How To Export

Preliminary Steps
Before getting involved in the export business, exporters should do the following:

1. Assess the potential market abroad for the product intended for export;
2. Gather information on standard requirements and quality standards in the country of destination;
3. Ascertain whether any trade agreements exist, signed by the PLO, which grant preferential tariffs (either duty free or reduced tariffs) to export to the selected country;
4. Negotiate and agree with the importer the terms of the contract such as quantities, quality, packing, marking and labeling requirements, prices, terms of payment, means of transportation and payment of the shipment;
5. Obtain all necessary documents, licenses and certificates required for exporting. These include health certificates, standards testing, veterinary, phytosanitary certificates and export licenses. Documents are required according to the type of product to be exported as well as on the importers requests;
6. Obtain the Foreign Trade Dealing registration
7. Contact a clearing agent to gather information about requirements and procedures for exporting.

Documents
The documents needed to complete the export procedures are presented in the following sections.

1-Export License

Exports do not normally require licenses. There are, however, certain categories of goods, which need to fulfill standards and other controls. For these goods, licenses are the authorization to export, when all requirements have been fulfilled.
Categories of goods requiring an authorization are the following:

1. Foodstuffs and chemicals - Authorization is obtained from the Ministry of Health.
2. Agricultural products - Authorization is obtained from the Ministry of Agriculture and is valid for a single shipment. If seasonal products are exported, a seasonal registration must be undertaken at the Ministry before applying for the export authorization. The Ministry of Agriculture also issues the phytosanitary certificate, after an agronomist from the Ministry checks that the farm complies with the requirements. The agronomists check takes one day and

no fees are charged. When the importer requires additional analysis, it is possible to have them completed at the Ministry of Agriculture and the results attached to the documents sent to the importer.

2- Certificate of Origin

Certificates of origin are necessary to benefit from preferential tariff treatment.

Certificate of Origin: EUR.1

The free trade agreement signed between the PLO and the European Union states that only goods accompanied by a certificate of origin benefit from duty free entrance. The certificate of origin is called EUR.1 and it is the proof that goods are entitled to duty free treatment because they comply with the European or the EFTA rules of origin.

This document is available at the Customs Department - Ministry of Finance - and at the Chamber of Commerce. At the Chamber of Commerce, fees are charged at a rate of 0,002% of the value of the invoice. The certificate must be typed in English and must include the exporters signature and seal. In order to be valid, the Customs Department - Ministry of Finance - must also stamp the certificate and the stamping is done upon presentation of the EUR.1. The Customs Department Ministry of Finance is entitled to ascertain the origin of the goods at the firm before stamping the EUR.1. No fees are charged at the Customs Department Ministry of Finance.

The EUR.1 form is also used when exporting to the EFTA countries and the same procedure applies.

In order to grant duty free treatment, the commercial invoice and the packing list should accompany EUR.1.

A) Substitutes for EUR.1: Invoice Declaration

The EU agreement states that for products whose total value does not exceed 6,000 Euro, an invoice declaration to prove the origin can substitute the EUR.1.

B) Substitutes for EUR.1: Approved Exporter

The EU agreement also states that any exporter who has frequent shipments to the EU can be granted the status of "Approved Exporter". This translates into the possibility of substituting the EUR.1 certificate with an invoice declaration.

Certificate of Origin: Form A

The American-PLO Free trade arrangement requires a certificate of origin called Form A, to prove the origin of the goods. Form A is the proof that goods are entitled to duty free treatment because they comply with the American rule of origin.

In order to grant duty free treatment, the commercial invoice and the packing list should accompany Form A. The entrance document, which is a customs form called CF7501, should also be attached and a special permission for direct delivery to the USA called form CF316 should be obtained. Both forms can be obtained (free of charge) through the forwarder or the clearing agent.

Certificate of Origin for Canada

The certificate of origin for Canada is the proof that goods are entitled to duty free treatment when exported to Canada as they comply with the Canadian rule of origin. It has the form of a declaration, which needs to be presented to the Canadian Customs Authorities only upon request. The exporter must fax it to the Canadian importer within the time limit stated by the Canadian Customs Authorities. The declaration that the goods originated in the WBGS is to be completed and signed by the exporter.

Certificate of Origin for the Arab Countries

The certificate of origin for the Arab countries is the proof that goods are entitled to preferential tariff treatment because they comply with the Arab rule of origin. The certificate of origin for the Arab countries is available at the Chambers of Commerce. Three copies need to be completed: one for the Chamber of Commerce and two are retained by the exporter. The original will accompany the goods during the clearing procedures in the country of destination.

A) Procedure

The Chamber of Commerce and the Ministry of Economy and Trade must stamp the certificate for the Arab countries. The certificate should include rule of origin, the name of the products, the name of the exporter/producer, the registration number of the company and the place of origin of the raw materials.

B) Requirements

The Chamber of Commerce requires the following documentation to stamp the certificate of origin for the Arab countries:

1. The commercial invoice
2. The corporate registration
3. Foreign Trade Dealing registration

At the Chamber of Commerce, the certificate is stamped on the spot and fees charged at a rate of 0,002% of the value of the invoice. The stamp at the Ministry of Economy and Trade is also immediately obtained and no fees are charged.

3. Shipping Documents

The clearing agent receives the products on behalf of the exporter and starts the process of transferring goods on to the international carrier (the shipping procedures). The international carrier can be paid either on "Freight Collect or on “Freight Pre-paid basis. The former clause implies that the importer will pay the carrier, while the latter implies that the importer has already paid for the carrier. The clearing agent should confirm cargo space and load the shipping container (if not done at the exporter factory). The following are the documents to be prepared prior to shipping.

Insurance

An insurance certificate is required for the goods while in transit. The most common clauses related to the trader liability for the goods are "Free On Board" (FOB) and “Cost Insurance and Freight (CIF). FOB indicates that the importer, receiving the goods, must pay for insurance from the moment goods are shipped . In fact, the liability of the exporter is limited to the port area of departure. CIF indicates that the exporter must pay for the insurance up to the port of arrival. The shipping company provides insurance for the cargo.

Bill of Lading

A Bill of Lading is the transportation contract between a carrier and the owner of the goods. The carrier issues it and can be negotiable and non-negotiable. Negotiable means that the goods can be traded while in transit.

Airway Bill

An Airway Bill (for airfreight) is a document constituting the carrier confirmation of receipt for transport. The carrier issues it and is only non-negotiable, therefore the goods cannot be traded while in transit.

Content of the Bill of Lading/Airway Bill

Both the Bill of Lading and the Airway Bill contain the following information:

1. Name of the ship/carrier;
2. Name of the beneficial L/C bank;
3. Description of the goods (General description);
4. Indication of Full Container Load (FCL) or Less Container Load (LCL) clauses;
5. Pre-paid freight or freight collect clauses.

The “Master-Bill of Lading/Airway Bill is exchanged between shipping companies while the “Houseأ¢â‚¬آ Bill of Lading/Airway Bill includes the names of the exporter and the importer. The originals of the “Master and the House must be sent to the importers clearing agent, through the shipping company.

Invoice

An Invoice contains the name of the exporter, terms of payment, unit price, total price, quantities and weight of the goods. There are differences between pro-forma and commercial invoices. The pro-forma invoice is a document prepared by the exporter in response to a sales order or inquiry. Its receipt by the importer does not obligate the potential buyer to purchase the product. A commercial invoice, sent by the exporter, includes specifications that both parties have agreed upon in advance and must be printed on the exporters official letterhead. The importer should sign a copy and return it to the exporter. The commercial invoice could be a copy of the pro-forma invoice if that was unchanged by sales negotiations.

> ***Content of the Pro-forma/Commercial Invoice***
> *This document should include as many details as possible including a full description of the products, prices, import specifications, delivery dates, terms and dates of payment, route to be taken, packaging, shipment, insurance, type of carriage, unloading and accompanying documents. The details are needed to avoid disputes and to obtain all required documents, licenses and certificates based on the description of the goods.*

Packing List

A Packing List should be prepared by the producer/exporter.

> ***Content of the Packing List***
> *The packing list indicates the gross and net weight of the cargo, invoice number and the importers name. It clearly states all products sent by the exporter as well as the number of pallets, boxes, the contents of each box and the type of products, their quality and specifications.*

Normally, any mistake in the packing list can cause a delay in clearance at the port of destination. Customs Authorities have the right to delay the clearance of the shipment until the importer makes a packing list reflecting the real content of the container (in case the list originating from the exporter is incomplete). The packing list is unnecessary only when all information contained in it is clearly stated in the invoice.

Export Procedures

Marking and Labeling

Goods must be labeled and marked. Shipping marks are important to the safe and speedy transfer of the products. In fact, marks, complying with legal requirements, assist carriers and Custom Authorities to

identify the goods. Common shipping marks are the identification of the importer, the number of the packing case, the port of destination, gross and net weight, outside measurements of the case, the country of origin and cautionary marks if careful handling is needed. However, rules applying to shipping marks can vary according to the country of destination.
Labeling requirements vary according to the country of destination. Normally, detailed rules are applied to foodstuff, pharmaceuticals and cosmetics, textile and garments. The importer provides details on labels according to the requirements in the country of destination.

At the Port of Embarkation
Goods are transported to the port of embarkation where a "Dock Receipt is issued, upon arrival. The shipping company issues the "Dock Receipt to confirm the arrival and the reservation of the space for the shipment. Goods have to go though security checks and clearing.

Security Measures on Palestinian Exports
Palestinian goods must reach the port 72 hours prior to departure for security reasons. During this time, security checks can take place. Currently, checks on exports are not as strict as those conducted on Palestinian imports. A major restriction currently imposed on Palestinian goods is that they cannot be transported on passenger flights.

Export Clearing
Once the goods are loaded on board, the clearing agent prepares the Export Declaration Form. This is a document stating that the goods have been exported. The Export Declaration Form is submitted to the Customs Authorities, when presenting the documents for shipment.

> Content of the Export Declaration Form
> It describes the products, states their value and weight, and specifies the country of destination, port of embarkation and arrival, the name of the exporter and the carrier.

Fees & Taxes
There are no taxes, tariffs or duties to pay on exports. The importer will pay the required duties and taxes at the port of destination. Port fees to be paid are 1.3% of the value of the shipment.

Transportation
The exporter should contract a trucking agency to transport the goods from the warehouse to the port of embarkation.
Goods can be transported to the port area in containers or in other transport cases. In the latter case, the clearing agent, the trucking agency or the forwarding company could load the container. If the goods

are transported in containers from the warehouse, then the exporter must arrange with the shipping or forwarding company for the container to be brought and filled at the factory. Generally, the exporter fills the container at the factory when goods are not packed in carton boxes.

Procedure from Gaza to the Port of Embarkation

In case the exporting process starts from the Gaza Strip, goods must be transported to a crossing point with Israel, using Palestinian trucks. From the crossing points, the exporter has two options, either (i) using Israeli licensed trucks to reach the port area, or (ii) using Palestinian licensed trucks.

Using Israeli Licensed Trucks

When using an Israeli truck, goods must be moved from the Palestinian truck following a back-to-back or an unloading-reloading procedure. In the back-to-back process goods will be moved from the Palestinian truck to an Israeli truck. In the unloading-reloading procedure, goods will be unloaded from Palestinian trucks on the Israeli inspection area (i.e. Karni) and then reloaded on an Israeli truck. During both procedures, Israeli security and checking of documents will take place at the crossing point. Currently, the crossing charges are about 250 NIS per vehicle.

Manufactured goods coming from the Gaza Industrial Estate (GIE) do not have to go through the back-to-back procedure.

Using Palestinian Licensed Trucks

When using a Palestinian truck, a permit, for the driver and the vehicle, should be obtained from the Israeli Authorities. convoy of Palestinian trucks must be escorted by Israeli security from the Gaza crossing point to the port of departure. Arrangements for the convoy are done through the Palestinian Ministry of Civil Affairs, and the procedure takes between five to ten days. Trucks going on a “convoy are normally checked by the Israeli security for few hours before leaving the crossing point.

Exporting and Re-exporting

Export and Return License

In the case of exporting goods, which may be re-imported to the country of origin, there is a special license to be obtained from the Ministry of Economy and Trade. This license is made available for traders participating in fairs abroad and for exporters of machines to be repaired abroad. It is needed in order to obtain exemption from customs duty on the goods returned to the WBGS. When the goods are exported, it must be clearly stated in the Customs Declaration Form that re-import is anticipated on some or all of the shipment. Another requirement for duty exemption in this case is that the packing list be accurate and detailed.

In the case of foreign trade fairs, tariffs and duties will be paid only on the items sold abroad, based on counting of items returned to the WBGS as compared to the packing list. In case a machinery is being repaired abroad, only VAT will be paid on the value of the repair, with this value proved by an invoice.

Drawback System

The exporter can apply at the Ministry of Economy and Trade for a license that allows reimbursement of duties for imports intended for processing and re-export. The request for this license must articulate the reasons for re-exporting and contain the following:

1. Name and address of the exporter;
2. Type of products, quantity and the acquisition year;
3. Origin of the inputs and source of acquisition proved by the purchasing invoice.

Re-exporting License

The re-exporting license is used when exporting defects previously imported, such as motor vehicles, computers and electronic parts and so on.

Source: Ministry of National Economy "The Palestinian Import Export Guide"