

Changes in law said significant

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A major breakthrough has been made in the Saudi law concerning commercial disputes. The Board of Grievances will now issue a semi-annual public document of judgements on all cases.

"It is a significant development, and a favourable one to claimants against Government ministries and agencies", Salah Al-Hejailan, attorney and counsellor-at-law, told the *Gazette*. The cases are now being reviewed by more than one judge, "a further assurance that they will be fairly considered", the lawyer adds.

The Board of Grievances has also been decentralised with effective panels in other cities as well. The Kingdom has made arbitration a more available and defined procedure. It has emphasised Government's encouragement of the resort to arbitration in commercial matters, Salah said.

The Ministry of Commerce has recently ruled that commercial agency and distributorship agreements should contain a clause for arbitration outside the Kingdom under foreign rules, according to Al-Hejailan.

The Saudi authorities have also recently announced that no registration of a new agent or distributor will be permitted while there is an outstanding dispute with a former agent or distributor. "This policy will be applied without regard as to whether the former agent or distributor was registered with the Ministry", the lawyer pointed out.

However, to allow for "commercial continuity", the authorities are considering the use of bank guarantees to secure the claim of a former agent/distributor, while allowing the registration of the new distributor, Salah said.

Arbitration has the twin attractions of rapidity and effectiveness in reaching settlement of commercial disputes. "It would alleviate the burden of work for the judiciary," says the lawyer.

Salah presently deals with litigation and cases involving liquidation of businesses. Earlier, the legal work involved registration of companies and joint ventures, he says.

The world economic trend also had an impact here with businesses going bankrupt. The situation is however, not alarming and the Government is



Salah Al-Hejailan

taking appropriate measures to alleviate the situation, he adds.

The authorities have been suggested setting up of a system of conciliation avoiding bankruptcies, as well as establishment of a working committee under the supervision of both the Chamber of Commerce and the Commerce Ministry.

"The committee could possibly be authorised to prevent the individual or company under liquidation from participating in trade or commercial activities until a certain number of years have elapsed, the lawyer explains. Amendments in bankruptcy laws have also been suggested to the authorities allowing creditors to settle debts according to international legal procedures.

Another development in Saudi law was the amendment early this year to discontinue taxes on business income of GCC nationals doing business in the Kingdom. "This will promote cross-border commerce with the other five GCC states," the lawyer said.

Asked about the recent fraud cases involving bounced cheques or post-dated cheques, the lawyer said the main cause was a problem of credit. The Ministry of Commerce is taking measures to curtail this trend, he added.

Salah Al-Hejailan has been recently elected as an arbitrator to the six-member panel of the Euro-Arab Chamber of Commerce. He had been a legal advisor to the Council of Ministers and was on the board of various governmental committees.

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