

Administrative Procedures for Import of Solar PV Systems to Egypt

A guideline to importers and investors
(December 2016)





Administrative Procedures for Import of Solar PV Systems to Egypt

A guideline to importers and investors
(December 2016)

How to import



photovoltaic systems to Egypt under the
current import and customs processes



Implemented by



Regional Center for Renewable Energy and Energy Efficiency
المركز الإقليمي للطاقة المتجددة وكفاءة الطاقة



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About RCREEE

The Regional Centre for Renewable Energy and Energy Efficiency (RCREEE) is an independent intergovernmental regional organization whose mission is to facilitate, increase and mainstream the adoption of renewable energy and energy efficiency practices in the Arab region. RCREEE teams up with regional governments and global organizations to initiate and lead clean energy policy dialogues, strategies, technologies and capacity development in order to increase Arab states' share of tomorrow's energy.

www.rcreee.org

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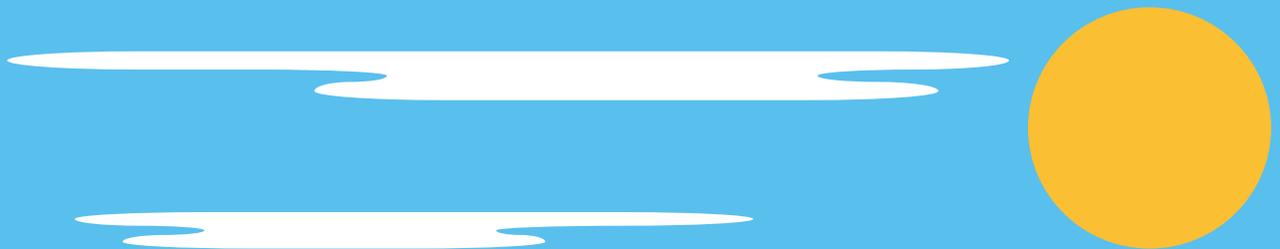
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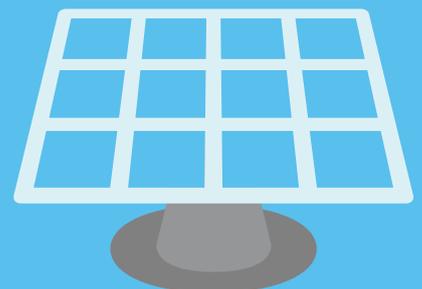
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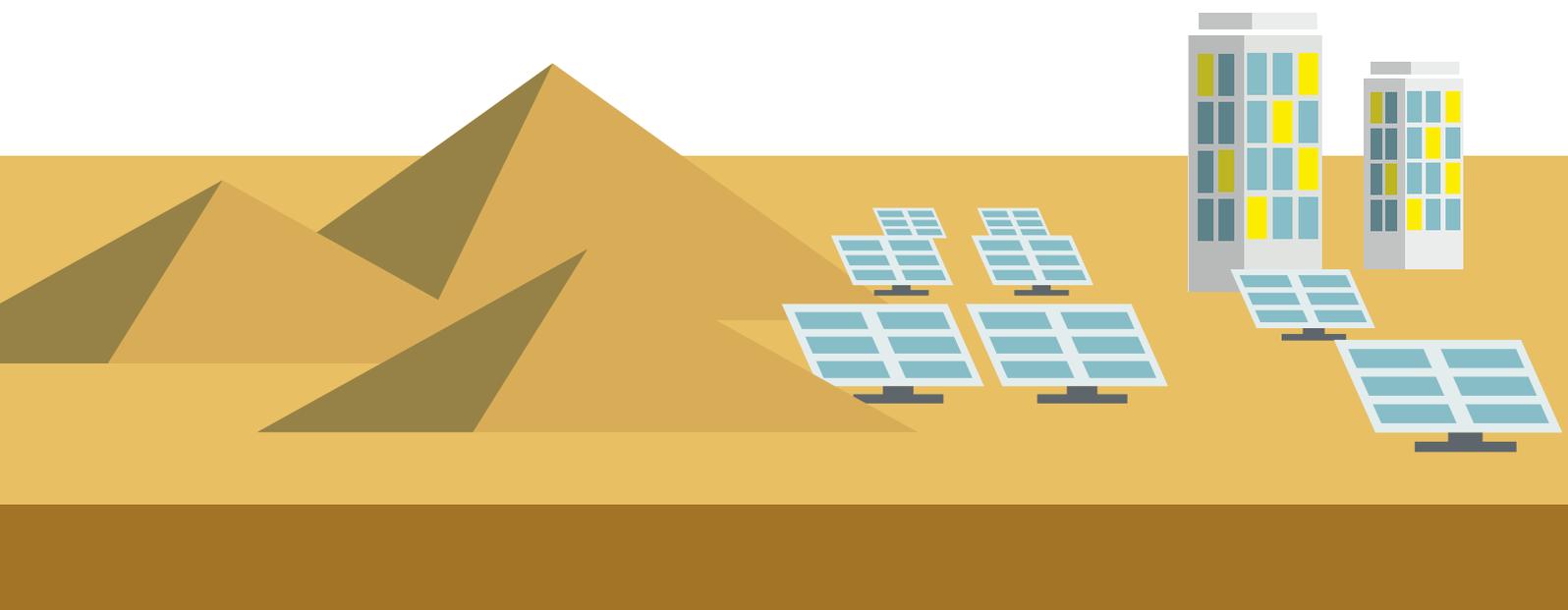
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Abbreviations

MoIFT	Ministry of Industry and Foreign Trade
MoF	Ministry of Finance
GOEIC	General Organization of Export and Import Control
L/C	Letter of Credit
B/L	Bill of Lading
P/L	Packing List
MoI	Ministry of Investment
GAFI	General Authority for Investment and Free Zones
Incoterms	International Commercial Terms





1 Introduction

Since 2007, Egypt joined the International Convention on the Simplification and Harmonisation of Customs Procedures, with the aim of ensuring that customs system is not a barrier to the international trade and growth¹. In the past few months, a bundle of decisions have been taken in order to reduce the manipulation of financial transactions between the exporter (supplier) and the importer (buyer) through changing the role of dealing to be only through the banks with official documents.

In processing imports, documentation plays a very important role. The availability of the right documents, the correctness of the provided information, the timeliness in submitting the documents, as well as filing of the necessary applications for the customs clearance determine the efficiency of the process. Any delay in filing or the non-availability of documents can delay the process. The importer runs the risk of not only to incur demurrage on the imported cargo, but also to lose business opportunities.

This guiding document provides an overview and description of the needed documents, their fees and respective time frame. In the near future, it is expected that more decisions and amendments will be taken in order to reduce the excess requirement of foreign currency and encourage local industries.

The information in this guiding document is based on a market research from the following perspectives:

1. Customs authority
2. Customs clearance companies.
3. Experiences with importing solar systems to Egypt, from Europe and China through:
 - a. Import companies.
 - b. Individual importers.

2 Main Stages for the Importation Process

The importation process is strictly regulated by the government in Egypt. In order to import a shipment of solar PV systems, the overall import process involves four main stages:

1. Prior the import process
2. Starting the import process
3. Confirmation of eligibility for customs fees reduction
4. Customs clearance procedure

2.1 Prior the Import Process

According to the Egyptian law, only Egyptian citizens (commercial agents, importers) are permitted to import into Egypt. In case of an import company, it must be 100% owned by Egyptians, where the chairman and all board members must also be Egyptian citizens².

In general, to import any goods or equipment as an “import company”, it is necessary to go through the following legal procedures:

¹ <https://en.portal.santandertrade.com/international-shipments/egypt/customs-procedures>

² <https://en.portal.santandertrade.com/international-shipments/egypt/customs-procedures>

2.1.1 Establish a Legal Entity

A company must be established with a certain legal form for the purpose of trading and making profits. The following legal documents³ must be issued and are required prior to the importation process:

1. Commercial Registry

This is the first legal document for an established entity and is considered like a birth certificate for the company. In order to start this process, it is important to obtain a «certificate for approval» of the company's legal (commercial) name from the Commercial Registry during the pre-registration phase.

Table 1: Main highlights for issuing "Commercial Registry" for companies

Authority in Charge	Ministry of Industry and Foreign Trade (Internal Trade Development Authority Department)
Application through	The company's lawyer or financial auditor/audit company
Language	Issued in Arabic
Cost of Issuance	~ EGP 300 per annum (renewal fees apply)
Time for Issuance	15 – 30 days, Temporary letter is available on day of registering.

In Figure 1, a sample of the Commercial Registry is depicted. The following main information is stated clearly:

1. The number of the entity in the commercial registry.
2. The legal form of the company (eg. Shareholding, personal, joint venture, etc.), its legal (commercial) name (for which the «certificate for approval» is required).
3. The capital (total and paid capital).
4. The name of owner(s) or partner(s) and General manager (GM) in case of personal company, and of Board of Directors (BoD) and Chief Executive Officer (CEO) in case of shareholders company.
5. Clear description for the purpose of the company and scope of its business operations.
6. Date of establishing the company and its expected life time.
7. Address of the company (headquarter and branches, if any)

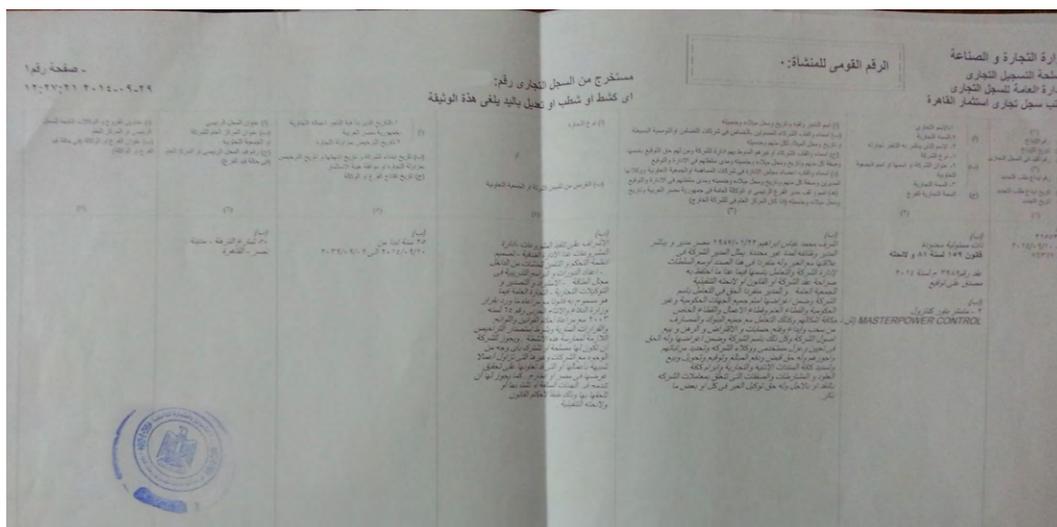


Figure 1: Sample copy of the "Commercial Registry"

³ The main legal documents are available through this link: <https://www.egypt.gov.eg/services/listServicesMinistry.aspx?ID=10§ion=business>

According to the tax law 91/2005 , the tax card must be renewed every 5 years starting from the date of issuance or the date of last renewal, provided that the renewal application in submitted within the last 90 days before expiration and against renewal fees.

According to the commercial registry law 34/1997, the commercial registry should be renewed every 5 years starting from the date of registering or the date of last renewal, provided that the renewal application in submitted within 1 month before expiration and against renewal fees. Furthermore, the commercial registry must be updated in case any of the mentioned details were changed (modification fees apply).

2. Sales Tax Card

The Tax Card⁴ can be issued only after receiving the Commercial Registry.

Table 2: Main highlights for issuing "Tax Card" for companies

Authority in Charge	Ministry of Finance, Tax Department (at which the company is registered)
Application through	The company's finance manager or audit company
Language	Issued in Arabic
Cost of Issuance	~ EGP 300 per annum
Time for Issuance	~ 7 days, Temporary letter is available on day of registering.

Note

If the company is a manufacturer and has a factory in an area which is related to the investment department (Ministry of Investment), it can be waived from 10 years of taxes.



Figure 2: Sample copy of the "Tax Card"

In Figure 2, a sample of the Tax Card is depicted. The following main information is stated clearly:

1. The number in the Tax Registry.
2. The number of the Tax Card.
3. The legal name of the company and its address.
4. The scope of business operations.
5. Date of issuance of the Tax Card.

According to the tax law 91/2005, the tax card must be renewed every 5 years starting from the date of issuance or the date of last renewal, provided that the renewal application in submitted within the last 90 days before expiration and against renewal fees.

2.1.2 Specific Documents for Importation

In order to import any goods and/or equipment, the following licenses must be obtained beforehand, for individual importers and Import Companies. These licenses are considered necessary and mandatory for the completion of the legal entity structure for an import company.

1. Importation Licence

Importer's license⁵ is issued by and obtained from the General Organization of Export and Import Control (GOEIC) in the Ministry of Trade and Industry (MoTI) to import goods and/or equipment. It is important to include renewable energy field among company's scope of business operations.

Table 3: Main highlights for issuing "Importation Licence" for importing companies

Authority in Charge	General Organization of Export and Import Control (GOEIC) (Address: Maarouf street, Cairo)
Application through	The importer or owner of the importing company
Language	Issued in Arabic
Cost of Issuance	~ EGP 4,500 – 5,000
Time for Issuance	15 days, Temporary copy is available after 2 days

Note

Importer's license can only be obtained by Egyptians having the nationality for more than 10 years⁶.



Figure 3: Sample copy of the "Import Licence"

In Figure 3, a sample of the Import Licence is depicted. The following main information is stated clearly:

1. Commercial registration number.
2. Tax registration number.
3. Name and telephone number of the Tax Department, to which this company belongs.
4. Quantity of issued cards (original and copies)

⁵ Application for Import Licence is available through this link: <http://www.egypt.gov.eg/Services/ServiceDetailsFiles.aspx?ID=5076>

⁶ <http://youssrysaleh.com/Investment-in-Egypt/import-export-egypt/>

According to the ministerial decree 4248/1998, the importation license card must be renewed every 5 years starting from the date of issuance or the date of last renewal, provided that the renewal application is submitted within the last 90 days before expiration and against renewal fees.

2. Sales Tax Card

Table 4: Main highlights for issuing "Sales Tax Card" for importing companies

Authority in Charge	Ministry of Finance, Tax Department (at which the company is registered)
Application through	The company's finance manager or audit company
Language	Issued in Arabic
Cost of Issuance	~ EGP 300 per annum
Time for Issuance	~ 7 days, Temporary letter is available on day of registering.

In Figure 4, a sample of the Sales Tax Card⁷ is depicted. The following main information is stated clearly:

1. Sales Tax Card number.
2. Company's address.
3. Address of any related branch.



Figure 4: Sample copy of the "Sales Tax Card"

⁷ Application for the Sales Tax Card is available through this link: <http://www.egypt.gov.eg/Services/ServiceDetailsFiles.aspx?ID=5233>

2.2 Starting the Import Process

Based on the regulations of the Central Bank of Egypt, the importation of goods and/or equipment by licensed importer (individual or company) is executed through Letter of Credit⁸ (L/C), where the transaction between the importer and exporter takes place between their banks, the issuing and advising or confirming bank respectively.

The cycle of L/C transaction is illustrated in Figure 5, showing the kind of interactions and exchange between the importer, the exporter and their respective banks along the import process.

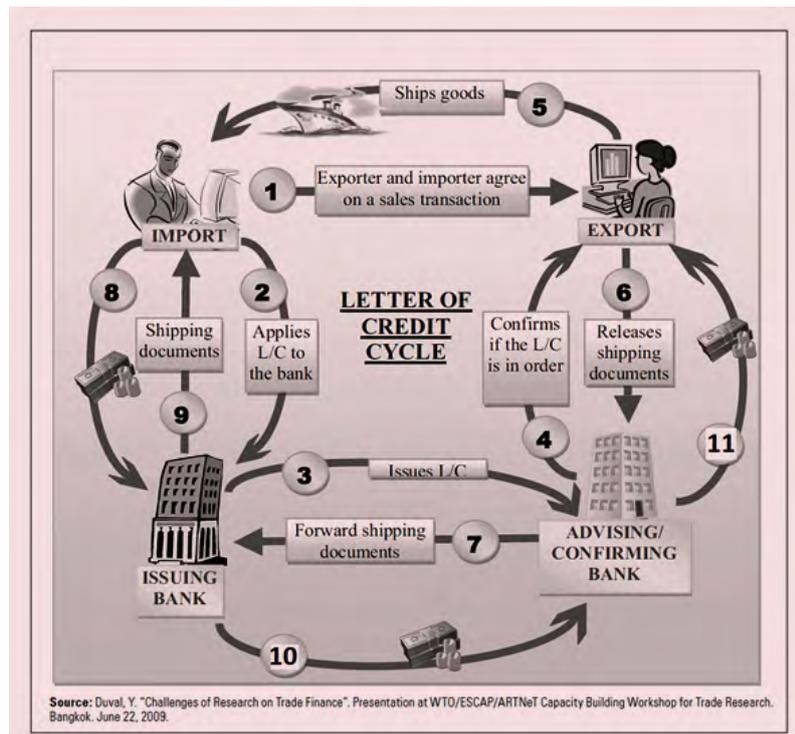


Figure 5: Letter of Credit transaction process

Following this L/C transaction process, starting the import process of solar PV systems and equipment passes through the following steps:

2.2.1 Identify Specifications and Supplier of the Solar PV Systems

Since many suppliers are involved in the global solar PV market, the importer should choose specific quality and technical specification, as well as a reliable supplier or manufacturer. Furthermore, these specifications must also comply with the international standards. It is therefore advisable to use screening services offered by international companies to ensure that the product quality and conformity of its specifications to the country of import (Egypt).

Note

for solar PV modules, Egypt has four local manufacturers with accredited quality certifications, as well as competitive prices compared to Chinese suppliers. Accordingly, this option offers more savings in terms of foreign currency.

⁸ <http://youssrysaleh.com/Investment-in-Egypt/import-export-egypt/>

2.2.2 Conclude a Preliminary Agreement with Supplier

Usually the importer (buyer) gets in contact with the exporter (manufacturer or seller) to negotiate the details of the deal until they reach a tentative agreement, stating the agreed technical specification, quantity of goods and its respective prices, shipping method and date, as well as other related details.

Before opening the L/C, the importer (buyer) must have a copy of the preliminary agreement with the exporter and bring it to the bank to open the L/C, including complete description of the product content, which is required by the importer's bank for analysis⁹.

The department in charge in the respective bank is the "Documentary Credit", which validates the information and verifies the details based on the available documents before giving the approval to open the L/C. The preliminary agreement contract (or proforma invoice) should contain:

- Type and total cost of the shipment
- Country of origin
- International Shipment Standards: Incoterms rules (FOB, CIF, etc.)
- Total quantity, weight and packing details
- Shipping details (shipping port and date, destination port, etc.)

2.2.3 Process to Open Letter of Credit

Import L/C is a payment method in the international trade¹⁰. As of 24th June 2016, importing solar PV systems by a licensed importer is executed through opening L/C for the full value of the imported systems¹¹.

For the importer (buyer) to issue L/C in favour of the exporter (seller), he has to go through the following procedures:

1. To open documentary L/C, the importer (applicant) must fill out a special form prepared for this purpose at importer's bank (also called issuing bank). Usually there are special conditions compatible with international norms and rules for documentary credits, which determine the value of accreditation, required documents, the date of shipment, the expiry date of the L/C, and so on. It is also important for the importer to sign the general conditions for opening L/C, in accordance with the terms of agreement with the exporter and the bank authorizes the enrolment of the related expenses and payments to be charged on the importer's account at the issuing bank.
2. The issuing bank studies the request to open the L/C to ensure that it satisfies all the general conditions, the data required and the approval of the regulations. The bank will send to the exporter's bank (the beneficiary) in the country of origin after the confirmation of the ex-istence of sufficient credit in the importer's account, to cover cash insurance, commission and other expenses.
3. Upon receipt of the L/C, the exporter's bank (also called advising bank) will notify the exporter (beneficiary), who should check this L/C to confirm his approval for the conditions agreed upon with the importer (applicant) and the possibility of the preparation of the required goods and systems, in accordance with the terms and conditions stated in the L/C. After that, the exporter ships the goods and systems before the latest shipment date stated in the L/C, then collects the required shipment documents and delivers it to the advising bank, which accordingly dispatches the necessary documents as per L/C to the issuing bank on behalf of the beneficiary .

9 <https://en.portal.santandertrade.com/international-shipments/egypt/customs-procedures>

10 <http://www.letterofcredit.biz/how-does-an-import-letter-of-credit-work.html>

11 <http://yousr-saleh.com/Investment-in-Egypt/import-export-egypt/>

12 <http://www.letterofcredit.biz/how-does-an-import-letter-of-credit-work.html>

4. When the issuing bank receives these documents, it does well examination and check to ensure its compliance with the terms and conditions of the issued L/C. Once the content of the documents matches and there is consistency in terms of description, quantities and shipping date, etc. The issuing bank is then in a position to fulfil its obligation and transfer the payment to the beneficiary (exporter) through the advising bank.

2.2.4 Confirmation of Order and Receipt of Documents

The original documents delivered to the issuing bank must be handed to the applicant (importer), this is important for the customs clearance of the respective goods and systems.

The importer should go back to his bank (issuing bank) in order to receive the original copy of the shipping documents, as well as to apply for issuing application form 4 (referred to as Letter of Credit Application Form or Documentary Letter of Credit Application Form)¹³.

2.2.5 Documents Required for a Letter of Credit

2.2.5.1. Application Form 4

This is the standard form required for financing imports for trading and production purposes, referred to in Arabic as "نموذج تمويل الواردات التجارية والانتاجية". This form is required only if the shipment value exceeds USD 5,000. The respective fees of this form range between 2.5% and 3% of the shipment value.

In order to fill in this form¹⁴, the following information is required:

- Name and address of the importer (applicant)
- Shipment's and product's details, including:
 - o List of products
 - o Total cost of products
 - o Country of origin of products
 - o Weight of products
 - o Exporting country.
 - o Incoterms ¹⁵



¹³ <http://www.letterofcredit.biz/how-to-open-a-letter-of-credit.html>

¹⁴ A sample of this form is available for download through this link (<http://www.sasclearance.com/files/3.doc>)

¹⁵ "IncoTerms" are explained in more details in Appendix II

A sample of the Application Form 4 is displayed in Figure 6

ملحق رقم (4)
نموذج طلب تمويل واردات بالعملة الحرة

اسم المصرف: رقم الطلب:

تاريخه:

أولاً: بيانات عن المستورد:

اسم المستورد:

عنوان النشاط الرئيسي:

رقم البطاقة الإستيرادية:

رقم البطاقة الضريبية:

ثانياً: بيانات عن البضاعة المستوردة:

نوع السلعة:

الوحدة: الكمية:

إجمالي القيمة بالعملة الأجنبية: أسس التعقد:

بلد المنشأ: البلد المستورد منه البضاعة:

توقيع المستورد:

ثالثاً: التمويل:

1- مصدر التمويل:

2- طريقة السداد:

رابعاً: المصاريف الإدارية المسددة:

جم إيصال سداد رقم بتاريخ / / 20

تاريخ تأشيرة المصرف: توقيع المدير المسئول:

التوقيع:

ملحوظة: لا يتم الإخراج بموجب هذا النموذج إلا إذا كان مستوفياً لكافة البيانات ومختوم بغطاء المصرف.

Figure 6: Sample copy of the "Application Form 4"

Then the importer gets a receipt from the bank, confirming that administrative expenses for the issuance of application form 4 have been paid. Later afterwards, the applicant receives a verification from the bank for the effected "money transfer" or a "**confirmation of receipt**" from the supplier, stating that the total price of the products has been paid.

Note

It is very important and required to **add the number** of this application form 4 **on all original documents** coming from the exporter (supplier) and to have these documents (including Application Form 4) **stamped** by the issuing bank; otherwise the clearance of the shipment will not be done.

2.2.5.2. Documents Supporting Application Form 4

In the past, all documents were used to be delivered to the applicant (importer) directly from the supplier (exporter), in which case a lot of tricks were done between importer and exporter in order to reduce the value of formal invoice, which accordingly resulted in reducing the due customs and tax charges. However, nowadays all the documents are being exchanged through the banks (issuing and advising banks) to minimize the manipulation and ensure transparency of the process.

Therefore, the exporter (supplier) has to send all the original documents to the advising bank, who in turns forward it to the importer through the issuing bank. These documents include the following:

1. Commercial Invoice

The commercial invoice is a record or evidence of the transaction between the exporter and the importer. Once the goods are available, the exporter issues a commercial invoice to the importer in order to charge him for the goods. The commercial invoice contains the main information on the transaction and must be issued in at least **three** copies. One copy is always required for customs clearance.

The following information should be included on the commercial invoice:

- o Invoice number
- o Invoice date
- o Overview of products, net and gross weight
- o Product codes
- o Country of origin and of manufacture of products
- o Unit price
- o Total price
- o Incoterms, freight and packing
- o Payment terms

TRANSWORLD ENTERPRISE
 on behalf of
SUNFORCE PRODUCTS INC
 Unit F,11/F Bonsun Ind Bldg,364-366 Sha Tsui Road, Tsuen Wan, Hong Kong
 Tel: (852) 24098639 Fax: (852) 28511943 E-Mail:twtony@navigator.com

INVOICE

TO: Middle East Consulting and Trade Affairs Corporation INVOICE NO: TESVF 015
 500 Montgomery Street, Suite 400 DATE: 26th Mar, 2015
 Alexandria, VA 22314 CUSTOMER PO# M01 14

ATTN: Maimoud H. EL Gamal DELIVERY DATE: 20th Mar, 2015
 TEL: 1-571-299-2059

SHIPMENT: CY 1x20'GP CONTAINER NO: CAIUS4 169 (BL NO. MOLU130149 58)
 BY VESSEL S.S "KYOTO EXPRESS" V.057W12 ETD 25 MAR 2015 / ETA 11 APR 2015

TERM: FOB HONG KONG
 DISCHARGE: PORT SAID EAST
 DESTINATION: PORT SAID EAST

CUSTOMER ITEM	DESCRIPTION	QUANTITY (UNITS/PCS)	UNIT PRICE USD	TOTAL AMOUNT USD
2P	Coleman 300 Watt Solar Panel Kit	100	\$ 00	\$,500.00
	30A Charge Controller	10	\$40.00	\$,00.00
COUNTRY OF ORIGIN: CHINA				
			TOTAL:	\$,00.00

SAY: U.S. Dollars Fifty-Four Thousand Nine Hundred Dollars and Zero Cents

"NO SOLID WOOD PACKING MATERIALS"



Figure 7: Sample copy of the "Commercial Invoice"

The commercial invoice should be on the letterhead of the exporter (supplier or manufacturer) and requires his signature and stamp. Furthermore, the name of the importer and his address need to be clearly stated on the invoice. A sample of this commercial invoice is shown in Figure 7.

Note

If it is stated in the commercial registry that the importer is a **Joint Stock Company**, the customs will require the original invoice to be also stamped from the Ministry of Investment (GAFI)¹⁶.

2. Original Packing List

The Packing List (P/L) is a detailed list showing description, quantity and weight of goods¹⁷ shipped (to be imported). It is required for customs clearance, together with the related commercial invoice and the shipping documents. This document is referred to in Arabic as "كشف التعبئة".

¹⁶ GAFI: General Authority for Investment and Free Zones

¹⁷ <http://egytrans.com/tools/regulations/>

No specific form is required for this document. It generally includes the following details:

- The exporter, the importer and the shipping company
- Date of issuance
- Number of the freight invoice
- Type of packaging (drum, crate, carton, box, barrel, bag, etc.)
- Number of packages
- Content of each package (description of the goods and number of items per package)
- Net weight, gross weight and measurement of the packages

The P/L is prepared and issued by the exporter (supplier) according to standard business practice. The original P/L along with **at least one copy** must be submitted. It should be issued on the letterhead of the exporter (supplier). In order to be valid, it needs to be stamped and signed by the exporter (supplier). The name and address of the importer have to be identical with the information mentioned on the commercial invoice. A sample of the Packing List is shown in Figure 8.

TRANSWORLD ENTERPRISE
Unit F, 11/F, Bonsun Industrial Building
364-366 Sha Tsui Road, Tsuen Wan, N.T. Hong Kong
Tel: (852) 24098639 Fax: (852) 28511943 E-Mail: twtony@netvigator.com

PACKING LIST

TO: Middle East Consulting and Trade Affairs Corporation
500 Montgomery Street, Suite 400
Alexandria, VA 22314

ATTN: Mahmoud H. EL Gamal
TEL: 1-571.299.2056

SHIPMENT: CY, 1x20'GP CONTAINER NO.: CAIU3483166 (B/L NO. MOLU13014932758)
BY VESSEL "KYOTO EXPRESS" V.057W12 ETD 25 MAR 2015 / ETA 11 APR 2015

TERM: FOB HONG KONG

DISCHARGE: PORT SAID EAST
DESTINATION: PORT SAID EAST

PACKING LIST NO: TESV/262015
DATE: 25th Mar, 2015
CUSTOMER PO# M0102014
DELIVERY DATE: 20th Mar, 2015

CUSTOMER ITEM	DESCRIPTION	QUANTITY		GROSS WEIGHT		NET WEIGHT		DIMENSION			
		UNITS(pcs)	CTNS	EACH	TOTAL	EACH	TOTAL	CM	CBM	CM	CBM
28524	Coleman 300 Watt Solar Panel Kit	100	100	33.00	3,300.00	27.50	2,750.00	179.50	15.50	65.50	19.06
	30A Charge Controller	10	1	4.40	4.40	3.50	3.50	38.10	27.50	22.80	0.52
TOTAL:		110	101		3,304.40		2,753.50	CBM:	16.08		

SHIPPING MARKS:

 DESC: COLEMAN 300W SOLAR PANEL KIT
 VENDOR ITEM# 28524
 PO# M0102014
 UPC# 688432285242
 MADE IN CHINA
 CARTON NO.

SIDE MARKS:
 QTY.: PCS
 G.W.: KGS
 N.W.: KGS
 DIMS: CM

SHIPPING MARKS:

 DESC: 30A Charge Controller
 PO# M0102014
 MADE IN CHINA
 CARTON NO.

SIDE MARKS:
 QTY.: PCS
 G.W.: KGS
 N.W.: KGS
 DIMS: CM

"NO SOLID WOOD PACKING MATERIALS"


P. 1 / 1

Figure 8: Sample copy of the "Commercial Invoice"

Note

In case this P/L is not submitted, all boxes may be opened at the customs for thorough examination and inspection. However, when submitted, only few boxes are opened for examination and verification.

3. Certificate of Origin

This document represents an overview of the origin of all products and their components. This document is referred to in Arabic as "شهادة المنشأ". A sample of this certificate of origin is shown in Figure 9.

Exporter (full name and address): TRANSWORLD ENTERPRISE UNIT F, 11/F BONSUN INDUSTRIAL BUILDING 254-256 SHA TSIU ROAD, TSUEN WAN, HONG KONG O/B SUNFORCE PRODUCTS INC		CERTIFICATE NO. 19 MAR 2015 00164061	
Consignee (if required): MECATAC CO 7 AMIR EL SHARAA ST ARO RAAR EL BEDRQUE CITY GESR EL SUEZ CAIRO, EGYPT		CERTIFICATE OF ORIGIN – RE-EXPORT	
Date of Issue (on or after): 25 MARCH 2015		ORIGINAL	
Vessel/Flight Vehicle No: KYOTO EXPRESS V.087W	Place of Loading: HONG KONG		
Port of Discharge: PORT SAID EAST	Final Destination (if any): CAIRO		
Marks, Nos. and Container No. and Kind of Packages, Description of Goods		Quantity or Weight (in words and figures)	Brand Names or Labels (if any)
SUN (IN DIA) DESC-COLEMAN 300W SOLAR PANEL KIT VENDOR ITEM# 28524 POF-M0102014 LUPC68843228524 MADE IN CHINA CARTON NO.		100 CTNS	COLEMAN 300WATT SOLAR PANEL KIT ONE HUNDRED (100) PCS SUN
SUN (IN DIA) DESC-30A CHARGE CONTROLLER POF-M0102014 MADE IN CHINA CARTON NO.		1 CTN	30A CHARGE CONTROLLE TEN (10) PCS SUN
TOTAL: ONE HUNDRED & ONE (101) CARTONS ONLY TWO (2) ITEMS ONLY			
Issuance Country/Place EGYPT			
I HEREBY CERTIFY THAT THE GOODS DESCRIBED ABOVE ORIGINATE IN P.R.CHINA			
		 for THE CHINESE GENERAL CHAMBER OF COMMERCE <small>A competent authority, established, power delegated by the Government of the Hong Kong Special Administrative Region for the issue of Certificates of Origin</small>	

Figure 9: Sample copy of the "Certificate of Origin"

Note

In case of European origin, it is verified only by the Chamber of Commerce. However, in case of non-European origin, verification is required by both the Chamber of Commerce and the Egyptian Consulate.

Issuance fee = EUR 80 for EUR1 (i.e. for products made in Europe) or EUR 45 (without EUR1)

EUR1 constitutes an explanation by EU customs that at least 65% of imported components are made in Europe. It enables importers in certain countries to import goods at a reduced or zero rate of import duty. (For example: imports from Germany: EUR1 allows for free import to Egypt)

Without **EUR1**, 10% to 20% customs fees may be charged on the shipment. The certificate of origin is issued after customs' examination of goods.

4. Original Bill of Lading

The original Bill of Lading (B/L) is issued by the shipping company to the operating shipper, confirming that the goods have been received on board. The B/L serves as a proof of receipt of the goods by the carrier, obliging him to deliver the goods to the consignee (importer). It contains the details of the goods, the vessel and the port of destination. It evidences the contract of carriage and conveys title to the goods, meaning that the bearer of the B/L is the owner of the goods. This document is referred to in Arabic as "بوليصة الشحن".

The B/L may be a negotiable document. Furthermore, different types of B/L can be used. «Clean Bill of Lading» states that the goods have been received in an apparent good order and condition. «Unclean or Dirty Bill of Lading» indicate that the goods are damaged or in bad order. The respective fees of B/L are calculated according to the Incoterms.

A sample of the Bill of Lading is shown in Figure 10.

Figure 10: Sample copy of the “Bill of Lading”

The following information needs to be contained in the document:

- Description of Products:
 - o Name of products
 - o Quantity of products
 - o Weight of products

- Shipment Details:
 - o Shipping date
 - o Shipment weight
 - o Quantity of containers and their numbers
 - o Departure and destination port

Note

It is important for the information stated in the B/L to be consistent with the commercial invoice and the P/L.

5. Proxy to the Clearance Company

Based on this authorization, the clearance company is assigned to deal with the customs authority in order to bring the shipment out of the port or airport. This proxy should be written on the letterhead of the import company to the clearance company and should be stamped by the issuing bank. It is advised to select a reliable Customs Clearance Company for this task.

A sample of this authorization is shown in Figure 11.



تفويض عام 200

فوضنا نحن/
السادة/ مكتب ساس لتخليص الجمركي (صبحي سليمان سعد) بطاقة قومية رقم
او من يتوهم:
السيد/
السيد/
السيد/
السيد/
السيد/
مفردين أو مجتمعين وذلك للقيام بالاتي.

- استلام أذن التسليم من التوكيلات أو الخطوط الملاحية.
- القيام بإجراءات العرض على الهيئة العامة للرقابة على الصادرات والواردات وله الحق في الإفراج تحت النخط.
- استلام الضائع من:-
 - شركة المستودعات المصرية
 - شركة الإسكندرية لتداول الحاويات
 - شركة الإسكندرية للمحطات الحاويات الدولية.
 - شركة دمياط لتداول الحاويات
 - شركة بورسعيد لتداول الحاويات
 - شركة قناة السويس للحاويات.
 - شركة أوثن أكسبريس
- ودفع الرسوم عليها.
- تقديم المستندات للسادة ممثني التعريف والقيام بإجراءات الكشف والمعافية.
- دفع الرسوم الجمركية وخصمها من الحساب الجاري.
- دفع الغرامات والرسوم المستحقة.
- استلام الشيكات والمبالغ النقدية الخاصة بالشركة وصرف الشيكات الخاصة بالشركة.
- تسجيل القيمة في دفتر 46 والتوقيع نيابة عنا على كافة المستندات اللازمة للإجراءات الجمركية.
- التوقيع نيابة عنا على قرار القيمة امام الجمارك
- تمثيلا قانونيا امام الجمارك وأثناء سير الإجراءات
- وله الحق في تفويض أو تفويض الغير.

وهذا تفويض منا بذلك ...،

شركة
.....

Figure 11: Sample copy of the "Proxy to Clearance Company"

2.2.5.3. Documents issued by the Shipping Line Agent

This step could be performed only by the customs clearance company, including the issuance of the following documents:

1. Delivery Order or Delivery Permission

The Delivery Order constitutes a request from the Marine Agency to the secretary of Customs Warehouse to deliver the shipment to the importer. It is issued after all shipping bills have been provided by the importer.

The respective fees are calculated according to container size, which ranges between EGP 3,500 and EGP 4,500 for 20 and 40 feet containers respectively. This document is referred to in Arabic as "أذن التسليم". A sample of the "Delivery Permission" is shown in Figure 12.





Figure 13: Suggested template to NREA

A template of this letter is shown in Figure 13, to which the following documents must be attached:

1. Copy of the B/L, commercial invoice and P/L
2. Copy of the technical specifications and copy of the manuals of the imported solar PV systems, equipment and components for which the customs reduction is requested.
3. Copy of the commercial register and tax card (optional)
4. Copy of the supply order to the end user (optional)

Based on this request and the attachments, an internal verification starts by NREA to validate the eligibility of this shipment to the customs reduction. The verification process usually takes from 5 to 8 working days. If the shipment is proved to be eligible, NREA prepares a formal letter replying to the importer and addressing the Customs Authority with the following main points:

1. Confirmation that the imported solar PV systems, equipment and components are eligible for the customs fees of 2%.
2. Highlight of the shipment details (number of the B/L, details of the components, shipment weight and number of the commercial invoice).

It is important that this letter is **stamped** from NREA and also with the official stamp for Egypt to be accepted by the customs authority. Without the latter stamp, this letter will not be accepted by the customs authority. After receiving this letter, the importer can proceed with the clearance procedures.

Note

It is always advised that the importer refer to NREA as soon as the copies of the necessary documents are available and before the shipment arrives in the destination port in order to avoid incurring extra costs or demurrages for the extended stay in the port until the verification process is completed by NREA.

2.4.4 Inspection Check by General Organisation for Export and Import Control

The General Organisation for Export and Import Control (GOEIC) belongs to the MoTI and it has an office in every port and/or airport for the continuous correlation and cooperation with customs offices. The purpose of this inspection is to check the imported products' quality against the pre-set acceptable specifications, in order to protect the market from the low quality products and accordingly to protect the solar PV customers from the negative impact of the poor quality products of solar PV technology on the local market.

2.4.5 Final Customs Release

Before the issuance of this document, the importer must pay all the respective expenses according to the taxes and customs duties form. In addition, the importer has to agree with the containers' insurance and transfer company to prepare for the container to exit yard of the port.

The outcome of this agreement is a letter of guarantee for the container(s) which will directed back to the shipping line agent in order to finalize the settlement for all demurrages (land lease, guarding, etc.) as well as issuance of both letters, the one to leave the customs territories and the other to return back to the port which should directed to the concerned Container's Handling Company at this port.

The importer (or his representative) will receive original copy of the final customs release document, another identical copy, delivery permission and a copy of P/L.

The image shows a sample copy of a 'Customs Release Form'. The document is filled with Arabic text, including a header section with fields for 'Country of Origin', 'Country of Destination', 'Commodity Code', and 'Value'. Below this is a large section of handwritten text in blue ink. At the bottom, there is a table with multiple columns and rows, containing numerical data and some text. A large, semi-transparent red watermark with the word 'SAMPLE' is overlaid diagonally across the center of the document.

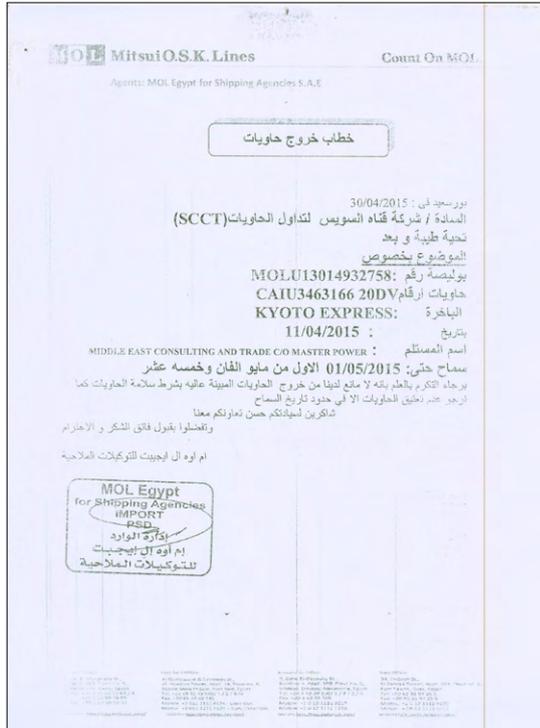
Figure 16: Sample copy of the "Customs Release Form"

Another identical copy will be forwarded to the port's exit gates to transfer the container from the examination yard to the exit yard in order to be ready for release from the port after matching of the presented original copy of customs release and the pre-sent from the customs office, in order to get the permission from the gate administrator to get the shipment out. For reference, a sample of this form is shown in Figure 16.

2.4.6 Container's Release from and Return to the Port

Leaving customs territories is done based on the letter of exit from the port, the container could be released from the exit gates within the predetermined date mentioned in the letter, as displayed in Figure 17 (A)

(A) Container Release Letter



(B) Container Return Letter



Figure 17: Sample copy of the "Containers Release and Return Letters"

Through the letter of "getting back" into port, the empty container could enter the port within the pre-determined date mentioned in the letter, as shown in Figure 17 (B)

With the successful completion of this step, the import process is concluded.

2.5 Access to Digital Documents

An interactive version of this document and the related visualization tool are available online through this short link: <http://goo.gl/8FSWEq>

In addition, smartphones can be used to scan this QR code to access these documents:



3 Check List

Documents required for Import to Egypt		
Check	Document	Costs and Location
<input type="checkbox"/>	Import License	
	<input type="checkbox"/> Responsible Authority	General Authority, Maarouf Street, Cairo
	<input type="checkbox"/> Cost	EGP 4,500 – 5,000
	<input type="checkbox"/> Issuance Time	15 days, temporary copy after 2 days
<input type="checkbox"/>	Commercial Registry	
	<input type="checkbox"/> Responsible Authority	Ministry of Industry and Foreign Trade
	<input type="checkbox"/> Cost	EGP 300 p.a.
	<input type="checkbox"/> Issuance Time	15 – 30 days, temporary copy on day of registry
<input type="checkbox"/>	Tax Card	
	<input type="checkbox"/> Responsible Authority	Ministry of Finance, tax department
	<input type="checkbox"/> Cost	EGP 300
	<input type="checkbox"/> Issuance Time	After receiving commercial registry, 10 days Temporary copy on day of request
<input type="checkbox"/>	Sales Tax Card	
	<input type="checkbox"/> Responsible Authority	Responsible tax department
	<input type="checkbox"/> Cost	EGP 300
	<input type="checkbox"/> Issuance Time	Depends on Reviewing the company location , Tempo-rary copy on day of registry
<input type="checkbox"/>	Application Form 4	
	<input type="checkbox"/> Issued by	Importer's bank
	<input type="checkbox"/> Cost	~ 2.5% – 3%
	<input type="checkbox"/> Issuance Time	13- days
<input type="checkbox"/>	Value Disclosure Form	
	<input type="checkbox"/> Responsible Party	Importer
<input type="checkbox"/>	Certificate of Origin	<i>must be stamped by the importer's bank and the application form number must be written on it</i>
	<input type="checkbox"/> Responsible Authority	Supplier
	<input type="checkbox"/> Verification	Chamber of Commerce and Egyptian Consulate
	<input type="checkbox"/> Cost	EUR 80
<input type="checkbox"/>	EUR 1	<i>Products 65% made in Europe</i>
	<input type="checkbox"/> Responsible Party	Supplier
	<input type="checkbox"/> Verification	Customs
	<input type="checkbox"/> Cost	EUR 45
<input type="checkbox"/>	Commercial Invoice	<i>must be stamped by the importer's bank and the application form number must be written on it</i>
	<input type="checkbox"/> Responsible Party	Supplier
<input type="checkbox"/>	Packing List	<i>must be stamped by the importer's bank and the application form number must be written on it</i>
	<input type="checkbox"/> Responsible Party	Supplier
<input type="checkbox"/>	Bill of Lading	
	<input type="checkbox"/> Responsible Party	Shipping line, after vessel departure
	<input type="checkbox"/> Verification	Importer, customs

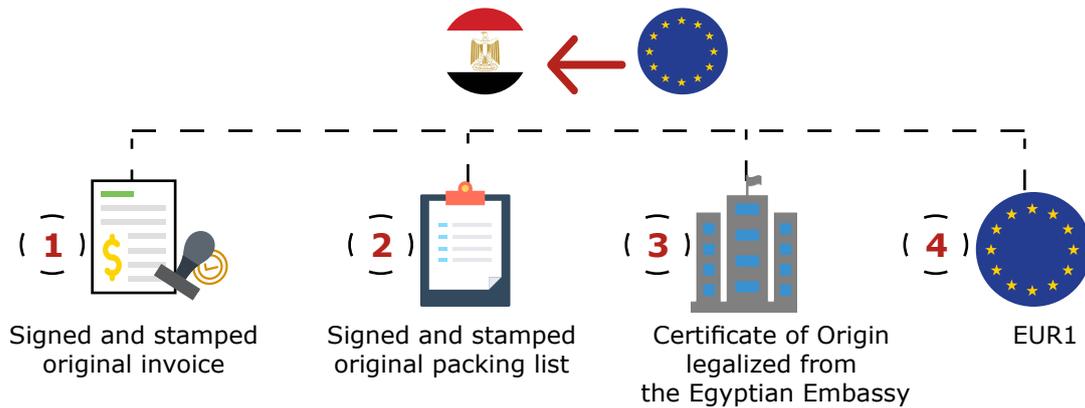


Appendix I: Country Specific Documents – by Supplier

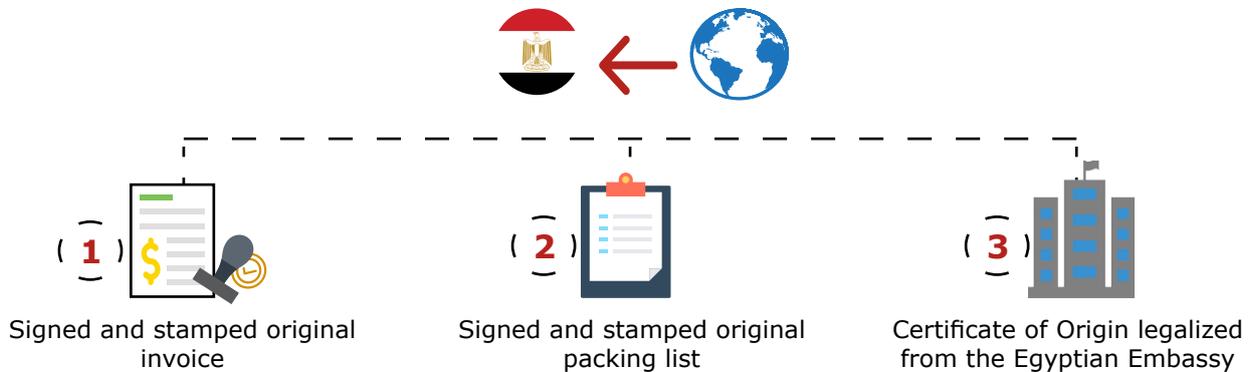
If Shipment is coming to Egypt from China:



If Shipment is coming to Egypt from EU:



If Shipment is coming to Egypt from any other country:



Appendix II: International Commercial Terms

Incoterms Explained¹⁸

The Incoterms rules are a standard set of terms and conditions for the sale of physical goods which need to be transported. The following parts of the transaction are clearly specified in the Incoterms:

- Which party – buyer or seller – is responsible for arranging and paying for transport
- Which party – buyer or seller – is responsible for arranging and paying for associated activities, such as loading and unloading, import and export procedures and insurance of the goods.
- At which point of the transport does responsibility for the shipment transfer from seller to buyer. This is an important point in case the goods are damaged or lost in the course in transit.

When the parties have agreed on an Incoterms rule, it is incorporated in their commercial agreement with three elements:

- A three letter abbreviation
- A precisely defined place
- The applicable edition of the Incoterms rules (latest edition: 2010)

Example: CIP Hong Kong Terminal 4 Incoterms 2010

Most Common Incoterms Rules

CIF: Cost Insurance and Freight

CIF should be used only in cases when the seller has direct access to the vessel for loading, for example, bulk cargos or non-containerized goods. For containerized goods, consider CIP instead.



¹⁸ Incoterms source: <http://www.incotermsexplained.com/>

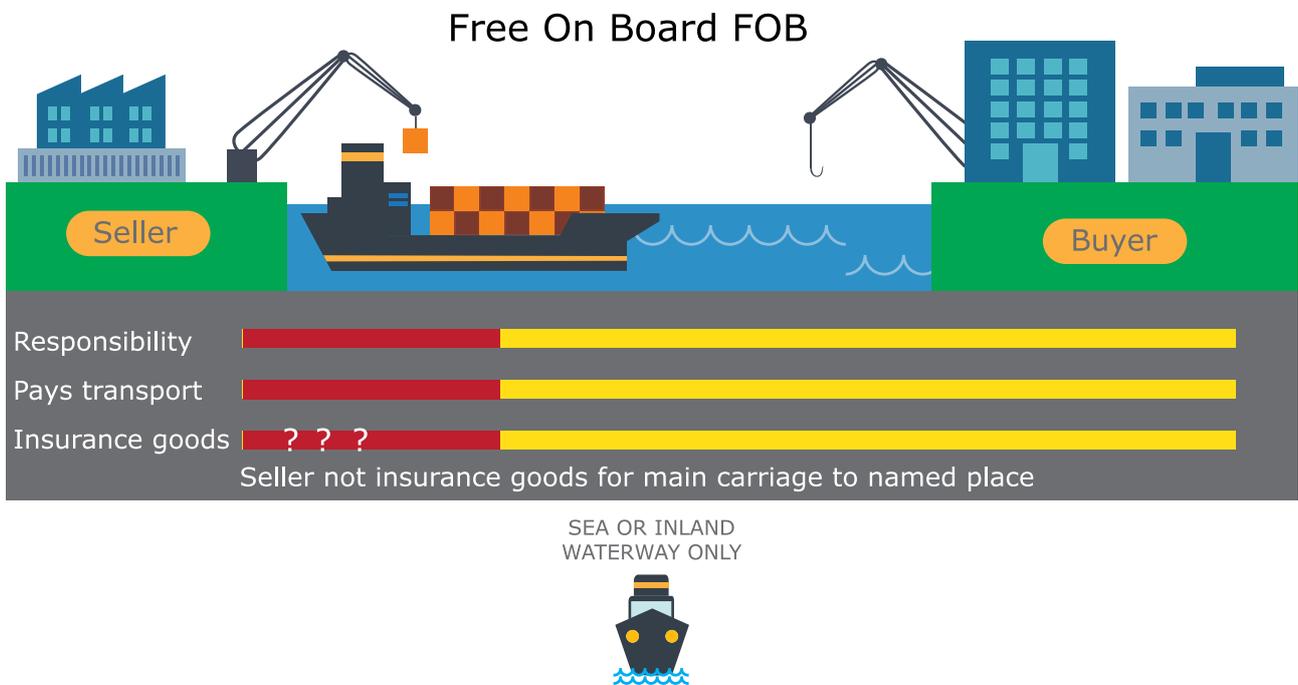
- Seller arranges and pays from the transport to named port
- Seller delivers goods, cleared for export, loaded on board of the vessel
- Risk transfers from seller to buyer once the goods have been loaded on board, i.e. before the main carriage takes place
- Seller arranges and pays for insurance for the goods for carriage to the named place.

Note

Even though the seller is obliged to arrange for insurance, the rule only requires a mini-mum level of cover which may be commercially unrealistic, thus the level of cover may need to be addressed elsewhere in the commercial agreement.

FOB: Free On Board

FOB should be used only in cases when the seller has direct access to the vessel for loading, for example bulk cargos or non-containerized goods. For containerized goods, consider FCA instead.



- Seller delivers goods, cleared for export and loaded on board of the vessel at a named port
- Risk transfers form seller to buyer once the goods are loaded on board



Appendix III: Frequently Asked Questions

- 1) The Harmonized System (HS)¹⁹ Code 8504 40 90: Does equipment with this code have a duty range of 0 % and do other duties/costs apply?

Based on the HS code (8504 40 90)²⁰, please note that the shipment will be subject to:

5% duties out of total CIF commercial INV value
10% sales tax out of CIF total commercial INV value + duties
0.5% General Taxes
European agreement requires presenting EUR1 to have 0%

- 2) Is there a difference applied to this equipment category in the customs duties amount, if the equipment is delivered as components or as a product?

No difference will be applied to this equipment category in the customs duties amount if the equipment is delivered as components or as a product.

- 3) What is the difference of percentage of customs to be paid if the PV modules and inverter are delivered together or if they are shipped separately?

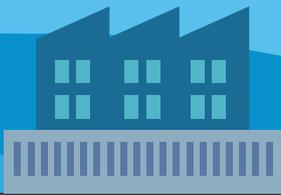
If the PV modules and the inverters are shipped together, then incurred customs are only a maximum of 2%

If they are delivered separately, then based on the HS code (8504 40 90), fees will be as follows:

5% duties out of total CIF commercial INV value
10% sales tax out of CIF total commercial INV value + duties
0.5% general taxes
European agreement requires presenting Euro1 to have 0%

¹⁹ The Harmonized System (HS) is an internationally standardized system of names and numbers to classify traded products. Product codes are determined according to the product's function or form. According to the applied HS code customs tariffs, taxes etc. may differ.
For more information on specific codes see www.hscode.org.

²⁰ 8504 40 90: sub category of 85: Electrical Machinery and Equipment and Parts



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