

DOI: 10.5281/zenodo.121126210

JURISDICTION IN DISPUTES INVOLVING MULTINATIONAL CORPORATIONS: AN APPLIED STUDY WITHIN THE SAUDI JUDICIAL SYSTEM

Fadwa Mohammed Ali Badawi^{1*}

¹Department of Law, College of Sharia and Law, University of Tabuk, Tabuk, Kingdom of Saudi Arabia.
Department of Private Law, College of Law and Sharia, Nyala University, Nyala, Republic of Sudan. Email:
fbadwi@ut.edu.sa 0000/0002/8447-198XORCID

Received: 09/09/2025
Accepted: 14/01/2026

Corresponding Author: Fadwa Mohammed Ali Badawi
(fbadwi@ut.edu.sa)

ABSTRACT

This study examines how Saudi Arabia's judicial system determines jurisdiction in disputes involving multinational corporations (MNCs), a question of increasing importance as cross-border commercial activity expands and corporate structures grow more complex. Although the Kingdom has undertaken extensive legal reforms under Vision 2030, strengthening commercial courts, modernising arbitration and enforcement laws, and enhancing procedural clarity, jurisdictional practice remains shaped by a hybrid legal framework grounded in Sharia and supplemented by statutory and treaty-based rules. Using doctrinal analysis and selected case studies drawn from enforcement files, reported decisions, and scholarly commentary, the article evaluates how Saudi courts approach three core issues: (i) the legal basis of international jurisdiction, including nationality, residence, asset location, and performance of obligations; (ii) the treatment of foreign choice-of-court clauses, arbitration agreements, and foreign governing-law provisions in disputes involving MNCs; and (iii) the recognition and enforcement of foreign judgments and arbitral awards, with particular attention to the roles of reciprocity, public policy, and Sharia-based constraints. The findings reveal an increasingly facilitative yet still cautious jurisdictional regime. Saudi courts exhibit growing willingness to recognise foreign adjudicatory authority and enforce foreign decisions, especially within regional treaty frameworks, but maintain robust discretion through reciprocity tests and public-policy review, most notably regarding interest and other Sharia-sensitive elements. The study argues that while recent reforms have enhanced predictability and investor confidence, remaining gaps, such as the absence of codified private international law rules and inconsistent application of reciprocity, continue to generate uncertainty for MNCs. It concludes with targeted recommendations to strengthen legal certainty and align jurisdictional practice with the Kingdom's broader economic and institutional objectives.

KEYWORDS: Jurisdiction; Multinational Corporations; Enforcement of Foreign Judgments; Arbitration; Public Policy; Saudi Arabia.

1. INTRODUCTION

Jurisdictional questions lie at the heart of contemporary disputes involving multinational corporations (MNCs). As corporate groups fragment their activities across multiple jurisdictions, they strategically allocate functions, assets, and risks among parent companies, subsidiaries, and special-purpose vehicles (SPVs). This transnational structuring often outpaces the territorial logic of domestic jurisdictional rules, creating gaps in accountability, especially when victims, investors, or contractual counterparties must navigate complex conflicts of laws and overlapping fora. Recent scholarship on tort litigation against transnational corporations in European courts, for instance, shows that rules of jurisdiction are pivotal in enabling or denying access to judicial remedies, yet their capacity to close regulatory gaps remains constrained by the absence of international coordination and uniform approaches to corporate group liability.

At the same time, the circulation of judgments and arbitral awards has become indispensable to cross-border commerce. Regional and international instruments, such as the 1952 Arab League Convention on the Enforcement of Judgments, the 1983 Riyadh Arab Convention on Judicial Cooperation, and the Gulf Cooperation Council (AGCC) Convention, were drafted precisely to avoid relitigation and to facilitate recognition and enforcement of foreign decisions in civil and commercial matters. These conventions typically condition enforcement on the competence of the rendering court, proper notice and opportunity to be heard, and the absence of conflict with the forum's public policy, while prohibiting any review of the merits of the case. In practice, however, divergences in how states define "civil or commercial matters," public policy, and exclusive jurisdiction generate uncertainty and uneven protection for parties engaged in cross-border transactions.

Saudi Arabia occupies a particularly significant position in this landscape. As a G20 economy and a leading host jurisdiction for foreign investment in energy, infrastructure, finance, and Islamic capital markets, the Kingdom is both a forum in which MNCs litigate and a legal environment frequently designated in contracts as a governing law or seat of arbitration. The Saudi legal system is rooted in the Hanbali school of Islamic law, which has historically provided the primary source of rules in civil, criminal, and family matters, while commercial activities are regulated by royal decrees and implementing regulations intended to supplement, but not replace, the Shari'a. Scholars have long argued that the historical closure of *ijtihad*

contributed to tensions between traditional doctrine and modern commercial needs, and have called for greater use of comparative commercial law and systematic development of Saudi business regulations to support contemporary trade and investment.

Dispute resolution in Saudi Arabia reflects this dual character. The system comprises several levels of Shari'a courts with general jurisdiction, alongside specialized judicial committees for commercial matters and, crucially, the Board of Grievances (BoG). Originally established to hear claims against government entities, the BoG has been restructured and granted broader jurisdiction, including administrative disputes, commercial disputes (following the abolition of the Commercial Disputes Committees), and the enforcement of foreign judgments and arbitral awards. In practice, the BoG often functions as the primary dispute-resolution machinery in joint venture agreements and corporate constitutions involving foreign and local partners, placing it at the centre of disputes that engage multinational corporate structures.

Within this institutional framework, Saudi courts tend to assume jurisdiction broadly when a dispute is brought before them, even where the underlying contract designates foreign courts as having exclusive jurisdiction. As a general rule, Saudi law does not recognise conflict-of-laws doctrines in the conventional private international law sense; conflicts are primarily conceived as questions among different schools of Islamic law. Consequently, when a Saudi tribunal takes jurisdiction over a commercial dispute governed by a foreign law clause, it will, in many cases, disregard that clause and apply Saudi law instead. Certain categories of contracts, such as those with government agencies or specific regulated activities, must in any event be subject to Saudi law and Saudi fora, reinforcing the centrality of domestic jurisdiction in disputes involving foreign corporations.

The enforcement dimension adds a further layer of complexity. The Board of Grievances (and, following more recent reforms, the specialised enforcement judiciary) plays a key role in enforcing both foreign court judgments and foreign arbitral awards, but only to the extent that they do not contravene mandatory Shari'a principles or Saudi public order. Before Saudi Arabia acceded to the 1958 New York Convention, foreign arbitral awards were enforced based on reciprocity; even today, reciprocity remains relevant where no applicable treaty exists, but it is insufficient on its own if the foreign decision conflicts with Shari'a. Recent doctrinal and policy analyses of enforcement of foreign judgments and awards in the Gulf show that,

in Saudi practice, enforcement authorities typically require proof of the foreign court's competence, the lack of Saudi jurisdiction over the matter, proper service and due process, finality of the foreign decision, and its compatibility with Saudi public policy, including Islamic finance and investment rules.

These tensions become particularly acute in complex financial arrangements that rely on SPVs and cross-border Islamic capital-market instruments, such as sukuk. SPVs incorporated in Saudi Arabia under Capital Market Authority rules are used to issue investment units and debt instruments and are endowed with separate legal personality and financial autonomy. Yet sukuk structures often combine foreign governing law (frequently English law) for key transactional documents with local law governing underlying assets and security interests, resulting in "contradictory jurisdictions" and uncertainty about which courts may exercise jurisdiction and how foreign judgments will be recognised or resisted in the Kingdom. Analyses of sukuk-related disputes and foreign-judgment enforcement in Saudi Arabia, Bahrain, and the UAE highlight persistent ambiguity, unpredictability, and transaction costs arising from this fragmented jurisdictional landscape.

Despite a growing international literature on jurisdiction over MNCs in "home-state" courts, especially in Europe and North America, there is comparatively limited doctrinal and empirical research on how host-state courts in the Gulf, and in Saudi Arabia in particular, conceptualise and apply jurisdiction in disputes involving multinational corporate groups. Existing works on Saudi dispute resolution, foreign-judgment enforcement, and arbitration tend to treat jurisdiction as an ancillary issue or focus on specific sectors such as sukuk and SPVs, without systematically analysing how Saudi courts respond when multinational corporations invoke choice-of-court clauses, arbitration agreements, or foreign governing laws. This gap is particularly salient in light of the Kingdom's ongoing legal and institutional reforms under Vision 2030, which aim to make Saudi Arabia a competitive and predictable venue for international business and investment.

Against this backdrop, the present study examines jurisdiction in disputes involving multinational corporations within the Saudi judicial system, with particular attention to commercial and investment disputes brought before the Board of Grievances and other competent bodies.

It seeks to answer three interrelated research questions:

1. What is the legal framework governing

international (or "external") jurisdiction in the Saudi system, including statutory, regulatory, and treaty-based sources, as well as relevant judicial practice?

2. How do Saudi courts determine their jurisdiction in disputes involving multinational corporations when the parties have agreed to foreign courts or arbitral tribunals, or when foreign courts assert jurisdiction over the same dispute?

3. To what extent do Saudi legislative and judicial developments keep pace with the evolving commercial realities of multinational corporate activity, particularly in relation to complex cross-border financing structures and investment disputes?

By addressing these questions, the article aims to contribute to both Saudi private international law scholarship and the broader debate on jurisdiction over multinational enterprises. It offers an applied doctrinal analysis of Saudi laws, regulations, and selected cases, situating them within the framework of regional enforcement conventions and comparative practice. The remainder of the article proceeds as follows. The next section outlines the conceptual and comparative framework on jurisdiction and corporate groups. A third section maps the evolution of Saudi rules on jurisdiction and the allocation of competence among courts, the Board of Grievances, and arbitral fora in disputes involving foreign corporate parties. A fourth section presents an applied analysis of selected Saudi decisions concerning jurisdiction and enforcement in cases involving multinational corporations. The final section discusses the implications of these findings for legal certainty, investor confidence, and access to justice, and offers recommendations for further legislative and judicial development.

2. MULTINATIONAL CORPORATIONS AND JURISDICTION

2.1. *Multinational Corporations and the Nature of Their Disputes*

Multinational corporations (MNCs) are corporate groups in which a parent company, usually incorporated and managed in a "home" state, owns and controls subsidiaries, branches, or affiliates in one or more "host" states. Classic work on corporate groups highlights the tension between the economic unity of the enterprise and the legal separateness of the constituent entities (Blumberg, 1993). This tension is central to jurisdictional debates because disputes involving MNCs often cross multiple borders, involve

multiple legal orders, and raise questions about which court should hear the case and which law should apply (Muchlinski, 2001).

From this perspective, MNCs may be described as integrated economic enterprises that deliberately allocate functions, assets, and risks among different legal entities, thereby affecting where claims may be brought and enforced (Muchlinski, 2021; Deva, 2003). Their disputes typically fall into three broad categories: (i) commercial and contractual disputes arising from agency, distribution, joint-venture, construction, or financing arrangements; (ii) tort and regulatory disputes, such as product liability, environmental harm, or business-and-human-rights claims along global value chains; and (iii) investment-related disputes between foreign corporate investors and host states, often pursued under bilateral investment treaties or similar instruments (Ahmad, 2022).

Across these categories, jurisdictional challenges emerge whenever more than one forum is potentially competent, when parallel proceedings are initiated in different jurisdictions, or when the chosen forum must decide how far to respect party autonomy (e.g., choice-of-court clauses and arbitration agreements) in light of mandatory rules and public policy (North & Fawcett, 1999).

2.2. *Classical Bases and Theories of Jurisdiction*

Private international law traditionally relies on several classical bases of adjudicatory jurisdiction: the domicile or seat of the defendant, the place of performance of a contractual obligation, the place of the harmful event in tort claims, submission or consent of the parties, and, more controversially, the effects doctrine (North & Fawcett, 1999). In disputes involving MNCs, three interrelated features are particularly important.

First, the principle of territoriality generally permits courts to assert jurisdiction where the harmful conduct or contractual performance occurs within their territory. When corporate groups fragment production across jurisdictions, courts must decide whether to localise conduct at the place of operations (e.g., a factory or branch) or at the place where strategic decisions were taken (Blumberg, 2004).

Second, the nationality or seat of the corporation (place of incorporation or principal place of business) often provides a jurisdictional basis for home-state courts to hear claims against parent companies in respect of foreign operations. The presence of multiple jurisdictions of incorporation and business for different group entities complicates this analysis (Hansmann and Kraakman, 2000).

Third, modern practice gives significant weight to consent and party autonomy, recognising forum-selection and arbitration clauses in cross-border commercial contracts, subject to limited exceptions. This trend is reinforced in instruments such as the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Hague Choice of Court Convention (Muchlinski, 2021).

Scholars distinguish between entity-based approaches, which strictly respect separate corporate personality, and enterprise-based approaches, which seek to align liability and jurisdiction with the economic reality of integrated corporate groups (Blumberg, 2004). Entity-based reasoning makes it more difficult for claimants to reach the parent company or to pierce the corporate veil, whereas enterprise-based reasoning supports a more expansive view of home-state jurisdiction over parent entities that exercise effective control over their foreign subsidiaries (Blumberg and Strasser, 1998). The debate is particularly visible in transnational human-rights and environmental litigation, where courts struggle to balance access to justice for foreign victims with traditional jurisdictional limits (Deva, 2003; Ahmad, 2022).

2.3. *International And Regional Instruments Relevant to MNC Disputes*

The jurisdictional position of MNCs is also shaped by a fragmented but important network of international and regional instruments. At the global level, the New York Convention (1958) provides the backbone for recognition and enforcement of foreign arbitral awards, requiring national courts to respect arbitration agreements and to enforce awards subject to limited defenses, including public policy. The ICSID Convention (1965) establishes a specialised regime for investor-state arbitration and enforcement of awards against states (Schreuer, 2009). More recently, the Hague Judgments Convention (2019) seeks to promote recognition and enforcement of foreign civil and commercial judgments, although its adoption is still at an early stage (Stewart, 2019).

Regionally, in the Arab and Gulf context, instruments such as the Riyadh Arab Agreement for Judicial Cooperation (1983) and the GCC Convention for the Execution of Judgments, Delegations and Judicial Notifications provide a framework for the circulation of judgments among member states. They generally require that the rendering court had jurisdiction, that defendants were properly notified and allowed to be heard, that the decision is final, and that enforcement does not conflict with the public

policy of the requested state (Bremer, 2016).

In finance and capital markets, particularly Islamic finance, sukuk and other structured products often rely on complex choice-of-law architectures. Transaction documents may be governed by English law and subject to English courts, while the underlying assets and Shariah-compliance issues are governed by the law of a host state such as Saudi Arabia. This bifurcation can generate uncertainty about jurisdiction, applicable law, and enforcement in cross-border disputes (Ali et al., 2022). For MNCs, especially financial and infrastructure conglomerates, the interaction between these instruments and domestic rules is a key element of litigation and enforcement strategy.

2.4. Saudi Arabia's Mixed Legal System and Its Implications for Jurisdiction

Saudi Arabia's legal system is distinctive among major investment destinations. The Qur'an and the Sunnah are its ultimate constitutional sources, and all legislation must conform to Sharia. At the same time, the Kingdom has developed an extensive body of modern statutory law in commercial, financial, investment, and procedural fields (Marar, 2007). This has given rise to what some describe as a "de facto dual" system: an overarching Sharia framework within which a dense layer of codified and regulatory law operates as a specialised subsystem (Marar, 2007).

In the field of foreign investment, the Foreign Investment Law of 2000 and subsequent reforms signal a willingness to relax certain traditional restrictions and to adopt international-style investment rules, including clearer procedures, enhanced transparency, and greater recognition of arbitration and contractual freedom (Al-Sewilem, 2012). However, the Islamic character of the system still shapes jurisdiction and enforcement, particularly in sectors that are inconsistent with Sharia, such as interest-based financial products, where public policy considerations may lead to restrictions on certain claims or forms of relief (Agil, 2013).

The judicial architecture itself has become more specialised. In addition to general courts, Saudi Arabia has Commercial Courts, various specialised committees (e.g., for banking, securities, and insurance disputes), and the Board of Grievances, which historically dealt with administrative and some commercial disputes involving the state. Recent reforms have redistributed competencies and clarified the role of commercial courts, but for MNCs, determining the appropriate Saudi forum can still be challenging where disputes have both commercial and administrative elements (Al-Qahtani and

Albakjaji, 2023).

2.5. Enforcement, Public Policy, And the Centrality of Jurisdiction in Saudi Practice

In practice, jurisdiction and enforcement are closely intertwined. A judgment or award obtained in a foreign court or arbitral tribunal is useful to an MNC only to the extent that it can be enforced in the jurisdiction where assets are located. Saudi Arabia is party to the New York Convention and to regional Arab and GCC instruments, and it has adopted a modern Enforcement Law and a reformed Arbitration Law in 2012. Yet enforcement remains subject to a Sharia-based public-policy filter (Ali, 2018; Bremer, 2016).

Studies of Saudi practice show that enforcement authorities typically verify that the foreign court or tribunal had proper jurisdiction, that due process and proper notice were observed, that the decision is final, and that enforcement does not violate Saudi public policy, particularly in relation to *riba* (interest), *gharar* (excessive uncertainty), and *haram* activities (Alshamsi, 2022). Well-known cases in which enforcement was refused on public-policy grounds, such as judgments involving interest, gambling, or certain entertainment contracts, illustrate that treaty commitments do not displace the central role of Sharia-based review.

For MNCs, this creates a dual layer of jurisdictional risk. At the adjudicatory stage, they must consider whether Saudi courts will accept or decline jurisdiction where there are arbitration clauses, foreign forum-selection clauses, or parallel foreign proceedings. At the enforcement stage, they must assess whether a foreign judgment or arbitral award will be recognised and executed in the Kingdom, even if rendered by a court or tribunal originally chosen by the parties (Ali et al., 2022).

2.6. Vision 2030, Legal Reform, And Hybridisation of Jurisdictional Rules

Under Vision 2030 and the National Investment Strategy, Saudi Arabia has launched extensive legal and institutional reforms aimed at enhancing the business environment and attracting foreign direct investment. These reforms include the restructuring of commercial courts, the digitalisation of court services, updates to the Companies Law, Bankruptcy Law, Investment Law, and targeted improvements to arbitration and enforcement mechanisms (Al-Qahtani and Albakjaji 2023).

This trajectory can be understood as a process of hybridisation: core Sharia principles are preserved, but they are increasingly expressed through codified

rules and procedures inspired by comparative models. In the jurisdictional field, this has meant greater openness to party autonomy (especially arbitration and forum-selection clauses), more specialised institutions capable of handling complex cross-border commercial disputes, and partial convergence with international standards on service, evidence, and recognition and enforcement (Al-Sewilem, 2012; Ali et al., 2022). At the same time, the public-policy filter ensures that Sharia-based constraints still play a decisive role in the most sensitive cases.

2.7. *Synthesis: Framing The Applied Analysis*

The foregoing discussion yields three main insights that structure the applied analysis in later sections.

First, MNCs operate through complex corporate groups that exploit the gap between economic integration and legal fragmentation. This structural feature complicates the allocation of jurisdiction and can limit access to justice where courts rely strictly on entity-based doctrines or prudential tools such as *forum non conveniens* (Muchlinski, 2001; Ahmad, 2022).

Second, international and regional instruments on arbitration and judgment recognition provide an important framework, but their impact ultimately depends on how domestic courts, such as Saudi courts, interpret jurisdictional gateways and public-policy exceptions (Bremer, 2016; Ali, 2018).

Third, Saudi Arabia's mixed legal system and ongoing Vision 2030 reforms are generating a distinctive hybrid jurisdictional regime, one that seeks to reconcile Sharia-based legitimacy with the demands of global commerce and foreign investment (Marar, 2007). The remainder of this article builds on this framework to examine how Saudi judicial bodies actually exercise jurisdiction in disputes involving multinational corporations, how they respond to foreign choice-of-court and arbitration agreements, and how they approach the recognition and enforcement of foreign judgments and arbitral awards in practice.

3. JURISDICTION IN THE SAUDI JUDICIAL SYSTEM

This section examines how jurisdiction is structured and exercised within the Saudi judicial system, with a focus on civil and commercial disputes that are most likely to involve multinational corporations (MNCs). It considers the sources of law, the institutional layout of courts and quasi-judicial bodies, the rules on international jurisdiction in civil and commercial matters, and the interaction between domestic courts, foreign courts, and arbitral tribunals.

3.1. *Sources Of Law and Structural Features*

Saudi Arabia's legal order is built on a Sharia-based constitutional core, complemented by an expanding body of codified statutes and implementing regulations. The Qur'an and the Sunnah are the ultimate sources of law, and all enacted legislation derives its validity from conformity with Sharia. Within this framework, judges in the ordinary courts continue to apply classical Hanbali fiqh where no specific statutory provision governs the issue, while modern regulation's structure fields such as commerce, finance, and procedure (Vogel, 1993; Al-Jarbou, 2007; Alanzi, 2020).

At the same time, commercial and financial life in the Kingdom is increasingly governed by modern statutes, such as the Law of Procedure before Sharia Courts, the Arbitration Law (2012), the Enforcement Law (2012/2013), the Commercial Courts Law, the Companies Law and, more recently, the Civil Transactions Law, together with sectoral regulations in banking, capital markets, insurance and competition (Alshubaiki, 2013).

A crucial structural feature for jurisdictional analysis is that Saudi Arabia has no comprehensive codified private international law statute. Conflict-of-laws questions are addressed piecemeal through procedural rules, treaty commitments, and judicial practice. Older scholarship notes that, in many instances, Saudi courts tend simply to apply Saudi law to disputes heard before them, even if the parties have chosen a foreign governing law (Al-Samaan, 2000–2001; Turck, 1991). This structural background shapes how jurisdiction is conceived and exercised in cases involving foreign corporations.

3.2. *Court System and Allocation of Subject-Matter Jurisdiction*

Saudi adjudication is divided among several judicial bodies with distinct subject-matter competences. At the core are the general Sharia courts, which now include specialised commercial circuits and exercise general jurisdiction over civil, commercial, criminal, family, and property disputes not expressly assigned to other bodies. Alongside these stands the Board of Grievances, which has been historically responsible for administrative disputes and claims against government entities and, before the 2013 reforms, for the enforcement of foreign judgments and arbitral awards. In addition, a range of specialised or quasi-judicial committees, such as those for banking, insurance, securities, and labor, adjudicate disputes arising in regulated sectors. Finally, enforcement courts, established under the Enforcement Law, are tasked with the execution of

judgments, arbitral awards, and other enforceable instruments, thereby centralising and streamlining the enforcement function within the judicial system.

Al-Samaan (2000–2001) describes Sharia courts as having general jurisdiction “over all judicial matters” except those expressly assigned to the Board of Grievances or specialised committees, such as labour, commercial, and administrative disputes. The Board of Grievances, originally an administrative body attached to the Council of Ministers, evolved into an independent administrative judiciary with jurisdiction over disputes involving state contracts, disciplinary matters, and, for many years, the recognition and enforcement of foreign judgments and arbitral awards (Turck, 1988). Likewise, Alshamsi (2022) shows how the Enforcement Law shifted this landscape. Before 2012, the Board of Grievances enforced foreign “enforceable bonds”; since the Enforcement Law came into force, dedicated enforcement courts have jurisdiction over the enforcement of domestic and foreign judgments, arbitral awards, and certain instruments, stripping the Board of its previous enforcement competence and clarifying procedural standards. For MNCs, this fragmented institutional map means that questions of which Saudi body is competent, general or commercial court, Board of Grievances, regulatory committee, or enforcement court, are part of the broader jurisdictional picture.

3.3. International Jurisdiction in Civil and Commercial Matters

Rules on international jurisdiction, when Saudi courts may hear disputes with a foreign element, are primarily set out in the Law of Procedure before Sharia Courts (and its subsequent iterations) and its implementing regulations, which collectively determine when Saudi courts may accept or decline jurisdiction over foreign defendants and foreign-related disputes. These provisions establish nationality-based jurisdiction, whereby Saudi courts have jurisdiction over cases filed against Saudi citizens even if they have no known residence in the Kingdom (subject to narrow exceptions for real property located abroad). They also provide for residence-based jurisdiction, granting Saudi courts competence over cases brought against non-Saudis who have a general or designated place of residence in the Kingdom. In addition, the system recognises asset- and obligation-based jurisdiction over non-resident foreign defendants where the dispute concerns property situated in Saudi Arabia or obligations deemed to have arisen or to be enforceable there, as reflected in investment and regulatory guidance issued by the

Ministry of Investment of Saudi Arabia (MISA). These principles resemble classical private international law bases (domicile, place of performance, locus of assets) but are framed in procedural rather than conflict-of-laws terms. They do not establish a comprehensive, Brussels-style jurisdictional code; instead, they provide a set of gateways through which Saudi courts may assume jurisdiction.

In practice, commentators note a relatively expansive judicial attitude: where a dispute is brought before Saudi courts and involves a Saudi party, assets in the Kingdom or performance in the Kingdom, courts are generally inclined to accept jurisdiction even if the contract designates a foreign forum (Marar, 2007).

3.4. Foreign Elements, Governing Law Clauses, And Corporate Parties

When disputes involve a foreign element, such as a foreign governing law clause, foreign parties, or assets abroad, Saudi practice reflects both doctrinal and practical constraints.

First, as Al-Samaan notes, conflict-of-laws rules in the Western sense are not systematically applied. In proceedings before the Board of Grievances, the Board “applies Sharia rules and relevant statutes even if the contract ... provides for foreign law as the applicable law” (Al-Samaan, 2000–2001). Earlier comparative work by Turck (1988) and later by Marar (2007) reaches a similar conclusion: choice-of-law clauses are often treated as persuasive but not binding; where they conflict with Saudi mandatory rules or raise interpretation difficulties, courts may revert to Saudi law.

Second, corporate presence and registration play an important role. For foreign corporations that establish branches or subsidiaries in Saudi Arabia, commercial registration and physical presence provide a clear hook for Saudi jurisdiction over disputes arising from their Saudi-based operations. Where the defendant is a foreign parent corporation with no Saudi presence, Saudi jurisdiction will typically depend on the location of assets, the place of performance, or the involvement of Saudi co-defendants, in line with the procedural gateways described above (Law of Procedure, Arts. 24–26).

Third, the new Civil Transactions Law (2023) has the potential to influence how foreign law and foreign elements are treated. Early commentary suggests that, while the new law largely codifies substantive rules on contracts and civil liability, it is expected to enhance certainty and predictability in the adjudication of commercial relationships, including those with cross-border dimensions, and may, over time, interact with

emerging private international law norms (Negm, 2025; AlArfaj & AlSalamah, 2024; Practical Law, 2023). However, it does not yet amount to a comprehensive codification of choice-of-law and forum rules.

For MNCs operating through complex group structures, the combined effect is that Saudi courts will often apply Saudi substantive law whenever they accept jurisdiction, even if foreign law is designated, and will focus on the localisation of assets, obligations, and residence rather than on sophisticated conflict-of-laws analyses. This has direct implications for the drafting of jurisdiction and governing-law clauses in contracts involving Saudi counterparties.

3.5. Treaties, Enforcement Arrangements, And Jurisdiction

Although jurisdiction to decide a dispute and jurisdiction to enforce a foreign decision are conceptually distinct, Saudi practice reveals a close interplay between the two. The Enforcement Law and its implementing regulations assign competence over applications to enforce foreign judgments and awards to the enforcement courts, while setting out conditions for enforcement that include both jurisdictional and public-policy elements. Under Article 11 of the Enforcement Law and its regulations, a foreign judgment or order will generally be enforced if the foreign court had jurisdiction according to its own rules and internationally accepted bases; Saudi courts did not themselves have jurisdiction over the subject-matter; the parties were duly summoned and allowed defending themselves; the judgment is final and enforceable in the country of origin; it does not contradict an existing Saudi judgment on the same subject; and it does not contravene Saudi public policy or Sharia principles (Saudi Laws).

These conditions mirror, in broad terms, those found in regional instruments such as the Riyadh Arab Agreement for Judicial Cooperation and the GCC Convention, which also require recognition of the foreign court's jurisdiction and prohibit re-litigation on the merits. At the same time, Saudi enforcement courts retain wide discretion when assessing public policy and deciding whether Saudi courts would themselves have had jurisdiction.

From an MNC perspective, this means that initial forum choices and corporate structuring decisions (e.g., where to locate assets) must be made with an eye not only to which court will hear the case, but also to whether a judgment from that court will satisfy Saudi enforcement courts' expectations about jurisdiction and public policy.

3.6. Jurisdiction, Arbitration and Forum-

Selection Clauses

Arbitration is a central mechanism through which MNCs seek to manage jurisdictional risk. Saudi law now recognises and supports arbitration more robustly than in earlier decades. The 2012 Arbitration Law, modelled in part on the UNCITRAL Model Law, confirms parties' freedom to submit disputes to arbitration, including international arbitration, and to choose the seat and applicable law, subject to compatibility with Sharia and public policy (Oxford Business Group, 2015).

The Enforcement Law, in turn, provides that foreign arbitral awards are enforceable in Saudi Arabia, again subject to conditions of jurisdiction, due process, finality, and public-policy compatibility. Where the award is foreign-seated, enforcement courts will not re-examine the merits but will examine whether Saudi courts would have had exclusive jurisdiction (for example, over certain real-property or administrative disputes), whether procedural guarantees were met and whether the award conflicts with fundamental Sharia principles, particularly in areas such as interest (*riba*) and excessive uncertainty (*gharar*) (Alshamsi, 2022; Ali et al., 2022). Older restrictions on arbitrating administrative contracts with public entities have been relaxed, although sensitive sectors and contracts may still be subject to special approvals or limitations (Alrashidi, 2017). For disputes involving MNCs and state-owned enterprises or state agencies, questions of arbitrability and the proper forum remain particularly salient.

Overall, the current regime reflects a qualified pro-arbitration stance: Saudi courts and enforcement courts will generally respect arbitration agreements and foreign awards, but retain a strong public-policy filter grounded in Sharia and in the allocation of exclusive jurisdiction under domestic law.

3.7. Interim Assessment: Implications For Multinational Corporate Disputes

Several themes emerge from this overview of the Saudi jurisdictional framework:

1. Institutional fragmentation with functional specialisation. Jurisdiction is distributed among general courts, commercial courts, the Board of Grievances, specialised committees, and enforcement courts. This enables sector-specific expertise but can complicate forum selection and parallel proceedings for MNCs.
2. Procedural gateways rather than a comprehensive jurisdiction code. The Law of Procedure establishes nationality, residence, and asset-based grounds for international jurisdiction, but there is no unified Brussels-

style regulation. This leaves substantial room for judicial discretion and case-by-case reasoning.

3. Limited formal role for conflict of laws and foreign governing law. In many instances, Saudi courts apply Saudi substantive law whenever they assume jurisdiction, even in the face of foreign governing law clauses, particularly where Sharia-based public policy is implicated (Marar, 2007).
4. Treaty-backed but public-policy-filtered enforcement. Regional and global instruments (Riyadh Convention, GCC Convention, New York Convention) are implemented through the Enforcement Law, which sets modern standards but leaves broad discretion regarding public policy and Saudi courts' implied jurisdictional prerogatives.
5. A hybrid, reform-oriented trajectory under Vision 2030. Recent reforms to arbitration, enforcement, commercial courts, and civil transactions indicate a deliberate move towards international best practices while preserving a strong Sharia identity (Alshubaiki, 2013).

For disputes involving multinational corporations, these features translate into a distinctive pattern of jurisdiction: Saudi courts are relatively open to hearing disputes connected to the Kingdom, may give limited effect to foreign governing law where it conflicts with domestic mandatory rules, and apply a robust public-policy filter at the enforcement stage. The next section builds on this framework to conduct an applied analysis of selected Saudi cases and practical scenarios in which jurisdictional questions arose in disputes involving multinational corporate actors.

4. APPLIED STUDY OF SAUDI JURISDICTIONAL PRACTICE IN DISPUTES INVOLVING MULTINATIONAL CORPORATIONS

4.1. Case Selection and Methodological Note

Given that Saudi judgments are not yet comprehensively reported and many enforcement decisions remain unpublished or anonymised, this applied study of jurisdiction in disputes involving multinational corporations (MNCs) draws on a combination of available reported cases, doctrinal commentary, and reconstructed fact patterns from enforcement files. Much of the available material concerns foreign corporate claimants seeking to enforce foreign court judgments or arbitral awards in Saudi Arabia, rather than full trials on the merits.

Nonetheless, these enforcement decisions provide a rich window into how Saudi courts evaluate jurisdictional connections, public policy, and reciprocity in cross-border corporate disputes (Giansiracusa, 2013; Shearman & Sterling LLP, 2016).

For present purposes, the discussion focuses on three clusters of practice: (i) pre-Enforcement Law decisions of the Board of Grievances involving foreign corporate judgments against Saudi companies; (ii) recent Enforcement Court cases in which foreign companies or special-purpose vehicles (SPVs) obtained or attempted to obtain recognition of foreign commercial judgments; and (iii) instances where reciprocity or public-policy objections led to refusal of enforcement in disputes involving foreign corporate actors. These clusters are then situated against the broader comparative literature on corporate groups, MNC liability, and the "jurisdictional vacuum" in transnational corporate litigation (Shaffer & Halliday 2022).

4.2. Pre-Enforcement Law Practice

Saudi practice before the 2012 Enforcement Law already reveals how jurisdictional and enforcement questions intersect in commercial disputes with foreign corporate parties. A well-known example is the Jeddah panel of the Board of Grievances' 1989 decision enforcing three related judgments of the English High Court (Queen's Bench, Commercial Court) against a Jeddah-based Saudi company in a series of shipping disputes. The foreign claimant was a UK shipping company, and the English judgments arose out of charter-party litigation concerning vessels calling at Saudi ports.

In that case, the Board of Grievances accepted that the English court had properly assumed jurisdiction over the Saudi defendant, relying in part on a certificate from the Lord Chancellor's Department confirming that foreign judgments, including Saudi judgments, could be enforced in the United Kingdom. This evidence was treated as sufficient to establish reciprocity and to satisfy the Saudi requirement that the foreign court be internationally competent. The Board also examined whether the parties had been duly summoned and whether the English judgments were final, anticipating criteria later codified in the Enforcement Law.

However, the Board enforced only the part of the English judgments awarding damages and not the portion awarding contractual interest. It explained that, because the claimant had not requested enforcement of the interest component, there was no need to confront the incompatibility between interest and Saudi public policy grounded in Sharia, thereby

allowing enforcement to proceed without approving the usurious element. The decision thus illustrates how Saudi adjudicators in corporate disputes involving foreign judgments simultaneously: validate the foreign court's jurisdiction on a reciprocity and due-process basis; and preserve a residual power to screen the substance of the decision for incompatibility with Sharia in sensitive areas such as interest.

From a jurisdictional perspective, this pattern is significant for MNCs and their Saudi counterparties. It shows that Saudi bodies are prepared to attribute decisive weight to the foreign court's own jurisdictional rules and to practical indicia of reciprocity, while using public policy as a targeted filter rather than as a general ground for non-recognition. In effect, Saudi courts acknowledge and give effect to foreign jurisdiction in transnational corporate disputes, but they do so without fully relinquishing control over certain substantive issues.

4.3. Post-Enforcement Law Practice

The picture becomes more nuanced under the Enforcement Law, which shifted primary competence over foreign judgments to the specialised Enforcement Courts but retained key jurisdictional conditions. Article 9 now expressly recognises foreign judgments, orders and arbitral awards as "enforcement bonds," and Article 11 specifies that such bonds will be enforced subject to treaty obligations and a series of conditions relating to jurisdiction, finality, proper service, non-contradiction with Saudi judgments and conformity with Sharia and public policy (Enforcement Law, arts. 9, 11).

A 2017 case described by Alshamsi (2022) illustrates how these criteria operate in a commercial relationship between two corporations. An Emirati company, which had appointed a Saudi company as its exclusive distributor in Saudi Arabia for rice and other food products, obtained a final judgment from the Dubai courts ordering the Saudi distributor to pay approximately 1.1 million dirhams plus annual interest of 9 per cent, after prolonged litigation over unpaid invoices and related charges. The Emirati company then sought enforcement in Saudi Arabia. The Riyadh Enforcement Court issued a brief order directing enforcement of the Dubai judgment within five days, with no detailed reasoning other than a reference to the Enforcement Law and its regulations.

Two points are noteworthy for MNC-related disputes. First, the Enforcement Court treated the Dubai court as having had proper jurisdiction over the dispute, implicitly accepting that the place of performance and contractual arrangements justified foreign jurisdiction. Secondly, unlike the earlier Board

of Grievances shipping case, the Enforcement Court did not isolate or exclude the interest component in the foreign judgment, even though interest is generally considered *riba* under Saudi law. This suggests a growing willingness to enforce foreign corporate judgments holistically, particularly where they arise from treaty-based regional cooperation (such as the GCC Judicial Cooperation Convention) and where the interest obligation remains embedded within a foreign legal order rather than being recreated under Saudi substantive law.

A separate 2018 enforcement case involved a Jordanian company seeking to enforce a Jordanian judgment for compensation against a Saudi prince who owned a Saudi company. The judgment had been issued after many years of litigation and was ultimately enforced by the Enforcement Court with minimal reasoning, reflecting the court's comfort in recognising foreign commercial judgments within the treaty framework and subject to the codified Article 11 conditions (Alshamsi, 2022). For foreign corporate claimants, including MNC affiliates, these cases indicate that once the jurisdictional and procedural gateways of Article 11 are satisfied, Saudi courts increasingly see themselves as execution fora rather than as second-instance courts revisiting the merits.

At the same time, reciprocity remains a decisive jurisdiction filter. A well-publicised 2019 decision of the Riyadh Enforcement Court refused to enforce a California judgment obtained by an American company against a Saudi prince. The court held that there was no law, treaty, or evidence of practice demonstrating that U.S. courts enforce Saudi judgments, and therefore, the reciprocity requirement was not met. This reading arguably conflates the absence of a formal statute or treaty with the absence of *de facto* reciprocity and overlooks the possibility that U.S. courts may enforce Saudi judgments under general common-law principles (Alshamsi, 2022). Nevertheless, the decision underscores that, for MNCs headquartered in non-treaty jurisdictions, the enforceability of home-state judgments in Saudi Arabia—and thus the practical effectiveness of their chosen forum—may hinge on their ability to prove factual reciprocity to the satisfaction of Saudi courts.

4.4. Complex Corporate Structures, Spvs and Cross-Border Finance

Beyond straightforward sales and agency relationships, contemporary MNC activity in the Gulf increasingly relies on SPVs and capital-market structures such as sukuk programmes. These structures often combine English governing law and dispute-resolution clauses with underlying assets

located in Saudi Arabia or other GCC states. As scholars of sukuk warn, the result is a dense web of overlapping jurisdictions, in which trusts, agency agreements, and security documents may be governed by English law and subject to English courts, while the Sharia framework and asset-related contracts remain under local law (Bremer, 2016).

An IIUM Law Journal study on “Foreign Judgments and SPV Incorporation in Sukuk” highlights how, in transactions where English courts issue judgments against GCC-based SPVs or originators, enforcement in Saudi Arabia is channelled through the Enforcement Department. The Department has discretion to enforce foreign judgments in whole or in part, subject to conditions that closely mirror Article 11 of the Enforcement Law, including the lack of Saudi jurisdiction, competence of the foreign court, due process, finality, and compatibility with Sharia and Saudi public policy. For foreign financial institutions and MNCs using SPVs, this means that their access to Saudi assets through enforcement will depend not only on English law documentation but also on how Saudi courts apply these jurisdictional and public-policy filters.

Although many sukuk disputes to date have been concentrated in other GCC jurisdictions, such as the Dana Gas litigation in the UAE, the structural features identified in the sukuk literature underscore challenges that are equally relevant for MNCs operating in Saudi Arabia. Where documentation fragments the transaction across multiple governing laws and fora, Saudi courts are likely to focus on whether the foreign court that issued the judgment or award can be considered internationally competent in relation to the Saudi elements of the transaction and whether the requested enforcement would infringe mandatory Sharia rules, particularly concerning interest, *gharar*, or prohibited asset transfers.

4.5. *Interim Assessment*

The case law and practice surveyed above disclose several patterns in Saudi jurisdictional practice relevant to disputes involving MNCs. First, Saudi courts are increasingly comfortable recognising the jurisdiction of foreign courts and tribunals over Saudi companies and individuals where there is a clear territorial, contractual, or personal link and where reciprocity, finality, and due process are established. The Ninfo Shipping and subsequent Dubai and Jordan enforcement cases confirm that foreign judgments against Saudi corporate actors, including those embedded in transnational supply chains, can be enforced with relative procedural economy once these thresholds are met (Turck, 1991; Alshamsi, 2022).

Secondly, public policy and Sharia-based objections are applied in a targeted manner rather than as a blanket veto. The gradual move from excluding interest components (as in the early Board of Grievances practice) to enforcing foreign judgments that include interest, at least in certain treaty-based settings, suggests an incremental balancing between fidelity to Islamic finance principles and the practical needs of cross-border commerce.

Thirdly, reciprocity remains the most sensitive and least predictable element for MNCs domiciled in non-treaty jurisdictions. Where treaty frameworks such as the Riyadh Arab Agreement or the GCC Convention apply, Saudi courts tend to assume jurisdictional competence of the foreign court and to streamline enforcement. Where no treaty exists, however, as in the California judgment case, the burden falls squarely on the foreign corporate claimant to demonstrate *de facto* reciprocity, failing which enforcement may be refused even if other Article 11 conditions are satisfied.

Finally, when viewed against the broader comparative literature on MNCs and transnational corporate liability, Saudi practice appears neither uniquely restrictive nor exceptionally liberal. Like courts in many home and host states, Saudi courts oscillate between facilitating access to justice for foreign corporate actors and defending core sovereign and religious values, particularly where enforcement would indirectly validate foreign regulatory choices, such as compound interest or certain forms of security, that sit uneasily with domestic law (Shaffer, 2022). For MNCs structuring investments and contracts in Saudi Arabia, this underscores the need to align jurisdiction and choice-of-law clauses with applicable treaty frameworks, to anticipate reciprocity hurdles, and to design dispute-resolution strategies that take both the doctrinal and practical dimensions of Saudi jurisdictional practice.

5. DISCUSSION AND NORMATIVE IMPLICATIONS

This section draws together the conceptual framework, the doctrinal mapping, and the applied case analysis to evaluate how the Saudi jurisdictional regime operates in practice in disputes involving multinational corporations (MNCs), and to identify the main implications for legal certainty, access to justice, and ongoing legal reform.

5.1. *Saudi Arabia in the Global Debate on MNC Jurisdiction*

The findings from Sections 2–4 suggest that Saudi Arabia occupies an intermediate position in the global debate on jurisdiction over MNCs. On one side of the

spectrum are home-state courts in Europe and North America, where debates centre on the extraterritorial reach of tort jurisdiction, the use of *forum non conveniens*, and the viability of enterprise-based liability theories for transnational corporate human-rights claims (Deva, 2003; Ahmad, 2022). On the other side are host-state courts in developing or emerging economies, where institutional capacity constraints, political sensitivities, and dependence on foreign investment often limit the effective adjudication of complex corporate disputes (Jägers & Augenstein, 2017).

Saudi Arabia combines features of both sides. As a major host state for foreign investment, particularly in energy, infrastructure, and finance, it is frequently a jurisdiction where MNCs operate through affiliates or SPVs, and where local counterparties seek redress. At the same time, certain Saudi corporate groups and high-net-worth individuals function as *de facto* “home-state” actors for outbound investments. The enforcement cases discussed in Section 4 show that Saudi courts, particularly the Enforcement Courts, are prepared to give effect to foreign judgments and awards obtained against Saudi corporate actors, provided the Article 11 conditions are satisfied, thereby contributing to the cross-border accountability of those actors. This places Saudi practice closer to the “facilitating” end of the spectrum than a purely defensive, sovereignty-driven model might suggest.

However, this facilitation is qualified by the structural features analysed in Sections 2 and 3: the absence of a comprehensive codified private international law statute, the centrality of Sharia-based public policy, and the continued importance of reciprocity in the enforcement of foreign judgments. These elements mean that Saudi Arabia does not simply import global jurisdictional standards, but rather filters them through a hybrid normative and institutional matrix (Al-Sewilem, 2012; Al-Qahtani & Albakjaji, 2023).

5.2. Legal Certainty, Access to Justice, And the Role of Public Policy

From the standpoint of legal certainty, the case law reveals both stabilising and destabilising tendencies. On the stabilising side, the Enforcement Law and the shift to specialised Enforcement Courts have reduced the risk of *ad hoc* reasoning and clarified the basic conditions for recognising foreign judgments and awards. Corporate claimants can now structure their litigation strategies around a relatively clear set of jurisdictional and procedural gateways: competence of the foreign court, lack of Saudi jurisdiction, due

process, finality, non-contradiction, and public-policy compatibility (Alshamsi, 2022). Within this framework, the courts’ willingness to enforce foreign commercial judgments from GCC states and some other jurisdictions with minimal scrutiny of the merits suggests an identifiable pattern: once the gateways are passed, Saudi courts see themselves primarily as execution fora rather than as appellate bodies.

On the destabilising side, two factors stand out. First, reciprocity is applied in a way that can be difficult for foreign corporate claimants to anticipate, especially in the absence of formal treaties. In the California judgment case, the Enforcement Court’s refusal to enforce, based on a perceived lack of reciprocity, illustrates how a narrow evidentiary view of foreign practice can undermine otherwise strong jurisdictional and procedural credentials (Alshamsi, 2022). MNCs headquartered in non-treaty jurisdictions may therefore face significant uncertainty about whether home-state judgments will be recognised in Saudi Arabia, even when international standards of jurisdiction and due process have been observed.

Second, the public-policy filter, principally concerned with Sharia principles such as the prohibition of *riba* and *gharar*, remains open-ended. While the trajectory from early Board of Grievances cases (which excluded interest components) to more recent holistic enforcement of GCC judgments that include interest indicates a gradual narrowing of public-policy objections in commercial contexts, the doctrinal boundaries remain under-theorised. For example, it is not always clear under what conditions the inclusion of interest in a foreign judgment will be tolerated as a foreign-law phenomenon, and when it will be deemed incompatible with Saudi law even at the enforcement stage (Ali et al., 2022). For MNCs, this residual indeterminacy complicates risk assessment, particularly in finance-heavy sectors.

From an access-to-justice perspective, the pattern is ambivalent. On the one hand, foreign corporate claimants and MNC affiliates have gained a relatively effective mechanism for enforcing foreign judgments and arbitral awards in Saudi Arabia, especially where regional conventions apply. On the other hand, Saudi counterparties seeking to enforce Saudi judgments abroad may confront analogous or even greater uncertainties, especially in jurisdictions with no treaty link to Saudi Arabia or with restrictive approaches to Sharia-based judgments. The reciprocity requirement thus functions as both shield and sword: it protects Saudi actors from potentially hostile foreign judgments, but it may also impede Saudi claimants’ ability to obtain effective cross-border redress.

5.3. *Evaluating The Hybrid Model*

Viewed through the lens of transnational legal orders theory, Saudi jurisdictional practice can be understood as part of a broader process in which international norms on jurisdiction, enforcement and arbitration are internalised, adapted, and sometimes resisted within domestic legal orders (Halliday & Shaffer, 2015; Shaffer & Halliday, 2021). The hybrid Saudi model exhibits several strengths. It preserves the religious legitimacy and social embeddedness of the legal system by anchoring jurisdictional and enforcement decisions in Sharia-based public policy, while simultaneously embracing international and regional instruments that facilitate corporate dispute resolution. It also leverages institutional specialisation: commercial courts, regulatory committees, and enforcement courts collectively create a more differentiated adjudicatory landscape that can, in principle, handle complex MNC-related disputes more effectively than a monolithic court structure.

At the same time, the weaknesses identified above, especially the lack of codified private international law rules, the discretionary application of reciprocity, and the under-theorised scope of public-policy review, risk undermining the very objectives of predictability and investment promotion that Vision 2030 seeks to achieve. Compared with jurisdictions that have adopted comprehensive jurisdiction and judgments legislation (such as the Brussels regime in the EU or the recast Lugano arrangements), Saudi Arabia still operates with a procedural patchwork that places considerable weight on judicial discretion (North & Fawcett, 1999). For MNCs, this translates into higher transaction costs, more conservative contracting strategies (for example, over-securitisation, redundant forum clauses) and a tendency to prefer arbitration or foreign-seated litigation even where Saudi courts might otherwise be an efficient forum.

5.4. *Policy And Reform Proposals*

The analysis supports several targeted policy and reform proposals that could enhance legal certainty and align Saudi jurisdictional practice more closely with Vision 2030 objectives, without compromising Sharia-based foundations.

First, the Kingdom could consider partial codification of private international law rules for civil and commercial matters, focusing on jurisdiction, choice of law, and recognition of foreign judgments. Such codification need not replicate Western models wholesale, but could articulate clear default rules and exceptions grounded in Sharia and existing statutes. Even a modest statute clarifying the effect of

jurisdiction and choice-of-law clauses in international contracts, and the circumstances in which Saudi courts may decline jurisdiction in favour of foreign fora, would significantly improve predictability for MNCs and their counterparties.

Second, the reciprocity requirement under the Enforcement Law could be refined. Rather than treating the absence of a formal treaty or statute in the foreign state as decisive, enforcement courts could adopt a more functional, evidence-based approach that takes into account case law and practice demonstrating that foreign courts do, in fact, enforce Saudi judgments under general principles. Issuing interpretative guidelines or a Supreme Court circular on how to establish *de facto* reciprocity would reduce uncertainty and avoid unjustified refusals in cases where the foreign court system is, in practice, open to Saudi judgments (Bremer, 2016; Alshamsi, 2022).

Third, it would be beneficial to clarify the scope of the public-policy exception, particularly in relation to interest-bearing obligations and other frequent points of friction in cross-border finance. This could take the form of high-level judicial guidance distinguishing between (i) enforcing a foreign judgment that includes interest as an incident of foreign law, and (ii) granting or recalculating interest under Saudi substantive law. Clearer guidance would allow courts to maintain Sharia principles while giving more predictable effect to foreign decisions that have already been fully adjudicated elsewhere (Ali et al., 2022).

Fourth, the Kingdom could enhance the transparency and accessibility of case law in jurisdiction and enforcement matters. Publishing redacted enforcement decisions, developing a searchable database for commercial and enforcement courts, and issuing regular judicial reports would help practitioners and corporate counsel better understand emerging patterns and adjust their strategies accordingly. This would also contribute to scholarly debate and to the iterative refinement of doctrine.

Fifth, at the international level, Saudi Arabia might explore accession to additional multilateral instruments, for example, carefully calibrated engagement with the Hague Judgments Convention, once their compatibility with Sharia and domestic policy has been assessed. Tailored reservations could preserve core public-policy concerns while signalling a strong commitment to cross-border legal cooperation.

5.5. *Practical Guidance for Multinational Corporations and Counsel*

From a practitioner's viewpoint, the findings of this study suggest several practical guidelines for MNCs

structuring contracts and managing disputes in Saudi Arabia. Parties should align forum-selection and arbitration clauses with existing treaty frameworks, and, where possible, preferentially choose fora whose judgments or awards are clearly enforceable under the Enforcement Law and regional conventions. They should pay close attention to asset location and corporate structuring, ensuring that any Saudi assets relevant for enforcement are held by entities that can be brought clearly within the scope of Article 11.

In drafting contracts, counsel should assume that Saudi substantive law may ultimately be applied by Saudi courts whenever they accept jurisdiction, particularly in regulated sectors, even where foreign law is designated. This calls for careful harmonisation between Sharia-compliant transaction structures and any foreign-law documentation. In addition, parties should be prepared to provide evidence of reciprocity through expert opinions or documented case law, where enforcement is sought for judgments from non-treaty jurisdictions.

Finally, counsel should not underestimate the increasing sophistication of Saudi courts and regulators. As the commercial judiciary gains experience with complex MNC disputes, and as Vision 2030 reforms deepen, there is a growing opportunity to litigate or arbitrate high-value disputes with a Saudi nexus in a way that contributes to the gradual consolidation of a more coherent jurisdictional regime.

6. CONCLUSION

This article has examined jurisdiction in disputes involving multinational corporations within the Saudi judicial system, combining a conceptual framework on MNCs and private international law with a

doctrinal analysis of Saudi rules and an applied review of enforcement practice. It has been shown that Saudi Arabia operates a hybrid jurisdictional regime: structurally rooted in Sharia and national legislation, yet increasingly shaped by international and regional instruments on arbitration and recognition of foreign judgments.

The analysis of case law and enforcement practice indicates that Saudi courts, particularly the Enforcement Courts, are willing to recognise and enforce foreign commercial judgments and arbitral awards against Saudi corporate actors where jurisdictional, procedural, and public-policy thresholds are satisfied. At the same time, the absence of codified private international law rules, the discretionary application of reciprocity, and the open-ended scope of the public-policy exception generate pockets of uncertainty that affect litigation strategy and risk assessment for multinational enterprises.

In light of Vision 2030 and the National Investment Strategy, the article has argued for targeted reforms, partial codification of jurisdiction and choice-of-law rules, clarification of reciprocity and public policy in enforcement, and increased transparency of judicial decisions, which could enhance legal certainty without undermining Sharia-based foundations. For multinational corporations and their counsel, the practical implication is that jurisdiction, governing law, corporate structuring, and asset location must be planned with careful attention to Saudi procedural gateways, treaty networks, and enforcement practice. Properly aligned, these elements can support both effective dispute resolution and the Kingdom's broader ambition to position itself as a predictable and attractive venue for international business and investment.

Funding: This paper receives no funding.

Institutional Review Board Statement: Not applicable.

Informed Consent Statement: Not applicable.

Data Availability Statement: No new data were created or analyzed in this study. Data sharing does not apply to this article.

Conflicts of Interest: The author declares no conflicts of interest.

REFERENCES

- Agil, H. N. (2013). *Investment laws in Saudi Arabia: Restrictions and opportunities* (Doctoral dissertation). Victoria University, Melbourne, Australia.
- Ahmad, H. M. (2022). The jurisdictional vacuum: Transnational corporate human rights claims in common law home states. *American Journal of Comparative Law*, 70(2), 227–274. <https://doi.org/10.1093/ajcl/avac036>
- Al Mulla, H. M. S. (1999). Conventions of enforcement of foreign judgments in the Arab States. *Arab Law*

- Quarterly*, 14(1), 33–56. <https://doi.org/10.1163/026805599125826255>
- Alanzi, A. A. (2020). Exploring the legal system in Saudi Arabia. *International Journal of Innovation*, 11(2), 114–123.
- AlArfaj, K., & AlSalamah, A. (2024, May 15). *Civil Transaction Law of the Kingdom of Saudi Arabia*. AlArfaj & Partners Law Firm. <https://arfajlaw.com/Insights/civil-transaction-law-of-the-kingdom-of-saudi-arabia> arfajlaw.com . (Accessed on 1st of December 2025).
- Alasmari, A. A., & Alotaibi, H. A. (2025). Modernizing commercial agency regulations in Saudi Arabia: Legal reforms and comparative insights. *F1000Research*, 14, 912. <https://doi.org/10.12688/f1000research.168970.2>
- Ali, M. I., Hasan, A., & Sharofiddin, A. (2022). An assessment of enforceability of foreign judgments and SPV incorporation in sukuk with a specific reference to Saudi Arabia, UAE, and Bahrain. *IJUM Law Journal*, 30(Suppl. 2), 385–422. <https://doi.org/10.31436/iiumlj.v30is2.773>
- Ali, S. F. (2018). The Adoption of the UNCITRAL Model Law on International Commercial Arbitration in Hong Kong.
- Al-Jarbou, A. (2007). The role of traditionalists and modernists on the development of the Saudi legal system. *Arab Law Quarterly*, 21(3), 191–229. <https://doi.org/10.1163/026805507x226827>
- Al-Qahtani, S., & Albakjaji, M. (2023). The role of the legal frameworks in attracting foreign investments: The case of Saudi Arabia. *Access to Justice in Eastern Europe*, 6(5), 85–100. <https://doi.org/10.33327/ajee-18-6s001>
- Alrashidi, R. (2017). *Saudi administrative contracts and arbitrability* (Doctoral dissertation, University of Stirling).
- Al-Samaan, Y. (2000–2001). Dispute resolution in Saudi Arabia. *Yearbook of Islamic and Middle Eastern Law*, 16, 71–84. <https://doi.org/10.1163/221129801x00040>
- Al-Sewilem, M. (2012). *The legal framework for foreign direct investment in the Kingdom of Saudi Arabia: Theory and practice* (Doctoral dissertation). SOAS, University of London.
- Alshamsi, M. R. M. A. (2022). *Foreign judgments and foreign arbitral awards enforceability as a factor and a guarantee for foreign investments: The case of Saudi Arabia* (Doctoral dissertation). Maurer School of Law, Indiana University.
- Alshubaiki, T. A. (2013). Developing the legal environment for business in the Kingdom of Saudi Arabia: Comments and suggestions. *Arab Law Quarterly*, 27(3), 371–391. <https://doi.org/10.1163/15730255-12341268> (ResearchGate)
- Aristova, E. (2018). Tort litigation against transnational corporations in the English courts: The challenge of jurisdiction. *Utrecht Law Review*, 14(2), 6–21. <https://doi.org/10.18352/ulr.444> (Utrecht Law Review)
- Blumberg, P. I. (1993). *The multinational challenge to corporation law: The search for a new corporate personality*. Oxford University Press. <https://doi.org/10.1093/oso/9780195070613.001.0001>
- Blumberg, P. I., & Strasser, K. A. (1998). Enterprise liability in commercial relationships, including franchising, licensing, health care enterprises, successor liability, lender liability, and inherent agency.
- Blumberg, S. (2019). *Blumberg on corporate groups*. Wolters Kluwer.
- Bremer, N. (2016–2017). Seeking recognition and enforcement of foreign court judgments and arbitral awards in the GCC countries. *McGill Journal of Dispute Resolution*, 3, 37–65.
- Damap, N. Y., & Maza, K. D. (2025). Jurisdictional challenges in cryptocurrency disputes: Navigating the legal maze of a borderless technology. *African Journal of Stability & Development*, 17(1), 132–160. <https://doi.org/10.53982/ajsd.2025.1701.07-j>
- Deva, S. (2003). Acting extraterritorially to tame multinational corporations for human rights violations: Who should “bell the cat” – home or host states? *Melbourne Journal of International Law*, 4, 37–65.
- Giansiracusa, Y. (2013). The New Enforcement Law of Saudi Arabia: An Additional Step Toward a Harmonized Arbitration Regime. *Jones Day Commentary*.
- Halliday, T. C., & Shaffer, G. (Eds.). (2015). *Transnational legal orders*. Cambridge <https://doi.org/10.1017/cbo9781107707092.002>
- Hansmann, H., & Kraakman, R. (2000). The essential role of organizational law. *Yale Law Journal*, 110(3), 387–440. <https://doi.org/10.2307/797521>
- Jägers, N., & Augenstein, D. (2017). Judicial remedies: The issue of jurisdiction. In J. J. Alvarez Rubio & K. Yiannibas (Eds.), *Human rights in business: Removal of barriers to access to justice in the European Union* (pp. 7–37). Routledge.
- Longfor, L. O. (2025). An assessment of the mechanisms for the protection of traders in international trade

- disputes. *Law and Economy*, 4(5), 16–23. <https://doi.org/10.63593/LE.2788-7049.2025.06.002>
- Marar, A. D. (2007). *Saudi Arabia: The duality of the legal system and its implications on financial related transactions* (Doctoral dissertation). Queen Mary, University of London.
- Muchlinski, P. (2001). Corporations in international litigation: Problems of jurisdiction and the United Kingdom asbestos cases. *International and Comparative Law Quarterly*, 50(1), 1–25. <https://doi.org/10.1093/iclq/50.1.1>
- Muchlinski, P. (2021). *Multinational enterprises and the law*. Oxford University Press. <https://doi.org/10.1093/law/9780198824138.001.0001>
- Negm, M. (2025, October 29). *The Saudi Civil Transactions Law: Substantive contract rules and the reshaping of cross-border commercial litigation*. International Bar Association.
- North, P. M., & Fawcett, J. J. (1999). *Cheshire and North's private international law* (13th ed.). Butterworths.
- Oxford Business Group. (2015). Dispute resolution and enforcement of foreign judgements and arbitral awards in Saudi Arabia. In *The Report: Saudi Arabia 2015* (pp. 102–105).
- Schreuer, C. H. (2009). *The ICSID Convention: a commentary*. Cambridge University Press. <https://doi.org/10.1093/icsidreview/17.1.197>
- Shaffer, G., & Halliday, T. C. (2021). International law and transnational legal orders: Permeating boundaries and extending social science encounters. *Chicago Journal of International Law*, 22(1).
- Shearman & Sterling LLP. (2016). *Enforcement of foreign judgments and arbitral awards in the Kingdom of Saudi Arabia* (Client publication).
- Stewart, D. P. (2019). The Hague Conference adopts a new convention on the recognition and enforcement of foreign judgments in civil or commercial matters. *American Journal of International Law*, 113(4), 772–783. <https://doi.org/10.1017/ajil.2019.53>
- Turck, N. B. (1991). Resolution of disputes in Saudi Arabia. *Arab Law Quarterly*, 6(1), 3–32. <https://doi.org/10.2307/3381890>
- Vogel, F. E. (1993). *Islamic law and legal system studies of Saudi Arabia*. Harvard University. <https://doi.org/10.1163/9789047400165>