

Chapter 1

Exploring the Trade Environment in the West Bank and Gaza Strip (WBGs)

1. The West Bank and Gaza Strip

The West Bank and Gaza Strip is a united political entity, geographically comprised of two territories. The West Bank has an area of about 5,800 sq. km, while the Gaza Strip extends on an area of about 360 sq. km. The West Bank is bounded by Jordan on the East and by Israel on the three remaining sides. The Gaza Strip is bounded by the Mediterranean Sea on the West, Egypt on the South and Israel on the remaining sides. The total population of the WBGs is about 2.9 million, 46.5% of which is under 15 years of age.

The main international points of entry and exit for import and export purposes are the following:

- Gaza International Airport (Gaza Strip)
- Ben Gurion International Airport (Israel)
- Haifa Seaport (Israel)
- Ashdod Seaport (Israel)
- Rafah border crossing with Egypt (Gaza Strip)
- Karameh (Allenby) Bridge border crossing with Jordan (West Bank)
- Adam (Damia) Bridge border crossing with Jordan (West Bank)

The main crossing points between the Gaza Strip and Israel are the following:

- Al Muntar (Karni), Beit Hanoun (Erez), and Qarara (Sofa)

The Guide focuses on export-import policies and procedures through Israeli ports of entry and exit.

2. The Economic Agreement with Israel

The Paris Protocol (PP), concluded in April 1994 and the Washington Agreement signed between the Palestine Liberation Organization (PLO) and Israel in September 1995 set the procedures and regulations governing economic relations between the WBSG and Israel for the interim period.

Bilaterally, the economic agreement states the basic principle of free trade with Israel.

As for third party trade, the Paris Protocol regulates the relations between the WBSG and the rest of the world as follows:

- Palestinian products are not subject to any export restrictions.
- Trade to and from the WBSG has full access to Israeli ports of entry and exit (see Chapter 1, Section 1 for a list).
- Palestinian imports and exports are granted equal treatment at the Israeli ports of entry and exit except from security measures (see Chapter 2, Section 3.2.3 and Chapter 3, Section 3.2.1).
- As for the import policy, the Israeli regulations on customs, purchase tax and standards apply to Palestinian imports with the exception of goods listed in list A1, A2 and B. The Palestinian National Authority (PNA) has the right to apply, within pre-defined quotas, its customs rates, purchase tax and other import charges on those imports. In addition, the PNA has the autonomy in importing goods listed in A1 and A2 regardless Israeli standard requirements. (See Annex A, Table 12 for the complete lists)

Lists A1, A2 and B

Lists A1, A2 and B are included in the Paris Protocol. Goods imported under List A1 must be locally produced in Jordan, Egypt or in other Arab countries. Goods imported under List A2 can be imported from Arab, Islamic or other countries. Goods imported under List B are not subject to quantitative restrictions but are subject to Israeli standards.

- A result of applying the Israeli import policy is that bilateral trade agreements between Israel and other parties are considered valid in the WBSG. Currently, Palestinian traders can benefit from free trade agreements with the following countries: Czech Republic, Hungary, Turkey and Slovakia.
- Israeli import policy prohibits trade with several countries, mainly those that do not have diplomatic relations with Israel, including a number of Arab states. The only exception to the WBSG is represented by imports in list A1, A2 and B.
- The PLO has the freedom to negotiate and conclude trade agreements, for the benefit of the PNA, as long as the same import policy is applied in Israel and the WBSG.

3. Trade Agreements and Arrangements between the Palestine Liberation Organization and the Rest of the World

The Palestinian Authority benefits from free trade arrangements with the **United States of America** (Chapter 1, Section 3.1) and **Canada** (Chapter 1, Section 3.2). The Palestinian Authority has also free trade agreements with the **European Union (EU)** (Chapter 1, Section 3.3) and the **European Free Trade Association (EFTA)** (Chapter 1, Section 3.4). The trade agreement signed with **Russia** grants a reciprocal *Most Favored Nation* treatment for Russian products in the Palestinian market and vice versa (Chapter 1, Section 3.5). **Egypt** and **Jordan** have signed trade agreements stating bilateral duty free status and reduced duties to certain products (Chapter 1, Sections 3.6.1 and 3.6.2), while **Saudi Arabia** has granted some Palestinian products preferential treatment (duty free entry) (Chapter 1, Section 3.6.3).

Rules of Origin

Rules of Origin are a set of rules intended to facilitate the determination of the country of origin of a certain product. Identifying the country of origin is needed to benefit from preferential tax and customs duty exemptions. The rules of origin of a certain product are determined by three main criteria:

- 1. Product tariff shift. The processing undertaken in a particular country must change the input materials into a product according to a pre-defined conversion list.*
- 2. Ad valorem percentage. A certain minimum percentage of value addition must be produced in a particular country, in order to be the country of origin (minimum domestic content or maximum import content is prescribed).*
- 3. Specific operation. Specific operations in the operational chain of manufacturing must be undertaken in a country, in order to be the country of origin. For example, netting could be a key operation in determining the country of origin of the textile industry.*

3.1 Declaration of Free Trade WBGs and the United States of America

Under the Palestinian United States Free Trade arrangement, duty free treatment is granted to all Palestinian products entering the United States and vice versa. In order to benefit from the duty free treatment, a certificate of origin called must accompany the goods. (See Annex B, Table 17)

The American Rule of Origin

The American definition for the rule of origin states that the product must be wholly obtained (grown, produced or manufactured) in the WBGs.

If not wholly obtained in the country of origin, the product should meet one of the following rules:

- The direct cost of production in the WBGs or in the WBGs and Israel, must not be less than 35% of the value of the product.*
- If products from the United States are used in processing, the costs for these products can contribute to calculate the 35% (in a portion not superior to 15%).*
- For textiles, the country of origin is determined based on the product tariff shift. Therefore, the country of origin is considered where the product is wholly assembled.*

3.2 Free Trade Arrangement between the Palestine Liberation Organization and Canada

According to the arrangement signed between the two parties, tariffs were eliminated on industrial products. For agricultural products and processed food, tariffs were reduced or eliminated in accordance with quotas. The Free Trade Arrangement between the PLO

International Relations.

The Canadian Rule of Origin

A product is originating in the WBGS/Canada if it is wholly obtained or produced entirely in the territory of one or both countries.

If not wholly obtained, because of the use of non-originating materials, the qualification for Made in for a certain product or raw material is the transformation level from one product to another according to one of the following methods:

- *The product would undergo a change in the tariff classification, according to pre-defined conversion lists.*
- *The product would undergo a specific operation carried out in the WBGS/Canada.*

The producer should refer to the first four digits of the Harmonized System code for the product in question when making inquiries about the specific rule to apply (see Chapter 2, Section 4.1 for more details on the tariff code).

3.3 Interim Association Agreement on Trade & Cooperation between the European Union and the Palestine Liberation Organization

The Interim Association Agreement on Trade & Cooperation grants reciprocal duty free treatment to industrial products complying with the rule of origin. Concerning agricultural items, the European Union (EU) grants duty free or reduced tariff treatment on the products exported to the EU within quotas (see Annex A, Table 10). The same applies to agricultural imports from the EU to the WBGS (see Annex A, Table 11). The certificate of origin, which grants duty free access, is called EUR.1 (see Annex B, Table 15).

The European Rule of Origin

According to the European rule of origin, the product must be wholly obtained (extracted and harvested) in the WBGs.

If not wholly obtained (coming from third parties), non-originating materials must have undergone sufficient working or processing which is defined according to one of the following methods (see Association Agreement, Annex II):

- The product would undergo a change in the tariff classification according to pre-defined conversion lists.
- The product would undergo a specific operation carried out in the WBGs/EU. As a rule, it can be said that washing, cutting up, packaging and simple assembly of parts are considered to be insufficient working/processing operations using non-originating materials or products.
- The use of non-originating materials is limited to a specific percentage.

If used in the WBGs, materials originating in the EU are considered as originating as input materials to make a new product. The same applies to Palestinian products used in the EU as input materials.

In order to find out the rule applying to a specific product when using non-originating materials, the producer should refer to the six-digit code of the Harmonized System for the product in question when making inquiries (see Chapter 2, Section 4.1 for more details on the tariff code). The Interim Association Agreement is available at the Ministry of Economy and Trade International Relations.

3.4 Interim Agreement between the EFTA States and the Palestine Liberation Organization

The following European Free Trade Association (EFTA) countries signed an interim agreement with the PLO: Iceland, Liechtenstein, Norway and Switzerland. The Agreement provides duty free treatment to most Palestinian and EFTA industrial products. Moreover, duty free is granted to some Palestinian and EFTA processed agricultural products, while the majority of processed agricultural products are granted a reduced tariff. A duty free treatment is also granted to fish and other marine products.

The PLO has signed separate protocols with the four EFTA countries to identify the agricultural duty free products, as EFTA countries do not share a common agricultural policy.

The Interim Agreement between the EFTA states and the PLO, as well as the four agricultural protocols, are available at Directorate of International Relations.

EFTA Rule of Origin

The EFTA rule of origin is the same applied by the European Union.

3.5 Agreement on Commercial Cooperation between the Palestine Liberation Organization and Russia

Both parties extend to one another the status of the Most Favored Nation (MFN) in regard to trade.

The WTO and the Most Favored Nation Treatment

The World Trade Organization deals with the rules of trade between nations through agreements that oblige signatories to keep their trade policies within the agreed upon rules and limitations. Under the WTO agreements, members should not behave in a discriminatory way towards WTO trading partners. Therefore, every lowering in trade barriers towards a trading partner should apply to all trading partners.

Imports and exports between the two parties are duty free for the following goods:

- Instruments and items specified for montage and repair;
- Equipment and instruments specified for undertaking experiments and scientific research;
- Articles for demonstration during fairs and exhibitions;
- Containers and similar packages utilized in international trade on a return basis.

3.6 Preferential Treatment: Trading with the Arab World

Palestinian importers can deal with all Arab countries when importing goods listed in list A1 and A2, within pre-defined quotas (see Chapter 1, Section 2). Moreover, economic agreements and arrangements regulate preferential trade relations between the WBGs and the Arab world (Jordan, Egypt and Saudi Arabia).

3.6.1 Economic Agreement between the Palestine Liberation Organization and Jordan

The Agreement provides preferential tariffs for goods traded between the WBGs and Jordan. Goods in Lists A1, A2, and B entering the WBGs and the agreed upon products entering Jordan are duty free, provided that the import volume does not exceed the pre-determined quota. (See Annex A, Table 12 and Table 13 for the complete lists of products).

The Jordanian Rule of Origin

The rule of origin states that a product should be wholly obtained (grown, produced or manufactured). If not wholly obtained, the product should at least have 35% of the value added produced locally (either WBGs or Jordan). A certificate of origin is required for exemption (see Annex B, Table 18).

3.6.2 Economic Agreement between the Palestine Liberation Organization and Egypt

The Palestinian-Egyptian Trade Agreement states that Egyptian products of national origin are exempt from customs and related duties if in Lists A1 A2 and B (see Annex A,

Table 12). Palestinian products are granted duty free entrance to Egypt according to a defined list (see Annex A, Table 14).

The Egyptian Rule of Origin

The Egyptian rule of origin states that the production cost of industrial products of national origin should consist of a minimum of 40% of local input.

A certificate of origin is required for exemption. (See Annex B, Table 18)

3.6.3 Trade with Saudi Arabia

Palestinians can export all types of products to Saudi Arabia, but in the mean time, the government of Saudi Arabia grants duty free treatment to the following Palestinian products: agricultural products, livestock, metallic and non-metallic raw materials.

In order to benefit from the preferential arrangement, the rule of origin for Arab countries applies. Moreover, an official certificate of origin is required, stamped accordingly by the Saudi Embassy in Jordan or Egypt, together with the official invoice. The name of the producer, country of citizenship and the rule of origin should be clearly indicated on the product. At the same time import from Saudi Arabia is limited to items listed in A1 and A2.

The Rule of Origin for Arab Countries

A certain product will be considered as originating in a country if the following requirements are fulfilled:

- *The product is wholly grown, produced, or manufactured and substantially transformed in that country;*
- *The value of the raw materials (produced in that country) and the direct costs of production is at least 40% of the export value;*
- *The product has been imported directly from that country.*

If used in the WBGS, materials originating in the Arab countries are considered as originating as input materials to make a new product. The same applies to Palestinian products used in the Arab countries as input materials.

An official certificate of origin must accompany the product. (See Annex B, Table 18)

4. Policies & Laws Regulating Foreign Trade

There are several prerequisites that must be considered in order to trade. These requirements apply to both local and foreign entities engaged in import-export activities and will be explained in the following sections.

4.1 Corporate Registration

Foreign traders as well as local firms are required to operate through registered business entities. The corporate registration can be acquired from the Company Registrar at the Palestinian Ministry of Economy and Trade, and it is a prerequisite for acquiring a Foreign Trade Dealing registration.

4.2 Foreign Trade Dealing Registration

The Foreign Trade Dealing registration is a one-time authorization to trade, applicable for both import and export across international borders. The application is submitted to the Palestinian Ministry of Economy and Trade following application for the corporate registration. The Ministry provides both the Palestinian and Israeli authorizations. The latter is a 'number password', which will be registered in the Israeli computer system. No fees are charged on applying for the registration at the Ministry of Economy and Trade and the time cycle to complete the procedures ranges between one and three weeks. (See Annex B, Tables 1, 2).

4.3 Registration of the Local Palestinian Agent/Distributor in the Palestinian Territories

Palestinian agents and distributors (individuals or companies) must be registered at the Commercial Agents Registrar - the Ministry of Economy and Trade. Moreover, the local agency agreement has to be registered in order to get full protection of the law against the sale of goods by non-registered agents. Agents trading special categories of goods (including cigarettes, electrical appliances, pharmaceuticals and cars) must provide evidence of meeting technical requirements from relevant Ministries, when applying for registration.

It is advisable for foreign companies willing to export to the WBGs to appoint exclusively a local Palestinian entity (if one is not yet operating) in order to receive the maximum protection

When importing goods, the local agent/distributor should ensure that its name and the juridical status (agent or distributor) are printed in Arabic on the imported goods, in order to be compliant with the Palestinian labeling requirements (see Chapter 2, Section 2.5.1).

4.4 Trade between Palestinian and Israeli Agents

Any Israeli commercial entity that imports internationally originated goods and wants to sell them to a Palestinian commercial entity should clearly state in the Customs Declaration Form the quantity of the imported goods destined for the WBGs. The same rule applies to Palestinian importers willing to sell internationally originated goods to Israel.

5. Incentives to Import and Export Activities: Industrial & Free Zones & the Law on the Encouragement of Investment

5.1 Industrial Estates and Free Zones (IE/FZs)

The industrial estates in the WBGs are currently being developed by the private sector and offer infrastructure and specialized business services to both foreign and local companies. The free zones have extra-territorial customs and duty status. The latter were created to attract local and foreign export-oriented investment activities.

The Gaza Industrial Estate (GIE)

The Gaza Industrial Estate is a free zone located in the Gaza Strip. It started operating in December 1998 as a series of facilities offered by the Palestinian Industrial Estates and Free Zone Authority (PIEFZA) to companies planning to operate in the Gaza free zone. Through this mechanism, all necessary documents for investors to start and run their businesses (such as official registration, permits, licenses and related documentation) are all available in one location.

The following incentives and exemptions are offered by the Palestinian National Authority to all IE and FZs, including the Gaza Industrial Estate.

5.2 Incentives and Exemptions

All investment incentives offered to businesses located in the Palestinian IE and FZs are on the

Encouragement of investors regardless of nationality or citizenship.

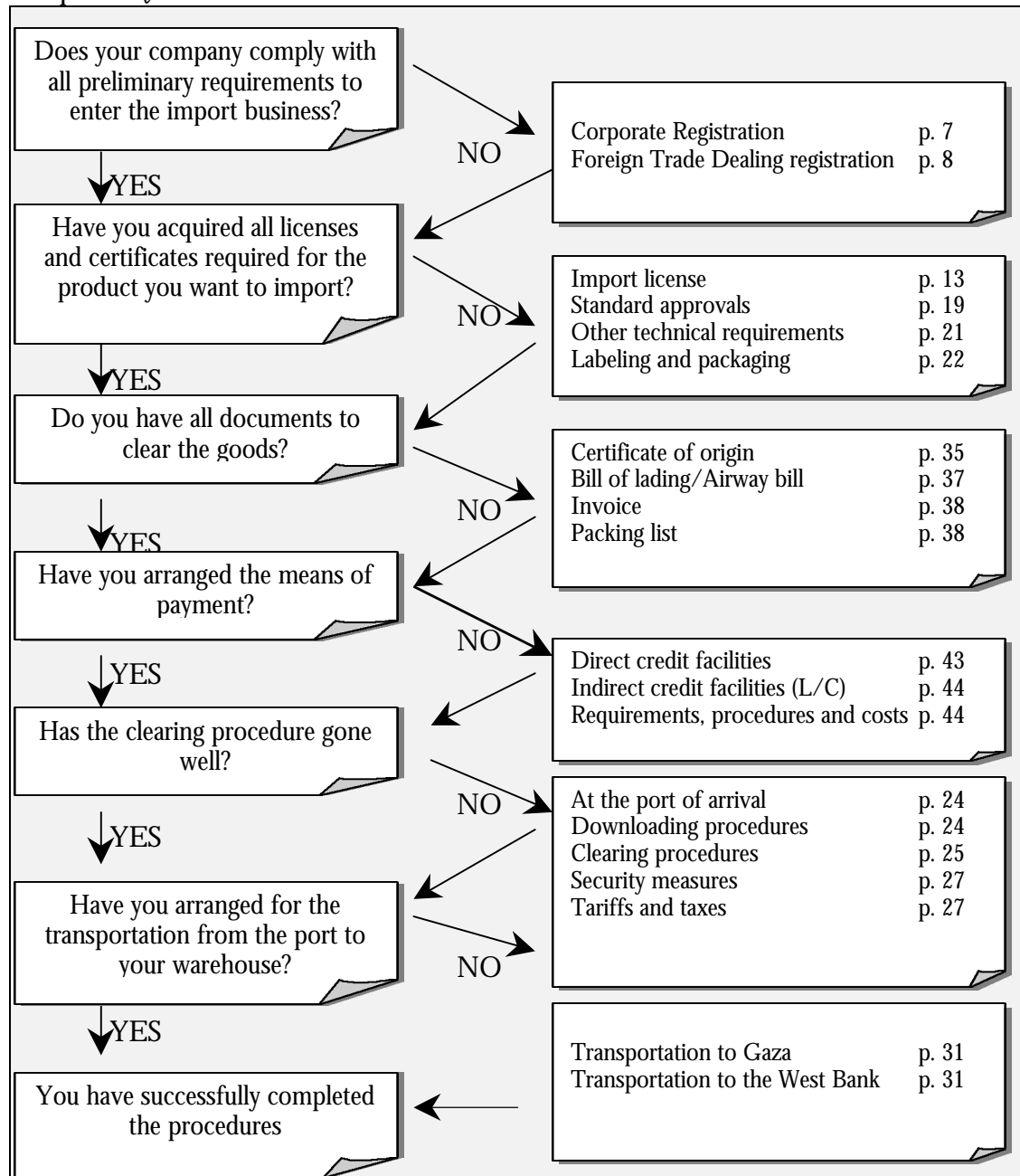
5.2.1 Income Tax Exemptions

The Law on the Encouragement of Investment exempts investors from the income tax according to the amount and the length of the investment, for a variable number of years. Moreover, the law allows free transfers of foreign currency and repatriation of income generated in the WBGs (see Law on the Encouragement of Investment General Directorate for International Relations).

5.2.2 Fixed Asset Exemptions

Goods, materials, ingredients, machines and foreign vehicles imported into the IE/FZs or for the consumption and use of staff working there, are exempt from customs duty, related fees and import licenses. In particular, equipment and heavy machinery and their imported spare parts are exempted.

Imports: Questions and Answers



Chapter 2

Imports

1. General

1.1 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 WBS (see Chapter 2, Section 2).
3. 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 (see Chapter 1, Section 3).
4. 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.
5. Obtain all necessary documents, licenses and certificates required for importing (see Chapter 2, Section 2).
6. Obtain the Foreign Trade Dealing registration (see Chapter 1, Section 4.2).
7. Contact a clearing agent (see Chapter 2, Section 1.3) to verify the information already gathered and to learn about customs duties and taxes, requirements and procedures for import.

1.2 Documents to Prepare

The importer has to arrange for the means of payment based on the contract with the supplier (see Chapter 4). Moreover, the importer must obtain, prior to importing, additional documents such as import licenses, sanitary and phytosanitary certificates and standard approvals, when required (see Chapter 2, Section 2).

1.3 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 (Chapter 3, Sections 2.3.2 and 2.3.3);
2. Invoice (Chapter 3, Sections 2.3.4);
3. Packing list (Chapter 3, Section 2.3.5);
4. Certificate of origin and other forms proving the origin of the goods (i.e. EUR.1), where required to obtain duty free status (Chapter 3, Section 2.2). For more details on rules of origin and trade agreements refer to Chapter 1, Section 3.

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 (Chapter 2, Section 3.2.2) 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 (Chapter 2, Section 3.2.2).

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

1.4 Additional Required Documents

1. Import license where required (Chapter 2, Section 2.1).
2. Standards approvals where required (Chapter 2, Section 2.3).
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
r
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 WBS. Details on insurance covering transportation from the port of arrival

to the importer
transportation.

Chapter 2, Section 5.4 dedicated to

1.5 Prohibited Goods

Prohibited imports into the WBS are:

- All sources for internationally controlled substances such as narcotic drugs and psychotropic substances.
- Pornography publications, hate literature and other materials contrary to generally accepted public morals, human, animal & plant health or national security (i.e., counterfeit money).
- Imports of motor vehicles older than 3 years, according to art. 3, par. 11 (a) in the Paris Protocol (see Chapter 1, Section 2 on the Paris Protocol).
- 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 B (see Chapter 1, Section 2) represent the only exception.
- International embargoes applied by organizations of which Israel is part.

2. 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:

- Import licenses
- Certificates of origin
- Standards & Testing
- Sanitary and Phytosanitary regulations
- Marking, labeling and packaging

Each of these requirements will be discussed in detail in the following sections.

2.1 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:

- When imports are subject to quotas, as is the case of agriculture and goods listed in lists A1, A2 and B (see Chapter 1, Section 2) (see Annex A, Table 12 for the detailed lists).
- When public health is involved (i.e. meat/foodstuffs and pharmaceuticals) a license is required to verify that imports meet Palestinian standards.
- When importing petroleum and gas, telecommunications equipment and motor vehicles.
- 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 (see Chapter 2, Section 4.1 for more details on the Tariff Book of Israel) (see Annex A, Table 6 for an example). 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	Agricultural machinery
Vegetable products	Leather
Processed food	Arms
Live animals and animal products	Pharmaceuticals

Example

In order to import pharmaceuticals, pharmaceutical drugs and cosmetics, the products must be registered at the Israeli Ministry of Health. Documents to be attached to the application are: the formula, stability data, description of active ingredients, a letter from the producer stating that the Palestinian company is the official authorized importer, and samples for testing. It takes approximately 3 months to obtain a registration number and the permit has no time limit. Israeli authorities require an annual import authorization, stating a detailed list of products to be imported. Quantities are unlimited with the exception of pharmaceutical drugs.

2.1.1 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 copies (see Annex B, Tables 3, 4, 5, 6): 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.

2.1.2 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 (see Chapter 2, Section 4.1 on tariff codes). The license entitles the importer to use any of the crossing points (see Chapter 1, Section 1 for a detailed list of 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:

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

Example

Imports of frozen meat from the EU to the WBGs require an import license. The request is presented at the Palestinian Environment Department, which needs to give its approval, based on a pro-forma invoice. After approval, the importer presents the pro-forma invoice to the Ministry of Agriculture as well as the list of approved slaughterhouses in Europe (approved by the Israeli authorities). The Palestinian Ministry then completes and stamps an application to be sent to the Israeli Authorities. If the meat comes from an authorized slaughterhouse, the Israeli Authorities give the authorization to import.

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 (see Chapter 2, Section 2.3);

Example

Importing pharmaceutical drugs into the country requires a license number from the Israeli Ministry of Health for each item. The license number is released annually by the Israeli Ministry of Health through the Palestinian Authority. It takes about one month to obtain the license for every item imported. The total amount to be imported with the license must be specified together with a detailed description of the product. The importer must, for every shipment, apply for permission, referring to the license number and the quantity imported by the single shipment.

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) (see Chapter 2, Section 2.5.1);
3. Health certificate and test certificate provided by the exporter (see Chapter 2, Section 2.4);
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 importers warehouse. After all tests have been conducted, the goods are released.

Example

Imported frozen meat is checked upon arrival at the imp ensure that the meat is not sent to Israel. Upon arrival, the Palestinian Ministry of Agriculture takes samples and seals the refrigerating rooms. The Ministry compares the samples with the pro-forma invoice. The health department gives a permission to sell after checking the compliance to the Palestinian standards.

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 (see Chapter 2, Section 2.3.1 for more details on standards and procedures to obtain the prototype approval).

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 (see Chapter 1, Section 4.1);
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 (see Chapter 2, Section 2.3 on standards).

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.

2.2 Certificate of Origin

There is no general requirement regarding the origin of goods imported at MFN rates, for example Russia (see Chapter 1, Section 3.5). 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 produced (see Annex B, Tables 15, 17, 18). 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.

2.3 Standards and Testing

According to the Paris Protocol (see Chapter 1, Section 2), standards for Palestinian imports should be in conformity with Israeli standards, with the exception of goods indicated in lists A1 and A2 (see Annex A, Table 12). 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.

2.3.1 Mandatory Standards

Mandatory standards, if required, are indicated with an S in the Tariff Book of Israel (see Chapter 2, Section 4.1 for more details on the Tariff Book of Israel; see Annex A, Table 7 for an example). 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

Example

Comestible drugs imported to be used as raw materials for pharmaceuticals should be tested by the Israeli Food Department, comply with current standards applied to this category.

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.

- 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 imported (see Chapter 2, Section 2.1.2). 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.

- 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

- 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 (see Chapter 2, Section 3.2.2 on clearing procedures). 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 (see Annex B, Table 9).

Tests are often conducted at the Standards Institute of Israel that issues the type approval if examinations give positive results (see Annex B, Table 10). 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.

- 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).

2.4 Other Technical Requirements: Sanitary & Phytosanitary Regulations

2.4.1 Sanitary Certificate

Sanitary certificates are required for shipment of cattle, frozen and chilled meat, hides and animal parts. The certificate states that the product is suitable for human consumption and it is obtained in the country of origin.

2.4.2 Veterinary License

Veterinary licenses are required for live animals, meat and other products of animal origin. The license obtained in the country of origin, states that animals have not been affected by diseases for a certain amount of months.

2.4.3 Phytosanitary Certificate

Phytosanitary certificates are required for plants and plant material for which import licenses are mandatory such as propagation material, fresh fruits and vegetables, certain dried fruits, nuts and cut flowers. The relevant authority in the country of origin issues this certificate.

2.4.4 Environmental Permit

Environmental permits are required for all chemicals and raw materials. The application for an environmental permit is presented at the Environmental Department of the Palestinian Ministry of Health (see Annex B, Tables 7, 8). The Israeli Ministry of Environment must also approve the application. Normal processing time for approval is 5 days. No fees are charged to issue the permit. A certificate of analysis of the imported good (obtained from the exporter) and the pro-forma invoice must be attached to the application.

2.5 Labeling, Marking and Packaging

2.5.1 Labeling

Imported products must have Arabic labeling containing the following information:

- Name of the product and product trade mark;
- Kind of product;
- Name and address of the importer;
- Place of production, name and address of producer;
- Date of production and expiry date;
- Product contents/ingredients;
- Any preservation and storage tools;
- Volume of product.

Should another label in a language other than Arabic be present on the product, the Arabic language label should be written in proportionally larger letters and the content in both languages should be identical. The label should be printed in color other than that of the package and be easily legible. The label should be printed on and not glued to the product. In the case of clothing items, the label should be sewn to each individual piece.

A) Approval of Label

Before shipping the goods, the importer should apply for approval of label at the General Directorate of Trade - Ministry of Economy and Trade. The following documents should be attached to the application form:

- Label design containing the above mentioned information;
- Corporate registration (Chapter 1, Section 4.1);
- Registration of the Palestinian agent if the producer distributes in the WBGs through an agent (Chapter 1, Section 4.3);
- Proof that the content of the product complies with standards and specifications (Chapter 2, Section 2.3).

The approval of the Ministry of Economy and Trade is valid in order to have the Arabic labels approved by the Israeli Customs Authorities when clearing the goods. In fact, Arabic labels are certified by the Ministry as consistent with the requirements. In case the label is both Arabic and another language, the Ministry of Economy and Trade also certifies that the content in the two languages is identical. The certification is done on the spot and no fees are charged.

B) Conditional Label Approval

The Ministry of Economy and Trade will grant conditional approval in the following cases:

- In case the product is a food item requiring the approval from the Ministry of Health regarding the expiry date;
- In case the product requires an environmental permit (see Chapter 2, Section 2.4.4), as is the case with chemical items, the Environment Department at the Ministry of Health approves the label.

C) Warnings

Any product that requires safety warning can not be distributed without the requisite warning (i.e. cigarettes and flammables).

D) Location of Labeling

The labeling process can take place in the exporter country. The importer sends the label for acceptance to the Ministry of Economy and Trade prior to sending them to the exporter.

Goods can alternatively be labeled at the port of arrival. As containers cannot be discharged in the port area, goods must first be stored in a bonded area. From there, containers can be opened and goods labeled. Normally, labels arrive with the goods.

A third option is for the label to be applied at the importers warehouse. Goods may be cleared by putting a bank guarantee until such time when inspectors, by the General Directorate of Trade - Ministry of Economy and Trade, verify that the products have been appropriately labeled. The Ministry of Economy and Trade must communicate the result of its checks to the Israeli Customs Authorities within 45 days. The Customs Authorities authorize the bank to release the guarantee. Currently, as a result of an agreement between the PNA and Israel, guarantees should be put in Israeli banks, however it is expected that Palestinian banks will replace the latter.

2.5.2 Marking

Marking is mainly used as an alternative to labeling when the imported goods cannot be labeled (i.e. heavy-duty machinery, vehicles, etc). Labeling requirements apply in this case. Moreover, marking is always required on the packing cases. Common shipping marks to be placed on each packing case are the following:

- 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;
- Cautionary marks if careful handling is needed.

2.5.3 Packaging

Appropriate packing ensures that the goods arrive safely and comply with the Customs rules on packaging applied in the country of destination. There are various modes of packing including corrugated or plywood boxes, wooden crates, multi-wall bags, barrels and metal containers. In selecting the appropriate option, factors such as the characteristics of the product, the type of transport carrier, legal restrictions and after sale use of the product should be considered.

Legal restrictions apply to certain products, mainly foodstuffs such as fruit, plants and meat. This regulation is intended to protect consumer health and takes into consideration the after sale of the product (i.e. sold to final consumers, used in production and so on). Imported goods destined for the WBGs should comply with such packaging requirements. It is therefore forbidden to use any packaging materials for foodstuffs, which contain substances likely to have adverse effects on human health.

There are not specific Israeli packing requirements related to security concerns or inspections for products imported to the WBGs (see Chapter 2, Section 3.2.3 on security procedures for imports at the ports of arrival).

3. Clearance

3.1 Prior to Arrival of the Goods

Before the goods arrive at the port, the importer should undertake the following steps:

1. Inform the clearing agent regarding the date of arrival;
2. Provide the clearing agent with the required documents, should they arrive directly to the importer. In any case, it is advisable to have the documents sent to the importer and/or the clearing agent by fax before shipping in order to verify conformity and accuracy. If all information sent is correct, the Customs Declaration Form can then be issued (Chapter 2, Section 3.2.2).

3.2 At the Port of Arrival

Once the shipment arrives, goods have to go through downloading, clearing, inspection and security procedures.

3.2.1 Downloading Procedures

The importer's goods should be listed in a document called the Manifest. This document lists all goods present on the shipment. Only if the goods are listed, they can be downloaded and a delivery order issued. The delivery order is a document issued by the shipping company which states the price to be paid for transportation.

Goods are not allowed to proceed to customs before the importer has paid the shipping company. Freight Collect

A) *Bonded Areas*

These are warehouses under the control of customs authorities. Goods are placed in the bonded areas, before going through clearing procedures. Customs duties are not paid unless goods are taken out of the bonded area.

An importer can decide to put the goods in bonded areas for three main reasons:

- A long delay in the clearing/security procedures is expected;
- A product needs to be analyzed by the Standard Institute and there is uncertainty regarding receiving the standard certificate;
- Customs duty can only be paid when the goods are sold/placed in the market (i.e., cars and cigarettes).

Example

Some agricultural equipment needs standard approvals. In order to obtain this approval, the pro-forma invoice, a catalogue and a sample of the goods should be presented at the Standard Institute. If it is impossible to provide a sample due to the dimensions of the equipment, it should be sent to the Israeli port for testing. If the Israeli Standard Institute refuses the approval, the equipment must be sent back in compliance with an ordinary export procedure unless it was placed in a bonded area where no customs duties are paid until the machine is taken out.

Fees paid in bonded areas are for unloading and storing and are based on cubic meters occupied or on the weight of the stored goods. Fees differ between the airport and seaports. For example, a 20-foot container in a bonded area costs a monthly amount of 200 to 250 US Dollars at Ashdod or Haifa seaports.

B) *Demurrage and Storage*

Demurrage is paid for the delay in returning containers. Storage is paid for any delay in freeing the port areas. If the goods arrive at the airport, demurrage does not exist, however, storage fees are charged upon arrival.

Demurrage and storage for sea freight. If the goods occupy a full container, the Bill of Lading states Full Container Load (FCL). This arrangement gives the importer the first 6 days free of demurrage and storage charges. In case of delay, demurrage charges are paid from the 7th day onward, and the charges are on average \$25 per day for a 20-foot container, while storage charges are paid starting from the first day of arrival. If the goods occupy only part of a container, the Bill of Lading states "Less Container Load" (LCL). This arrangement allows up to one month free of demurrage and storage charges. The above-mentioned mechanism to pay demurrage and storage apply to this case as well.

3.2.3 Security Measures on Palestinian Imports

Israeli security procedures differ according to the point of entry.

A) At a Seaport

Upon arrival at a seaport, security controls take place twice. The first security control is undertaken when the shipment arrives and the second once clearing procedures have concluded. The importer must pay the second security control for every hour of labor at a rate of about 30 US Dollars. This fee is charged for loading and unloading, not for the inspection itself. Both security controls should not last for more than five days. Security inspection is undertaken using electronic detectors (i.e. X-rays) during the first procedure and opening of the container during the second procedure.

Example

Goods placed in bonded areas, such as new motor vehicles, are moved from the ship to bonded houses for two kinds of inspection. Firstly, cars must be checked by the Israeli Ministry of Transportation to assess conformity to European standards (also applied by Israel). Secondly, cars must pass a security check. Normally, each car should be checked individually, however, it is possible to arrange a random check on a number of cars.

B) At the Airport

At the airport, goods are checked twice. First, when the airplane arrives and after clearing procedures are terminated. Goods must, however, remain at least 24 hours in the airport before the second inspection can take place. Security inspection is undertaken using electronic detectors (i.e. X-rays) during the first procedure and opening of the cases during the second procedure. Approximately, security controls at the airport cost 30 US Dollars for every hour of labor.

C) Following the Inspection

After having been inspected, a gate pass is provided to the importer. The goods can then leave the port area, unless additional conditions must be met. Special arrangements to leave the port area include trucks transporting frozen meat and livestock to the WBGS (which need to be escorted by the Israeli Authorities either (i) directly to the importers warehouse or (ii) to the Palestinian checkpoint when such a warehouse is in Area A. The same escorting procedures apply to goods destined for the Gaza Strip on Palestinian trucks (see Chapter 2, Section 5.2).

4. Import Taxes

4.1 The Tariff Book: Instructions for Use

A Tariff Book contains all tariffs and other import requirements applied by a country to its imports, and tariffs are detailed and expressed for each product. As the PNA applies the Israeli import policy (see Chapter 1, Section 2), the Customs Tariff Book of Israel is currently used for Palestinian imports.

The of Israel (hereafter the Tariff Book) refers to an international Harmonized Commodity Description and Coding System (hereafter Harmonized System) established by the Brussels International Convention.

4.1.1 The Harmonized System

All products are identified by a six-digit code common to all countries adopting the Harmonized System. Products are classified according to main categories, with listings categorized as, for example, live animals, animal products, vegetable products, textiles and textile articles, etc. For each section, different chapters identify sub-categories (for example, within textiles and textile articles there are 14 chapters which focus on specific sub-categories such as silk, cotton, carpets, other textile floor coverings, man-made filaments and so on).

The main six-digit code common to all countries adopting the Harmonized System, is supplemented with two more digits to compose the products complete code. For each product identified by the 8-digit code, the Tariff Book gives detailed information (see Annex A, Table 1).

4.1.2 The Tariff Book Structure

Each page is structured in seven columns, identified by letters. Column A identifies the two main digits identifying the chapter and two more identifying the sub-category (in bold). The other four digits identify the specific product. Column B describes the product. Column C is a multiple column import tariff, indicating the Most Favored Nation (MFN) rate and all preferential rates under free trade agreements. It is worth noting that the EFTA sub-column is united with the EU sub-column, creating a single EU + EFTA sub-column (see Annex A, Table 1). Moreover, the United States does not have a sub-column due to the duty free agreement between the two countries, which eliminated tariffs on all goods. Columns D and F are the purchase tax rate and import increment rate. Column F identifies the statistic units to use when calculating the taxes and customs duty (i.e. customs duty can be calculated per kilogram). Column G indicates whether a surcharge must be applied (stated by the letter C), a standard (S) or licensing (L) requirements must be met (see Annex A, Table 9).

A complete example on how to calculate import tariffs and taxes is presented in Annex A, Table 5.

4.1.3 Identification of the Tariff Code

The exporter should provide the importer with the complete tariff code to ease the process of identification, calculation of taxes/customs duty, and licensing. The importer should request the tariff code for the product upon placing the order. It is advisable that the request for the tariff code happens simultaneously with asking for a catalogue and

other relevant information.

will be able to identify the tariff code from a detailed pro-forma invoice, a brochure, a prospectus and/or a sample. In some instances, an item product will not have any required standards while a very similar item of the same category will (see Annex A, Table 2 for an example). Therefore, in order to avoid identifying the wrong tariff code, it is essential to collect as much information as possible about the product. For all electrical, printing equipment and machinery, for example, it is advisable to know the voltage and the weight of the product.

4.2 Tariffs

4.2.1 Tariff Structure

Most tariffs are ad valorem and consequently calculated as a percentage of the value of the goods, which is normally the CIF (Cost, Insurance and Freight).

Sometimes tariffs are calculated on the specific base, which is assessed on a statistic unit, as specified in the Tariff Book (see Annex A, Table 1). For example, duties can be a percentage or a fixed amount per Kg. Specific duties are common in the agricultural sector, particularly on meat, fruit, nuts and animal or vegetable fats/oils.

Tariffs can be combined (ad valorem plus specific). The total tariff is the sum of an ad valorem and a specific tariff. Combined tariffs apply mostly to textiles and textile articles, beverages and spirits, some electrical machinery, fish and crustaceans, edible vegetables and prepared cereals.

Tariffs can also be alternative (either ad valorem or specific). The Tariff Book indicates which of the two apply with the following acronyms: **But Not More (BNM)** (see Annex A, Table 8). Alternative rates are applied mainly to clothing, dairy products, live animals, poultry meat, edible fruit, prepared vegetables and some electrical machinery and equipment.

4.2.2 Tariff Preference

The PNA grants tariff preferences under free trade agreements and arrangements with the EU, USA, EFTA and Canada. Tariff preference is also granted to Egypt and Jordan. (Chapter 1, Section 3)

4.2.3 Customs Valuation

Customs valuation follows the Brussels definition of value:

the value of imported goods is the value of the goods on the open market on the day they are released from the customs authorities.

Therefore, customs officials may revise declared values for the following reasons:

- The price on the sales contract does not reflect prices on the open market;
- Changes in prices occur during the period between the date of sale and the date of release;
- *HARAMA* is applied. Customs officials can apply this raise or uplift of the customs value (called in Hebrew *Harama*) as a function of the importer's declared price to import transactions.

4.2.4 Variable Import Levies

Variable import levies are imposed on imports to maintain price stability in the local market in order to protect domestic products. Variable import levies are applied to balance the difference between world prices and prices in the Israeli market. They are applied on a number of fresh and processed agricultural products such as sunflower seeds, sugar, pasta products, jams, fruits and nuts, wine, powdered milk, cheese and frozen fish.

4.2.5 Other Levies: Surcharge

The Tariff Book contains a special column indicating compulsory surcharges (indicated by the letter C) applied on a number of imported goods including foodstuffs such as edible meat, fish and crustaceans, and textile products. (See Annex A, Table 9 for an example)

4.3 Purchase and Excise Taxes

Purchase and excise taxes are levied on both local and imported goods.

Purchase tax is levied on consumer goods (perfumery, carpets, clocks and watches), iron and steel products, some copper products, alcohol, machinery and boilers, some electrical machinery, motor vehicles, cosmetics, and tobacco (see Annex A, Table 3). The rate ranges from 5 to 95%. Purchase tax is calculated for imported goods on the value of the goods for customs purposes, plus the amount of customs duty, applying the Tama System.

column E (see Annex A, Table 4). The value of the goods is increased according to the import increment rate. The purchase tax is calculated on the value of goods, adding the import increment. For a practical example on how to calculate the purchase tax with the *Tama* system, see Annex A, Table 5.

Tama

Tama is the Hebrew acronym for importation rate uplift and is a mark-up applied before calculating the purchase tax. Given that the Tama system applies only to imports, the result is that locally produced goods contain a lower purchase tax.

The excise tax is applied on alcoholic beverages, petroleum, arms and tobacco.

4.4 Value Added Tax (VAT)

The Value Added Tax is an indirect form of taxation on both locally produced and imported goods. The VAT is taxed at 17% and is calculated after all other tariffs and taxes have been added to the CIF value. See Annex A, Table 5 for a practical example of how to calculate the VAT.

5. Transportation

Transporting goods from the Israeli ports to the West Bank or Gaza can be done by (by Israel) or Palestinian licensed trucks. When Palestinian trucks are used, they require a special arrangement.

5.1 Procedures from the Port of Arrival to the West Bank

Goods transported to the West Bank by Israeli licensed trucks are permitted to proceed all the way to the final destination. Some Palestinian vehicles are granted an Israeli permission to transport goods from Israeli ports back to the West Bank.

5.2 Procedures and Costs from the Port of Arrival to Gaza

Goods transported to Gaza by Israeli licensed trucks must be unloaded at the Israeli crossing point with Gaza. If goods are immediately reloaded from the Israeli truck onto security zone, at the Israeli crossing point, then reloaded onto Palestinian trucks the to Israeli security checking.

After being reloaded onto Palestinian trucks, goods will be checked by the Palestinian Customs, Health and Supply authorities to monitor goods imported into Gaza.

The current fees for crossing any of the crossing points between Israel and the Gaza Strip are 250 NIS per truck.

5.2.1 The Convoy System

Palestinian trucks are allowed to reach Ashdod and Haifa ports and Ben Gurion airport to collect the imported goods, but they must be escorted by Israeli security. This and the driver, as well as for the convoy, must be arranged through the Palestinian Ministry of Civil Affairs (via the Liaison Officer) few days prior to arrival of the shipment. Trucks permitted to leave in a convoy are subject to Israeli security inspection that could take few hours. All trucks must remain together, and be escorted by Israeli security while in Israel.

The importer and/or the clearing agent should arrange with a trucking company to move the goods from the port. The importer should calculate carefully the arrival of the shipment and the duration of the clearing process because the convoy can be only arranged for a specific day. If a shipment is late, the truck must return to Gaza and a new arrangement has to be made, to transport the shipment upon arrival.

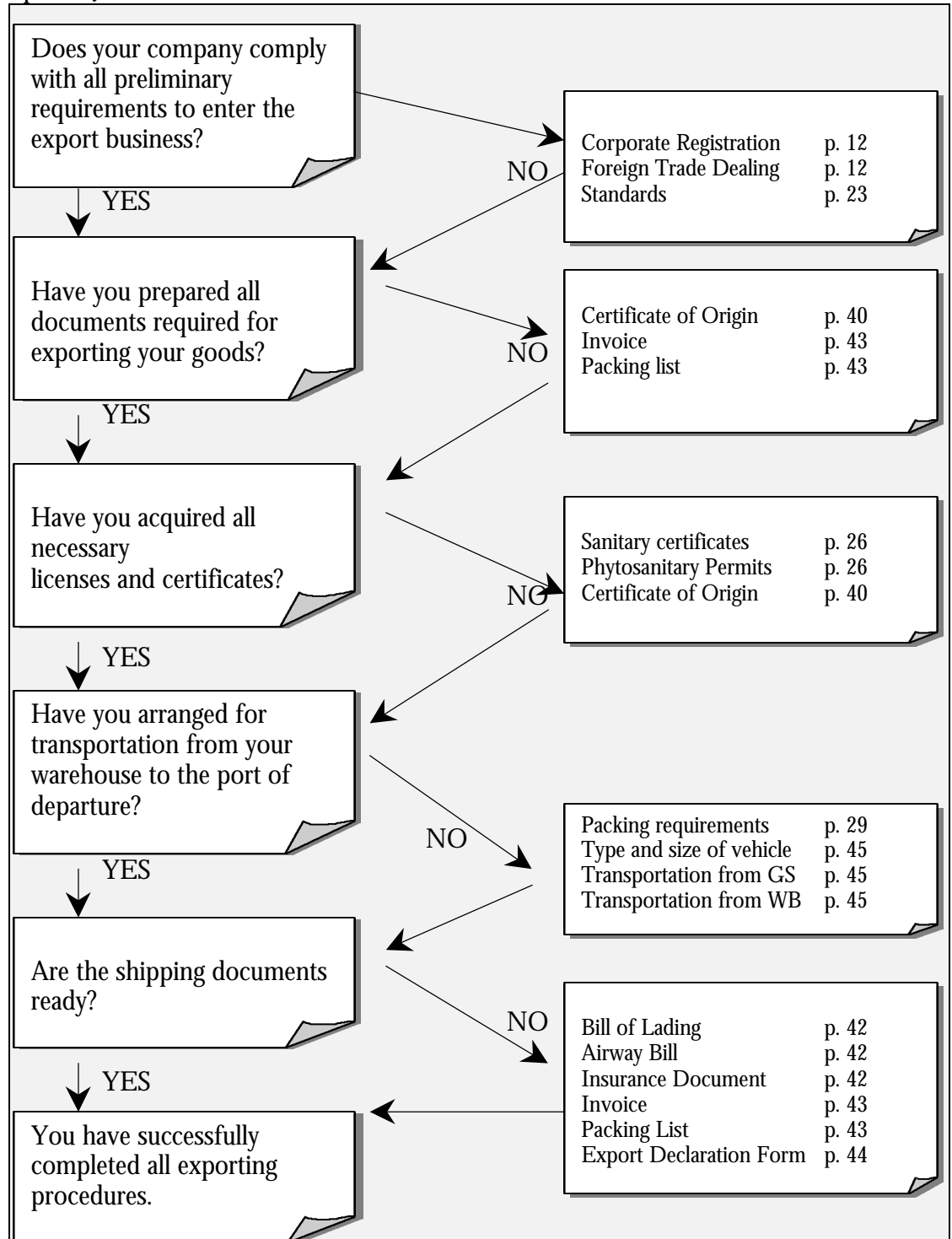
5.3 Special Transport Arrangements

Imported goods need special transport arrangements, particularly frozen items, heavy-duty machines, and goods in containers. Therefore, the importer should inform the transporter about the nature of the shipment and its size to arrange for an appropriate truck.

5.4 Insurance

Trucks are insured for the cargo as well as for the vehicle. However, the importer can draw up an additional insurance, normally with a Palestinian insurance company (from the port to his premises) depending on the value of the goods.

Export: Questions and Answers



Chapter 3

Exports

1. 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 (see Chapter 3, Section 2);
6. Obtain the Foreign Trade Dealing registration (Chapter 1, Section 4.2);
7. Contact a clearing agent to gather information about requirements and procedures for exporting.

2. Documents

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

2.1 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:

- Foodstuffs and chemicals - Authorization is obtained from the Ministry of Health.

- 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 process 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.

2.2 Certificate of Origin

Certificates of origin are necessary to benefit from preferential tariff treatment. For more details on rules of origin and trade agreements signed by the PLO refer to Chapter 1, Section 3.

2.2.1 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 exporter's 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 (see Annex B, Table 15).

The importer must ascertain the origin of the goods at the firm before stamping the EUR.1. No fees are charged at the 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. (See Annex B, Table 16)

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.

2.2.2 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.

2.2.3 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.

2.2.4 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. (See Annex B, table 18)

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 (see Chapter 1, Section 3.6.3), 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 (Chapter 2, Section 2.3.4)

2. The corporate registration (Chapter 1, Section 4.1)
3. Foreign Trade Dealing registration (Chapter 1, Section 4.2).

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.

2.3 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 exporters factory).

The following are the documents to be prepared prior to shipping.

2.3.1 Insurance

An insurance certificate is required for the goods while in transit. The most common clauses related to the trader

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.

2.3.2 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. (See Annex B, Table 14)

2.3.3 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. (See Annex B, Table 13)

Content of the Bill of Lading/Airway Bill

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

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

The Master Bill of Lading/Airway Bill is exchanged between shipping companies while the House 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.

2.3.4 Invoice

An Invoice contains the name of the exporter, terms of payment, unit price, total price, quantities and weight of the goods (see Annex B, Table 19). 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

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.

2.3.5 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. (See Annex B, Tables 20, 21)

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.

3. Export Procedures

3.1 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 (see Chapter 2, Section 2.5.2). 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.

3.2 At the Port of Embarkation

Goods are transported to the port of embarkation upon arrival.

and the reservation of the space for the shipment. Goods have to go through security checks and clearing.

3.2.1 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.

3.2.2 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 (see Annex B, Table 23). 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.

3.3 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.

4. 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.

4.1 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.

4.1.1 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 (see Chapter 1, Section 5.1 on Industrial Estates/Free Zones).

4.1.2 Using Palestinian Licensed Trucks

When using a Palestinian truck, a permit, for the driver and the vehicle, should be by Israeli security from the Gaza crossing point to the port of departure. Arrangements

checked by the Israeli security for few hours before leaving the crossing point.

Example

Flowers and strawberries exported from Gaza to Europe, are transported in a convoy, through Erez, and later inspected for about two hours at one of two Israeli inspection points (Yanai-Asata, or Cokhav-Akdarot). The two points are owned by an Israeli exporting public company (agricultural goods), located outside Gaza and away from Erez crossing point. Normally agricultural goods are transported to the port in cooling vehicles. Most flowers grown in Gaza are shipped through airports as they are considered perishable goods.

Industrial products, agricultural products (excluding flowers and strawberries) and garments are transported from Gaza to the port via the Karni crossing point.

5. Exporting and Re-exporting

5.1 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.

5.2 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:

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

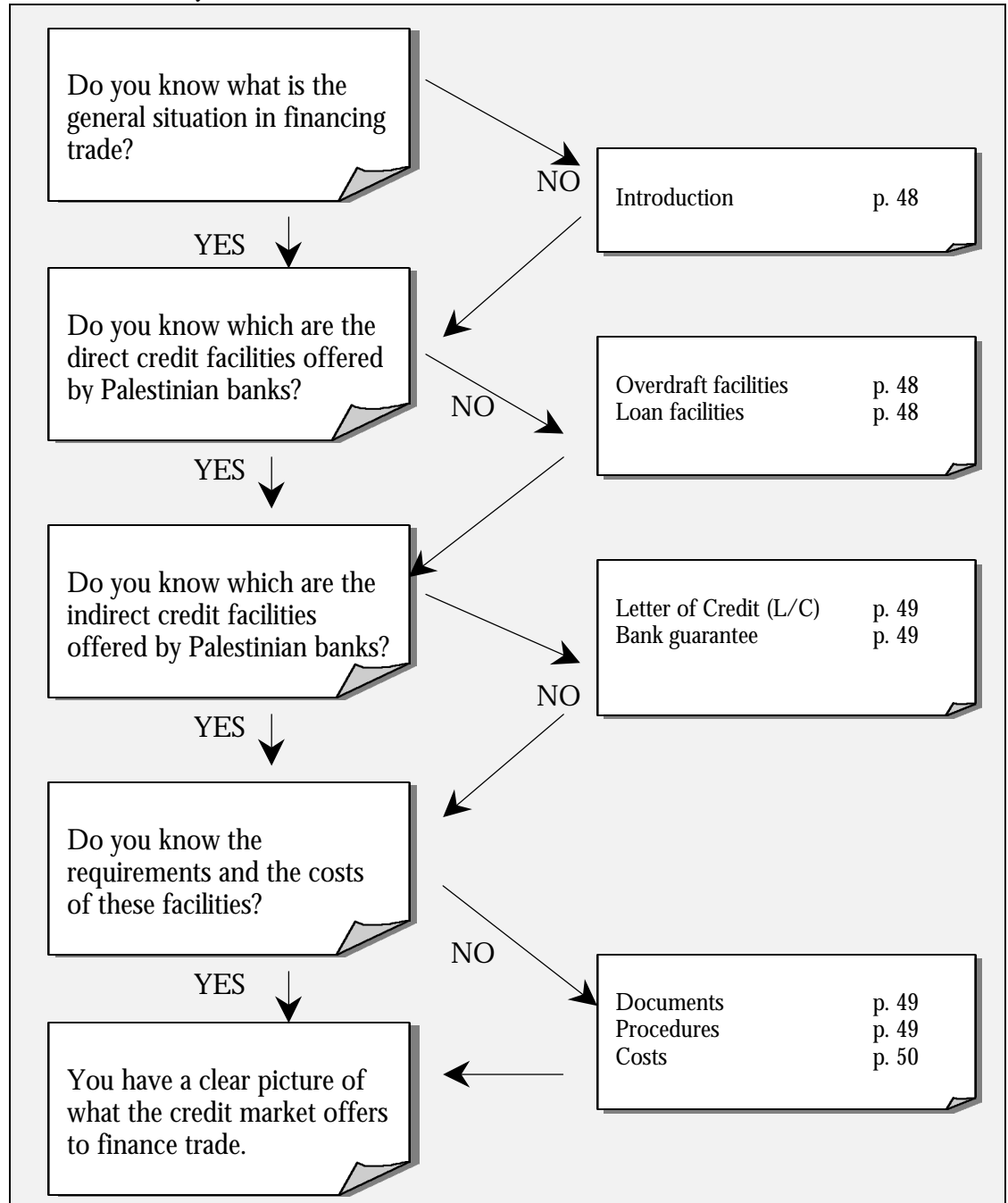
5.3 Re-exporting License

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

Example

An imported defected computer, which needs to be sent back to the producer abroad, does not follow an ordinary export procedure. The manufacturer abroad must provide the local importer with a document stating the defect parts to be replaced, specifying the quantities and serial number of defects. This document will accompany the defects from the port of embarkation to the port of arrival, in order to prove to the Customs Authorities the nature of defects of the products.

Trade Finance: Questions and Answers



Chapter 4

Trade Finance

1. Introduction

The financial sector is developing rapidly in the WBGs. A total of 22 banks are operating with a combined total of over 100 branches located in the main cities. In addition to banks, the financial sector comprises venture capital, equity funds and donor-supported lending NGOs.

Trade finance is the category of services geared towards financing import and export transactions. It is an extremely important tool in facilitating international trade and contributing to the expansion of international commerce. Financing trade transactions ranks first in the distribution of credit facilities available by sector with 29% of available capital allocated to trade (consolidated balance sheets of the operating banks in Palestine, December 31, 1998, Palestinian Monetary Authority). Banks finance trade activities primarily through provision of direct and indirect credit facilities.

2. Direct Credit Facilities

Direct credit facilities constitute financing tools as overdraft facilities and loans with specific repayment schedules. Overdraft facilities provide the client with a ceiling that may be exploited as required. In turn, the client is committed to deposit money in the overdraft account covering the overdraft ceiling with no fixed repayment schedule. Overdraft facilities are annually renewable by the bank depending on the cash flow activity of the account. In addition to overdraft facilities, banks offer loans with specific repayment schedules. In this case, the bank offers the loan amount to the client and the client is committed to repay the loan by depositing scheduled installments.

Direct credit facilities enable the borrower to make cash payments to suppliers and benefit from the discount on cash without paying the higher cost of borrowing on the credit facility to the bank.

3. Indirect Credit Facilities

Indirect credit facilities are financial transactions that do not require direct cash but are essentially documents against cash. Banks normally cover up to 20 - 35% of the value of the import through indirect credit facilities and often either grant direct credit facilities or

request from the client to cover the remaining part of the value of the imported goods. Indirect credit facilities financing trade mainly comprise letters of credit (L/C) and bank guarantees. Although letters of credit, particularly irrevocable, are the safest means of payment for both the exporter as well as banks, it is not compulsory to open a letter of credit unless the traders negotiate to open one.

Letter of Credit

A letter of credit is an agreement between the importer and a bank, whereby the issuing bank acts on behalf of the client and authorizes another bank (the confirming bank) to make payment to the exporter. Such payment is only authorized after receipt of shipping documents and verification that the imported goods comply with the terms and conditions specified in the shipping order (see Annex B, Table 12).

Bank Guarantee

A bank guarantee is an assurance given by a domestic bank in favor of a client (importer or investor) overseas and requires that the client has a certain percentage of the total amount of the guarantee in a bank account.

4. Requirements, Procedures & Cost of Direct/Indirect Credit Facilities

4.1 Requirements and Procedures

The Client is required to provide the bank with the following documents:

1. Personal identification papers and commercial registration certificate;
2. Ownership certificate of business and property;
3. Financial statements of business (balance sheet and income statement);
4. A business plan, if the credit facility to be used is large.

After receiving the required documentation, the credit application undergoes the following procedures:

- Credit risk assessment to examine the credit worthiness of the client through
- Credit analysis to evaluate the viability of the business.
- Character assessment to examine the seriousness and credibility of the applicant.

Should the client meet the above mentioned procedures, the client is required to provide the bank with collateral; such as a cash deposit, third party guarantee and/or mortgage depending on the amount and terms of the credit facility.

In the case of a letter of credit, the client is also required to provide the bank with a pro-forma invoice and the sales contract.

The time cycle required to process the credit facility varies according to the credit amount and the bank-client relationship.

4.2 Cost of Borrowing

The cost of borrowing comprises the interest rate (direct credit facility), commission fees and sometimes other related administrative fees. The cost of borrowing varies according to bank, client and currency. Due to the absence of a national currency, financial transactions normally take place in US dollars, Jordanian Dinars (JD) and/or the New Israeli Shekel (NIS).

With respect to exports, the bank charges only a confirmation fee on the payment received by the Palestinian exporter.

Commonly asked questions

Are there free trade agreements signed by the PNA?

The PNA has signed several free trade agreements, which grant duty free entrance to Palestinian exports in the EU, USA, Canada and EFTA. Chapter 1, Section 3 contains a brief description of each agreement, its rule of origin and the categories of goods eligible for duty free entrance. As the Israeli trade policy apply to Palestinian traders, it is possible to import benefiting from the agreements between Israel and the Czech Republic, Hungary, Slovakia and Turkey.

Do I always need a Certificate of Origin?

No, the Certificate of Origin is required only when goods are granted duty free entrance or a preferential tariff reduction. Moreover, certificates of origin are required when trading with the Arab world and when trading with non-WTO members.

Which imports need standard approvals?

A complete list of categories requiring standard approvals is in Chapter 2, Section 2.3.1. It is important noticing that for certain goods, standardized by the Palestinian Standard Institute, inspections are carried out both by Israeli and Palestinian authorities.

Where do I find forms such as: license applications and certificates of origins?

Certificates of origin, such as EUR.1, can be found both at the Chamber of Commerce and at the Customs Department Ministry of Finance. Form A is available with your clearing agent and the forwarder agency. Applications for import licenses are at the Ministry of Economy and Trade Import Department. Application forms for special licenses and certificates can be found at the competent Ministry. In case the importer/exporter does not know which Ministry to go, it is advisable to gather information at the Ministry of Economy and Trade General Directorate of Trade.

When do I need a clearing agent?

Technically, the clearing agent is in charge of doing the Custom Declaration Form and clears/ships the goods at the port of arrival. In fact, a clearing agent can be contacted to check if documents are correct (see Chapter 2, Section 1.3) and it is advisable to resort to their experience, to make trade effective and efficient.

Do I have to deal directly with the Israeli Authorities?

No, you can apply for licenses, permissions and standard certificates through the Palestinian National Authority.

Glossary

Ad valorem percentage	A type of rule of origin stating that, in order to be a country of origin, a certain minimum percentage of value addition must be produced in that country (minimum domestic content or maximum import content is prescribed).
Ad valorem tariff	Ad valorem tariffs are calculated as a percentage of the value of the goods, which is normally the CIF (Cost, Insurance and Freight).
Airway Bill	and readiness to transport the goods. The goods will be released to the party registered as consignee.
Alternative tariff	The total tariff is either ad valorem or specific. The tariff book indicates which of the two applies with the following
Bank guarantee	An assurance given by a domestic bank in favor of a client (importer or investor) located overseas, which requires the client to have a certain percentage of the total amount of the guarantee in a bank account.
Bill of Lading	ports or surface transportation, as well as a convertible certificate of title in favor of the buyer.
Bonded areas	Warehouses under the control of customs authorities. Goods are placed in the bonded areas before going through clearing procedures. This means that customs duties are not paid unless goods are taken out of the bonded area.
Certificate of origin	A document that shows the country in which the product was produced. It must accompany imports benefiting from preferential rate under a trade agreement.
Combined tariff	The total tariff to apply equals ad valorem + specific.

Commercial invoice	A commercial invoice is the bill of sale. It can be a copy of the pro-forma invoice if that was not changed by sales negotiations.
Cost Insurance and Freight (CIF)	It is a pricing term indicating that the price includes the cost of goods in the country of origin on the day of clearance, and all costs incident to delivery at the port of entry in the country of destination.
Customs Declaration Form (CDF)	Official document prepared by authorized clearing agents assessing and calculating customs duties and taxes to be collected by the Customs Authorities.
Demurrage	Fees paid by the importer for the delay in returning containers at the port of destination after a grace period.
Drawback	A refund of duties paid on imported goods, which is provided at the time of re-exportation.
Duty	A tax imposed by the Customs authorities of a country on its imports.
Environmental permit	A permit required for all chemicals and raw materials, issued in the country of destination.
Export Declaration Form	A document submitted to the Customs Authorities when exporting. The form describes the products, states their value and weight, and specifies the country of destination, port of embarkation and arrival as well as the name of the exporter and the carrier.
Export license	A government document that permits the exporter to engage in the export of specified goods to certain destinations.
Free On Board (FOB)	A pricing term indicating that the price includes the cost of loading the goods into transport vessels at a specified place. The exporter is no longer responsible for the goods once they have been placed on the ship at the port of departure.
Freight collect	It is a transportation practice mentioned in the Bill of Lading,

Freight pre-paid	A transportation practice specified in a clause in the Bill of Lading, stating that the exporter has paid the shipping fees in advance.
Harmonized Commodity Description and Coding System (Harmonized System)	An internationally accepted classification system for goods moving in international trade under a single commodity code. Articles are grouped according to the nature of the materials of which they are made.
Import license	An authorization to import granted by the government. Licensing is a governmental tool to control and monitor the movement of goods through national borders, 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.
Letter of Credit	An agreement between the importer and a bank, whereby the issuing bank acts on behalf of the client and authorizes another bank (the confirming bank) to make payment to the exporter. Such payment is only authorized after receipt of shipping documents and verification that the imported goods comply with the terms and conditions specified in the shipping order.
Loan	The bank offers the loan amount to the client and the client is committed to repay the loan by depositing scheduled installments.
Manifest	This document lists all goods present on the shipment.
Most Favored Nation (MFN)	Under the WTO agreements, signatories should not behave in a discriminatory way towards WTO trading partners. Therefore, every lowering in trade barriers towards a trading partner should apply to all trading partners that are members

Overdraft facility	A form of direct credit facilities that provides the client with a ceiling that may be exploited as required. In turn, the client is committed to deposit money in the overdraft account covering the overdraft ceiling with no fixed repayment schedule.
Packing list	A document that describes a shipment item by item and package by package. The packing list indicates the weight of 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.
Paris Protocol (PP)	Agreement signed between Israel and the Palestine Liberation Organization, which sets the procedures and regulations governing economic relations during the interim period.
Phytosanitary certificate	A certificate stating that seeds and grains to be exported are free from agricultural diseases.
Product tariff shift	A type of rule of origin stating that the processing undertaken in a particular country must change the input materials into a product according to a pre-defined conversion list.
Pro-forma invoice	A document prepared by the exporter in response to a sales order or inquiry. Its receipt by the importer does not obligate him to buy the products. This document should include as many details as possible including a full description of the products, prices, import specifications, expected delivery dates, terms and dates of payment, route to be taken, packaging, shipment, insurance, type of carriage, unloading and accompanying documents. In addition to its function of describing the sale as proposed by the exporter, it might be necessary to the importer for obtaining a government license to import, other certificates and a letter of credit to pay the import.
Prototype approval	The first step for the importer to obtain the standard certificate. A sample of the product is tested prior to shipping and it is given an approval if it complies with the standards set for that product.

Quotas	Permitted quantity of imported goods at a reduced tariff, negotiated in a trade agreement.
Rules of Origin	Set of rules, included in free trade agreements, intended to facilitate the determination of the country of origin. The identification of the country of origin is needed to benefit from preferential custom exemptions stated in the free trade agreement.
Sanitary certificate	A certificate stating that the product is suitable for human consumption and it is obtained in the country of origin.
Specific operation	A type of rule of origin stating that for a country to be the country of origin, specific operation in the operational chain of manufacturing must be undertaken in that particular country.
Specific tariff	Specific tariffs are assessed on a statistic unit, as specified in the Tariff Book. For example, duties can be a percentage or a fixed amount per Kg.
Standards	Rules setting common characteristics for products. Standards are normally imposed on products that directly affect the 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.
Tariff Book	It contains all tariffs and other import requirements (detailed and for each product) applied by a country to its imports.
Type approval	The second step for the importer to obtain the standard certificate, after obtaining the prototype approval. Samples are taken from the first shipment and tested to verify their compliance to standard requirements and to prototype approval. If the samples comply with the results of the prototype approval, a standard certificate is issued.

Veterinary license	A document obtained in the country of origin, which states that animals have not been affected by diseases for a certain amount of months.
World Trade Organization (WTO)	The World Trade Organization deals with the rules of trade between nations through agreements that oblige signatories to keep their trade policies within the agreed upon rules and limitations.

Useful Addresses in the West Bank and Gaza Strip

Ministries

Ministry of Agriculture

Telephone: 02 2961080/1/2/3

Fax: 02 2961212

Ramallah

Ministry of Economy and Trade

Telephone: 07 2829454

Fax: 07 2824884

Gaza

Telephone: 02 2981214

Fax: 02 2981207

Ramallah

Ministry of Environment

Telephone: 07 2823000/2822000

Fax: 07 2847198

Gaza

Ministry of Finance

Telephone: 07 2826365

Fax: 07 2827202

Gaza

Telephone: 02 2984917

Fax: 02 2985850

Ramallah

Ministry of Health

Telephone: 07 2829301

Fax: 07 2869809

Gaza

Telephone: 09 2384771

Fax: 09 2384777

Nablus

Telephone: 02 2954698

Fax: 02 2954697

Ministry of Post and Telecommunications

Telephone: 07 2822822

Fax: 07 2826399

Gaza

Telephone 02 2986555

Fax: 02 2986556

Ramallah

Ministry of Transport

Telephone: 02 2986944

Fax: 02 2986945

Ramallah

Agencies and Institutions

General Petroleum Corporation

Telephone: 02 2954988/9

Fax: 02 2954003

Ramallah

Palestinian Standard Institute

Telephone: 09 2385063

Fax: 09 2385063

Nablus

Palestinian Environmental Authority

Telephone/Fax: 02 2229269/79

Hebron

Telephone: 02 2981495/6

Fax: 02 2981494

Ramallah

Palestinian Tobacco Authority

Telephone: 07 2825179/89

Fax: 07 2855199
Gaza

Chambers of Commerce

East Jerusalem Chamber of Commerce

Telephone: 02 6282351
Fax: 02 6272615
Jerusalem

Hebron Chamber of Commerce, Industry and Agriculture

Telephone: 02 2228218
Fax: 02 2227490
Hebron

Jericho Chamber of Commerce and Agriculture

Telephone: 02 2322394
Fax: 02 2322394
Jericho

Nablus Chamber of Commerce, Industry and Agriculture

Telephone: 09 2379615/2380335
Fax: 09 2377605
Nablus

The Palestinian Chamber of Commerce in the Gaza Strip

Telephone: 07 2864588
Fax: 07 2821172
Gaza

Federation of Palestinian Chambers of Commerce

Telephone: 02 6280727
Fax: 02 6280644
East Jerusalem

Qalqilya Chamber of Commerce, Industry and Agriculture

Telephone: 09 2940164
Fax: 09 2940164
Qalqilya

Ramallah Chamber of Commerce and Industry

Telephone: 02 2956043/50/52

Fax: 02 2984691

Ramallah

Tulkarem Chamber of Commerce, Industry and Agriculture

Telephone: 09 2671010/570

Fax: 09 2675623

Tulkarem

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Annexes