Business Process Analysis of Exporting and Importing Few Specific Products

Export of Tomato Products

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Abstract

Exports play a crucial role in boosting domestic production, foreign currency revenue, employment opportunities, and enhancing the balance of payments. Therefore, exports are a fundamental pillar for advancing the Egyptian economy and positioning it in the right direction. This study aims to comprehensively assess both the formal and informal procedures associated with the export process of a specific set of products. In this analysis, ECES has employed the Business Process Analysis (BPA) Model issued by the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT). Notably, this marks the first time in Egypt that a globally standardized modeling language has been used, enabling a comparative evaluation of Egypt's export processes on a global scale. Specifically, the study delves into the export process of tomatoes, focusing on products categorized under HS Code 2002. This analysis covers document requirements, the time required to complete various procedures, and the involved entities. To gather these insights, ECES conducted interviews with different stakeholders for each specific product and reviewed pertinent regulations and studies. International experiences were also studied to benchmark Egypt's trade process against global standards and extract valuable lessons for enhancing the Egyptian trade process. The study comprises two main parts. Part I examines the current state of the detailed trade process pertaining to the reviewed products, labeled as the "As Is" situation. Part II presents scenarios for improving this process, the "To Be" scenario, along with recommended corrective actions based on stakeholders' input, international best practices, and ECES' analysis.

ملخص

تلعب الصادرات دورا مهما في زيادة الإنتاج المحلي، وتوفير النقد الأجنبي والتشغيل، وتحسين ميزان المدفوعات، ومن ثم فإن التصدير يشكل أحد أهم الدعائم اللازمة للنهوض بالاقتصاد المصري ووضعه على المسار الصحيح وفي المكانة التي يستحقها. في هذا الإطار، أعد المركز هذه الدراسة بهدف تحليل جميع الإجراءات الرسمية وغير الرسمية المتعلقة بتصدير مجموعة من المنتجات؛ حيث طبق في دراسته للمنظومة الحالية نموذج توثيق الأعمال التجارية (BPA Model) الصادر عن منظمة الأمم المتحدة لتيسير التجارة (UN/CEFACT)، مستخدما، لأول مرة في مصر، لغة نمذجة موحدة عالميا بما يسمح بمقارنة الوضع في مصر مع باقي دول العالم. وتحديدا، تختص هذه الدراسة بتحليل إجراءات تصدير منتجات الطماطم بالتركيز على منتجات رمز النظام المنسق HS Code 2002، بما في ذلك المستندات المطلوبة ذات الصلة، والمدة التي تستغرقها الإجراءات (رسميا وفعليا)، والأطراف المعنية؛ حيث يعتمد التحليل على مقابلات مع مختلف أصحاب المصلحة/ الأطراف المعنية بكل منتج، بالإضافة إلى مراجعة اللوائح والدراسات المختلفة ذات الصلة، ودراسة العديد من الخبرات الدولية من أجل مقارنة العمليات والإجراءات التجارية المتبعة في هذه الدول، مع تلك المتبعة في مصر، والاستفادة منها في تحسين الإجراءات ذات الصلة في مصر. وتتكون الدراسة من جزئين رئيسيين؛ حيث يستعرض الجزء الأول الوضع الحالي للإجراءات والعمليات التجارية المتعلقة بالمنتجات محل الدراسة، بينما يطرح الجزء الثاني بعض السيناريوهات المقترحة لتحسين الإجراءات، مع اقتراح حلول لها بناء على آراء الأطراف المعنية، وفي ضوء التجارب الدولية وتحليل الخبراء في ECES.

Export of Tomato Products (HS Code 2002)

Part I: "As Is" Situation

Introduction

This study focuses on analyzing trade processes of exporting tomato products from Egypt using Business Process Analysis (BPA) approach. The analysis of the tomato products is divided into two main parts. Part I analyzes the "As Is" situation and consists of five sections: 1) Overall description of the food and tomato products sector, including industry structure and current challenges; 2) The narrative for the production and trade processes in tomato products (HS Code 2002); 3) Identification of the similarities and/or differences between export processes related to HS code 2002 and that of the other HS codes within the tomato products and food industries sector; 4) Detailed documentation of export processes associated with the specific product of focus (HS Code: 2002); and 5) Time procedure for tomato products exports from Egypt. Part II offers proposed scenarios for improving the process ("To Be" Scenario) and includes the methodology of preparing them.

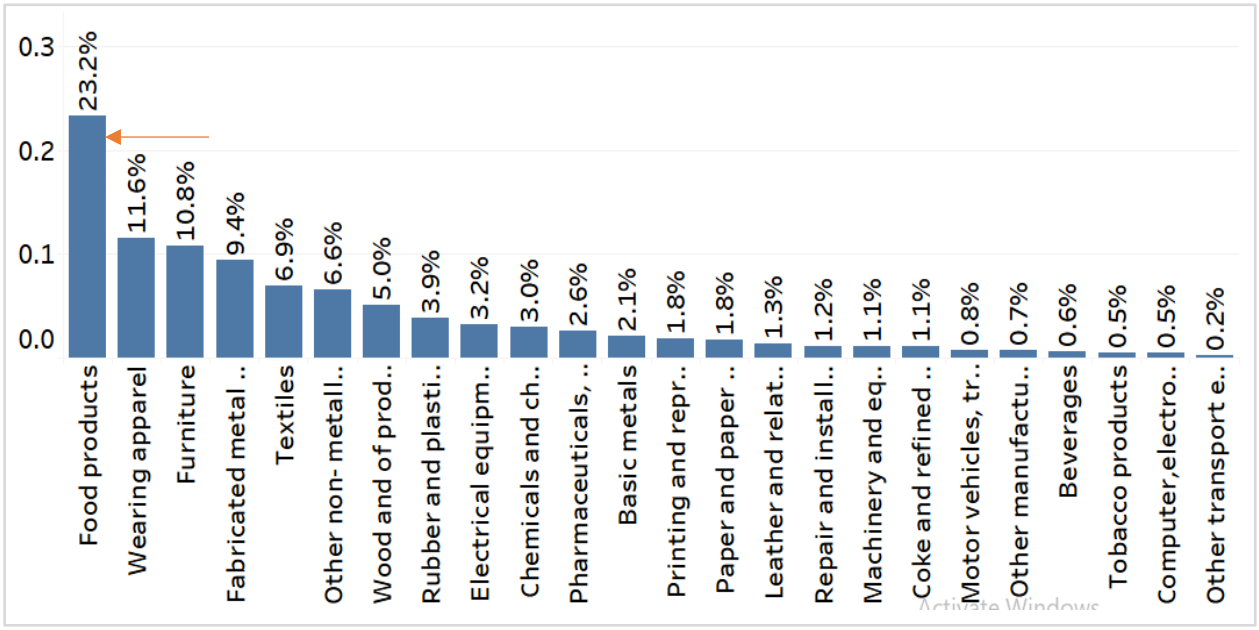
1. Sector Description: Food industries and processing and preserving of fruit and vegetables subsector

The description starts by a detailed overview of food industries as a whole and then proceeds with specific information about processing and preservation of fruit and vegetables. This description includes the sector's latest available enterprise and employment distributions over all Egyptian governorates and what they imply, the sector's trade performance, and major challenges faced, particularly following the COVID-19 pandemic and recent global dynamics.

1.A The latest food industries' enterprise and employment distributions over all Egyptian governorates

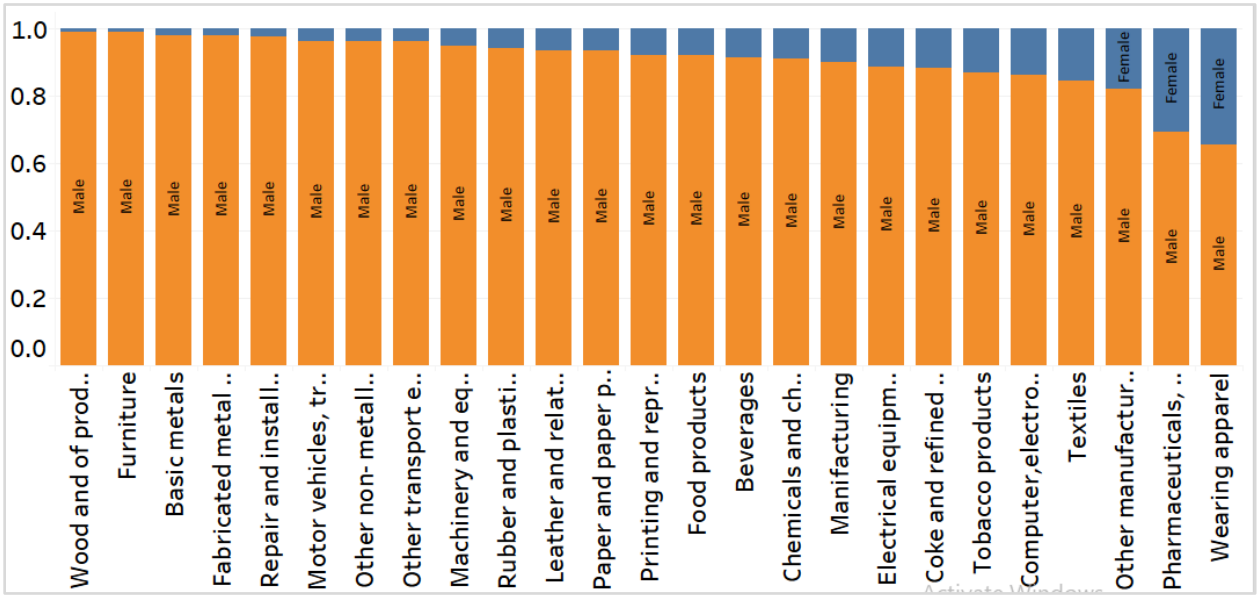
The Food sector comes as the largest manufacturing industry in terms of number of workers out of a total of 24 other industries in 2019, as shown in (Figure 1.1). It accounts for 23.2 percent of total employment in manufacturing. This reflects the high employment capacity of this industry, being one of the most labor-intensive manufacturing industries. Males (around 95%) as in all manufacturing industries in Egypt dominate the sector (Figure 1.2).

Figure 1.1. Ranking of manufacturing industries by % employment (2019)



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

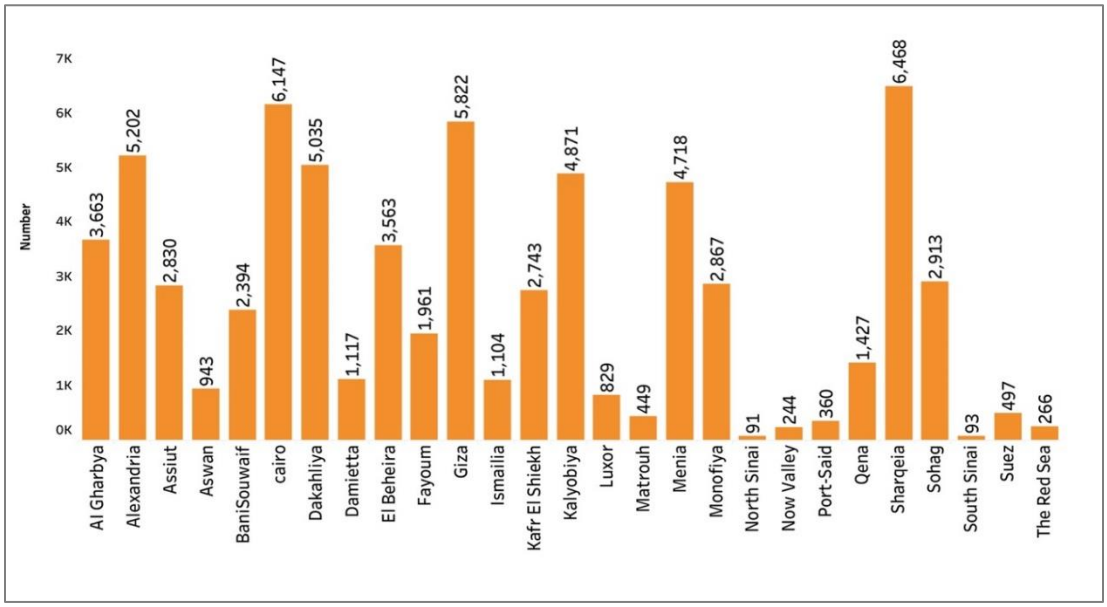
Figure 1.2. Distribution of manufacturing industries employment by gender (females in blue)



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

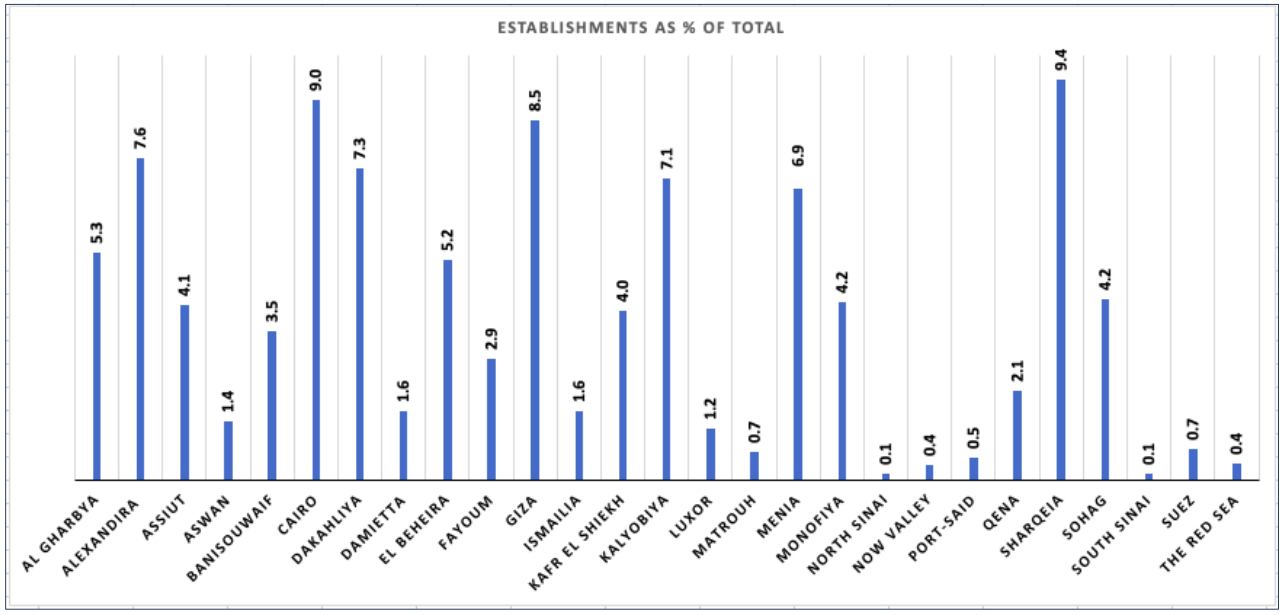
Figures 1.3 & 1.4 and 1.5 & 1.6 present the distribution of food industries enterprises and employment over all Egyptian governorates in number of establishments, number of workers in each governorate, as well as percentage distribution of both variables. The total number of establishments in all 27 governorates is 68,617, with a total employment of 518,132. All figures clearly show that food industries exist in all governorates at one level or another with no individual governorate accounting for more than 10% of the total enterprises or about 13% of total employment. This means no observed concentration in any individual governorate. It is important to note that the distribution of workers, although showing an overall pattern similar to that of the enterprise distribution, shows clear bias towards urban governorates. Cairo, Giza and Alexandria combined account for 36.2% of total employment.

Figure 1.3. Total number of enterprises in the food industries per governorate



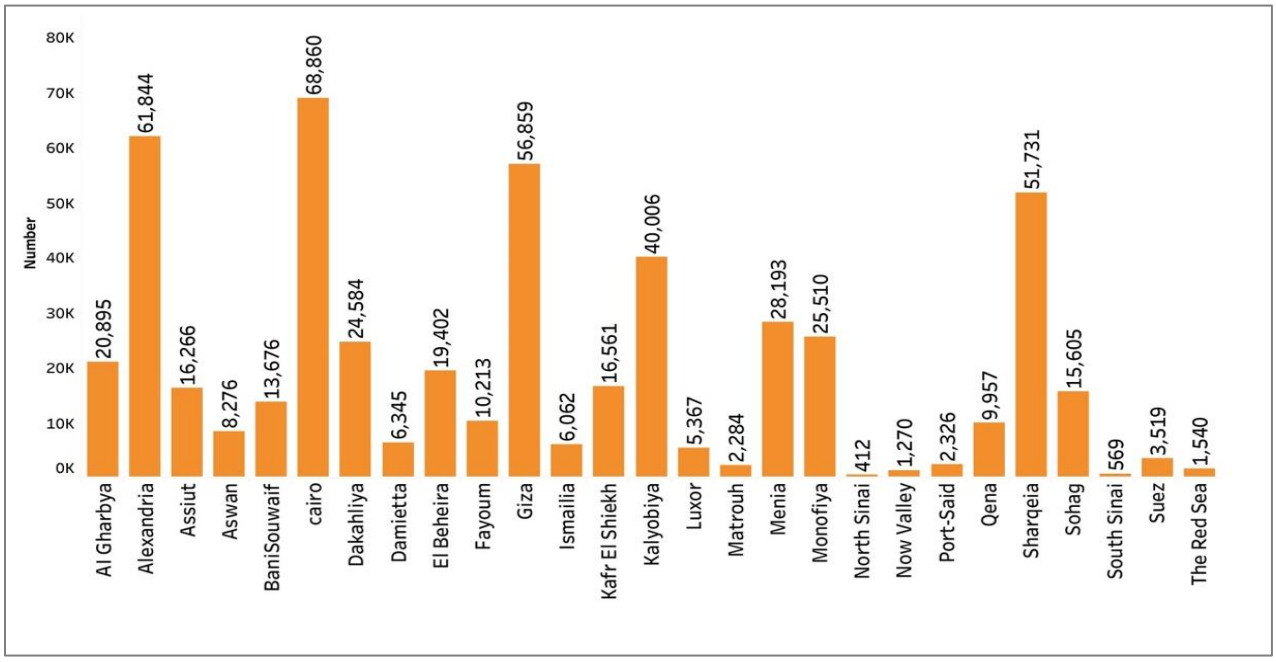
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Figure 1.4. Percentage distribution of food industries enterprises per governorate



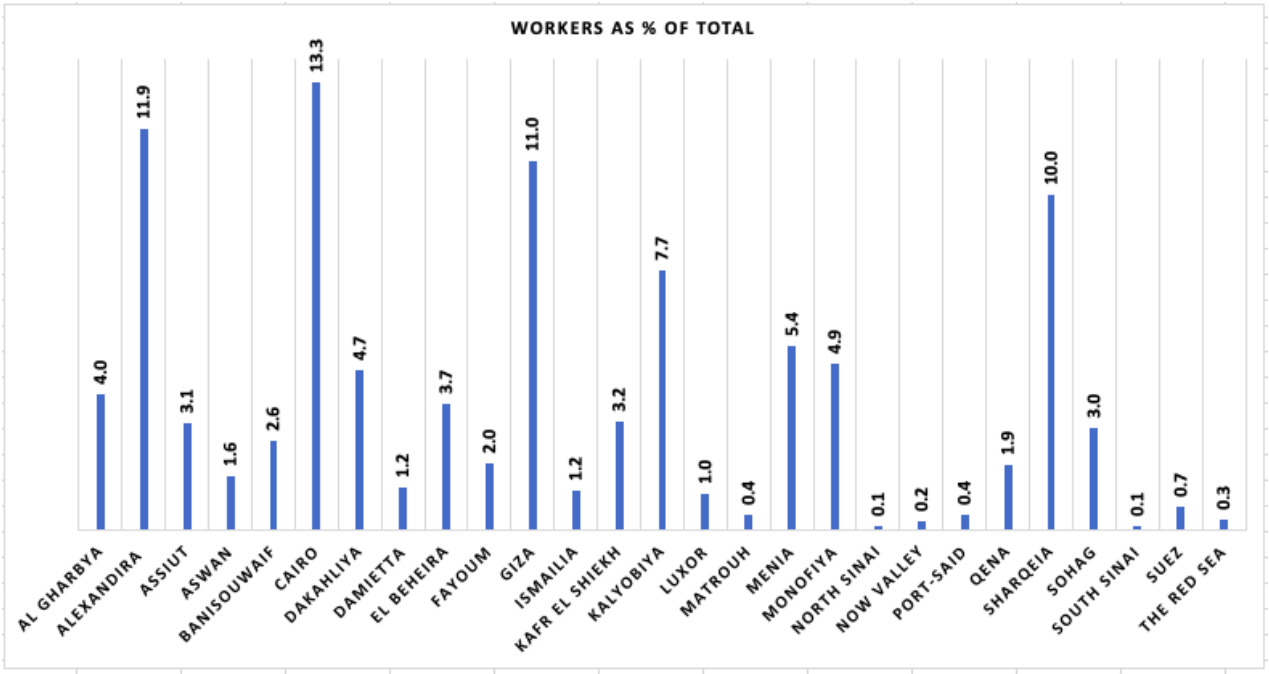
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Figure 1.5. Total number of employees in food industries per governorate



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Figure 1.6. Percentage distribution of food industries employees per governorate



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Table 1.1 (and subsequent pie charts) below divides governorates into four groups as per the level of concentration of enterprises and employment. Group A governorates account for 55.8% of total enterprises, and 64% of total employment. The group consists of Sharqia (9.4%), Cairo (9.0%), Giza (8.5%), Alexandria (7.6%), Dakahlia (7.3%), Qalyoubia (7.1%) and Minia (6.9%). They are all Delta governorates except for Minia, belonging to Upper Egypt, and accounting for the lowest percentage among the group of top governorates. Group B accounts for lower concentration of food industries enterprises and employment (almost half), but concentration is still around the Delta region with four governorates out of the 6 governorates in this group. Group C, with even lower concentration of 14.3% of total enterprises and 11.5% of total employment is mostly located around Upper Egypt (Beni Suef (3.5%), Fayoum (2.9%), Qena (2.1%), Aswan (1.4%) and Luxor (1.2%)). Groups A, B and C combined account for 97% of total enterprises and total employment. Group D accounting for no more than 2.9% of total enterprises, 2.2% of total employment, and consists of all border governorates in addition to the red Sea, Suez, and Port Said.

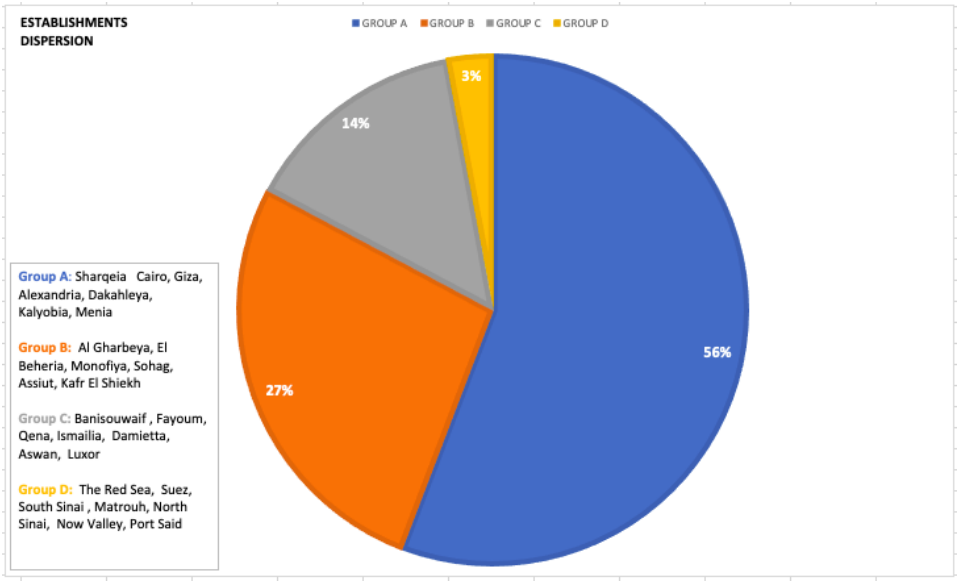
The limited existence of food industries enterprises in groups (C) and (D) implies that there is room for the emergence of new enterprises in these governorates. This also coincides with the prevalence of poverty in these governorates, along with the high rate of women-headed households.

Table 1.1. Distribution of food sector enterprises and employment per groups of governorates

Governorate Groups	Establishment Dispersion	Workers Dispersion
A: Sharqia, Cairo, Giza, Alexandria, Dakahlia, Qalyoubia , Minia	55.8%	64%
B: Al Gharbia, El Beheira, Monufia, Sohag, Asyut, Kafr el sheikh	27%	21.9%
C: Beni suef, Fayoum , Qena, Ismailia, Damietta, Aswan, Luxor	14.3%	11.5%
D: The Red Sea, Suez, South Sinai, Matruh, North Sinai, New Valley, Port Said	2.9%	2.2%

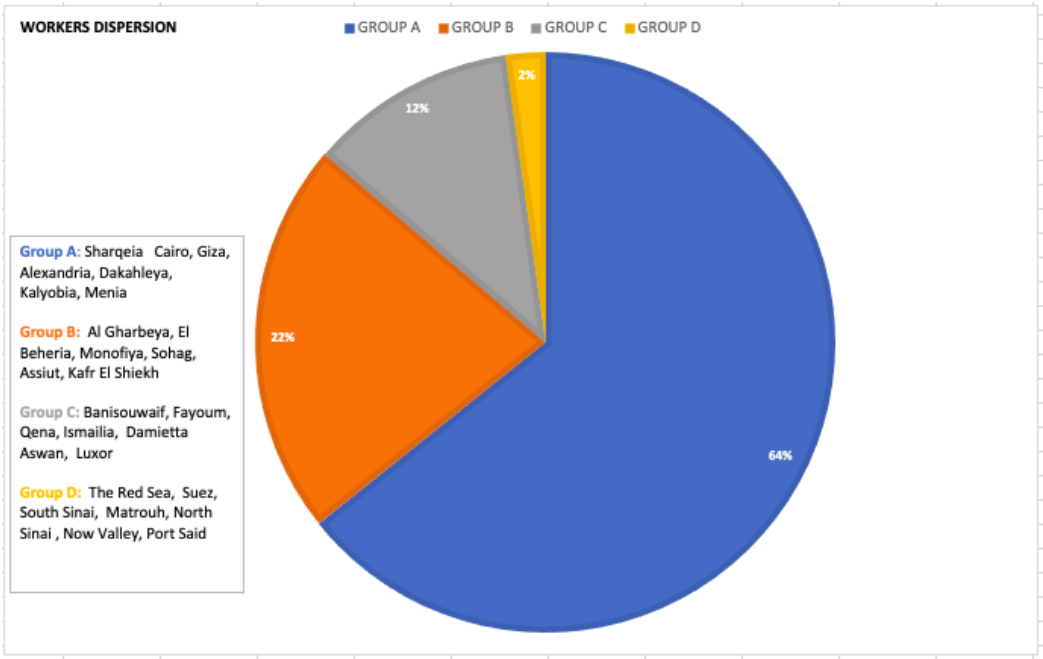
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Figure 1.7. Total food industries: establishments dispersion



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Figure 1.8. Total food industries: Workers' dispersion



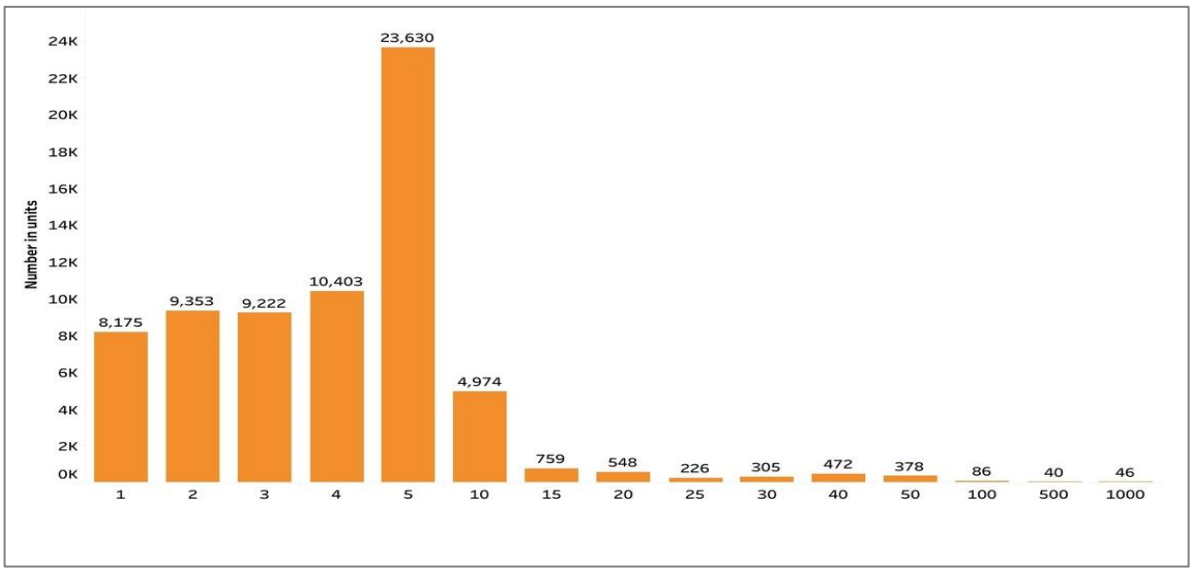
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

The size structure of enterprises measured by the number of workers[1]

Figure 1.9 presents distribution of sector's enterprises by size while 1-10 shows the same distribution in percentage. The predominance of micro enterprises in the food industries is obvious, with micro enterprises accounting for 88.5% percent of the total number of enterprises. Small enterprises account for no more than 10.5%, while medium and large enterprises are negligible, accounting for 0.7% and 0.2% of total enterprise respectively. The size distribution implies two things: That there is room for relatively easy job creation in poor areas because enterprises are labor intensive with low investment requirements; it also implies, however, that there is room for expansion in medium and large enterprises with employment beyond 100 workers. These would be more capital intensive but have the underlying potential for increasing skilled labor and creating clusters of smaller projects that typically emerge organically in clusters around big enterprises.

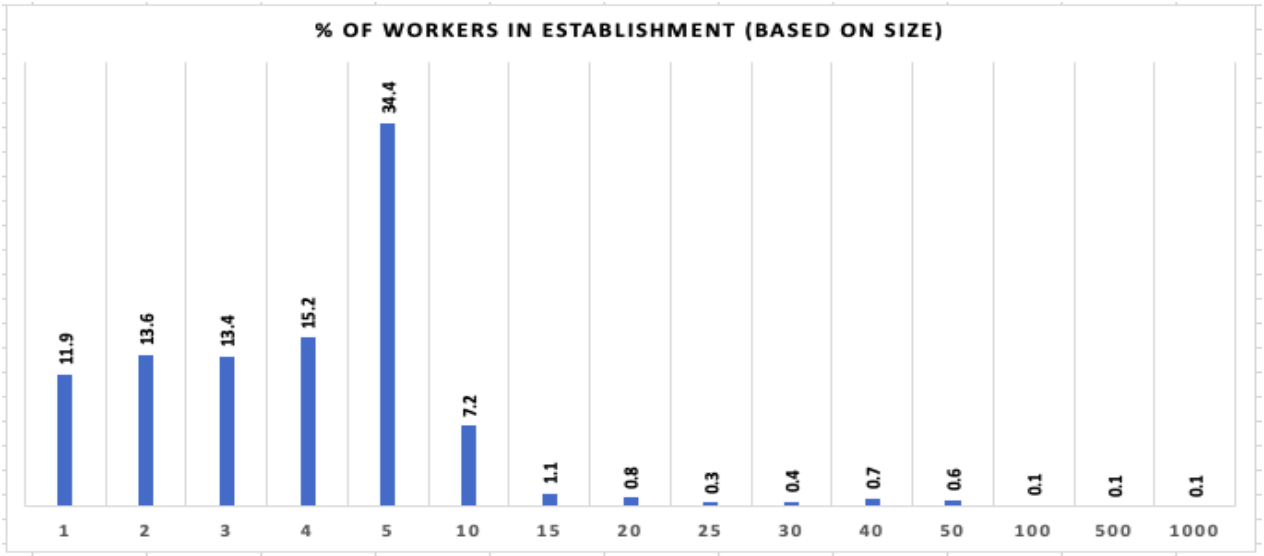
[1] In this study size by number of workers is categorized as follows: Micro enterprises (1-5 workers), Small enterprises (more than 5 and less than 50), Medium enterprises (from 50 up to 500), and Large enterprises (500 and above).

Figure 1.9. Distribution of sector's enterprises by size (*Measured by number of workers)*



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)

Figure 1-10. Percentage distribution of sector's enterprises by size (*Measured by number of workers*)

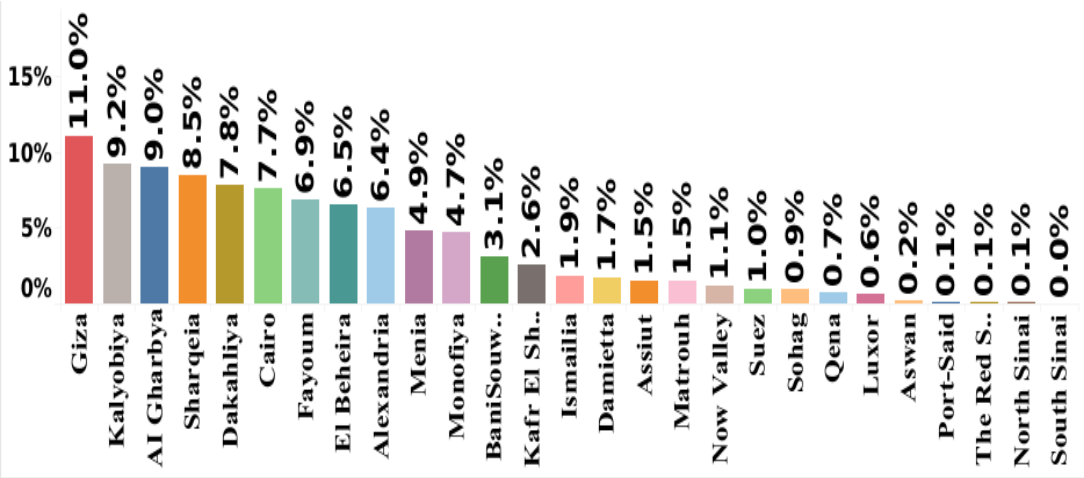


Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

1.B The processing and preserving of fruit and vegetables subsector's enterprise and employment distributions over all Egyptian governorates.

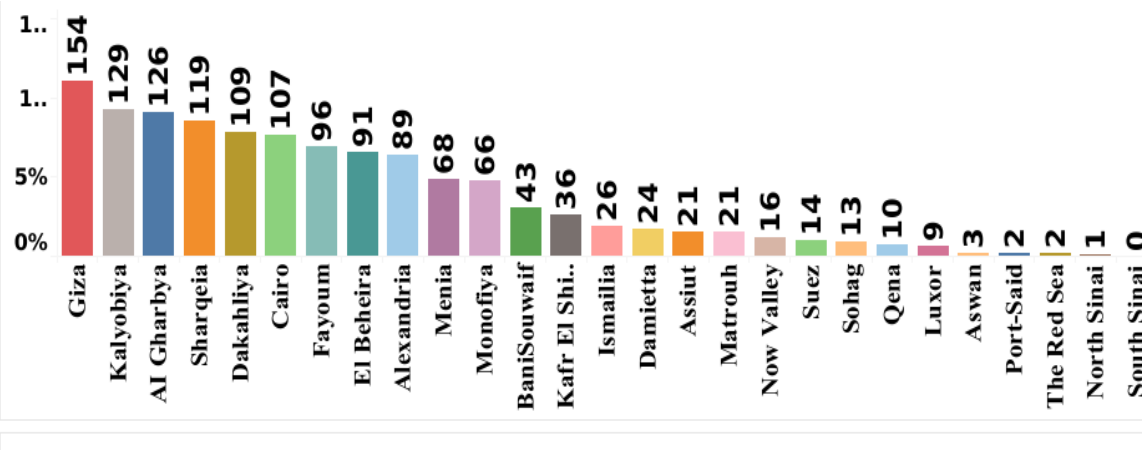
Figures 1.11 & 1.12 and 1.13 & 1.14 present the distribution of processing and preserving of fruit and vegetables subsector enterprises and employment over all Egyptian governorates in number of establishments and number workers in each governorate as well as percentage distribution of both variables. The total number of establishments in all 27 governorates is 1,395, with a total employment of 73,618. Figures 1.11 & 1.12 clearly show that processing and preserving of fruit and vegetables industry exists in all governorates at one level or another with no individual governorate accounting for more than about 11% of the total enterprises or about 25% of total employment. However, it is important to note that the distribution of workers is not proportionate to that of the enterprise distribution, as the former shows clear bias towards four governorates: Cairo, Alexandria, Sharqia and Monofeya combined account for 71% of total employment, while the distribution of enterprises shows less concentration with the top governorates (Giza, El Qalyoubia, El Gharbia and El Sharqia) accounts for 37.7% of total enterprises.

Figure 1.11. Percentage Distribution of processing and preserving of fruit and vegetables subsector's enterprises per governorate



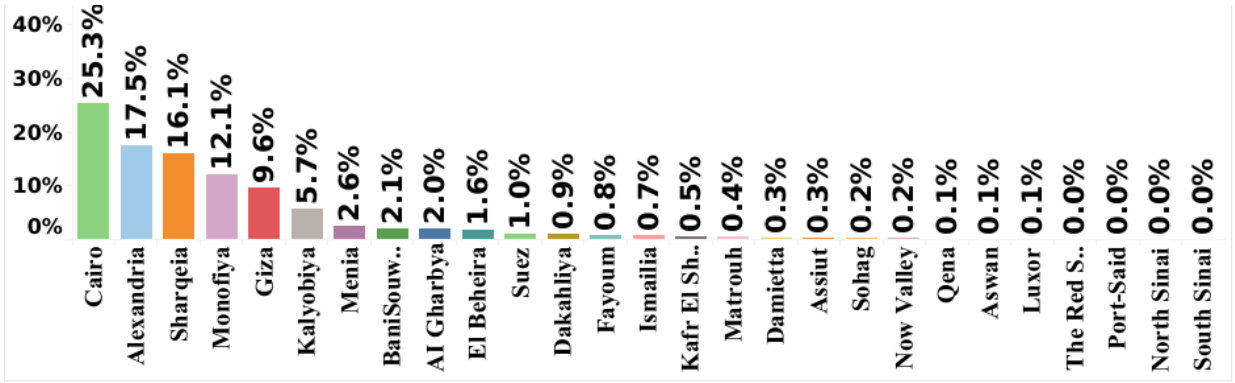
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.12. Total number of processing and preserving of fruit and vegetables subsector's enterprises per governorate



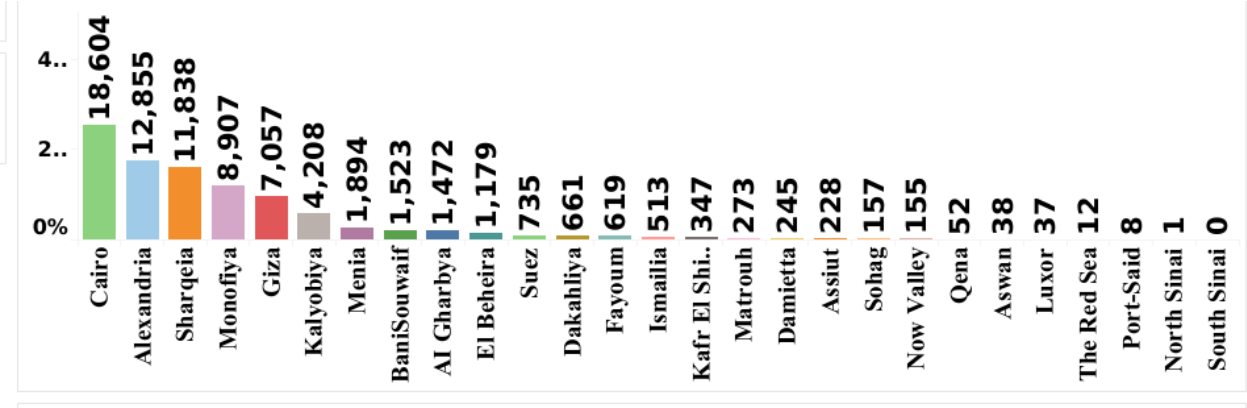
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019)**.**

Figure 1.13. Percentage Distribution of processing and preserving of fruit and vegetables subsector's workers per governorate



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.14. Total number of processing and preserving of fruit and vegetables subsector's workers per governorate



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Table (1.2) and (subsequent pie charts) below divide governorates into four groups as per the level of concentration of enterprises and employment, as previously seen in the charts for the food industries as a whole. Group A governorates account for 53% of total enterprises, and 64% of total employment. The group consists of Sharqia, Cairo, Giza, Dakahelya, Qalyoubia and Algharbia. Group B accounts for lower concentration of processing and preservation of fruit and vegetables industry enterprises (30%), and lower concentration of employment (31%). Group C, with even lower concentration at 9% of total enterprises, and 3% of total employment. Groups A, B and C combined account for 92% of total enterprises and 98% of total employment. Group D, accounting for 8% of total enterprises and 2% of total employment, consists of all border governorates in addition to the red Sea, Suez, Port Said and four governorates from upper Egypt.

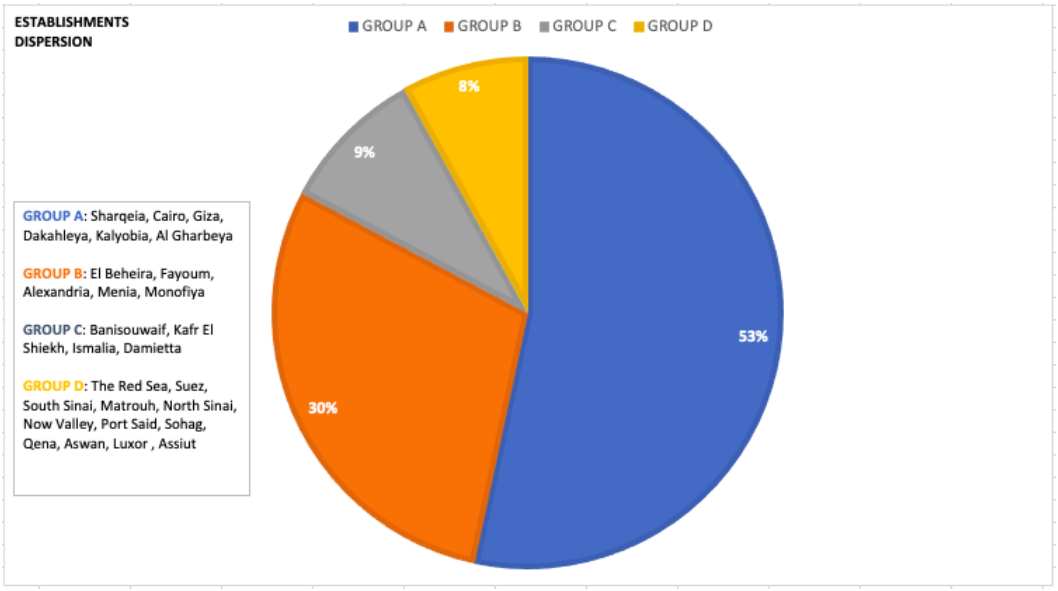
The limited existence of food industries enterprises in group (D) implies that there is room for the emergence of new enterprises in these governorates.

Table 1.2. Distribution of fruit and vegetables subsector enterprises and employment per groups of governorates

Governorate Groups	Establishment Dispersion	Workers Dispersion
A: Sharqia, Cairo, Giza, Dakahelya, Qalyoubia, Alhgarbia	53%	64%
B: Elbeheira, Fayoum, Alexandira, Menia, Monofia	30%	31%
C: Beni Suef, Kafr El Shiekh, Ismalia, Damietta	9%	3%
D: The Red Sea, Suez, South Sinai, Matruh, North Sinai, New Valley, Port Said, Souhag, Qena, Aswan, Luxor, Asyut	8%	2%

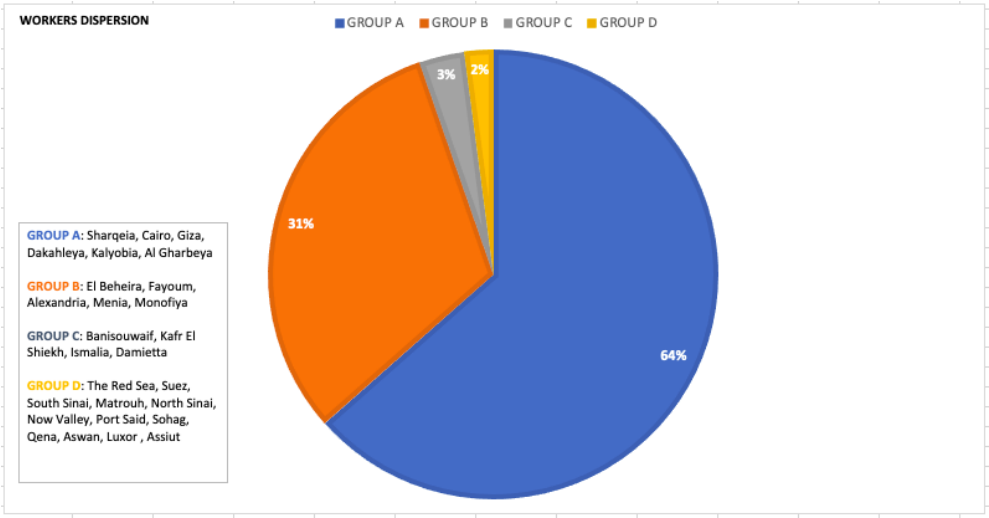
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.15. Processing and preservation of fruit and vegetables subsector- Establishments Dispersion



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.16. Processing and preservation of fruit and vegetables subsector- Workers Dispersion



Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

1C. The trade performance of the food industries[2] sector with focus on tomato products

According to table 1.3 the value of Egypt's imports of food products was 3.4 billion dollars in 2021. The most important countries that Egypt imports from are: Indonesia, United States of America, Malaysia, Brazil, Thailand, New Zealand, Netherlands, Russian Federation, France, and Ireland.

As for exports, the value of Egypt's exports of food products was 2.5 billion Dollars in 2021. Arab countries are the most important countries that Egypt exports to. Top 10 export destinations are: Saudi Arabia, Jordan, Morocco, Libya, Sudan, State of Palestine, Syria, United Arab Emirates, Algeria, Yemen constituting together 49%[3] of total Egyptian Exports from food products.

[2] HS Codes and Product Labels:
04 Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
15 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes
16 Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates
17 Sugars and sugar confectionery
18 Cocoa and cocoa preparations
19 Preparations of cereals, flour, starch or milk; pastry-cooks' products
20 Preparations of vegetables, fruit, nuts or other parts of plants
21 Miscellaneous edible preparations
22 Beverages, spirits and vinegar
23 Residues and waste from the food industries; prepared animal fodder
24 Tobacco and manufactured tobacco substitutes

[3] Does not include exports from countries Not else classified.

Table 1.3. The food industries sector's trade profile in 2021

Imported value in 2021 (in USD 000)	Share in Egypt's total imports in 2021 (%)	Share in Egypt's manufacturing imports in 2021 (%)	Exported value in 2021 (in USD 000)	Share in Egypt's total exports in 2021 (%)	Share in Egypt's manufacturing exports in 2021 (%)
3,358,466	4.6%	6.2%	2,543,880	6.3%	9.8%

Source: Calculated based on trade map data (2021)

Concerning the specific product of interest in this study HS Code 2002, As shown in table 1-4 showing the specific trade performance of all products under HS code 20 category, clearly shows that the value of Egyptian exports from this code (2002) is 37.4 million dollars, which accounts for 8.52% of total exports from the HS code 20 category and 1.5% of total food industries exports.

Table 1.4. Trade performance of HS Code 20 in food industries and positioning of HS Code 2002 (2021)

Code	Product label	Imported value in 2021 in USD 000	Share % of total product (20) imports	Exported value in 2021 in USD 000	Share % of total product (20) exports	Trade balance 2021 in USD 000	Share % of total Food industries exports
'2001	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar	1,141	1.39	63,232	14.41	62,091	2.5
'2002	Tomatoes, prepared or preserved otherwise than by vinegar or acetic acid	3,958	4.82	37,399	8.52	33,441	1.5
'2003	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid	3,980	4.85	290	0.07	-3,690	0.01
'2004	Vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen (excluding . . .	2,758	3.36	59,265	13.50	56,507	2.3

Code	Product label	Imported value in 2021 in USD 000	Share % of total product (20) imports	Exported value in 2021 in USD 000	Share % of total product (20) exports	Trade balance 2021 in USD 000	Share % of total Food industries exports
'2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen . . .	4,957	6.04	129,771	29.56	124,814	5
'2006	"Vegetables, fruit, nuts, fruit-peel and other edible parts of plants, preserved by sugar ""drained, . . .	560	0.68	3,615	0.82	3,055	0.1
'2007	Jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes, obtained by cooking, . . .	16,641	20.28	26,632	6.07	9,991	1
'2008	Fruit, nuts and other edible parts of plants, prepared or preserved, whether or not containing . . .	24,360	29.68	25,657	5.85	1,297	1
'2009	Fruit juices, incl. grape must, and vegetable juices, unfermented, not containing added spirit, . . .	23,715	28.90	93,083	21.21	69,368	3.7
Total HS code 20		**82,070**		**438,944**		**356,874**	**17.11**

Source: Calculated based on trade map data (2022).

Top 10 importing countries constitute 69%[4] of total Egyptian exports from code 2002; these countries are Poland, Italy, Romania, Spain, Jordan, Portugal, Cote d'lvoire, Sudan, United Arab Emirates and Israel.

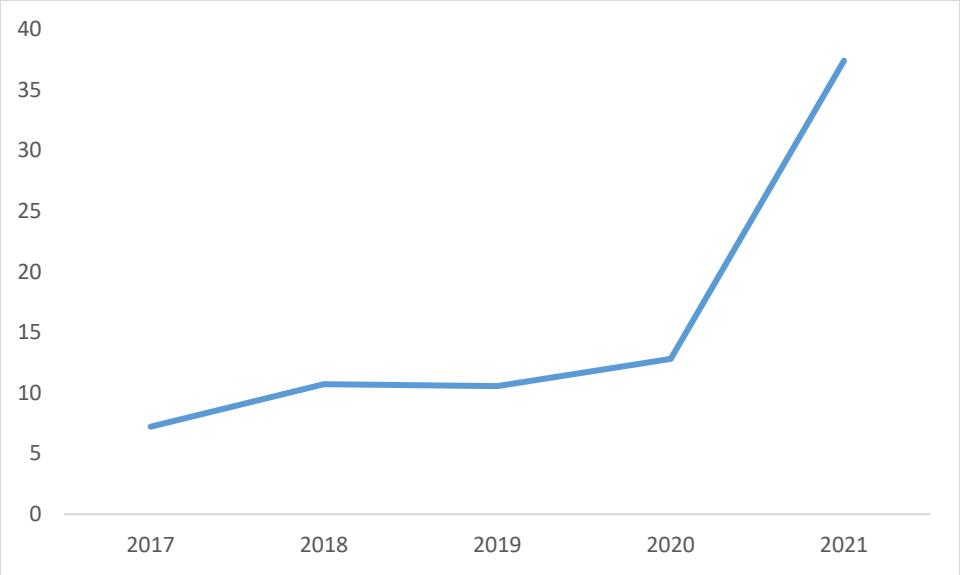
1D. Trade Performance tomato products during and following COVID-19

[4] Does not include imports from countries not elsewhere classified.

The food industries are among the list of industries that ECES classified as industries that benefited from the crisis, which is the group of industries that witnessed great demand during the pandemic at least in the first stage. Despite the disruption in the global trade during the pandemic, Egypt managed to increase its exports during 2019 and 2020

As shown in Figure 1.17, exports from the tomato products has increased during the pandemic achieving a real surge in 2021

Figure 1.17. Exports from Product 2002: Tomatoes, prepared or preserved otherwise than by vinegar or acetic acid



Source: Trade map data (2022).

2. The narrative for the production and trade processes of (HS Code 2002)

Generally speaking, the processed fruit and vegetables are highly dependent on locally produced raw material, with imported raw materials constitute only 13% of total primary raw materials used in production, and tomato products are no different in that effect.

The main raw material (tomato) is locally produced, only 6% of the total production is directed to processing, the rest of the production is directed to local consumption or exports as a fresh produce. There is an opportunity to increase the availability of tomato directed to processing without

affecting the local consumption by reducing the waste form the tomato crop production which is estimated at 35.7%. Other intermediate products include mainly packaging materials and paper for printing.

Although tomato products are subject to many of the horizontal observations such as the rest of the exported products (all listed in Annex A), there are some specific observations related to the production and trade processes of tomato products (HS Code 2002) which will be pointed out below

Observation #1

The exportation of food products is different from any other category because the food safety element is critical. In Egypt, there are two routes for granting food safety, the Egyptian National Food Safety Authority (NFSA) and the Ministry of Health. The first has a major precondition of being on the white-list where factories must satisfy a list of standard technical specifications specified by NFSA. Once on the list, the process of obtaining a health certificate (a key step, the exporter cannot export without it) should be easy and fast.

On the other hand, if not on the white-list, exporters obtain the health certificate from the Ministry of Health, which requires frequent sampling and testing for the first three months if the product was not registered before, after that the exporter can obtain the health certificate without much of trouble given that they submit a monthly sample for testing.

Observation #2

Obtaining the health certificate does not take more than 4 days with minimal cost. However, in remote governorates such as El Menia, for example, issuing the health certificate from the Ministry of Health might take up to 10 days due to lack of staff and over centralization.

Observation #3

Some specific markets have very specific conditions that Egyptian exporters have to comply with. Exporters exporting to EU, and Saudi Arabia, has to be registered at National Food Safety Authority white-list, otherwise they cannot export to these destinations. Furthermore, even factories in the white-list go through serious sampling and testing when exporting to these countries in specific.

Observation #4

Meeting the technical specification of the client is key in the case of food products in general and tomato products in specific, especially when exporting to the EU. The foreign buyer (importer) before dealing with the Egyptian exporter has to ensure the quality of the product and that it meets all safety requirements.

Observation #5

Given the high local content of tomato products, the problems associated with importation are not significant compared to other products. The intermediate components are mainly packaging materials and are mainly obtained locally, unless the foreign buyer (importer) has certain specifications that are not available in the local market, thus should be imported.

Observation #6

Applying the unified window system already has negative impact on the export process of many goods. Tomato products, in particular, were the first to be hit because one of the important export markets is Jordan (represents 7% of total Egyptian exports from tomato products). Jordan issued a retaliation decision No. 119 of 2021, to apply the same complicated process on Egyptian exports to their market.

Observation #7

Sample production in the case of tomato products might take a long time since it is subject to a recipe and some foreign buyers (importers) might have their own recipes that the exporter has to apply, this is addition to testing requirements to ensure meeting the foreign buyer's (importer) technical specifications.

Observation #8

Sending samples of tomato products to the foreign buyer (importer) might be problematic because it is a perishable and it can get spoiled during long periods of transportation or inefficient preservation by the carrier company. Some exporters send an agent with the sample to avoid such a situation.

Observation #9

Sending the sample to some destinations (Israel and Libya) necessitates a security approval which extends the time required from sending the sample.

Observation #10

With respect to the testing of the product, most of the tests are done in Egypt whether in house or in the central lab. The exporter resorts to international labs when the tests required is not locally available or the foreign buyer (importer) specifies a lab to do the testing.

The main problem the exporters encounter while doing the testing is the long time taken to issue the results of the test from the central lab which is the only accredited lab in Egypt.

Observation #11

There is a difference between small and large enterprises in their ability to adhere to the requirements of the National Food Safety Authority to be included in the white-list, which poses a challenge on the ability of small enterprises to export to destinations that requires a health certificate from the National Food Safety Authority.

3. Similarities and differences between (HS Code 2002) and the rest of (HS Code 20 products).

The rest of the products in HS (20) are subject to the same export and import procedures as in (HS 2002), to be documented in details in the next section. The main differences are the technical specifications required in each product, and the tests required from the foreign buyer (importer) to verify that these specifications are met.

4. Detailed documentation of export processes associated with the specific product of focus (HS Code: 2002)

This section includes detailed documentation of the business processes that exporters have to go through in order to export tomato products from Egypt, specifically HS Code 2002. The section starts with a brief overview of the prerequisites that should be fulfilled before exportation.

Pre-requisites for Exporting

- Registration at GOEIC (for inland companies) or GAFI (For free zones companies).
- Registration at IDA (Industrial License) - The industrial license must include all the products to be exported. The firm cannot export any products that are not included in the industrial license, and to do so, a request to IDA is done to add these new products to the industrial license.
- Export permit.
- Registration at either the Ministry of Health, or the National Food Safety Authority white-list.

  In the case of the Ministry of Health the exporter has to send a sample to the Ministry on Monthly basis for a period of 3 months in exchange of a fee (around 5000 EGP). If the exporter hasn't sent the sample during this period even for only one month, they have to repeat the process from the beginning.

  On the other hand, to be included in the National Food Safety Authority white-list, the exporter's factory will be subject to inspection from a committee formed by the National Food Safety Authority which determines the safety requirement that the exporter has to adhere to. After making the required adjustments another committee inspects the factory. If the exporter meets all the required specifications they are included in the white-list.
- Registration at Export Development Fund (for imbursement of Export Support Program payments): The fee for registration varies according to the size of the exports. The documents required for registration include commercial licenses, industrial license, exporters' licenses, and ISO certificate, in addition to a deceleration from the customs authority with all exports certificate to prove the size of the exports.

Generally fulfilling these pre-requisites is lengthy and complicated; registration requirements with several organizations involved without enough coordination among them and hardly any automation of process. For example, the process of registration in the Export Development Fund may take more than one month, depending on the speed of getting the customs declarations from all Egyptian ports.

As for the registration in the National Food Safety Authority white-list, the two committees that visit the factory for inspection might not be the same, and thus the second committee might ask the exporter to do further amendments that was not originally requested from the first committee.

Exporters typically take more time and pay way more than what is publicly announced on the internet due to constant unannounced changes in requirements and no possibility of complaints.

Detailed documentation of export processes

Figure 4.1 and Table 4.1 present a list of 17 core business processes that are typically carried out when exporting tomato products (HS Code: 2002) from Egypt and a list of 19 stakeholders that an exporter indirectly or directly deals with.

These core business processes are categorized into 3 process areas of the UN/CEFACT International Supply Chain Model:

- **Buy:** the conclusion of trade terms and the establishment of sales contract.
- **Ship:** the arrangement for cargo movement and the completion of necessary actions to meet regulatory requirements of both export and import countries.
- **Pay:** the claim for the payment, the payment for the purchased cargo and the local payment.

The Tomato industry relies mainly on locally produced harvest, which means that between the two processes “Buy” and “Ship”, an intermediate “Procurement” process takes place, yet, this process will not be reflected neither through the diagrams of core processes nor in the explanatory corresponding tables, because it is associated with the production process, while export transaction as per the Business Process Model (BPM) involves concluding terms of trade, shipment, and final payment.

However, exporters face several problems in this stage that negatively affect the quality of the product itself on one hand and the capability to meet the delivery time on the other hand.

The production of almost all export orders by buyers involves local procurement of components, means that between “the placing of an order by a buyer” and actual “shipment” of the order, a procurement transaction takes place. Therefore, the main problems facing exporters when

purchasing raw materials will be discussed between the documentation of “Buy” and “Ship” process areas.

In the Egyptian case, the “Pay” process area does not only involve the payment for exported shipment, it also involves local payment from the Export Development Fund, and the drawback or temporary admission system (in the latter case release of the letter of guarantee). Therefore, an additional business process that discusses the settlement with the Export Development Fund, and drawback/ temporary admission will be documented.

Worthy to note that, in Table 4.1, the business processes highlighted in green are significantly different in tomato products compared to home textiles or readymade garments, because they require approvals from the ministry of health or the Egyptian food safety authority. They also might involve chemical testing, either in a private or public lab. The rest of the business processes are quite similar across all products.

Figure 4.1. Use case diagram of business processes in tomato exportation.

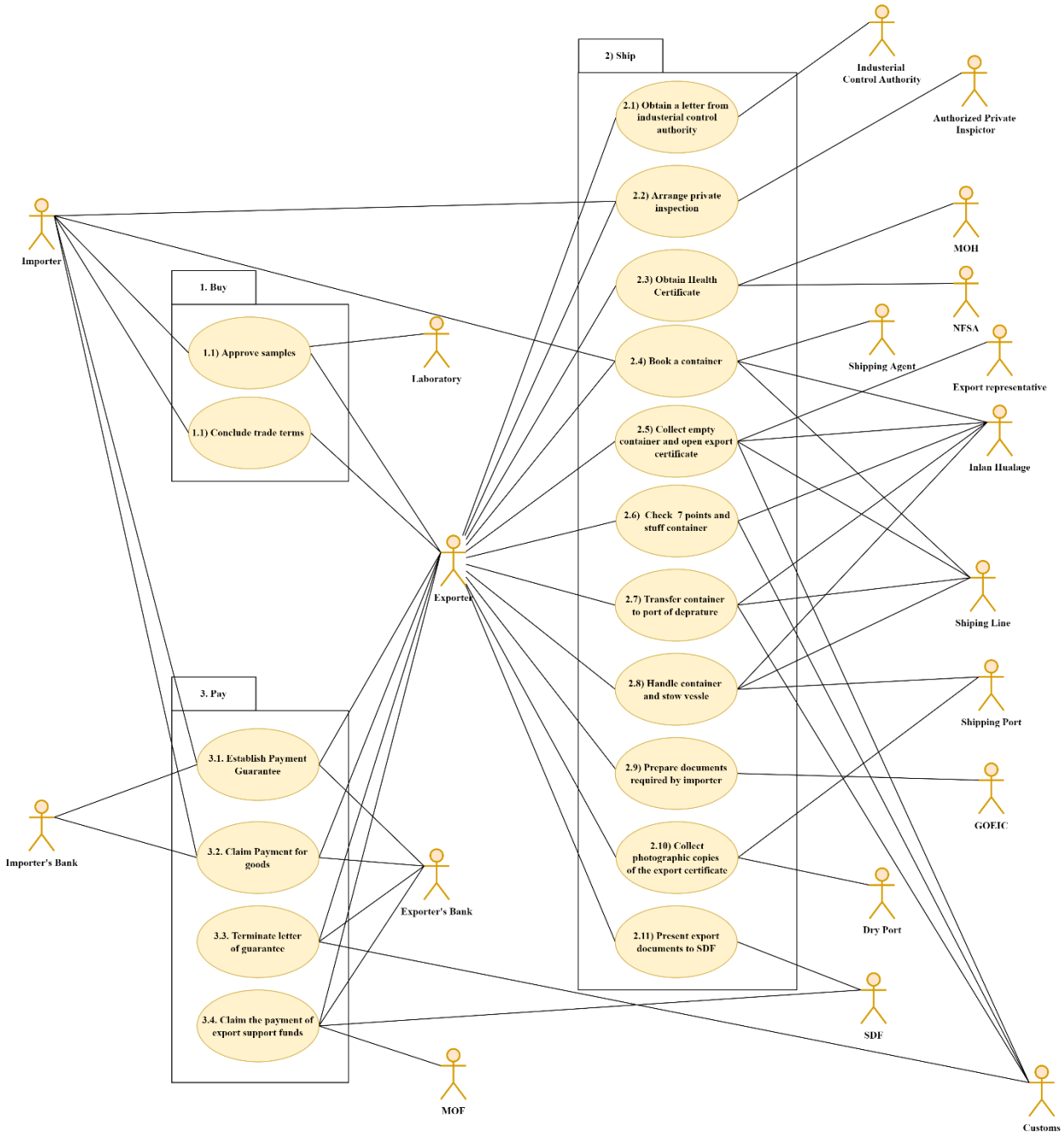


Table 4.1. Core business processes and stakeholders involved in tomato exports.

Core Business Process \ Party	Foreign buyer (importer)	Industrial Control Authority	General Organization for Import and Export Control	Authorized Private Inspector	Inland Haulage	Shipping Line	Shipping Agent	Customs	Exporter Representative	Exporter/ exporting company	Shipping Port	Dry Port	Exporter' s Bank	Foreign buyer (importer)' s Bank	Testing Laboratories	Support Development Fund	Ministry of Finance	Ministry of Health	National Food Safety Authority
1. Buy																			
1.1. Approve Samples *	X									X					X				
1.2. Conclude Trade Terms	X									X									
"Import" process of packaging components																			
2. Ship																			
2.1. Obtain a letter from industrial control authority		X								X									
2.2. Arrange private inspection *				X						X									
2.3. Obtain Health Certificate *					X	X	X			X									
2.4. Book a container										X								X	X
2.5. Collect empty container and open export certificate					X	X		X	X	X									
2.6. Check 7 points and stuff container *					X		X			X									
2.7. Transfer container to port of departure					X	X		X		X									
2.8. Handle container and stow vessel					X	X				X	X								

2.9. Prepare documents required by foreign buyer (importer) *			X						X									
2.10. Collect photographic copies of the export certificate									X	X	X							
2.11. Present export documents to SDF									X						X			
3. Pay																		
3.1. Establish Payment Guarantee	X								X			X	X					
3.2. Claim Payment for goods	X								X			X	X					
3.3. Terminate letter of guarantee/ reimbursement form customs							X		X			X						
3.4. Claim the payment of export support									X			X			X	X		

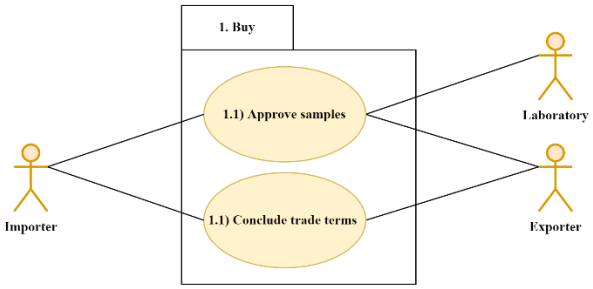
***** These business processes are significantly different in tomato products compared to textiles or readymade garments because they require approvals from the ministry of health or the Egyptian food safety authority. They also might involve chemical testing either in a private or public lab.

Process area 1: Buy.

In the context of tomato paste export from Egypt, buy process area consists of 2 core business processes. As shown in Figure 4-2, these core business processes deal with both approvals of samples and conclusion of trade terms.

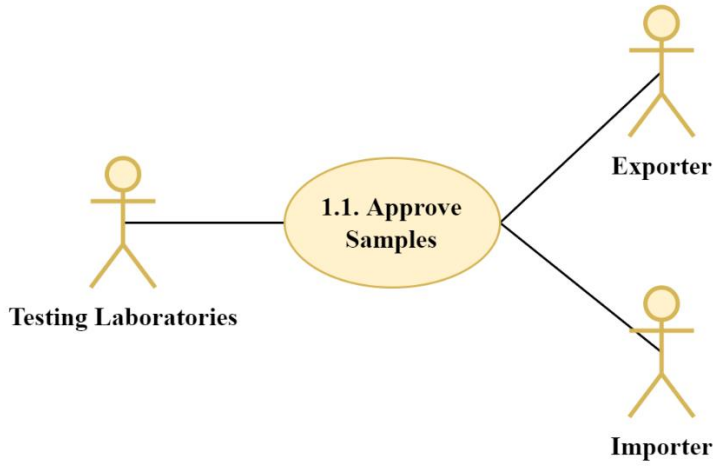
The core processes are almost generalized across the international buying deals. However, the duration of concluding the contract depends on how quickly the sample is approved by the buyer.

Figure 4.2. "Buy" use case diagram.



Core business process area 1.1: Approve samples.

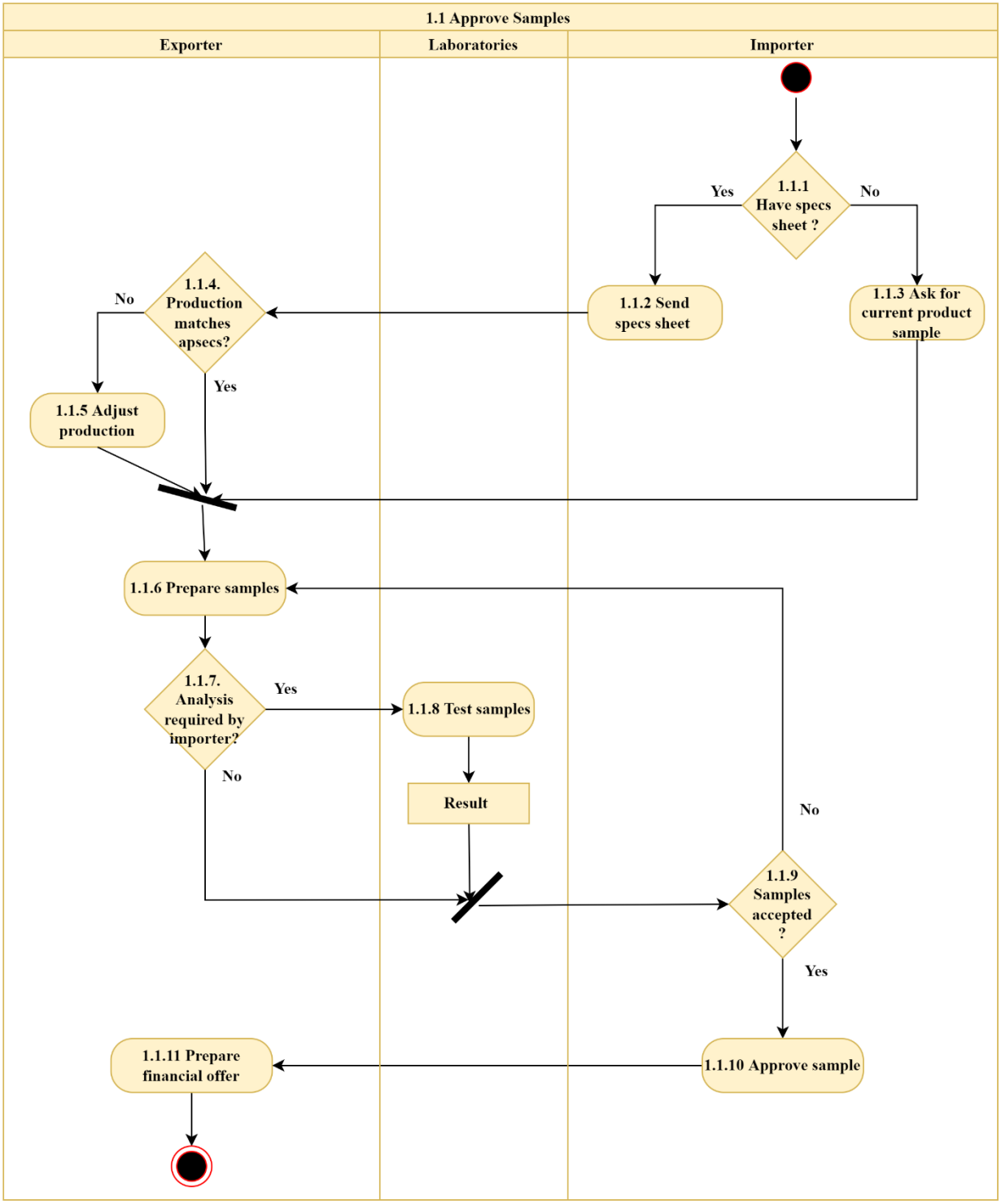
Figure 4.3. "Approve Samples" use case diagram.



"**Approve Samples**" is the first core business process under "Buy" process area. The use case diagram in Figure 4.3 suggests that this core business process requires the participation from:

- Importer
- Exporter
- Testing laboratories

Figure 4.4. “Approve Samples” activity diagram.

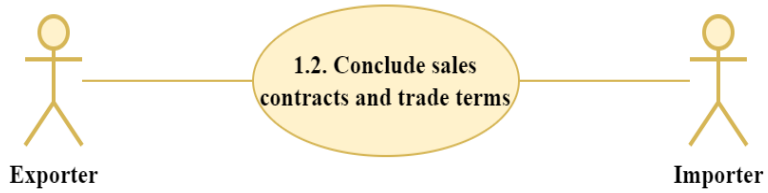


Name of a process area	**1. Buy**
Name of a business process	***1.1. Approve samples***
Related laws, rules, and regulations	-
Process participants	• Exporter • Foreign buyer (importer) • Testing laboratories
Input and criteria to enter/begin the business process	▪ The exporter is included in the white-list of the National Food Safety Authority/ or registered at the Ministry of Health ▪ The exporter has internationally acknowledged quality certificate. ▪ Registration in the food safety authority for some countries (USA, Saudi Arabic, Europe) ▪ In case this is the first time the exporter deals with the foreign buyer (importer). The foreign buyer (importer) checks the quality and safety stranded of the production process by checking the quality certificates of the exporting company the most important being BRC, ISO and HACCP and is some countries a Halal certificate is required. In the case of Egypt specifically some foreign buyers (importers) conduct an auditing visit to the factory, and after the COVID the foreign buyers (importers) might resort to an accredited third party to conduct the audit. However, this process is done once, after which the exporter is considered as an approved vendor (observation#4).
Activities and associated documentary requirements	1.1.1. Exporter asks foreign buyer (importer) if they have specification sheet. 1.1.2. In case the foreign buyer (importer) has product specifications, they send these specifications to the exporter. 1.1.3. The exporter checks if their production matches the specifications. 1.1.4. If it does not match the specification they adjust their production, and produce a sample. 1.1.5. In case the foreign buyer (importer) does not have any specifications, they ask for a sample of current products. 1.1.6. Exporter prepares samples. 1.1.7. In case the product analysis is requested from the exporters, they send the product to the Central labs. And if the test is not conducted in Egypt, it is sent to an international lab, however, these tests are conducted only if it is the first time to export to the client 1.1.8. Lab conducts the test.

	1.1.9. Foreign buyers (importers) receive samples. They analyze the sample and compare it with other competitive products in case they had not sent any specifications. If the sample was manufactured according to their specifications and a test was conducted, they check the test results. In all cases, the foreign buyer (importer) decides if the sample is accepted or not. If not, they inform the exporter with the required modifications to be made. 1.1.10. If the sample is accepted the foreign buyer (importer) sends the approval to the exporter 1.1.11. Exporter prepares the financial offer.
Output criteria to exit the business process	Sample approval
Average time required to complete this business process	1 week on average

Core business process area 1.2: Conclude sales contract and trade terms.

Figure 4.5. "Conclude sales contract and trade terms" use case diagram.

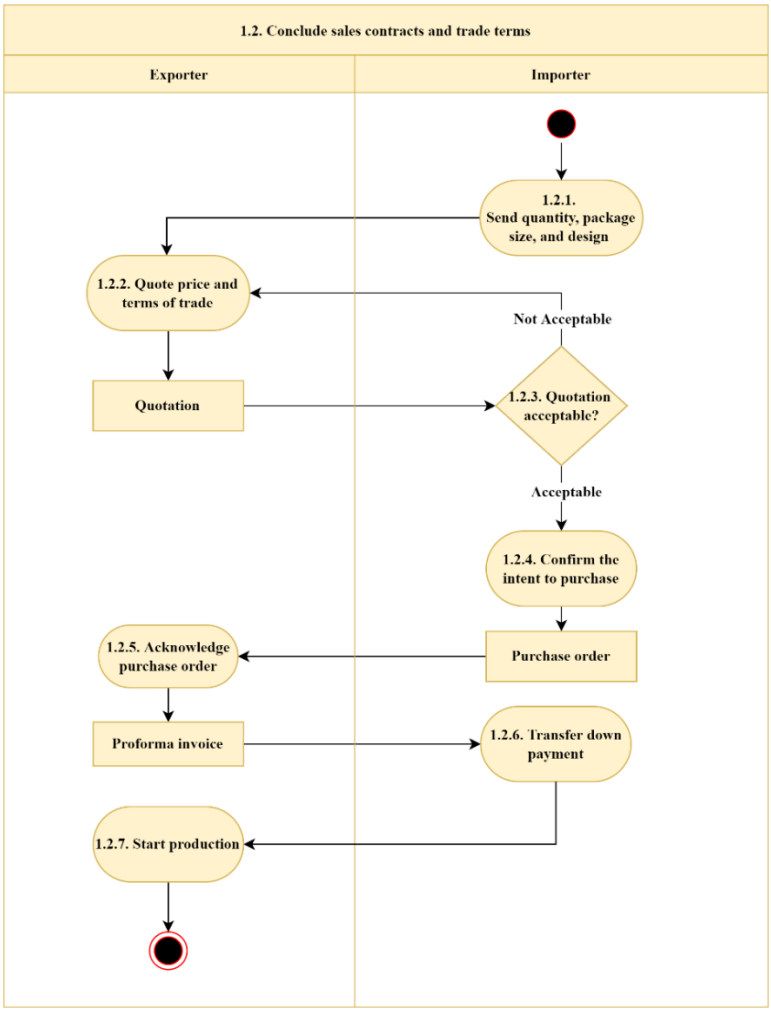


"Conclude sales contract and trade terms" is the second core business process under "Buy" process area. The use case diagram in Figure 4.5 suggests that this core business process requires the participation from:

- Importer
- Exporter

As mentioned in observation # 7 for small enterprises concluding the sales contract might be prior the sample manufacturing.

Figure 4.6. “Conclude sales contract and trade terms” activity diagram.



Name of a process area	**1. Buy**
Name of a business process	***1.2. Conclude sales contract and trade terms***
Related laws, rules, and regulations	
Process participants	Exporter Foreign buyer (importer)
Input and criteria to enter/begin the business process	• Sample approved. • In case of a new client, sometimes the exporter investigates the importing company to make sure it is reliable. This investigation is done via an insurance company which guarantees the payment (like the Export Guarantee Company)
Activities and associated documentary requirements	1.2.1. The foreign buyer (importer) sends the quantity they need to import, and the size of the package, and if they have their own brand they send the design of the label. 1.2.2. Exporter prepares quotation that includes the price, payment terms and production and shipping leave time (the price is valid for two weeks) 1.2.3. Foreign buyer (importer) reviews the quotation and determines if the quoted price and payment terms are acceptable. If they are not acceptable, the foreign buyer (importer) asks the exporter to revise quotation. 1.2.4. If the quotation is acceptable, the foreign buyer (importer) confirms the intent of purchase with a "Purchase Order", including all the exporter's bank details and company information (like address and phone number… etc.) 1.2.5. The exporter prepares a proforma invoice that includes all the details of the deal including quantity, size, price, payment conditions, bank details, shipping conditions and delivery port location. 1.2.6. The foreign buyer (importer) transfers the down payment • Some countries do not provide a down payment but credit (like the USA); that is they pay after 20-30 days from receiving the order. And in the case of African countries the exporter takes the entire payment in advance or LC from the bank. 1.2.7. Upon receiving the down payment the exporter starts to produce
Output criteria to exit the business process	• Proforma invoice/ purchase order between foreign buyer (importer) and exporter, that they have concluded trade contract and terms. • Based on a Purchase Order, an exporter can prepare goods for export.
Average time required to complete this business process	3 -7 days depending on the bank the exporter is dealing with

Procurement of Tomato paste components.

The Tomato industry relies mainly on locally produced harvest, which means that between the two processes “Buy” and “Ship”, an intermediate “Procurement” process takes place. Although the Tomato products are not heavily reliant on importation, they might face several problems in this stage that negatively affect the quality of the product itself on one hand, and the capability to meet the delivery time on the other hand.

The main problems related to the procurement are:

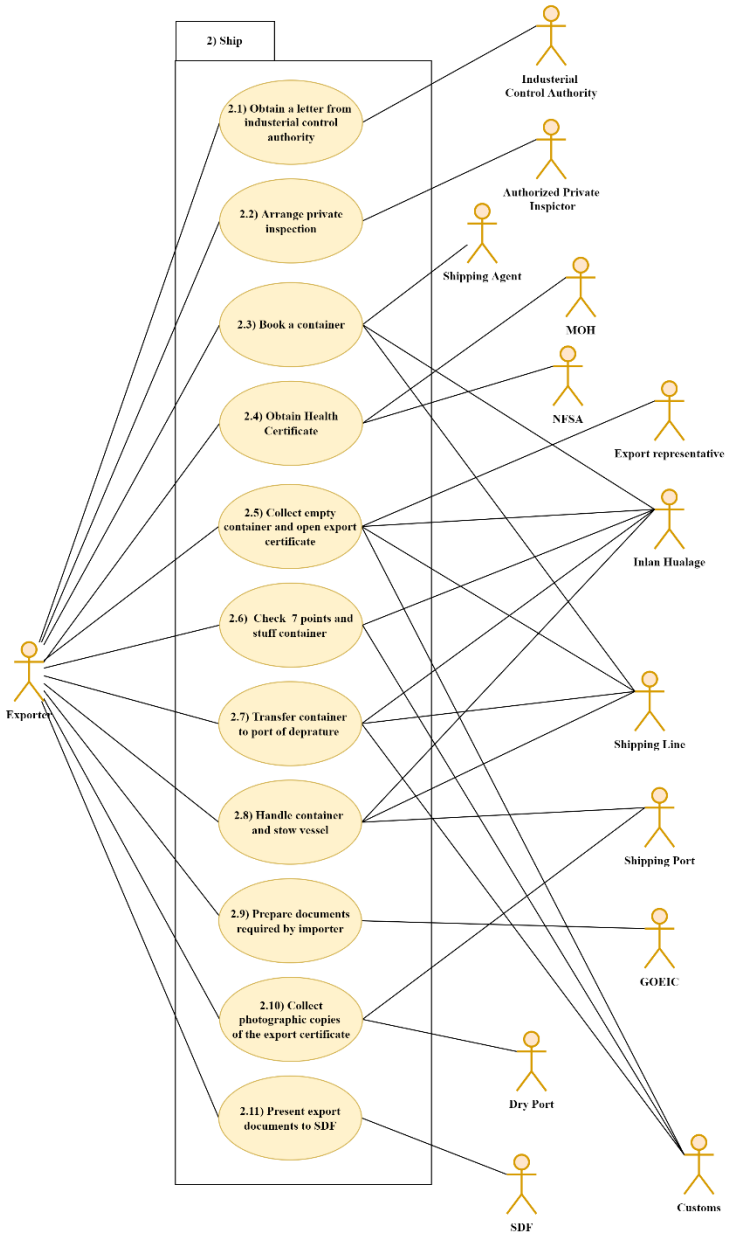
1. Lack of traceability due to procurement from traders who collect the harvest from hundreds of small farmers, making quality control nearly impossible.
2. Irregular supply of fresh tomatoes. This negatively affects the manufacturing efficiency and the number of operating days, which does not exceed 50 days per year, while factories can operate up to 90 days a year, in case of regular supply.
3. Merchants and intermediaries completely in control of the marketing process. Therefore, they impose their conditions on producers and farmers to a considerable extent.
4. Deficiency of tomato quality in terms of color and the lack of solid materials, as farmers do not prefer planting the species that are suitable for manufacturing except through contract farming.

Finally, in case of importing the packaging and printing material, exporters are subject to the complications related to the ACI system and the problems related to getting the ICA letter.

Process area 2: Ship

In the context of tomato export from Egypt, ship process area consists of 11 core business processes. As shown in figure 4.7, these core business processes deal with both transport and regulatory requirements. They involve the arrangement for cargo movement as well as the completion of customs formalities and necessary actions to meet tomato export requirements imposed by government agencies from Egypt.

Figure 4.7. "Buy" use case diagram.



2.1. Obtain the ICA letter indicating allowances.

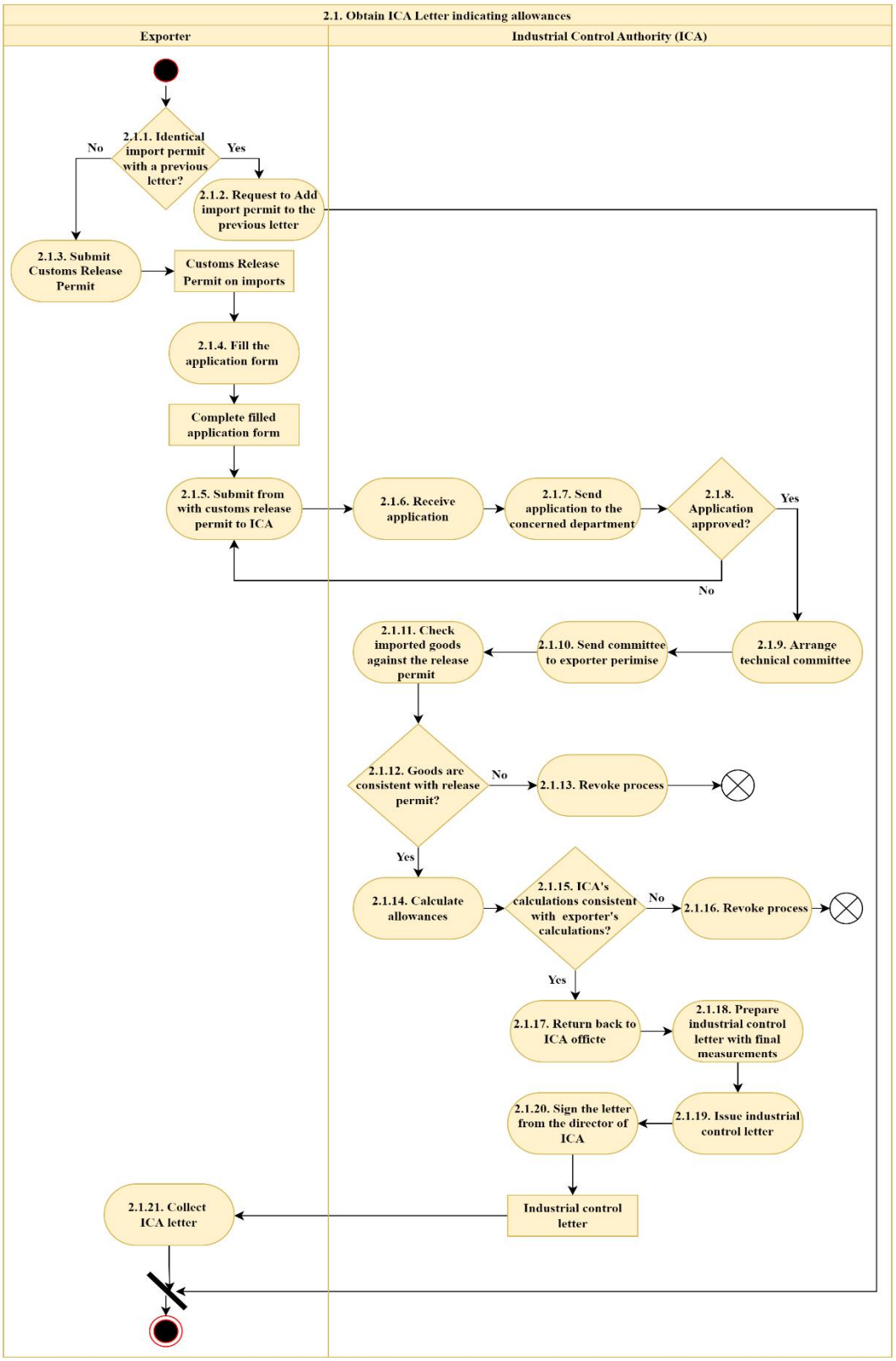
It is important to emphasize that exporters will not be subject to this step unless they import the packaging material through the drawback or temporary admission systems.

Figure 4.8. "Obtain the ICA letter indicating allowances" use case diagram.

The use case diagram shown in Figure 4.8 suggests that "Obtain the ICA letter indicating allowances" process requires the participation from:

- Exporter
- Industrial Control Authority (ICA)

Figure 4.9. “Obtain the ICA Letter Indicating Allowances” activity diagram.



Name of a process area	**2. Ship**
Name of a business process	***2.1. Obtain the ICA letter indicating allowances***
Related laws, rules, and regulations	• Import and Export Law No. 118 of 1975 and its executive regulations issued by Ministerial Resolution 770 of 2005 and their amendments • Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance Decree No. 430 of 2021 • Prime Minister's Decision No. 1635 of 2002 regarding the rules and procedures regulating temporary permits and refunds of taxes and customs duties • Procedures Circular No. 8 of 2015 regarding temporary permits
Process participants	Exporter Industrial Control Authority
Input and criteria to enter/begin the business process	The Custom Release Permit of imported raw materials.
Activities and associated documentary requirements	2.1.1. Is the import permit completely identical to a previous one? 2.1.2. If the answer is yes, then the exporter can add this particular import permit to the existing ICA letter. 2.1.3. If the answer is no, then the exporter has to obtain a new ICA letter for the imported raw material. They start by preparing the custom release permit to be submitted at a later stage to the Industrial Control Authority. 2.1.4. Exporter fills in an empty form from the authority with the required information. 2.1.5. Exporter submits the form to the ICA reception office. 2.1.6. ICA Reception office receives the filled in application form. 2.1.7. ICA reception office forwards the form to the concerned department. 2.1.8. ICA concerned department checks the application. If the application is not approved, the department asks the exporter to do necessary modifications. 2.1.9. IF the application is accepted, ICA arranges a technical committee. 2.1.10. ICA sends committee to the exporter premise. 2.1.11. ICA committee checks the imported raw materials against the release permit. 2.1.12. ICA committee checks if raw materials specifications match those listed in the permit. 2.1.13. If raw materials specifications do not match those listed in the permit the inspectors revoke the process. 2.1.14. If raw materials specifications match those listed in the permit, the inspectors calculate their own allowances. 2.1.15. ICA checks if its calculated allowances are consistent with exporter’s calculations.

	2.1.16. If allowances calculated by the ICA committee are not consistent with the allowances submitted by the exporter and both sides did not come to an agreement the process is revoked. 2.1.17. If ICA committee calculations came consistent with exporter's calculations, the committee returns back to office for finalization. 2.1.18. ICA prepares a letter indicating allowances for each product with final measurements. 2.1.19. The ICA issues the industrial control letter. 2.1.20. The ICA director signs the letter before being directed to the reception again. 2.1.21. Exporter collects the signed ICA letter.
Output Criteria to exit business process	Collecting ICA letter
Average time required to complete this business process	**35 days**

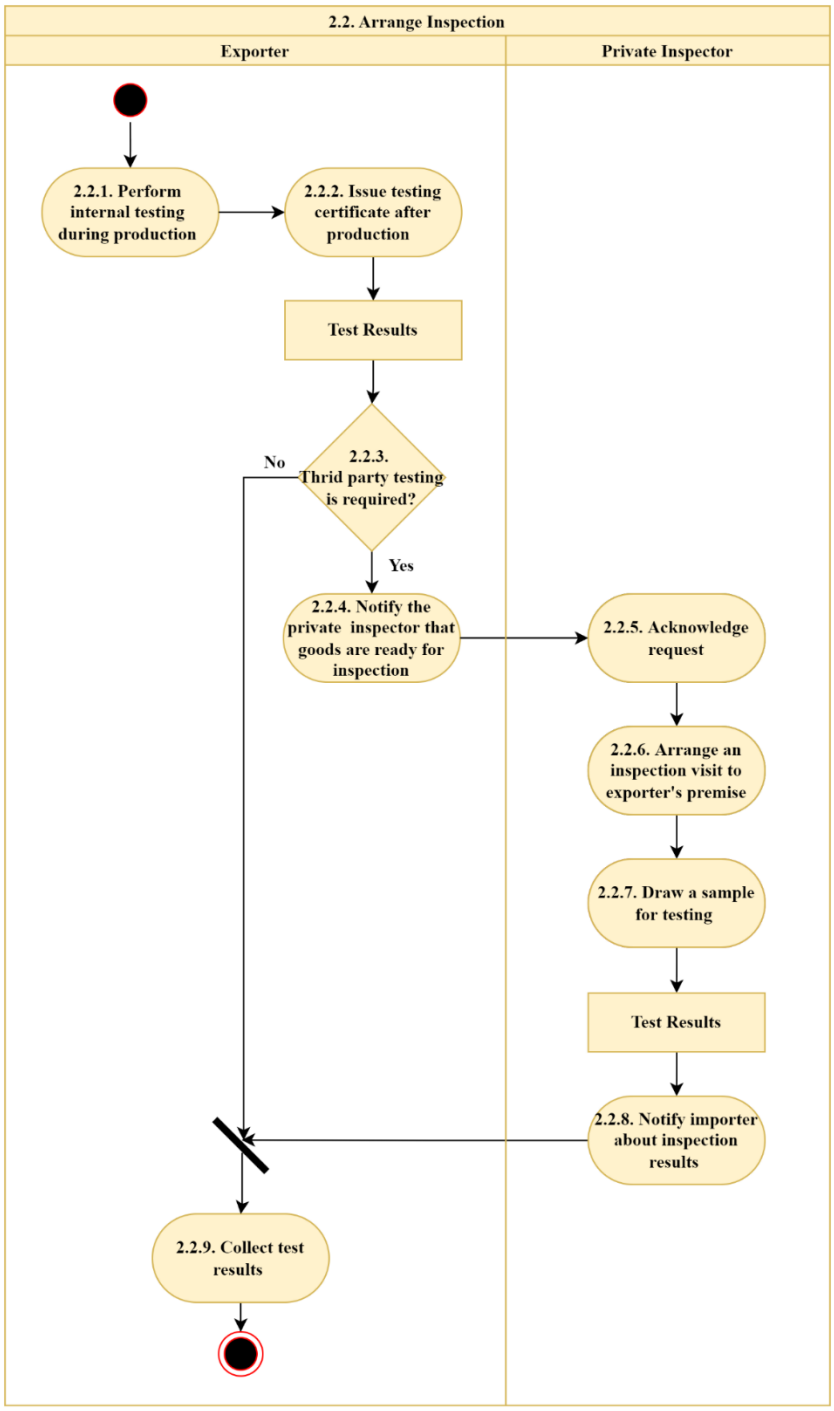
Core business process area 2.2: Arrange private inspection

Figure 4.10. "Arrange Private Inspection" use case diagram.

The use case diagram shown in Figure 4.10 suggests that "Arrange Private inspection" process requires the participation from:

- Exporter
- Private inspector

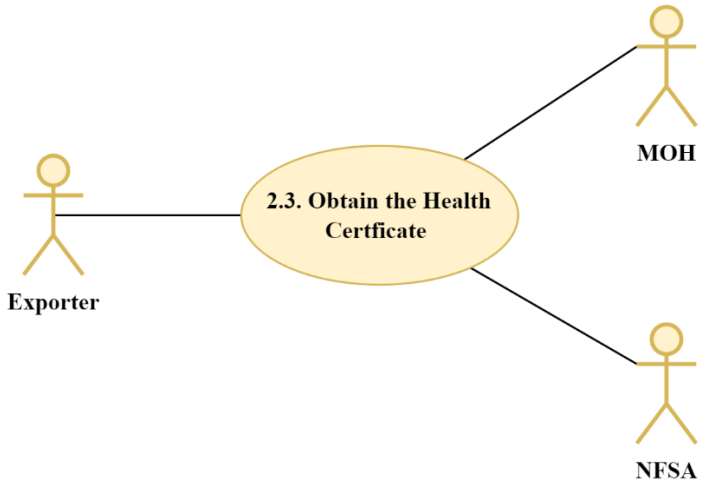
Figure 4.11. “Arrange Private Inspection” activity diagram.



Name of a process area	**2. Ship**
Name of a business process	***2.2. Arrange Private inspection***
Related laws, rules, and regulations	
Process participants	Exporter Private inspector
Input and criteria to enter/begin the business process	Production is completed and ready for inspection
Activities and associated documentary requirements	2.2.1. During the production process the company's internal lab does testing to ensure that the production is done according to the recipe. 2.2.2. After production is completed the company's internal lab gives a certificate that production is done according to the client's specification. 2.2.3. Some clients require that the post production testing is done via a third party. 2.2.4. The exporter notifies the private inspector that goods are ready for inspection. 2.2.5. The private inspector acknowledges notification request. 2.2.6. The private inspector arranges an inspection visit to exporter's premise 2.2.7. The inspector takes a sample from the shipments and makes all the necessary tests. 2.2.8. The inspector notifies the foreign buyer (importer) about the inspection results. • All exporters reported that test results always come consistent with product specifications because of the strong and continuous audits that are being performed before and during productions 2.2.9. The exporter takes a copy of the test results.
Output criteria to exit the business process	Inspection certificate report
Average time required to complete this business process	3 – 5 Days on average

Core business process area 2.3: Obtain the Health Certificate

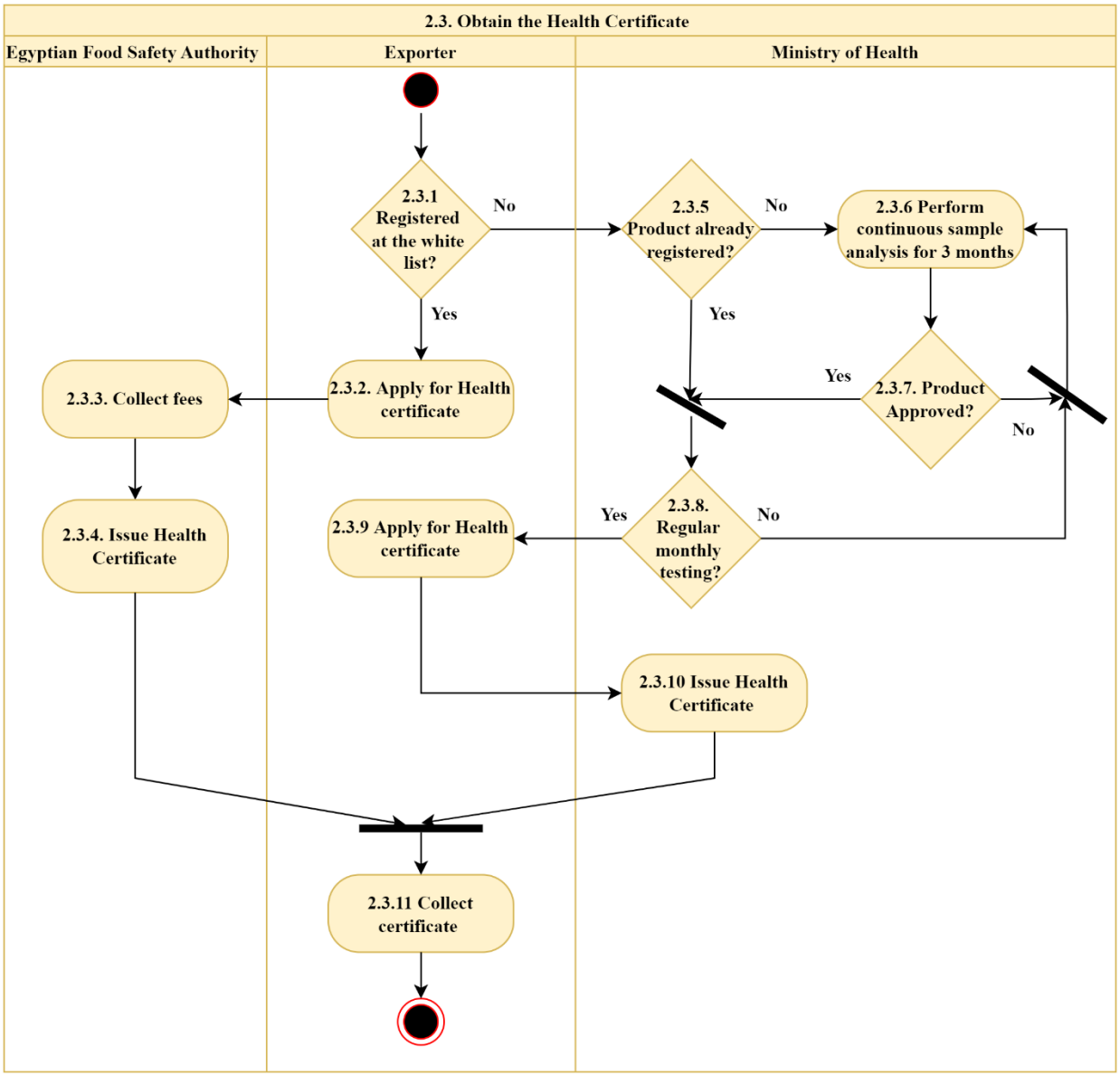
Figure 4.12. "Obtain Health Certificate" use case diagram.



The use case diagram shown in Figure 4.12 suggests that "Obtain heath certificate" process requires the participation from:

- Exporter/ his representative
- National food Safety Authority/ Ministry of Health

Figure 4.13. “Obtain a Health Certificate” activity diagram.

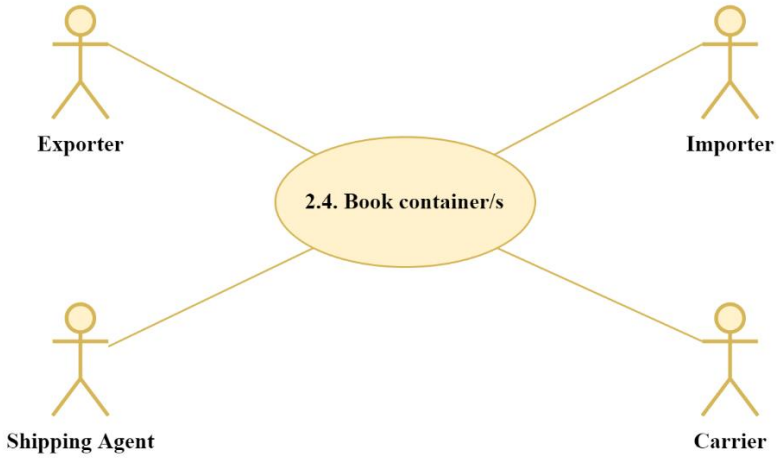


Name of a process area	**2. Ship**
Name of a business process	***2.3. Obtain The Health Certificate***
Related laws, rules, and regulations	• Prime Minister Decree no 142 for the year 2019 • National Food Safety Authority board decree no 2 for the year 2019. • National Food Safety Decree no 1 for the year 2020 • National Food Safety Authority board decree no 12 for the year 2021
Process participants	Exporters/ their representative National Food Safety Authority (NFSA) / The Ministry of Health
Input and criteria to enter/begin the business process	Exporter already completed the manufacturing
Activities and associated documentary requirements	2.3.1. The procedures to obtain the health certificate differ based on whether the exporter is registered on the white-list of NFSA or not. 2.3.2. If the exporter is already registered at the white-list, they apply for the health certificate directly at NFSA. • Some exporters reported that there is no need for sample testing in this case. However, other exporters revealed that they are required to submit a sample for testing at NFSA labs for each shipment. 2.3.3. NFSA collects about 500 pounds as fees. 2.3.4. NFSA issues the health certificate. 2.3.5. On the other hand, if the exporter is not registered on the white-list, they will obtain the health certificate from the ministry of health. In this case, the path will differ based on whether the exported product is already registered at the ministry of health or not. 2.3.6. If the exported product is not already registered at the ministry of health, the exporter will be required to register a new product. This in turn requires continuous testing of samples for 3 consecutive months. 2.3.7. After 3 months of continuous testing, the ministry of health will decide whether the product will be certified or not. If not certified, the exporter returns back to 2.3.6 again. 2.3.8. If the exported product is already registered or it is a newly registered product, the exporter is expected to submit a sample for analysis on a monthly basis; otherwise the registration will be cancelled. 2.3.9. If the exporter performs regular monthly testing, they can apply for the health certificate for any number of shipments without the need for any additional tests. 2.3.10. The ministry of health issues the health certificate.

	2.3.11. The exporter collects the health certificate.(observation#1)
Output criteria to exit the business process	Health Certificate
Average time required to complete this business process	1 days- 5 days (depending on whether the exporter is on the white-list or not)

Core business process area 2.4: Book Container

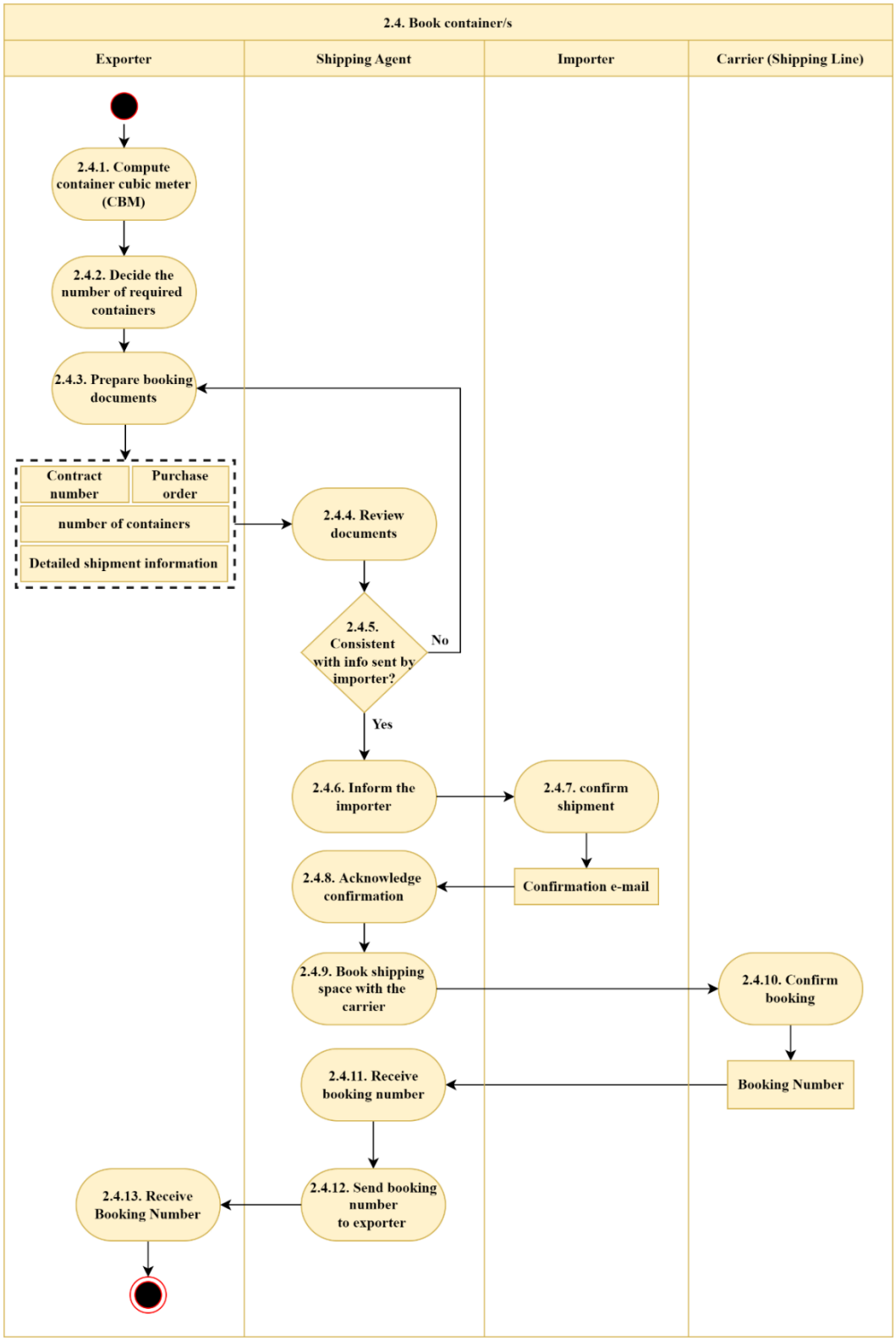
Figure 4.14. "Book Container" use case diagram.



The use case diagram shown in figure 4.14 suggests that "Book Container" process requires the participation from:

- Exporter
- Importer
- Shipping Agent
- Carrier

Figure 4.15. “Book Container” activity diagram.

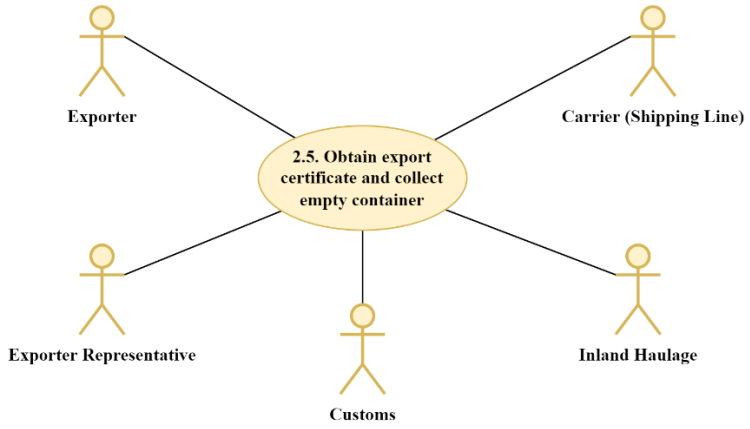


Name of a process area	**2. Ship**
Name of a business process	***2.4 Book Container***
Related laws, rules, and regulations	• Resolution No. 800 of 2016 issuing a regulation regulating the conduct of activities and works related to maritime transport and fees for its usage. • Procedures Circular No. 1 of 2022 regarding the cycle of procedures for incoming and outgoing shipments. • Law No. 73 of 2019 establishing the internal and international land transport organization.
Process participants	Exporter Shipping Agent Foreign buyer (importer) Carrier (Shipping Line)
Input and criteria to enter/begin the business process	Exporter already completed the manufacturing and packing process.
Activities and associated documentary requirements	2.4.1. Exporter computes container cubic meter (CBM) 2.4.2. Based on CBM, exporter decides the required number of containers to be booked. 2.4.3. Exporter prepares the booking documents that include: contract number, the purchase order and the detailed shipment information. • If the exporting agreement is done on a CIF basis the exporter does the booking, however, if the exporting agreement is done on FOB basis, the exporter communicates with the shipping agent/ freight forwarder who is in charge of the booking. 2.4.4. The Shipping Agent reviews the documents to ensure consistency of information sent earlier by the foreign buyer (importer). . 2.4.5. If the information is not consistent with that sent by the foreign buyer (importer) the exporter prepares the documents again. 2.4.6. If the information is consistent with that sent by the foreign buyer (importer), the agent informs the foreign buyer. 2.4.7. The Foreign buyer (importer) confirms the shipment accordingly and sends a confirmation email to the shipping agent with all the detailed information of the shipment. 2.4.8. The shipping agent then receives the email and acknowledges this confirmation. 2.4.9. The shipping agents start to book a shipping space with the carrier or the shipping line.

	2.4.10. The carrier confirms the booking and issues a booking number and send it back to the shipping agent. 2.4.11. The shipping agent receives this number. 2.4.12. The shipping agent sends the booking number to the exporter. 2.4.13. The exporter receives the booking number of their shipment.
Output criteria to exit the business process	Booking number of the shipment that is exporter has now a slot on the shipping line.
Average time required to complete this business process	1 Hour

Core business process area 2.5: Obtain export certificate and Collect empty container

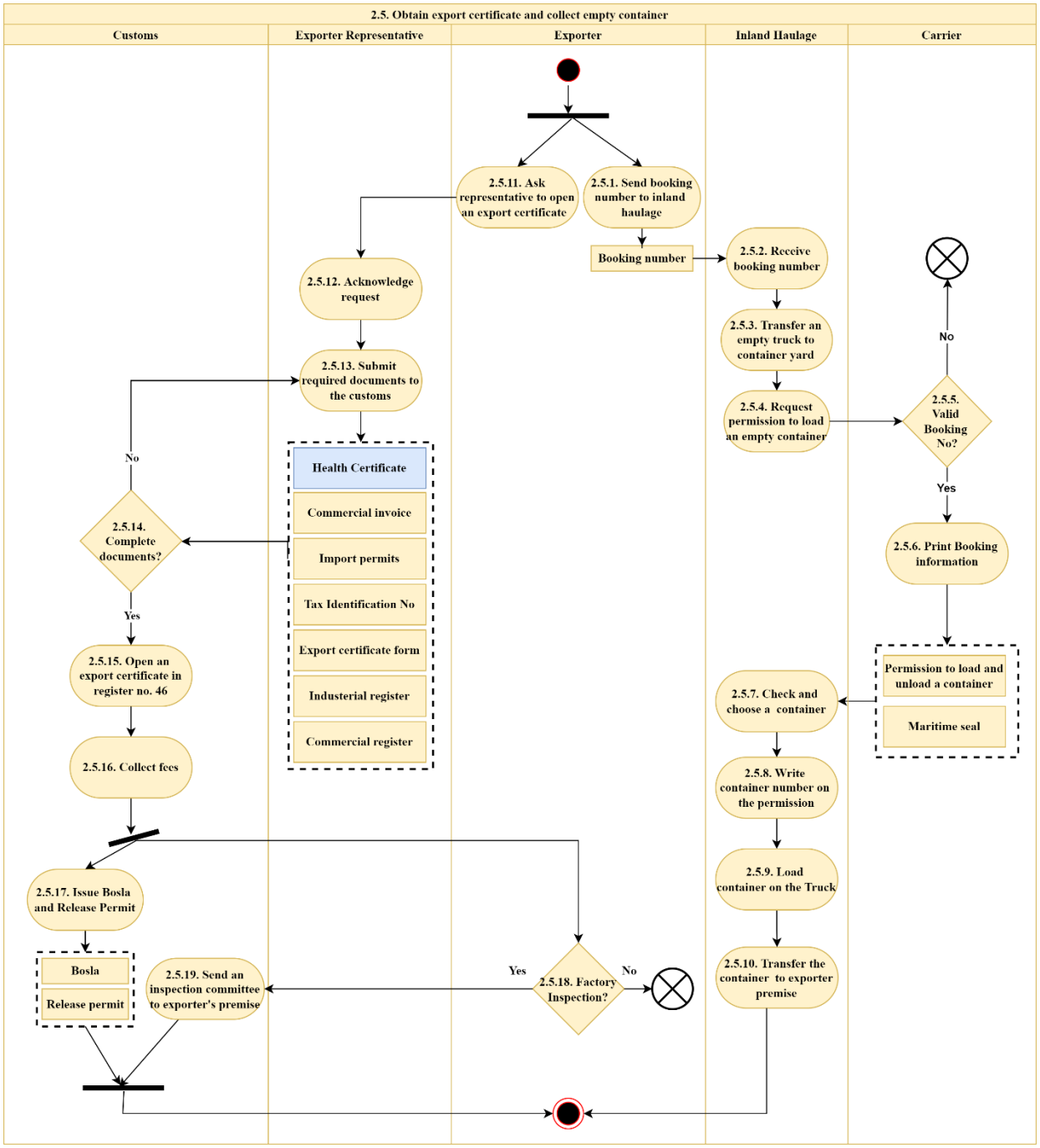
Figure 4.16. "Obtain Export Certificate and Collect Empty Container" use case diagram.



The use case diagram shown in Figure 4.16 suggests that "Obtain export certificate and Collect empty container" process requires the participation from:

- Exporter
- Exporter Representative
- Customs
- Inland Haulage
- Carrier

Figure 4.17. “Obtain Export Certificate and Collect Empty Container” activity diagram



Name of a process area	**2. Ship**
Name of a business process	***2.5. Obtain export certificate and collect empty container***
Related laws, rules, and regulations	• Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance Decree No. 430 of 2021. • Decision of the Minister of Finance No. 40 of 2017 regarding the activation of the unified customs declaration SAD. • Procedures Circular No. 24 of 2019 regarding the used and developed pathways for customs declaration.
Process participants	• Exporter • Exporter Representative • Customs • Inland Haulage • Carrier
Input and criteria to enter/begin the business process	• Exporter already completed the manufacturing and packing process. • Container booking has been already made.
Activities and associated documentary requirements	2.5.1. Exporter sends the booking number to the Inland Haulage. 2.5.2. Inland Haulage receives the booking number that will allow the company to pick the container from the shipping line. 2.5.3. Inland Haulage transfers an empty truck to the container yard to load the needed empty containers. 2.5.4. Inland Haulage will request permission from the carrier to load the empty container to the trucks. 2.5.5. The carrier checks the validity of the booking number, if it is not valid the process provoked. 2.5.6. If the carrier found that the booking number is valid it prints out two booking information documents; - Permission to load and unload the container and - Maritime Seal. 2.5.7. The Inland haulage here checks the documents and chooses a container. - The lack of safe transport companies. Most trucks (trailers) in the shipping companies are old, dilapidated and constantly break down. - Containers are not constantly available. Sometimes there is a reservation on shipping freight, but there are no containers free of defects.

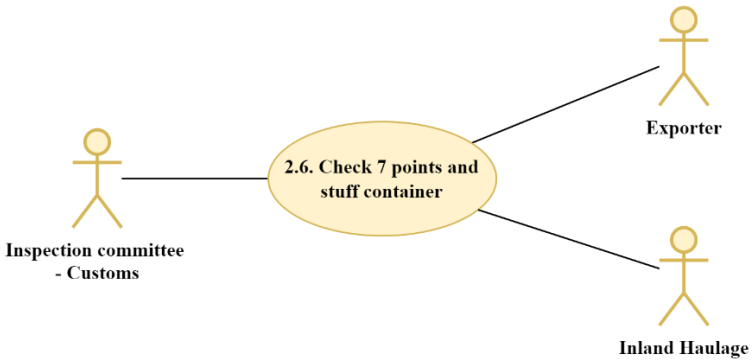
	- Containers always have defects: Cuts, punctures or unacceptable odors. In many cases, the container is loaded with fish or herbs, and must be cleaned well and any odors removed before loading tomato products to ensure these smells are not transmitted to the products. - There is an authority in the port affiliated with the shipping line entrusted with cleaning the containers, but their work is just paperwork and mere formalities with no real results. - The inland haulage company work is often delayed due to the presence of defects in the containers and the need to replace them (once or twice a week). If the inland haulage receives a defective container from the port, upon returning it to the port, the shipping line assumes that the transport company is responsible for these defects, and a repair fine of up to $500 is charged. - There are many problems in the system of most shipping lines. When the driver is directed to the yard to load the container, they do not find containers, and is forced to wait. - Late arrival of empty containers to the port, and consequently late container pickup by the local transport company. It may take 3 or 4 days until containers are available. - The driver may wait a full day to load the container awaiting assignment by the Port Authority of the equipment to be used to lift the container onto the truck. The same is true for loading. 2.5.8. Inland Haulage inserts the container number in the permission. 2.5.9. Inland Haulage loads the empty container on the truck. 2.5.10. Inland Haulage transfers back the empty container to the exporter premise. 2.5.11. Exporter asks their representative, at the same time, to obtain an export certificate from customs. - Some ports have started to activate the NAFEZA to obtain the export certificate, however it is not operational yet in all ports 2.5.12. Exporter representative acknowledges the request. 2.5.13. Exporter representative submits the required documents to the customs, including; - Health certificate - Commercial Invoice - Import Permits - Tax Identification Number - Export Certificate Form - Commercial Register - Industrial Register

	2.5.14. The customs office checks if the documents are complete, if they are not complete the exporter representative complete them and resubmit hem again. 2.5.15. If the documents are complete, a register certificate is opened for the exporter in register (NO. 46) that records all the shipment information. 2.5.16. The customs office collects the fees. 2.5.17. The customs office issues the necessary documents; - Release permit - BOSLA: documents containing detailed information about the exporter, the foreign buyer (importer), and the shipment. 2.5.18. The exporter chooses whether to perform the inspection at the factory or the port. If they decided to opt for port inspection, then the process ends here and they moves on directly to next step (loading the container). 2.5.19. If the exporter opts for factory inspection, the customs office sends an inspection committee to the exporter premise based on their request, and the exporter payees the transportation costs.
Output criteria to exit the business process	Exporter has registered their shipment information on the system platform. Exporter has their empty container(s) ready for the next stage of stuffing with goods. Exporter has the Maritime seal stamped on the container.
Average time required to complete this business process	Direct duration 5 hours Indirect time 3 days[5]

[5] Indirect time is the time consumed by Inland Haulage during loading and transferring the container from the port to the factory and then returning it to the port again after being loaded.

Core business process area 2.6: Check 7 points and stuff container.

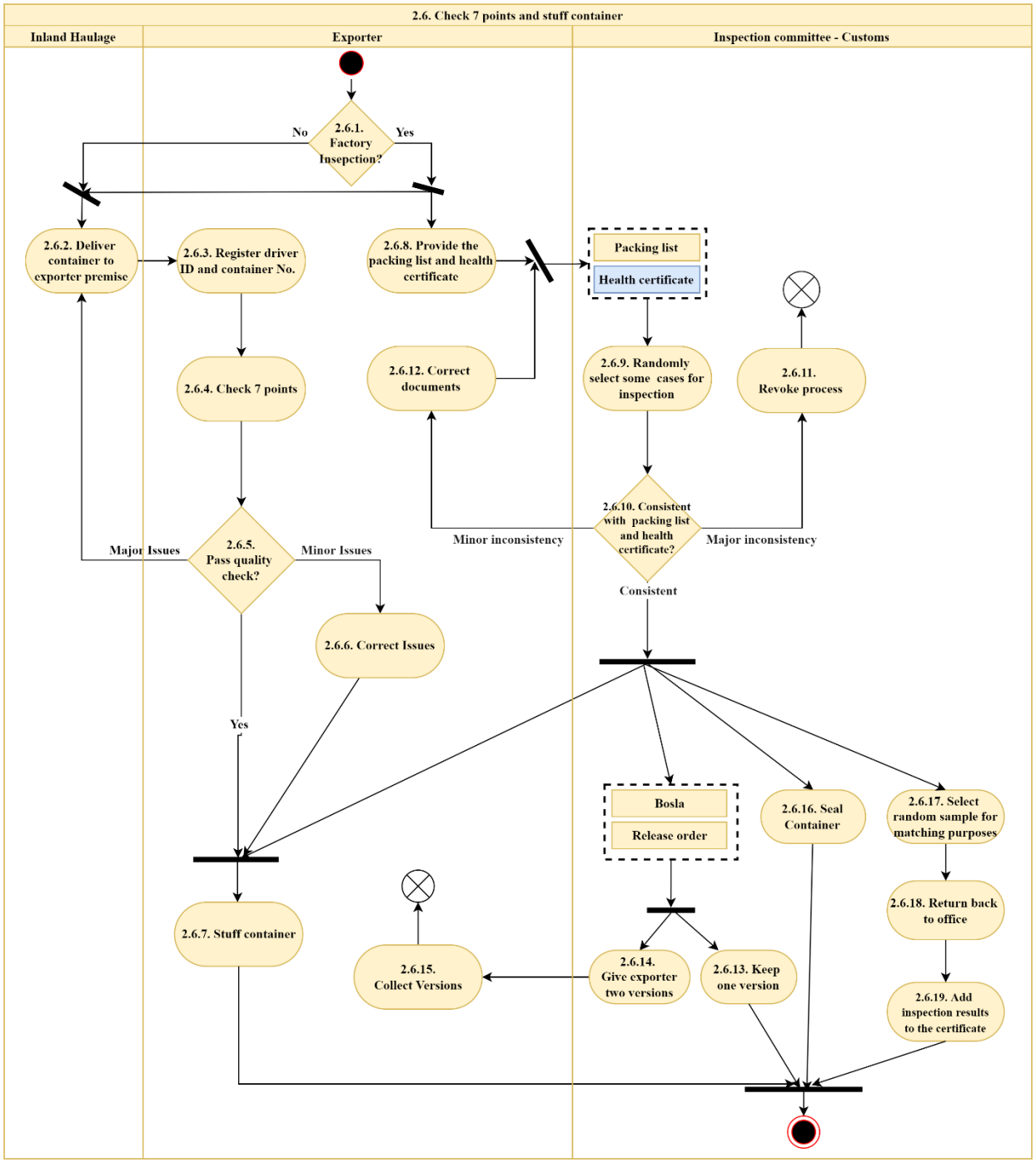
Figure 4.18. "Check 7 Points and Stuff Container" use case diagram



The use case diagram shown in Figure 4.18 suggests that "Check 7 points and stuff container" process requires the participation from:

- Exporter
- Customs Inspection Committee
- Inland Haulage

Figure 4.19. “Check 7 Points and Stuff Container” activity diagram.



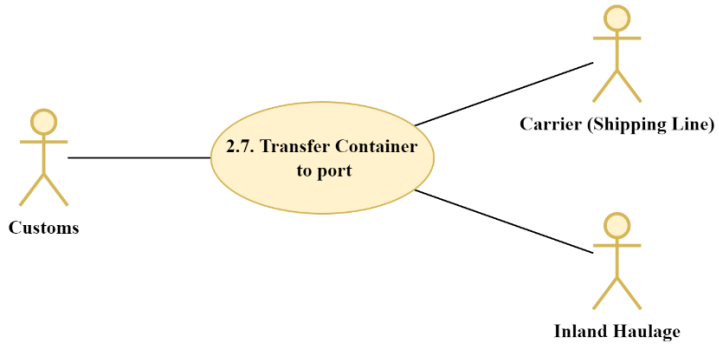
Name of a process area	**2. Ship**
Name of a business process	***2.6. Check 7 points and stuff container***
Related laws, rules, and regulations	• Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance Decree No. 430 of 2021. • Decision of the Minister of Finance No. 40 of 2017 regarding the activation of the unified customs declaration SAD. • Presidential Decree No. 106 of 2000 Facilitating Examination and Control Procedures on Exported and Imported Goods. • Procedures Circular No. 20 of 2020 regarding the customs BOSLA • Procedures Circular No. 24 of 2019 regarding the used and developed pathways for customs declaration
Process participants	Inland Haulage Exporter
Input and criteria to enter/begin the business process	• Exporter already completed the manufacturing and packing process. • Container has been already transferred to the factory. • An export certificate has been already opened.
Activities and associated documentary requirements	2.6.1. The process will differ based on whether the exporter decided to perform the inspection at the factory or at the port 2.6.2. In both cases, Inland Haulage delivers an empty container to the exporter premise. 2.6.3. Exporter registers the driver ID and the empty container number. 2.6.4. Exporter checks the list of the 7 points, that the container is in a good case, free of any defects or damages such as holes or bad smells, its ceil and walls are intact. - Containers always have defects: Cuts, punctures or unacceptable odors. 2.6.5. If major issues appear in the check, it returns to the Shipping line by Inland Haulage and pick another one. - The internal transport company work is often delayed due to the presence of defects in the containers and the need to replace them (once or twice a week). If the transport company receives a defective container from the port, upon returning it to the port, the shipping line assumes that the transport company is responsible for these defects, and a repair fine of up to $500 is charged. 2.6.6. If the check reveals minor issues, the exporter corrects them and moves to the next step.

	2.6.7. If no issues appeared during the check, and the condition of the container meet the condition specified in the check 7, the exporter can stuff the container with the goods. - Some foreign buyers (importers) may send a representative to inspect the container before loading, they photo the empty container and take from the exporter the packing list and the commercial invoice and they follows the loading process. - The representative sends an inspection certificate to the exporter 2.6.8. The exporter might decide to perform the inspection at the factory, in this case they provide the inspection committee with the packing list for the shipment and the heath certificate, as it serves as the basis for inspection. Each pack has certain number, specifications and measurements. - The committee goes to the factory to inspect the goods before loading, to avoid unloading the goods and inspecting them at the shipping port for protection. However, inspection might be repeated at port gate again. For the case of free zones, customs inspections are done at the zone gates. 2.6.9. The inspector randomly selects some cases for inspection to check their matching with documented specifications and it has to match the information in the health certificate (product specification, expiry date and batch number). - If the exporter or their representative does not pay the mandatory tip (an envelope with an average of EGP 500), the next customs committee will tighten the inspection of the goods in a way that may expose them to damage or delayed delivery at port. - There are no discernable service standards for any inspection by any agency. In particular, the customs do not provide the maximum time for its inspections or the information on the percentage of physical inspection. 2.6.10. If the inspection revealed consistent contents with the packing list and the health certificate, it moves to prepare required documents; - BOSLA - Release Order 2.6.11. If the inspection resulted in major issues, the process revoked, and the exporter has to re-prepare the shipment. 2.6.12. If there are minor issues during the inspection the exporter corrects them and rechecks again. 2.6.13. The inspector keeps one version of the documents (BOSLA and Release Order).

	2.6.14. The inspector gives the exporter two versions of the documents. 2.6.15. The exporter collects the versions of necessary documents. 2.6.16. The inspection committee seal the container 2.6.17. The inspector returns back to the customs office. 2.6.18. The inspector adds the inspection results to the export certificate.
Output criteria to exit the business process	The container stuffed with goods and has the seal number and necessary documents for the next step (BOSLA and Release Order).
Average time required to complete this business process	6 Hours (assuming that there is no default in the container) Informal payments (money/goods)

Core business process area 2.7: Transfer container to port

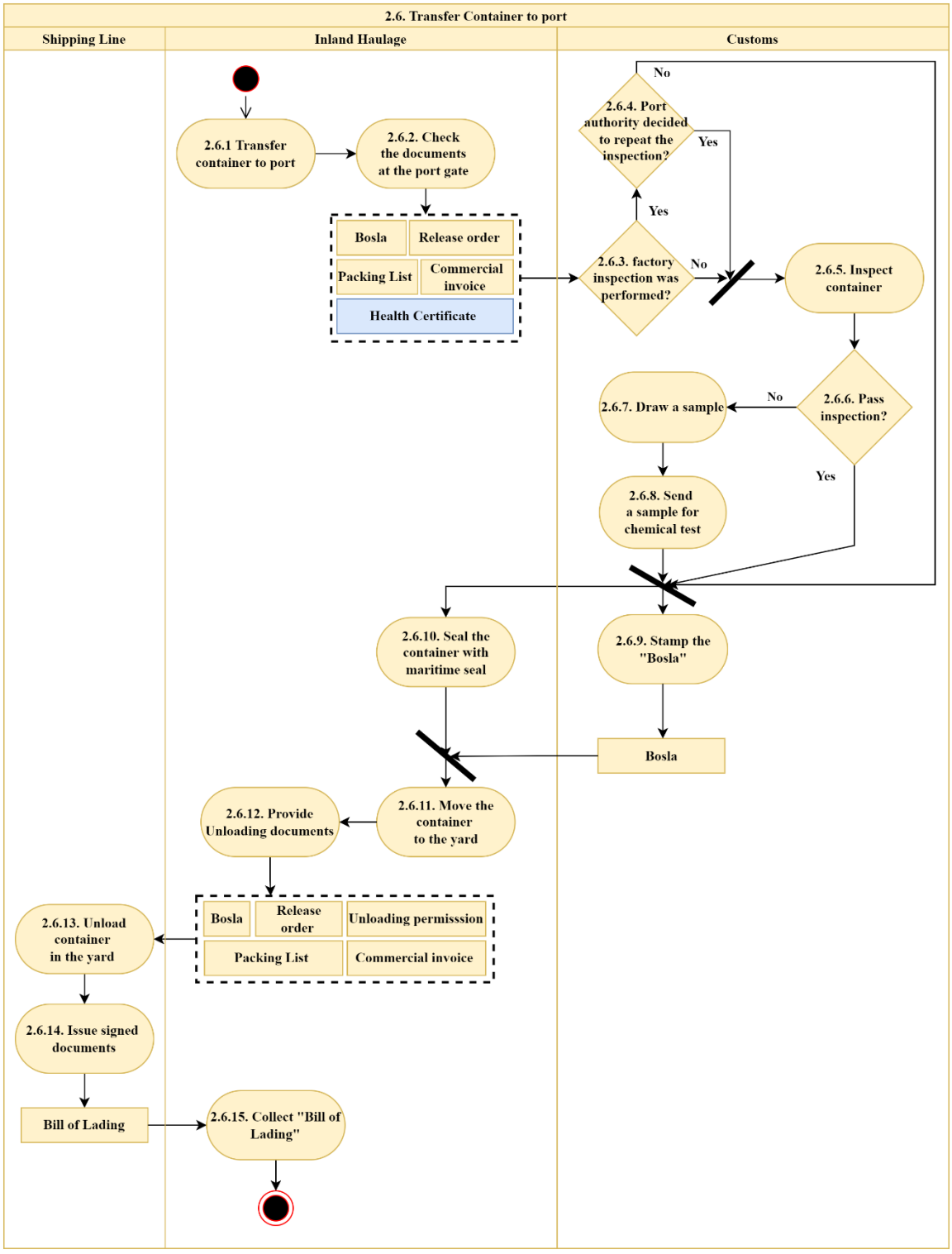
Figure 4.20. "Transfer Container to Port" use case diagram



The use case diagram shown in figure 4.20 suggests that "Transfer container to port" process requires the participation from:

- Customs
- Carrier (Shipping Line)
- Inland Haulage

Figure 4.21. “Transfer Container to Port” activity diagram



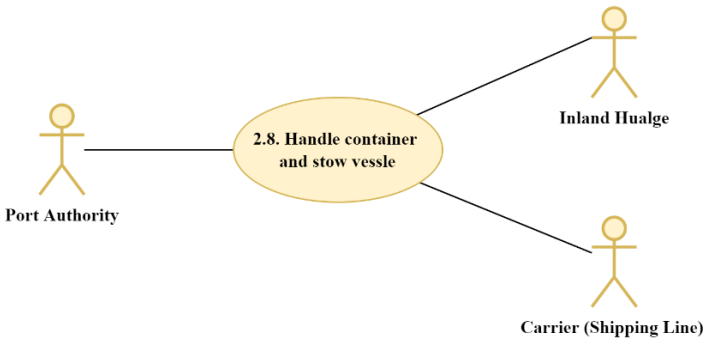
Name of a process area	**2. Ship**
Name of a business process	***2.7. Transfer container to port***
Related laws, rules, and regulations	• Decision of the Minister of Finance No. 40 of 2017 regarding the activation of the unified customs declaration SAD • Presidential Decree No. 106 of 2000 Facilitating Examination and Control Procedures on Exported and Imported Goods • Procedures Circular No. 20 of 2020 regarding the customs BOSLA • Procedures Circular No. 24 of 2019 regarding the used and developed pathways for customs declaration
Process participants	Shipping Line Inland Haulage Customs
Input and criteria to enter/ begin the business process	• Container has been already stuffed and sealed. • BOSLA is filled in with the details of the shipment
Activities and associated documentary requirements	2.7.1. Inland Haulage company transfers container to the port. - Truck overcrowding and the long time it takes to enter or exit the port, as not all port gates are opened to trucks. Often only 2 out of 5 points are operated due to insufficient customs officers. - The port is closed to containers at 11 pm, and in the event of a football match or a personal circumstance for the gate staff, they may leave work at 7 or 9 pm. - Security men at the gates of the port, and inside it, represent a severe obstacle. The entry or exit of the truck is not allowed without the payment of an informal tip. Priority of standing in line to unload the container is also determined by the size of the tip. Ministry of Interior employees may give precedence to those who pay higher tips in the unloading process, and if any driver in the queue objects, their license is confiscated; so, everyone either stays silent or pays. 2.7.2. Customs office checks documents provided by the Inland Haulage at the Port Gate before entering to the quay, that the seal number completely matches the one in the BOSLA and the other documents including; - Release Order - Packing List - Commercial Invoice - Health certificate 2.7.3. The port customs check whether the inspection has been performed at the factory or not.

	2.7.4. Even if the shipment has been inspected at the factory, port inspection still has right to break the seal and inspect the very same goods again. 2.7.5. If factory inspection did not take place, port customs check the tomato products against the specifications in the documents. 2.7.6. Customs committee decides the results of the check. - The exporter must pay a «mandatory tip yet again». If a mandatory tip is not paid, the customs officers will try to create any problem as an excuse to inspect the goods and unload the container. - The customs officer opens a box for inspection, and often does not return the box to its place. They rather keep it for themselves (a mandatory tip). 2.7.7. If it is not consistent with the specifications in the documents, the customs officer draws a sample from the container to test. 2.7.8. Customs committee sends the sample to the laboratory for doing a technical test to the concerned authority - The committee here contacts the original customs committee that inspected the container in the factory (exporter premise) and reports to it that inspection results were in-accurate and they will send a sample for chemical test – the analysis take about 4 days. 2.7.9. If the inspection went without inconsistencies, the customs officer stamps the BOSLA and gives it to the transport agent (Inland Haulage). 2.7.10. Inland Haulage seals the container with the Maritime Seal. 2.7.11. The Inland Haulage transfers the container to the yard of the reserved shipping line. 2.7.12. The Inland Haulage provides the necessary documents to prove that the container in place and ready to unload, documents include; - BOSLA - Release Order - Unloading Permission - Packing List - Commercial Invoice 2.7.13. The shipping line unloads the container to the yard. - Containers must be weighed by the shipping line before being loaded onto the ship to determine the exact size of the cargo. In most cases, not all scales are operational because there are not enough port personnel. Sometimes the weighing process can take a whole day.

	- Sometimes the ships are late, and the customer is forced to pay storage fees and fines, although the delay of the ship is beyond their control and is due to the shipping line itself. 2.7.14. The shipping Line issues the signed documents and the Bill of Lading. 2.7.15. Inland Haulage collects Bill of Lading. - The bill of lading either is sent to the foreign buyer (importer) with the rest of the document, alternatively it is sent to the bank with the rest of the documents, or remains with the shipping line and issue a telex release.
Output criteria to exit the business process	The container unloaded to the shipping line The Exporter has the Bill of Lading
Average time required to complete this business process	Direct duration 6 hours Indirect duration 2 days Informal payments

Core business process area 2.8: Handle container and stow container in to a vessel

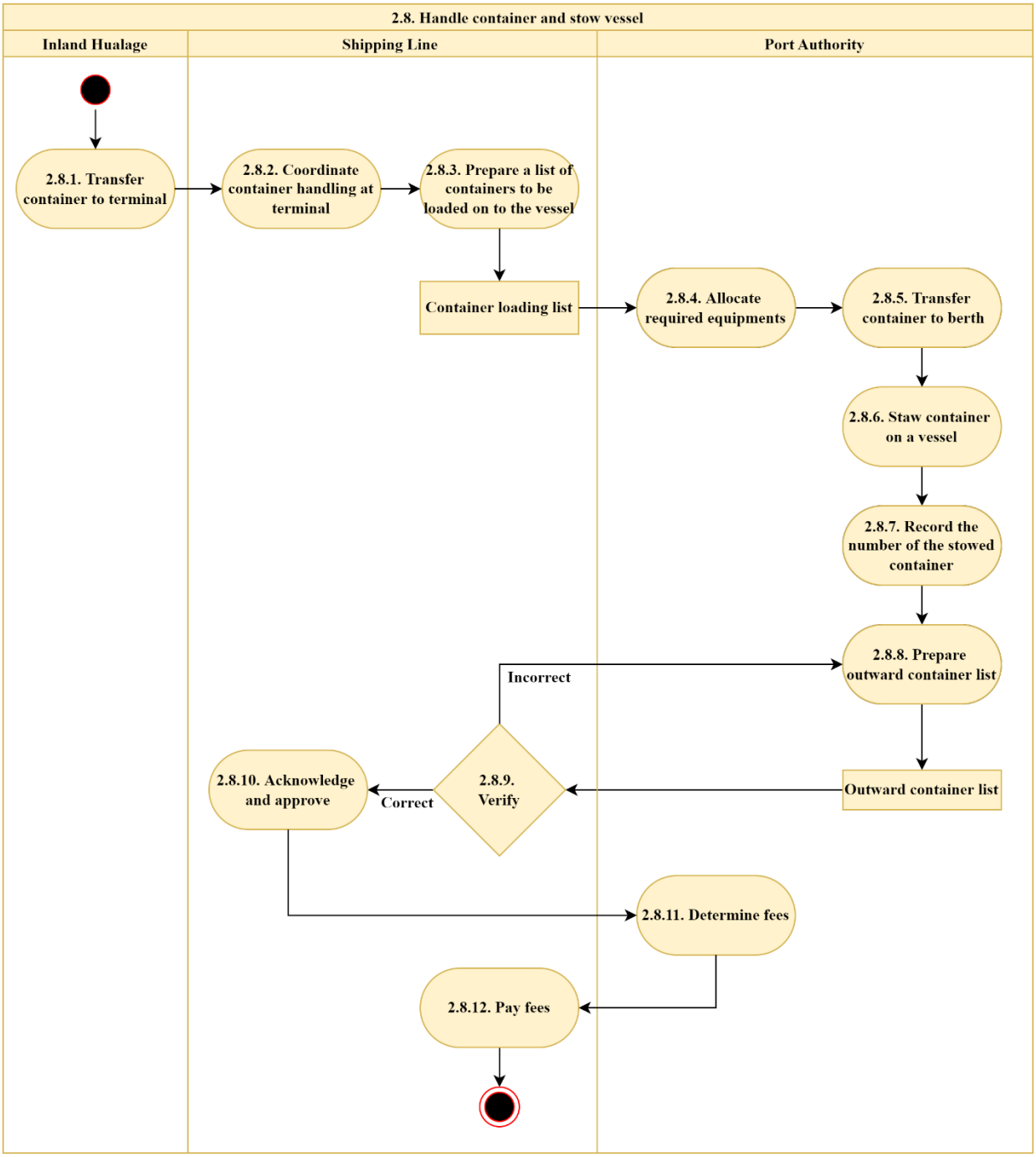
Figure 4.22. "Handle Container and Stow Vessel" use case diagram



The use case diagram shown in figure 4.22 suggests that "Handle container and Stow vessel" process requires the participation from:

- Port Authority
- Carrier (Shipping Line)
- Inland Haulage

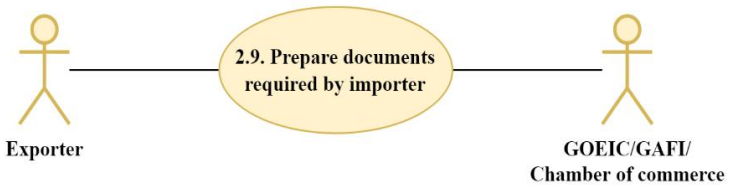
Figure 4.23. “Handle Container and Stow Vessel” activity diagram



Name of a process area	**2. Ship**
Name of a business process	***2.8. Handle container and Stow vessel***
Related laws, rules, and regulations	• Resolution No. 800 of 2016 issuing a regulation regulating the conduct of activities and works related to maritime transport and fees for its usage. • Procedures Circular No. 1 of 2022 regarding the cycle of procedures for incoming and outgoing shipments. • Law No. 73 of 2019 establishing the internal and international land transport organization.
Process participants	Shipping line Inland Haulage Port authority
Input and criteria to enter/ begin the business process	• Container has been already sealed with maritime seal and unloaded in the shipping yard.
Activities and associated. documentary requirements	2.8.1. Inland Haulage transfers the container to the terminal. 2.8.2. The Shipping Line coordinates the handling process at the terminal. 2.8.3. The Shipping Line prepares a list of containers to be loaded in to the vessel, and delivers a container loading list to the Port's Authority. 2.8.4. Port's authority allocates the required equipment to load containers. 2.8.5. Using the equipment, Port Authority transfers the container to the landing place. 2.8.6. Port's Authority stows the container in to the vessel. 2.8.7. Port's authority records the number of the stowed container. 2.8.8. Port's authority prepares an outward container list. 2.8.9. The Shipping Line verifies the outward list, if it is incorrect it returns to Port Authority to prepare the list again. 2.8.10. If the list is correct the shipping line acknowledges and approves it. 2.8.11. Port's Authority determines the service fees to be paid by the Shipping Line. 2.8.12. The Shipping Line pays the service fees; otherwise Port's Authority has to prepare the list again.
Output criteria to exit the business process	Container loaded onto the vessel
Average time required to complete this business process	1 day

Core business process area 2.9: Prepare documents required by foreign buyer (importer)

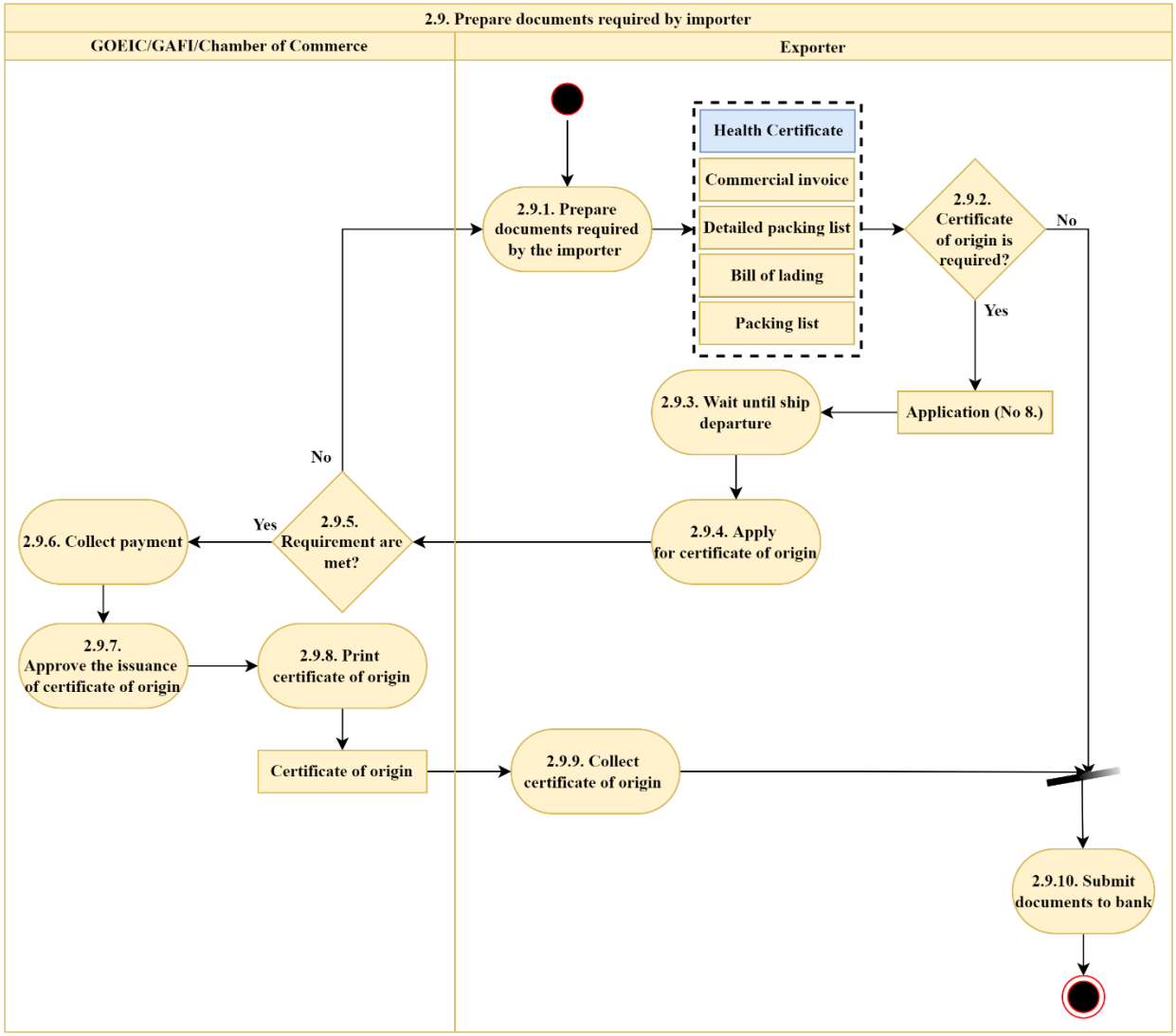
Figure 4.24. "Prepare Documents Required by Foreign Buyer (Importer)" use case diagram



The use case diagram shown in figure 4.24 suggests that "Prepare documents required by importer" process requires the participation from:

- Exporter
- General Organization of Export and Import Control (GOEIC)/ GAFI/ Chamber of commerce

Figure 4.25. “Prepare Documents Required by Foreign Buyer (Importer)” activity diagram

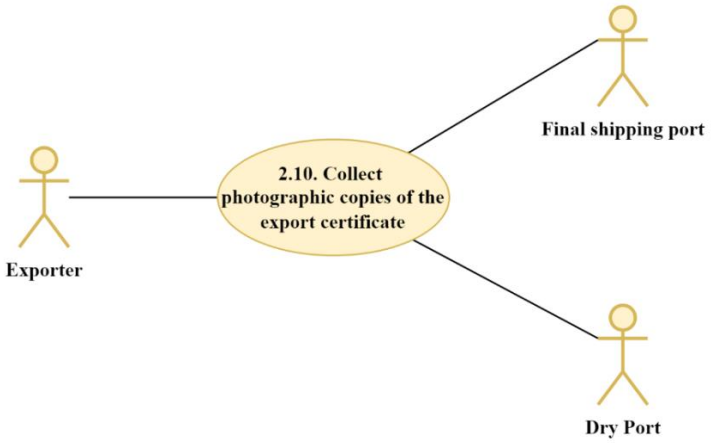


Name of a process area	**2. Ship**
Name of a business process	***2.9. Prepare documents required by foreign buyer (importer).***
Related laws, rules, and regulations	• Presidential Decree No. 1770 of 1971 establishing the General Organization for Export and Import Control.
Process participants	Exporter General Organization for Export and Import Control (GOEIC)
Input and criteria to enter/begin the business process	Exporter already has an account for electronic services on GOEIC portal and it is activated.
Activities and associated documentary requirements	2.9.1. The exporter preparers the documents required by the Foreign buyer (importer); including: - Commercial Invoice - Detailed Packing List - Bill of Lading - Packing List - Health Certificate 2.9.2. If the foreign buyer (importer) does not ask for a certificate of origin, the exporter prepares only these documents. 2.9.3. If the foreign buyer (importer) asks for a certificate of origin, exporter prepares the application form and waits until the ship leaves the port. 2.9.4. Exporter applies for the certificate at one of the following organizations: - the General Organization for Export and Import Control (GOEIC) (Application No. 8) for importing countries who are part of a trade agreement ▪ The application process for obtaining the certificate of Origin from GOEIC is not fully automated although the exporter applies for the certificate electronically through GOEIC website they have to complete the application manually at GOEIC - GAFI for the companies located at the free zones - Commercial chambers (otherwise) 2.9.5. If the certificate requirements are not met, the exporter prepares the documents again. 2.9.6. If the certificate requirements are met, the relevant organization collects the payment. 2.9.7. The relevant organization acknowledges the application and approves the issuance of the certificate. 2.9.8. The relevant organization prints the certificate of origin.

	2.9.9. The exporter collects the certificate of origin. - According to GOEIC website obtaining the certificate of origin should not take more than 10 min, however, exporters reported that it actually takes them two working days to obtain it. 2.9.10. Exporter submits the certificate of origin along with the rest of the documents to the bank
Output criteria to exit the business process	Certificate of Origin
Average time required to complete this business process	1 day 2 days If the exporter requires a certificate of origins.

Core business process area 2.10: Collect photographic copies of the export certificate

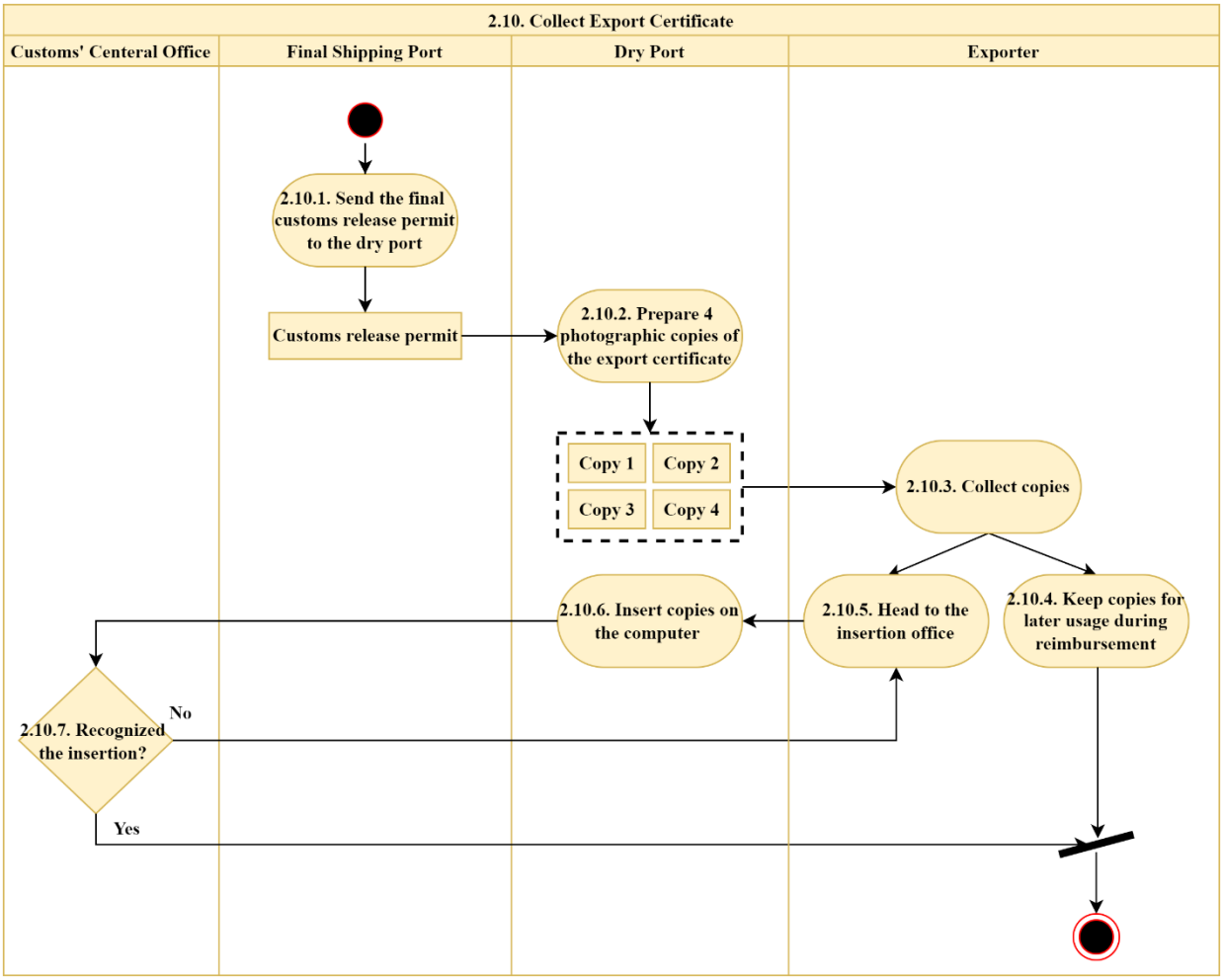
Figure 4.26. "Collect Photographic Copies of the Export Certificate" use case diagram



The use case diagram shown in Figure 4.26 suggests that "Collect photographic copies of the export certificate" process requires the participation from:

- Exporter
- Final Shipping Port
- Dry Port

Figure 4.27. “Collect Photographic Copies of the Export Certificate” activity diagram

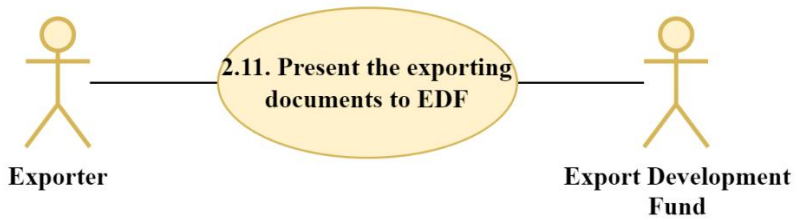


Name of a process area	**2. Ship**
Name of a business process	***2.10. Collect photographic copies of the export certificate***
Related laws, rules, and regulations	• Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance Decree No. 430 of 2021
Process participants	Final Shipping Port Dry Port Exporter
Input and criteria to enter/begin the business process	• The shipment has already moved from the port • The final customs release permit is ready to be sent from shipping port to dry port
Activities and associated documentary requirements	2.10.1. Final shipping port sends the final customs release permit to the dry port. - Companies deal with dry ports, such as the 10th of Ramadan and 6th of October ports, to facilitate procedures and shorten time. Some companies export through more than one port: Alexandria, Ain Sokhna, and Damietta. Thus, the presence of one dry port that the company deals with, regardless of the final port of shipment, would facilitate procedures for the exporter (all transactions are in one place, even if the goods are exported from more than one port). - But the problem lies in the delay in sending the export confirmation (an acknowledgment from the final port that the container has already left the port) from the final port to the dry port for a period of up to three months in some cases, and hence obtaining photocopies of the export certificate from the dry port is delayed. - Without sending the export confirmation from the final port to the dry port, the photo certificate will not be issued. - The export confirmation shouldn't take that long, and no one knows the reason for the delay. 2.10.2. The dry port Prepares 4 photographic copies of the export certificate. 2.10.3. The exporter collects the copies 2.10.4. The exporter keeps these copies for later usage during reimbursement. 2.10.5. The exporter, at the same time, heads to the insertion office at the dry port in order to upload the copies onto the computer. 2.10.6. The insertion office inserts the copies onto the computer - The office is usually very crowded - In most cases the exporter needs to pay a mandatory tip in order to speed up the process.

	2.10.7. In some cases, when applying for the reimbursement or trying to settle the letter of guarantee, the exporter finds out that the insertion did not appear on the computer at the central customs office. In this case, the exporter or his representative has to return back to the dry port to re-upload the copies onto the computer again and make sure that the insertion has been made correctly.
Output criteria to exit the business process	4 photographic copies of the export certificate
Average time required to complete this business process	90 days on average.

Core business process area 2.11: present the exporting documents to the export development fund

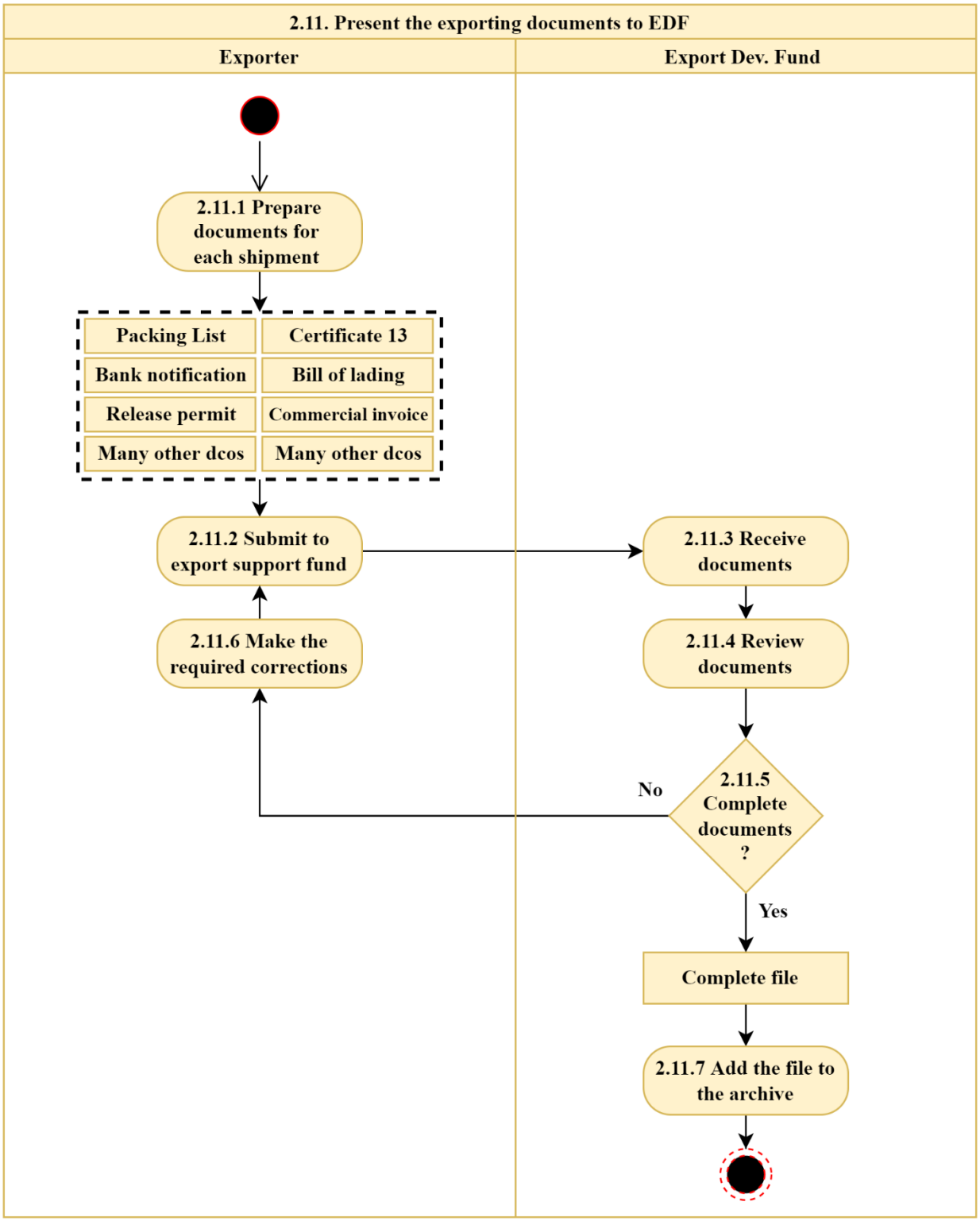
Figure 4.28. Present the exporting documents to the Export Development Fund



The use case diagram shown in Figure 4.28 suggests that "presenting the exporting document to the export development fund requires the participation from:

- Exporter
- Export development fund

Figure 4.29. “Present the Exporting Documents to the Export Development Fund” activity diagram



Name of a process area	**2. Ship**
Name of a business process	***2.11. Present the exporting document to the export development fund***
Related laws, rules, and regulations	Announced Export Support Program and its regulations
Process participants	Exporter Export Development Fund
Input and criteria to enter/begin the business process	The company is registered at the Export Development Fund (EDF)
Activities and associated documentary requirements	2.11.1. The exporter prepares detailed documents for each shipment. These documents are: - Application form - Commercial invoice - Customs release permit - Bill of lading. - Packing list - Bank notification, stating that the company has an Egyptian bank account in local currency and accepts the transfer of due funds to it. - Export certificate - Transportation Bill - Unified customs declaration for exports - ISO certificate - Copy of the commercial register 2.11.2. The exporter submits the documents to the export development fund. 2.11.3. The export development fund receives the documents 2.11.4. The export development fund forwards the documents to the concerned committee in order to get them reviewed. 2.11.5. If the documents need correction, the export development fund notifies the exporter 2.11.6. The exporter makes the necessary corrections and re-submit the corrected documents again 2.11.7. If the file was complete, or the required corrections have been completely made, the export development fund adds the file to the archive, meaning that the exporter is eligible to reimburse their money on that particular shipment once the ministry of finance launches a future initiative for the payment of export subsidy.

Output criteria to exit the business process	Exporter is included in the list of exporters who can reimburse their money
Average time required to complete this business process	15 days

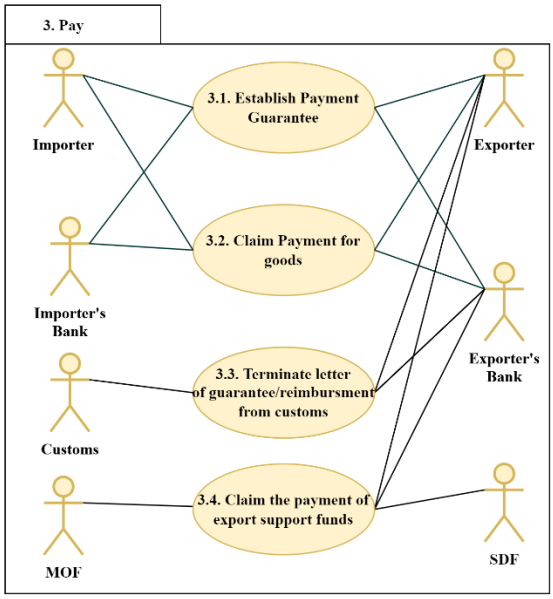
Process area 3: Pay

Pay process area for tomato products exports transaction occurs at two levels. It first deals with the establishment of payment guarantee and the collection of payments for goods from the foreign buyer (importer) under the assumption that the payment for the purchased tomato is made by Letter of Credit, as done in the rest of the world.

Second is the local payment through the drawback or release of letter of guarantee in case of temporary admission system, which applies only for the inland enterprises (Observation # 2). Finally, the payment from the Export Support Program.

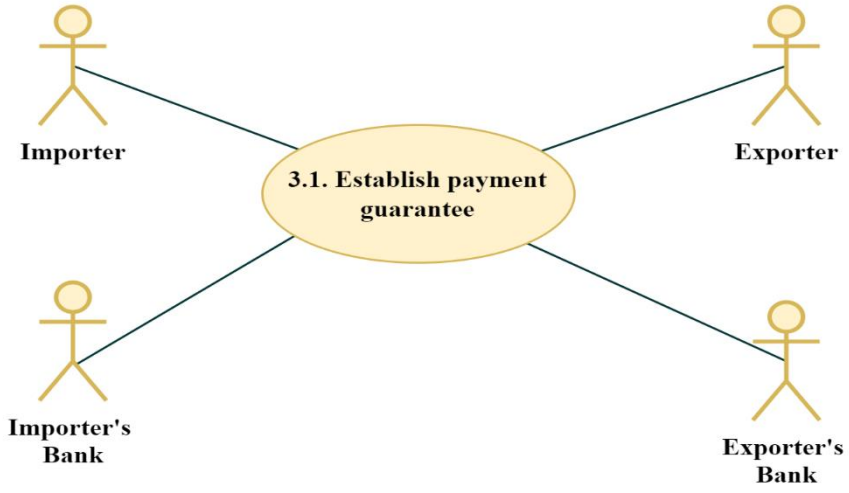
As shown in figure 4.29, pay process area consists of 3 core business processes emphasizing how to apply for letter of Credit, use it to collect payment for goods, and get the draw back.

Figure 4.30. Use case diagram of core business processes in pay process area



Core business process area 3.1: Establish payment guarantee

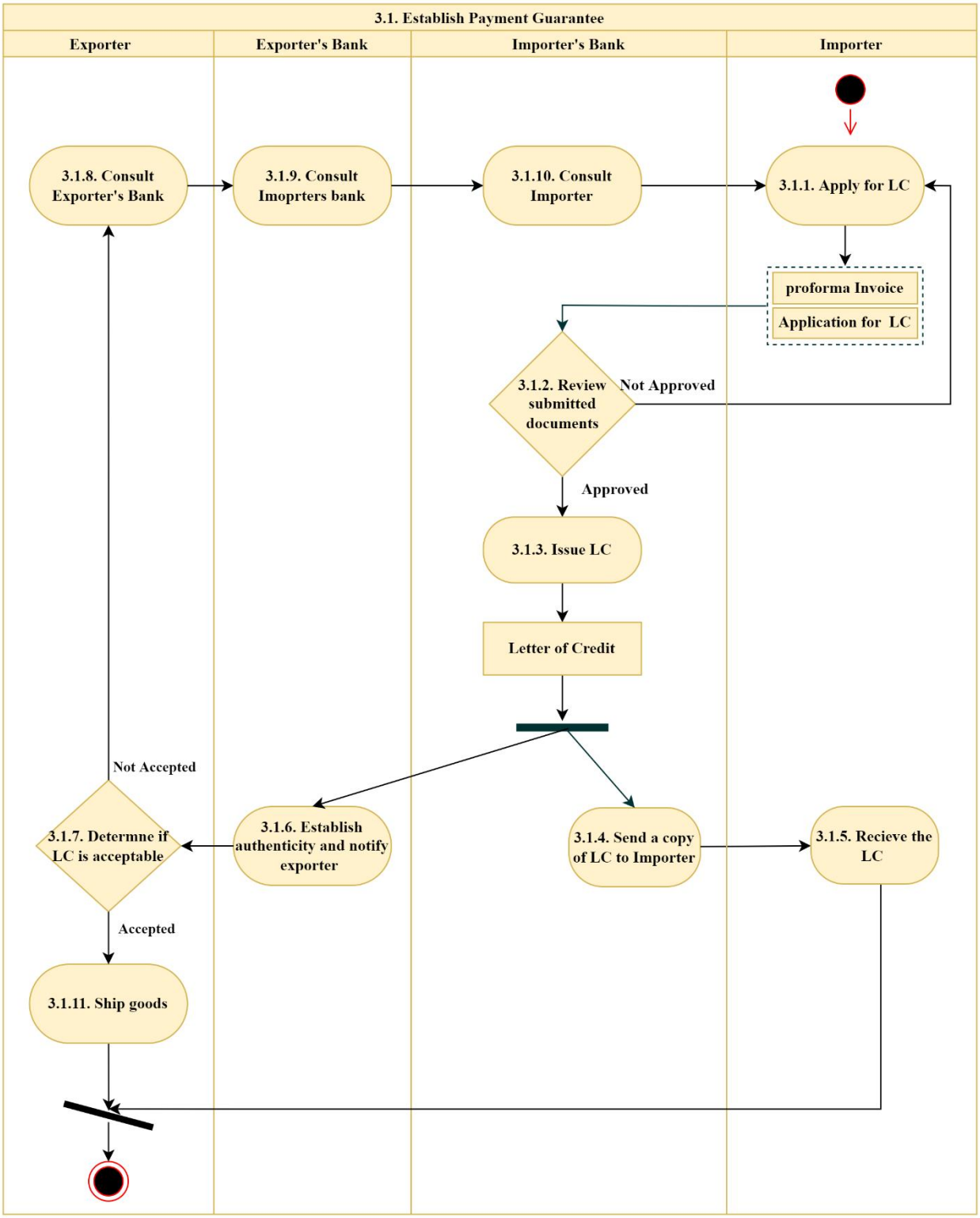
Figure 4.31. "Establish Payment Guarantee" use case diagram



The use case diagram shown in Figure 4.31 suggests that "Establish payment guarantee" process requires the participation from:

- Exporter
- Importer
- Foreign Buyer's (importer) Bank
- Exporter's Bank

Figure 4.32. “Establish Payment Guarantee” activity diagram

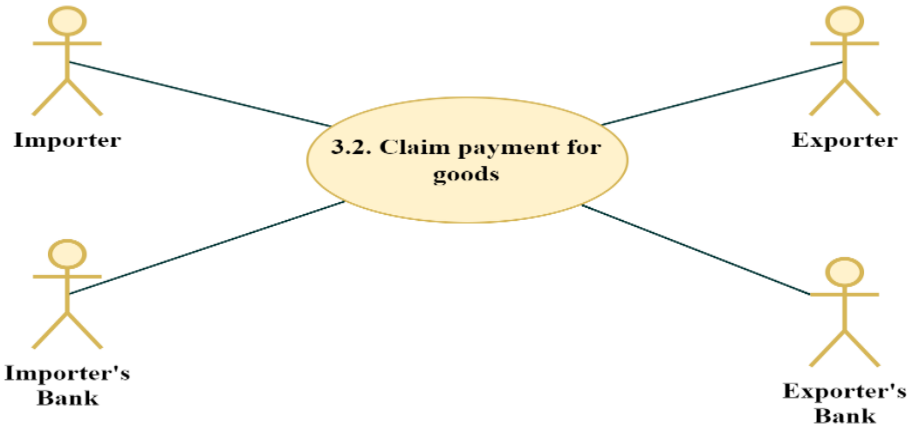


Name of a process area	**3. Pay**
Name of a business process	***3.1 Establish Payment Guarantee***
Related laws, rules, and regulations	• Circular No. 27 of 2022 regarding the exclusion of production requirements and raw materials from the Central Bank's instructions to stop dealing with collection documents.
Process participants	Exporter Exporter's Bank Foreign buyer (importer) Foreign buyer's (importer) Bank
Input and criteria to enter/begin the business process	Exporter and Foreign buyer (importer) have agreed up on the method of payment for the goods.
Activities and associated documentary requirements	2.1.22. Foreign buyer (importer) applies for Letter of Credit by submitting Application for Irrevocable Documentary Letter of Credit (LC) and Proforma Invoice to foreign buyer (importer)'s bank. • Other forms of payment like cash against documents and open account are also available depending on the agreement with the client and the level of trust. 2.1.23. Foreign buyer's (importer) bank reviews submitted documents and evaluates foreign buyer (importer)'s credit standing. 2.1.24. If foreign buyer's (importer) credit is in good standing, foreign buyer's (importer) bank approves the application, issues Letter of Credit, and forward it to exporter's bank. 2.1.25. Foreign buyer's (importer) bank sends a copy of the LC to the Foreign buyer (importer). 2.1.26. Foreign buyer (importer) receives the LC from their bank. 2.1.27. Exporter's bank establishes authenticity of the letter of credit and informs exporter that Letter of Credit is ready for collection. 2.1.28. Exporter collects Letter of Credit and determines if it meets contractual agreement and its terms and conditions can be satisfied. 2.1.29. If exporter finds Letter of Credit unacceptable, they need to consult exporter's bank. 2.1.30. Exporter's bank consults foreign buyer (importer)'s bank. 2.1.31. Foreign buyer's (importer) bank then consults foreign buyer (importer) on the amendment of Letter of Credit.

	2.1.32. If exporter finds the already issued Letter of Credit acceptable, they make necessary arrangements for the delivery of goods.
Output criteria to exit the business process	• Exporter accepted Letter of Credit. • Exporter started to make necessary arrangements to deliver tomato products to foreign buyer (importer).
Average time required to complete this business process	1 Day

Core business process area 3.2: Claim payment for goods

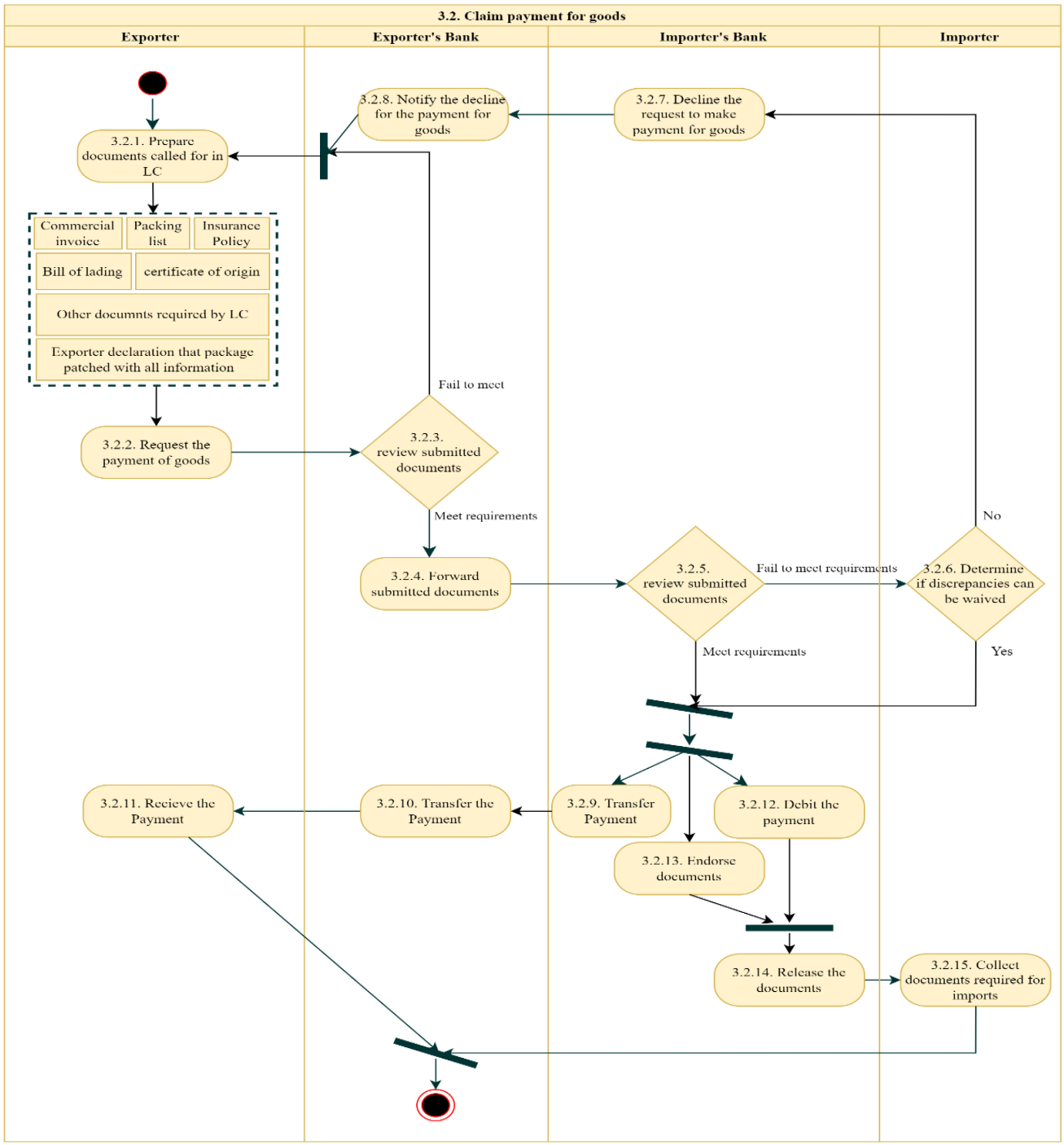
Figure 4.33. "Claim Payment for Goods" use case diagram.



The use case diagram shown in Figure 4.33 suggests that "Claim payment for goods" process requires the participation from:

- Exporter
- Importer
- Importer's Bank
- Exporter's Bank

Figure 4.34. “Claim Payment for Goods” activity diagram

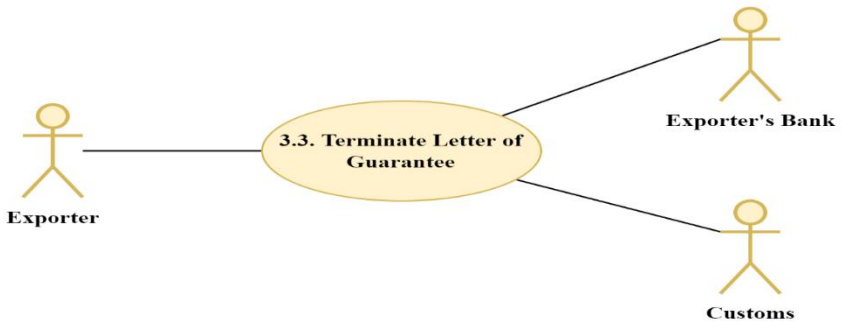


Name of a process area	**3. Pay**
Name of a business process	***3.2 Claim payment for goods***
Related laws, rules, and regulations	• Circular No. 27 of 2022 regarding the exclusion of production requirements and raw materials from the Central Bank's instructions to stop dealing with collection documents
Process participants	Exporter Exporter's Bank Foreign buyer (importer) Foreign buyers (importer) Bank
Input and criteria to enter/begin the business process	Exporter has already fulfilled contractual agreement.
Activities and associated documentary requirements	3.2.1. Exporter also prepares documents called for in Letter of Credit. Those documents typically include: • Commercial Invoice • Packing List • Insurance Policy • Bill of Lading • Certificate of Origin, and • Exporter declaration that package patched with all its detailed information. • In addition to any other documents required by the Letter of Credit. 3.2.2. With the documents called for in Letter of Credit, exporter requests exporter's bank to advise foreign buyer's (importer) bank to proceed to payment for goods. 3.2.3. Exporter's bank reviews submitted documents and determines if they are compliant with the terms and conditions as listed in Letter of Credit. If they do not meet the terms and conditions in Letter of Credit, exporter's bank informs exporter about the discrepancies. In this case, exporter needs to make necessary corrections. 3.2.4. If the submitted documents meet the terms and conditions as listed in Letter of Credit, exporter's bank forward them to foreign buyer 's (importer) bank. 3.2.5. Foreign buyer's (importer) bank reviews submitted documents and determines if they are compliant with the terms and conditions of Letter of Credit. If they do not meet the terms and conditions in Letter of Credit, foreign buyer (importer)'s bank informs foreign buyer (importer) about the discrepancies.

	3.2.6. Foreign buyer (importer) determines if discrepancies can be waived. 3.2.7. If foreign buyer (importer) does not waive the discrepancies, foreign buyer (importer)'s bank declines the request to make payment for goods. 3.2.8. Exporter's bank notifies exporter about the decline for the payment for goods so that exporter makes necessary corrections. 3.2.9. If foreign buyer's (importer) bank finds the submitted documents compliant with the terms and conditions listed in Letter of Credit from the very beginning, foreign buyer (importer)'s bank transfer the payment for goods to exporter's bank. 3.2.10. Exporter's bank transfers the payment for goods to exporter. 3.2.11. Exporter receives the payment for goods. • Egyptian exporters reported that if the Central Bank is facing a shortage in the foreign currency, they might get paid in Egyptian currency according to the prevailing exchange rate. Also in some cases, the CBE might ask exporters to keep the payment amount in the bank account and liquidize after one year if they wanted to get paid in foreign currency. 3.2.12. Foreign buyer's (importer) bank debits the payment for goods from foreign buyer's (importer) account. 3.2.13. Foreign buyer's (importer) endorse the documents 3.2.14. Foreign buyer's (importer) bank releases documents collected from exporter. 3.2.15. Foreign buyer (importer) collected documents required for import.
Output criteria to exit the business process	• Exporter received the payment for goods. • Foreign buyer (importer) received documents required to complete import formalities.
Average time required to complete this business process	1 Day

Core business process area 3.3: Terminate Letter of Guarantee /Reimbursement from customs

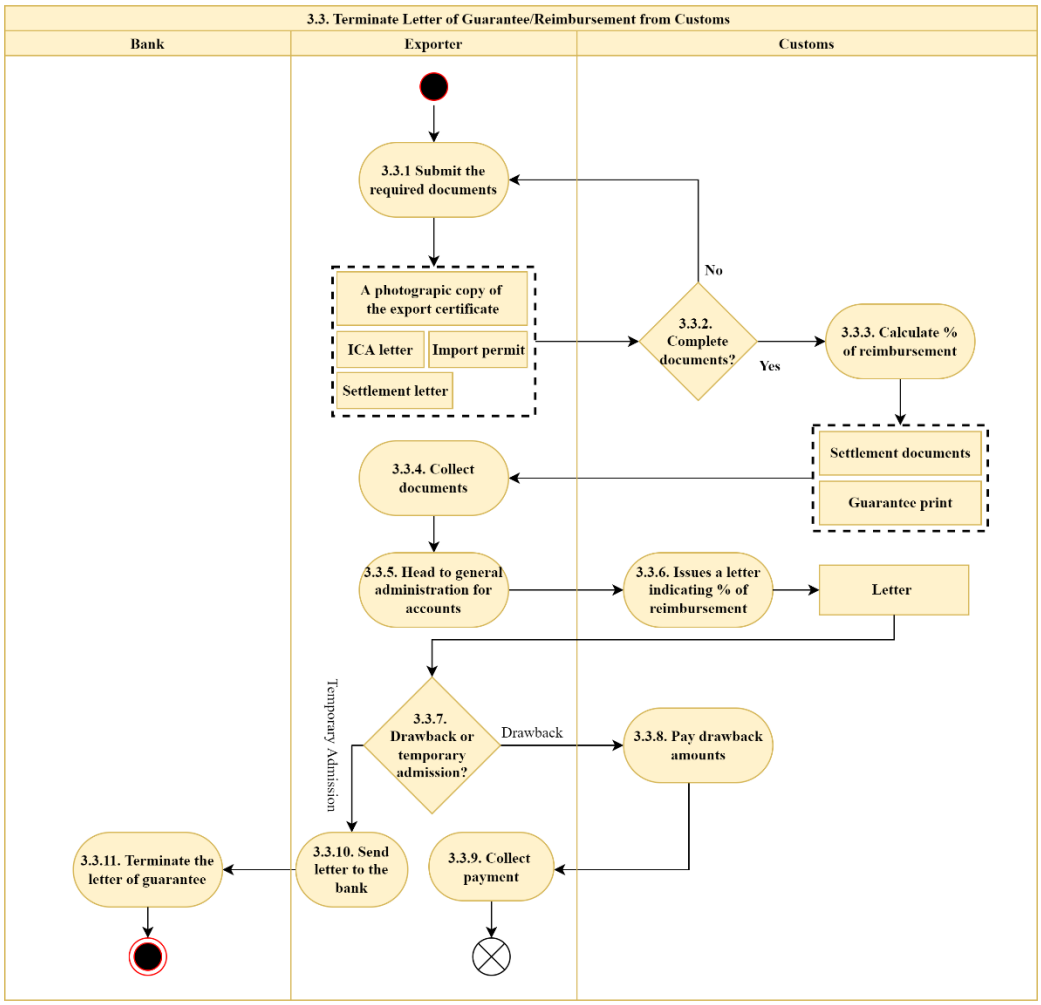
Figure 4.35. "Terminate Letter of Guarantee / Reimbursement from Customs" use case diagram



The use case diagram shown in figure 4.35 suggests that "Terminate Letter of Guarantee" process requires the participation from:

- Exporter
- Exporter's Bank
- Customs

Figure 4.36. “Terminate Letter of Guarantee/ Reimbursement from Customs” activity diagram



Name of a process area	**3. Pay**
Name of a business process	***3.3. Terminate Letter of Guarantee.***
Related laws, rules, and regulations	• Decision of the Minister of Finance No. 367 of 2021 regarding prior customs clearance procedures. • Prime Minister's Decision No. 1635 of 2002 regarding the rules and procedures regulating temporary permits and refunds of taxes and customs duties. • Procedures Circular No. 8 of 2015 regarding temporary permits. • Procedures Circular No. 33 of 2020 regarding the export of goods previously received by the temporary allowance and drawback system.
Process participants	Exporter Bank Customs
Input and criteria to enter/begin the business process	ICA letter and the photocopies of the export certificate are out and ready with the exporter.
Activities and associated documentary requirements	3.3.1. The exporter submits the following documents to the customs: - Photographic copy of the export certificate, - ICA letter, and - Import permit - Settlement letter 3.3.2. The customs check if the documents are valid and complete, if not the exporter has to make the required corrections and re-submit 3.3.3. If the documents are valid and complete, the customs calculate the amount of money to be reimbursed by the exporter. - It is usually calculated as a % of the value of the import permit based on the letter of guarantee or the rate of temporary admission. The settlement process usually results in the following documents: ▪ Settlement documents. ▪ Guarantee print 3.3.4. The exporter collects these documents 3.3.5. The exporter submits them to the “general administration for accounts” 3.3.6. The general administration for accounts at the customs issues a letter indicating the percentage of reimbursement. 3.3.7. The flow of procedures from this point depends on whether the exporter is subject to the drawback or the temporary admission system. 3.3.8. If the exporter subject to the drawback system, they submits the letter to the customs to claim for reimbursement

	3.3.9. The exporter collects the amount of reimbursement 3.3.10. On the other hand, if the exporter is subject to temporary admission, they send the letter to the bank to terminate the guarantee. 3.3.11. The bank terminates the letter of guarantee. - The entire process is very slow which limits the availability of liquidity for exporters.
Output criteria to exit the business process	Letter of guarantee being terminated and exporter gets their draw back.
Average time required to complete this business process	30 days

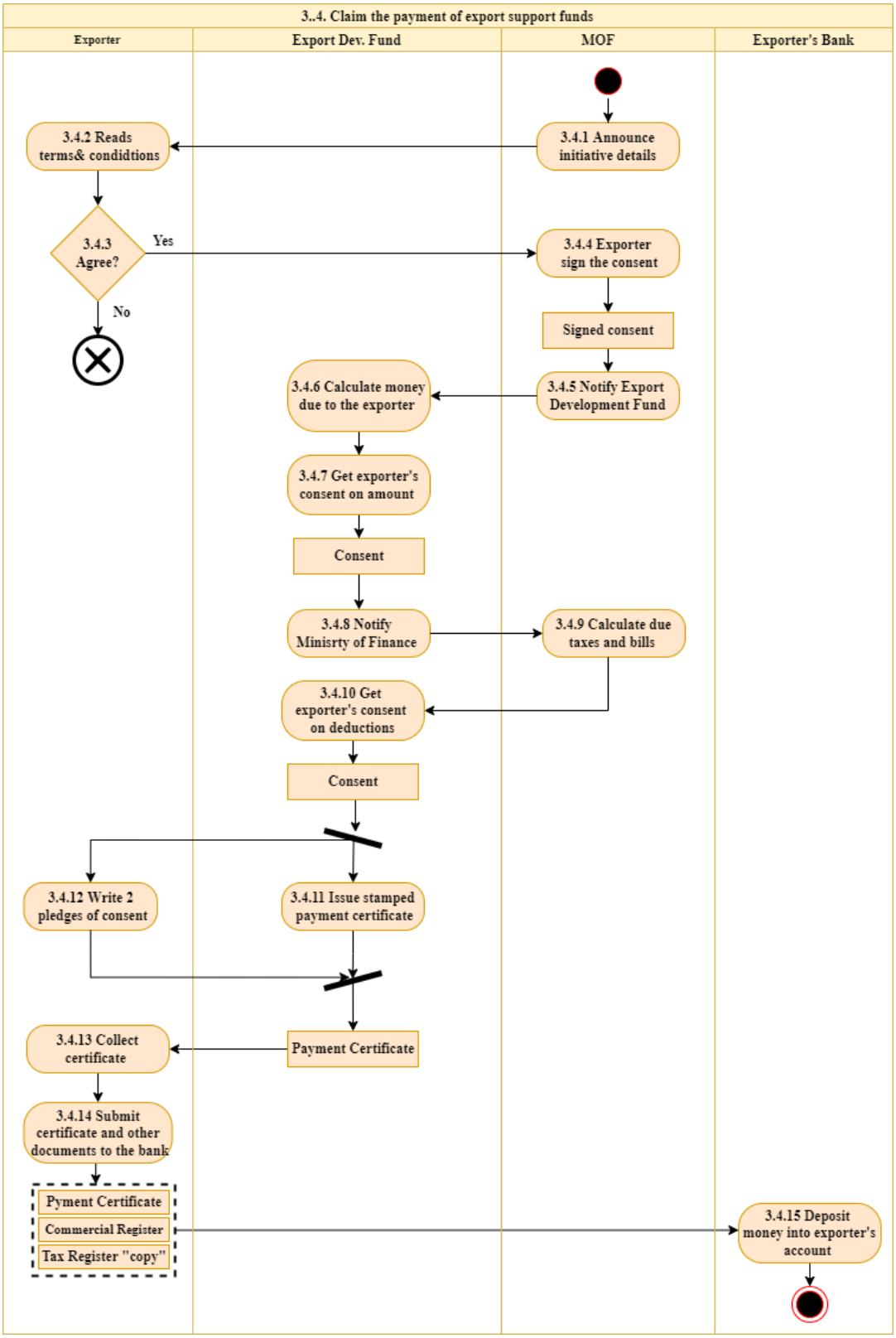
Core business process area 3.4: Claim the payment of export support

Figure 4.37. "Payment of Export Support" use case diagram

The use case diagram shown in Figure 4.37 suggests that "Payment of export support" process requires the participation from:

- Exporter
- Exporter's Bank
- Ministry of Finance (MOF)
- Export Development Fund (EDF)

Figure 4.38. “Claim the Payment of Export Support” activity diagram



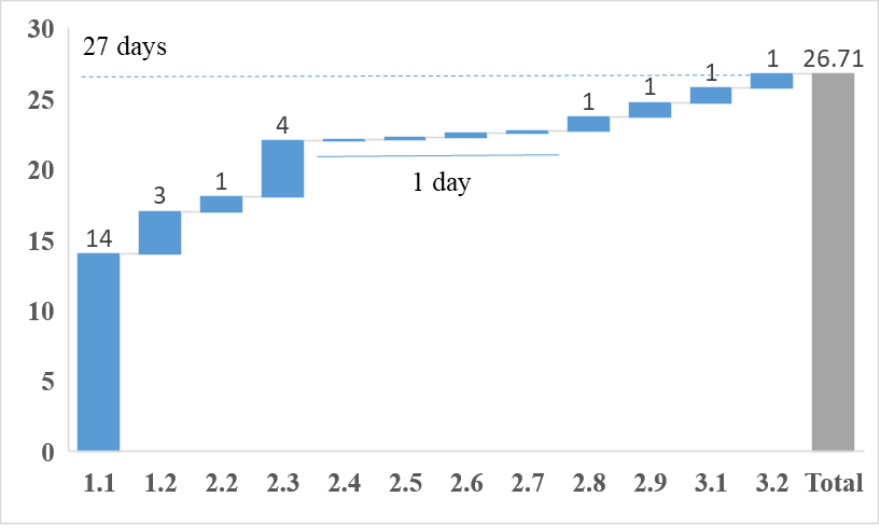
Name of a process area	**3. Pay**
Name of a business process	***3.4. Export Support payment.***
Related laws, rules, and regulations	The announced export support program and its implementing regulations
Process participants	• Exporter • Export Development Fund • Ministry of Finance • Public bank
Input and criteria to enter/begin the business process	Registration at the Export Development Fund
Activities and associated documentary requirements	3.4.1. The ministry of Finance (MOF) announces the details of the initiative. The initiative usually entails payment of export support based on certain conditions. 3.4.2. The exporter reads the terms and conditions of the initiative 3.4.3. If the exporter decides whether to participate in the initiative or not. 3.4.4. In case of participation, the exporter has to head to ministry of finance to sign a written consent declaring their approval to receive the money due to them according to the announced terms and conditions. 3.4.5. The MOF notifies the Export Development Fund to specify the amounts due to the exporter. 3.4.6. The Export Development fund calculates the required amounts and prepares the list of exporters who can disburse the amounts due. - The Export Development Fund does not notify the exporter, and the exporter must periodically follow up 3.4.7. EDF takes exporter's consent on the calculated amounts 3.4.8. EDF notifies MOF with the amounts due to the exporter 3.4.9. MOF calculates the taxes and bills due from the exporter to discount their amount from the funds due to them. 3.4.10. The exporter goes to the EDF, yet again, to sign a document stating their approval on the money due to them after making all deductions. - Any payments due on the exporters to the tax authority are deducted from their payments 3.4.11. EDF Issues a signed/stamped payment certificate indicating the net amount of money due to the exporter. 3.4.12. Now the certificate is ready, but the exporter will not receive it before writing and submitting 2 pledges of consent that they are fully reimbursed.

	3.4.13. Once the exporter submits the 2 pledges of consents, they receives a stamped certificate from the EDF with the amount of money due to them 3.4.14. The exporter goes in the same day to one of the public banks to deliver the certificate. - The time taken in the bank depends if you are a customer in this bank or not 3.4.15. The exporter receives the transfer of them money after a month from delivering the certificate
Output criteria to exit the business process	Transfer of the exporters money from the Export support system
Average time required to complete this business process	Minimum of two month

5. Time procedure for tomato products exports from Egypt

Figure 5.1 presents a time-procedure chart listing core business processes that are required to be conducted to export tomato products from Egypt. The time procedure chart suggests that it takes, on average, 27 days for stakeholders to fulfill commercial and regulatory requirements of 17 tomato export business processes. Notably, it shows the time consumed during the tomato exportation process in its narrow sense, as it excludes the impact of importation of components.

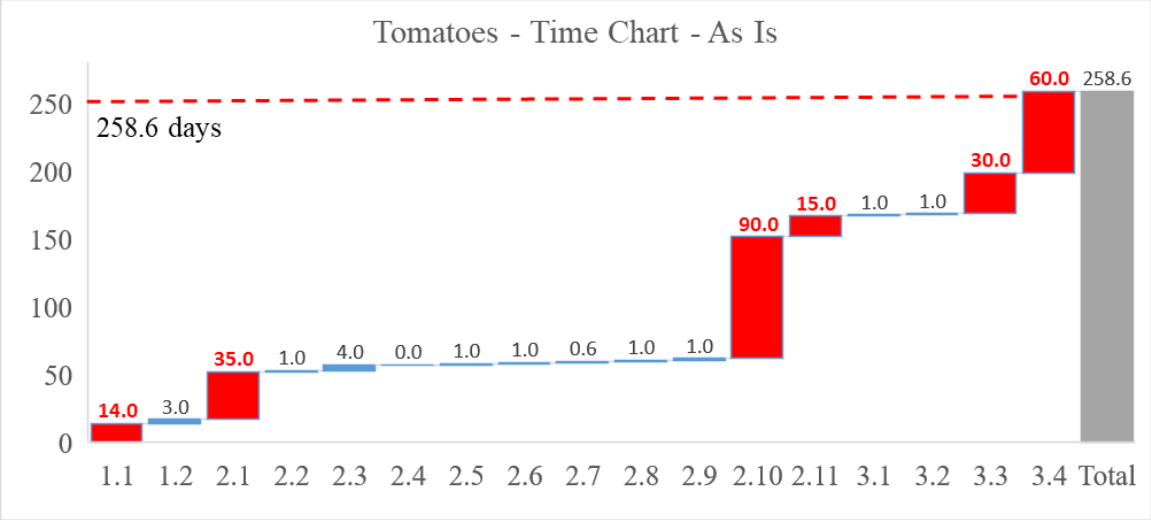
Figure 5.1. Time procedure chart for tomato products narrow exportation process



Source: Prepared by ECES.

While Figure 5.2 below exhibits the time chart of the tomato exportation transaction in its broader definition, as it considers the time consumed during the procurement process of components. Given the complexities associated with this process during the production procedure, it takes the exporting enterprises longer time to finish the core processes 2.1) issuing the ICA letter 2.10) getting the photocopies of export certificate letters, 2.11) present export documents to EDF 3.3) terminating the letter of guarantee, and 3.4) claim the payments of export support. These three processes cost the exporting enterprises 35 days, 90 days, 15 days, 30 days, and 60 days respectively on average to finish. They are more than four times the above narrow BPM of exportation transaction "BUY" "SHIP" and "PAY".

Figure 5.2. Time-procedure chart for tomato products broad exportation process



Source: Prepared by ECES.

Part II: "To Be" Scenario

The Methodology of Dealing with the "To Be" Scenarios

It starts with identification of key problem areas and suggestions of corrective solutions based on stakeholders' opinions, international experiences and ECES's analysis and expertise. Five key observations are to be made at this stage:

1- Increasing exports cannot be achieved without resolving the bottlenecks in the importation processes and those related to production.

2- A significant portion of all problems associated with trade processes are linked primarily to the Ministry of Finance with its different departments and a secondary responsibility falling on the Ministry of Trade and Industry. The core of these problems lies in the fact that the Ministry of Finance has "collection of Money" as its main objective. Furthermore, the limited coordination between the Ministry of Finance and the Ministry of Trade and Industry, deepens the misconception and misunderstanding of the industrial and export development objective.

3- Most increase in cost and delay in trade processes are linked to importation of components necessary to produce exported goods and related programs (the drawback system and temporary admission are financial compensations received by exporter after accounting for imported components). This means that improving the process of importation of all products takes top priority as it affects positivity both import and export trade processes.

4- International experiences in general reflect trust in the private sector and faster procedures simply because exports are envisioned as a top priority in these countries.

5- Radical changes in the system as per the Turkish and South Korean and Saudi Arabia's experiences can eliminate unnecessary steps and completely remove the role of some institutions in the export processes (e.g. Export Development Fund and Industrial Control Authority and the Ministry of Health) and redefine the role of some institutions like the export development bank to perform functions similar to those of the Turkish Eximbank

The detailed methodology is as follows:

Analyzing the business process for exporting Tomato Products revealed a number of bottlenecks. Generally speaking, those bottlenecks arise due to either a problem in the design of the system itself, or in the implementation of the system and finally the lack of relevant policy action as clarified in table (1) below**.**

Table 1. Definition of different types of problems

Nature of the Problem	**Definition**
Failure in System Design	When the system fails to achieve the objective due to inadequate planning, missing elements, adopting partial solutions, or system adopted is not consistent to what is adopted internationally.
Failure in system Implementation	When the system fails to achieve the objective due to problems related to poor management, employees resistance, lack of human capabilities to implement the new system
Lack of relevant policy action	The problem has not been addressed by appropriate policy action, even though the system design and system implementation exist

The following table proposes a list of corrective actions to each bottleneck and the expected impact. Corrective actions are classified by the time frame of implementation, with immediate actions denoted by the letter (I), short term (2-5 month) actions denoted by the letter (S) and medium term actions denoted by the letter (6months-year) (M). The time frame is intentionally short because the problems are very urgent to address. Several Immediate measures are meant to reduce the extent of the problem until deeper corrective actions are adopted.

These proposed corrective actions fall into two categories as follows:

- Category (A): first best solutions which are radical changes based on international experiences
- Category (B): second best solutions which are improvements the existing system

Both categories are included in our analysis in order to make sure that the "To Be" scenario is realistic and implementable.

A number of international experiences have been studied with respect to problems related to system design and system implementation. Reference is made in the table to the relevant international experience which is presented in details in Annex B of this document. Following is the table of the modified business process. Charts are in a separate document due to different paper size.

Detailed table for the modified trade process "To Be"

Table 2. Proposed corrective actions in the business process of exporting Tomato Products - HS code (2002)

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
					Process of exporting	**Others (Increase in exports, decrease in informal payments…..**
Pre-requisites						
	- Procedural requirements that potential Tomato Products exporters have to follow in order to legally start exporting are complicated with several organizations involved without enough coordination among them. ("As Is "section 2)	Failure in System design	Turkey's experience (Annex B)	- Digitalization of all business[6] services including linkages between the relevant organizations (M) - All information should be available on the internet in a timely, updated, and in a binding manner to all (I).	quicker start of export process and removing duplicate documents submission	Improve the overall business environment which will eventually lead to a rise in actual exports.

[6] It is important to emphasize that digitization is not simply the automation of the as-is existing practices, it rather means introducing real reforms to make the process efficient before putting it online

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	▪ All bottlenecks are associated with the registration of the company in the National Food Safety Authority (NFSA) white-list which is needed to protect Egypt's reputation. Starting from zero registered companies was difficult for all because companies had to move from informality to formality and adhering to rules and regulations ▪ Currently applied system for obtaining the health certificate involves the registration in one of two institutions; the NFSA or the Ministry of Health, with different procedures applied in both institutions ▪ Small producers face difficulties to meet the specification required by the	▪ Failure in System Design ▪ Failure in system implementation ▪ Lack of relevant policy action	Saudi Arabia	▪ Design financial and technical support program targeting small exporters to be compliant with NFSA requirement. This program may be implemented by the IMC. (I) ▪ The presence of a check list against which the inspection committees from the NFSA inspects the factories. (I) ▪ Gradually cancel the role of the Ministry of Health in granting Health certificate with a specific time frame (S) ▪ Provide needed support and facilitation to NFSA to be able to achieve the full transition	Speeding up the process of registration means that the exporter can focus their efforts on actual production and exports	▪ Small exporters - accessing markets which require registration at the National Food Safety Authority ultimately reflected in an increase in exports ▪ Level the playfield of exporters by unifying the entity responsible for issuing the heath certificate

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	NFSA to be included in the white-list in spite of allowed facilitation. Part of this difficulties is actually related to the need to do physical investment in the factories to meet quality standards ▪ According to producers, different inspection committees from the NFSA at different stages of the registration process might ask for different requirements. ▪ In the case of the Ministry of Health registration requires sending samples for three consecutive months. Failure to send the samples during that period			from informality to formality as fast as possible (not less than 700 employees [7] (I)		

[7] Other proposed actions related to National Food Safety Authority with regards to tractability. Since it is an international requirement, there is a need to develop a time plan in cooperation between the factories and the Food Safety Authority to register suppliers in a gradual manner, provided that this plan includes the necessary incentives (direct and indirect) to encourage suppliers to cooperate and register.

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	even once revoke the whole process and the exporter has to repeat the process from the beginning					
1. Buy						
1.1 Approve Samples	Small producers might not have the quality certificates required by the foreign buyer	Lack of relevant policy action	----------	▪ Design financial and technical support program targeting small exporters to acquire quality certificates This program may be implemented by the IMC (I)	Acquiring these certificates reduces the time taken by the foreign buyer to check the safety of the products	Enhance the image of the products exported from Egypt, ultimately reflected in export increase
	Only central labs are allowed to do the tests required by the foreign buyers because they are the only ones accredited. This translates into long durations required for completion of test procedures	Lack of relevant policy action	----------	▪ increase the number of accredited labs that qualify to do the testing with allowance for private labs to do the jobs (I)	Reduction in the time of obtaining test results	More export transactions and less discouragement of new foreign buyers

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
1.1 Approve Samples	Samples can get spoiled during long periods of transportation or inefficient preservation by the carrier company	▪ Failure in system design ▪ Failure in system implementation. ▪ Lack of relevant policy action	Turkish experience (Annex B)	▪ Abolish all customs regulation related to exporting samples (I) ▪ Negotiate with large importing companies from Egypt (especially those located in distant countries like the USA) to establish liaison offices in Egypt, these liaison offices will be responsible for sample approval instead of sending the samples abroad. Tax exemptions may be offered to encourage companies to establish liaison offices (S). ▪ Wider provision of transportation facilities and logistics with cooling and	Simplified track for sending samples which will be reflected in reduction of the time needed to send the sample	Increase in export transactions

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				preservation facilities(S).		
2. Ship						
2.1 Obtain a letter from Industrial Control Authority (ICA) (needed for drawback and temporary admission)	▪ Long time taken to calculate the allowances due to administrative logistics that requires lots of going back and forth. The problem is aggravated for small exporters ▪ over centralization (the letter has to be signed from the director of the authority himself) ▪ The process involved for obtaining the ICA letter has to be completed during	▪ Failure in system implementation ▪ Failure in system design ▪ Lack of relevant policy action	▪ Korean experience ▪ Turkish experience (Annex B)	▪ Design one template for the ICA letter contents to be fulfilled by the exporter easily and with less possible mistakes that might revoke or distract the process (I) ▪ Activate the local offices of ICA on the governorate level (decentralization) and provide them	▪ Reduction in the need for issuing a new ICA letter ▪ Reduction in the time for obtaining the letter from the industrial control to no more than 7 days in case of adjustment are made in the currently applied system, In case of complete revision of the system	A reduction in the actual cost burden due to the elimination in the informal payment

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	production and before export. ▪ The exporters have to import the raw material themselves and not through a trader or another producer			with technical experts to finish inspection work without travelling to the central office, and hire enough inspectors at the governorate level (I) ▪ An electronic signature (of ICA director) could be used for exporters in remote areas to avoid travelling to central office just to get the director's signature. Another solution is to replace the director's signature by the signature of the local person in charge (I)	the time will be reduced to zero	

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				▪ Design a program to Support SMEs for purchasing the relevant software to calculate the allowances, and train them on how to use it (S) ▪ **Radical change:** complete revision of the drawback system as per South Korea's and turkey's experience: 1- Exporters would calculate the allowances themselves as per a number of approved predetermine formula (acknowledged internationally.		

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				2- Cancelation of ICA letter all together 3- Ex-post ICA revision of the calculations (S)		
2.3 Obtain Health Certificate	▪ Obtaining the health certificate from the National Food Safety Authority is centralized in Cairo. ▪ In case the health certificate is issued from the Ministry of health the exporter has to send a monthly sample to the Ministry for testing. If the monthly sample is not sent the whole registration is cancelled	▪ Failure in System Design ▪ Failure in System Implementation	Saudi Arabia	▪ Send the health certificate to the exporter electronically (I). ▪ Gradually abolish the role of the Ministry of Health in granting Health certificate with a specific time frame (S) ▪ Extend the validity of the health certificate issued from the ministry of health to four months for the same product (I) ▪ **Radical change**	Reduce the time sent for issuing the health certificate from the NFSA to few hours, this time is reduced to few seconds in case of digitalization	Level the playfield to exporters by unifying the entity responsible for issuing the heath certificate

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				Digitalize the entire process of issuing a health certificate (S)		
2.4 Collect empty container and open export certificate	Truck overcrowding at port gates, and defects in the containers.	Failure in system implementation	All countries	▪ Open all ports gate (I) ▪ Increase the efficiency of the port management system by designing a monitoring and evaluation system for ports efficiency with a clear timeline and penalties applied, which will enhance port management efficiency (S)	Reduction in time to collect empty containers and open the export certificate to a maximum of 5 hours (the current direct time needed (In case of adjustment in currently applied system).	▪ Increase in port operations efficiency ▪ A reduction in the actual cost burden due to the elimination in the informal payment
	- The export certificate is opened by the customs and not the exporter - Delays in opening the export certificate from the NAFEZA - Difficulties in uploading the document	▪ Failure in system design ▪ Failure in system implementation	Turkish experience (Annex B)	Increase the efficiency of the currently applied NAFEZA system as follows: ▪ Allow the exporter to upload the documents on the		

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	-One unified system applying to all for inspection regardless of the risk whether risks related to the exported goods or those related to reliability of the exporter			NAFEZA instead of customs official (I) ▪ Upgrade the IT infrastructure as follows: - Increase the capacity and the speed for uploading of the documents, to ensure the smooth operation of the NAFEZA (I) - Forms should be electronic, freely available and downloadable, PDF fillable, capable of being signed electronically, with automatic fill-in data fields (for example, the date and hour of submission), with		

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				built-in spreadsheets and controls (validation) to ensure correct submissions and error-free calculations. Time and data stamps should automatically apply (I). ▪ **Radical change**: Revision of the NAFEZA system along the lines of the Turkish applied system, where by the NAFEZA system conducts instant risk analysis and decides whether the consignment should be forwarded for		

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				physical inspection. This risk analysis is based on an algorithm that calculates pre-defined coefficients determined for every risk factor. And the entire export processes are digitalized with minimum human intervention (S)		
	Most trucks (trailers) in the shipping companies are old, dilapidated and constantly break down with little influence by the exporter	Lack of relevant policy action	All Countries	slowly upgrading of the transport fleet by: - Categorizing the cost of entry to the port and raise the cost if the vehicles are very old (I). - An initiative for upgrading the transport fleets fully		All cost related to transportation are incurred by the exporter (whether directly or indirectly) Hence, an upgrade in the fleet will be reflected in a reduction in the

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				starting by the trucks used by inland haulage companies supporting the exports (S).		transaction costs and time
2.5 Check the 7 points and stuff container[8]	▪ Observed problems in the containers provided by the port that do not meet the inspection criteria of the exporters due to the inefficiency of the relevant department at the port. ▪ If the transport company receives a defective container from the port, upon returning it to the port, the shipping line assumes that the transport company is responsible for these defects, and a repair fine of up to $500 is charged.	Failure in system implementation	All Countries	▪ Increase the efficiency of the port management system by designing a monitoring and evaluation system for ports efficiency with a clear time line and penalties applied, which will enhance port management efficiency (S). ▪ If the container is originally defected, the transport company should not	Reduction in the indirect time spent by the exporter to clean the container and preparing it to stuff the products	▪ Increase in port operations efficiency

[8] Exporter checks the list of the 7 points that the container is in a good case, free of any defects or damages such as holes or bad smells, its ceiling and walls are intact.

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				be fined upon returning it unless their liability is proven (I).		
	▪ Physical inspection by customs is obligatory irrespective of whether the exporter benefit from any advantages (export support, drawback, temporary admission, and also irrespective of the level of risks involved whether the risks related to the exported goods or those related to reliability of the exporter ▪ High level of personal face-to-face interaction during custom inspection is time-consuming, costly in terms of staff effort, and conducive to bribery ▪ Absence of discernible service standard for any inspection by any agency. In	▪ Failure in system design ▪ Failure in system implementation	▪ Turkish experience (Annex B)	▪ Adopt the international practices whereby only 5% of the shipment is subjected to physical inspection (I). ▪ **Radical Change**: Revision of the NAFEZA system along the lines of the Turkish system, where by the NAFEZA system conducts instant risk analysis and decides whether the consignment should be forwarded for physical inspection.	Reduce the time for inspection	- Reduction in the costs related to informal payments - Increase the efficiency of the use of government resources

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	particular, the customs do not provide the maximum time for its inspection or the information on the percentage of physical inspections.			This risk analysis is based on an algorithm that calculates pre-defined coefficients determined for every risk factor. And the entire export processes is digitalized with minimum human intervention (**If tomato products are subject to inspection due to health considerations, the process must be conducted quickly.** (S)		
2.6 Transfer container to port of departure	Truck overcrowding	Failure in system implementation	All countries	▪ Allow multiple entry gates to the ports (I) ▪ Ensure the availability of adequate numbers of customs official and		Increase in port operations efficiency

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				other relevant employees at the port 24/7 (I) ▪ Increase the efficiency of the port management system by designing a monitoring and evaluation system for ports efficiency with a clear timeline and penalties applied, which will enhance port management efficiency (S).		
	▪ If the inspection has been done at the factory, the customs still have the right to inspect the container and break the seal even if the inspection has already been done at the factory ▪ If inspection is not done at the factory, physical	▪ Failure in system implementation ▪ Failure in system design	Turkish experience (Annex B)	▪ Abolish the inspection at the port if the process has already been done at the factory (I). ▪ Adopt the international norm where by only 5% of	Reduction of time to a maximum 6 hours (direct time only) (In case of adjustment in currently applied system). Time is further reduced in case of a	- elimination of the informal payments - Increase the efficiency of the use of

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	inspection of the container will be done at the port irrespective of whether the exporter benefit from any advantages (export support, drawback, temporary admission, and also irrespective of the level of risks involved whether the risks related to the exported goods or those related to reliability of the exporter ▪ During inspection at port, if a mandatory tip is not paid, the customs inspectors might come up with an excuse for full inspection and unnecessarily unload the container.			the shipment is subjected to physical inspection (I). ▪ Monitor, penalize, and eliminate informal payments along the entire process stages. ▪ **Radical change**: Revision of the NAFEZA system along the lines of the Turkish system, where by the NAFEZA system conducts instant risk analysis and decides whether the consignment should be forwarded for physical inspection. This risk analysis is based on an algorithm that	complete revision of NAFEZA system to be risk based	government resources

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				calculates pre-defined coefficients determined for every risk factor. And the entire export processes are digitalized with minimum human intervention **(If tomato products are subject to inspection for health considerations, the process must be conducted quickly). (S)**		
2.7 Handle container and stow vessel	- Not all scales are operational Sometimes the weighing process can take a whole day.	Failure in system implementation	All countries	▪ Ensure the availability of adequate numbers of customs official and other relevant employees at the port 24/7 (I)	Reduction in the duration taken to handle the container and stow vessel to few hours	Increase in port operations efficiency

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				▪ Ensure all scales are operational (I) ▪ Design a monitoring and evaluation system for ports efficiency with a clear timeline and penalties applied (S)		
2.8 Prepare Documents required from importer	▪ Delays in issuing the certificate of origin due to the delays in uploading shipment documents on the MTS system	▪ Failure in system implementation	----------	▪ Upgrade the IT infrastructure by - Increasing the capacity and the speed for uploading of the documents, to ensure the smooth operation of the NAFEZA (I) ▪ **Radical change**: the entire export processes are digitalized with	▪ Reduction of time required to obtain the certificate of origin to few hours	Increase in export transactions

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				minimum human intervention (M)		
2.9 Collect photographic copies of the export certificate	▪ Delay in sending the export confirmation to the dry port for a period of up to three months in some cases, and hence obtaining photocopies of the export certificate from the dry port is delayed ▪ The insertion office at the dry ports is usually very crowded ▪ In most cases, the exporter needs to pay a mandatory tip in order to speed up the process	▪ Failure in system design ▪ Failure in system implementation	Turkish experience (Annex B)	- Transfer of the export certificate should be done electronically only (I). - A maximum reasonable time for issuing the export certificate should be enforced and monitored (I). - **Radical Change:** Cancel the whole step by digitizing the process completely and having shipment documents sent automatically to the relevant authorities which use these	▪ Reduction of time from up to 3 months to 1- 2 days In case of adjustment in currently applied system). Time reduced to zero in case of complete digitalization	Reduction in the costs due to the elimination of informal payments

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				photographic copies (M)		
2.10 Present the exporting document to the Export Development Fund	The long time needed to prepare the documents	Failure in system design	Turkish experience (Annex B)	▪ Digitalize the all the operations of the export development fund, so that all relevant documents are up loaded/ sent electronically and the amounts due to the exporter are calculated electronically(S). ▪ **Radical Change** Abolish the role of export development fund and establish a direct link between the customs and export development bank whereby the completion of the export transaction payment is notified to the bank and the amount due	Reduction in time to maximum of 1 hour (Given the modification in step 2.9) is done	

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				for the exporter are calculated automatically and payment to exporters account is made accordingly (M)		
3. Pay						
3.3 Terminate letter of guarantee/reimbursement form customs	▪ The process of reimbursing the money is lengthy and costly. In many cases, exporters miss critical deadlines and thus lose eligibility for reimbursement due to the delay in receiving documents from customs. ▪ Short time allowed for the exporter to apply for reimbursing the money from a drawback system (year and half) ▪ Reimbursing is done at the central customs office	▪ Failure in system implementation ▪ Failure in system design ▪ Lack of relevant policy action	The Korean and Turkish experience (Annex B)	▪ Extend the time to reimburse the money from the drawback system up to three years (I) ▪ Allow the reimbursement to be done at the level of the local customs office (I) ▪ Decisions impacting reimbursement from the customs or the ministry of finance should be discussed	Reduce the time to maximum of 1 day	▪ Increase in exports transactions ▪ Increase the number of small exporters benefiting from the drawback system ▪ Availability of liquidity to exporters

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
	▪ The limited benefit from the system by small exporters due to the complication of the system ▪ Customs is the main authority where exporters get reimbursement (Tariff and Vat), but there are also reimbursement formalities with the ministry of finance (export compensation) and with the QIZ. ▪ Key decisions regarding reimbursements are often being taken without proper cascading to the lower administrative levels responsible for implementation or communication with the business community.			thoroughly with the business community before being enforced. In addition, proper dissemination and cascading should take place (I). ▪ It is important that the compensation program keeps up with the level of exportation taking place, because exporters need liquidity and not giving them their due revenues affects their ability to spend (I) ▪ **Radical Change** Revision of the system to integrate a special track for small exporters to		

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				benefit from the drawback system along the lines of the Korean experience (S). ▪ **Radical change** A complete digitalization of the export processes, so that the letter of guarantee is terminated automatically once exporting has been done (M) ▪ **Radical Change**: Include amounts of money due to exporters from VAT customs(and any other initiative related to the Ministry of Finance)		

Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				in a credit account that is used to subtract their due payments to the government in a timely way (clearance process) (S)		
3.4 Export Support Program payment	▪ Long time and complicated process to reimburse of the money from the Export Support Program	▪ Failure in system design	Turkish experience	▪ Abolish the direct involvement of the ministry of finance and the assigned public commercial banks from the Export Support Program. (I) ▪ **Radical Change** Abolish the role of export development fund and establish a direct link between the customs and export development bank whereby the notification of	Reduction of the time to few days	Increase in export transactions

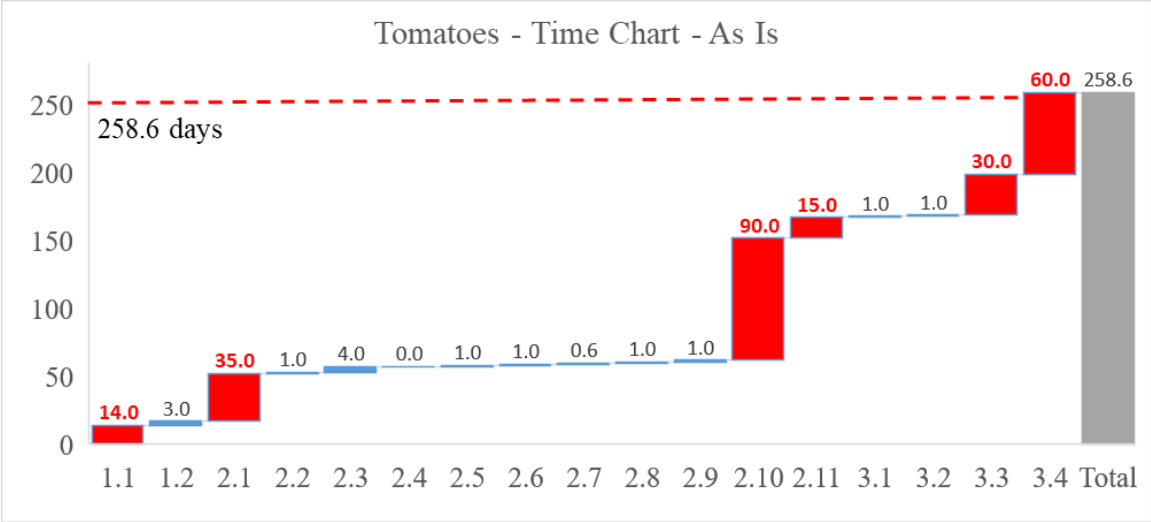
Business process Area	Bottleneck	Nature of the problem	Relevant International Experience	Proposed corrective actions	Impact	
				completion of the export transaction payment are notified to the export development bank and the amount due for the exporter are calculated automatically and payment to exporters account is made accordingly (M)		

Source: Prepared by ECES.

Finally, it should be stressed, that a dialogue with exporters should be done on a regular basis, through a weekly meeting with export councils; this is in addition to a consultation process with the exporters before implementing any new policy, with a feedback mechanism on the implementation. It is also very important to consider the capabilities of implementing government agencies before putting any policy into action. This will lead to re-trust between government and exporters and save efforts and time wasted with a definite positive impact on the business environment.

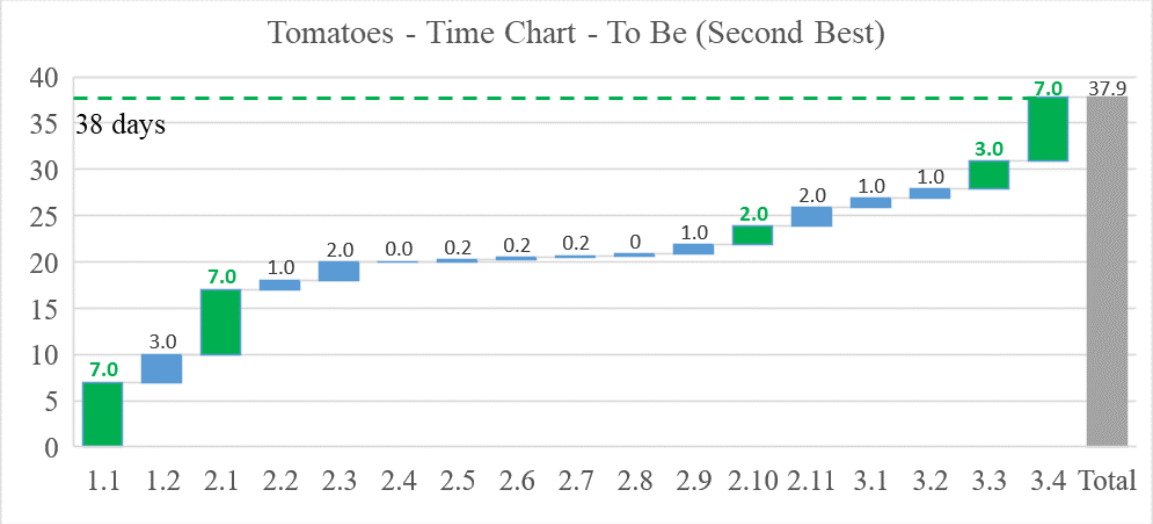
In conclusion, the time required to complete the business process for exporting tomato products, will be reduced from currently 259 days (including indirect time) to just 38 days in the 2nd best scenario and 17 days in the first best scenario as highlighted in charts (1), (2), (3) and table (3)

Figure 1. Tomato products – time chart, "As Is" situation



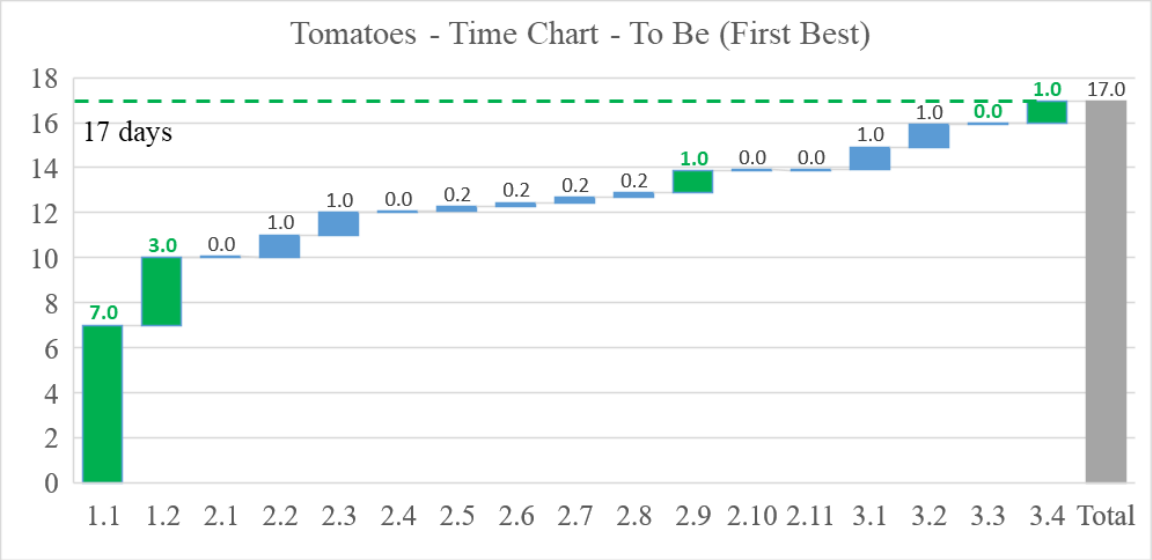
Source: Prepared by ECES.

Figure 2. Tomato products – time chart, "To Be" scenario (second best)



Source: Prepared by ECES.

Figure 3. Tomato products – time chart, "To Be" scenario (first best)



Source: Prepared by ECES.

Table 3. Tomato products – timetable, first best vs. second best scenario

ID	Business Process	As Is	To Be (Second Best)	To Be (First Best)
1.1	Approve samples	14	7	7
1.2	conclude sales contract and trade terms	3	3	3
2.1	Obtain a letter from industrial control authority	35	7	0
2.2	Arrange private inspection	1	1	1
2.3	Obtain Health Certificate	4	2	1
2.4	Book a container	0.04	0.04	0.04
2.5	Pick container and open an export certificate	1	0.21	0.21
2.6	Check 7 points and stuff container	1	0.25	0.25
2.7	transfer container to port o departure	0.6	0.21	0.21
2.8	Stow container on the vessel	1	0.21	0.21
2.9	Prepare documents required by importer	1	1	1
2.10	Obtain photographic copies of the export certificate	90	2	0
2.11	Present export documents to EDF	15	2	0.04
3.1	Establish payment guarantee	1	1	1
3.2	Claim payment of goods	1	1	1
3.3	Terminate Letter of Guarantee/Reimbursement from customs	30	3	0.04
3.4	Claim the payment of export support	60	7	1
Total		258.6	37.9	17

Source: Prepared by ECES.

Annexes

Annex A: Horizontal Observations

Observation #1

The industry imports some of the components used in production, and thus it's forced to comply with Decree 43 as well as the unified window system (MTS) both part of import procedures that are known to take a long time. In fact, the MTS system increased customs clearance procedures from 3 days to 8 days if not more.

At another level, other than the resulting delays - especially in the case of decree 43- lots of problems with a weakly digitized process are faced, the whole process was seen as awkward by foreign suppliers leading many of them to stop supplying to Egypt, and finally corruptive behavior emerged as a certain stage of the process involved the approval of the Minister of Industry or other departments in the same ministry, which meant that employees in the ministry have a say in how quickly the process can be completed.

The problem is bigger in case of small valued components, because the costs related to the CargoX might be higher than the value of the product itself.

What is worse is that the producing company has to also comply with the central bank decision last March 2022 whereby "LCs" for the full value of the shipment irrespective of suppliers' facilitations, replace "document based payment system" that has been used for the last 20 years or more. This new decision by the central bank literally put a complete hold on importation of all products, including components, in a way that paralyzed the production process in all sectors. Recently it has been announced that this decision will be cancelled by December 2022

Observation #2

Meeting the delivery time is currently jeopardized by the limited availability of the shipping lines and containers. Not only this problem affects the cost of shipping but also extend the time for shipping and product delivery and thus eroding the comparative advantage Egypt has over its competitors which is its proximity to the importing countries and the time taken to import from Egypt.

Observation #3

Exports come in three types depending on the location of the enterprise and whether or not it intends to export all product items using the imported material or it intends to partially use it for export as well as produce some for the local market. If the enterprise is located in the free zone then trade is called "transit trade" and the enterprise doesn't pay customs or value added taxes on the material it imports, all imported material/component stay in the free zone, produced and shipped out. They have to comply to Decree 43 though, which is the only complication they face, and it didn't exist at all few years ago as mentioned above.

Inland enterprises that follow the temporary admission system do not pay any customs on imported material but instead they provide the government with guarantees of different kinds: either a letter of guarantee or the net value of the enterprise itself. The latter choice requires that the company has to be operational for no less than three years

This is to protect the country's right in case they do not export products that use up all imported material. Inland enterprises that follow the drawback system pay customs upon entry of imported components and cash back the value equivalent to what they have exported.

In both cases (the temporary admission and drawback) exports are relieved from custom duties on imported material used for the production of these exports, but the relief itself is either done in advance or after calculation of what has actually been exported. Both systems necessitate going through the Industrial Control Authority as explained in details in the next observation.

Observation #4

As explained above inland enterprises are exempted from custom duties only if they export the product. The customs on imported material used for products sold in the local market have to be paid in full. Should the exporting enterprise smuggle the imported components in the local market or if it overestimates "allowances" (the amount of material that does not go into production or wasted during the production) it would be evading payment of required custom duties which a criminal act. Starting in the 1990s and to date there has been a big hidden mistrust by the government in exporters. The mistrust is based on few limited instances of actual smuggling.

Observation #5

In the case of inland enterprises big or small, the "payment" stage of the export transaction does not only involve the payment for exported shipment from the foreign buyer (importer), it also involves local payment through the drawback or temporary admission system (in the latter case release of the letter of guarantee). Both systems are associated with a process of measuring "allowances". The task is performed by the Industrial Control Authority through visits to exporting enterprises by technical committees. The process involves paperwork of its own and more than one visit by the technical committees in case of disagreement on amounts of "allowances". The process involves both the Industrial Control Authority and the Customs Authority. If not completed in the right sequence the exporting enterprise cannot retrieve the drawback incentive or release its letter of guarantee associated with the temporary admission system. Methodology of measuring allowances is not transparent, even minor changes in specs od minor deviation from process call for a new ICA letter or render the existing one useless. With the mistrust in observation #4, the process can be tedious and take a long time not to mention involvement of informal payments to speed up the process.

In addition, the duration for completing Industrial Control Authority procedure is highly affected by the geographical location of the enterprise. The Authority has 16 branches, ten of which are in different governorates including six in Upper Egypt. Such geographical spread is supposed to facilitate the service delivery, but unfortunately this is not the case because the team of technical experts that do the inspection and measurement of unused material is located primarily in the central office, which means that everything has to be done through it. And these committees have to travel to different governorates to do the inspection. This unavoidable traveling is translated into longer time for completing that step even if the procedure itself goes smoothly without any disagreements between the enterprise and the member of the technical committee doing the inspection.

Finally, the letter from the Industrial Control Authority is currently issued yearly (as opposed to open time previously) and it takes around two month to finish the letter

Observation #6

In addition to local payments from the temporary admission and drawback system, tomato products are some of the products that are eligible for payments from the export support program.

The administration of this program is theoretically under the Ministry of trade and industry, however, this has transformed over the years with the direct involvement of the ministry of finance which decides when, and how much money the exporters is going to be reimbursed which not only complicates the process but also affects the exporters ability to continue in their activities and remain dynamic in the export operation.

Observation#7

The entire process of reimbursing the money whether from drawback system, temporary admission, or Export Support Program is very slow which limits the availability of liquidity for exporters.

For example, to benefit from the incentives provided by the drawback and temporary admission, the exporter need to submit the photographic copy of the export certificate to release the letter of guarantee and get reimbursed for already paid customs duties on imported components. Any delay related to the issuance of these photographic copies might subject the exporter to the risk of not getting reimbursed

As for the Export Support Program in addition to the complication created from the involvement of multiple parties in the system, the timing of the actual reimbursement of the payments from the Export Support Program may take several months depending on the availability of funding from the Ministry of Finance. Further the transfer of the money from the banks to the exporters account takes around one month from the date of delivering the certificate of payment to the bank.

Observation #8

The difference between big enterprises and small enterprises is the ability of the first to have an administrative team to manage the import and export procedures efficiently. The small enterprise cannot so it has to use the services of one of the ‘facilitators’ who are self- employed and handle more than one company at a time. The process of completing the needed steps can take double or triple the time depending on how efficient the facilitator is and how much effort they is dedicating for the company.

Further, since the estimation of "allowances" translates into money the inspection can be repeated several times until the two sides reach an agreement. The bigger enterprises typically have more leverage than smaller companies in reaching a conclusion in case of disagreement. Finally, smaller companies are a lot more likely to export via an exporting company or simply producing for an exporting company. This way the transaction is simply a local order without going through any of the ordeals of exportation.

Another difference between the small and big enterprises is related to their ability to benefit from the drawback system. According to the executive regulations of the customs law to benefit from the drawback system the exporter has to import the raw material themselves, which automatically limits the capability of small exporters to benefit from this system since they sometimes resort to importing companies to import the required raw material

Observation #9

The "Buy" stage either takes place by the producing enterprise directly with the buyer or through an exporting company which strikes deals with buyers and passes the order to a local producing enterprise. The actual technical sampling and bank documents are all done by the producing company, no difference at all. The only difference is that the approval certificate offered to the producing company following checking random samples of the finished product is not done by the buyer themselves but rather done by the exporting company on their behalf. Such quality and spec control by either of them and giving the certificate to the producing company does not mean that the producer is no longer responsible for the bulk shipment. They are still subject to fines if defects are discovered in tangible amounts.

Observation #10

In some cases, the exportation of samples is treated as a regular export transaction

Observation#13

There are a number of institutional problems related to:

- The weak IT infrastructure in the customs authority. A lot of the steps takes longer time than expected because the IT system is not functioning

- The weak role of the Ministry of Trade and Industry, as opposed to full power of the Ministry of Finance in the face of the exporters being in charge of customs including the administration of drawback and temporary systems. In addition to deciding on the exporters payments in relation to the Export Support System
- The lack of communication with the FEI champers and the export councils when the decisions are taken.
- The inefficiency of the Egyptian Commercial Service in supporting the exporters with new business opportunities
- Sudden change in the rules and regulations related to the exporting process, and the clarity about the implementation
- Lack of a communication with the exporting companies concerning any change in the technical specifications of the exported product from the importing countries

Annex B: International Experiences

Saudi Arabia **Issuing a Health Certificate**
▪ Only one entity responsible for issuing the health certificate ▪ Companies who want to issue a health certificate for exporting have to be registered at the electronic system of Saudi FDA, and to register all the products in the electronic system for registering local food products at the FDA. ▪ To issue the heath certificate a request is submitted electronically ▪ After revision from the relevant department and inspection on the factory, a sample of the products is sent to an accredited lab for testing via the exporter after the approval/ signing of the inspector on the sample to be sent. The sample test results are sent to the relevant department electronically. If the results of the tests are accepted the company pays electronically the required fees and the health certificate is issued. ▪ The company can issue electronically a copy of the health certificate for each shipment, and the certificate is signed and ratified electronically via the relevant department. ▪ Recently Saudi Arabia has launched a fast track for issuing the health certificate electronically for exporting. In this fast track the time required to issue the heath certificate has been reduced from 15 days to just one day, and the time required to issue the certificate for daily shipments has been reduced from 15 minutes to 25 seconds.

South Korea

Drawback System

In Korea, drawback system is applied on imported raw materials that are used for exporting purposes and then the exporter applies for the drawback system to get the money they paid already during the importation process. However, this should be done under certain conditions:

- Products should be manufactured with the imported raw materials and exported within 2 years from the date of acceptance of the import declaration for the raw materials.
- There are 2 types of drawbacks:
  - Individual drawback which require the proof of tax paid and;
  - Simplified fixed drawback which do not require so.

First: Individual drawback:

A refund of customs duties paid for the quantity of raw materials used for export goods. The document required are

-Document verifying the export

-Document proving the tax paid

-Calculation bill of raw material requirements, Requirement statement, Ready reckoner, Material specification

- In the individual drawback system exporters calculate raw material requirements by choosing one of the 6 methods prescribed in the Directive on raw material requirements calculation, management and examination.
- An application for the refund of customs duty is to be made within 2 years from the date on which the raw material were provided for export
- After confirmation of information on application and submitted documents, the drawback is remitted to the exporter bank account
- Post drawback audit is done to ensure the accuracy of the drawback amounts after payment of the drawback except for those who have been punished for an illegal drawback.

Second: Simplified Fixed Drawback

This drawback system is designed for the benefit of small exporters, where refund done in accordance with the list of simplified fixed drawback rates, which presents fixed amounts of drawbacks for every KRW 10,000 in export value. To benefit from this system, the exporter is only required to present a document verifying the exports without submitting a certificate of tax payment for raw materials during importation and a calculation bill of raw material requirement.

The Turkish export business process and export support

- The prerequisites for exporting is membership in the relevant export association, and to be registered is the BILEG software, further the exporter should acquire all licenses/ permits or letters of conformity as

per the national law. Most of these authorizations are granted through an electronic system "Single Window System", therefore it is not necessary to attach them in paper to the customs declaration.

- All the business processes related to exporting is digitalized. Customs declarations can be filled in data by the exporter in entry rooms at customs administrations or in exporter's office through EDI, a web-based software.
- For inspection Turkey adopt a risk-based system. In this system good are categorized from high risk to low risk and accordingly determine which imported or exported consignments will go through physical inspections. The method of inspection and customs officer who will carry out inspection is determined by the system automatically. Methods for inspection are as follows:
    1. Red line: Physical examination of the goods and document control of related customs declaration with attached documents.
    2. Yellow line: Document control of related custom declaration with attached documents. There is no physical examination of the goods
    3. Blue line: Post control of the customs declaration with attached documents. There is no physical examination of the goods or document control at the time of export.
    4. Green line: No physical/document control.

  Although Tomato are amongst the sectors that can be inspected, the process goes very fast because of the nature of food products
- In turkey's drawback system the exporter calculates the allowances.
- Samples are exempted from applying any rules regarding customs
- Institutionally all export associations are under the umbrella of a governmental organization called "TIM". Each exporter firm has to be a member of the relevant sectorial and regional association. Specific role of TIM includes:
    - To represent the exporters in and outside Turkey
    - To provide coordination and solidarity among Exporter Associations
    - To participate in determination of export targets and policies; to perform works to achieve the determined export targets and to make contribution to the works performed by other bodies and organizations.
    - To perform works in coordination with public bodies and organizations on subjects related directly or indirectly with foreign trade and to make contributions to the works being performed
    - This is addition to supporting innovation, entrepreneurship and providing and trainings to students and employees

  TIM is managed by a private sector board of director, and it finances its activities through acquiring 0.5% of every export shipment.
- In addition to TIM, the Turkish Eximbank plays an important role is supporting exports. The Bank is a fully state-owned bank acting as the Turkish government's major export incentive vehicle in Turkey's sustainable export strategy. As Turkey's official export credit agency, Eximbank has been

mandated to support foreign trade and Turkish contractors/investors operating overseas. The Bank currently supports Turkish exporters, contractors and investors through various credit, guarantee and insurance programs similar to export credit agencies of developed countries. It engages in direct lending activities as well as implementing insurance and guarantee schemes within the same institution. The bank provides several credit schemes to finance short term, medium and long term needs of exporters and producers. The loans are provided against real export targets, the realization of which is monitored through the digital export transaction history of the exporter. Loans are given at 1/3 of the commercial bank's interest rate

- Other incentives given to exporters include a free zone status to the biggest 100 exporting companies irrespective of their location. Further there is a tax reduction for regions in turkey that still suffer from under industrialization.