

How To Import

Preliminary Steps

In order to "successfully" enter the import business, prospective importers should undertake the following steps:

1. Identify the specific products to be imported.
2. Gather information about standards requirements, labeling, marking and packaging specifications, import licenses and all other required certificates for importing to the WBGS. Ascertain if there are any trade agreements or arrangements signed by the PLO, which grant preferential tariffs (either duty free or reduced tariffs) to import from the selected country. Negotiate and agree with the foreign exporter on the terms of the contract including quantities, quality, packing, marking and labeling requirements, prices, terms of payment, means of transportation and payment of the shipment.
3. Obtain all necessary documents, licenses and certificates required for importing
4. Obtain the Foreign Trade Dealing registration
5. Contact a clearing agent to verify the information already gathered and to learn about customs duties and taxes, requirements and procedures for import.

Documents to Prepare

The importer has to arrange for the means of payment based on the contract with the. Moreover, the importer must obtain, prior to importing, additional documents such as import licenses, sanitary and phytosanitary certificates and standard approvals, when required.

Required Documents from the Exporter

The importer receives from either the exporter or his forwarder the necessary documents to clear the goods. These documents are:

1. Bill of Lading/Airway bill;
2. Invoice;
3. Packing list;
4. Certificate of origin and other forms proving the origin of the goods (i.e. EUR.1), where required to obtain duty free.

The above mentioned documents are essential to begin the clearing process. These documents are usually received together with the shipment or through a bank. Few importers receive them by express courier.

It is advisable, when receiving goods through air freight, to have the documents sent by fax before

shipment. This practice enables the importer to verify the accuracy of the documents and prepare the clearing agent for arrival of the goods. If the documents are correct, the clearing agent prepares the Customs Declaration Form in advance, accelerating the clearing procedures and saving time upon arrival of the goods. In case some documents are missing, the exporter will have time to expedite them prior to arrival of goods and therefore avoid costly delays in the clearing process.

When shipping goods by sea freight, copies of documentation can also be faxed while the goods are in transit. The clearing agent will have the time to check the correctness of all documents in order to prepare the Customs Declaration Form.

It is important to note that the clearing agent will be unable to proceed without the required documents.

Additional Required Documents

1. Import license - where required.
2. Standards approvals - where required.
3. Insurance should be taken for compensation in case of loss or damage to the goods. Insurance must be made before the dispatch of the documents, according to the agreement stated in the commercial invoice and in the sales contract. The importer stipulates and pays the insurance from the port of embarkation to the port of arrival, if FOB (Free on Board) is the clause stating the exporter's responsibility for the goods. In case the exporter's liability is CIF (Cost, Insurance and Freight), the insurance fees will be covered by the exporter until the port of arrival. CIF and FOB are the most common clauses used in trade transactions with the WBGS.

Prohibited Goods

Prohibited imports into the WBGS are:

1. All sources for internationally controlled substances such as narcotic drugs and psychotropic substances.
2. Pornography publications, hate literature and other materials contrary to generally accepted public morals, human, animal & plant health or national security (i.e., counterfeit money).
3. Imports of motor vehicles older than 3 years, according to art. 3, par. 11 (a) in the Paris Protocol.
4. Imports from countries, which prohibit or limit imports from Israel, mainly countries that do not have diplomatic relations with Israel. Goods listed in list A1, A2 and represent the only exception.
5. International embargoes applied by organizations of which Israel is part.

Import Requirements: Prior to Importing

The importer must be aware of certain requirements that need to be fulfilled prior to importing and

while clearing goods at the port of entry. These requirements do not apply to all categories of imported goods. However, they may result in major delays and additional costs if not fulfilled. These requirements are:

1. Import licenses
2. Certificates of origin
3. Standards & Testing
4. Sanitary and Phytosanitary regulations
5. Marking, labeling and packaging

The Palestinian Licensing System

Definition of an Import Licensing System

Import licensing is an administrative procedure requiring the submission of an application and other documentation as a precondition for imports. There are two kinds of import licenses: automatic and non-automatic. Automatic licensing is granted when formal requirements are met and the application is complete. Non-automatic licensing is normally used when there are quantitative restrictions on the import of a product and/or when imports are permitted only after explicit authorization.

General Purposes of an Import Licensing System

Licensing is a governmental tool to control and monitor the movement of goods through national borders. Furthermore, licensing is a mechanism to check and implement trade policies with respect to granting preferential treatment and to ensure the fulfillment of requirements of prior approval as well as compulsory health and safety requirements.

The Palestinian licensing system requires an import license in the following cases:

1. When imports are subject to quotas, as is the case of agriculture and goods listed in lists A1, A2 and B.

2. When public health is involved (i.e. meat/foodstuffs and pharmaceuticals) a license is required to verify that imports meet Palestinian standards.
3. When importing petroleum and gas, telecommunications equipment and motor vehicles.
4. As the Palestinian Authority applies the Israeli import policy, an import license is required when an (L) indication appears in the Tariff Book of Israel. The Israeli licensing policy is as follows: agricultural (mainly fresh and processed agricultural products) and defense-related items are subject to prior licensing. Other types of agricultural products are granted automatic license when health, labeling, phytosanitary and veterinary requirements are met. Certain industrial products, are granted a license automatically, if all requirements are met (i.e., standards and other technical requirements). In fact, this license is maintained only for monitoring purposes.

The following are some of the categories of products that require import licenses according to the Tariff Book of Israel:

- Almost all motor vehicles
- Vegetable products
- Agricultural machinery
- Leather
- Processed food
- Arms
- Live animals and animal products
- Pharmaceuticals

Applying for an Import License

Application for an import license is obtained at the General Directorate of Internal Trade - Ministry of Economy and Trade. The applicant is required to fill in an application form in four: two in Arabic-English and two in English-Hebrew (the application should be printed).

The request for a license must include information about the country of origin, quantity and value of the product, the tariff item number and a detailed product description, including technical specifications. A pro-forma invoice must be attached to the request. If the imported item is mentioned in lists A1, A2 and B the applicant should state this in the application.

License Approval

In most cases, Ministry of Economy and Trade issues the import license, which is for a specific period and indicates the quantity of imported goods. The license is granted for a single item identified by one

tariff code. The license entitles the importer to use any of the crossing points. The validity period of a given license varies according to the product. The import license authorizes a total quantity that can be imported on partial shipments.

The following categories of products require the approval from specific Palestinian ministries and/or entities prior to the issuance of the license:

1. Petrol and oil require the approval of the General Petroleum Corporation.
2. Cigarettes and tobacco require authorization from the Palestinian Tobacco Authority.
3. Insecticide and paintings require the prior approval from the Environmental Department.
4. Motor vehicles and related spare parts require approval from the Ministry of Transportation.
5. Telecommunication items require the approval of the Ministry of Post and Telecommunications.
6. Agriculture products and food items require the approval of the Ministry of Agriculture while the Ministry of Health approves chemicals.

A) For Public Health-related Imports

The importer must apply for approval at the Ministry of Economy and Trade prior to importing and provide the following documents:

1. Certificate describing the imported item, its natural standards, chemical ingredients and bacteriological specifications in order to ensure compliance with Palestinian standards;
2. Copy of the label complying with the label requirements (name of item, ingredients, net weight, date of production and expiry date, preservation tool, name and address of producer, name and address of the importer in Arabic);
3. Health certificate and test certificate provided by the exporter;
4. Written pledge to pay the fees and the test expenses, and commitment to not make use of the goods after arrival until receiving written approval from the Ministry of Health;
5. Details for products requiring special preservation.

After arrival of the imported products, the Ministry of Health checks the product to test its compliance with Palestinian standards and specifications at the importer's warehouse. After all tests have been conducted, the goods are released.

B) For Telecommunication-related Imports

Before importing telecommunication items (i.e. cellular telephones, modems, etc.) the importer should do the following:

1. Apply for an import license at the Ministry of Post and Telecommunications. The application should include a detailed description of the items to be imported.
2. Obtain prototype approval. The importer must provide the Standard Institute with a sample of each different model, prior to shipment. Once standards are met, the import license is issued.
3. Give notice of the shipment and the date of arrival to the Ministry of Post and Telecommunications (in order to get an authorization from the Israeli Authority for the shipment).

An official request written by the importer for importing telecommunication items is mandatory. The request must contain a detailed list of the products to be imported and should be attached to the following documents:

1. Corporate registration for the company intending to import;
2. Declaration from a Chamber of Commerce, stating the status of retailer;
3. Certificate from the Ministry of Finance - Customs Department - stating that all taxes are paid;
4. Catalogs and all possible details about the products.

Respective offices of the Ministry in each region are responsible to issue the import license for the trader. The time cycle to issue an import license is approximately one week and no fees are charged upon applying for an import license.

C) For Transportation-related Imports

New cars require a six-month import license, stating the quantity for each model of car to be imported within the six-month period of validity. If the importer wants to import additional quantities, a new license must be obtained regardless of the expiry status of the former license.

In order to obtain the license, the importer must present an application to the Ministry of Economy and Trade, with the total amount of cars to be imported listed by model. The Ministry then forwards the application to the Palestinian Ministry of Transportation to be in turn forwarded to the Israeli Authorities. The Israeli Ministry of Transportation should give an authorization by stamping the application and return it to the Ministry of Economy and Trade within 40 days. This authorization is free of charge and has to be renewed every six months. The approval by the Israeli Ministry of Transportation is necessary in order to certify that imported cars comply with Israeli standards that are, in the case of motor vehicles, also European standards. The Israeli Standard Institute can in such a manner certify the quality of the cars.

D) For Agriculture-related Imports

An application must be submitted, describing the type of agricultural products to be imported,

quantities, and the season. The application is to be presented for approval to the Palestinian Ministry of Agriculture, which forwards it to the Israeli Authorities. The approved application should contain the license number, which authorizes the import.

Certificate of Origin

There is no general requirement regarding the origin of goods imported at MFN rates, for example Russia. A certificate of origin must accompany imports benefiting from preferential rate under a trade agreement. The certificate is issued in the country where the goods are. In the WBGs, imports are allowed without the certificate of origin but they do not benefit from duty preferential treatment granted by the arrangements and agreements with USA, EU, EFTA, Arab countries and Canada.

Standards and Testing

According to the Paris Protocol, standards for Palestinian imports should be in conformity with Israeli standards, with the exception of goods indicated in lists A1 and A2. Products listed in these lists are subject to Palestinian standards within an agreed upon quantity. If the imported goods exceed the quantitative restriction, Israeli standards apply to the additional quantity.

Standards are set through the Palestinian Standard Institute, which has developed 600 Palestinian standards covering different sectors such as food, chemicals, electrical, light and electronics, construction, mechanics, power and hydraulics, quality systems, paper and leather.

Written standards requirements and specifications are available at the Palestinian Standard Institute as well as at the General Directorate of Trade - Ministry of Economy and Trade.

The Palestinian Standard Institute

Established in 1996, the primary roles of the Palestinian Standards Institute are (i) to set and disseminate information on Palestinian standards; (ii) to conduct product testing and laboratory accreditation; (iii) to monitor standards conformity at Palestinian factories; and (ix) to certify products in conformity with the standard requirements. The Institute operates through the following industrial departments:

- Quality and Certification Department
- Chemical Department
- Food Department
- Calibration Department
- Electrical Department
- Standardization Department
- Building and Construction Department
- Mechanical Department
- Energy Department
- Hydraulics Department

Standards can be mandatory or voluntary. Compliance to mandatory standards is compulsory for those products subject to standards in order to be marketed in the WBGS. Voluntary standards are additional certifications (i.e. ISO 9000) normally required by foreign agencies in order to qualify certain products for competitive bids, to prove a superior quality of products and so on.

Mandatory Standards

Normally, mandatory standards are imposed on products that directly affect consumer safety such as electrical appliances, food products, some food additives, and mechanical parts. Other considerations when imposing standards are quality control of the product, maintenance, liability, specific measurement and protection of national economy.

Some of the major categories of products that are subject to mandatory standards according to the Tariff Book of Israel are:

Copying equipment (i.e., scanners, photocopiers, etc.)	Medical equipment (i.e. x-ray machines)
Furniture	Motor vehicles
Iron and steel products	Toys
Live animals and animal by-products	Pharmaceuticals and cosmetics
Machinery (i.e., boilers, refrigerators, ovens, TVs and air conditioning systems)	Electrical machinery (i.e., calculators and office machines)
Processed food	Textiles and apparel
Rubber products (i.e. new pneumatics)	Tobacco
Vegetables	Leather

A) Procedures to Comply with Mandatory Standards

In order to ensure that goods comply with mandatory standards, they must undergo the following procedure: obtain the prototype and type approvals.

1. Testing of the Sample Prior to Shipment: Prototype Approval

The prototype approval is granted by the Palestinian or Israeli Standard Institute prior to importing and is valid over a period ranging from one to four years for that specific product. This approval is not a precondition for receiving an import license, unless telecommunication related items are. However, the prototype approval prevents possible delays and unnecessary expenses, while clearing the goods at the port of arrival.

Testing the product sample could be conducted through the Palestinian Standard Institute accredited laboratories, should these laboratories be able to carry out the test (depending on the imported item). The sample size is defined under the standard specification of the imported product. Moreover, the time cycle and the fees associated with conducting the prototype test range according to type and nature of product.

2. Requirements for the Prototype Approval

The requirements for the prototype approval vary according to product. However, a sample of the product, as defined in the standards is a mandatory requirement in addition to the following requirements according to the type of product:

1. Product catalogue
2. Operation instructions
3. Manuals
4. Product description

1. Approval of the Type after the First Shipment Arrival

After arrival of the shipment, products are tested to verify compliance with the prototype approval. In order to avoid possible damage and additional expenses associated with keeping the shipment in the port or in bonded houses, the Customs Authorities allow clearance. However, it is important to point out that the goods cannot be marketed prior to the type approval. In this case the importer must provide a bank guarantee and sign a pledge not to distribute the products until receiving the type approval.

Tests are often conducted at the Standards Institute of Israel that issues the type approval if examinations give positive results. The validity of the type approval ranges from one to four years. During this period, sample checks from the shipments are conducted to insure compliance with the standards.

Requirements for the Type Approval:

1. Samples of products;
2. Comprehensive description of the product;

3. Product catalogue;
4. Comprehensive list of product parts.
1. Time Cycle for Type Approval

The time required for approval depends on the extent to which the product is sophisticated. Simple electronic products require 3 to 4 days while more complex products, such as refrigerators require 3 to 4 months.

B) Testing Fees

There is a significant difference between the fees charged for testing in Israel and those charged in the WBGS. In Israel, testing fees range between 200 to 20,000 New Israeli Shekel (NIS) while in the WBGS they range from 200 to 5,000 New Israeli Shekel (NIS). It is important to point out that testing reports of some of the Palestinian laboratories are considered as valid as originating from Israeli laboratories (i.e. foodstuff and construction materials).

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