

How To Be Exporter

Egyptian Exporter Definition:

The Egyptian Exports include the following (exporter should be listed in the exporter's registry)

The Egyptian exported goods and foreign products which have undergone operations that changed their shapes or raised their value.

Re-exported foreign goods which are originally sent to Egypt and are cleared by the customs department and re-exported directly by the customs.

Reshipped foreign goods by Egypt are re-shipped to another country after the approval of the responsible authority before the customs department clears the goods.

The Egyptian Products should be exported directly by customs without export approval.

Tariffs shouldn't be imposed on Egyptian exports under the fifth article of law number 66 in 1963. Some products are excluded from the article they are included in article, 'B' under the republican decree number 38.

Step (1):

Procedures of Listing in exporter's register and annotating them

The listing application should be presented by the applicant or his agent or the legal representative of the normal person. The application should be presented with original and a copy to the general authority for controlling export and import. They should include the following data:

- 1-The name of applicant, trade name and trade mark if it is available.**
- 2 The address of the activity place.**
- 3-The kinds of commodities the applicant wants to export.**
- 4-The trade mark if it is available.**

The referred data should be in accordance with the proven data in the trade register. The application should be attached with some documents which differ for both normal and moral persons as follow:

1-The documents of solidarity and limited partnership companies in the exporter's register.

An official transport in the trade register involving the company's contract and the fixed capital is not less than 1000 pounds and the company's main purpose is to export.

A criminal paper issued just months ago, for all the acting partners and for those who have the right of management and signature.

The acting partners should bring their identity cards or family cards, passport and the original's to be checked.

Bringing a certificate of registering the trademark if it is available.

Fees, Stamps and customs tariff should be paid to the aforementioned authority's treasury or via postal order worth 105 pounds.

The acting partners and those who have the right to sign, should admit that they don't work in any governmental sector.

2- Changing the data in the register:

It is permit able to amend the data of the register by the applicant within 60 days of the data of changing in return of 5 pounds.

3- Determining the registry in the export register:

The enrollments in the export register is determined every five years from the data of registry or from the last renew. The following documents should be attached:

A- A registry paper if the trade register expiry is finished or some amendments have occurred.

B- The exporter should admit that his case or the other registry documents have not changed.

C- Delivering the receipt of the fees for renewing the contract by 15 pounds. It is permit table to accept the demand of renewing or the documents until the end of the fiscal year. Anyway, exportation can not occur before accomplishing the renewing process

4- The expiry or cancellation of the registry:

A- The death of the natural person or the suspension of the company's activity.

B- According to the exporter's demand

c- The expiry of the registry period without renewing in the definite data which is expected to happen at the end of every five years.

The registry cancellation can happen according to a decree in the following cases:-

A- Violating the rules of law no. 118 for 1975 concerning export and import, and its executive list of the ministerial decree no. 275 for 1991 and its amendments.

B- In case the exporter loses a term of the registry in the export register. It is permit table to warn the exporter or suspend his activity for a year. The decree of cancellation or halting or warning cannot be issued unless notifying the exporter with a letter. This is recommended to enable the exporter to pay a bail within 15 days from the day of notifying him at his registered address. In all cases, it is not permit table to reconsider the registry in the export register unless after the passing of 13 years of issuing the cancellation decree.

Step (2):

Certificate of Origin:

The Rule of Origin:

The rules of origin are the laws, systems and administrative regulations which are applied by a member to determine the country of origin, provided that the rules of origins have no relations with contracting or independent system which grant tariff preferential treatments.

The rules of origin include all the used rules of origin such as preferential political trade tools and non-preferential trade policy tools.

The origin of commodity: It is the place or country where commodity is produced or the last produced or where an essential change happened. Commodities from Egyptian origin are considered Egyptian in the following cases:

a- The products obtained completely from Egypt.

b- The products obtained from Egypt but their components are not originally Egyptian, provided that the local value added is not less than 40% (Arab), 50% (European) and 60% (Islamic) in accordance with the different agreements.

c- Process or transforming is not enough to grant the quality of origin whether the tariff item of the product is changed or not:-

1- The necessary measures for keeping commodities in good condition during transportation or storage such as (ventilation, drying, freezing, salting and

preserving).

- 2- Simple operations which include garbling, cleaning up, sorting out, labeling, coordinating, washing, colouring, cutting, packing and parceling.
- 3- Simple operations for packing in bottles, flasks, bags, boxes and simple operations packaging .
- 4- Putting Trademarks or data or other similar marks on products or on the cover.
- 5- Simple mixing operations for products even if they are from different kind.
- 6- Simple collection of commodities parts to produce a final product.
- 7- Combining two operations or more from (A) TO (Z).
- 8- Slaughtering animals.

How To Get a Certificate Of Origin

Firstly:

The exporter presents the application of origin (model 8-repeated) to issue the certificate of origin. The employer increase checks the certificate of customs measure after finishing the aviation exports or checking the customs release permission in shipping.

- 1- Bill of lading
- 2- Sale invoice.
- 3- The approval of the specific authority if it is available.
- 4- The exporter's admission on special publications about the percentage of the local product.
- 5- The certificate of origin (its type can be identified according to the import country. It should be written in English or in the language of the import country unless the credit doesn't include this).

It is important that the application's data and documents should be identical.

Secondly :

The certificate of origin can be issued before shipment, export and before completing the aforementioned documents. This is important to enable the exporter to ratify and send the certificate with the exported shipment. This requires getting an exception from the origin authority and presenting it with the other documents. He obliges to present the rest of documents later.

Thirdly :

In all cases of issuing the certificate of origin, the general authority for controlling exports and imports demands an admission on the applicant (model 8). This model indicates that the applicant didn't issue the certificate of origin from this authority or from any other branch concerning this shipment. Anyway, the exporter should contact directly with the agent to enable himself knowing the progress of his success or what are the reasons of becoming hindered in the market.

Step (3):

Agency Contact

- **What is the nature of agency contract?**
- **What are the necessary guarantees of this contract?**

Agency contract means identifying the activity through the agent, determine commission ratio, penalties, the way of compensation and ending the contract. The contract is signed by natural consent concerning all sides. The terms of the contract should be in accordance with the local law (The agent's country), and so the agency contract should consider the following :

1- Full transparency of the purposes of the contract as follows:

- * **Identifying precisely and clearly who is the agent and who is the exporter or the agent?**
- * **Describing precisely and clearly the target commodity (The agent subject).**
- * **Determining the scope of the market which is covered by the agent.**
- * **Determining precisely the agent's duties. If his role ends as soon as the shipments arrive or he will handle the maintenance operations and providing spare parts in case of industrial commodities.**
- * **Determining specifically and geographically the scope of agent contract.**
- * **Determining the period of the contract and how to end the contract and the procedures to do so in case, one of the parties desired to end it before the determined period in the contract.**
- * **Has the agent got a role in promotion and advertising.**

Does the agent interfere in determining the price?

Can the parties restore to investigation in case of dispute?

2- The contract has to include all the legal conditions that required in both the agent's and the client's country, including registering the agency contract in the chamber of commerce. It should also be ratified by the embassy of each party and every amendment should be ratified too.

3- Determining the commission ratio of the agent.

4- Approving the agent's right to trade in the similar commodities or not.

5 -The contract should be written in two languages (The language of the exporter's country), the language of the agent's country and other language in case of dispute.

How to choose the trade partner?

Choose Trade Partner

How to choose the trade partner

?

There are a lot of methods through which we can choose a trade agent in foreign markets. But we should define the commodity to be exported, its demand rate and the nature of consumers before choosing the agent.

Kinds of main trade agents:

- 1- An Agent with a commission.
- 2- A sales agent (distributor)
- 3- The agent of solidarity.
- 4- A mixture of two or more of the above mentioned kinds.

An Agent with a commission:

He is the one who receives orders from buyers to send them to the exporter who load shipments to buyers directly. Thus, the agent has nothing to do with the commodity. He does not take any risks. He gets an agreed upon commission (a definite rate) in return for his services. Setting this rate depends on the nature of market. He plays an important role in promoting commodities.

Sales agent (Distributor)

He is completely different from the agent with commission. A distributor buys the commodity, store it for a while and sell it later at the price he wants. The distributor's role is greater than the agent with commission's as the earlier gives the buyer's guarantees and facilities together with post-sales services such as maintenance and spare parts. In this case, the distributor's commission is greater than the agent with commission as the risks he takes are greater than the risks taken by the agent with commission .

The agent of solidarity:

This kind is accompanied with some kind of risk as the agent is responsible for the orders of supply he gets. He is also responsible for paying the price of the commodity to the exporter when the buyer does not pay .

Thus, he gets a commission greater than the above mentioned two kinds of agents. This kind of agents is not popular because of its high costs.

Generally, agency contract may include more than one kind of agency. An agent can be with commission and a distributor at the same time. When choosing an agent, he should have good reputation, good financial resources and productivity .

There are some other factors that should be regarded when choosing an agent-:

- Previous experience.**
- Types and number of other agencies he performs (their impact depends on the adopted marketing strategy.(**
- Understanding of market conditions.**
- The financial institutions he deals with, capital cycle in his institution and so on.**
- Geographic area he can cover.**
- Volume of his annual activity.**
- Anyway, the exporter should communicate directly with the agent to know the points of success or the reasons of failure in the market.**

Terms Of Payment

There are several ways of paying for exports :

- 1- - \Pre-Payment.**
- 2- Cash Payment.**
- 3- Documentary Credit.**
- 4- Cash Against Document " CAD."**
- 5- Trade Credit.**

Firstly: Pre-Payment:

It means paying for the goods in advance in order to be shipped. This method is not widely used except for small orders. It has a lot of disadvantages as the exporter may not load the shipment or may not abide the required standards.

Secondly: Cash Payment

The importer pays for the goods in cash and in advance when:

- The value of enterprise is small**
- The exporter does not know the importer or due to lack of confidence.**
- The economic or political conditions in the importer's country are unstable.**
- The commodity is produced especially for the importer and the exporter cannot sell it to others.**

Thirdly: Documentary credit

It means shipping the commodity after the importer open a documentary credit equal to the value of goods provided that the exporter receives

the value of goods as soon as he delivers the shipping documents to the local bank.

Fourthly: Cash Against documents (CAD):

Under this method, the two parties agree on all terms such as prices and so on. When the exporter finishes the exporting procedures, he sends the documents through the bank he deals with. The latter communicate with the bank concerned in the importing country together with the directions regarding delivering those documents to the importer in return for paying in cash. Through these documents, the importer can take the goods from the shipper to the port.

Fifthly: Trade credits:

It is considered some kind of bartering. It means delivering exporting documents in return for importing documents provided that exports revenues are deposited in the bank to be used for paying the imports value.

International Disputes

Arbitration in the international trade disputes

What is an arbitration body in the international trade disputes? How does it work?

We usually need an arbitration body when a dispute arises between parties of different countries on certain matter. The question arise : Which laws should be adopted ? Which court should solve this dispute ? Disputes always arise when a party does not comply with the contracts signed beforehand. Others arise from documentary credits involving parties from different countries. All these disputes should be settled in accordance with the settlement and arbitration rules set by the international chamber of commerce. An arbitrator or more is appointed to consider these disputes. These disputes among contractors should be settled in the international court for chambers of commerce in Paris, provided that it is set in the contract and its rules comply with the rules set in the Egyptian law. The International court for chambers of commerce is known for its speedy procedures, low-cost, and secrecy (confidentiality)

What about the international chamber of commerce? What is it? How does it work ?

International chamber of commerce :

The organization which represents businessmen internationally. It was set up after the international trade conference held in 1919 in Atlantic city, U.S.A.

This chamber has non- government committees in most countries all over the world. It also consists of other members in the countries which do not have non-government committees. Each committee represents the main trade organizations in the various economic sectors. Each committee sends its permanent representatives to the board of the international chamber. The International chamber of commerce is considered the spokesman of businessmen in dealing with governments or international organizations together with solving all the problems that they may face with some countries through setting the standard principles used. It also provides businessmen with the scientific and practical information mentioned in its publications and documents. This chamber is considered a consulting body from the first degree in front of the economic and social council in the United Nations. Two organizations are affiliated to this chamber:

Firstly: The International office for chambers of commerce.

Secondly: The arbitrary organization or the international court for commercial arbitration.

Terms of arbitration through this chamber :

- 1- Parties should agree on setting this chamber as their arbitrary body.**
- 2- The dispute should be international.**
- 3- The case should be commercial one.**

The international chamber of commerce recommends using the following form:-

All the disputes arising due to this contract should be settled in accordance with the settlement rules of the chamber through an arbitrator or more appointed according to those rules.

Some terms on the place and number of arbitrators, national law applied on this contract for some countries or the law that should be applied - should be added to the text.

Arbitration procedures :

It begins with a written request from one party or all parties to the secretariat of the arbitrary body or the non-government committee existing in his country including the following data:-

- Names and addresses of the disputing parties**
- Full, comprehensive and accurate information about the subject of the dispute.**

- Setting the subject from the complaining party's point of view.
 - All the data concerning the number of arbitrators and their choice.
- In case of finding difficulty in estimating the exact required sum, the complaining party keeps his right in estimating it later or let the court do that for him.

The request should:

- 1- It should be written either in English or in French.
- 2- It should be accompanied by an original, a number of copies for the arbitrary organization members and an additional copy for all the documents of the agreements signed among parties.
- 3- The request should be accompanied with a free of FF 100

The body concerned with the arbitration procedures :

It consists of arbitration court, arbitrators and secretariat. The arbitration court consists of a chief or two assistant achieves, technical consultants and a general secretary chosen by the council for international chambers of commerce in addition to the members appointed by the non-government committees. Each committee appoints a permanent representative and a vice representative. The court supervises and guarantees applying rules and arbitrary systems. The court performs its tasks during its monthly sessions.

The nationality of arbitrators:

Parties of dispute have the right to choose the nationality of arbitrators while the only arbitrator is usually chosen - by the court - from a country which is not a party of the dispute. So is the third arbitrator.

Can arbitrators be rejected or replaced?

Of course. If a party does not like a certain arbitrator, he has to present a request to the court. When a court reject an arbitrator due to legal reasons, the party or the court that has appointed him should appoint another instead of him.

Referring dispute to an arbitrator:

After presenting arbitrary request to the court secretariat, the claimed against should be sent a notification accompanied with copies of all the enclosed documents. The claimed against should send the court secretariat an answer as soon as possible. The arbitration rules have given him a 30 days grace period after which

the court and arbitrators resume the arbitration procedures without waiting for the claimed against. When the claimed against replies, the secretariat informs the claimant. Then, he should present a reply to all these claims in 30 days. Thus, the case is referred to the arbitrator.

The arbitration agreement does not stop parties to present a request to the concerned authorities asking for taking the preventive procedures whether before or after referring the case to the arbitrator.

Does the claimant have the right to choose the place of arbitration?

Of course : The place of arbitration should be chosen either by parties of dispute or by the arbitration court.

The rules organizing procedures :

The arbitrator should always abide by the arbitration rules of the international chamber. In case of not finding an appropriate text, he should apply the law of the country in which the arbitration takes place unless otherwise agreed.

The arbitrator's decision :

The arbitrator's decision is considered final and obligatory. In case of reaching a friendly settlement, the claimant presents a request to withdraw the case on condition that the other party agrees. The two parties ask the arbitrator to register the reconciliation terms. The advantage of this method is that it gives the two parties an obligatory formal document any of them can use when necessary

Policies Of Export Activities

The principles of practicing exporting activities:

Exporting is considered one of the most important economic activities. The exporter has to deal with several local and external bodies:

Locally:

He has to deal with procedures, pocketing and packing companies, transport and shipping companies, commercial registry authority, insurance companies, supervision and control companies, banks, customs authority and ports.

Externally:

He has to deal with importer, importer's bank, commercial representation office in the Egyptian embassy abroad, and the trade agent. As the exporter has to deal with several bodies, a lot of information and data should be available. The most important of this data is the terms of being enlisted in the exporter's register, enlisting procedures, supervision and control procedures, the procedures of extracting a certificate of origin, how to choose the trade agent and many other data we shall mention later.