, which were made public in the form of Letter No. 11/1265 dated 1/6/1412 A.H. (corresponding to December 7, 1991) [hereinafter Professional Partnership Rules].

international reputation and have been continuously practicing in the profession for over ten years.<sup>32</sup> Such non-Saudi professional entities must participate in the transfer of experience, technical know-how, and training to Saudi nationals and must maintain a representative resident in Saudi Arabia for at least nine months each year.<sup>33</sup> Furthermore, Saudi nationals must own at least 51 percent of the capital of the Saudi professional partnership.<sup>34</sup>

## V. Agency Disputes

The Minister of Commerce recently issued a resolution establishing a three-man committee to mediate disputes between Saudi commercial agents and their principals or former principals.<sup>35</sup> While such disputes have long been commonplace in Saudi Arabia, their number has increased in recent years, and such disputes have on occasion been highly and passionately publicized, typically by the terminated Saudi distributor. The ministerial resolution is presumably an attempt to defuse the situation and provide an orderly mechanism for officially-brokered settlements.<sup>36</sup>

The new committee is headed by the Deputy Minister of Commerce for Technical Affairs and includes the secretaries general of the Riyadh and Jeddah Chambers of Commerce and Industry. The resolution stipulates that any dispute between a registered Saudi commercial agent and a foreign principal must be referred to the committee for mediation. This should be done prior to application to the Ministry of Commerce for registration of any new agreement with a Saudi agent under the applicable regulations.<sup>37</sup> The committee has no adjudicatory

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32. *Id.* art. 2.

33. *Id.*

34. *Id.* The Professional Partnerships Rules further provide in article 2 that the proposed foreign partnership must (i) present a certificate indicating that it is duly registered with a legally recognized body in the country of its formation and that such registration has not been cancelled, and (ii) present a copy of its articles of association translated into Arabic.

35. See Letter No. 221/1752 dated 25/7/1412 A.H. (corresponding to January 29, 1992) from the Director General of Domestic Trade of the Ministry of Commerce to the Director General of the Chamber of Commerce and Industry in Riyadh pursuant to which the text of the new Ministry of Commerce resolution was made available to interested parties.

36. There is precedent for such committees, for example, the committee established at the Saudi Arabian Monetary Agency to hear disputes between banks and their customers other than cases involving negotiable instruments. See Council of Ministers Resolution No. 729/8 dated 10/7/1407 A.H. (corresponding to March 10, 1987). See also Royal Order No. 729/8 dated 10/7/1407 A.H. (corresponding to March 10, 1987).

37. See Commercial Agencies Regulations, Royal Decree No. M/11 dated 20/2/1382 A.H. (corresponding to July 22, 1962), as amended, art. 3; Rules for Implementation of the Commercial Agencies Regulations, Ministry of Commerce Resolution No. 1897 dated 24/5/1401 A.H. (corresponding to March 30, 1981), arts. 6-12. The agent or distributor under an unregistered agreement may be precluded from resorting to the mediation process. However, nonregistration does not invalidate the agreement; cf. Kuwait Law No. 36 of 1964 Concerning the Regulation of Commercial Agencies, art. 2 (disputes under an unregistered agreement will not be heard by Kuwaiti courts); Oman Law of Commercial Agencies, art. 11(a) (unregistered agreement precludes agent from claiming statutory compensation in Omani courts).

powers. If the parties do not agree on a settlement, the committee will encourage them to submit the dispute to arbitration. If the parties do not agree to arbitrate, their recourse would be to the Saudi courts. The secretariats at the Riyadh and Jeddah Chambers of Commerce and Industry are empowered to administer this mediation process. In the absence of a settlement between the registered agent and the foreign company or of reference of the dispute to arbitration, the committee will issue a report of its findings and its recommendations as to whether or not the new agent's agreement should be registered by the Directorate of Domestic Trade at the Ministry of Commerce.

## VI. Amendments to Companies Law

In February 1992 a royal decree was issued amending the Companies Law in several significant respects.<sup>38</sup> These amendments became effective 180 days after their publication in the *Umm Al Qura* (the Saudi Arabian journal of record).

The process for amending articles of association of Saudi companies has been simplified.<sup>39</sup> The Companies Law had provided that articles of association and all amendments thereto must be notarized before a Saudi public notary.<sup>40</sup> Royal Decree M/22 now obviates the requirement for notarization in respect of amendments to articles (but not as to the original articles). The notarization process has long been considered a bottleneck. The new decree does not, however, eliminate the requirement that amendments to articles be published in the *Umm Al Qura*.<sup>41</sup>

Royal Decree M/22 also provides for the issuance by joint stock companies of preferred shares. The issuance of such preferred shares must be approved by the Ministry of Commerce and provided for in the bylaws of such company.<sup>42</sup> Each preferred share will entitle the holder to ordinary dividends payable in respect of common shares as well as a fixed percentage of the net profits distributed by the company.<sup>43</sup> In the event the company does not distribute profits in a fiscal year, no profits may be distributed in any subsequent year until the preferred shareholders have been paid their accrued entitlements.<sup>44</sup> In the event no profits are distributed for three consecutive years, Royal Decree M/22 provides that preferred shareholders may exercise certain rights in the management of the com-

38. See Royal Decree No. M/22 dated 30/7/1412 A.H. (corresponding to February 3, 1992) [hereinafter Royal Decree M/22].

39. See *id.* art. *first* (1).

40. See Companies Law, *supra* note 29, art. 10.

41. See *id.* art. 11.

42. See Royal Decree M/22, *supra* note 38, art. *second* (2). The amendments suggest that the Ministry of Commerce will stipulate rules in respect of the conditions required for such issuance. See *id.*

43. *Id.*

44. *Id.* art. *second* (2).

pany until their accrued dividends have been paid. Such rights include shareholder voting rights and the right to elect members of the board of directors.<sup>45</sup>

Royal Decree M/22 expands restrictions on transferability of shares in the event of the conversion of a company or partnership into a joint stock company.<sup>46</sup> Pursuant to the Companies Law, shares subscribed to by the founders of joint stock companies could not be transferred prior to the publication of financial statements of two consecutive financial years of the company.<sup>47</sup> Royal Decree M/22 provides that such a restriction on transferability will also apply to newly converted joint stock companies from the date upon which the requisite shareholders' resolution approving such conversion is adopted.<sup>48</sup>

The amendments stipulate the consequences to the shareholders of a limited liability company for failing to comply with the provisions of article 180 of the Companies Law, which provides that where the losses of such a company exceed three-quarters of its capital, the shareholders are required to attend a general meeting and resolve either that the company continue to exist or that it be dissolved and liquidated.<sup>49</sup> A resolution to continue would normally require increasing the company's share capital. It would also require the shareholders' resolution to be published in the *Umm Al Qura*. Previously, if shareholders failed to take such action, creditors' only recourse was to petition the competent court for a judicial dissolution of the company.<sup>50</sup> By virtue of Royal Decree M/22 if the shareholders fail to adopt an appropriate resolution, they become jointly responsible for the company's debts without limitation.

Royal Decree M/22 also expands the scope of managers' and directors' liability for mismanagement of joint stock companies and limited liability companies.<sup>51</sup> While directors previously were liable for mismanagement, they could in most cases be relieved of such liability by a resolution of the shareholders at a general meeting exonerating them from fault and the lapse of one year following such resolution.<sup>52</sup> The amendments now provide that even if the general meeting of shareholders has voted to exonerate the directors from liability, such directors will remain liable for a period of three years from the discovery of the wrongful act or omission.<sup>53</sup>

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45. *Id.*

46. See Royal Decree M/22, *supra* note 38, art. *first* (7). The amendment also applies to the conversion of companies limited by shares.

47. See Companies Law, *supra* note 29, art. 100.

48. See Royal Decree M/22, *supra* note 38, art. *first* (7).

49. See *id.* art. *first* (6); see also Companies Law, *supra* note 29, art. 180.

50. Companies Law, *supra* note 29, art. 180.

51. See Royal Decree M/22, *supra* note 38, art. *first* (3-5). While the amendments also provide for modifications in respect to liability for managers of limited liability companies consistent with those for joint stock companies, the discussion herein focuses on amendments to the provisions of the Companies Law relating to director liability for joint stock companies.

52. See Companies Law, *supra* note 29, arts. 77-78.

53. See Royal Decree M/22, *supra* note 38, art. *first* (3-4).

## VII. New Structural Developments

On March 1, 1992, King Fahd bin Abdul Aziz announced three significant royal decrees, the first of which enunciates a basic law of government.<sup>54</sup> The second decree establishes a new and much-heralded Consultative Council (*majlis al-shoura*);<sup>55</sup> and the third provides for the revision of Saudi Arabia's law of provincial government.<sup>56</sup>

The Basic Law is analogous to a constitution, although by its terms the Basic Law reaffirms that the true constitution of Saudi Arabia is the *Quran* and the Prophet Mohammed's *Sunnah*.<sup>57</sup> The Basic Law is divided into nine chapters that address, among other fundamental subjects, Islam as the state religion; the monarchy and its succession; the branches of government, including independence of the judiciary and equal access to the courts; social welfare; civil rights, including freedom from arbitrary arrest and the sanctity of the home from arbitrary search; defense; external affairs; state finances; and the national economy.

The Consultative Council Law establishes a council based in Riyadh comprised of sixty members and a speaker, all to be nominated by the King in subsequent decrees.<sup>58</sup> The members must be native-born Saudi nationals, at least thirty years of age, of good reputation,<sup>59</sup> and well-educated.<sup>60</sup> Absent a waiver from the King, no council member may be a government employee or an officer of a company.<sup>61</sup> The Consultative Council will be appointed for a four-year term.<sup>62</sup> Two months prior to the expiration of such term the King will appoint a new council for another four-year term. At least half of the members of the council must be new appointees.<sup>63</sup> A subsequent royal decree will particularize

54. See Royal Decree A/90 dated 27/8/1412 A.H. (corresponding to March 1, 1992). The Basic Law of Government will become effective upon publication of Royal Decree A/90 in the *Umm Al Qura* [hereinafter Basic Law].

55. See Royal Decree A/91 dated 27/8/1412 A.H. (corresponding to March 1, 1992). See also *Quran* 42:38. The term "*shoura*" means "consultation." The law will become effective six months after publication of Royal Decree A/91 in the *Umm Al Qura* [hereinafter Consultative Council Law].

56. See Royal Decree No. A/92 dated 27/8/1412 A.H. (corresponding to March 1, 1992). The law will become effective one year after publication of Royal Decree A/92 in the *Umm Al Qura* [hereinafter Provincial Government Law].

57. See Basic Law, *supra* note 54, art. 1. Saudi Arabia had no constitution as such; instead, several decrees were generally understood to comprise the basis of the Kingdom's organization, including the Organic Instructions of the Kingdom of the Hejaz (Aug. 29, 1926); the Decree Constituting the Nejd a Kingdom and Uniting the Nejd with the Hejaz (Jan. 29, 1927); the Decree Establishing a Council of Ministers (Dec. 29, 1931); and the Decree Establishing The Kingdom of Saudi Arabia from the Kingdoms of Hejaz, Nejd and Their Dependencies (Sept. 18, 1932).

58. See Consultative Council Law, *supra* note 55, art. 3; see also *id.* art. 12.

59. *Id.* art. 4.

60. *Id.* art. 3.

61. *Id.* art. 9. The precise meaning of this broad limitation will have to await implementation of the Consultative Council Law.

62. *Id.* art. 13.

63. *Id.* Under the Basic Law, the King has reserved the right to dissolve the Council and restructure it. See Basic Law, *supra* note 54, art. 68.

the specific rights and duties of the Consultative Council.<sup>64</sup> However, the new council is intended to have the power to propose legislation and to review legislation proposed by the Council of Ministers prior to enactment. Resolutions of the Consultative Council, which are to be adopted by majority vote, are to be submitted to the Prime Minister (a post now held by King Fahd) who will refer them to the Council of Ministers.<sup>65</sup> If approved by the Council of Ministers, such proposals will be approved by the King for enactment into law.<sup>66</sup> Laws and treaties will apparently be issued and amended by royal decree only after review by the Consultative Council.<sup>67</sup> The Consultative Council can form special committees,<sup>68</sup> and any ten members of the council can propose a new law or revisions to the existing law to the Speaker, who will submit such proposal to the King.<sup>69</sup>

The Provincial Government Law is designed to improve the administration and development of all parts of the Kingdom.<sup>70</sup> Saudi Arabia is divided into a number of provinces that are subdivided into governorates, districts, and centers.<sup>71</sup> The decree provides for the establishment of provincial councils.<sup>72</sup> A provincial governor chairs each council, which is composed of governors of the governorates and other civil servants. The novel feature of the Provincial Government Law is that each provincial council will also include at least ten Saudi citizens residing in the province to be appointed by the King for renewable four-year terms.<sup>73</sup> The provincial councils will have the powers to determine the development needs of their respective provinces, make recommendations for projects and improvements, and request appropriations in the annual state budget therefor.<sup>74</sup> Any member of such a council is entitled to submit written proposals to the provincial governor who chairs that council, and every proposal will be placed on the council's agenda for consideration.<sup>75</sup>

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64. See Consultative Council Law, *supra* note 55, art. 3.

65. *Id.* art. 17.

66. *Id.*

67. *Id.* art. 18.

68. *Id.* art. 19.

69. *Id.* art. 23.

70. See Provincial Government Law, *supra* note 56, art. 1.

71. *Id.* art. 3.

72. *Id.* art. 15.

73. *Id.* art. 16(e).

74. *Id.* art. 23.

75. *Id.* art. 18.

