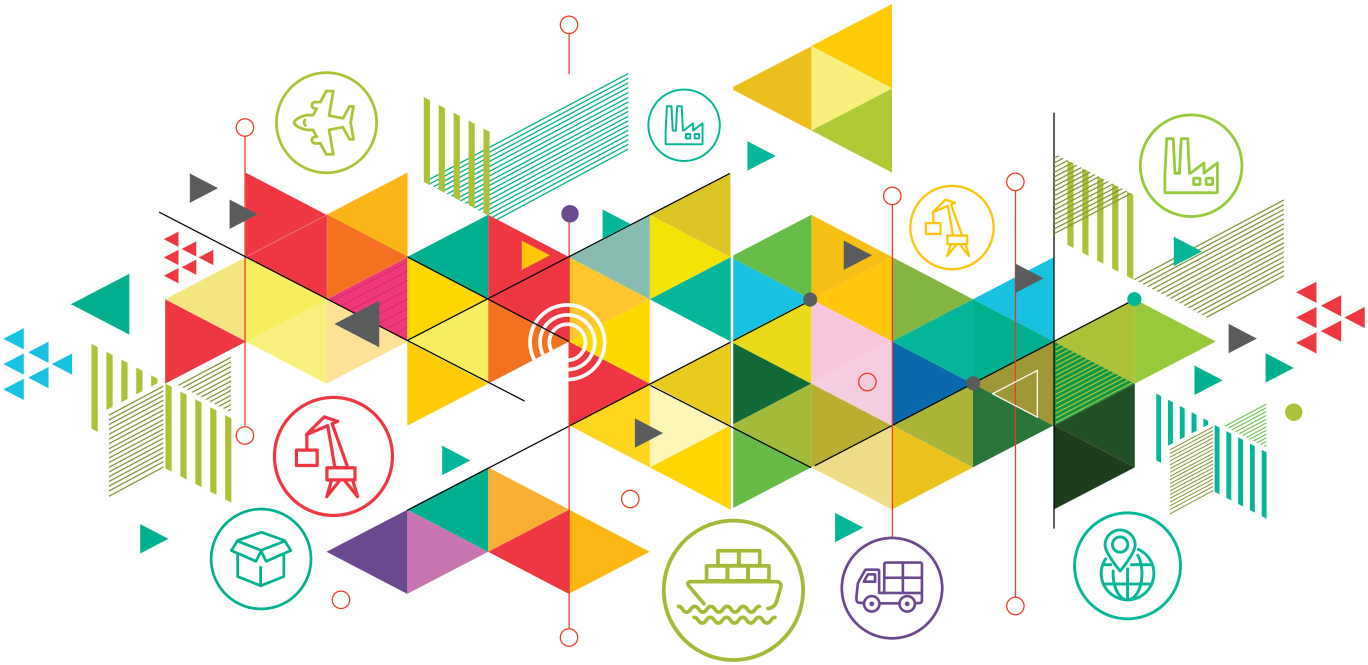
SAUDI EXPORTS
Saudi Export Development Authority



Export Guide

An Introduction to Saudi Arabian Export Guidelines

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Custodian of the Two Holy Mosques

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may Allah protect him

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Section 1: Saudi Exports

1.1 About Saudi Export Development Authority “SAUDI EXPORTS”

Saudi Exports Development Authority, «SAUDI EXPORTS» is an independent Authority formed under the Council of Ministers Resolution No. 259. The key roles of «SAUDI EXPORTS» are to open up Saudi products to global markets, to develop non-oil exports, and to make use of all economic and commercial potentials. Consequently, this will boost Saudi products in global markets, contribute to increase the level of competitive, create new products, and meet the requirements of the current economic era.

1.2 Vision

To develop Saudi exports that are diverse and globally competitive.

1.3 Mission

To be a world-class export development entity that develops exporters, promotes exports, facilitates access to international markets, and advocates policies and strategies to encourage exports.

Section 1: Saudi Exports

1.4 Saudi Exports Strategic Themes

The Saudi Export Development Authority "SAUDI EXPORTS" is an independent national authority that seeks to develop Saudi non-oil exports. SAUDI EXPORTS hopes to do this by achieving 3 strategic themes in the Saudi export ecosystem:

1. Enhancing SME Export Readiness

SAUDI EXPORTS seeks to develop internal capabilities of exporters by providing them a set of training programs, workshops, and toolkits related to topics that include (among others) international strategy and marketing, export logistics, export policies and procedures and international export regulations.

2. Generating Opportunities for Export Ready Businesses

SAUDI EXPORTS seeks to promote Saudi products in international markets by assisting exporters to attend international exhibitions and business missions.

3. Advocating Ecosystem Efficiency and International Market Access

In collaboration with relevant government agencies, SAUDI EXPORTS seeks to develop and improve the national export ecosystem by developing new (or improving existing) national policies and strategies, and to encourage exporters by contributing to solving challenges facing them domestically and international export challenges.

Section 2: Getting Ready to Export

2.1 Why Export?

Exporting is one of the most important indicators of the development achieved by a country which, in turn, reflects its economic strength and weight across the world. A greater increase in the exports of a country, compared to its imports, enhances its balance of trade status in the world and boosts the rate of national economic growth.

The growth of exports is considered one of the most important ways to diversify sources of income for private as well as public sectors. This typically results in the creation of new job opportunities and an increase in production, which can help in reducing production unit costs and, thus, decrease the overall production costs.

Companies benefit from exporting in many ways:

Increasing sales and business opportunities through opening of new markets.

Reducing risks by diversifying markets.

Lowering unit costs by achieving economies of scale.

Section 2: Getting Ready to Export

2.2 Groundwork to Initiate Exports

There are certain aspects that should be considered by a business before developing an export strategy. These aspects enable a business to adapt its facilities in line with the export requirements and help in generating insights regarding its competiveness in the global markets. Furthermore, they can lead to higher profits and growth opportunities, shorter time spans, less efforts and lower costs for the internal processes. These aspects are as follows:

2.2.1 Market Information Check-list

Once a business decides to pursue an export strategy, it should conduct a market research in order to identify suitable foreign markets for its products. Some of the key information points that should be explored in a market research are:

- Market size and growth
- Local and foreign competition
- Pricing
- Import and sales regulations
- Consumer's preferences and purchasing behavior
- Packaging and labeling
- Tariffs on the imported product
- Distribution Channels
- Promotion

2.2.2 Market Entry Options

After choosing a suitable market, an exporter should decide upon a way to enter the market. There are two main market entry options:

a) Foreign Direct Investment (FDI)

FDI is when a company enters a market as a foreign investor. FDI has many different forms like joint ventures, mergers and acquisitions, or opening a branch in a foreign country.

FDI is not recommended as a strategy for new exporters or new markets as the costs and risks involved are significantly higher. In fact, most companies start with a non-FDI market entry strategy.

b) Non Foreign Direct Investment (Non-FDI)

Non-FDI is when a company enters the market through an intermediary. In this case the exporter will not be directly involved in the selling of his products to end-users in the destination market. Non-FDI has many forms, such as:

» Direct Exporting: This is when an exporter sells a product to a foreign buyer who then re-sells it in the same foreign market. For example, a Malaysian buyer who purchases food products from a Saudi exporter and then sells it in the Malaysian market.

» Indirect Export (Re-exporting): This is when an exporter sells a product to a foreign buyer who then re-sells it to another buyer in another foreign market. For example, a UAE distributor who buys a product from a Saudi exporter and then re-sells it to another buyer in Malaysia.

There are other forms of non-FDI like franchising, management contract, and licensing, etc. As previously mentioned, non-FDI is the best way to enter a new market especially for small and medium enterprises (SMEs) as the costs and risks are much lower than in case of FDI.

2.2.3 Customs General Guidelines

Saudi Customs General Guidelines

Before exporting, a company needs to be mindful of the Saudi Arabian Customs general requirements for exporting. These include the following:

1. An exporter must have a Commercial Registration (CR) which enlists commercial activities that are related to the type of product being exported. For example, a company that wants to export dates should have dates manufacturing or dates exporting mentioned in the commercial activities field in the company's CR. New activities can be added online to the CR through the Ministry of Commerce and Industry (MCI) website: mci.gov.sa/en
2. A first-time exporter must provide the CR to the Saudi Customs to receive a customs code. This action needs to be performed only once.
3. Exported products must have an indelible mark signifying the country of origin.
4. An exporter must authorize a licensed customs broker to perform the export's customs clearance procedures. The authorization form is available on the Customs website via this link: http://www.customs.gov.sa/sites/sc/en/Clearance. The authorization form must be filled by the exporter and then attested by the Chamber of Commerce (CoC).
5. An exporter must submit shipping documents (commercial invoice, certificate of origin, and the detailed shipment declaration) for each export shipment to the Customs (refer to Section 3).
6. Saudi Customs has the right to request the submission of any document related to the shipment like shipping documents, contracts, communications, etc. for a review (refer to Section 3).
7. Some export products require special arrangements. An exporter must obtain the required approvals/licenses from the relevant ministry/organization for such products (refer to Section 3).

Saudi Customs has launched a program, "*Commitment*", for training entities dealing with Saudi Customs to ensure the security of the supply chain. The aim is to promote the concept of partnership between the public and the private sectors. This, in turn, will help in developing the national economy and encouraging investments.

The program requires all enrolled entities to comply with the official instructions and regulations to receive preferential treatment and get access to additional facilities of Customs. This will also make the entities eligible for joining the list of mutual recognition of the Authorized Economic Operator (AEO) program. In fact, the AEO program is already in place in many member countries of the World Customs Organization whereby the entities get to enjoy the privileges of those countries upon signing the relevant agreements.

For more information about Commitment and the requirements for enrollment, please visit the Saudi Customs' official website: http://www.customs.gov.sa/sites/sc/en/CommitmentGateway

Foreign Customs Guidelines

In addition to the Saudi Customs guidelines, an exporter must be aware of foreign customs and market regulations as these vary from one country to another. Failure to meet these requirements will result in avoidable complications or rejection of shipments by the foreign customs. An exporter should, therefore, visit the websites of the foreign customs and foreign regulatory bodies to be acquainted with the requirements related to the exported product. It is advisable to always revise import requirements of a country with the foreign buyers of that country as these regulations may change with time.

Foreign Customs Tariffs

In addition to understanding the regulations of the foreign customs, an exporter should also be aware of the customs tariff charged for the export products. This will help the exporter in determining his pricing strategy, aid in understanding the exact landing cost of his products and enable him to develop suitable strategies to penetrate the foreign market. For more information on the customs tariff for different countries, please visit the website of International Trade Centre: http://www.intracen.org/

2.2.4 Modes of Transport

Exporting can be done through four transportation modes: land, air, sea, and rail. For some shipments more than one mode of transport may have to be used. The choice of the transport mode depends mainly on the type of cargo. An exporter must also take into consideration the transit time and cost while choosing a mode of transport.

Sea Transport

Sea transport, being most cost-effective, is the most commonly used mode of transport in international trade. However, an exporter must take into consideration that sea transport takes longer than air and land shipments. There are many shipping modes such as bulk, container, RORO (roll-on/roll-off), etc. as shown in Figure 1. The most common mode among them is container shipping.

There are 10 seaports in Saudi Arabia that can be used for non-oil exports (refer to Appendix D). There are a number of service providers that can transport sea shipments from Saudi Arabia.

Dry Container | Reefer Container | ISO Tank

Figure 1 : Different Types of Ocean Vessels

There are various methods to transport a cargo via sea. The differences are based on the nature of the products and on specific customer requirements. The popular shipping modes are:

1.Containerized Cargo

The containerized cargo is the most popular method to transport via sea. General dry products are stuffed into a standard dry container and there exist other types of containers catering to the specific needs of other products. The standard container is available in two sizes, 20 feet & 40 feet. Temperature sensitive cargos such as food items and medicine are packed into refrigerated containers called reefers. Liquid chemicals can be packaged in tanks called ISO tanks. Some other examples of shipping containers are shown in Figure 2. In addition to these, there are other types of containers available and an exporter needs make a choice based on his specific requirements.

Container Vessel | Dry Bluck Vessel | RORO Veseel

Figure 2 : Various Types of Containers

2. Bulk Cargo

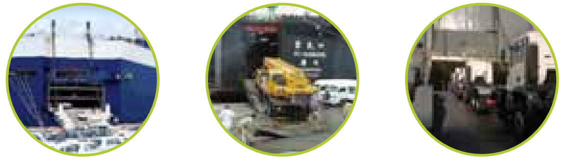
Large quantities of liquids (chemicals, oil, etc.) and solids (minerals, sugar, rice, wheat, etc.) are transported through specialized ships as bulk cargo, as shown in Figure 3.

Dry Bulk Minerals (Iron ore) | Dry Bulk Chemicals | Dry Bulk Food (Wheat)

Figure 3 : Examples of Bulk Cargo

3. Ro Ro Cargo

Roll-on Roll-off cargo is usually used for cars, trucks or other equipment with wheels and can be rolled on and off the ships. Few examples are shown in Figure 4.



RO RO Cargo Cars | RO RO Cargo Equipment | RO RO Cargo Trucls

Figure 4 : Examples of Ro Ro Cargo

4. Break Bulk Cargo

Break Bulk cargo is typically stacked on pallets and lifted into and out of the vessels. Some of the popular break bulk products are metal rods, pipes, wood logs, bagged dry products, etc. Few examples are shown in Figure 5.

Break Bulk Wood Logs | Break Bulk Pipes | Break Bulk Dry Solid (Bags)

Figure 5 : Examples of Break Bulk Cargo

5. Project Cargo

Project Cargo comprises of products that are oversized and overweight such as manufacturing equipment, air conditioners, factory components, generators, turbines, and military equipment that cannot be containerized and need to be heavy lifted into and off a vessel. Few examples are shown in Figure 6.

Section 2: Getting Ready to Export

Project Cargo
Plants Equipment

Project Cargo
Heavy Equipment

RO RO Cargo
Irregural Size

Figure 6 : Examples of Project Cargo

The aforementioned cargo types are shipped out through the 10 ports of Saudi Arabia. Out of the 10 seaports in Saudi Arabia, King Fahad Industrial Port (Jubail) and King Fahad Industrial Port (Yanbu) are used for exporting bulk cargo like chemicals, fertilizers, gas, etc. The container shipments are primarily exported through Jeddah Islamic Port, King Abdulaziz Port (Dammam), Jubail Commercial Port, and King Abdullah Port (Rabigh). Ras Al Khair and Jizan are used for exporting bulk minerals like phosphate, zinc, aluminum, etc. The services of relevant stevedoring companies can be availed for the different types of cargo at these ports.

Air Transport

Air transport is the fastest among the transportation modes and is commonly used for exporting perishable goods having a short shelf life. It is also used when an urgent shipment needs to be transported. The downside is that it typically has the highest cost and offers limited cargo space. However, air transport can prove to be cost-effective for low weight and small volume shipments. Air Cargo has strict policies on the packaging of the goods and an exporter needs to adhere by International Air Transport Association (IATA) guidelines.

Please visit IATA website for more information: http://www.iata.org/.

There are 11 airports in Saudi Arabia and but an exporter can dispatch his export shipments only from the four international airports located in Jeddah, Dammam, Riyadh, and Madinah (refer to Appendix D). In addition to this, there are a number of service providers that can transport air shipments from Saudi Arabia.

Air Cargos usually comprise of lower quantities of products that are small in size and weight and need to be shipped quickly. The exporter packages the cargo in boxes, bags etc. and the airlines carrier loads them into Unit Load Devices (ULD) (Figure 7) which are similar to containers used for sea transportation. ULDs help in quicker and easier loading and unloading. For more information on ULDs please visit: http://www.iata.org/whatwedo/cargo/unit-load-devices/Pages/index.aspx

Figure 7 : Unit Load Device (ULD)

Land Transport

Land transport is a very appealing mode of transportation for exporting as the transit time is lower than in case of sea transport and the costs are lower compared to air transport. However, the lacuna is that land transport for exporting is limited to countries that share a land border with the exporting country and, thus, is primarily used only between neighboring countries. There are 15 land border points in Saudi Arabia that can be used for exporting (refer to Appendix D). There are a number of service providers that can transport land shipments from Saudi Arabia.

Different types of trucks are used for land transport based on the nature of the export product. The most popular ones are given below:

1. Palletized Cargo on Flatbed Trucks

Flatbed trucks are usually used for transporting non-perishable dry cargo products. These are packed into boxes, bags etc. and palletized by machines for easy loading and unloading. A sample is shown in Figure 8.

Figure 8 : Examples of Palletized Flatbed Trucks

2. Tankers

Most liquid products such as oil, chemicals, fuels, and gaseous products are filled into a tanker which is by carried a truck to the customer destination. An example is shown in Figure 9.

Figure 9 : Truck Tanker

3. Perishable Cargo

Perishable cargo, like non-temperature sensitive food products, which needs to be protected from dust, sun, etc. is usually palletized and transported in a boxed or covered trailers. An example is shown in Figure 10.

Figure 10 : Covered or Box Trailers

4. Temperature Sensitive Cargo

Food products like meat, dairy products, etc. and medicines are palletized and transported in refrigerated trucks to maintain their temperature requirements. An example of such a truck is shown in Figure 11

Figure 11 : Refrigerated Trailer

Rail Transport

Rail transport is typically used as an intermediate transportation mode with land or sea shippers usually aiding in the completion of the delivery. Land and/or sea transport may be used to deliver an export product from the exporter's location to an intermediate rail terminal. From this terminal the shipment can be picked up by the rail service provider and delivered to another intermediate rail terminal. At this terminal, a land or sea shipper can pick up the shipment and deliver it to the final destination.

Saudi Arabia is working towards building a strong rail network which is bound to play a major role in facilitating exports in the future.

Currently, there are two operational rail lines. One of them is the Dammam–Riyadh line, which only transports imports from Dammam seaport to Riyadh Dry Port. The Riyadh Dry Port currently doesn't provide export services but there are plans to start these in the future.

For updates on the planned export service offerings at Riyadh Dry Port, please keep an eye on its website: www.riyadhdryport.com

The second operational rail line is used for transporting minerals from the northern regions to Ras Al Khair seaport and industrial city.

For more information about future Saudi rail plans and services, please visit the Saudi Railways Organization (SRO) website: www.saudirailways.org and Saudi Railway Company (SAR) website: www.sar.com.sa

The most popular type of cargo transported through railway lines is the container cargo. Rail transport is the preferable mode for bulk cargos- like chemicals, minerals, wheat, rice, etc.- too if there exists a direct rail link between the exporter warehouse and the end customer/port. Vehicles, wood logs, pipes, heavy equipment, etc. also prefer rail to other modes of transportation. Examples of the different rail wagons based on cargo types are shown in Figure 12.

Rail Mineral Cargo

Rail Container Cargo

Figure 12 : Different Types of Rail Wagons Based on Cargo

2.2.5 Logistics Service Providers

Export process comprises of a set of procedures and other requirements, and exporters tend to use the services of experienced export logistics service providers to carry out most of them. Logistics service providers are specialized in shipping procedures and they offer their services to both exporters and importers.

It is highly recommended to use logistics service providers especially for new, medium and small exporters who do not have much experience or knowledge about the export procedures. These service providers are experienced in the required export procedures and, thus, can save an exporter's time and effort.

There are four main types of logistics service providers that can provide support in exporting:

a. Carriers (shipping lines, air lines, trucking companies, etc.)

b. Freight Forwarders

c. Customs Brokers (facilitators)

d. Shipping Agents

a) Carriers

Carriers are the companies that own and operate the means of transport used to move shipments across borders between buyers and sellers. They only provide port to port transportation services in case of sea, air, and rail transport. The exception here is land transport, which can provide door to door transportation services. The main categories are:

1) Shipping Lines

Shipping lines are organizations or individual owners of different types of ships. Large customers with large volumes of export goods directly contract with the shipping lines whereas smaller ones usually use shipping agents / freight forwarders to book a vessel.

2) Airlines

Airlines are either government or private companies which own the aeroplanes used for air freight.

3) Trucking Companies

Trucking companies usually arrange the movement of the shipment from the exporter's factory or warehouse to the carrier departure port and from the carrier arrival port to the buyer's warehouse. In cases where the exporter does not have a container to load a shipment, trucking companies can carry empty containers from the carrier departure port and transport it to the seller's warehouse and then return to the departure port with the loaded container.

Moreover, the trucking companies can also be used to transport the export cargo to the neighboring countries through the country's borders. It is pertinent to mention that some carriers have their own trucking services and can provide the cargo pick-up and delivery services along with the carrier services.

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b) Freight Forwarders

A freight forwarder is a service provider who arranges the import and export processes with the logistics service provider on behalf of the seller or buyer. The freight forwarder does not actually move the cargo and, most probably, does not own any vessels or airplanes. He only acts as a link between the exporter and various logistics service providers. A freight forwarder can handle all the shipping procedures and documentation starting from collecting the cargo from the seller's warehouse to the delivery of the shipment to the buyer's warehouse.

Using the services of a freight forwarder is an optional step. Nonetheless, with the growth of shipping trade across the world freight forwarding has become a major part of the shipping industry. Although using a freight forwarder might cost an additional amount that could have been avoided, freight forwarders can prove to be very helpful as they are well informed of shipping regulations of all countries of the world and can also give advice on the best method for shipping depending on the cargo's type, specifications, and weight.

c) Customs Brokers

Customs brokers are licensed individuals who are authorized by Saudi Customs to perform the customs clearance procedures on behalf of exporters. Customs brokers must be given an authorization letter from the exporter along with the shipping documents to complete the clearance procedures (refer to Section 3). An exporter must choose a customs broker who is licensed in the port they are exporting from, as each port has a separate customs brokering license. In addition, an exporter must make sure that the broker they choose is familiar with export customs clearance procedures, as some customs brokers only provide import customs clearance services.

Eligibility conditions and procedures to be qualified as a customs broker are available on Saudi Customs website. For more information and regular updates, please visit: (http://www.customs.gov.sa/sites/sc/en/Clearance)

d) Shipping Agents

A shipping agency is the designated agency responsible for handling shipments and cargo at ports and harbors worldwide on behalf of ship owners, managers, and charterers.

Shipping agents usually take care of all the routine tasks of a shipping company quickly and efficiently. They ensure that essential supplies, crew transfers, customs documentation, and waste declarations are all arranged with the port authorities without delay.

2.3 Stakeholders in Export Process in Saudi Arabia

The export ecosystem in Saudi Arabia has both governmental as well as private stakeholders who manage the document flow and the physical flow of cargo as outlined in figure 13.

Figure 13 : Stakeholders in Saudi Arabia Export Environment

Section 2: Getting Ready to Export

Governmental Stakeholders in Document Process

a) Ministry of Commerce & Industry (MCI)

An exporter has to approach MCI to get the Certificate of Origin issued (http://mci.gov.sa/en/).

b) Chamber of Commerce (CoC)

The exporter has to approach CoC to attest any documents like commercial invoice, packaging list, etc. (http://www.csc.org.sa/)

c) Saudi Food and Drug Authority (SFDA)

An exporter of food products, pharmaceuticals, or cosmetics needs to get all the documents and other requisites for the certificates for export, consignment's certificates of shelf-life, and free sales certificates through the SFDA's website (http://www.sfda.gov.sa/)

d) Saudi Standards, Metrology and Quality Organization (SASO)

An exporter dealing in products like electrical and building materials has to approach SASO to obtain the quality mark or Certificate of Conformity (http://www.saso.gov.sa/).

e) Ministry of Petroleum & Minerals (MOPM)

An exporter dealing in products like mineral products has to approach MOPM to obtain the export permit for the minerals being exported (http://www.mopm.gov.sa/).

f) Saudi Customs Authority

An exporter, through a customs broker, needs to approach the Saudi Customs to procure the Export Declaration (http://www.customs.gov.sa).

g) Ministry of Interior (MOI)

An exporter needs to approach the MOI to obtain a permit for exporting dangerous cargo especially chemicals, explosives etc. (http://www.moi.gov.sa/).

h) Ministry of Agriculture (MOA)

An exporter, especially those who intend to export live animals and animal products, needs to approach MOA to procure a Veterinary Certificate (http://moa.gov.sa/).

2.6.2 Private Stakeholders in Document Process

a) Shipper or exporter

A shipper or an exporter is a private individual who wishes to sell products in foreign markets. All other governmental and private stakeholders provide their services to enable the shipper or exporter to make secure and smooth transactions with the foreign entities.

b) Shipping Agent

An exporter has to approach the shipping agents directly or through a freight forwarder to procure the shipping manifest in English and Arabic in addition to the Bill of Lading.

c) Freight Forwarder

An exporter has to approach the freight forwarder in order to procure the manifest in English and Arabic as well as the bill of lading. The exporter also needs to submit all documents to the freight forwarder who, in turn, hands them over to the customs broker for customs clearance process.

d) Customs Broker

The freight forwarder or the exporter needs to approach the customs broker to submit the export documents that are required to be submitted to the Customs for customs clearance process.

e) Third Party Certification Agencies

An exporter needs to approach a third party certification agency to obtain technical certificates based on the requirements of the foreign customs in order to clear the goods at the buyer's destination. The exporter should align with the buyer to understand the specific requirements of the destination countries.

2.6.3 Governmental Stakeholder for Physical Process of the Export Cargo

a) Saudi Ports Authority (SPA)

Though an exporter doesn't have to directly interact with SPA but it plays a major role in managing the ports in Saudi Arabia through outsourced partners (port operators). SPA also regulates the tariffs at Saudi Seaports and private ports (http://www.ports.gov.sa/).

b) Ministry of Transport (MOT)

Though an exporter doesn't have to directly interact with Ministry of Transport, it provides essential service by developing a better road infrastructure and crafting policies that enable faster movement of goods on the roads (https://www.mot.gov.sa).

c) General Authority of Civil Aviation (GACA)

Though the exporter doesn't have to directly interact with GACA, it manages all cargo movements at airports in Saudi Arabia through outsourced partners/airport operators (http://www.gaca.gov.sa/).

d) Saudi Railway Organization (SRO) & Saudi Railway Company (SAR)

Currently, there are no export cargo movements by rail in Saudi Arabia. The upcoming railway line however promises to be the future of cargo movements for both imports as well as exports (http://www.saudirailways.org/) (http://www.sar.com.sa/).

2.6.4 Private Stakeholders in Physical Process of Export Cargo

a) Transporter or Hauler

An exporter needs to seek services of the transporter directly or through a freight forwarder to move the export cargo to the seaport, airport or across the border and also to bring the empty container from the depot.

b) Shipping Lines / Agent

An exporter needs to approach the shipping agent directly or through a freight forwarder to book a vessel and also to avail the facility of having an empty container delivered to the warehouse.

c) Airlines

An exporter needs to approach the airlines directly or through a freight forwarder to book the plane for the air shipments.

d) Freight Forwarder

An exporter can approach a freight forwarder to book a vessel/container, to avail help in carrying the container to the seaport, deliver the cargo across border, and also to pack and move cargo for air shipments.

e) Port Operator or Stevedoring

An exporter directly doesn't interact with the port operator or stevedoring companies at the seaport or airport. Stevedoring companies are responsible for moving the export cargo within the seaport or airport and also for loading the cargo on to the ship or plane.

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2.4 Export Documents

There are 15 documents that the exporters in 11 major industries need to produce during the export process for various stakeholders such as Saudi Customs, foreign customs, etc. Table 1 provides information to understand from which stakeholder the document needs to be procured and for whom, for the 11 different industries. The list given in the table only provides the basic documents required at this point of time and an exporter needs to double check with the respective stakeholders if any additional documents are required, from time to time.

The first four documents enlisted in the table are required by Saudi Customs compulsorily for all industries and you should ensure their availability before your cargo leaves your premises.

S.No.	Document	Owner	Procured From	Procured For	A	B	C	D	E	F	G	H	I	J	K
1	Certificate of Origin	Exporter	MCI	Saudi & Foreign Customs	√	√	√	√	√	√	√	√	√	√	√
2	Att. Commercial Invoice	Exporter	In House	Saudi & Foreign Customs	√	√	√	√	√	√	√	√	√	√	√
3	Att. Arabic Packing List	Exporter	In House	Saudi & Arab Country Customs	√	√	√	√	√	√	√	√	√	√	√
4	English Packing List	Exporter	In House	Foreign Customs	√	√	√	√	√	√	√	√	√	√	√
5	Certificate of Conformity	Exporter	SASO /3rd. Party	Foreign Customs		√	√	√			√				
6	Shelf Life Certificate	Exporter	SFDA	Saudi & Foreign Customs	√							√	√		
7	Consignment Certificate for Shelf Life Certificate	Exporter	SFDA	Saudi & Foreign Customs	√							√	√		
8	Free Sales Certificate	Exporter	SFDA	Foreign Customs	√						√	√	√		
9	Att. Certificate of Analysis	Exporter	In House	Buyer				√			√			√	√
10	Veterinary Certificate (Live and Animal Products)	Exporter	MOA	Customer & Foreign Customs	√										
11	Health certificate	Exporter	MOA	Foreign Customs	√										
12	Quality Mark Certificate	Exporter	SASO	Foreign Customs		√	√		√	√					
13	Surveyor Inspection Reports	Exporter	3rd. Party											√	
14	Minerals Export Permit	Exporter	MoPM	Saudi Customs											√
15	Dangerous Goods Permit	Exporter	MoI	Saudi Customs										√	

A. Food & Beverages
B. Machinery
C. Electrical
D. Plastic Products
E. Building Materials
F. Paper & Packaging
G. Soap & Detergents
H. Pharma
I. Cosmetics
J. Chemicals
K. Minerals

Table 1 : Export Documents Requirements – 11 industries (Extract)

Section 2: Getting Ready to Export

2.4.1 Food & Beverages

There are many products under the food & beverages industry. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Shelf Life Certificate	Consignment Certificate
Veterinary Certificate (Live & Animal Products)	Health Certificate	Free Sales Certificate

2.4.2 Machineries

Machinery industry has many different types of products. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Certificate of Conformity	Quality Mark Certificate

2.4.3 Electricals

Electrical products also require additional documents based on the specific requirements of the destination country. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Certificate of Conformity	Quality Mark Certificate

2.4.4 Plastic Products

The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Certificate of Analysis	Certificate of Conformity

2.4.5 Building Materials

There are many products under the building materials industry. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging List
Attested English Packaging List	Quality Mark Certificate	

2.4.6 Paper & Packaging

The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Quality Mark Certificate	

2.4.7 Soap & Detergents

The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Certificate of Conformity	Free Sales Certificate
Attested Certificate of Analysis		

2.4.8 Pharmaceuticals

The pharmaceutical products may also require additional registration documents in the destination country. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Shelf Life Certificate	Consignment Certificate
Free Sales certificate		

2.4.9 Cosmetics

Cosmetics products may also require additional registration documents in the destination country. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging list
Attested English Packaging List	Shelf Life Certificate	Consignment Certificate
Free Sales certificate		

2.4.10 Chemicals

Chemical industry has solid, liquid, and gaseous products. Some of liquid and gaseous products require the authorization from Ministry of Petroleum and Minerals and if the products are dangerous then Ministry of Interior permit also is required. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging List
Attested English Packaging List	Attested Certificate of Analysis	Surveyor Inspection reports
Dangerous Goods Permit		

2.4.11 Minerals

Most products of the mineral industry are restricted products and require the authorization from Ministry of Petroleum and Minerals. The list given below indicates the general requirements for the industry and an exporter should check for the updates regarding the exact requirements for the export products with the concerned authorities.

Certificate of Origin	Attested Commercial Invoice	Attested Arabic Packaging List
Attested English Packaging List	Attested Certificate of Analysis	Minerals Export Permit

Section 3: Export Steps

Once an exporter decides to export to a foreign country after becoming familiar with the domestic and foreign export requirements, modes of entry to a new market, and the appropriate mode of transport; he is ready to execute the export transaction. There are many procedures and requirements for each step of the export transaction and the following is a detailed explanation for each step:

Section 3: Export Steps

3.1 Step 1: Closing the Sale

Once the sale of a product has been agreed upon with a foreign buyer (importer), an exporter must issue the Commercial Invoice as part of the sales transaction. The Commercial Invoice is a document issued by the seller to the buyer stating the name, type, quantity, and value of the sold goods. The original Commercial Invoice must be sent to the buyer as part of the transaction and it is usually required for both domestic as well as foreign customs clearance purposes. Some foreign customs may require that the Commercial Invoice be attested. In Saudi Arabia, this attestation can be done by the Chamber of Commerce.

An example of a Commercial invoice is shown in Figure 14 (exact information and formatting may vary across companies):


Company Name

INVOICE

Figure 14 : Sample Commercial Invoice

3.2 Step 2: Obtaining the Certificate of Origin

Once a sale is agreed upon and a Commercial Invoice is issued, the seller must obtain a Certificate of Origin (CoO) for the shipment that will be transported to the buyer's country. The CoO is a document used in international trade to certify that the exported products are obtained from or produced in a particular country. Some foreign customs may require that the CoO be attested. In Saudi Arabia, this attestation can be done by the Chamber of Commerce.

The original CoO must be sent to the buyer as part of the transaction and it is usually required for both domestic as well as foreign customs clearance purposes.

There are six types of CoOs issued by MCI and the choice of CoO depends on the type of product to be exported and the destination country:

1. CoO for industrial products exported to GCC countries (refer to Figure 17).
2. CoO for agricultural and animal products exported to GCC countries (refer to Figure 18Figure 17).
3. CoO for natural resources exported to GCC countries (refer to Figure 19).
4. CoO for all products exported to Arab Countries (refer to Figure 20)
5. CoO for products exported to the foreign countries that subscribe to the Generalized System of Preferences - a system that allows member countries of the World Trade Organization (WTO) to give special treatment on tariffs, either by reduction or exemption, to products imported from developing members in accordance with the Preferential Tariff Treatment System (refer to Figure 21).
6. CoO General Form, for products or destinations not falling under any specified categories (refer to Figure 22).

Currently, the CoO process is manual, which requires the company representative to go in person to apply and collect the CoO. However, a pilot run of the e-CoO process is currently in progress and once the pilot run is successful, it will be rolled out replacing the manual process.

The brief process to obtain the Certificate of Origin manually is illustrated in Figure 15. The manual CoO can be obtained within one working day.

An exporter needs to fill in the application based on the type of CoO required, get the form attested by the respective Chamber of Commerce in his city, attach the Export and Manufacturing license along with the attested form and submit to an MCI branch. MCI will review and approve the application and the exporter or his representative can collect the CoO on the same working day.

Figure 15 : Manual Process to Obtain Certificate of Origin from MCI

Application forms for all the six types can be found on the MCI website using the following link:

http: //www.mci.gov.sa/ServicesDirectory/Pages/Issuingcertificatesoforigin.aspx

Section 3: Export Steps

Furthermore, MCI has launched an electronic CoO issuance service to facilitate and simplify the process. More details can be found on the CoO MCI website: http://co.mci.gov.sa

In order to start using the online CoO process there are some pre-requisites that are illustrated in Figure 16. The exporter should prepare an authorization letter and then register the company and the products on the website mentioned above. Once the application is submitted, MCI will approve the account, and the exporter can start applying for the Certificate of Origin electronically.

After an exporter creates an online account with MCI, he can use his MCI account to login to the CoO website and select the type of the CoO required by him, fill the online application, and pay the due fee. Subsequently, MCI will review the application and update it online after approval. At this point the exporter can send his representative to get the CoO from MCI office. For more information on this and for regular updates, please visit http://co.mci.gov.sa

Figure 16 : e-Certificate of Origin Process

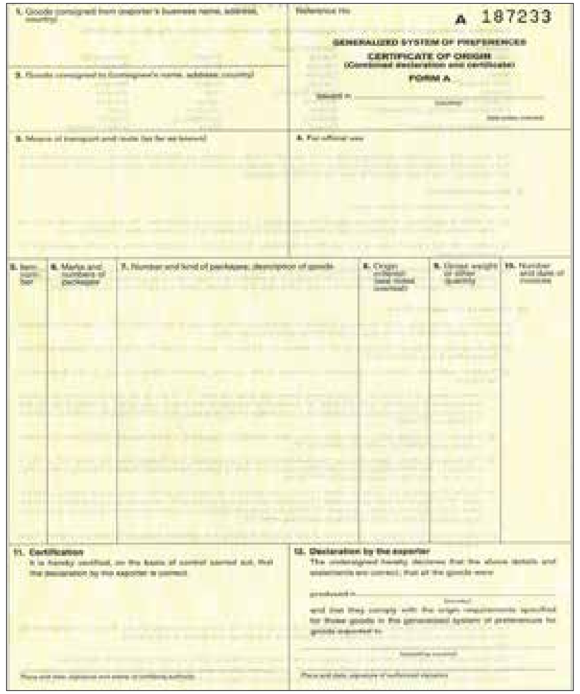
Please note that there are certain requirements and approvals that need to be obtained from Saudi General Investment Authority (SAGIA) for companies with foreign capitals to obtain a CoO (or any export related document from MCI). For more details on these requirements, please refer to the SAGIA website: www.sagia.gov.sa

Figure 17: CoO for Industrial Products Exported to GCC Countries.

Figure 17: CoO for Agriculture and Animal Products Exported to GCC Countries.

Figure 18: CoO for Natural Resources Exported to GCC countries

Figure 19: CoO Form for Products Exported to Arab Countries.



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GENERALIZED SYSTEM OF PREFERENCES

CERTIFICATE OF ORIGIN

FORM A

Figure 20: CoO for Products Exported to the Foreign Countries Following the Generalized System of Preferences

Certificate of Origin

Figure 21 : CoO General Form

3.3 Step 3: Obtaining Additional Export Approvals

There are some products which are banned from being exported out of Saudi Arabia (refer to Appendix H). There are also certain products that are restricted from being exported and need special approvals or permits to be allowed for exports. Please refer to Appendix I for further information.

Based on the exported products, domestic and/or foreign customs might require additional export approvals and documentation from local organizations. It is important to emphasize that not all products require these export approvals. In any case, an exporter must check whether any additional approval or documentation is required to export a product. Table 2 shows an example of additional approvals and documentation required by Saudi Customs for some products. Please note that products listed in Table 2 are for illustrative purposes and do not represent the whole range of the said products. Therefore, an exporter should check if the products he is exporting requires any additional approval by conducting a search on the Saudi Customs' website:
http://www.customs.gov.sa/sites/sc/en/SCTariffs

Product Type	Requirements	Issuing Authority
Foods products	Shelf-life Exporting Certificate	Saudi Food & Drug Authority
Wildlife animals	Approval	Saudi Wildlife Authority
Wheat	Approval	Grain Silos & Flour Mills Organization
Petroleum Derivatives and Mineral Resources	Approval	Ministry of Petroleum and Mineral Resources
Pharmaceuticals Drugs	Product Registration	Saudi Food and Drug Authority (SFDA)
	Import approval	Related authority in the import country
Agriculture Machinery and Equipment	Approval	Agricultural Development Fund
Antiquities	Approval	Saudi Commission for Tourism &Antiquities
Filled Gas Cylinders	Invoice	National Gas and Industrialization Co

Table 2 : Additional Export Documentations and Approvals (non-exhaustive)

Saudi Customs' website provides a product search engine that enables an exporter to search either by the HS code or by the name of the product. It is recommended to search by the HS codes as those are unified all across the world (more details on the HS codes in Appendix A).

The additional approvals or documents, if any, will be mentioned against the products listed as shown in Figure 23. The number in the Procedure column represents an additional approval or document for exporting/importing the product.

As Figure 23 shows, the export/import procedure details for the product Oranges will be displayed after clicking on procedure code number 8. In this particular case, the description reads "If fresh or chilled, they shall be presented to the Animal & Vegetable Quarantine. Otherwise, they shall be presented to the Quality Control Laboratory".

3.3.1 The Shelf-Life Export Certificate

The Saudi Food and Drug Authority (SFDA) is the government body responsible for all the services related to issuing shelf-life export certificates for local foods and drug products. Before submitting a request for export, the local food exporting company will be asked to follow three basic steps listed below:

1. Register for an initial account
2. Register the local food Company
3. Register the local food products

Figure 24 depicts the three initial steps. For more information, please visit the webpage of the local market control e-services on the website of the Saudi Food & Drug Authority:

http://www.sfda.gov.sa/en/food/eservices/Pages/LMCES.aspx

Initial Requirements for Obtaining Shelf Life Certificate

Figure 23: Pre Requisite for Shelf Life Certificate Process

Section 3: Export Steps

According to the provisions of the law of shelf-life export certificates for food products, used within the Gulf Cooperation Council (GCC), the certificate is valid for six months for the products listed on the certificate. However, the company has the right to submit a renewal request 45 days prior to the certificate's expiration date.

The procedure for submitting an issuance or renewal request of a shelf-life export certificate shall conform to specific requirements until the release of the electronic system for the service. The most important steps for submitting a request are (also see Figure 25):

1. Go to the website of SFDA.
2. Click on e-Services followed by clicking on Food Sector e-Services and then select Local Markets Control E-Services.
3. Select the service name Apply for the Issuance/ Renewal of a Shelf Life Export Certificate, follow the submission steps by filling the attached request form and submit it to one of the SFDA branches.
4. The request is reviewed by the SFDA's specialists. In case any issues are found, SFDA's specialists shall contact the food Company.
5. Subsequently, an appointment is scheduled to arrange a visit to the company for a field inspection and sampling.
6. Furthermore, samples are to be sent by the company/factory to private labs to conduct the necessary laboratory tests; the costs of which are to be borne by the company itself.
7. SFDA's appropriate department ensures that the results of the field inspection and those of the laboratory tests are matching.
8. The company is notified about the acceptance or the rejection of the issuance/renewal request of the Shelf-life Export certificate for food products.
9. The fees for the Shelf-life Export certificate are to be paid at this stage.
10. The Shelf-life Export certificate is issued/renewed (for 6 months).

Shelf Life Certificate (6 month validity)

To be renewed 45 days before expiry

- Entry of the authority website and choosing (E-Services) and then (Food Sector) then (Local Markets Control E-Services)Service name is (apply for the issuance / renewal of Shelf Life Certificate) and then filling in the application from on the web
- The request will be reviewed by the Authority's specialists and communicate with the applicant in the event of any comments on the request.
- Make an appointment to visit the facility and the field inspection and sampling
- The inspector conducts the examination and sampling and then sends the sample through the company to private labs for the necessary laboratory analysis and the payment of the fees for that to the private labs is by the company.
- Making sure to match the results of the field inspection of the company and the result of laboratory analysis of the samples by the concerned department in the authority.
- Standard department receives the reports from the inspection teams.
- Notifying the company of the acceptance of the request of issuance / renewal of Shelf Life Certificate or rejection in the case of comments on the request.
- Paying fees for the Shelf Life Certificate
- Shelf Life Certificate is issued/ renewed (6 months Validity)

Figure 24 : Shelf Life Certificate Procurement Process

3.4 Step 4: Preparing the Payment Proof

As an export requirement, Saudi Customs may ask the exporter to provide the payment confirmation under which the exporter must provide a document that proves that the payment for the shipment was received from the buyer. The Customs asks for the payment proof to make sure that money (in the form of goods) is not being smuggled out of the country; the payment proof may be in the form of a bank transfer, Letter of Credit, etc.

If the payment is payable only after the buyer receives the shipment or on any predefined future date, the exporter must submit an Undertaking Letter to the Customs that stipulates a proof of payment will be provided within a certain period of time once the payment is received from the buyer.

3.5 Step 5: Availing Shipping Insurance

Although insurance is an optional step (unless it is part of the agreement), it is recommended for exporters to insure the shipment in case of any accidents, damage or loss. To do so, exporters must choose a reliable and trusted insurance provider. Typically, the cost of the insurance will depend on the value of the goods, taking into account the destination country and the mode of transportation.

For some cross-border transaction arrangements or agreements based on the International Commercial Terms (Incoterms), insurance is compulsory. If insurance is required as per an agreed Incoterm and the exporter fails to insure the goods, it might lead to delays or denial of payment by the buyer due to failure in meeting the agreement's requirements. Thus, an exporter must be well aware of Incoterms as they determine the ownership of the cargo during the export process and identifies whose responsibility it is to claim the insurance money in case of any damage or loss (refer to Appendix D).

3.6 Step 6: Placing a Booking

3.6.1 Ocean Freight

The next step is to book the shipment with a carrier. If you are a large company with large volumes, then a yearly contract with committed volumes at low prices can be agreed directly with the shipping lines. Smaller companies should contact a shipping agent or freight forwarder who can place the booking for you. For containerized shipments, after the booking is confirmed, an exporter will receive the Container Release Order from the carrier. The Container Release Order is a document that contains information related to the booked containers (number, size and type), and it is required by the trucking company in order to deliver the container on behalf of the exporter. Once the container is delivered, the trucking company will transport it to the exporter's loading site (warehouse, factory, etc.) in order to start loading the shipment.

3.6.2 Air Freight

In order to book an air freight, an exporter should contact an IATA approved agent to fix the booking by providing the destination details and cargo details such as product type, volume, weight etc. Once the booking is made, the cargo will either be sent to the freight forwarders' warehouse for packing as per IATA standards or the cargo will be picked up from the exporter's warehouse with IATA packaging.

3.6.3 Land Freight

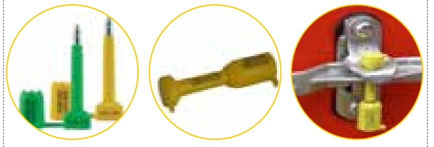
Once the goods are ready for export, the exporter should contact either a pre-contracted trucking company or any other trucking company to book a truck by providing details such as the type of truck required, destination details, the product type, the number of trucks required, and any other special requirements. An exporter must check with the trucking company for the documentation requirements of the driver to cross the border. As per the agreed date and time, the trucking company sends the required truck to the exporter's warehouse or plant to pick the shipment.

Section 3: Export Steps

3.7 Step 7: Loading the Cargo

3.7.1 Ocean Freight

In case of containerized sea transport, an exporter is required to load his container (please note that for other modes of transport there are different processes for loading the goods). After booking the shipment the container will be delivered from the shipping line's terminal and delivered to the seller's loading site (warehouse, factory, etc.). Once the goods are loaded, the container is closed with a container seal (refer to Figure 25). An exporter should provide the number on seal to the carrier as it should be mentioned in the Bill of Lading (refer to Step 11). The seal has to be broken to open it (refer to Figure 26). In case the Customs wants to open the container for inspection, they will break the seal and put a new one after finishing the inspection. In that case, an exporter should amend the Bill of Lading with the new seal number accordingly. This step is very important because when the buyer receives the container, he will check the seal number against the one recorded in the Bill of Lading in order to ensure that the container was not opened during transportation from the exporter's departure port.



New Contaier Seal (opened) | Closed Seal (Locked/Sealed) | Sealed Container

Figure 25

Breaking Seal Open Contaoer

Figure 26

After loading the goods into the container, an exporter must issue the Packing List. The Packing List is a document issued by the exporter to be sent to the buyer along with the shipment to help him identify the contents of the shipment. This document consists of the number of packages delivered, quantity, and weight of the shipment. For export customs clearance in Saudi Arabia, an original attested Arabic Packing List must be provided to the Saudi Customs. The attestation can be done by the Chamber of Commerce upon the request of the shipper. An example of a Packing List is shown in Figure 27 and Figure 29.

3.7.2 Air Freight

Once the goods are ready for export, an exporter should check with the freight forward on the packing requirements for the cargo as per IATA standards. If the exporter has the facility to pack as per IATA then the cargo is packed by the exporter himself and picked up by the freight forwarder to be delivered to the airport. In case the exporter doesn't have the facility to pack as per IATA standards, then either the exporter delivers the cargo to the freight forwarder or the freight forwarder picks it up himself and packs it as per IATA standards.

3.7.3 Land Transportation

Once the trucks arrive at an exporter's facility, the exporter should make arrangement for the cargo to be loaded onto the truck manually or using equipment.

سعادة / مدير عام جمرك (الجهة المعنية) الموقر

السلام عليكم ورحمة الله وبركاته وبعد

تفيد سعادتكم بأننا نرغب في تصدير عدد حاويات(--) وأرقامه كالأتي.

بلد الوصول: رقم الفاتورة:

نوع البضاعة	العدد	رقم الكونتينر	رقم

كما نتعهد نحن (أسم المصدر) بأن الحاويات أعلاه تم تعبئتها وترصيصها بمعرفة المؤسسة وتحت مسئوليتنا وأنها لا تحتوي على أي مواد مسروقة أوممنوعة أو مقيدة في تصديرها أو ما يضر بسلامة البلد وعلية

جاري التوقيع.

تصديق الغرفة التجارية/

المسؤول عن التعبئة

Figure 27: Sample of Arabic Packing List

Packing List

TERMS - NO ANTICIPATION

TOTALS

COMMENTS

Figure 28 : Sample of English Packing List

3.8 Step 8: Receiving the Manifest from the Shipping Line/Agent

In case of ocean freight, the carrier prepares a manifest for the vessel detailing out container and shipment information. Every exporter must send the shipment instructions to the carrier so that the carrier can prepare the manifest both in English and Arabic. The shipment instructions should include details like the exporter's name and address, importer's name and address, cargo type, quantity, and weight of the shipment. An exporter should make sure to provide the shipment instruction to the carrier seven days prior to the arrival of the carrier's vessel to the port of departure. Failure to do so will cause the booking to roll to another vessel that will depart at a later date.

After the manifest for the vessel is finalized, the carrier will issue the Shipment's Manifest to the exporter. The carrier also enters the information into the Saudi EDI (Electronic Data Interchange) system, which is used by the customs broker to prepare the initial bayan or initial customs export declaration.

3.9 Step 9: Submitting the Documents to the Customs Broker

If an exporter is working with the broker for the first time, then an Authorization Letter and a copy of the Commercial Registration must also be provided by the exporter to the broker.

The exporter should also ensure that the customs broker is familiar with the customs export clearance procedures for the type of cargo and the mode of transportation chosen by the exporter, as some customs brokers provide specialized services only for import, or for certain types of cargo and certain modes of transportation.

3.9.1 Ocean Freight

Once the Shipment's Manifest is received, an exporter should send it along with the other shipment documents to the customs broker to start the export clearance procedures. For export customs clearance in Saudi Arabia, it is required to provide copies of the Commercial Invoice, Certificate of Origin, Shipment's Manifest, and the original attested Arabic Packing List. The customs broker uses the documents to enter the information into Saudi EDI system along with the already existing manifest information in the EDI to print the initial bayan or the initial export declaration.

3.9.2 Air Freight

Once the cargo is ready, the export documents are handed over to the customs broker who books an appointment with the Customs for inspection. The freight forwarder also prepares the initial airway bill and hands it over to the customs broker.

3.9.3 Land Transportation

When the driver reaches the border he hands over the documents to the customs broker, who is responsible to prepare the initial bayan using the Saudi EDI or initial export declaration and hands back the documents to the driver to submit to the customer's office.

3.10 Step 10: Obtaining Customs Clearance

The Saudi Customs has a two-step process and involves three different types of Export Declarations (Bayan).

The first step is customs clearance in which the customs broker presents the export documents along with the initial bayan to the customs officer to get it approved.

The second step is customs inspections, which is initiated when the export documents are approved and the pre-bayan is issued by the customs. The customs broker hands over the export documents along with the pre-bayan and notifies the truck driver to move the cargo for customs inspection. During the inspections, the customs inspector decides whether to actually inspect the cargo. Once the cargo clears the inspections or after the inspector decides not to inspect, the final bayan is issued by the Saudi Customs.

Then, the customs broker will provide the Customs Export Declaration to the stevedoring company. Accordingly, the stevedoring company will start loading the exporter's containers onto the ship.

The complete customs clearance process is illustrated in the Figure 29.

Figure 29 : Saudi Customs Final Bayan Process

3.11 Step 11: Handling Ports, Terminals, and Borders

3.11.1 Ocean Freight

Once the customs broker hands over the cargo and the export declaration to the stevedoring, the stevedoring takes the responsibility of the cargo and stores it until the vessel arrives. Once the vessel arrives the stevedoring company loads the cargo onto the vessel. The stevedoring company also supports the Customs in the physical inspection process by providing manpower and equipment for the container movements. There are certain tariffs associated with the port handling which are set by Saudi Port Authority as shown in Appendix G.

The Saudi Ports Authority has recently introduced container tracking facility on their website for exporters to track and get updates about their containers. For more information and regular updates please visit: http://www.ports.gov.sa/English/EServices/Pages/Container-Tracking.aspx

King Abdullah Port at King Abdullah Economic City is a private port in Saudi Arabia operated by Ports Development Company and it has its own polices and tariffs as it is not regulated by Saudi Ports Authority. For more information and regular updates please visit: http://www.kingabdullahport.com.sa

3.11.2 Air Freight

In case of air freight, the inspected and cleared cargo needs to have a cooling period of eight hours before it can be loaded onto an aircraft. During the cooling period, the cargo is stored in a secure and safe warehouse as per the specific requirements of the products.

3.11.3 Land Transportation

Once the customs clearance and inspections are completed, the customs officer issues a gate pass for the truck and the driver to allow him to cross the Saudi border.

3.12 Step 12: Sending the Documents to the Buyer

The buyer/importer requires some documents from the exporter to clear the shipment from the foreign customs. The most common documents required by an importer from an exporter are Bill of Lading, Certificate of Origin, Invoice, and Packing list. The exporter has to coordinate with the buyer to understand if there are any other additional documents required and provide them accordingly.

It may be noted that, different modes of transportation have different bills of lading i.e. Ocean Bill of Lading, Truck Waybill and Air Waybill. While the Ocean Bill of lading is used for sea shipments, the other two are used for land and air shipments respectively.

3.12.1 Ocean Freight

The Ocean Bill of Lading is a document issued by the carrier after the vessel has set sail. This document contains the details of the shipper/exporter, the consignee/buyer, and the shipped cargo. It will be issued only after the sailing and is a proof that the shipment was loaded onto the vessel. The exporter must provide the required information to the carrier in order to issue the Bill of Lading. After collecting the Bill of Lading from the carrier, the exporter must send it to the buyer. Since the Bill of Lading gives the buyer ownership of the shipment, the exporter must not send this document unless payment for the shipment has already been collected, or the payment terms have already been agreed with the buyer. An example is shown in Figure 30.

There are three different types of Ocean Bills of Lading.

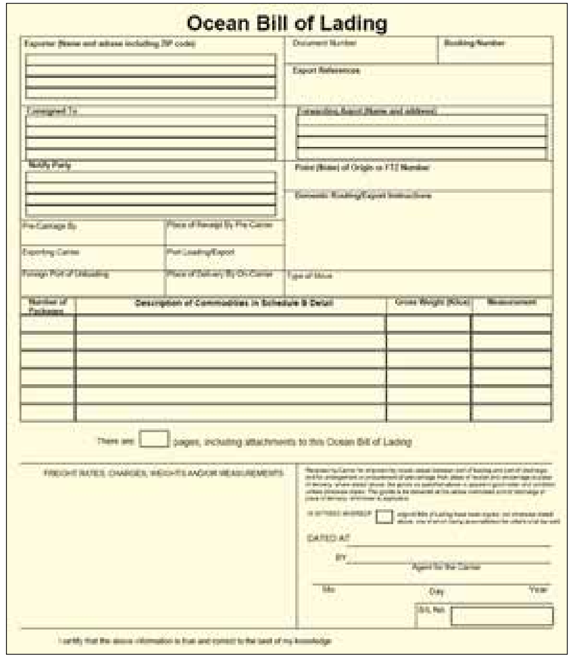
For more information on this, please check Appendix J.

3.12.2 Air Freight

After the cargo is loaded onto an aircraft, the airline carrier issues the final Air Waybill based on the actual specifications. An example is shown in Figure 32. For more information, refer to Appendix J.

3.12.3 Land Transportation

In case of land transportation, the Truck Waybill is issued by the trucking company before the loaded cargo leaves the warehouse or plant. An example is shown in Figure 31. For more information, refer to Appendix J.

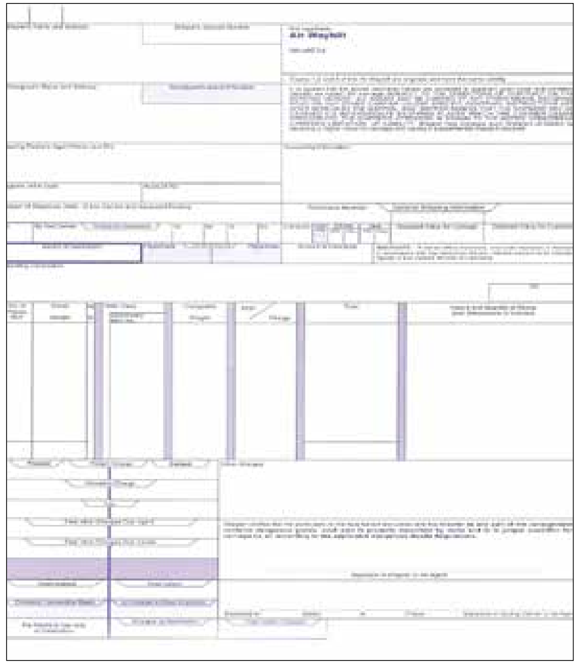


Ocean Bill of Lading

Figure 30 : Sample Ocean Bill of Lading

Non-Negotiable
TRUCK WAYBILL
No.
SHIPPER
CONSIGNEE
CHARGES
PARTICULARS FURNISHED BY SHIPPER
SHIPPER'S CERTIFICATIONS
LIABILITY FOR LOSS, DAMAGE, ETC. TO GOODS
ORIGIN
DESTINATION
SHIPPER
LOGISTICS, INC.
CONSIGNEE
Subject to the terms and conditions on the reverse as well as Carrier's tariff

Figure 31 : Sample Truck Waybill



Air Waybill

Figure 32 : Sample Air Waybill

Section 4: Export Insurance and Financing

Introduction

There are several payment arrangements between the buyer and the seller in international trade. In most cases, the mode of payment determines the relation between the buyer and the seller. In cases where the buyer trusts the exporter, the buyer might pay for the shipment using a direct transfer before the goods are shipped. However, in most cases, payments are not transferred until the goods are shipped to the buyer. In this scenario, export insurance and export financing are critical instruments to guarantee the receipt of payment.

Export Insurance

Export Financing

Export Credit Institutions

Section 4: Export Insurance and Financing

4.1 Export Insurance

Export insurance is a facility that is provided to the exporter to ensure that the buyer will pay for the goods that are being shipped. Insurance can be either provided by an export credit agency or a commercial bank. An export credit agency is typically a government or regional non-profit institution that is focused on supporting exporters by providing export insurance and export finance facilities. Once an exporter applies for the insurance, the credit agency checks the financial status and the buyer's payment-carrying capacity before issuing the insurance to the exporter. The export credit agency will then insure the exporter against uncontrollable circumstances like bankruptcy of the buyer, political risk, etc. In case the buyer fails to pay, the export credit agency will step in and pay the value of the shipment to the exporter.

Commercial banks are an additional source of export insurance. When an exporter requests the buyer to provide assurances that payment will occur, the bank of the buyer will issue (at the buyer's request) an insurance to the exporter stating that the buyer has the capacity to pay for the transaction and that it guarantees payment on behalf of the buyer. In case the buyer fails to pay, the buyer's bank will step in and pay the value of the shipment to the exporter. An example of this type of insurance is what commercial banks term as Letter of Credit (L/C). An L/C is one of the most common payment arrangements in exports (refer to Appendix C).

4.2 Export Financing

An alternative method used to guarantee payment of the goods is export financing. Export financing is typically provided by export credit agencies. In this kind of transaction, the export credit agency will finance the foreign buyer in order to purchase products from the exporter. Export credit agencies generally do this type of transaction in two ways:

- Direct Export Financing: the funding is provided directly by the export credit agency to the foreign buyer.
- Indirect Export Financing: the funding is provided indirectly through a commercial bank located in the foreign buyer's country.

4.3 Export Credit Institutions

As mentioned earlier, an export credit agency is typically a government or regional non-profit institution that is focused on supporting exporters by providing export insurance and export finance facilities. Export credit institutions usually provide both export insurance to the exporter and export financing to the foreign buyer. There are a number of entities in Saudi Arabia and the larger region that can provide these types of facilities as noted in Table 3.

Name of Institutions	Export Insurance	Export Financing
Saudi Export Program	✓	✓
Arab Trade Financing Program		✓
The Arab Investment and Export Credit Guarantee Corporation	✓	
International Islamic Trade Finance Corporation		✓
The Islamic Corporation for the Insurance of Investment and Export Credit	✓	
The Arab Bank for Economic Development in Africa (BADEA)		✓
The OPEC Fund for International Development (OFID)	✓	✓

Table 3 : Sources of Export Credit Facilities in Saudi Arabia and the Larger Region

Section 4: Export Insurance and Financing

Contact details for these institutions are given in Table 4.

Program	Address	Website	Telephone	Fax	Email
Saudi Export Program	P.O. Box 50483, Riyadh 11523, Saudi Arabia	www.sep.gov.sa	+966 11 2794000	+966 11 4659699	info@sep.gov.sa
Arab Trade Financing Program	P.O. Box 26799, Abu Dhabi, United Arab Emirates	www.atfp.org.ae	+971 2 6316999	+971 2 6316793	atfphq@atfp.ae
The Arab Investment and Export Credit Guarantee Corporation	P.O. Box 23568, Safat 13096, Kuwait	www.iaigc.net www.dhaman.org	+965 2 4959000	+965 2 4823761	
International Islamic Trade Finance Corporation	P.O. Box 55335, Jeddah 21534, Saudi Arabia	www.itfc-idb.org	+966 12 6361400	+966 12 6371064	
The Islamic Corporation for the Insurance of Investment and Export Credit	P.O. Box 15722 Jeddah 21454, Saudi Arabia	www.iciec.com	+966 12 6445666	+966 12 6379755	yalaki@isdb.org-jnaga@isdb.org
The Arab Bank for Economic Development in Africa (BADEA)	P. O. Box 2640 KHARTOUM - SUDAN	www. badea.org	+249-1-83773646 /83773709	+249-1-83770600 83770498	badea@badea.org
The OPEC Fund for International Development (OFID)	P.O. Box 995, A-1011Austria	www.ofid.org	+43-1-515 64-0	+43-1-513 92 38	info@ofid.org

Table 4 : Contact Details of Export Credit Institutions in Saudi Arabia and the Larger Region

Section 5: Appendices

HS
CODES

5.1 Appendix A: HS Code

Definition

The Harmonized System (HS) is an international standard system developed and maintained by the World Customs Organization. This system is used for classifying traded products under certain unified codes. The HS coding system is divided into97 chapters, where each chapter represents a category of products. Each HS code consists of a number of digits up to 12, and hence, 6 chapters for each product category at maximum. The first 2 digits represent the chapter number, while the other numbers are used to further specify the product. It is worth mentioning that accurate classification for the majority of products may be reached by 6 digits, or occasionally, 8 digits. 10 or 12 digits are rarely required for classifying products.

For example, the HS code for oranges is: 08 05 10 00. The code means that orangesare under chapter 8, which has a product category name of "Edible Fruit and nuts; peel of citrus fruit or melons". The first 4 digits (08 05) state that orange is listed under "Citrus Fruit, fresh or dried". When using the 6 digits (08 05 10), the classification of orange leads to another specific category named "Orange". The last 2 digits in orange's octal HS code (08 05 10 00) state that this category is exclusive to orange which is reflected by their zero value.

Every two years, the HS codes are updated, with the existing codes being re-classified and new products included to the list.

Section 5: Appendices

5.1.1 Finding an HS Code

The full list of HS codes is available on the Saudi Customs website at (see Figure 34):

http://www.customs.gov.sa/sites/sc/en/SCTariffs/Pages/Pages/SearchTariffsPage%20.aspx

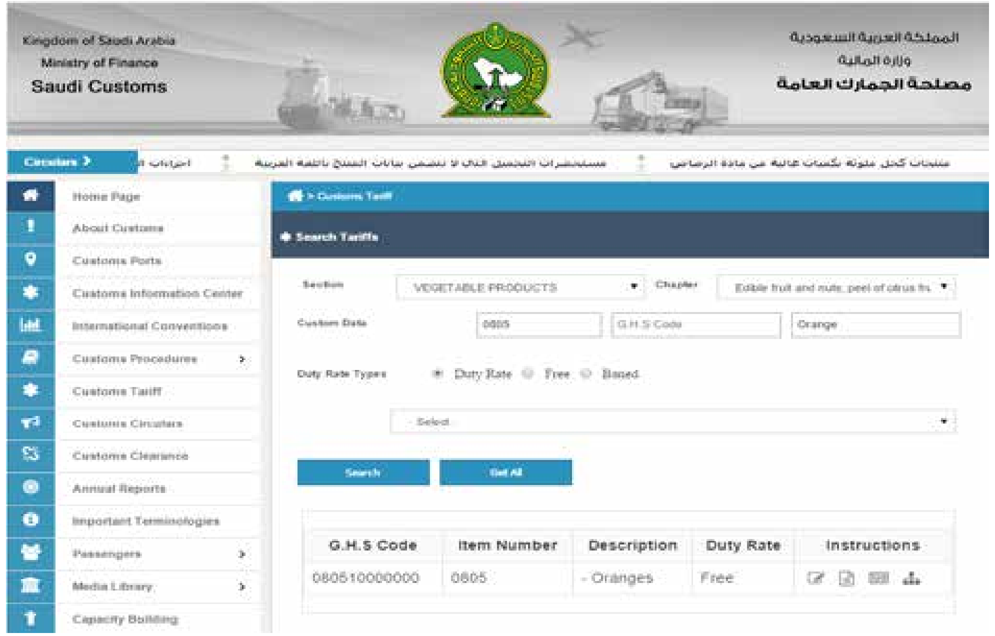


Figure 33 : List of HS Codes on the Saudi Customs Website

There is a search option on the Saudi Customs website that can be used to find an HS code for any item. This search option can also show the specific requirements of the products.

5.1.2 HS Code Classifications

The 97 chapters have been classified under 21 sections. The sections and the associated chapters are given in Table 5.

S.No.	Section Name	Chapters Under the Section
1	Live Animals; animal Products	01, 02, 03 ,04 ,05
2	Vegetable Products	06, 07, 08, 09, 10, 11, 12, 13, 14
3	Animal or vegetable fat oils and their cleavage products; prepared edible fats; animal or vegetable waxes	15
4	Prepared food stuffs; beverages; spirits and vinegar; tobacco and manufactured tobacco substitutes	17, 18, 19, 20, 21, 22, 23, 24
5	Mineral products	25, 26, 27
6	Products of chemical & allied industries	28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38
7	Plastic and articles thereof; rubber and articles thereof	39, 40
8	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut(other than silk worm gut)	41, 42, 43
9	Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	44, 45, 46
10	Pulp of wood or of other fibrous cellulose material; recovered (waste & scrap) paper or paper board; paper and paperboard articles thereof	47, 48 , 49
11	Textiles and textile articles	50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63

Section 5: Appendices

S.No.	Section Name	Chapters Under the Section
12	Footwear, headgear, umbrellas, sun umbrellas, walking –sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair	64, 65, 66, 67
13	Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramics products; glass and glassware	68, 69, 70
14	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewelry; coin	71
15	Base metals and articles of base metal	72, 73, 74, 75, 76, 77, 78, 79, 80 , 81, 82, 83
16	Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	84, 85
17	Vehicles, aircraft, vessels and associated transport equipment	86, 87, 88, 89
18	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof.	90, 91, 92
19	Arms and ammunition; parts and accessories thereof	93
20	Miscellaneous manufactured articles	94, 95, 96
21	Works of art, collectors pieces and antiques	97, 98, 99

Table 5 : 21 Sections of the HS code

5.1.3 Banned Export Products

There are certain products that are banned from being exported out of Saudi Arabia. An extract of the list is given in Table 6. For regular updates and more for information please visit: http://www.customs.gov.sa

S. No	HS Code	Description
1	Ex 01 01 10 10	Arabian breed, pure-bred horses, females
2	Ex 01 01 10 20	Arabian breed, pure-bred horses, females
3	Ex 01 01 90 10	Race horses, females
4	Ex 01 01 90 20	Ponies, females
5	Ex 01 02	Bovine animals, females
6	Ex 01 04	Sheep and goats, females
7	Ex 01 06 19 11	Camels, females
8	12 14	Green Fodder and hay
9	Ex 22 01 90 10	ZamZam water
10	22 01 00 00	Bottled drinking water and non-bottled and ice
11	44 01 10 00	Wood
12	97 06	Antiques and archaeological and historical items

Table 6 : Extract of List of Banned Products for Export from Saudi Arabia

Source: Trade Policy Review of Saudi Arabia (2012)- WTO and relevant Government entities.

Section 5: Appendices

5.1.4 Products Subjected to Authorization / Licensing

There are products that are restricted from being exported from Saudi Arabia without a permit from related authorities. The list in Table 7 shows an extracted list of such products with HS codes and the respective competent authorities. For regular updates and information, please visit: http://www.customs.gov.sa

S. No	HS Code	Description	Authority
1	01 01 10 10	Horses, Pure-Bred	Equestrian Club
2	01 01 10 20	Horses, Pure-Bred	Equestrian Club
3	01 01 90 10	Horses, Pure-Bred	Equestrian Club
4	01 01 90 20	Horses, Pure-Bred	Equestrian Club
5	10 01	Wheat	Gen Silo & Mills Org
6	10 03 00 00	Barley	Ministry of Finance
7	10 05 90 10	Golden Corn	Ministry of Finance
8	10 05 90 20	White Corn	Ministry of Finance
9	11 01 00 10	What flour	Ministry of Finance
10	12 01	Soya beans	Ministry of Finance
11	19 01 10 10	Milk - Based Infant Food	Ministry of Finance
12	19 01 10 20	Milk - Based Infant Food	Ministry of Finance
13	25 05	Sand	Ministry of Petroleum & Minerals
14	25 06 21 10	Sand mixed aggregates	Ministry of Petroleum & Minerals
15	25 06 21 20	Sand mixed aggregates	Ministry of Petroleum & Minerals
16	25 15 11 00	Marble	Ministry of Petroleum & Minerals
17	25 17	Stone Mixtures	Ministry of Petroleum & Minerals
18	25 22	Limestone	Ministry of Petroleum & Minerals
19	27 09	Crude Oil	Ministry of Petroleum & Minerals
20	27 10, expect Naphtha	Fuels	Ministry of Petroleum & Minerals
21	27 11	Gases, Including Liquefied Gases	Ministry of Petroleum & Minerals
22	27 14	Asphalt	Ministry of Petroleum & Minerals
23	28 44	Radioactive materials	Ministry of Interior
24	28 45	Radioactive materials	Ministry of Interior
25	90 22 19 10	Radioactive materials	Ministry of Interior
26	90 22 19 90	Radioactive materials	Ministry of Interior
27	29 03 19 10	Ozone Depleting mate-rials	Meteorological & Environmental Protection Agency
28	29 03 45	Ozone Depleting mate-rials	Meteorological & Environmental Protection Agency
29	29 03 49	Ozone Depleting mate-rials	Meteorological & Environmental Protection Agency
30	30 03	Medicines	Saudi Food & Drug Authority
31	30 04	Medicines	Saudi Food & Drug Authority
32	73 11 00 30	Filled gas cylinders	Ministry of Petroleum & Minerals

Table 7 : Restricted Export Products from Saudi Arabia

Source: Trade Policy Review of Saudi Arabia (2012)- WTO and relevant Government entities.

Section 5: Appendices

5.2 Appendix B: Letters of Credit (L/C)

5.2.1 What is an L/C?

Letters of Credit (L/Cs) are one of the most secure and common payment methods in international trade. An L/C is basically a commitment by a bank on behalf of the buyer that payment will be made to the seller. In other words, an L/C is a promise to pay. A bank will only issue a letter of credit if they are sure that the buyer has enough money in the account to purchase the goods. Once the L/C is issued, the amount will be seized in lien and it will be deducted from the buyer's account after the seller fulfills the requirements of the L/C.

Any L/C will involve 4 parties:

1. Applicant: the buyer
2. Beneficiary: the seller
3. Issuing bank: the bank that promises to pay
4. Advising bank: the bank that helps the beneficiary to execute the letter of credit (usually it is the beneficiary's bank)

An L/C is an agreement where a bank in the buyer's country (issuing bank) acting on behalf of its customer (the buyer), authorizes a bank in the seller's country (advising bank) to make payment to the beneficiary (the seller) against the receipt of certain documents. Sellers must make sure that the bank issuing the L/C is a certified bank. The seller only gets paid after performing specific actions which are agreed upon with the buyer, and these actions are mentioned in the L/C. The seller will receive the payment from the advising bank once the required documents are provided; the advising bank will then collect the money from the bank that issued the L/C in the buyer's country.

L/C is useful when reliable credit information about a foreign buyer is difficult to obtain. An L/C also protects buyers, since no payment will be made until the documents proving that the goods have been delivered as per the L/C terms are presented. In L/C transactions, banks deal in documents only, not goods. Banks only review documents proving that a seller performed the required actions.

An example of a required action is the seller being required to deliver the goods to a specified port to fulfill the terms of an L/C. Once the goods are delivered, the seller receives documentation proving that the delivery was made. By providing these documents to the bank, the L/C now must be paid even if something happens to the goods like, say, if a crane falls on the goods or the ship sinks it's not the seller's responsibility.

5.2.2 L/C Discrepancies

Many discrepancies may arise in L/Cs. If discrepancies occur in any of the documents, including spelling errors, these may delay or stop the payment to the seller. Sellers must review the L/C and make sure that they can meet its requirements before accepting the terms to avoid any future amendments. Sometimes, L/Cs can be amended even after they are opened. However, the amendment process usually takes considerable time as the amendment must be requested by the issuing bank and accepted by the advising bank. Because these banks are in different countries, enacting these amendments may take some time which will eventually cause payment delays.

5.2.3 L/C Transaction Process

The following is a description of the steps taken during an export transaction containing an L/C:

1. The importer (buyer) requests the issuing bank to open an L/C in favor of the exporter (seller).
2. The issuing bank transmits the L/C to the advising bank, which forwards it to the exporter.
3. The exporter delivers the goods as per the L/C terms and submits the documents to the advising bank.
4. The advising bank checks the documents for compliance with the L/C, pays the exporter if the documents comply with the L/C, and sends the documents to the issuing bank.
5. The payment amount is deducted from the importer's account at the issuing bank and the money is transferred to the advising bank.
6. The issuing bank releases documents to the importer to claim the goods from the carrier.

5.2.4 Tips for Exporters

1. Consult your bank before the buyer applies for an L/C, and check the eligibility of the issuing bank.
2. Negotiate with the buyer (importer) on the detailed terms of the L/C.
3. Carefully review the L/C requirements before concluding the agreement.
4. Ensure that you can provide all the required documents, and determine the needed time to acquire these documents.
5. Ensure that the time limits of the opened L/C are reasonable.
6. Ensure that all the documents accurately match the L/C terms.
7. Beware of any discrepancies that may cause delays or nonpayment.

5.3 Appendix C: Saudi Exports Program

Saudi Exports Program comes under the Saudi Development Fund umbrella an aims to promote the national exports and contribute to the diversification of sources of national income. The program provides facilities for the finance and security needed by exporters which are necessary to enable them to do their jobs, increase their competitiveness, and face the risks that they might be exposed to. For further information, please see the website of the program: http://www.sep.gov.sa/

5.3.1 Funding

The program provides several funding initiatives and acts as a financing tool for direct and indirect funding for exports of services and contracting. Following are the basic requirements to obtain financing:

» The goods and/or services to be exported shall be of Saudi origin.

» The local added value of the goods or services to be exported shall not be less than 25%.

» SEP does not finance the exports of crude oil.

» The minimum value of a transaction to be financed by SEP is SR100, 000 (or its equivalent in US Dollars).

» SEP may finance up to 100% of the transaction value.

» SEP finances operations in Saudi Riyals or United States Dollars.

» The credit worthiness of the beneficiaries and the risk associated with transactions must be acceptable to SEP.

» SEP offers facilities with competitive terms based on the nature of the export transaction and the risks involved, and in line with the prevailing local and international interest rates.

The general process to procure the mentioned financing facilities is illustrated in Figure 34.

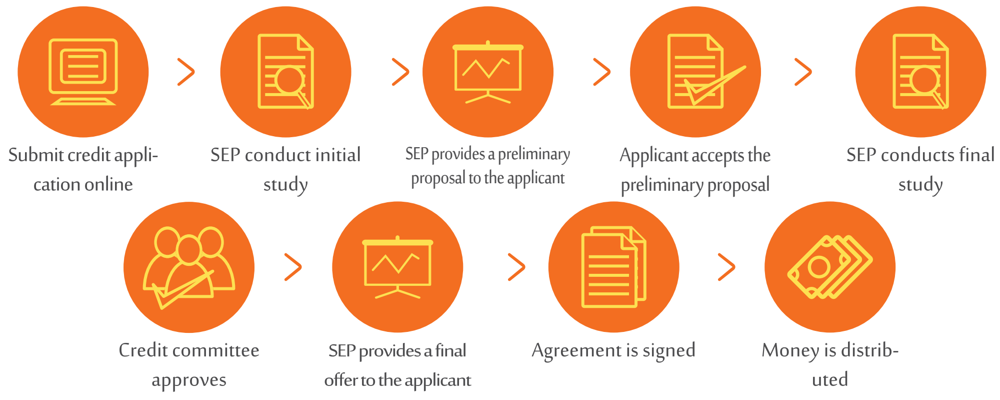


Figure 34 : Export Financing Assistance Process

Direct Financing

The direct modes of financing offered by SEP to the beneficiaries are those when a financing agreement is concluded between the Fund and the beneficiary. SEP provides these facilities through one of the following financing modes:

a) Supplier Credit

» These financing facilities assist the Saudi companies to export their goods/services to foreign importers and provide them with the necessary financing.

» Upon reaching a preliminary agreement with the foreign importer for the sale of goods and/or services, the Saudi exporter submits his financing request to SEP.

» After studying the financing request, the nature of the transaction and the risks involved, SEP evaluates the credit-worthiness of the beneficiary and of the guarantor, and submits the preliminary financing terms and conditions to the beneficiary for his approval. The most important terms and conditions are: the period of financing (e.g. the disbursement, the grace and the repayment periods), the number of instalments, the profit margin (mark-up), and the kind of collateral to be requested (bank guarantee, letter of credit, corporate and/or personal guarantee etc.).

- After the final approval of the operation by the authorized body within SEP, a financing agreement is signed with the Saudi exporter.
- After shipping the goods, the Saudi exporter submits the requested shipping documents to the Saudi correspondent bank of SEP for review. When this corresponding bank confirms to SEP that all terms and conditions of the shipping documents are complied with, the SEP disburses the value of the exported goods to the Saudi exporter.
- The importer/purchaser reimburses (usually through his bank) the SEP, on due dates, of the sale prices of the exported goods or services which include the agreed upon profit margin (mark-up).

b) Local Buyers Credit

- SEP offers such financing facilities to Saudi companies and investors who execute projects outside the KSA and need financing from SEP to purchase and export Saudi goods and/or services to be used in the implementation of these projects.
- The local buyer specifies the types and quantities of the necessary goods and services, and concludes a preliminary agreement with the producing companies (Saudi manufacturers) on the specifications and the prices of the goods and services to be exported and their terms of delivery. Then he submits a request to SEP for financing the transaction.
- SEP studies the request, the nature of the transaction, the risks involved, and evaluates the credit worthiness of the local buyer as well as that of the guarantor(s). Subsequently, it submits the preliminary terms and conditions of the financing to the beneficiary for his approval.
- After the final approval of the operation by the authorized body within the SEP, a financing agreement is signed with the local buyer.
- The local buyer submits, after each shipment, a claim to SEP for the payment of the purchase price of the exported goods and/or services to the Saudi manufacturers/producers.
- The local buyer reimburses SEP, on due dates, of the sale prices of the exported goods or services which include the agreed upon profit margin (mark-up).

c) Buyer Credit

- These financing facilities assist the importers (buyers) of Saudi goods and/or services to get the necessary financing directly from SEP.
- Upon reaching preliminary agreement between the Saudi exporter and the foreign importer for the sale of goods and/or services, the importer (or the Saudi exporter on behalf of the importer) submits a request to SEP for financing.

- SEP studies the request; the nature of the transaction, and the risks involved and evaluates the credit worthiness of the foreign buyer and of the guarantor(s), and submits to the beneficiary, for his approval, the preliminary terms and conditions of the financing.
- After the final approval of the operation by the authorized body within SEP, a financing agreement is signed with the Saudi exporter.
- After the shipment of the goods, the Saudi exporter submits the requested shipping documents to the Saudi correspondent bank of SEP for review. When this corresponding bank confirms to SEP that all terms and conditions of the shipping documents are complied with, SEP disburses the value of the exported goods to the Saudi exporter.
- The foreign buyer reimburses SEP, on due dates, of the sale prices of the exported goods or services which include the agreed upon profit margin (mark-up).

d) Pre-Shipment Credit Facilities

- SEP offers these financing facilities to the Saudi exporters/manufacturers in order to assist them to get the necessary financing for their working capital.
- After agreement with the importer, a Saudi exporter can make a request for the fund.
- The financing period will not exceed 360 days.
- The required financing must be based on a confirmed export contract between the Saudi exporter/manufacturer and a foreign importer.
- SEP submits the preliminary terms & conditions of financing to the Saudi exporter/manufacturer after studying the financing request, the nature of the transaction, the risks involved, and after evaluating the credit worthiness of the beneficiary and the guarantor(s).
- After the final approval of the operation by the authorized body within SEP, a financing agreement is signed with the Saudi exporter/manufacturer.
- SEP disburses the required financing to the Saudi exporter/manufacturer in instalments in proportion to the nature of the transaction and in accordance with the financing agreement. The final instalment shall be paid after the completion of the manufactured goods and their delivery or after the rendering of services to the beneficiary (the foreign importer).
- The Saudi exporter/manufacturer reimburses the SEP for the entire amount including the profit margin (mark-up) according to the terms stipulated in the financing agreement.

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Indirect Financing

SEP establishes lines of financing in favor of foreign banks, foreign financial institutions and foreign large importing firms, to assist the Saudi exporters to sell their products in the international markets in particular to the small and medium size companies (SMEs). This gives the importers the opportunity to obtain financings through one of the commercial banks/financial institutions located in their respective countries which are acting as agents for SEP. These agencies provide financing to importers with competitive credit terms through the following procedures:-

- Initially, the foreign importer agrees to buy specific goods or services from the Saudi exporter, and then submits a request to the national agency (e.g. the foreign importer's bank) for financing the transaction.
- Upon reaching agreement on the terms and conditions for financing, between the bank and the foreign importer, the bank opens a letter of credit (L/C) in favor of the Saudi exporter with a copy to SEP for the issuance of a commitment to pay.
- The Saudi exporter ships the goods (or renders the required services) and then SEP disbursed the value of the goods or services in favor of the Saudi exporter.
- The foreign importer reimburses SEP, through his bank, of the amounts of the financing including the profit margin (mark-up) due SEP within the financing period as per the line of financing agreement.
- It is possible to open lines of financing by SEP in favor of some large foreign firms/importers who are interested to import goods and/or services continuously from the KSA and in large quantities. These foreign importers must have a credit worthiness that is acceptable to SEP and shall have the ability to submit the required guarantee(s)/(collateral(s).

Financing of Services and Turn-key Contracts:

By providing adequate financing facilities SEP seeks to encourage specialized Saudi companies that have experience in rendering services and executing projects outside the KSA. The participation of SEP in these projects shall be according to the following:-

1. Transactions (projects) in which the value of Saudi components (goods /services of Saudi origin) equal less than 50% of the total cost of the transaction (project): the participation of SEP in the financing of such projects may reach 100% of the value of the Saudi components.
2. Transactions (projects) in which the value of Saudi components (goods/services of Saudi origin) equal 50% or more of the total cost of the transaction (project): the anticipation of SEP in the financing of such projects may reach 85% of the total value of the transaction.
3. The export or construction contract (either direct, or as a subcontract) shall be concluded with a Saudi firm. In case there is a joint venture between a Saudi firm and a foreign partner in the execution of a contract, the share of the Saudi firm in the joint venture agreement shall not be less than 70%.

5.3.2 Guarantee

Export Credit Insurance and Guarantee Services are intended to support Saudi exporters by reducing their risk of not getting paid for their exports whether such default is due to commercial or political risks.

Further, the service gives additional security to commercial banks and reduces their risk attached to financing exports by assigning policyholders rights to the bank. Banks can also benefit from the L/C confirmation guarantees as it can help expand their limits on qualified foreign banks.

Benefits for the exporter:

- Enables exporters to expand their exports in the existing markets.
- Enables exporters to penetrate new markets.
- Allows exporters to consider dealing with new importers.
- Helps exporters in receiving better bank facilities and financing rates on their exports.
- Enhances trust between exporters and importers.
- Increases the competitiveness of the exporter and reduces transaction cost by avoiding the usage of L/Cs
- Provides policyholders with, up-to date, real-time information on their portfolio of importers through accessing a huge database that contains data on more than 45 million clients worldwide.

Section 5: Appendices

Types of Policies

Saudi Exports Program provides two types of policies: Whole Turnover and Specific Transaction

a) Whole Turnover

The policy covers 90 % of the non-payment risk. The validity of the policy is one year and it usually is automatically renewed unless one of the parties decides not to renew. Under this policy coverage on revolving credit limits is granted for a portfolio of buyers.

b) Specific Transaction

This policy covers up to 90 % of the non-payment risk. The validity of the policy is dependent on the transaction period where it, typically, covers short and medium term transactions. Under this policy, credit limit is granted for a single buyer and can revolve during the period of the policy, based on the nature of the transaction.

Eligibility Conditions

» Eligible goods or services should have an added value of 25% or more by Saudi Arabia.

» The program does not provide cover for crude oil exports.

Application Procedure

» The exporter should send a letter, fax or an e-mail indicating his desire in obtaining a guarantee to cover his non-payment risk associated with his exports together with a filled out application (available at SEP's website).

» After completing the necessary analysis of all potential buyers, originally, targeted by the exporter, results are forwarded to the exporter as well as an offer inclusive of all credit limits and guarantee premiums.

» A policy is signed and applied by both SEP and the policyholders.

5.4 Appendix D: International Commercial Terms (Incoterms)

IN-CO-TERMS or International Commercial Terms are a set of uniform rules for the interpretation of international commercial terms. These terms define the costs, risks and obligations of buyers and sellers in import-export transactions. Incoterms are intended to reduce or remove altogether uncertainties arising from different interpretation of rules in different countries. Incoterms are periodically updated, and Incoterms 2010 is the latest version available. Please note that the **International Chamber of Commerce** (ICC) is the official body responsible for defining and updating incoterms. More information on ICC can be found on this website: www.iccwbo.org

The Incoterm of a shipment must be known and agreed upon before the shipment occurs as it represents the point at which responsibility passes from exporter to buyer with regard to transportation costs, risks, insurance, and documentation. There are 11 terms in Incoterms 2010; seven terms are common for all types of shipments and four terms are used only for sea shipments.

The seven terms for all modes of transport (Air, Sea and Inland) are:

EXW	FCA	CPT	CIP	DAT	DAP	DDP
EX Works	Free Carrier	Carriage Paid To	Carriage and Insurance Paid to	Delivered At Terminal	Delivered At Place	Delivered Duty Paid

The four terms for sea and inland waterway transport are:

FAS	FOB	CFR	CIF
Free Alongside Ship	Free On Board	Cost and Freight	Cost Insurance and Freight

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Each term is briefly discussed in the following subsection:

EX Works – EXW

EXW represents the minimum liabilities for a seller and the maximum liabilities for a buyer. In EXW the seller is only responsible for making the goods available in a specified place chosen by the seller (factory, warehouse, etc.).

The buyer will arrange the pickup of the cargo from the place specified by the seller and arrange for it to be delivered to the buyer's premises. All transportation costs and risks, including export and import customs clearance will be incurred by the buyer alone.

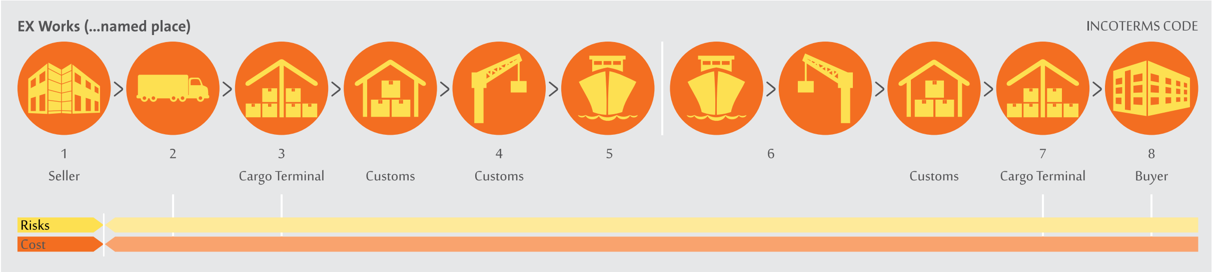

Figure 35 : EXW Incoterm

Free Carrier – FCA

In FCA, the seller is only responsible for delivering the shipment up to a specified cargo terminal; all costs and risks up to that point will be on the seller. From that point onward, all costs and risks are shifted to the buyer.

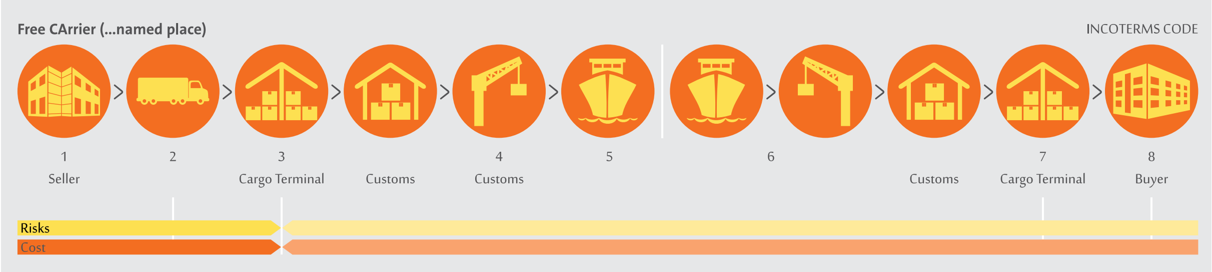

Figure 36: FCA Incoterm

Carriage Paid To – CPT

In CPT, the seller is responsible for all costs up to the delivery of the goods to the buyer's warehouse. However, all risks shift to the buyer once the goods leave the sellers premises.

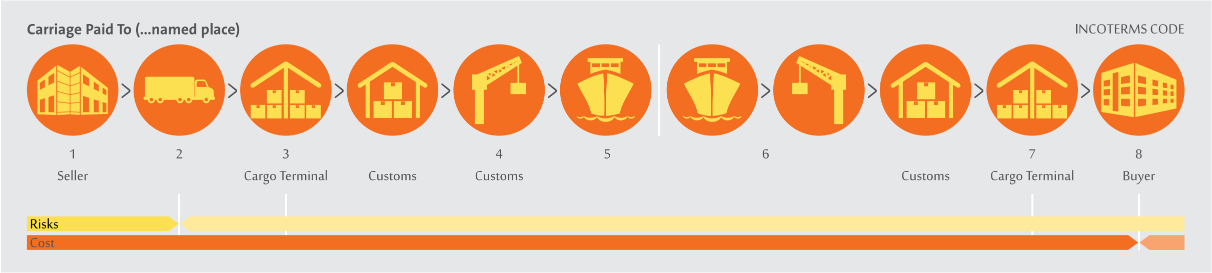

Figure 37 : CPT Incoterm

Carriage and Insurance Paid To – CIP

CIP is CPT plus insurance. Here, the seller must arrange insurance to cover against the buyer's risk of loss or damage. The choice and level of the insurance is up to the seller.

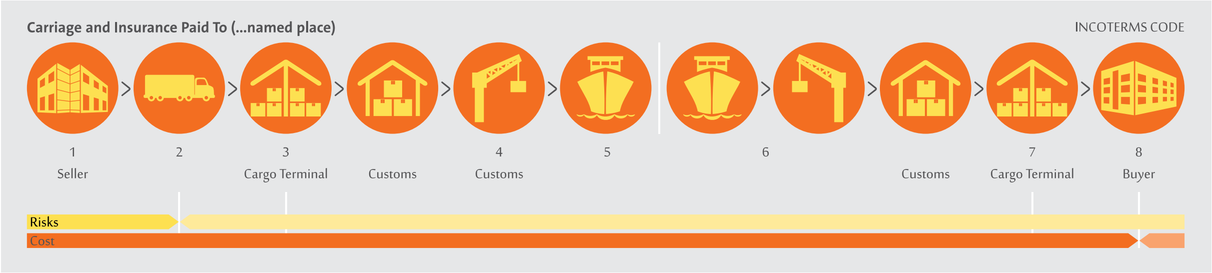

Figure 38 : CIP Incoterm

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Delivered At Terminal – DAT

In DAT, the seller is responsible for delivering the shipment up to a specified destination port terminal, all costs and risks up to that point will be incurred by the seller.

The buyer will be responsible for both import customs clearance at the destination port and for the arrangement of transportation from the port terminal to the buyer's premises.

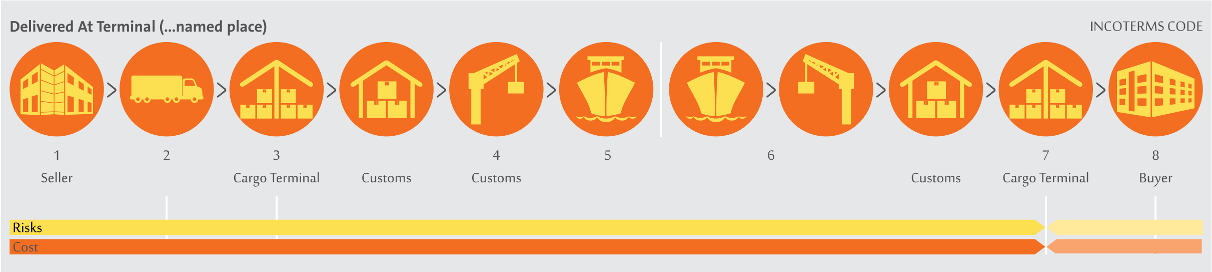

Figure 39 : DAT Incoterm

Delivered At Place – DAP

In DAP the seller is responsible of delivering the shipment from the warehouse up to the buyer's premises. All costs and risks up to that point will be incurred by the seller. However, the seller is not liable for the import customs clearance.

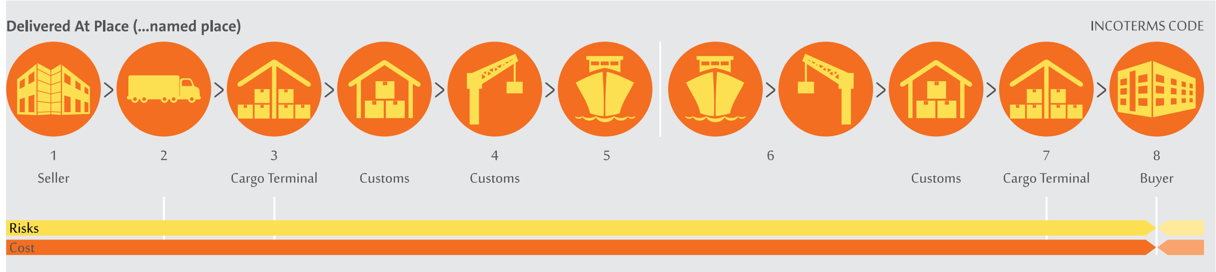

Figure 40 : DAP Incoterm

Delivered Duty Paid – DDP

DDP is the opposite Incoterm of EXW. It represents the minimum liabilities for the buyer and the maximum liabilities for the seller. It is the same as DAP with the exception of import customs clearance. Here, import customs clearance is the responsibility of the seller as well.

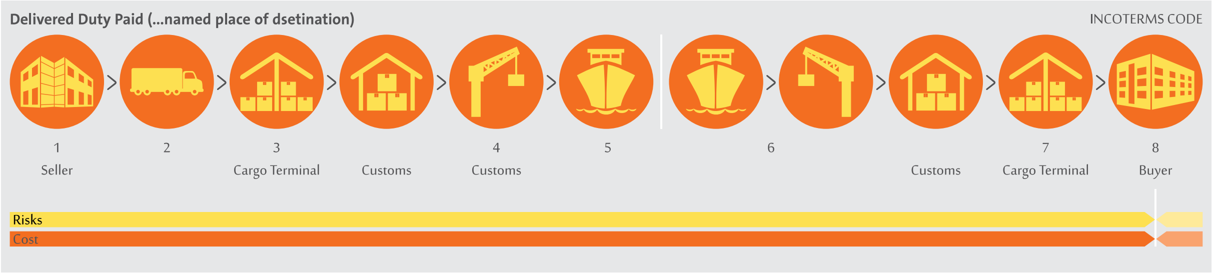

Figure 41 : DDP Incoterm

Free Alongside Ship – FAS

In FAS, the seller is responsible for delivering the shipment to a named domestic port terminal, and all costs and risks up to that point will be incurred by the seller. From that point onward, all costs and risks are shifted to the buyer; this includes the responsibility for costs associated with loading the goods onto the vessel.

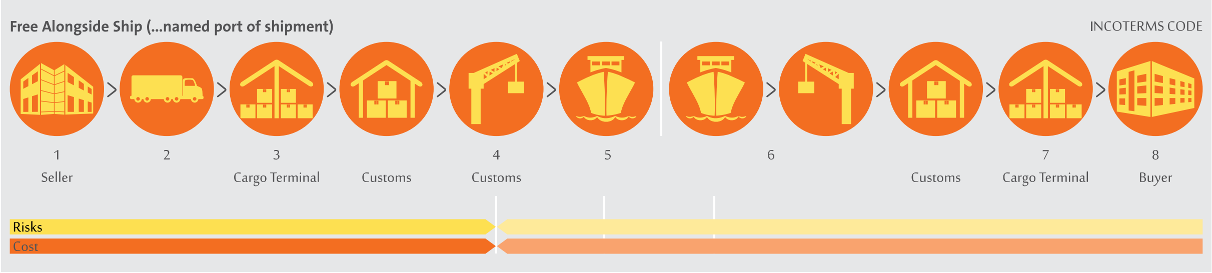

Figure 42 : FAS Incoterm

Free On Board – FOB

In FOB, the seller is responsible for delivering the shipment up to a specified domestic port terminal, all costs and risks up to that point will be incurred by the seller. From that point onward, all costs and risks are shifted to the buyer. But unlike FAS, the seller will be responsible for all charges related to loading the goods on the vessel.

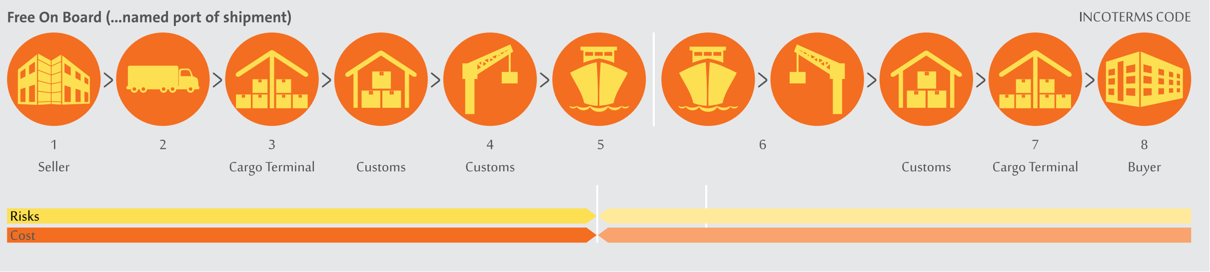

Figure 43 : FOC Incoterm

Cost and Freight – CFR

In CFR, the seller is responsible for delivering the shipment up to a specified destination port, and all costs up to that point will be incurred by the seller. The risk transfers to the buyer once the shipment is loaded on the vessel. In other words, the seller will book the vessel and pay for it, but in case anything happens to the cargo after it is loaded on the vessel, the seller will not be obligated to bear any liability.

The buyer will be responsible for both import customs clearance at the destination port, and the arrangement of transportation up to the buyer's premises.

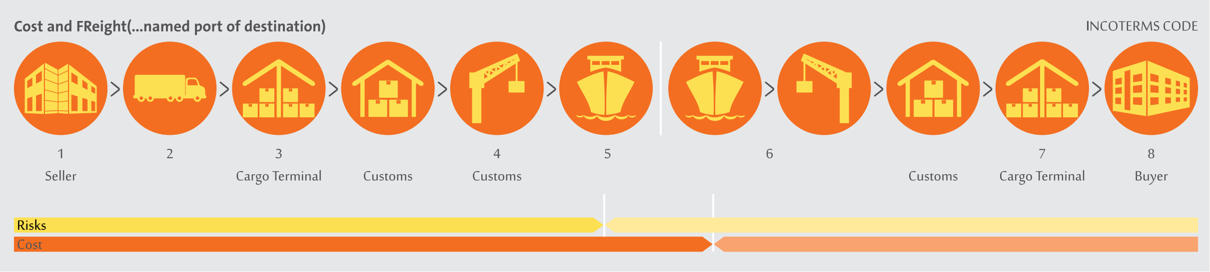

Figure 44 : CFR Incoterm

Cost Insurance and Freight – CIF

CIF is CFR plus insurance wherein the seller must arrange insurance to cover against the buyer's risk of loss or damage. The choice and level of insurance and its cost is up to the seller, the buyer will be responsible for both the import customs clearance at the destination port, and the arrangement of transportation to the buyer's premises.

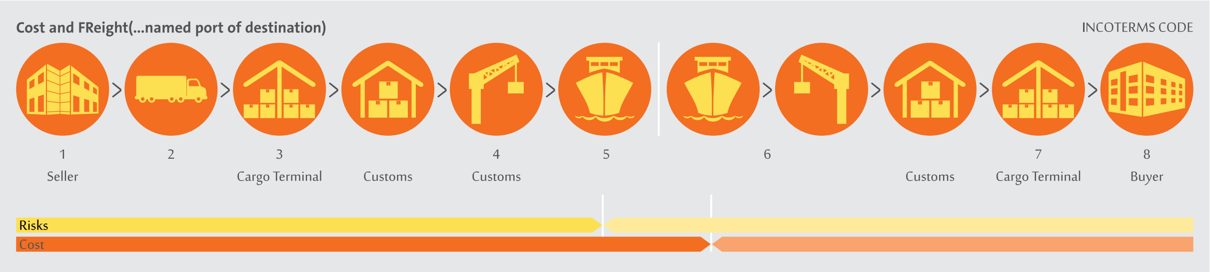

Figure 45 : CIF Incoterm

Incoterm Example

Incoterms are usually mentioned in the commercial invoice. Assume that a Saudi seller located in Riyadh and a US buyer located in New York agreed on a sales transaction, what should the term look like?

In case an EXW incoterm is agreed, then the incoterm will look like EXW 1234 Olaya St Riyadh.

In case a FOB incoterm is agreed, then the incoterm will look like FOB Dammam Port.

In case a CFR incoterm is agreed, then the incoterm will look like CFR New York Port.

In case a DDP incoterm is agreed, then the incoterm will look like DDP 1234 Madison, New York.

Section 5: Appendices

5.5 Appendix E: Bill of Lading

5.5.1 Ocean Bill of Lading

There are three types of bills of lading within the Ocean Bill of Lading with different variations and purposes i.e. Original Bill of Lading, Telex Release Bill of Lading and Express Release Bill of Lading. The Ocean Bill of Lading can be negotiable and non-negotiable. In case of being negotiable, the importer has to fulfill the terms agreed with the exporter before receiving the cargo from the carrier. Otherwise, the importer can receive the cargo upon showing the identification.

When the cargo is loaded on board a vessel, the shipping agent produces the Original Bill of Lading (OBL) to the exporter. This is the single most important document required by the importer to release the cargo when it reaches its destination. The exporter sends the OBL via courier to the importer after the importer has fulfilled certain terms agreed between them e.g. payments. An OBL consumes time and the exporter has to pay for the courier charges.

In the case of Telex Release Bills of Lading, the original bills of lading are issued to the exporter when the cargo is loaded on board the vessel. Once the importer satisfies the terms and conditions of the transaction, instead of sending the OBL by courier to the importer, the exporter surrenders the OBL to the shipping agent. The shipping agent sends a message to the importer's shipping agent office that the OBL has been surrendered and the cargo is released to the importer immediately. This will help to speed up the release of the container for the importer and also saves the courier cost for the exporter.

The Express Release Bill of Lading, also known as Seaway Bill, is the quickest variation of a bill of lading and is used in cases where an exporter has decided in advance to release his hold on the cargo immediately. In this case, an original is not issued at all. When the cargo is loaded on board, the exporter will just receive a copy of the bill of lading for reference. The exporter is not required to surrender anything back to the shipping company and neither is the importer, so freight is released as soon as it is available. It also eliminates the need for any courier fees as the document copies can be sent electronically by fax or email.

5.5.2 Truck Waybill

The truck waybill is used when the cargo crosses a land border between two countries. Through this an exporter provides the right to the trucking company to carry this cargo to its destination. It provides similar information as the Ocean Bill of Lading such as consignee, consigner, cargo type, etc. The document is signed by the exporter's representative and the driver at the origin and then by the importer's representative at the destination. This is a non-negotiable document which means it's only a transportation contract. A sample of truck waybill is shown in Figure 32.

5.5.3 Air Waybill

The air waybill is the transport document issued by the airline carrier or its agent, which acts as a receipt of goods transported by the airline carrier and as evidence of the contract between the exporter and the airlines carrier. It contains information such as consignee, consigner, and the cargo description such as weight and product. This is a non-negotiable document which means it's only a transportation contract. A sample of air waybill is shown in Figure 33.

Section 5: Appendices

5.6 Appendix F: Saudi Arabia's Sea, Air and Land Ports

5.6.1 Sea Ports

Saudi Arabia has ten seaports, which are used for non-oil exports, located on the Red Sea and the Arabian Gulf as shown in Table 8.

No.	Name	City	Key Type of Export Cargo	Related Webpage
1	Jeddah Islamic Seaport	Jeddah	Containers, General Cargo, RoRo	http://www.ports.gov.sa/
2	King Abdulaziz Seaport	Dammam	Container, General Cargo, Solid Bulk	http://www.ports.gov.sa/
3	Yanbu Industrial Port	Yanbu	Liquid, Gas and solid bulks	http://www.ports.gov.sa/
4	Yanbu Commercial Port	Yanbu	General Cargo	http://www.ports.gov.sa/
5	Jubail Industrial Port	Jubail	Liquid, Solid Bulk	http://www.ports.gov.sa/
6	Jubail Commercial Port	Jubail	Containers, General cargo	http://www.ports.gov.sa/
7	King Abdullah Port	Rabigh	Containers, General Cargo	http://www.kingabdullahport.com.sa/
8	Diba Seaport	Diba	General Cargo	http://www.ports.gov.sa/
9	Jaizan Seaport	Jaizan	General Cargo	http://www.ports.gov.sa/
10	Ras Al Khair Sea Port	Ras Al Khair	Solid, Liquid Bulk	http://www.ports.gov.sa/

Table 8 : Non-Oil Exporting Seaports in Saudi Arabia

5.6.2 Air Ports

Saudi Arabia has 11 airports that operate as import/export points as shown in Table 9.

No.	Name	City
1	King Khalid Airport	Riyadh
2	King Abdulaziz Airport	Jeddah
3	King Fahad Airport	Dammam
4	Prince Mohammed Airport	Al-Madinah
5	Prince Sultan Airport	Tabuk
6	Prince Naif Airport	Qassim
7	Taif Airport	Taif
8	Jouf Airport	Jouf
9	Abha Airport	Abha
10	Hail Airport	Hail
11	Najran Airport	Najran

Table 9 : Airports in Saudi Arabia

5.6.3 Land Ports

There are 15 Land ports in Saudi Arabia that connect it with neighboring countries as shown in Table 10

No.	Name	City	Border Country
1	Dry Port	Riyadh	N/A (railway between Dammam and Riyadh)
2	King Fahad Causeway	Dammam	Bahrain
3	Halat Ammar	Halat Ammar	Jordan
4	Salwa	Salwa	Qatar
5	Bataha	Bataha	United Arab Emirates
6	Ruqai	Ruqai	Kuwait
7	Khafji	Khafji	Kuwait
8	Twal	Twal	Yemen
9	Khadra	Khadra	Yemen
10	Durah	Durah	Jordan
11	Jadedat Arar*	Arar	Iraq
12	Turaif*	Turaif	Jordan
13	Alab	Alab	Yemen
14	Wadya	Wadya	Yemen
15	Haditha	Haditha	Jordan

* Currently not operating.

Table 10 : Land ports in Saudi Arabia

5.7 Appendix G: Saudi Port Tariffs

Saudi Port Authority regulates the port tariffs for all government seaports. Table 11 provides the list of current tariffs for each cargo type and services provided. For regular updates and more information, please visit: http://www.ports.gov.sa/English/PortsTariffs/Pages/default.aspx

S. No.	Cargo	Rate (SAR)	Per Unit	Notes
1.1	General Cargo	35	per ton or part thereof	Transporting Cargo after discharge until loaded on consignee transport and vice versa for export
1.2	Vehicles and Equipment	35	per ton or part thereof	
1.3	Bagged Cargo & Foodstuff	20	per ton or part thereof	
1.4	Bagged Cement (exported)	10	per ton or part thereof	
1.5.1	Sheep/Goats	2	per head.	
1.5.2	Other Livestock	5	per head	
1.6	Bulk Cargo (foodstuff, cement silos, grains, oils or similar) excluding crude oil, gas and liquid petroleum products	6	Per ton or part thereof.	For using the port infrastructure
1.7	Exported Bulk Cement and Clinker.	3	Per ton or part thereof.	
1.8.1	20 Feet Long or Less	270	Per unit.	Moving after discharge until loaded on consignee transport and vice versa for export
1.8.2	Over 20 Feet up to 40 Feet	415	Per unit.	
1.8.3	Over 40 Feet	415	Per unit.	
2.1	Every additional movement	60	Per unit.	
2.2	Stripping of container/trailer contents.	120	Per unit.	Additional charge of 350 & 750 SR respectively for 20/40 ft. containers if not stowed in a way to be handled Additional charge of 350 & 750 SR respectively for 20/40 ft. containers if not stowed in a way to be handled by mechanical cargo handling equipment by mechanical cargo handling equipment
2.3	Re-stuffing of cargo into container/trailer.	120	Per unit.	
2.4	Refrigerated containers/ trailers for any period in excess of three days after discharging day.	100	Per unit/day or part thereof.	
2.5	Transfer of overdue containers to the unclaimed cargo yard.	200	Per unit.	
2.6	Missed appointment for inspection	120	Per each operation.	
2.7	Transfer of contents of a container/trailer to another container/ trailer plus stacking and re-stuffing (for other than customs purposes):	200 / 400	per 20 feet or part thereof	
2.8.1	For any period during the first three days.	20	Per ton or part thereof.	Additional storage charges as given below
2.8.2	With effect from the fourth day	20	Per ton per day or parts thereof.	
3	Storage charges	20	Per ton per day or parts thereof until the date of clearing the cargo outside the port.	Storage charges will be collected for the period of storage at the ports after ten (10) days from the date of completion of discharge. Storage charges will also be collected on export cargoes delivered to the port after ten (10) days from the day after entering customs premises. The two Eid holidays are to be excluded from these two periods. Bulk cargo in silos such as cement, grains, oils, chemicals, etc. and on the project berths at the industrial ports will be exempted from the storage charges.

Table 11 : Seaport Tariffs for Exports

Section 5: Appendices

5.8 Appendix H: Stakeholders Roles

Table 12 shows a summarized list of stakeholder in Saudi Arabia export ecosystem and their roles:

S. No	Stakeholder	Abbreviation	Document / Physical Flow	Government / Private	Role in Exports	Website
1	Ministry of Commerce & Industry	MCI	Document Flow	Government	Providing Certificate of Origin	http://www.mci.gov.sa/
2	Chamber of Commerce	CoC	Document Flow	Government	Attestation	http://www.csc.org.sa/
3	Saudi Food & Drug Authority	SFDA	Document Flow	Government	Shelf Life Certificate and Consignment Certificate	http://www.sfda.gov.sa/
4	Saudi Standards, Metrology and Quality Organization	SASO	Document Flow	Government	Quality Mark Certificate	http://www.saso.gov.sa/
5	Ministry of Petroleum & Minerals	MPM	Document Flow	Government	Permits on restricted products	http://www.mopm.gov.sa/
6	Saudi Customs Authority	Customs	Document Flow	Government	Export Declaration	http://www.customs.gov.sa/
7	Ministry of Interior	MOI	Document Flow	Government	Permit for dangerous goods	http://www.moi.gov.sa/
8	Ministry OF Agriculture	MoA	Document Flow	Government	Providing Veterinary Certificate	http://moa.gov.sa/
9	Shipping Agent	SA	Document Flow	Private	Shipping Manifest and Bill of Lading	
10	Freight Forwarder	FF	Document Flow	Private	Liaison between all LSP	
11	Customs Broker	CB	Document Flow	Private	Customs clearance and providing export declaration	
12	3rd Party Certificate Agencies	-	Document Flow	Private	Certifications	
13	Saudi Port Authority	SPA	Physical Flow	Government	Manages all Saudi Ports	http://www.ports.gov.sa/
14	Ministry of Transport	MoT	Physical Flow	Government	Manages all road transportation	https://www.mot.gov.sa
15	General Authority for Civil Aviation	GACA	Physical Flow	Government	Manages all airports	http://www.gaca.gov.sa/
16	Saudi Railway Organization	SRO	Physical Flow	Government	Rail Organization	http://www.saudirailways.org/
17	Saudi Railway Company	SAR	Physical Flow	Government	Rail company	http://www.sar.com.sa/
18	Transporter Or Hauler	-	Physical Flow	Private	Trucking	
19	Shipping Lines or Agent	SL / SA	Physical Flow	Private	Vessel booking and ocean freight	
20	Freight Forwarder	FF	Physical Flow	Private	Liaison for all LSP	
21	Port Operator or Stevedoring	-	Physical Flow	Private	Handles movements inside the port including loading to vessel	

Table 12 : Saudi Export Stakeholders and Their Roles

5.9 Appendix J: Useful Links

Arab Trade Financing Program
www.atfp.org.ae

Certificate of Origin Forms
http://www.mci.gov.sa/ServicesDirectory/Pages/Issuingcertificatesoforigin.aspx

Chamber of Commerce
http://www.csc.org.sa/

General Authority for Civil Aviation
http://www.gaca.gov.sa/

International Chamber of Commerce
www.iccwbo.org

International Islamic Trade Finance Corporation
www.itfc-idb.org

International Trade Center
http://www.intracen.org/

King Abdullah Port
http://www.kingabdullahport.com.sa/

Ministry of Agriculture
http://moa.gov.sa/

Ministry of Commerce and Industry
www.mci.gov.sa

Ministry of Commerce and Industry, Electronic Issuance of CoO
http://co.mci.gov.sa

Ministry of Interior
http://www.moi.gov.sa/

Ministry of Petroleum & Minerals
http://www.mopm.gov.sa/

Ministry of Transport
https://www.mot.gov.sa

Ports Authority
www.ports.gov.sa

Ports Authority – Container Tracking
http://www.ports.gov.sa/English/EServices/Pages/Container-Tracking.aspx

Riyadh Dry Port
http://www.riyadhdryport.com

Saudi Arabia General Investment Authority
www.sagia.gov.sa

Saudi Customs Clearance Form
http://www.customs.gov.sa/sites/sc/ar/Clearance/

Saudi Customs Procedures
http://www.customs.gov.sa/sites/sc/ar/CustomsGuideNew/HQweb/Pages/Pages/LandingPage.aspx

Saudi Customs
www.customs.gov.sa

Saudi Customs, Export Complaints
http://www.customs.gov.sa/sites/sc/ar/complaints/

Saudi Customs, How To Find an HS Code
http://www.customs.gov.sa/sites/sc/ar/SCTariffs/Pages/Pages/SearchTariffsPage%20.aspx

Saudi Customs, Commitment program
http://www.customs.gov.sa/sites/sc/ar/CommitmentGateway

Saudi Export Program
www.sep.gov.sa

Saudi Food and Drug Authority
www.sfda.gov.sa

Saudi Food and Drug Authority – Shelf Life Certificate Procedure
http://www.sfda.gov.sa/en/food/eservices/Pages/LMCES.aspx

Saudi Industrial Development Fund
http://www.sidf.gov.sa

Saudi Railway Company
http://www.sar.com.sa/

Saudi Railway Organization
http://www.saudirailways.org/

Saudi Standards, Metrology and Quality Organization
http://www.saso.gov.sa

The Saudi Export Development Authority
https://www.saudiexports.sa/ar/

The Arab Investment and Export Credit Guarantee Corporation
www.iaigc.net

The Islamic Corporation for the Insurance of Investment and Export Credit
www.iciec.com

The Arab Bank for Economic Development in Africa (BADEA)
http://www.badea.org/

The OPEC Fund for International Development (OFID)
www.ofid.org

5.10 Appendix K: Glossary

Aircraft: an aero plane, helicopter, or other machine capable of flight.

Airport: a place in a city where aircrafts carrying passengers and freight take off and land.

Air Waybill: The air waybill is the most important document issued by a carrier either directly or through its authorized agents. It is a non-negotiable transport document. It covers transport of cargo from airport to airport.

Bill of Lading: A bill of lading (sometimes abbreviated as B/L or BoL) is a document issued by a carrier which details a shipment of merchandise and gives title of that shipment to a specified party.

Cargo: The word cargo refers in particular to goods or produce being conveyed – generally for commercial gain – by ship, boat, or aircraft, although the term is now often extended to cover all types of freight, including that carried by trains, vans, trucks, or intermodal containers.

Certificate of Conformity (CoC): Certificate of Conformity is granted to a product that meets a minimum set of regulatory, technical and safety requirements. Generally, CoC is required before a product is allowed to be sold in a particular country; so the requirements for a given product will vary around the world.

Certificate of Origin: A Certificate of Origin (CO) is an important international trade document attesting that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country. COs also constitute a declaration by the exporter.

Commercial Invoice: A Commercial Invoice is a document used in foreign trade. It is used as a customs declaration provided by the person or corporation that is exporting an item across international borders.

Consignee: In a contract of carriage, the consignee is the entity who is financially responsible (the buyer) for the receipt of a shipment.

Container Seal: In order to avoid any tampering, theft, or loss of goods inside a container the exporter seals the container using the seal provided by the shipping line and it is updated on all customs documents and Bill of Lading. If the customs requires inspect the contents of the container, then it will break the seal and then reseal the container with a new number and update the same on the documents.

Container: A transportation box of different sizes and types that carry goods for trade on ships.

Customs Broker (CB): Customs brokers are qualified individuals who are involved in the “clearing” of goods through customs barriers for importers and exporters

Customs Clearance: Customs clearance refers to a procedure for clearance of goods to be exported.

Customs Tariff: Duties levied on goods being imported or exported from one country to another by the customs authority.

Exporter: the party who has manufactured the product and wishes to sell this to a foreign buyer

Foreign Direct Investment (FDI): An export strategy where the company invests in a foreign country to control ownership in a business enterprise.

Freight Forwarder (FF): A freight forwarder, forwarder, or forwarding agent, also known as a non-vessel operating common carrier (NVOCC), is a person or company that organizes shipments for individuals or corporations to get goods from the manufacturer or producer to a market, customer or final point of distribution.

HS Code: The HS code was created and is administered by the Brussels-based World Customs Organization (WCO). The first 6 digits of an HS code indicate the same product description for all 190 countries, but that does not mean that the rates of customs duties are the same. Each HS code consists of a number of digits up to 12, and 6 chapters for each product category at maximum.

Importer / Foreign Buyer: The party who buys goods in a foreign country and brings it into his own country for trade or personal purpose.

Land Border: A land area in a country through which passengers and freight can enter or exit the country by land/road.

Letter of Credit (L/C): A letter issued by a bank to another bank (especially one in a different country) to serve as a guarantee for payments made to a specified person under specified conditions.

Packing List: A Packing List is a document that includes details about the contents of a package for the shipment. The packing list is intended to let transport agencies, government authorities, and customers know the contents of the package. These details help each of these parties handle the package accordingly.

Pallet: A pallet is the structural foundation of a unit load which allows handling and storage efficiencies.

Payment Proof: A receipt that proves something has been paid for.

Port Operator: A port operator is port authority or company that contracts with the port authority to move cargo through a port at a contracted minimum level of productivity.

Saudi EDI: EDI (Electronic Data Interchange) is the transfer of data from one computer system to another by standardized message formatting, without the need for human intervention.

Seaport: A harbor is an area in a city where ships carrying freight or passenger enter and exit the city.

Seller: The party who sells a product.

Shelf Life Certificate (SLC): Certificate issued by a competent authority or an endorsed party certifying that the technical inspections and regulations of the company comply to GSO standard no. (21/1984) "Health conditions of food plants and their personnel" and that the samples drawn for testing have shown that it's matching the production and safety standards fit for human consumption.

Ship / Vessel: a large boat used for traveling long distances over the sea.

Shipment: Cargo transported under the terms of a single bill of lading or air waybill, irrespective of the quantity or number of containers, packages, or pieces.

Shipping Agent: A shipping agency or shipping agent is a designated person or agency held responsible for handling shipments and cargo, and the general interests of its customers, at ports and harbors worldwide, on behalf of ship owners, managers, and charterers.

Shipping Insurance: Shipping insurance covers the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.

Shipping Line: A shipping line is a business that operates ships that it may or may not own and manages all movements from port to port, organizes all traffics navigation in sea ports.

Shipping Manifest: A manifest or ship's manifest is a document listing the cargo, passengers, and crew of a ship, aircraft, or vehicle, for the use of customs and other officials.

Terminal: The end of a railway or other transport route like, sea, land or air, or a station at such a point.

Truck Waybill: A Truck Waybill is a document issued by a carrier giving details and instructions relating to the shipment of a consignment of goods that has to cross a land border.

Trucking Companies: A company that ships goods by trucks that they own or manage.

Trucks: a large, heavy road vehicle used for carrying goods/materials.

Third Party Inspection Companies: Private or governmental company which test the quality of a product and also if it confirms to certain standards, and issues a certificate stating the same.

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