



BUSINESS PROCESS ANALYSIS OF EXPORTING AND IMPORTING FEW SPECIFIC PRODUCTS IMPORT OF IRON AND STEEL

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Abstract

This study aims to comprehensively assess both the formal and informal procedures associated with the import 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 import processes on a global scale. Specifically, the study delves into the import process of iron and steel, focusing on products categorized under HS Code 7207. 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

تهدف هذه الدراسة إلى تحليل جميع الإجراءات الرسمية وغير الرسمية المتعلقة باستيراد بعض المنتجات المحددة، بما في ذلك المستندات المطلوبة ذات الصلة، والمدة التي تستغرقها الإجراءات (رسمياً وفعلياً)، والأطراف المعنية؛ حيث طبق المركز في دراسته للمنظومة الحالية نموذج توثيق الأعمال التجارية (BPA Model) الصادر عن منظمة الأمم المتحدة لتيسير التجارة (UN/CEFACT)، مستخدماً، لأول مرة في مصر، لغة نمذجة موحدة عالمياً بما يسمح بمقارنة الوضع في مصر مع باقي دول العالم. وتحتدياً، تختص هذه الدراسة بتحليل إجراءات استيراد الحديد والصلب بالتركيز على منتجات رمز النظام المنسق HS Code 7207، بما في ذلك المستندات المطلوبة ذات الصلة، والمدة التي تستغرقها الإجراءات (رسمياً وفعلياً)، 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 المركز.

Import of Iron and Steel (HS Code 7207)

Part I: "As Is" Situation

Introduction

This study focuses on analyzing trade processes of importing iron and steel using Business Process Analysis (BPA) approach. The analysis is divided into two main parts. Part I analyzes the “As Is” situation and consists of four sections: 1) Overall description of the iron and steel sector, mainly industry structure according to size and Geographical distribution; 2) The narrative for the production and trade processes of semi-finished products of iron and non-alloy steel in (HS Code 7207); 3) Detailed documentation of import processes associated with the specific product of focus (HS Code: 7207); and 4) Time procedure chart of iron and steel imports to Egypt. Part II offers proposed scenarios for improving the process (“To Be” Scenario) and includes the methodology of preparing them.

1. Sector description- iron and steel¹ subsector

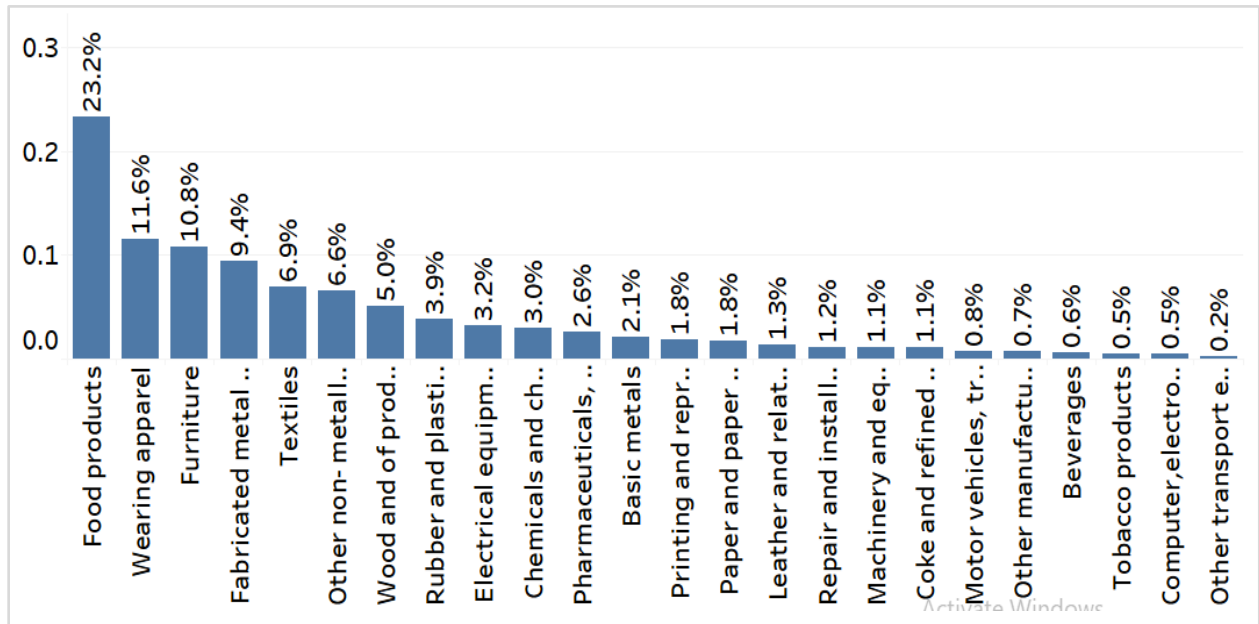
The description starts with a detailed overview of iron and steel industry as a whole and then proceeds with specific information about semi-finished products of iron and non-alloy steel. This description includes the sector’s latest available enterprise and employment distributions over all Egyptian governorates and what they imply, the sector’s trade performance, and major challenges faced, particularly following the COVID-19 pandemic and recent global dynamics.

1A. The latest basic metals industry’ enterprise and employment distributions over all Egyptian governorates

The basic metals sector accounts for 2% of total employment in manufacturing sector during 2019, as shown in (Figure 1.1). More than 99% of total employment in basic metal sector is dominated by males as in all manufacturing industries in Egypt (Figure 1.2).

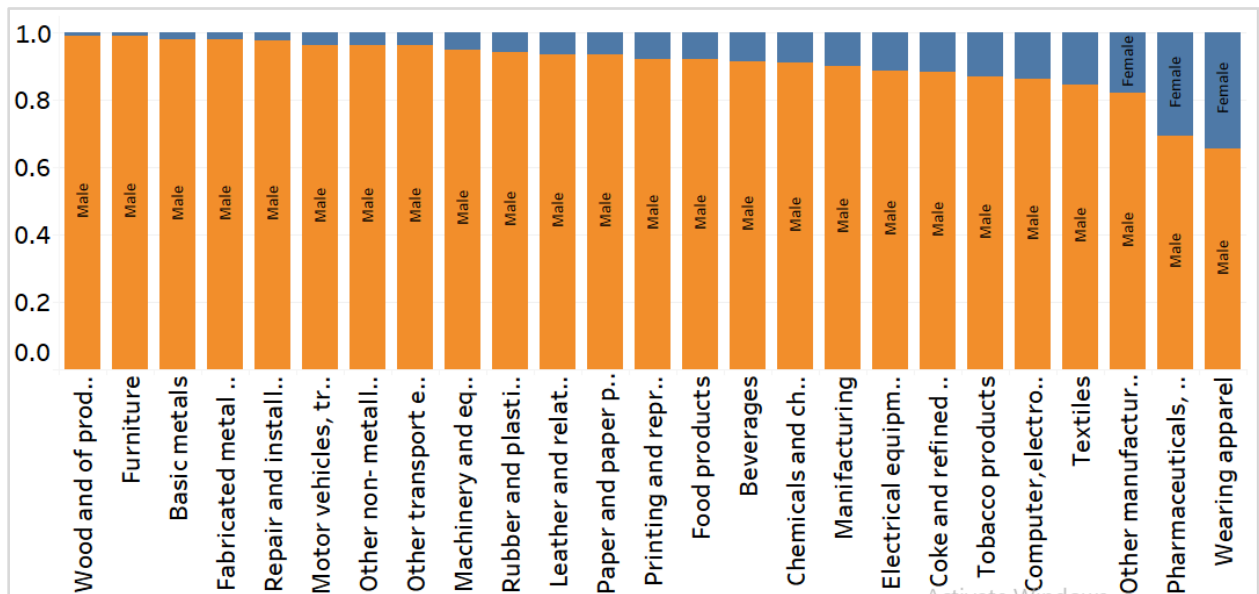
¹The oil industry as defined by Trade Map is “Animal and or vegetable fats and oils and their cleavage products” of HS code 15.

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



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

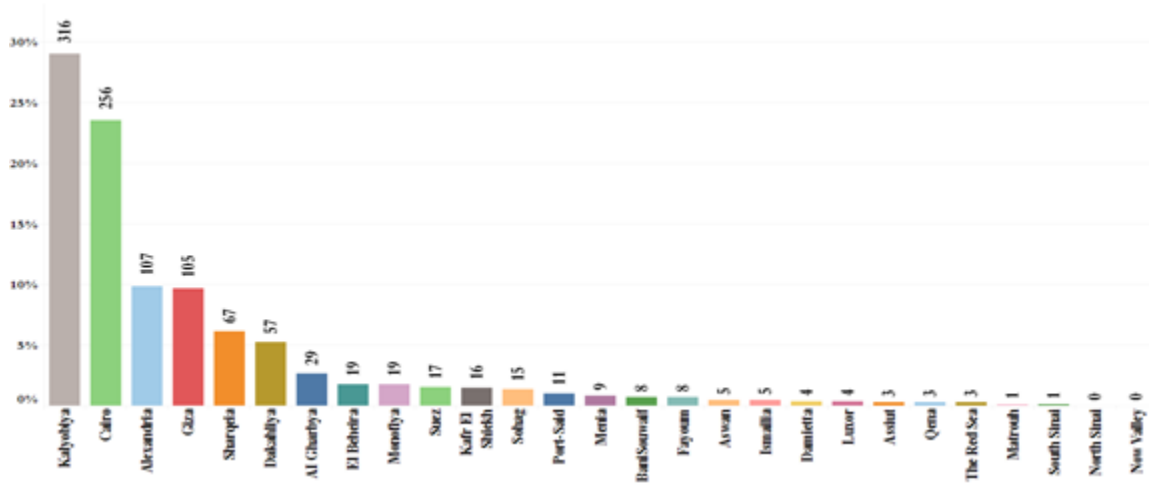
Figure 1.2. Distribution of manufacturing industries employment by gender (females in blue)



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

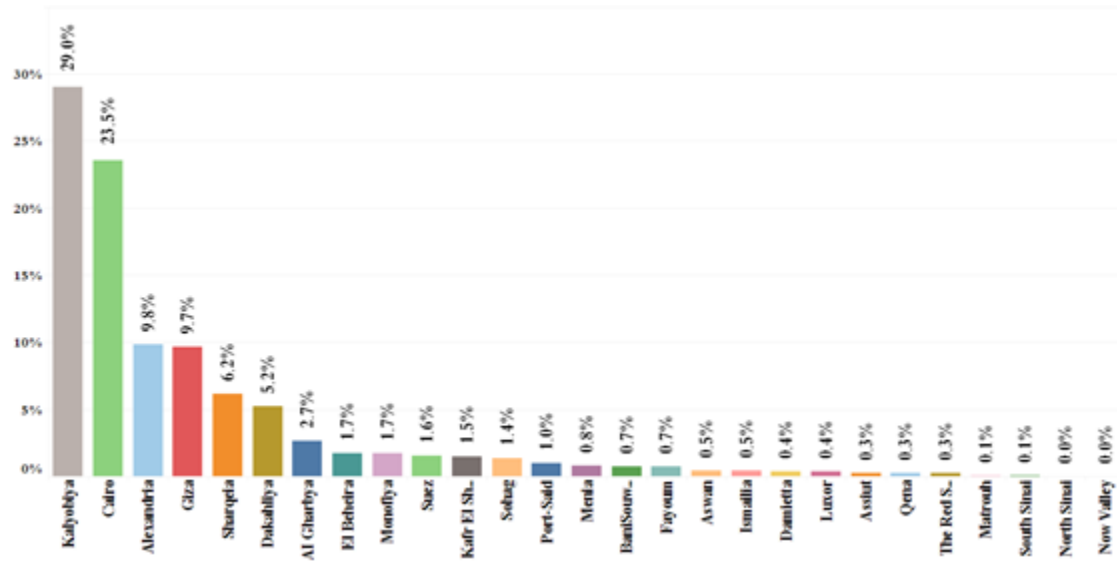
Figures (1.3&1.4) and (1.5&1.6) present the distribution of basic metals industries enterprises and employment over all Egyptian governorates in number of establishments and number workers in each governorate, as well as percentage distribution of both variables. The total number of establishments in all 27 governorates is 1.088, with a total employment of 50.805. According to number of establishments, the figures clearly show that basic metals industries are concentrated in Kalyobiya and Cairo, both of them account for almost 53% of total establishments. Around 10% exist in Alexandria and Giza. Other governorates account for less than 10% of total enterprises. According to number of workers, 56% are concentrated in Cairo and Kalyobiya, around 13% exist in Alexandria and Monofya, all other governorates account for less than 10% of the total employment.

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



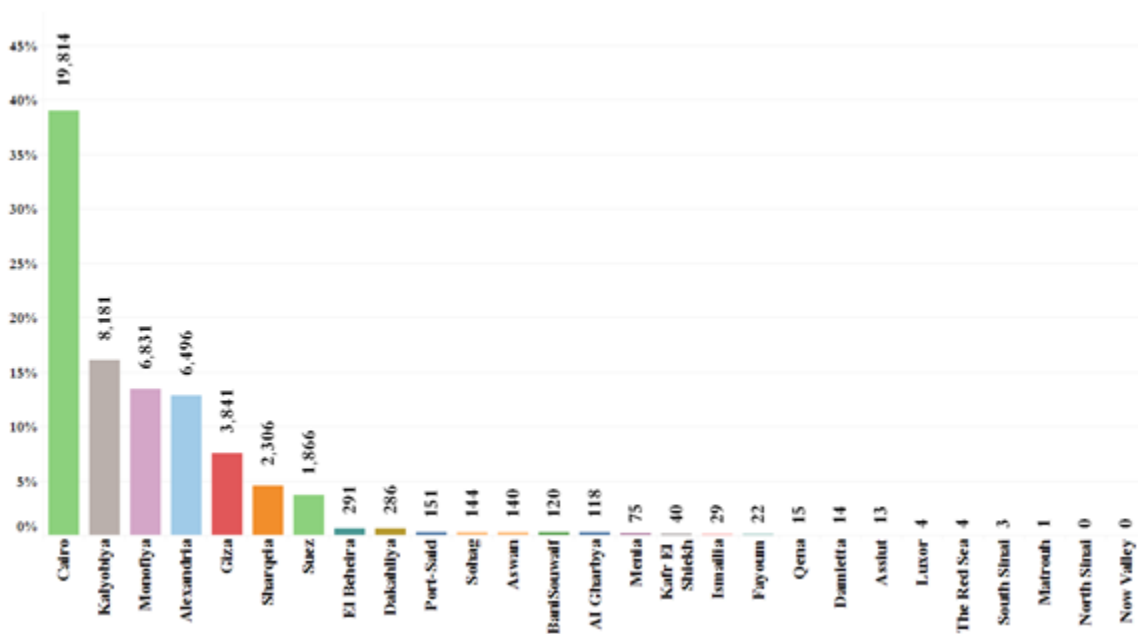
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.4. Percentage distribution of basic metals industries enterprises per governorate



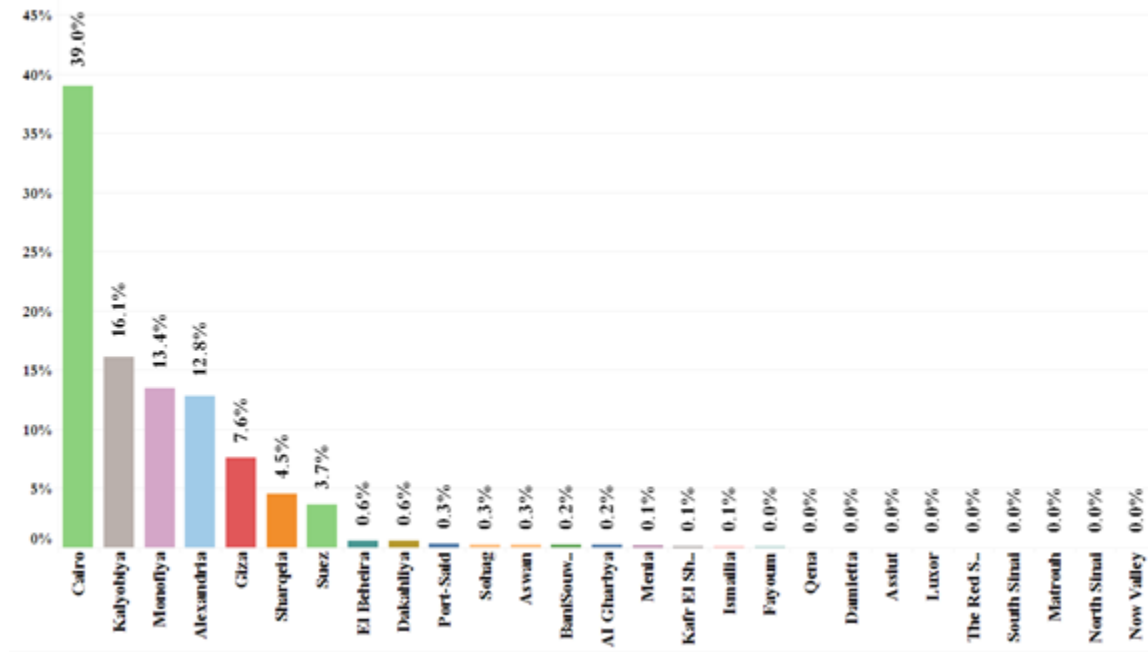
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.5. Total number of employees in basic metals industries per governorate



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

Figure 1.6. Percentage distribution of basic metals industries employees per governorate



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

Table 1.1 and subsequent pie charts below divide governorates into four groups as per the level of concentration of enterprises and employment related to iron and steel industries. Group A governorates account for more than half of total numbers of enterprises and employment. The group consists of only two governorates, which are Kaliyobia and Cairo. Group B accounts for lower concentration of iron and steel industries enterprises and employment (almost quarter), but concentration is still around the Delta region with three governorates. Group C, with even lower concentration of 16% of total enterprises and 19% of total employment. Group D is mostly located around Upper Egypt, which has the lowest number of enterprises and employment.

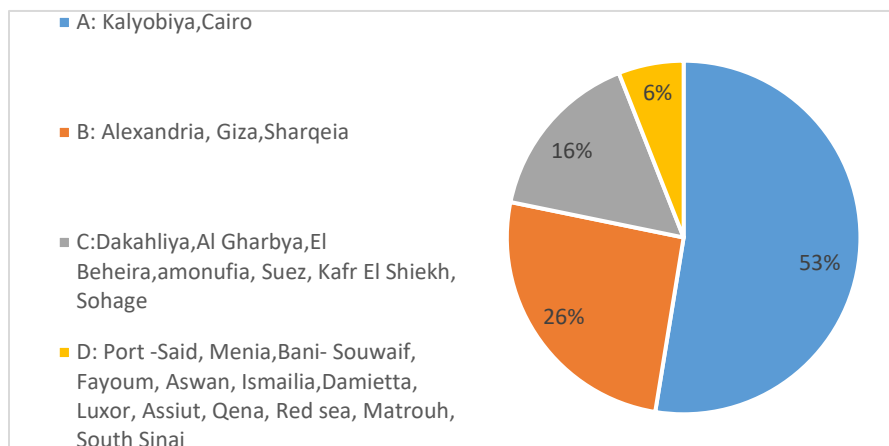
Groups A, B and C combined account for 94% of total enterprises and 99% of total employment. Group D accounting for no more than 6% of total enterprises, 1% of total employment, and most of them are located in Upper Egypt and border governorates.

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

Governorate Groups	Establishment Dispersion	Workers Dispersion
A: Kalyobiya, Cairo	53%	55%
B: Alexandria, Giza, Sharqeia	26%	25%
C: Dakahliya, Al-Gharbya, El Beheira, Monufia, Suez, Kafr El-Shiekh, Sohag	16%	19%
D: Port-Said, Menia, Bani-Souwaif, Fayoum, Aswan, Ismailia, Damietta, Luxor, Assiut, Qena, Red Sea, Matrouh, South Sinai	6%	1%

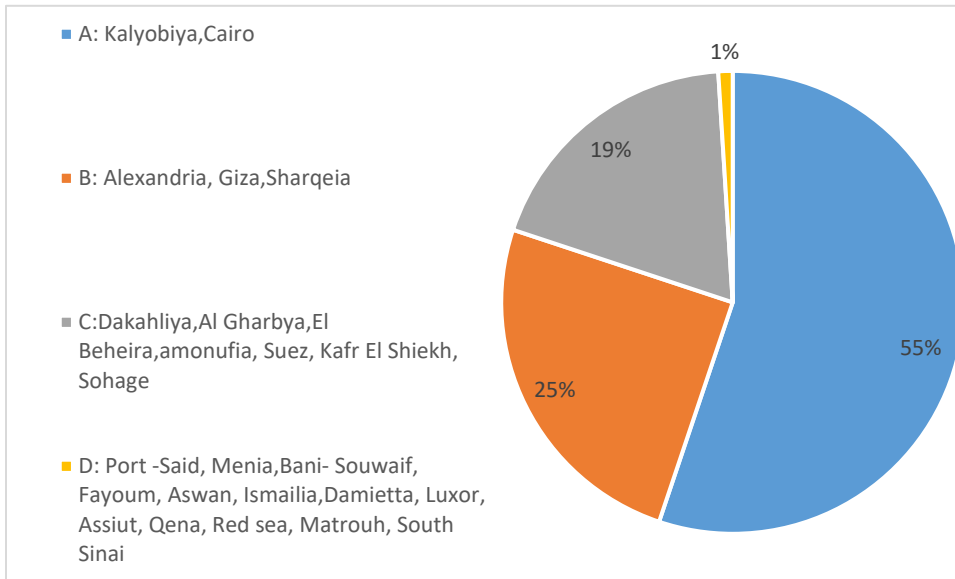
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

Figure 1.7. Basic metals industries - establishments dispersion



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

Figure 1.8. Basic metals industries - workers dispersion



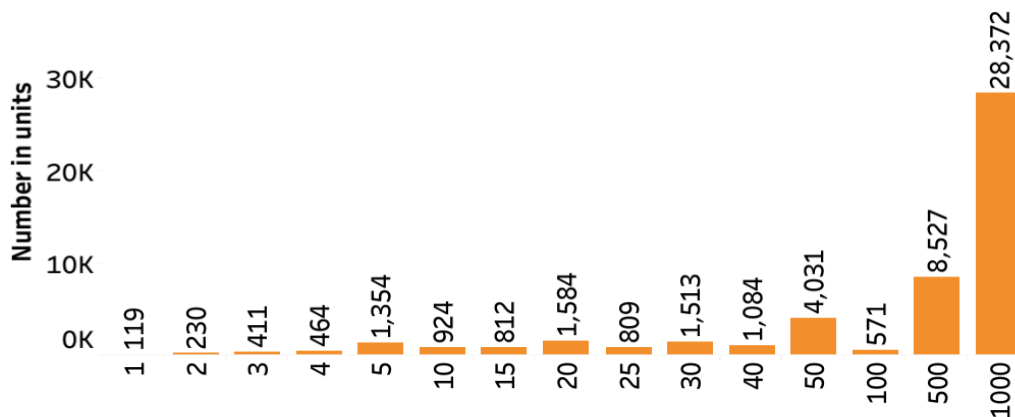
Source: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

The size structure of enterprises measured by the number of workers

Figure 1.9 presents distribution of sector's enterprises by size, while Figure 1.10 shows the same distribution in percentage. The figures reflect the predominance of large enterprises in iron and steel industries as 56% of enterprises employ 1000 worker. 17% employ 500 workers.

Figure 1.9. Distribution of sector's enterprises by size

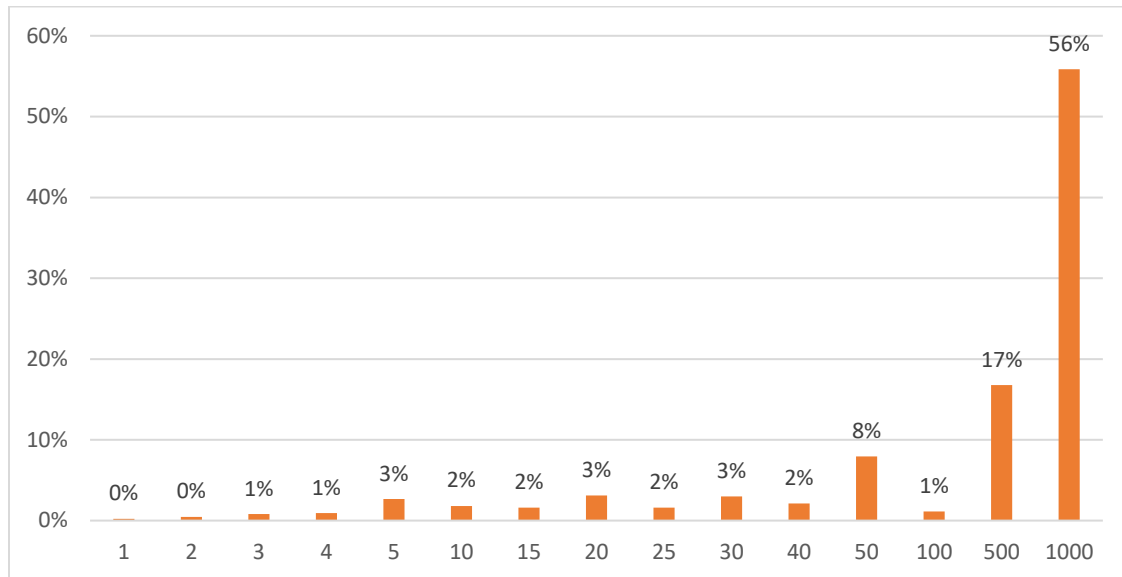
(Measured in terms of number of workers)



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

Figure 1.10. Percentage distribution of sector’s enterprises by size

(Measured in terms of percentage of workers)

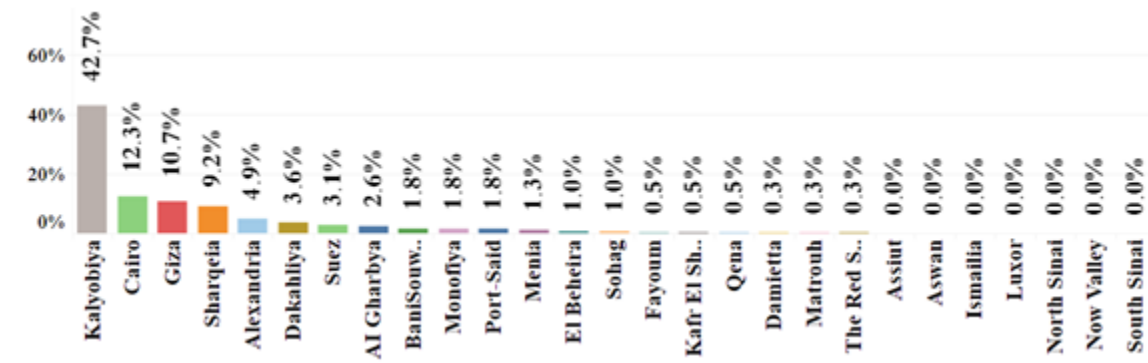


Source: ECES’s analysis of CAPMAS’ latest statistics on manufacturing industries (2019).

1B. The iron or non-alloy steel subsector’s enterprise and employment distributions over all Egyptian governorates

Figures 1.11&1.12 and 1.13&1.14 present the distribution of basic iron and steel manufacturing enterprises and employment over all Egyptian governorates in number of establishments and number of workers in each governorate, as well as percentage distribution of both variables. The total number of establishments in all 27 governorates is 391, with a total employment of 41,139. As shown in the figures, the majority of basic iron and steel manufacturers are based in the Kalyobiya governorate with 167 manufacturers, representing 42.7 percent of the Egyptian basic iron and steel manufacturing industry. And as shown in the figures, the highest number and percentage of workers in this industry are based in Cairo with over 18 thousand workers, making up 45.6 percent of the total employment in that industry.

Figure 1.11. Percentage distribution of semi-finished products of iron and non-alloy steel subsector's enterprises per governorate



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

Figure 1.12. Total number of semi-finished products of iron and non-alloy steel subsector's enterprises

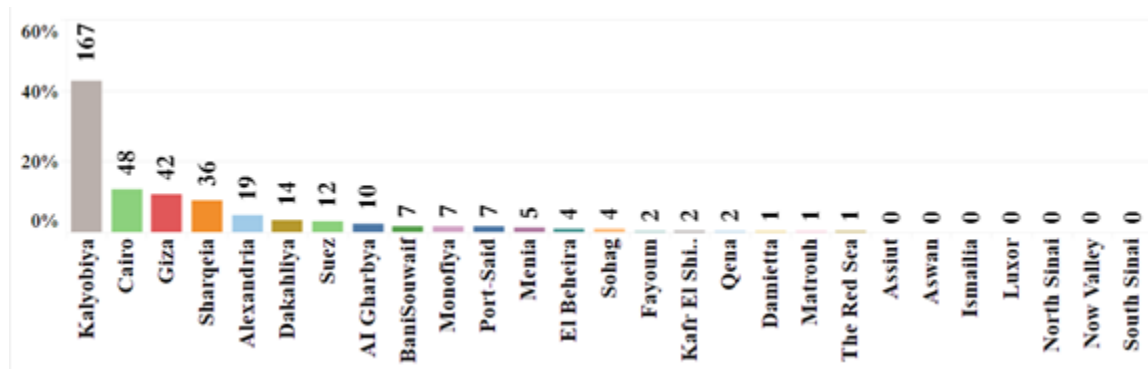
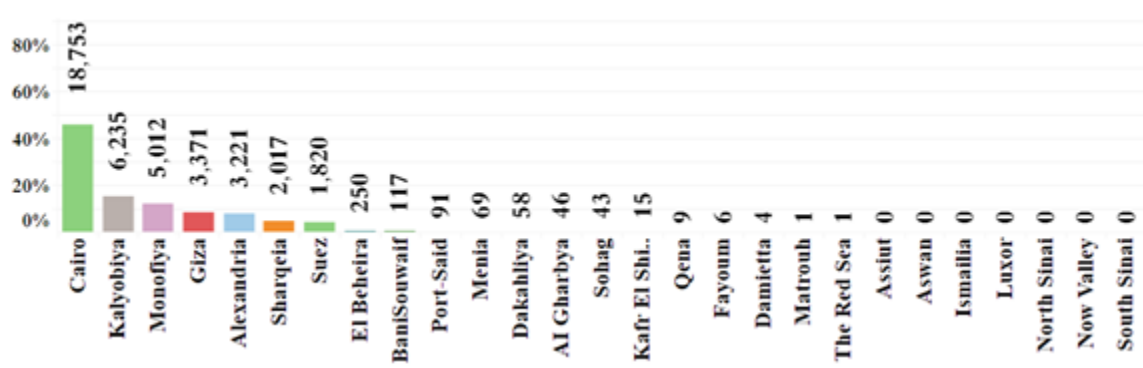


Figure 1.13. Percentage distribution of semi-finished products of iron and non-alloy steel subsector's workers per governorate



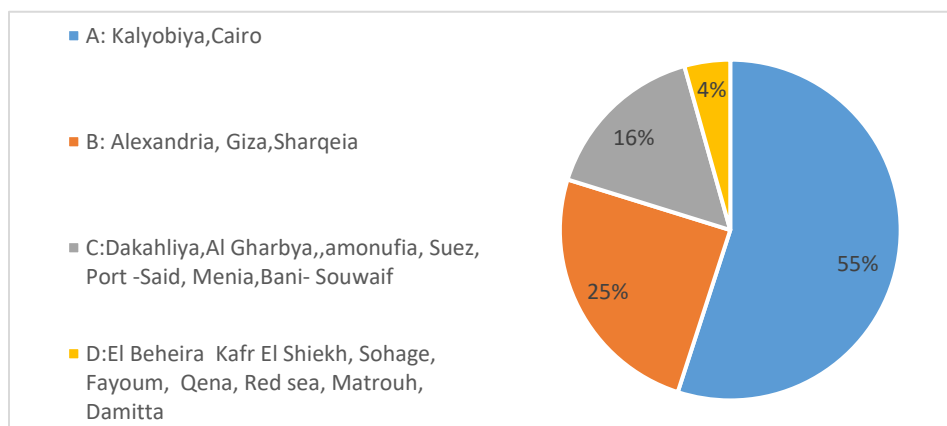
Figure 1.14. Total number of semi-finished products of iron and non-alloy steel subsector's workers per governorate



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

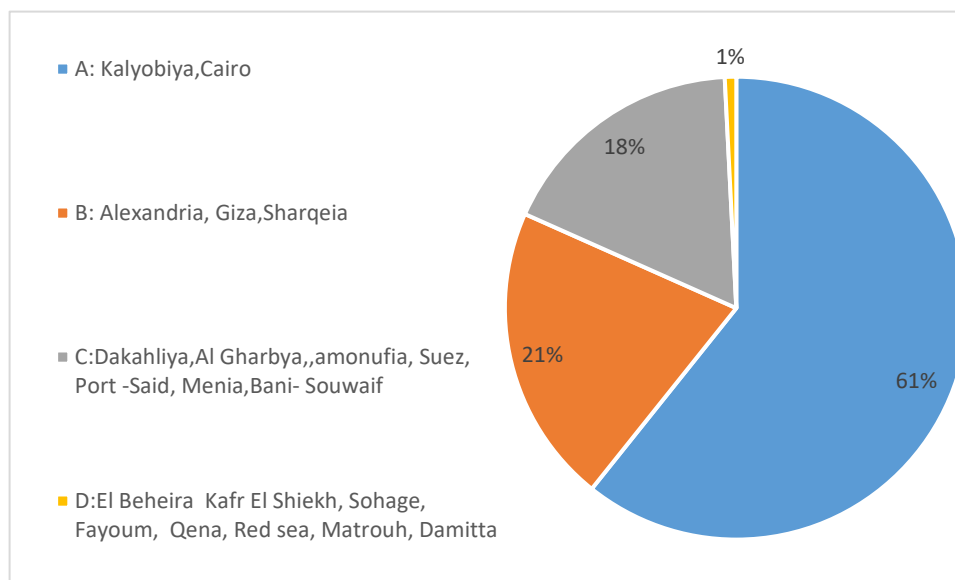
The pie charts below divide governorates into four groups as per the level of concentration of enterprises and employment, as previously seen in the charts for the iron and steel industries as a whole. Group A governorates account for 55% of total enterprises and 61% of total employment. The group consists of only two governorates, which are Kalyobiya and Cairo. Group B accounts for lower concentration of iron and steel industries enterprises (25%) 21% of total employment. Group C, with even lower concentration at 16% of total enterprises and 18% of total employment. Groups A, B and C combined account for 96% of total enterprises and 99% of total employment. Group D, accounting for no more than 4% of total enterprises and 1% of total employment, consists of all border governorates in addition to governorates from Upper Egypt.

Figure 1.15. Semi-finished products of iron and non-alloy steel subsector - establishments dispersion



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

Figure 1.16. Semi-finished products of iron and non-alloy steel subsector - workers dispersion



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

1C. The trade performance of the iron and steel industries sector with a focus on semi-finished products of iron and non-alloy steel

According to Table 1.2, the value of Egypt's imports of iron and steel products was 41 million dollars in 2021 which represent 0.1% of world imports for this product. The most important suppliers to Egypt are Russia 47.7%, Ukraine 16.3%, Turkey 14.9%, Libya 9.5% and Algeria 5.7%. As for exports, the value of Egypt's exports of iron and steel products was 61 thousand dollars in 2021. The most important countries to which Egypt exports are Sudan 49%, Cyprus 33% and Jordan 16%.

Table 11.2. The iron and steel industries sector's trade profile in 2021

Code	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 (%)	Trade balance in 2021 (in USD 000)
7207	41.827	0.06%	0.08%	61	0.0001%	0.0003%	-41766
72	3,512,956	5%	7%	1,723,261	4%	8%	-1789695

Source: Calculated based on trade map data (2021).

Concerning the specific product of interest in this study HS Code 7207, Table 1-3 showing the specific trade performance of all products under HS code 72 category, clearly indicates that it alone accounts for 1.19% of total imports from the HS code 72 category however 48% of products imported under such code are concentrated in Ferrous waste and scrap (7204).

It is notable that most items have higher net import than export except for few items, the product “Flat-rolled products of iron or non-alloy steel, of a width \geq 600 mm” code 7208 recorded around 59.7% of total exports under code 72.

In general, Egyptian iron and steel imports are almost double exports so the trade balance of the HS code 72 category witnessed a deficit of around 1.7 US billion dollars in 2021.

Table 1.3. Trade performance of HS Code 72 in iron and steel industry and positioning of HS Code 7207 (2021)

Code	Product label	Imported value in 2021 (in USD 000)	Share % of total product (72) imports	Exported value in 2021 (in USD 000)	Share % of total product (72) exports	Trade balance in 2021 (in USD 000)
7201	Pig iron and spiegeleisen, in pigs, blocks or other primary forms	1070	0.030	281	0.016	-789
7202	Ferro-alloys	151626	4.316	74881	4.345	-76745
7203	Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, ...	52727	1.501	8	0.000	-52,719
7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel (excluding slag, scale and ...	1694035	48.222	10819	0.628	-1,683,216
7205	"Granules and powders of pig iron, spiegeleisen, iron or steel (excluding granules and powders ...	1533	0.044	22665	1.315	21,132
7206	Iron and non-alloy steel in ingots or other primary forms (excluding remelting scrap ingots, ...	437	0.012	0	0.000	-437
7207	Semi-finished products of iron or non-alloy steel	41827	1.191	61	0.004	-41,766
7208	Flat-rolled products of iron or non-alloy steel, of a width \geq 600 mm, hot-rolled, not clad, ...	728062	20.725	1029884	59.764	301,822
7209	"Flat-rolled products of iron or non-alloy steel, of a width of \geq 600 mm, cold-rolled "cold-reduced", ...	67250	1.914	48522	2.816	-18,728
7210	"Flat-rolled products of iron or non-alloy steel, of a width \geq 600 mm, hot-rolled or cold-rolled ...	341015	9.707	130730	7.586	-210,285
7211	"Flat-rolled products of iron or non-alloy steel, of a width of <	9761	0.278	2092	0.121	-7,669

Code	Product label	Imported value in 2021 (in USD 000)	Share % of total product (72) imports	Exported value in 2021 (in USD 000)	Share % of total product (72) exports	Trade balance in 2021 (in USD 000)
	600 mm, hot-rolled or cold-rolled ...					
7212	"Flat-rolled products of iron or non-alloy steel, of a width of < 600 mm, hot-rolled or cold-rolled ...	20801	0.592	7580	0.440	-13,221
7213	Bars and rods of iron or non-alloy steel, hot-rolled, in irregularly wound coils	35991	1.025	284850	16.530	248,859
7214	Bars and rods, of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn ...	1857	0.053	23687	1.375	21,830
7215	Bars and rods, of iron or non-alloy steel, cold-formed or cold-finished, whether or not further ...	172	0.005	634	0.037	462
7216	Angles, shapes, and sections of iron or non-alloy steel, n.e.s.	120785	3.438	7769	0.451	-113,016
7217	Wire of iron or non-alloy steel, in coils (excluding bars and rods)	24854	0.707	20489	1.189	-4,365
7218	Stainless steel in ingots or other primary forms (excluding remelting scrap ingots and products ...	211	0.006	7	0.000	-204
7219	"Flat-rolled products of stainless steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	133019	3.787	281	0.016	-132,738
7220	"Flat-rolled products of stainless steel, of a width of < 600 mm, hot-rolled or cold-rolled ...	8925	0.254	41	0.002	-8,884
7221	Bars and rods of stainless steel, hot-rolled, in irregularly wound coils	0	0.000	71	0.004	71

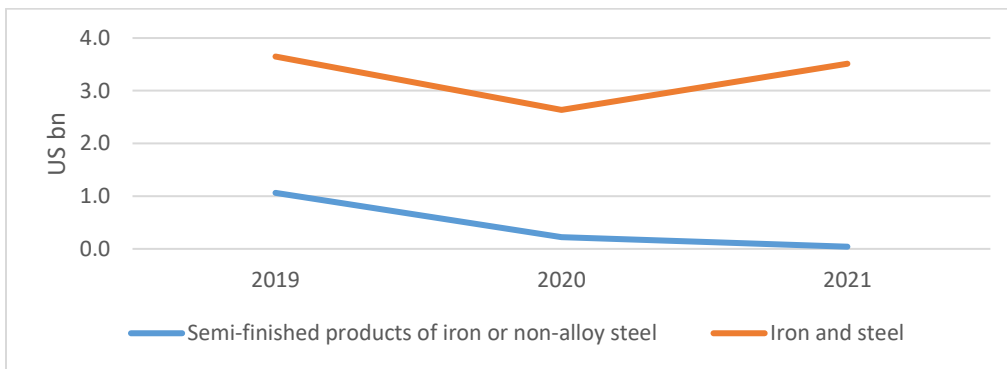
Code	Product label	Imported value in 2021 (in USD 000)	Share % of total product (72) imports	Exported value in 2021 (in USD 000)	Share % of total product (72) exports	Trade balance in 2021 (in USD 000)
7222	Other bars and rods of stainless steel; angles, shapes, and sections of stainless steel, n.e.s.	3574	0.102	0	0.000	-3,574
7223	Wire of stainless steel, in coils (excluding bars and rods)	1843	0.052	79	0.005	-1,764
7224	Steel, alloy, other than stainless, in ingots or other primary forms, semi-finished products ...	134	0.004	0	0.000	-134
7225	"Flat-rolled products of alloy steel other than stainless, of a width of >= 600 mm, hot-rolled ...	17917	0.510	43	0.002	-17,874
7226	"Flat-rolled products of alloy steel other than stainless, of a width of < 600 mm, hot-rolled ...	7047	0.201	1	0.000	-7,046
7227	Bars and rods of alloy steel other than stainless, hot-rolled, in irregularly wound coils	4305	0.123	0	0.000	-4,305
7228	Other bars and rods of alloy steel other than stainless, angles, shapes, and sections of alloy ...	33604	0.957	57622	3.344	24,018
7229	Wire of alloy steel other than stainless, in coils (excluding bars and rods)	8574	0.244	164	0.010	-8,410
Total HS code 72		3,512,956		1,723,261		-1,789,695

Source: Calculated based on trade map data (2021).

1D. Trade Performance of semi-finished products of iron and non-alloy steel subsector during and following COVID-19

The iron and steel imports decreased due to COVID–19 in 2020 then recovered in 2021. However, Egypt’s imports from semi-finished products of iron and non-alloy steel continue to decrease since COVID-19 and have not recovered yet as shown in Figure 1.17. Decisions of CBE may be one of the main culprits. In addition, the construction sector in Egypt is struggling due to different challenges related to decrease in demand and jump in prices of raw material and disturbance in global supply chains.

Figure 1.17. Egypt’s imports from semi-finished products of iron and non-alloy steel during (2019- 2021)

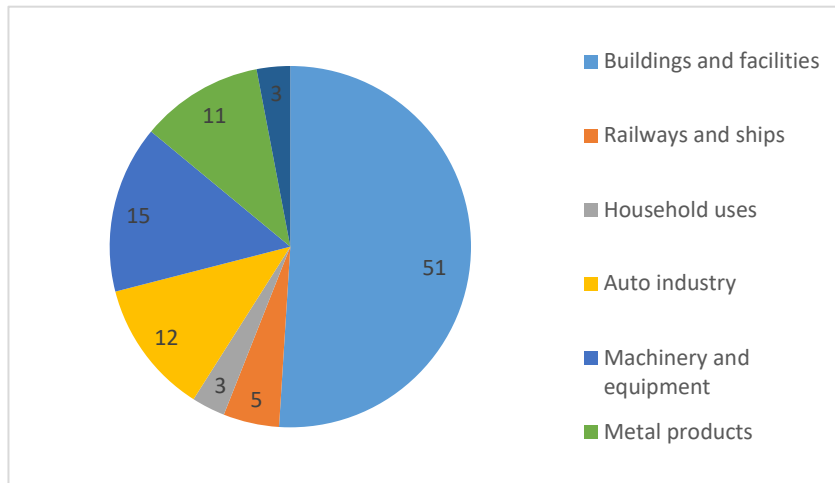


Source: trade map data (2021).

2. The narrative analysis for the production and trade processes of (HS Code 7207)

- Iron and steel products are strategic commodities that include many final products, such as rebar, as well as intermediate ones such as billet iron, special steel, and others. Iron and steel products are considered intermediate goods for many other industries, including, for example, the manufacture of cars, weapons, ammunition, tools, equipment, household and medical appliances, electronics, railways and ships, and metal products.
- Globally, the uses of iron and steel products vary, but 51% of such products are directed to buildings, metal structures, electricity towers, electric power stations and pipelines; 15% is used in machinery and equipment; while 12% of global production of iron and steel is directed to the various automobile industries, as shown in the Figure 2.1.

Figure 2.1. Various uses of iron and steel



Source: ECES calculations based on data from the World Steel Association, 2021.

- Globally, iron and steel production reached about 144 million tons in September 2021, according to data from the World Steel Association. China, India, and Japan are among the largest producers in the world, accounting for 51.1%, 6.5% and 5.6% of total world production, respectively.
- At the local level, total production capacity of iron and steel factories in Egypt is estimated at 14.1 million tons annually, while the total volume of consumption is estimated at 7.5-8 million tons annually. Hence, we have a surplus of about 50 % of total production capacity.
- Iron and steel plants in Egypt comprise the following three types:
 - *First*, integrated factories producing from extractive raw materials to the final product, most notably Ezz El Dekheila.
 - *Second*, semi-integrated companies producing final products from smelting scrap or sponge iron.
 - *Third*, rolling mills that purchase steel billets from a local or imported source and roll them into rebar.
- Egypt is considered poor in mining, as it imports 70-80% of the requirements for the iron and steel industry. These supplies include scrap, in addition to chemicals and refractory bricks.

- 40% of production capacities are idle due to the low consumption of reinforcing steel in Egypt and difficulty exporting it. The exporting difficulties are attributed to the following factors: high prices of supplies and consequently high prices of final products compared to their counterparts from other countries; many countries impose anti-dumping duties on their iron and steel imports, hence the difficulty in access to foreign markets reflects the inability of local producers to change specifications according to the needs of each market, which is what other countries have preceded us in doing, such as Turkey.
- High production costs, especially as iron and steel are energy-intensive products, making Egyptian products uncompetitive against imported products.
- The most important problems facing the iron and steel industry in Egypt are as follows: High production costs because of high prices of energy and imported inputs as well as unfair competition with imported iron and steel, with the increase in imported steel dumping, especially from Turkey, China and Ukraine. This prompted the Ministry of Trade and Industry to impose final **gradual Safeguard fees** on imports of some iron and steel products in accordance with decision **No. 907 of 2019** for 3 years, at a percentage of 25 on rebar and 16 percent on billet (iron ore).
- With the significant rise in the prices of supplies, energy, and transportation globally, **the previous decision was suspended in 2021**. The General Authority for Industrial Development offered licenses for iron and steel production to meet the needs of the local market. Six licenses in total were issued for the production of various iron and steel products: Three licenses for billet production (two of them with a production capacity of 1.1 million tons per year each, and one with a production capacity of 200,000 tons per year), and one license for the production of sponge iron with a production capacity of 2.5 million tons per year, in addition to two licenses for producing iron pellets with a production capacity of 8 million tons per year each.
- Despite the significant importance of the iron and steel industry to both developed and developing countries alike, it faces a common challenge, which is that it is an

energy-intensive industry, hence its excessive emission output. Reducing its energy needs and raising the efficiency of energy used is, therefore, one of the most important challenges it continuously faces.

- In addition, there are other challenges that reduce the liquidity of producing companies, including difficulty receiving export subsidy dues as a result of the difficult procedures and forcing exporters to present original hard copies of bills of lading, and clearing company dues against their obligations towards the Ministry of Finance, and problems in the drawback system according to the new customs law, which oblige companies to issue a letter of guarantee covering 100 percent of value added taxes for 3 years, which decreases to 30 percent after that, while in the old law it was 100 percent in the first year that decreases to 25 percent after that, which stands in the way of achieving the targets of promoting exports.

Although the product of iron and non-alloy steel is subject to the same horizontal specifications of other imported products (Annex A).

There are some specific observations related to the product of iron and non-alloy steel (HS code 7207) reflecting its different nature in terms of volume and strategic importance to other industries, which will be pointed out below.

Observation #1

Product code 7207 includes scrap and other manufacturing components, however Scrap, as a production requirement, was exempted from the documentary credit decision of CBE, but the manufacturing components sector has not. Therefore, the Egyptian Importer is forced to cover their hard currency needs through documentary credit, which represents a major obstacle to imports due to lack of foreign currency in the banking system. problems in securing hard currency have impeded the process of importing supplies and spare parts

Observation #2

Due to the high volume of the products 7207 and the delay of importing process Egyptian, importers have to pay extra burden to the Port Authority and shipping agents in US dollar. These fines have a progressive nature. The first week is EGP 2 / ton,

increasing by about 50 percent to reach EGP 3 / ton in the second week, and so on and so forth.

Observation #3

According to the executive regulation of new customs law, the period of stay of goods in temporary stores is a maximum of two months (Article 137). Consequently, the delay of the banks in securing the currency results in delay in sending the shipment documents. The period may be longer, and the imported goods become neglected, with customs having the right to sell them by public auction, in addition to the loss of credibility towards suppliers abroad, and the inability of the Egyptian Importer to fulfill their export contracts and loss of foreign markets, which are very difficult to recover. Therefore, it is important to extend the period of stay by the Minister of Finance until the problem of securing hard currency is resolved.

Recently, the Minister of Finance extended the period to four months.

Observation #4

Sometimes customs tariffs are exaggerated due to price improvement, whereby the customs check the price of a commodity on the international stock exchange. If different from the contract price, the value of customs duties is calculated based on the higher price, or customs may resort to the last import price, although the circumstances of each Egyptian importer are different, and specifications of the commodity may not be the same, even if both items have the same code.

Observation #5

Like all other imported products, Egyptian importing enterprises of iron and non-alloy steel (HS code 7207) face different challenges related to NAFEZA system, which are more frequently observed. Usually, Egyptian importers of iron and steel need to change the port of arrival or departure, and also the Bank that transfers money but the system doesn't accept editing any information previously entered.

Observation #6

Due to specificity of products of iron and non-alloy steel (HS code 7207), the Egyptian Atomic Energy Authority (EAEA) must do radiation detection. If the authority has

representation in the port, the inspection engineer informs it of the results, and the result is submitted to the NAFEZA.

What has been noticed is that usually EAEA does not have a representative in the port, so the results needed to be sent to Cairo to obtain the signature of the responsible manager, and sent it again to the port in an envelope. This process resulted in a delay in business process as a whole.

Observation #7

Enterprises that export iron and steel are facing liquidity problems related to the delay of receiving export subsidy as a result of the difficult procedures, and forcing exporters to present original hard copies of bill of lading, and clearing company dues against their obligations towards the Ministry of Finance; and problems in the drawback system according to the new customs law, which obliges companies to issue a letter of guarantee covering 100 percent of value added taxes for 3 years, which decreases to 30 percent after that, while in the old law it was 100 percent in the first year that decreases to 25 percent after that, which stands in the way of achieving the targets of promoting exports.

3. Detailed documentation of import processes associated with the specific product of focus (HS Code: 7207)

Figure 3.1 and Table 3.1 present a list of 14 core business processes that are typically carried out when importing iron or non-alloy steel, (HS Code: 7207) into Egypt and a list of 12 organizations that an Egyptian importer indirectly or directly deals with.

These core business processes are categorized into 3 process areas as per 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.

It should be noted that this documentation focuses only on inland enterprises big or small, as free zone enterprises are not subject to any of the processes discussed in this report

It should also be noted that the payment process is interlinked with the shipping process. In fact, concluding payment is required in order to be able to proceed with customs clearance and other subsequent business processes. Therefore, business processes regarding payment will be discussed at the beginning of the ‘ship’ process area. Also, any required prerequisites will be discussed separately before discussing the ‘buy’ process area.

Two important notes: 1) The presentation of core processes of importation is preceded by a short but detailed presentation of how Egyptian Importers get an import license for an item. The reason why it is presented is the fact that it is a major precondition for importation that is often problematic to obtain. In such cases, it will delay the beginning of the whole import process.

The import process is very fluid at this point as it is subject to many changes to which importing enterprises are still adjusting. Depending on the problems they might face, certain changes to the system can be introduced. In this study, we accommodated the total process with its full details to date. New changes can still take place in the future. Up to the final delivery date of the study, we’ll continue to include changes as they emerge.

Figure 3.1. Use case diagram of business processes in iron and steel importation to Egypt

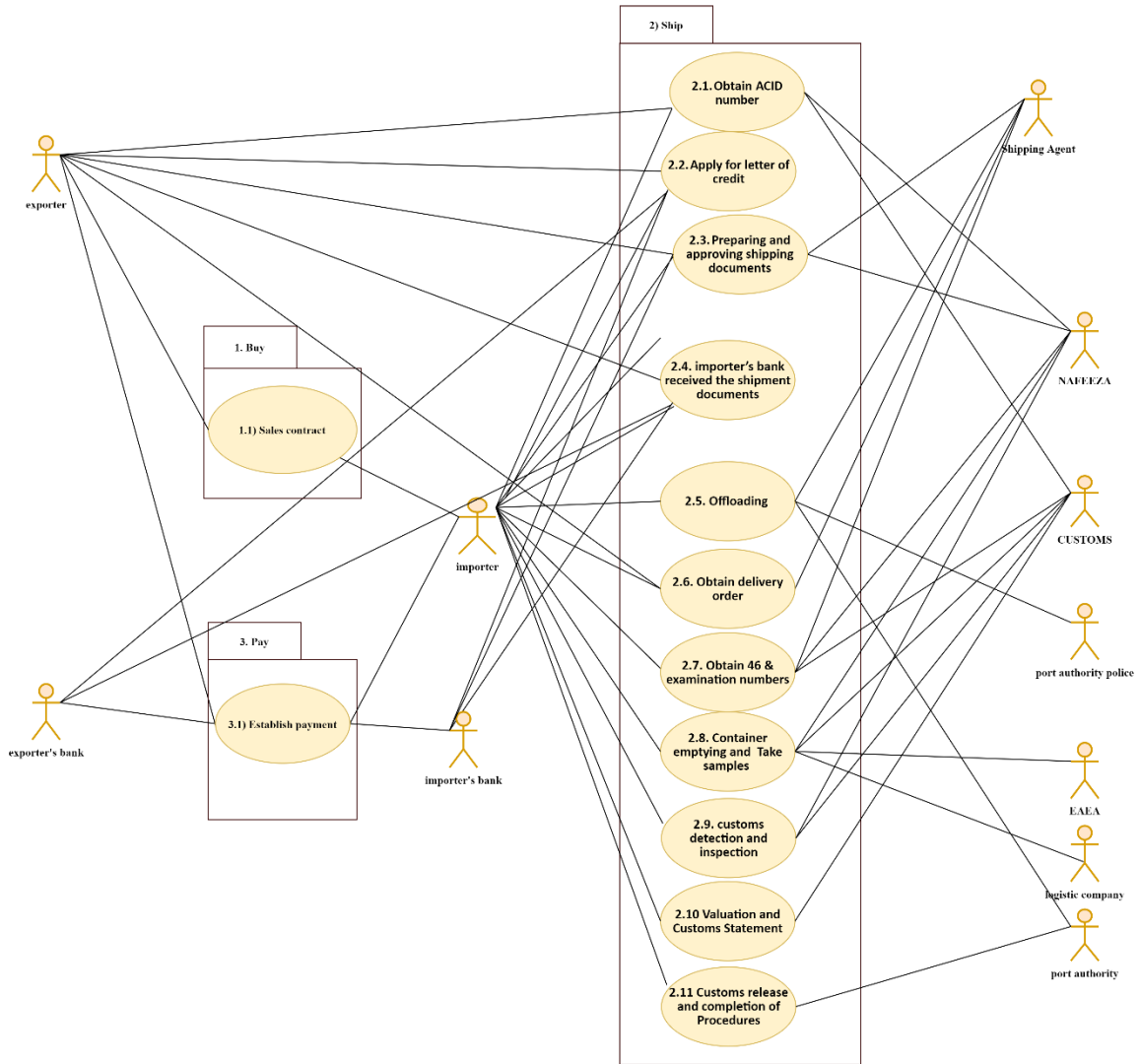


Table 3.1. Core business processes and stakeholders involved in iron and steel import

Core Business Process	Party	Egyptian Importer	ATOMIC ENERGY AUTHORITY	Port authority	MTS company (NAFEZA)	Shipping Agent	Customs	Port authority police	Exporter	Exporter' s Bank	Egyptian Importer' s Bank	Logistic company
1. Buy												
1.1. Sales contract		X							X			
2. Ship												
2.1. Obtain ACID number		X			X		X		X			
2.2. Apply for letter of credit		X							X	X	X	
2.3. Preparing and approving shipping documents		X			X	X			X		X	
2.4. Egyptian importer's bank received the shipment documents,		X							X	X	X	
2.5. Offloading		X		X		X		X				
2.6. Obtain delivery order		X				X			X			
2.7. Obtain 46 & examination numbers		X			X	X	X					
2.8. Container-emptying and sample-taking*		X	X		X							X
2.9. customs detection and inspection		X			X		X					
2.10 Valuation and customs statement*		X					X					
2.11 Customs release and completion of Procedures		X		X								
3. pay												
3.1 Conclude payment*		X							X	X	X	

3A. Pre-import requirements

*Steps where sectoral relevance is seen the most.

- As mentioned before, the pay-process is considered completed. Since the money and document transfers are across two countries, payment concluded in process 2.2 & 2.4

In the case of importing for trading, obtaining an import license. In the case of importing for manufacturing, obtaining a production requirements card (needs card). The Export and Import Control Authority issues both the import license and the needs card.

1. Import license

It takes two days and is renewed every five years. It costs EGP 5000 (the total number of products is 21 according to the HS code). Adding a group of products costs EGP 1000 per group. Renewal fees EGP 2000.

Documents required in accordance with the provisions of Law No. 7 of 2017 include:

- a) Registration application form signed by the person concerned or the authorized representative in front of the competent employee or signed by the representative
- b) Official copy of the company's contract or the company's articles of incorporation, and amendments made to it, as registered, publicized and recorded in the commercial register, indicating that 51 percent of the capital is owned by Egyptians - the import activity - the paid-up capital is not less than two million pounds.
- c) Recent official copy of the commercial register.
- d) Copy of the tax card while presenting the original for viewing, and a certified copy of the tax statement for the previous year showing that the annual turnover of the company is not less than 5 million pounds.
- e) Original certificate of importing in the name of one of the general and limited partners or those responsible for imports as issued by the Foreign Trade Training Center at the Ministry of Industry and Trade.
- f) Receipt of depositing the insurance value, amounting to EGP 50,000 (for individuals), and up to EGP 200,000 (for companies) in the treasury of the Authority, or a letter from the bank stating that the amount has been deposited in the Authority's account

2. Production requirements card (needs card):

Issued by the Export and Import Control Authority (it takes one day and is renewed every five years). Issuance is free.

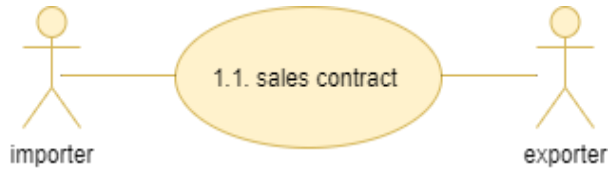
Documents required by law:

- a) Registration application form signed by whoever has the right to administer.
 - b) Industrial record/license if the project is industrial.
 - c) Recent official copy of the commercial register.
 - d) Copy of the ID card.
3. Letter to the General Investment Authority if the company is affiliated to it.
 4. Obtaining a customs procedures certificate (transaction number) from customs (costs EGP 50).
 5. Establishing an account for the importing company on the NAFEZA website with the registration of the person who has the right to sign electronically (E-token).
 6. Subscribing to the electronic signature service and obtaining the right to use the electronic signature through one of the companies (Egypt Clearing House or SNS). The cost ranges from EGP 700 to EGP 1000.
 7. Preparing a statement of foreign exporters in the Egyptian importer's import operations (tax registration number - trade name of the exporter - trademark).
 8. Register an account for the company exporting to Egypt on the CargoX platform.
 9. Registering an account for the accredited customs brokers to the NAFEZA platform and obtaining the electronic signature.
 10. (Steps 8 through 10 can take a long time depending on how easy it is for the exporting company representative to push the paperwork approval in the Ministry of Trade and Industry).

3B. Process area 1: Buy

Core business process area 1.1: Conclude sales contract

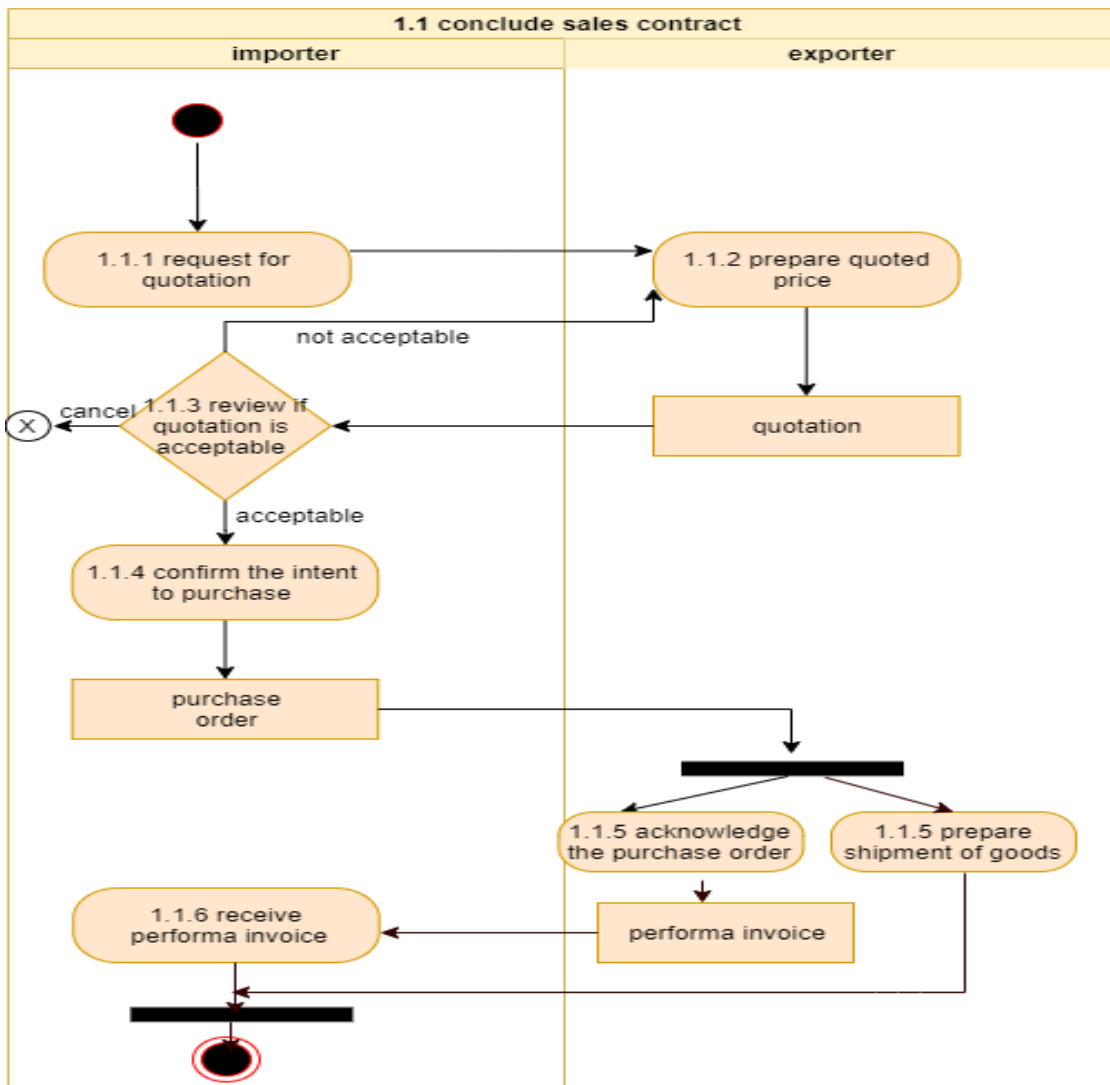
Figure 3.2. “Conclude sales contract” use case diagram



“Sales contract” is the first core business process under “Buy” process area. The use case diagram in Figure 3.2 suggests that this core business process requires the participation of:

- Egyptian importing enterprise (importer)
- Supplier (exporter)

Figure 3.3. “Conclude sales contract” activity diagram



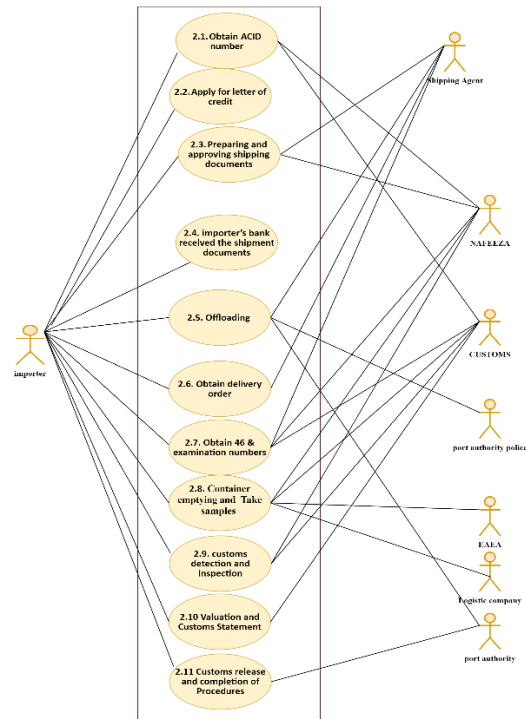
Name of a process area	1. Buy
Name of business process	1.1 Conclude sale contract
Related laws, rules, and Regulations	<ul style="list-style-type: none"> • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Decision of the Minister of Commerce and Industry No. 190 of 2022 regarding the ban on the export of some types of scrap, raw materials, and dashboard paper. • Decision of the Minister of Trade and Industry No. 550 of 2021 to stop the work of Ministerial Resolution No. 907 of 2019 regarding imposing final preventive measures on imports of iron or steel rods and bars; “reinforcing iron for construction purposes,” and classifying semi-finished products of iron or steel from non-alloys. • Procedures Circular No. 13 of 2022 regarding the abolition of import Circular No. 10 of 2022, whereby the exemption from the development fee issued by Law No. 83 of 2020 is limited to iron messages received from abroad, whether from alloys or non-alloys • Procedures Circular No. 29 of 2019 regarding protection fees imposed on reinforcing steel for construction purposes only
Process participant	<ul style="list-style-type: none"> • Egyptian Importer • Supplier
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Egyptian Importer has a list of potential sellers. • Egyptian Importer already registered at GOEIC
Activities and associated documentary requirements	<p>1.1.1 Egyptian Importer requests a quotation from potential exporters.</p> <p>1.1.2 Supplier prepares the quotation (price and sales terms).</p> <p>1.1.3 Egyptian Importer reviews the quotation and determines if the quoted price and sales terms are acceptable. If the quoted price and sales terms are not acceptable, importer negotiates with the exporter about revising the quoted price and/or sales terms.</p> <p>1.1.4 If the quoted price and sales terms are acceptable, importer confirms the purchase of goods with a purchase order.</p> <p>1.1.5 Supplier acknowledges the receipt of the purchase order and confirms that the shipment will be delivered according to the agreed price and sales terms by sending the importer a proforma invoice. In addition, the exporter prepares the delivery of goods.</p> <p>1.1.6 Importer receives the proforma invoice.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Supplier and importer agreed on the price and contract terms and have concluded the sales contract.

	<ul style="list-style-type: none"> Based on the purchase order, the exporter starts to prepare for the export of goods
Average time required to complete this business process	2 days

3C. Process area 2: Ship

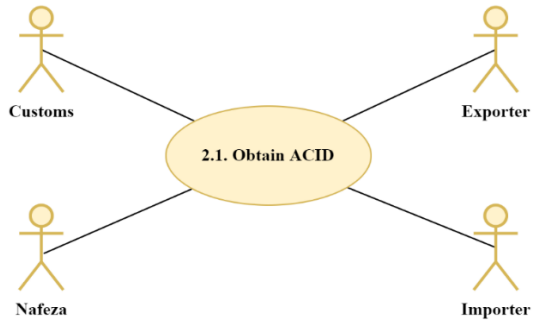
In the context of iron and steel import to Egypt, ship process area consists of 12 core business processes. As shown in Figure 3.4, these core business processes deal with both transport and regulatory requirements. They involve the arrangement for cargo movement as well as the completion of customs formalities and necessary actions to meet iron and steel import requirements imposed by government agencies from Egypt.

Figure 3.4. Use case diagram of core business processes in ship process area



Core business process area 2.1: Obtain ACID number

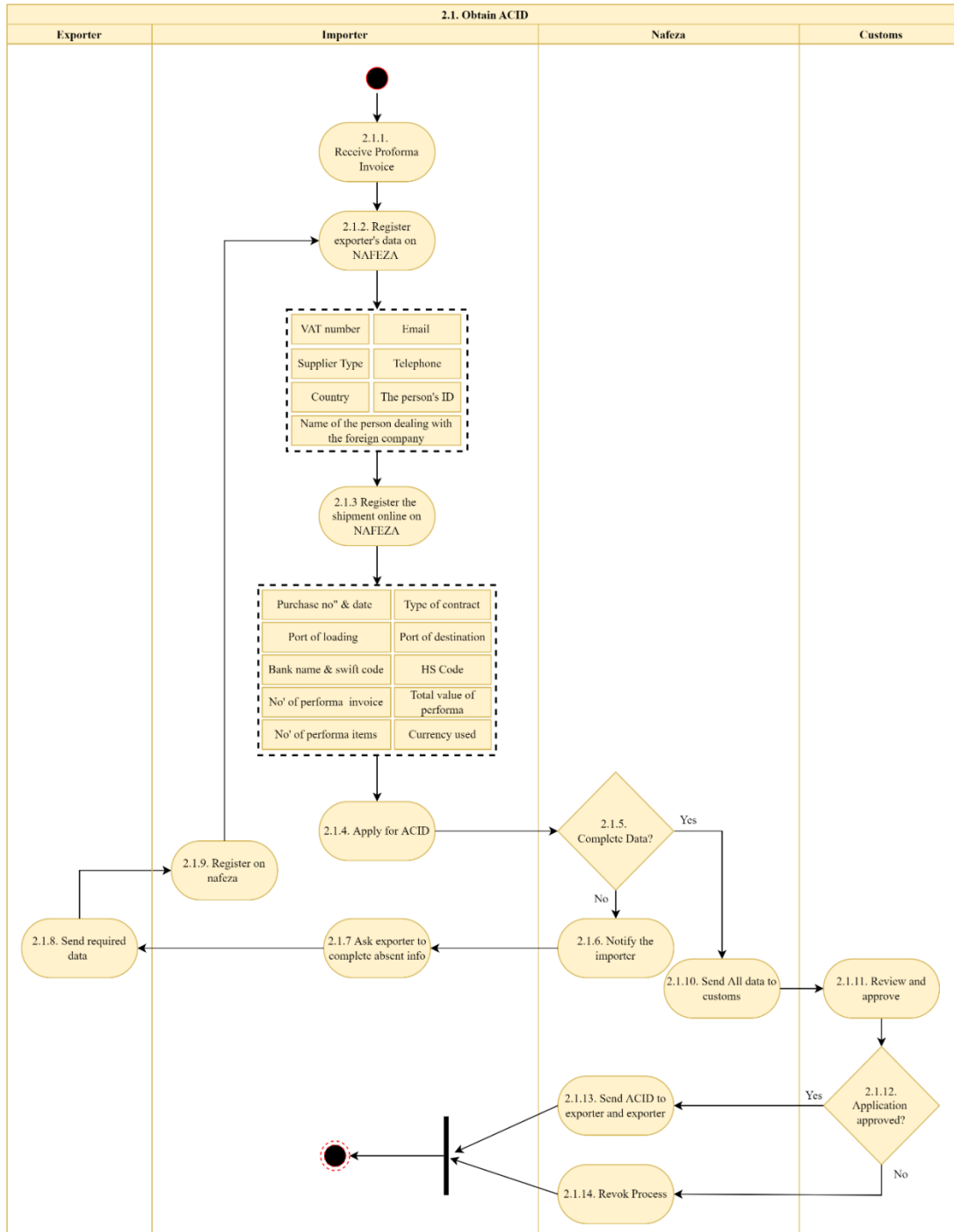
Figure 3.5. “Obtain ACID number” use-casediagram



The use case diagram shown in Figure 3.5 suggests that “Obtain the ACID number” process requires the participation of:

- Egyptian importer
- NAFEZA platform
- Supplier (exporter)
- Customs

Figure 3.6. “Obtain the ACID NUMBER from NAFEZA” activity diagram



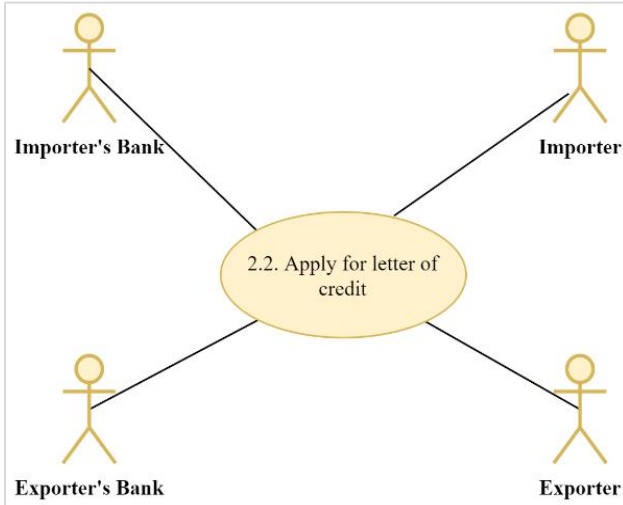
Name of a process area	2. Ship
Name of business process	2.1. <i>Obtaining a preliminary tariff number for the shipment through NAFEZA system (ACID). It became obligatory only in October 2021</i>
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance Decision No. 430 of 2021 and their amendments • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments • Decision of the Minister of Commerce and Industry No. 190 of 2022 regarding the ban on the export of some types of scrap, raw materials, and dashboard paper. • Circular No. 31 of 2021 regarding the customs manual for import and export rules, issued in August 2021 • Ministry of Finance Decision No. 38 of 2021 regarding Advance Cargo Information system (ACI) • Decision of the Minister of Finance No. 328 of 2021 amending some provisions of decision No. 38 of 2021 • Ministry of Finance Decision No. 490 of 2021 • Decision of the Minister of Trade and Industry No. 992 of 2015 regarding the rules governing the registration of factories qualified to export their products to the Arab Republic of Egypt • Decision of the Minister of Trade and Industry No. 43 of 2016 regarding amending the rules governing the registration of factories qualified to export their products to the Arab Republic of Egypt. • Decision of the Minister of Finance No. 40 of 2017 regarding implementation of the customs' single administrative document (SAD). • Law of the Central Bank, the Banking System and Money. • Law No. 194 of 2020 promulgating the Central Bank and Banking System Law. • Procedures Circular No. 11 of 2021 regarding the procedures followed under the ACI system. • Decision No. 7 of 2022 regarding the approval of import documents (invoice - certificate of origin) submitted electronically or on paper.

	<ul style="list-style-type: none"> Decision of the Minister of Trade and Industry No. 550 of 2021 to stop the work of Ministerial Resolution No. 907 of 2019 regarding imposing final preventive measures on imports of iron or steel rods and bars; “reinforcing iron for construction purposes,” and classifying semi-finished products of iron or steel from Not mixtures. Procedures Circular No. 13 of 2022 regarding the abolition of import Circular No. 10 of 2022, whereby the exemption from the development fee issued by Law No. 83 of 2020 is limited to iron messages received from abroad, whether from alloys or non-alloys. Procedures Circular No. 29 of 2019 regarding protection fees imposed on reinforcing steel for construction purposes only.
Process participant	<ul style="list-style-type: none"> Egyptian Importer NAFEZA
Input and criteria to enter/ begin the business process	<ul style="list-style-type: none"> Egyptian Importer already have an account on NAFEZA Egyptian Importer is already licensed by GOEIC and have a valid tax and commercial register. The company exporting to Egypt is already registered on the CargoX platform
Activities and associated documentary requirements	<p>2.1.1. The Egyptian importer receives the Proforma-Invoice from the exporter after the final purchase order is sent to him.</p> <p>2.1.2. The Egyptian importer on the NAFEZA platform records all required exporter data, which includes (VAT number, supplier type if distributor or exporter), supplier country, name of the person dealing with the foreign company, the person’s ID number, telephone, e-mail).</p> <p>2.1.3. The Egyptian importer records all data on the shipment itself, which includes (purchase number and date, type of contract, port of loading, port of entry, bank name and SWIFT code, initial invoice number and date, number of invoice items, customs item, total value of invoice, value of each item, and the currency used).</p> <p>2.1.4. The Egyptian importers apply for ACID on NAFEZA.</p> <p>2.1.5. NAFEZA checks whether the data is complete or not.</p> <p>2.1.6. If the data is not complete, NAFEZA will notify the importer that some data is missing.</p> <p>2.1.7. The importer should then ask the exporter for the missing information.</p> <p>2.1.8. The supplier sends required data/information to the importer.</p>

	<p>2.1.9. The importer uses the data sent by the exporter to register on NAFEZA again.</p> <p>2.1.10. Once the data is complete, NAFEZA send all the data to customs for security Clearance.</p> <p>2.1.11. Customs receive the data via NAFEZA and do the checkup.</p> <p>2.1.12. Customs decide whether the application approved or not.</p> <p>2.1.13. If the application approved, NAFEZA will send ACID to both the importer and the exporter.</p> <p>2.1.14. If the application was rejected, NAFEZA will revoke the process.</p>
Output criteria to exit the business process	ACID Number
Average time required to complete this business process	2 days (48 Hours)

Core business process area 2.2: Apply for letter of credit

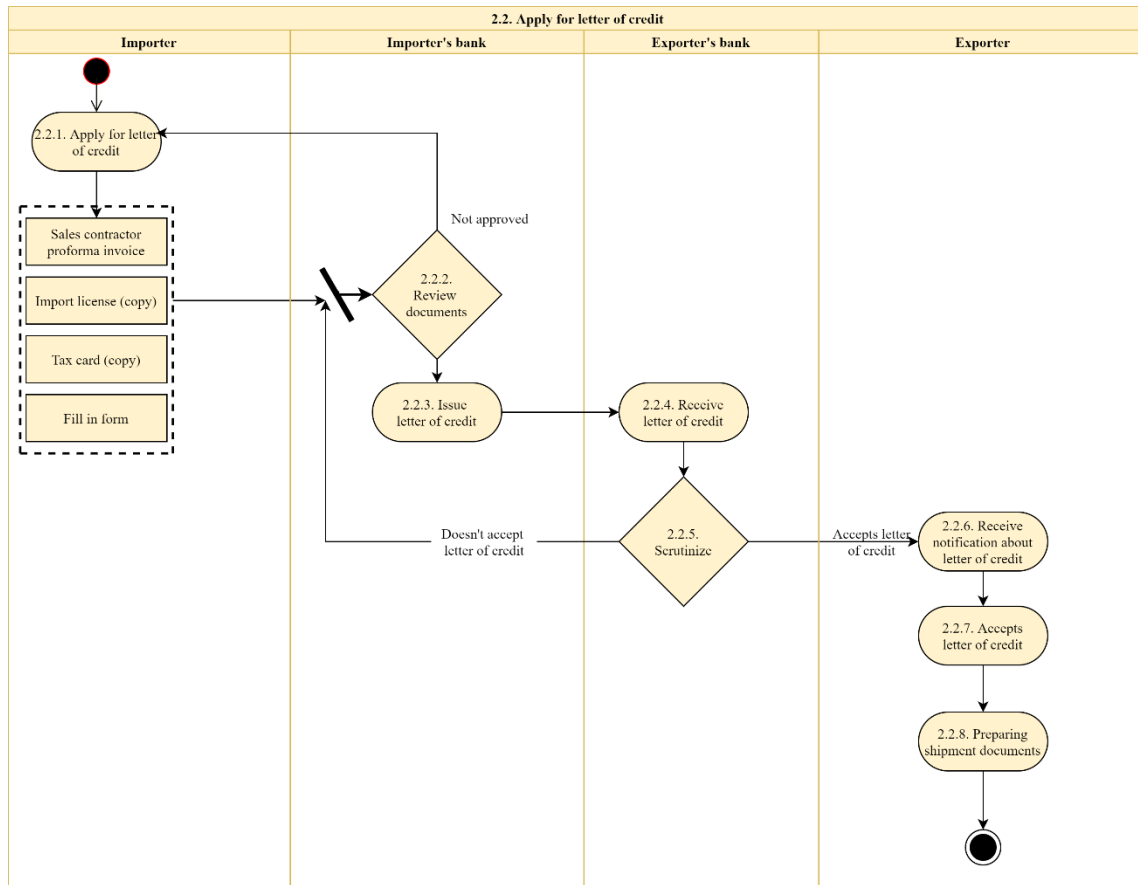
Figure 3.7. “Apply for letter of credit” use case diagram



The use case diagram shown in Figure 3.7 suggests that “apply for letter of credit” process requires the participation of:

- Egyptian importer.
- Importer’s bank.
- Exporter (supplier).
- Exporter’s bank.

Figure 3.8. “Apply for letter of credit” activity diagram

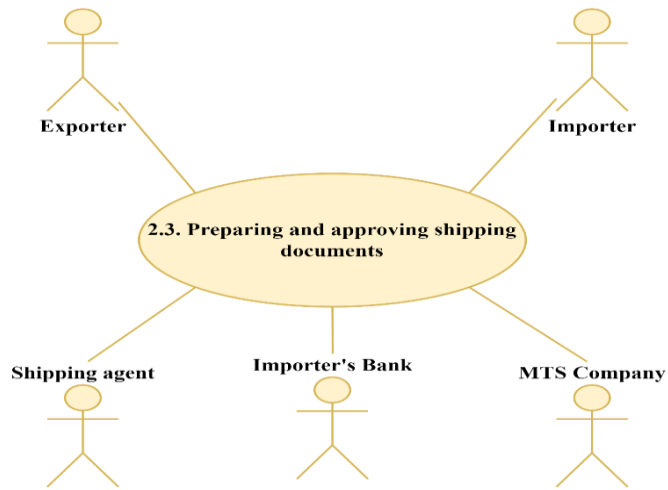


Name of a process area	2. Ship
Name of business process	2.2 Apply for letter of credit
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Law of the Central Bank, the Banking System and Money 2004. • Law No. 194 of 2020 promulgating the Central Bank and Banking System Law. • Letter of the Central Bank issued in February 2022 and the e-mail issued to banks on February 21 and its updated version in March 2022. • Central Bank circular dated 6 June 2022 regarding updating the response to banks' inquiries regarding documentary credits.

	<ul style="list-style-type: none"> • Procedures circular No. 6 of 2022 that each client notifies the Authority in writing of any changes to the registration data. • Import circular No. 32 of 2019 regarding Form 4 (cases of not requesting it, and receipt of payment of administrative expenses).
Process participant	<ul style="list-style-type: none"> • Egyptian Importer. • Exporter (supplier). • Importer's Bank. • Exporter's Bank.
Input and criteria to enter/ begin the business process	<ul style="list-style-type: none"> • Sales contract has already been concluded.
Activities and associated documentary requirements	<p>2.2.1. The importer applies for a letter of credit (LC) at the importer's bank and provides all required documents (Application form – Tax card – Copy of the import license – Sales contact).</p> <p>2.2.2. The importer's bank reviews all documents submitted, and evaluates the importer's credit status, if the application is not approved the bank asks the importer to re-apply for LC.</p> <p>2.2.3. If the application approved, the importer's bank approves the application, issues a letter of credit and sends it to the exporter's bank (advisory bank).</p> <p>2.2.4. The exporter's bank receives the letter of credit from the importer's bank.</p> <p>2.2.5. The exporter's bank and reviews all terms and conditions. If LC is not accepted, exporter's bank notifies the importer's bank with the result.</p> <p>2.2.6. If LC is accepted, the exporter receives notification of the letter of credit.</p> <p>2.2.7. The exporter accepts letter of credit.</p> <p>2.2.8. The exporter starts the preparation of shipment documents.</p>
Output criteria to exit the business process	LC has been already opened.
Average time required to complete this business process	<p>Steps to apply and approve documents (1 – 3 months) depending on the size of the importing enterprise.</p> <p>The bigger the enterprise the faster the process.</p>

Core business process area 2.3: Preparing and approving shipping documents

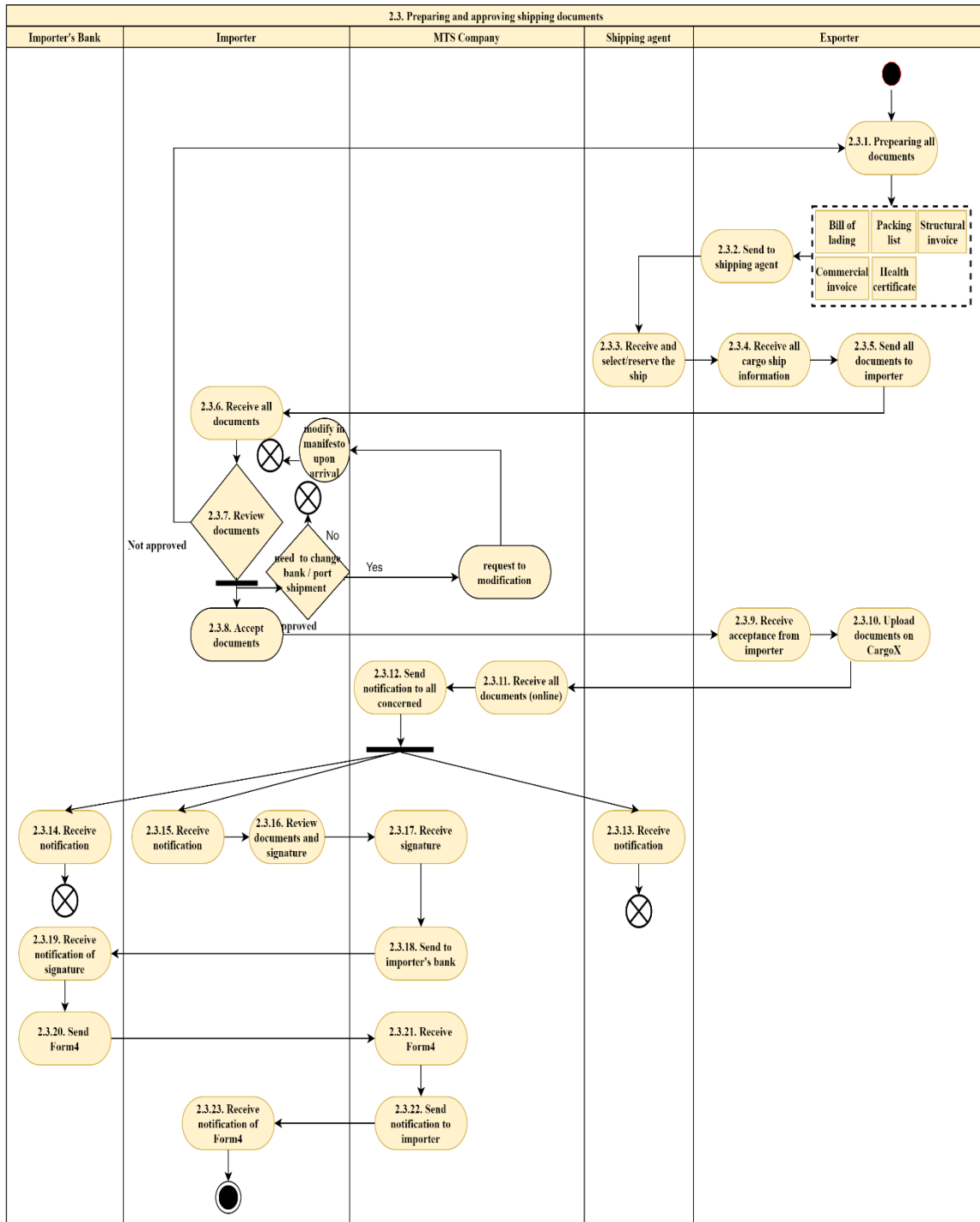
Figure 3.9. “Preparing and approving shipping documents” use case diagram



The use case diagram shown in Figure 3.9 suggests that “Preparing and approving shipping documents” process requires the participation of:

- Egyptian importer.
- Exporter (supplier).
- Shipping Agent.
- Importer’s bank.
- MTS Company.

Figure 3.10. “Preparing and approving shipping documents” activity diagram

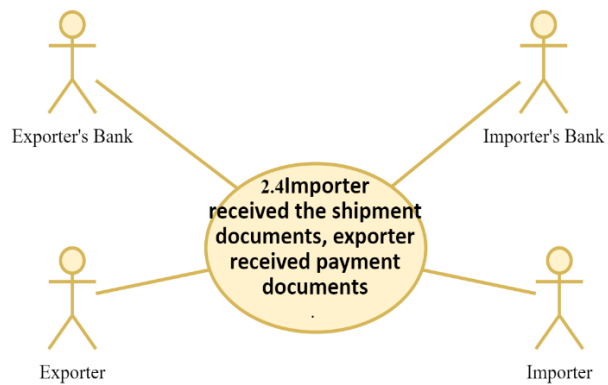


Name of a process area	2. Ship
Name of business process	2.3. Preparing and approving shipping documents
Related laws, rules, and Regulations	<ul style="list-style-type: none"> • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance decision No. 430 of 2021 and their amendments. • Law of the Central Bank, the Banking System and Money 2004. • Law No. 1.94 of 2020 promulgating the Central Bank and Banking System Law • Letter of the Central Bank issued in February 2022 and the e-mail issued to banks on February 21 and its updated version in March 2022. • Central Bank circular dated 6 June 2022 regarding updating the response to banks' inquiries regarding documentary credits. • Import Circular No. 32 of 2019 regarding Form 4 (cases of not requesting it, and receipt of payment of administrative expenses). • Procedures Circular No. 29 of 2019 regarding protection fees imposed on reinforcing steel for construction purposes only.
Process participant	<ul style="list-style-type: none"> • Exporter. • Importer. • Importer's Bank. • MTS Company. • Shipping Agent.
Input and criteria to enter/ begin the business process	<ul style="list-style-type: none"> • Importer obtained ACID Number and sent it to the exporter to put it on all documents.
Activities and associated documentary requirements	<p>2.3.1. The exporter (supplier) prepares all documents for shipment including: bill of lading, packaging list, analysis certificate, structural invoice, analysis certificates.</p> <p>2.3.2. The exporter(supplier) sends all the documents to the shipping agent.</p> <p>2.3.3. The shipping agent receives documents and make the reservation</p> <p>2.3.4. The exporter(supplier) receives all cargo/ship information.</p>

	<p>2.3.5. The exporter sends all documents to the importer including the shipping details such as vessel name and number, arrival dates, as well as the documents until the terms are settled.</p> <p>2.3.6. The importer receives the documents.</p> <p>2.3.7.</p> <ul style="list-style-type: none"> • The importer reviews the documents, if not approved he will inform the exporter to re-prepare the documents • If the importer needs to amend the bank or the port of shipment, there is no way to do this on the NAFEZA platform. <p>2.3.8. If approved, the importer will acknowledge the acceptance of all documents.</p> <p>2.3.9. The exporter(supplier) receives acceptance from the importer.</p> <p>2.3.10. The exporter uploads all documents on the CargoX platform, which is linked to the NAFEZA platform.</p> <p>2.3.11. NAFEZA receives all documents.</p> <p>2.3.12. NAFEZA notifies all concerned partners that the documents are well received.</p> <p>2.3.13. Shipping agent receives notification that the documents is well received.</p> <p>2.3.14. Importer's bank receives notification that the documents is well received.</p> <p>2.3.15. The importer receives notification that the documents is well received.</p> <p>2.3.16. The importer accesses the NAFEZA site, reviews the documents and places the electronic signature on them.</p> <p>2.3.17. NAFEZA receives the signature of the importer.</p> <p>2.3.18. NAFEZA sends documents to the bank.</p> <p>2.3.19. The bank is notified, and the importer awaits the bank's approval to sign.</p> <p>2.3.20. The bank approves and sends the shipment Form 4 on the NAFEZA platform (recent procedure).</p> <p>2.3.21. The NAFEZA receives Form 4.</p> <p>2.3.22. The NAFEZA sends a notification to importer that form 4 is received.</p> <p>2.3.23. The importer acknowledges notification.</p>
Output criteria to exit the business process	Approved shipping documents.
Average time required to complete this business process	3 days.

Core business process area 2.4: Importer received the shipment documents, exporter received payment

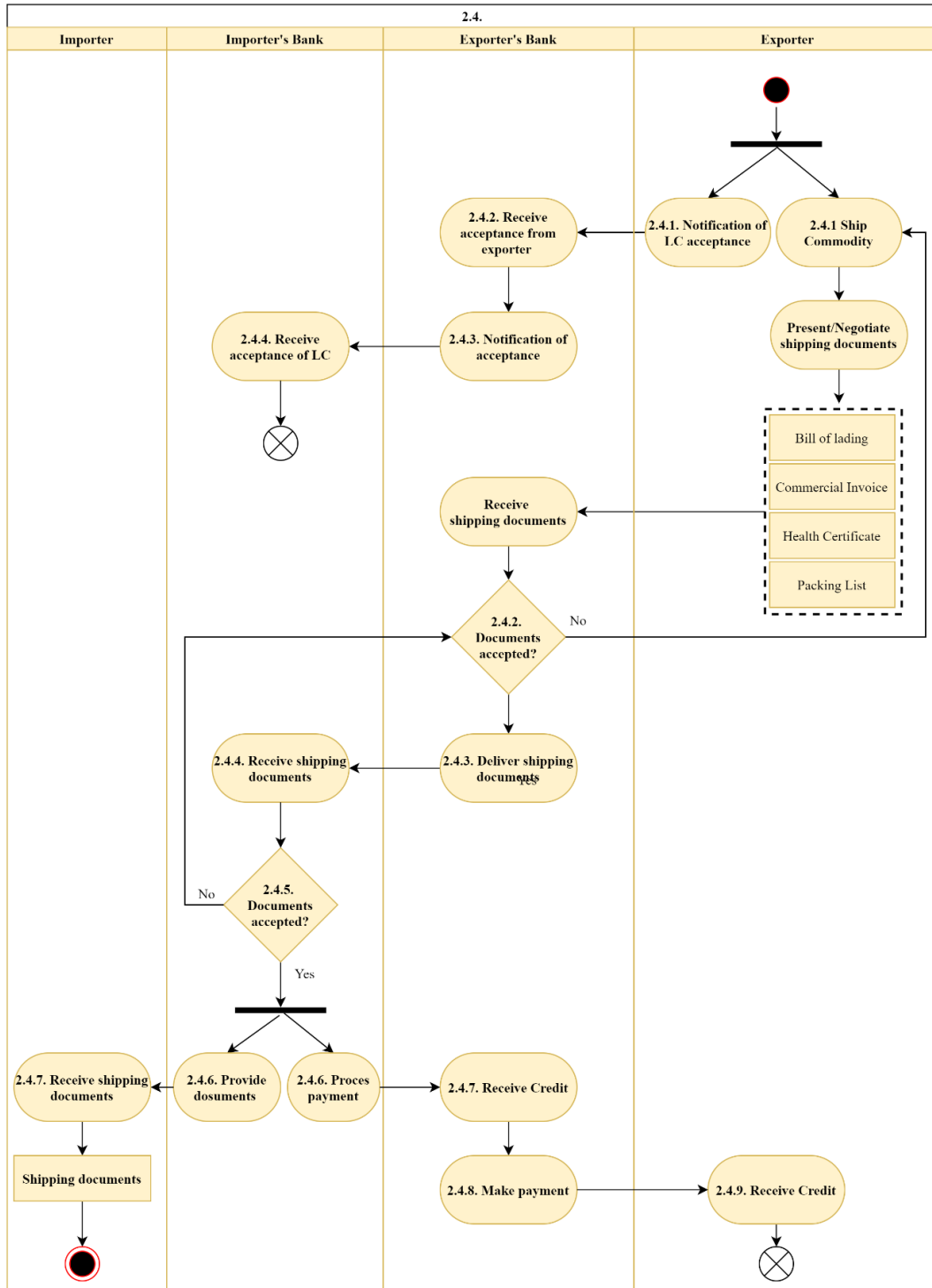
Figure 3.11. “Importer received the shipment documents, exporter received payment” use case diagram



The use case diagram shown in Figure 3.11 suggests that “apply for letter of credit” process requires the participation of:

- Egyptian importer.
- importer’s bank.
- Exporter(supplier).
- Exporter’s bank.

Figure 3.12. “Importer received the shipment documents, exporter received payment documents” activity diagram

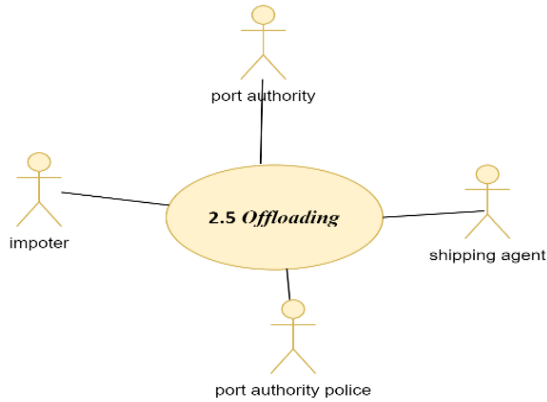


Name of a process area	2. Ship
Name of business process	2.4. <i>Importer received the shipment documents, exporter received payment</i>
Related laws, rules, and Regulations	<ul style="list-style-type: none"> • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Law of the Central Bank, Banking System and Money 2004. • Law No. 194 of 2020 promulgating the Central Bank and Banking System Law. • Letter of the Central Bank issued in February 2022 and the email issued to banks on February 21 and its updated version in March 2022 regarding documentary credits. • Central Bank circular dated June 6, 2022, regarding updating the response to banks' inquiries regarding documentary credit. • Procedures Circular No. 13 of 2022 regarding the abolition of import Circular No. 10 of 2022, whereby the exemption from the development fee issued by Law No. 83 of 2020 is limited to iron shipments received from abroad, whether from alloys or non-alloys. • Procedures Circular No. 29 of 2019 regarding protection fees imposed on reinforcing steel for construction purposes only.
Process participant	<ul style="list-style-type: none"> • Egyptian importer. • Importer's bank. • Exporter(supplier). • Exporter's bank.
Input and criteria to enter/begin the business process	LC has been already opened.
Activities and associated documentary requirements	<p>2.4.1.</p> <ul style="list-style-type: none"> • Supplier notifies the acceptance of LC to exporter's bank. • The exporter reviews the terms and conditions. If the exporter believes that the importer can meet all the terms and conditions, the goods are sent. The exporter then sends shipping documents to the exporter's bank. <p>2.4.2.</p> <ul style="list-style-type: none"> • The exporter's bank receives acceptance of the letter of credit from the exporter and checks the shipping documents in exchange for the letter of credit. • The exporter's bank receives shipping documents from the exporter and reviews the shipping documents. <p>2.4.3.</p>

	<ul style="list-style-type: none"> • If the documents meet the terms and conditions of the letter of credit, the bank sends the shipping documents to the importer's bank. • The exporter's bank gives notification of acceptance to importer's bank. <p>2.4.4. The importer's bank receives shipping documents.</p> <p>2.4.5.</p> <ul style="list-style-type: none"> • The importer's bank receives and inspects shipping documents. If the documents meet the terms of the letter of credit, they are released to the importer. • The importer's bank receives acceptance of the letter of credit. <p>2.4.6.</p> <ul style="list-style-type: none"> • The importer's bank pays to the exporter's bank (credit). • The importer's bank provides shipping documents to the importer. <p>2.4.7. The exporter's bank receives payment notice (credit) from the importer's bank.</p> <p>2.4.8. The exporter's bank transfers the payment to the exporter.</p> <p>2.4.9. The exporter receives payments from it.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Egyptian importer received documents. • Exporter (supplier) received payment.
Average time required to complete this business process	1-3 months depending on the size of the importing enterprise. The bigger the enterprise the faster the process.

Core business process area 2.5: Offloading

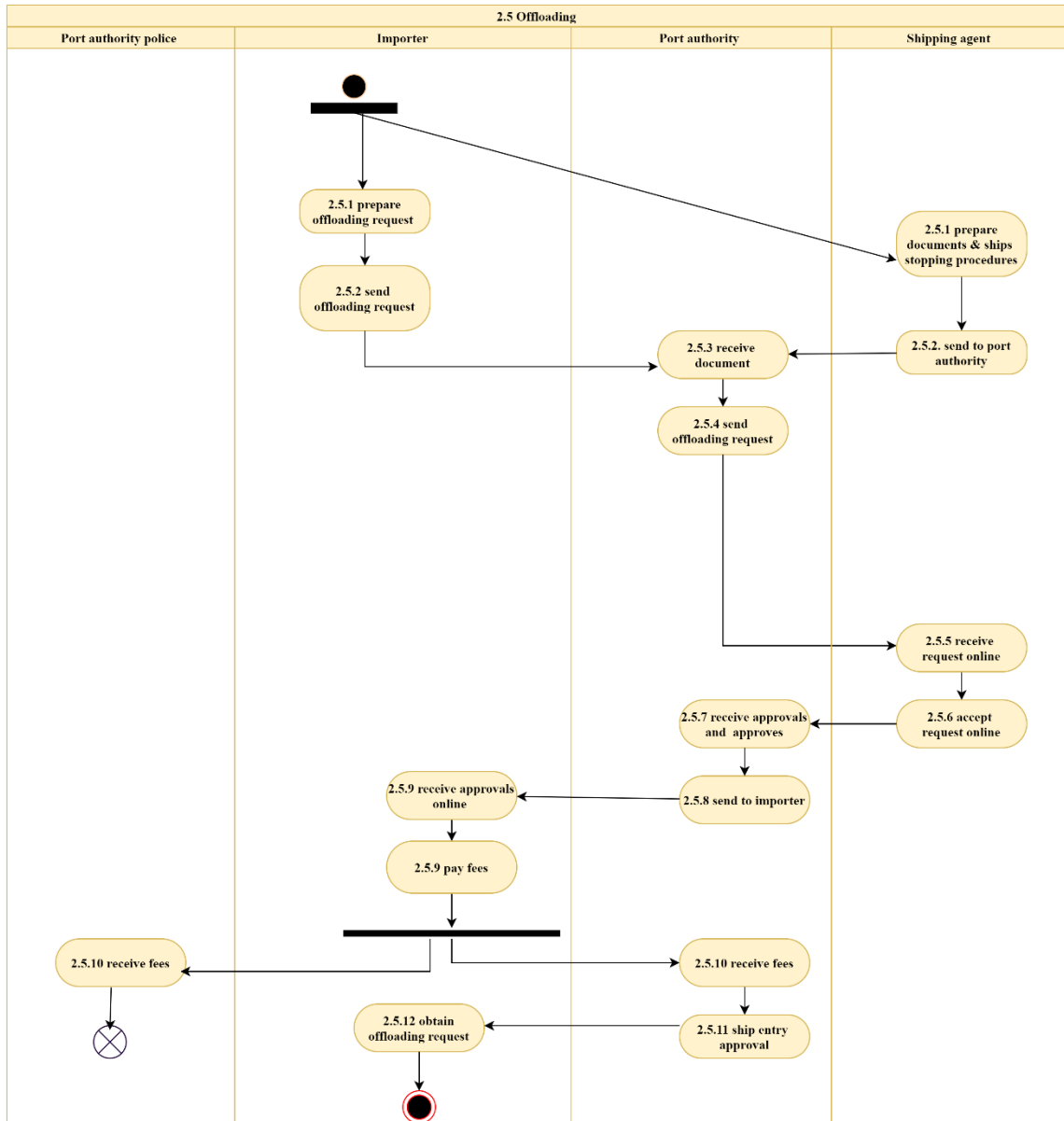
Figure 3.13. “Offloading” use case diagram



The use case diagram shown in Figure3.13 suggests that “Offloading” process requires the participation of:

- Egyptian importer
- port authority
- port authority police
- shipping agent

Figure 3.14. “Offloading” activity diagram

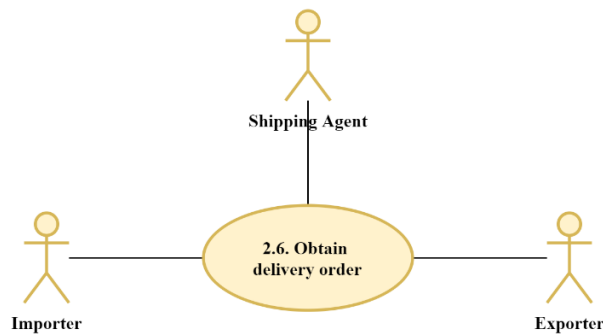


Name of a process area	2. Ship
Name of business process	2.5 Offloading
Related laws, rules, and Regulations	<ul style="list-style-type: none"> • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Resolution No. 770 of 2005 and their amendments • Decision No. 800 of 2016 issuing a regulation governing the conduct of activities and works related to maritime transport and cost of their use. • Customs Law No. 207 of 2020 and its executive regulations promulgated by Minister of Finance decision No. 430 of 2021 and their amendments.
Process participant	<ul style="list-style-type: none"> • Egyptian Importer. • port authority. • port authority police. • shipping agent.
Input and criteria to enter/ begin the business process	
Activities and associated documentary requirements	<p>2.5.1.</p> <ul style="list-style-type: none"> • The importer or (customs clearing agent) processes an offloading order about 7 to 10 days before the shipment arrives (the average cost is EGP 25 per ton). • The shipping agent also prepares the procedures and manifest data and upload it online on NAFEZA at least 48 hours before the arrival of the shipment. <p>2.5.2.</p> <ul style="list-style-type: none"> • The shipping agent submits a request to the Port Authority for anchor the ship on the quay. • The importer or customs clearing agent sends the offloading request to the port authority. <p>2.5.3. Port Authority receive documents and offloading request.</p> <p>2.5.4. Port Authority send to the responsible authorities for approval (like shipping agent).</p> <p>2.5.5. Each of these entities receives request from port authority.</p> <p>2.5.6. Each of these entities sends their approval to port authority.</p> <p>2.5.7. Port Authority receives approvals, and approves also</p> <p>2.5.8. Port Authority send approvals to importer.</p> <p>2.5.9. The importer receives approvals and pays the required payment to the Port Authority& the Port Authority police.</p>

	<p>2.5.10. The Port Authority & the Port Authority police receives payment and issue receipts.</p> <p>2.5.11.</p> <ul style="list-style-type: none"> • The port authority officer issues approval for the entry of the vessel. • The quarantine officer boards the vessel, performs a visual inspection, and issues a permit for approval of the vehicle (CROLEST). <p>2.5.12. Importer obtains the obtains approval for the offloading request and offloading begins.</p>
Output criteria to exit the business process	The Egyptian importer obtains approval for the offloading request
Average time required to complete this business process	1 hour

Core business process area 2.6: Obtain delivery order

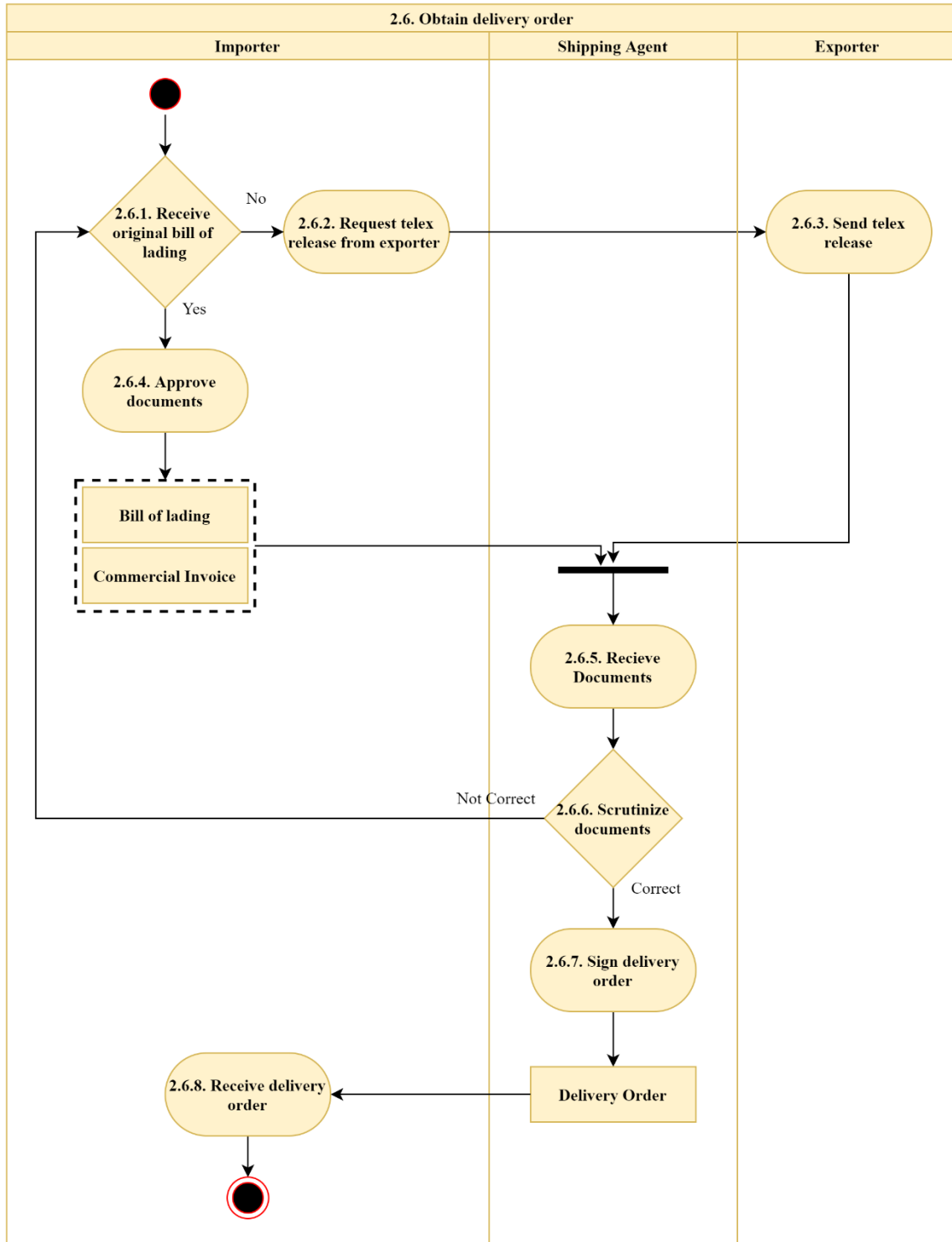
Figure 3.15. “Obtain delivery order” use case diagram



The use case diagram shown in Figure 3.15 suggests that “Obtain delivery order” process requires the participation of:

- Egyptian Importer
- Exporter (supplier)
- Shipping Agent

Figure 3.16. “Obtain delivery order” activity diagram

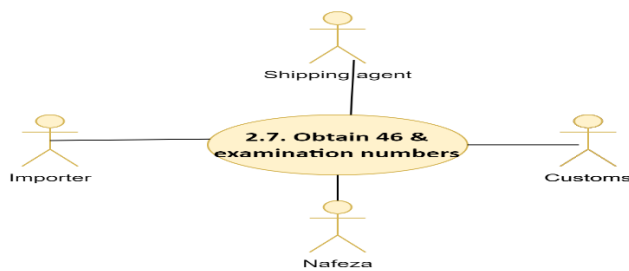


Name of a process area	2. Ship
Name of business process	2.6. Obtain delivery order
Related laws, rules, and Regulations	<ul style="list-style-type: none"> • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendment. • Customs Law No. 207 of 2020 and its executive regulations promulgated by Minister of Finance decision No. 430 of 2021 and their amendments. • Decision of the Minister of Commerce and Industry No. 190 of 2022 regarding the ban on the export of some types of scrap, raw materials, and dashboard paper.
Process participant	<ul style="list-style-type: none"> • Importer. • Shipping agent. • Exporter(supplier).
Input and criteria to enter/begin the business process	Egyptian importer has the bill of lading or the telex release.
Activities and associated documentary requirements	<p>2.6.1 Did the bank deliver the documents to the importer on time?</p> <p>2.6.2 If the bank did not deliver the documents to the importer on time, the requests telex release from the exporter via email.</p> <p>2.6.3 The exporter sends telex release to the shipping agent.</p> <p>2.6.4 If the bank delivered the documents to the importer on time, the importer approves the documents and uses the original copy of the bill of lading along with the commercial invoice to apply for the delivery order.</p> <p>2.6.5 The shipping agent receives either the original copy of the bill of lading or the telex release.</p> <p>2.6.6 The shipping agent reviews the documents, if they are not acceptable the importer has to start all over again.</p> <p>2.6.7 If the documents were accepted, the shipping agent signs the delivery order.</p> <p>2.6.8 The importer collects the delivery order.</p>
Output criteria to exit the business process	Delivery order.

Average time required to complete this business process	1 hour (Depends on the steps above).
----------------------------------------------------------------	--------------------------------------

Core business process area 2.7: Obtain 46 & examination numbers

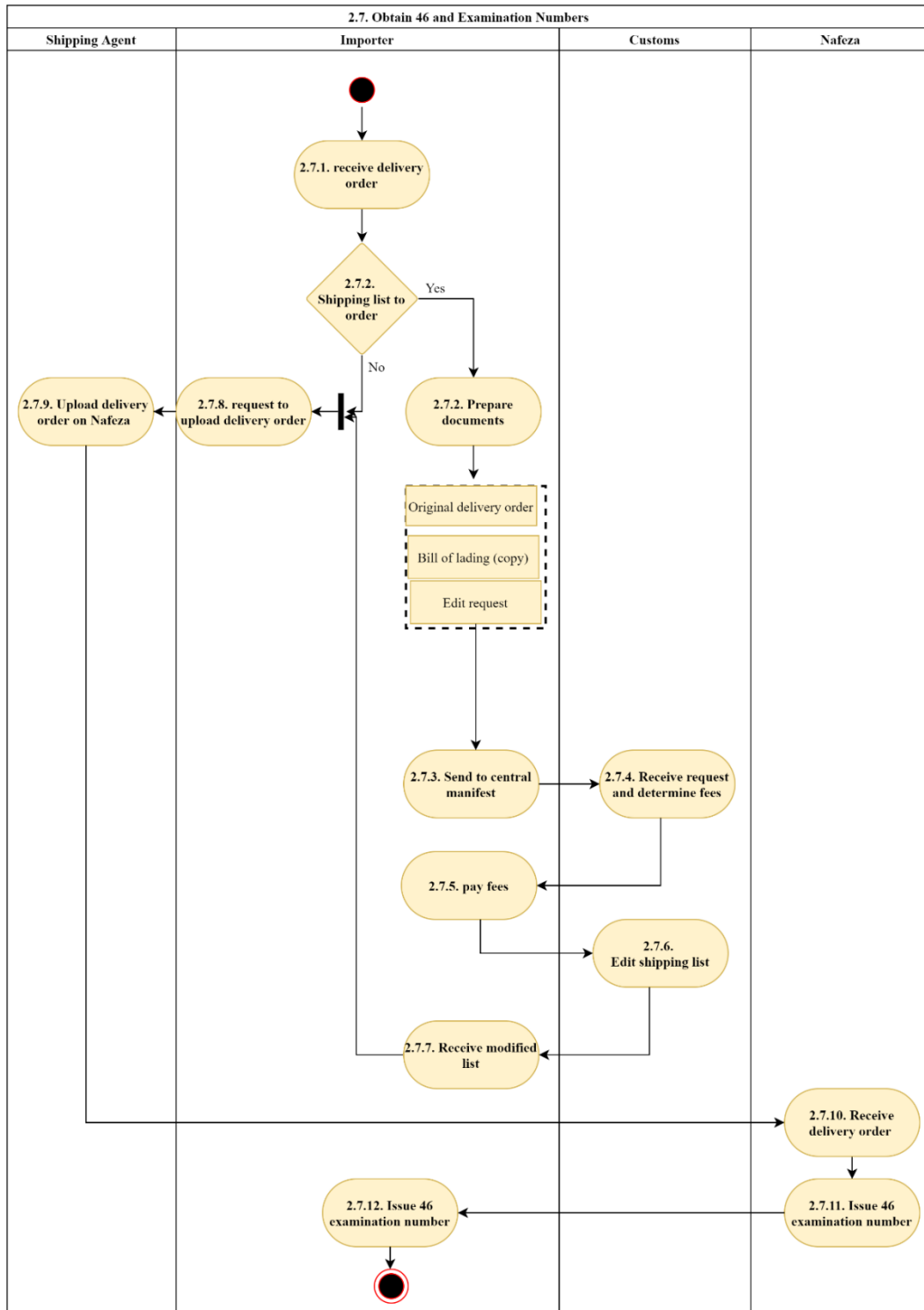
Figure 3.17. “Obtain 46 & examination numbers” use case diagram



The use case diagram shown in Figure 3.17 suggests that “Obtain 46 & examination numbers” process requires the participation of:

- importer
- customs
- Shipping Agent
- NAFEZA platform

Figure 3.18. “Obtain 46 & examination numbers” activity diagram



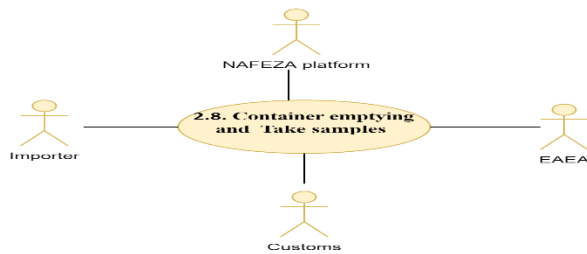
Name of a process area	2. Ship
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Name of business process	2.7. Obtain 46 & examination numbers
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Customs Law No. 207 of 2020 and its executive regulations promulgated by Minister of Finance Decision No. 430 of 2021 and their amendments. • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Decision of the Minister of Trade and Industry No. 663 of 2021 regarding the continuation of the export fee on some types of scrap and raw materials.
Process participant	<ul style="list-style-type: none"> • Egyptian Importer. • Customs. • Shipping Agent. • NAFEZA platform.
Input and criteria to enter/ begin the business process	Importer already received the delivery order.
Activities and associated documentary requirements	<p>2.7.1. Egyptian Importer or customs clearing agent receives delivery order</p> <p>2.7.2. If the shipping list is "To order," Importer or customs clearing agent prepares documents like (original delivery order, bill of lading (copy), edit request).</p> <p>2.7.3. Importer or customs clearing agent submits central manifest at the customs authority to modify the shipping list.</p> <p>2.7.4. Central manifest receives request and determine the fees.</p> <p>2.7.5. Importer or customs clearing agent is notified to pay fees</p> <p>2.7.6. Central manifest edits shipping list.</p> <p>2.7.7. Importer or customs clearing agent receives modified list.</p> <p>2.7.8. Importer or customs clearing agent ask shipping agent to upload delivery order on NAFEZA (online).</p> <p>2.7.9. shipping agent upload delivery order.</p> <p>2.7.10. NAFEZA receives delivery order.</p> <p>2.7.11. NAFEZA issue 46 & examinations numbers.</p> <p>2.7.12. Importer receives 46 & examinations numbers</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • 46 Number • Examination number

Average time required to complete this business process	1 hour
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Core business process area 2.8: Container emptying and Take samples

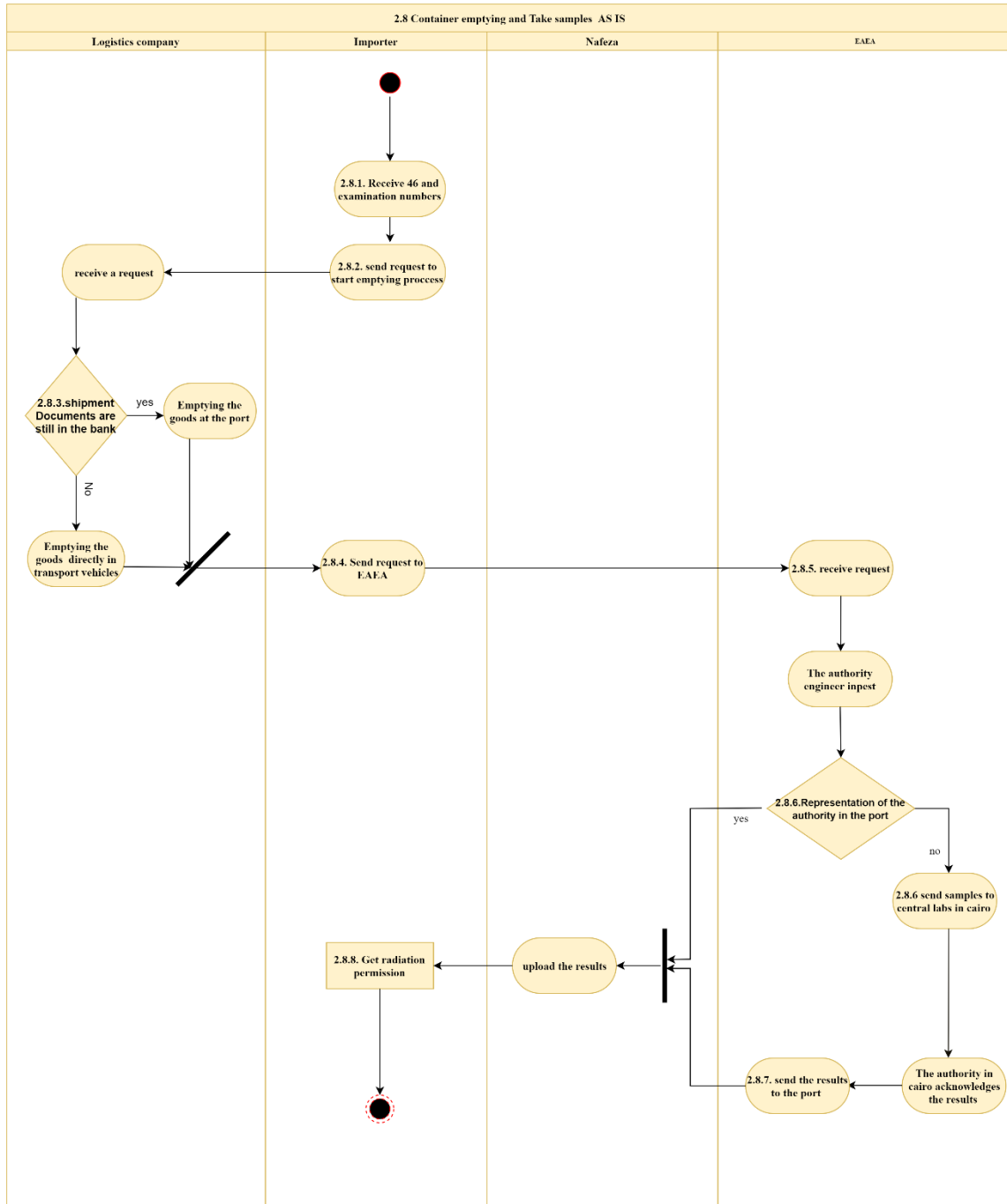
Figure 3.19. “Container-emptying and sample-taking” use case diagram



The use case diagram shown in Figure 3.19 suggests that “Take samples and receive shipment under reservation” process requires the participation of:

- Egyptian Importer
- EAEA
- Customs
- NAFEZA

Figure 3.20. “Container-emptying and sample-taking activity diagram”

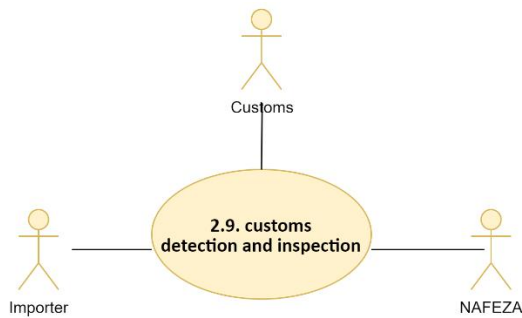


Name of a process area	2. Ship
Name of business process	2.8. Container-emptying and sample-taking
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Customs Law No. 207 of 2020 and its executive regulations promulgated by Minister of Finance Decision No. 430 of 2021 and their amendments • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments
Process participant	<ul style="list-style-type: none"> • Egyptian Importer • EAEA • Customs • NAFEZA
Input and criteria to enter/ begin the business process	Egyptian importer already has 46 number and examination number
Activities and associated documentary requirements	<p>2.8.1. The importer or clearing agent receives the number of (46) as well as the examination number through the NAFEZA platform</p> <p>2.8.2. The importer sends a request to logistics company to start emptying process.</p> <p>2.8.3.</p> <ul style="list-style-type: none"> • The company starts emptying the goods in the vehicles if the importer obtained the shipment documents from the bank(80 \$ /ton per day If there is a delay in emptying). • If the importer does not obtain the documents, the goods are stored on a pier in the port (500 LE/ton per day). <p>2.8.4. The importer sends a request to EGYPTIAN ATOMIC ENERGY AUTHORITY(EAEA) to begin radiation detection.</p> <p>2.8.5. The Authority receives a request, and the authority engineer inspects the goods</p> <p>2.8.6. If the authority has representation in the port, the inspection engineer informs it of the results, and the result is submitted to the NAFEZA. If the authority does not have representation at the port, the results are sent to Cairo to obtain the signature of the responsible manager and send it again to the port in an envelope.</p> <p>2.8.7. EAEA sends results to the port.</p>

	2.8.8. Importer receives radiation permission from NAFEZA.
Output criteria to exit the business process	Importer completed the regulatory requirements to receive shipment.
Average time required to complete this business process	4 days.

Core business process area 2.9: customs detection and inspection

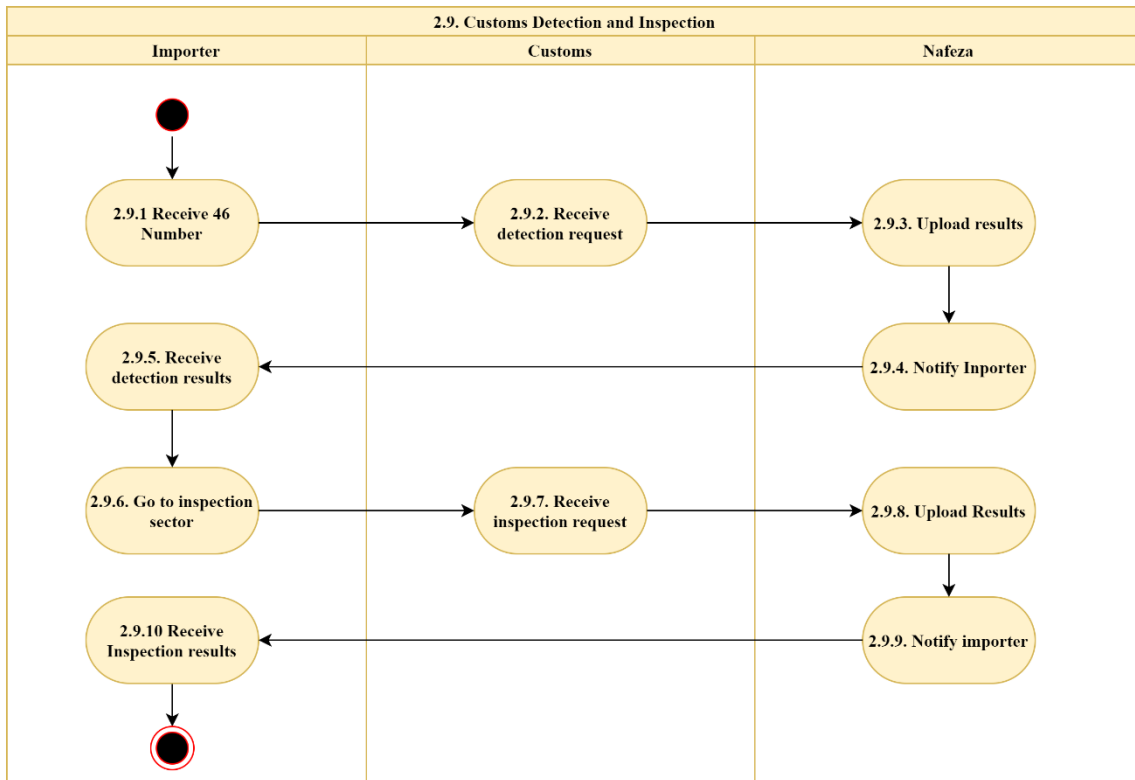
Figure 3.21. “Customs detection and inspection” use case diagram



The use case diagram shown in Figure 3.21 suggests that “customs detection and inspection” process requires the participation of:

- Egyptian importer
- NAFEZA
- Customs

Figure 3.22. “Customs detection and inspection” activity diagram

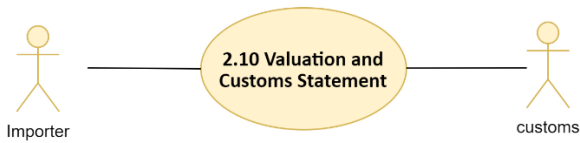


Name of a process area	2. Ship
Name of business process	2.9. Customs detection and inspection
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Customs Law No. 207 of 2020 and its executive regulations promulgated by Minister of Finance Decision No. 430 of 2021 and their amendments. • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments.
<ul style="list-style-type: none"> • Process participant 	<ul style="list-style-type: none"> • Importer. • NAFEZA. • Customs.
Input and criteria to enter/ begin the business process	Samples have already been drawn.
Activities and associated documentary requirements	<p>2.9.1. Egyptian importer receives number of 46 to begin the customs clearance procedures.</p> <p>2.9.2.</p> <ul style="list-style-type: none"> • The importer or customs clearing agent presents the shipment to the customs inspection officer to analyze and verify the goods. • The officer of detection receives request and perform detection. <p>2.9.3. The officer uploads the result on the NAFEZA platform.</p> <p>2.9.4. NAFEZA notifies importer.</p> <p>2.9.5. Importer receives the results of detection.</p> <p>2.9.6. Importer begins the procedures of the inspection to determine the type of good and customs classification of the shipment.</p> <p>2.9.7. The inspector receives request and perform inspection.</p> <p>2.9.8. The inspector uploads the result on the NAFEZA platform.</p> <p>2.9.9. NAFEZA notifies importer.</p> <p>2.9.10. Importer receives the results of inspection.</p>
Output criteria to exit the business process	Inspected goods.
Average time required to	2 hours.

complete this business process	
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Core business process area 2.10: Valuation and Customs Statement

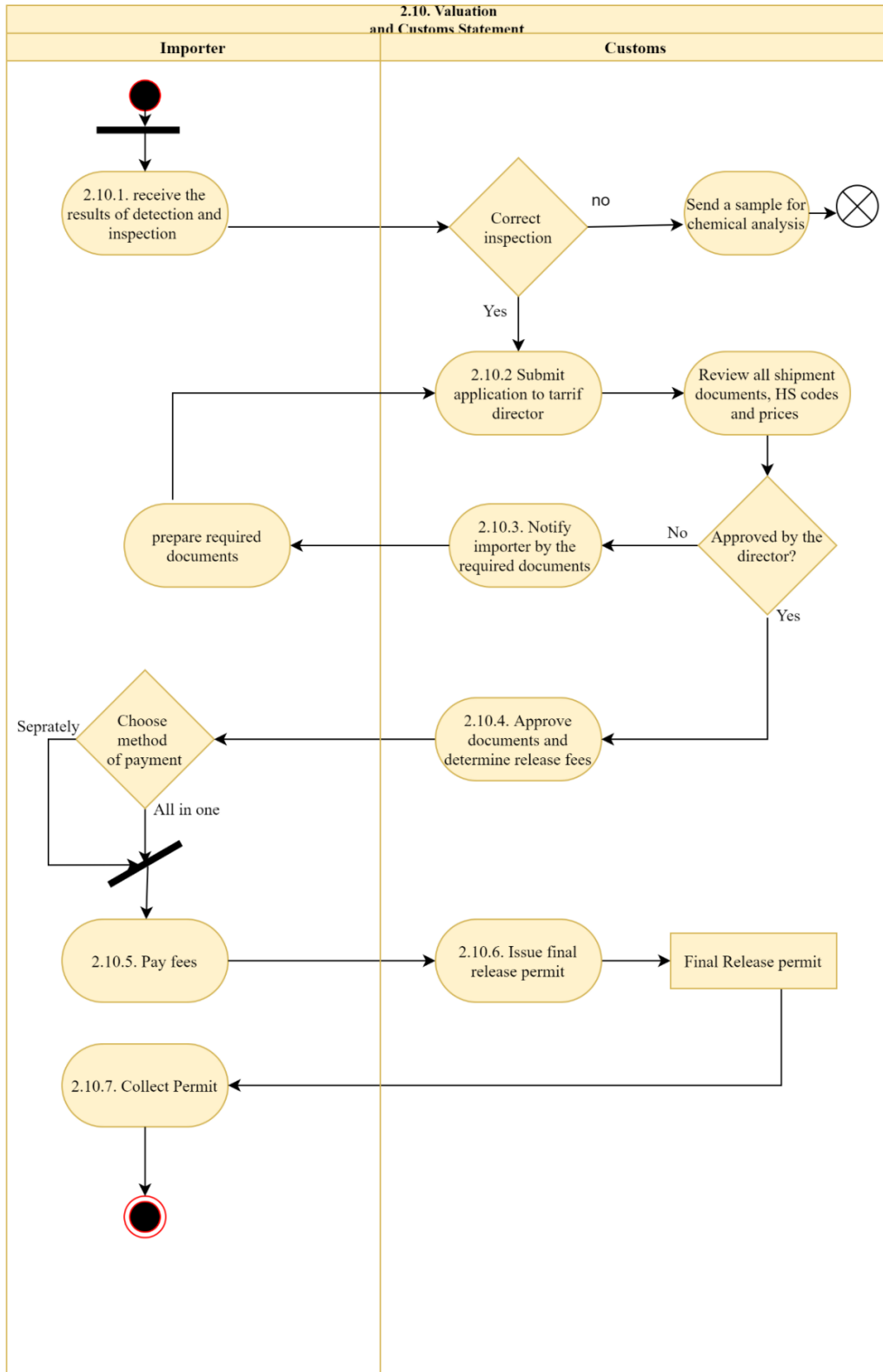
Figure 3.23. “Valuation and Customs Statement” use case diagram



The use case diagram shown in Figure 3.23 suggests that “Valuation and Customs Statement” process requires the participation of:

- Egyptian importer
- Customs

Figure 3.24. “Valuation and customs statement” activity diagram

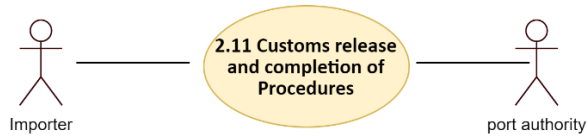


Name of a process area	2. Ship
Name of business process	2.10. Valuation and customs statement
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Decision of the Minister of Trade and Industry No. 663 of 2021 regarding the continuation of the export fee on some types of scrap and raw materials • Decision of the Ministry of Trade and Industry No. 155 of 2021 regarding imposing final anti-dumping duties on imports of iron alloys (ferrosilicon) originating or exporting from China, India and the Russian Federation. • Customs Law No. 207 of 2020 and its executive regulations promulgated by Minister of Finance Decision No. 430 of 2021 and their amendments. • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Law No. 67 of 2016 promulgating the Value Added Tax Law and its executive regulations issued by the Minister of Finance Decision No. 66 of 2017. • Procedures Circular No. 4 of 2022 reminding of the procedures of Circular 43 of 2020 regarding valuation procedures under MTS. • Procedures Circular No. 7 of 2021 regarding the competencies of the sampling appraiser by inspection and x-rays -- the competencies of the documentary appraiser, etc. • Import Circular No. 26 of 2019 regarding raising the value recognized by the concerned person on the customs certificate over the value of Form 4. • Decision of the Minister of Trade and Industry No. 1156 of 2019 regarding the continuation of the issued fee on some types of scrap and raw materials.
Process participant	<ul style="list-style-type: none"> • Importer. • Customs.
Input and criteria to enter/ begin the business process	Detection and inspection have been completed

<p>Activities and associated documentary requirements</p>	<p>2.10.1.</p> <ul style="list-style-type: none"> • Importer receives the results of detection and inspections, also tariff manager. • If the inspection is incompatible a sample is sent to the chemistry department for examination. <p>2.10.2. Tariff Manager reviews all documents and makes sure that all import restrictions are met, and reviews prices to make sure of them.</p> <p>2.10.3. If there are problems with the documents, the importer is notified.</p> <p>2.10.4. The tariff manager approves the documents and sets the fees required for release which include (customs duties, value added, tax of with commercial and industrial revenue of 1%, and NAFEZA fees at EGP 1780).</p> <p>2.10.5. The importer or customs clearing agent pays the required amount that appears in a unified invoice.</p> <p>2.10.6. Customs receives the amount and uploads the payment status to a NAFEZA platform, and a release permit is issued.</p> <p>2.10.7. After the payment process is completed, the importer or clearing agent can print the customs statement and customs clearance on the NAFEZA platform.</p>
<p>Output criteria to exit the business process</p>	<p>Customs statement.</p>
<p>Average time required to complete this business process</p>	<ul style="list-style-type: none"> • Average 1 day (customs clearance agents are still operating just as before only with automated procedures (not digitized)). Each approving authority at the other end is still following its own separate procedures/approval process without integration with others.

Core business process area 2.11: Customs release and completion of Procedures

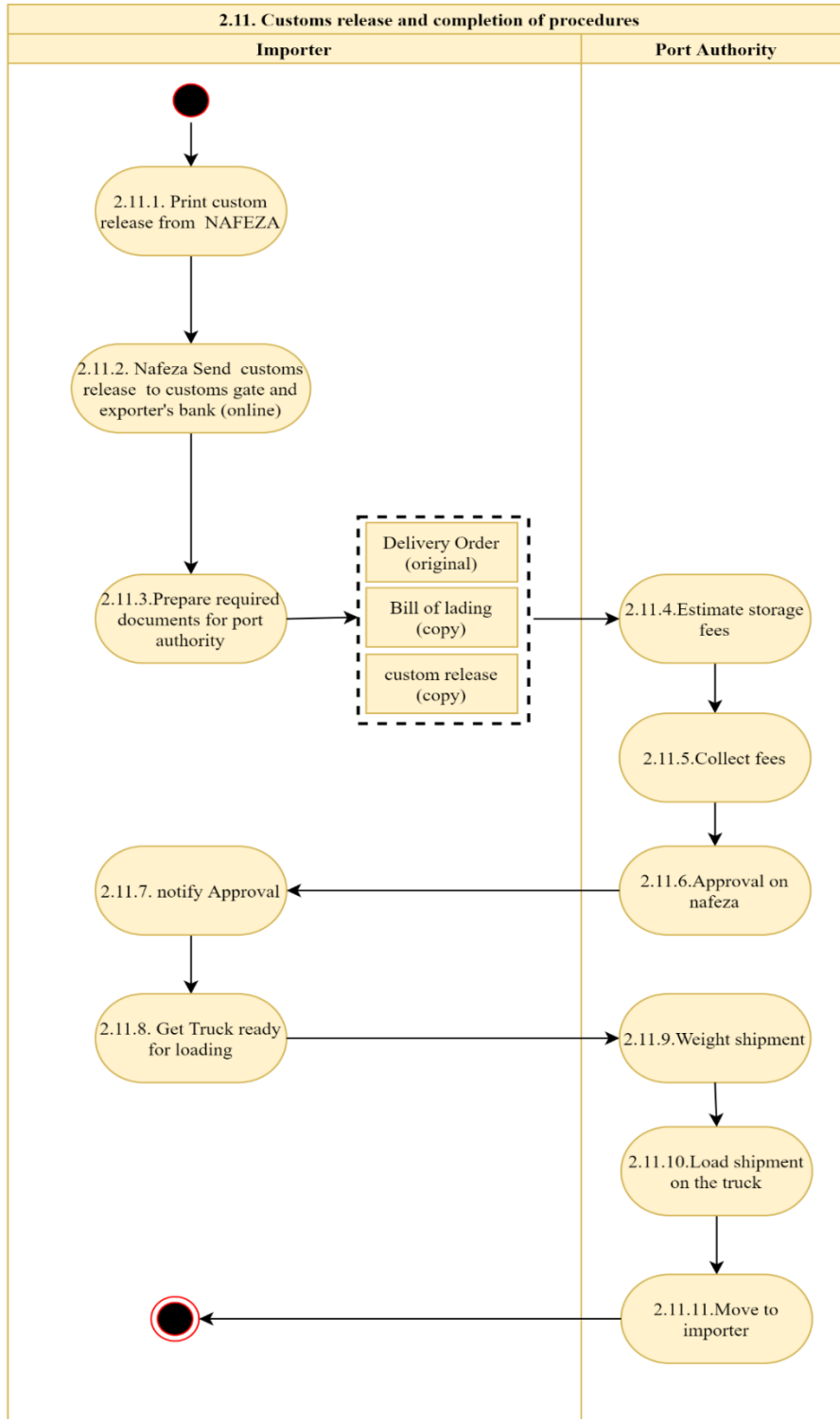
Figure 3.25. “Customs release and completion of Procedures” use case diagram



The use case diagram shown in Figure 3.25 suggests that “Customs release and completion of Procedures” process requires the participation of:

- Egyptian Importer
- Port authority

Figure 3.26. “Customs detection and inspection” activity diagram



Name of a process area	2. Ship
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Name of business process	2.11. Customs release and completion of procedures
Related laws, rules, and Regulations	<ul style="list-style-type: none"> • Decision of the Minister of Trade and Industry No. 663 of 2021 regarding the continuation of the export fee on some types of scrap and raw materials. • Decision of the Ministry of Trade and Industry No. 155 of 2021 regarding imposing final anti-dumping duties on imports of iron alloys (ferrosilicon) originating or exporting from China, India, and the Russian Federation. • Decision of the Minister of Trade and Industry No. 1156 of 2019 regarding the continuation of the issued fee on some types of scrap and raw materials. • Customs Law No. 207 of 2020 and its executive regulations issued by Minister of Finance Decree No. 430 of 2021 and their amendments. • Law No. 118 of 1975 promulgating the Import and Export Law and its executive regulations issued by Ministerial Decision No. 770 of 2005 and their amendments. • Decision of the Minister of Finance No. 367 of 2021 regarding prior customs clearance procedures. • Procedures Circular No. 8 of 2021 regarding procedures of the specific tariff manager after completion of the appraisal process and turning the declaration into approved and under payment. • Reminder Procedures Circular No. 2 of 2021 regarding the documents to be submitted for the release of imported and exported goods. • Procedures Circular No. 23 of 2020 regarding prior release. • Procedures Circular No. 5 of 2018 regarding the existence of six customs release tracks. • Decision No. 25 of 2022 regarding the release of perishable goods for which no documentary credit has been opened, with the submission of a letter of guarantee or cash deposit for the value of the released goods. • Import Circular No. 22 of 2020 regarding goods released under custody and not withdrawn from ports within 72 hours. • Decision of the Minister of Trade and Industry No. 776 of 2019 regarding the importer's obligation to transport and store these goods under custody and supervision of the competent regulatory authorities within 72 hours of passing the external inspection, provided that they are not disposed of until the result of the final inspection appears, and a certificate of conformity is brought. • Decision of the Ministry of Industry to allow customs to exceed the increase on the final invoices by no more than 5 percent.

	<ul style="list-style-type: none"> • Law No. 73 of 2019 promulgating a law establishing an authority for regulating internal and international land transport.
Process participant	<ul style="list-style-type: none"> • The port authority. • The importer.
Input and criteria to enter/ begin the business process	All customs fees have already been paid.
Activities and associated documentary requirements	<p>2.11.1. After the payment process is completed, the importer can print the customs statement and customs release on the NAFEZA platform.</p> <p>2.11.2. Customs clearance is sent to the customs gate, the importer's bank, and the archive of the customs. By NAFEZA.</p> <p>2.11.3. The importer delivers to the port authority the following (an original document of the delivery permit, a copy of the bill of lading and a copy of the customs release document).</p> <p>2.11.4. The Authority appraises the storage fees at (EGP 1/per day/per ton + 14% added value).</p> <p>2.11.5. Collect fees by the port authority.</p> <p>2.11.6. After paying the authority's fees the importer is given exchange approval on the NAFEZA platform.</p> <p>2.11.7. Notify the importer that approval is done.</p> <p>2.11.8. The importer can enter their trucks to load the shipment through the customs release number.</p> <p>2.11.9. The shipment is weighed before exiting the customs gate (EGP 1 per ton).</p> <p>2.11.10. The shipment is cleared from customs and transported to the importer's facilities.</p> <p>2.11.11. The shipment will be moved to the importer warehouse.</p>
Output criteria to exit the business process	The exit of the goods from the port and the arrival of the goods to the warehouse.
Average time required to complete this business process	1 day.

3C. Process area 3: Pay

(Already concluded in shipment).

Conclude payment

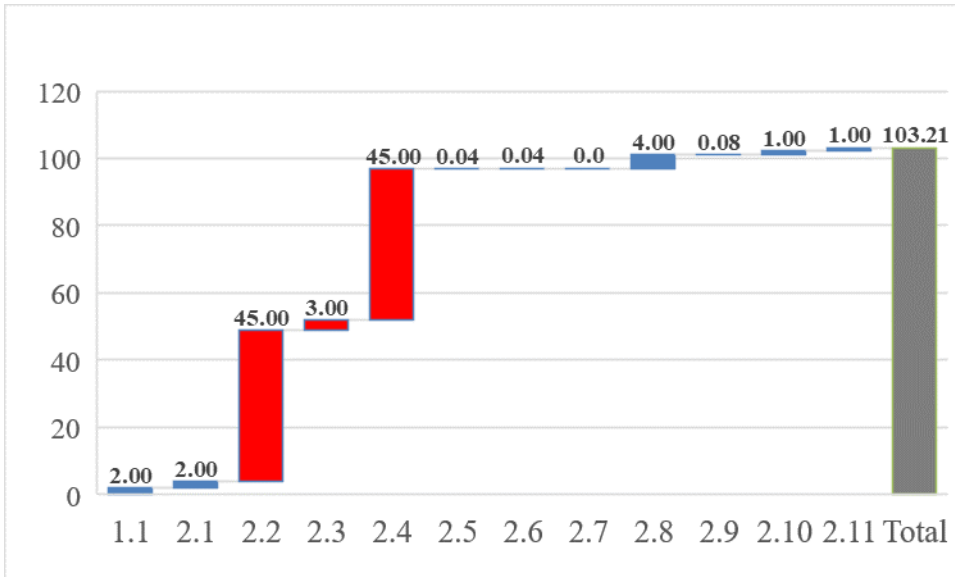
Once each party (buyer and seller) has fulfilled its commitments (seller: sending the shipping documents; buyer: making the payment), the pay-process is considered completed. Since the money and document transfers are across two countries, it can take up to 45 days. Payment for the iron and steel is concluded in process 2.2 & 2.4 “Letter of Credit”. Therefore, no extra graph is drawn for the pay-process.

4. Time procedure chart of iron and steel imports to Egypt

Figure 4-1 presents a time-procedure chart listing core business processes that are required to import iron and steel to Egypt. The time procedure chart suggests that it takes, on average, 103 days for the importing enterprise to fulfill commercial and regulatory requirements of 13 iron and steel business processes.

Figure 4-1 also shows that only 2 business processes consume more than 87 percent (90 days) of the time required to import iron and steel into Egypt.

Figure 4.1. Time procedure chart for iron and steel imports



Part II: "To Be" Scenario

1. The methodology of dealing with the “To Be” scenarios

The “To Be” scenario starts with identification of key problem areas followed by suggestions of corrective solutions based on stakeholders’ opinions, international experiences and ECES’s analysis and expertise.

Many key observations need to be made here before getting into the details of analysis of the specific product:

- 1- Even though Customs Authority looks like it is the core of all bottlenecks associated with importation process, the fact of the matter is that the Customs authority is the interface window with several other organizations such as port authorities, many inspection organizations (around 38) among others. All deficiencies or weaknesses in these organizations are reflected in Egyptian importer dealings with Customs. As a matter of fact, the slowest junction determines the pace of the entire import process.
- 2- The interface system “NAFEZA” itself has numerous deficiencies in its original design and implementation phase as it does not achieve the full depth integration of processes which was originally promised, and which leads to the maximum efficiency needed. Instead, the system is expanding horizontally to additional organizations. This is complicating problems and adding unnecessary layers of bureaucracy.
- 3- The above does not disregard the fact that the Customs Authority needs serious reform and complete digitization. The fact that the “documentation cycle” in Egypt is slower than the “product cycle” is clearly unlike the norm in the entire world.
- 4- There are significant differences in costs and procedures between different ports even for the same product. This problem means no proper estimation of duration or costs for the import process as a whole, not to mention heavy traffic on ports with “easier” procedures.
- 5- Serious focus on solving all bottlenecks associated with import processes is needed to take full priority because it is the real heart of all problems regarding

trade process. In fact, solving it is a precondition for exportation itself, raising competitiveness and improving business environment.

- 6- Governmental orientation needs to be changed drastically from targeting “import prohibition” to “export promotion” because both targets have the same positive effect on foreign exchange.
- 7- Both targets will not be achieved unless there is trust in the private sector. The perception and belief by authorities that the private sector is corrupt until proven otherwise needs to be reversed to a belief that corrupt behavior is rare and cannot be the basis upon which all policies and surveillance actions are decided.
- 8- A sizable portion of all problems associated with trade processes is 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 objectives.
- 9- As per the best practices, increasing efficiency and transparency of the import process is dynamic in nature. It means that it requires continuous institutionalized involvement of and consultation with different stakeholders, especially the private sector, not to mention the high flexibility in preparation of strategies, implementation mechanisms and regular monitoring and evaluation.

The detailed methodology is as follows:

Analyzing the business process for importing Iron and Steel Industries revealed several bottlenecks. Those bottlenecks arise due to a problem either 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 the system adopted is not consistent with 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, or 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 of these bottlenecks and the expected impact. Corrective actions are classified by the timeframe 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 (M) (6 months-year). 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 of the existing system.
- Both categories are included in our analysis to make sure that the "To Be" scenario is realistic and viable.

Several international experiences have been studied with respect to problems related to system design and system implementation. Reference is made in table 2 to the relevant international experience. Following is the table of the modified business process. Charts are in a separate document due to different paper size.

2. Detailed table for the modified trade process (To Be)

Table 2. Proposed Corrective Actions in the Business Process of Importing Iron and Steel Industries (HS7207).

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
					Process of import	Others
Pre-requisites						
	<ul style="list-style-type: none"> - Importation of Iron and Steel requires multi-staged registration procedures with several organizations (namely GOEIC, IDA, GAFI and Customs Authority). - Although most documents are almost the same. There is not enough coordination among the three organizations. - IDA in specific is a major bottleneck regarding industrial licenses. - The information about time, fees, documents, and procedure required is not necessarily 	Failure in System design and implementation	Türkiye and Gulf countries	<ul style="list-style-type: none"> - Complete digitization of all services related to trade process on NAFEZA platform. So, users can apply electronically through one online, user-friendly platform (S) - All information regarding documents, time, fees should be available on the internet in a timely, updated format, in a binding manner all (I). - - IDA must implement law 15 / 2017 for easy issuing 	<ul style="list-style-type: none"> - Speed up pre-requisites for import processes and remove duplicate document submission. 	Improve the overall business environment, which will eventually lead to a rise in investment, production, and exports.

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	<p>available in an updated format on their websites.</p> <ul style="list-style-type: none"> - Failure to renew any pre-requisite document will stop the import process at any stage. 			<p>of industrial licenses, especially for low-risk activities (I)</p> <ul style="list-style-type: none"> - There is need to improve capabilities of IDA employees to be able to provide efficient services to business community in a professional way. (S) <p>Radical Change (M)</p> <ul style="list-style-type: none"> - Expand vertical and horizontal Digitization for all business services: Trade, licensing, land finance.... etc. So, users can apply electronically through one online user-friendly platform. 		
	<ul style="list-style-type: none"> - Suppliers to Egypt face several difficulties regarding MTI 	Wrong policy action	No other country applies such procedure	<ul style="list-style-type: none"> - Cancellation of Decree 43 altogether since there is no benefit from 	Widen the suppliers base	Improve Egypt's image in the trade world and avoid

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	Decree No 43 /2016, which involves: - lack of transparency and ambiguity in GOIEC registration procedures, duration, and costly informal payments.			applying it to any of the parties involved.	for Egyptian imports.	reciprocal acts by other countries against Egyptian products.
1. Buy						
Trade steps of relevance to production						
2. Ship						
<i>2.1 Obtain ACID number</i>	- Since October 2021, Advance Cargo Information system (ACI) is applied. Egyptian importers face a lot of problems: - System is not user-friendly.	Failure in System design and implementation	UAE, Brazil	Improve system design to overcome the current challenges (I): - To be user friendly.	- Facilitation of obtaining ACID number, decrease duration	- Improve cross border trading and increase the efficiency of

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	<ul style="list-style-type: none"> - Unnecessary details are needed for the registration process. - the system accepts original documents only. - Any change of information / correction is not allowed such as changing bank or port. - Weak technological infrastructure interrupts the registration process - Any small mistake in the registration process requires re-submission of all data. - The system cannot automatically fill the detailed required data from the documents uploaded. - Users of the system are not informed of periodic changes in a timely manner. 			<ul style="list-style-type: none"> - Remove unnecessary details for registration. - To accept changes and edits. - To accept photocopies. - Strengthen the technological infrastructure to make sure the system is working efficiently. - Developing the system to fill automatically the detailed required data from uploaded documents. - Proper and timely communication with users on the latest changes in relevant procedures legislation, fees. etc. 	<p>through increasing system efficiency and eliminating step No. 2.1.3 (Fig. 3.6).</p> <ul style="list-style-type: none"> - Minimize human intervention across the registration process and reduce errors. - Egyptian importer will get ACID number along with their risk category and all details 	<p>trade procedures, time, etc.</p> <ul style="list-style-type: none"> - Maximum efficiency of trade process will be achieved.

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
				<p>Radical Change (M)</p> <p>Use 4IR technology, especially artificial intelligence (AI), machine learning (ML) and big data (B to intelligently :</p> <ul style="list-style-type: none"> - Distinguish originals from copies - Classify products according to their level of risk. - Determine the future proper actions regarding Customs inspection and sampling percentage and frequency for each category based on two criteria : <p>1. The product risk predetermined factor based on an algorithm.</p>	<p>regarding the import process including risk factors for their product, and upcoming steps in Customs.</p> <ul style="list-style-type: none"> - Finally, they can predict the time and cost for the whole import process. 	

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
				<p>2. Credibility of Egyptian importers.</p> <ul style="list-style-type: none"> - Categorize importers as per their historical behavior based on their credibility and correctness of all previous procedures in to red, yellow, and green. - Identify a different process as per category (green being the fastest). 		
	<ul style="list-style-type: none"> - ACI system was implemented, with neither proper involvement of relevant stockholders nor testing phase to improve the system upon the feedback from users. 	<p>Lack of a proper policy action</p> <p>Failure in system implementation</p>		<ul style="list-style-type: none"> - Institutionalize the continuous involvement of different stakeholders in designing the system and its implementation mechanism, and dynamic changes needed. 	<p>Remove bottlenecks that are causing problems.</p>	

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
2.2. Apply for letter of credit	<ul style="list-style-type: none"> - Applying for LC requires submitting almost the same documents that were uploaded on NAFEZA. - Shortage in foreign currency plus CBE March Decree resulted in long durations to issue LCs. - It resulted in fueling the prices of Iron and Steel materials locally. - Although some items under Iron and Steel code 2707 (scrap) as a raw material is exempted from the CBE decree; all partners across the supply chain are still subject to the decree so they face many problems disturbing the manufacture of products of iron and steel. 	Wrong Policy Action	Central bank direct intervention in B2B relations does not exist worldwide	<ul style="list-style-type: none"> - Cancel the CBE decree completely (as announced by CBE, this is expected to take place by December 2022) (I). - The banking system needs to give a higher priority to quickly cover importing intermediate products (I). - Involvement issuing LC on NAFEZA platform. - Establish institutional mechanisms for involvement of and consultation with different stakeholders in economic policy processes (S). 	<ul style="list-style-type: none"> - Fast issuing of letter of credit and import process, especially for intermediate inputs. - Decrease tendencies at all levels in the entire chain. - Remove redundant resubmission of duplicate documents. 	<ul style="list-style-type: none"> - Solve production problems and remove disruption of the whole supply chain - Keep Egypt's share in foreign markets and keep up with competitors

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
2.3. <i>Preparing and approving shipping documents</i>	<ul style="list-style-type: none"> - As per ACI system, the foreign supplier must upload all documents related to the shipping transaction on the CargoX platform, which is linked to the NAFEZA platform. - Suppliers claim that registration on CargoX is complicated, since it is not user-friendly, requires excessive detailed information, and high costs of around \$165 per transaction. - Enforcing suppliers to register on CargoX only is considered as Government interference into the B2B relation. - Usually form 4 is issued manually. 	Failure in System design & System implementation	Government direct intervention in B2B relationships does not exist elsewhere in the world	<ul style="list-style-type: none"> - It is necessary to allow any digital corridor service other than CargoX to be used by foreign supplier. (I) - Revisiting the cost of registering on CargoX. - Form 4 is automatically issued through NAFEZA. 	Facilitate preparing and approving shipping documents	Expand the supplier base for Egypt
2.5. Offloading	<ul style="list-style-type: none"> - All procedures related to offloading are done totally outside the NAFEZA platform. 	Failure in system design and implementation		<ul style="list-style-type: none"> - Cancel separate application by having it take place 	<ul style="list-style-type: none"> - Ease offloading process, 	Facilitate another part of the import process that

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	<ul style="list-style-type: none"> - There is inadequate transparency regarding procedures, duration, and cost for offloading processes; especially since they are not unified across all Egyptian ports. 			<p>automatically on NAFEZA. (I)</p> <p>Radical Change (M)</p> <ul style="list-style-type: none"> - Completely digitizing the whole import process implies automatically applying for offloading. - Adding fees to the unified invoice paid at final release. 	<ul style="list-style-type: none"> increase transparency regarding the procedures, duration and cost - Minimize human intervention. 	<ul style="list-style-type: none"> activate trade and increase Egypt's competitiveness.
2.7. Obtain 46 & examination numbers	<ul style="list-style-type: none"> - Egyptian importers pay additional charges to Central Manifest to modify any item in the main import documents. - Actual costs are determined through negotiation with employee. - Egyptian importer often faces mandatory modification due to simple technical problems in NAFEZA Platform. 	Failure in system design & implementation		<ul style="list-style-type: none"> - Increase transparency of obtaining 46 number and related costs paid by the Egyptian importer (I). - Improving the NAFEZA system to eliminate technical problems (I) - Modifying the Manifest can take place directly through NAFEZA platform (I). <p>Radical Change (M)</p>	Facilitate obtaining 46 number without exaggerated charges born by the Egyptian importer.	Reduce the informal fees, speed up the import process, and increase the efficiency and transparency

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	(For example, the number of the container cell contains 19 digits, while NAFEZA allows for only 9 digits).			<ul style="list-style-type: none"> - Complete digitalization of the whole import process implies reviewing the importance of this step altogether, so it may be canceled if there is no need for it or turn to be fully automatically implemented. - Adding the fees to final unified invoice paid at the final release. 		
2.8. Take samples	<ul style="list-style-type: none"> - There are numerous inspection authorities, so duration and cost differ significantly. - The importer cannot predict the time taken to get the inspection results of samples. - There is usually miscommunication between NAFEZA platform and inspection authorities, so the latter are not 	Failure in system design & implementation		<ul style="list-style-type: none"> - Develop the NAFEZA platform to be well linked with all inspection authorities so they properly receive the inspection requests (I). - To set a time-frame regarding the duration of sample inspection by each entity especially for (I). 	Speed up sampling process and decrease its time	Increase the efficiency and transparency of another part of import process.

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	<p>necessarily receiving inspection request.</p> <ul style="list-style-type: none"> - The determined date may be delayed if port is crowded (such as in case of Ain Sokhna port). - It takes a long time to get approval of Egyptian Atomic Energy Authority (EAEA) due to: <ul style="list-style-type: none"> - Lack of a representative in each port, so the sample is inspected centrally in Cairo (CID). - Representatives of EAEA may not travel and deliver the sample to Cairo (CID) immediately or on the same day. - Importers must pay the fees in the Cairo office. 			<ul style="list-style-type: none"> - Fees paid electronically to EAEA (I). 		

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	<ul style="list-style-type: none"> - The Egyptian customs and inspection authorities inspect each shipment even if it comes from the same supplier, and is imported by the same Egyptian importers - The risk assessment system mentioned in new Customs Law is not implemented and there are no clear criteria on which risk is assessed. 	<p>Failure in system design and implementation</p>	<ul style="list-style-type: none"> - Countries apply various risk management systems for imports. - USA, Canada use a scoring system with scale from 1- 10. - Turkey applies different colored tracks based on risk of imports. 	<ul style="list-style-type: none"> - There is a need to specify the criteria on which risk will be assessed. (I) - Egyptian Customs in coordination with different inspection authorities should apply the risk assessment system that has been mentioned in the new Customs law to easily categorize what products should be inspected and what should not. (S) 		
			<p>Most countries all over the world</p>	<ul style="list-style-type: none"> - Radical Change (M). - Use 4th revolution technologies in complete digitization of the whole 	<ul style="list-style-type: none"> - Minimize human intervention in the sampling process. 	<p>Facilitate another part of the import process that vitalizes trade</p>

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
				<p>import process imply that the system will automatically:</p> <ul style="list-style-type: none"> - Classify products according to their risk. - Determine the following proper actions regarding Customs inspection and sampling percentage and frequency for each category based on two criteria: <ol style="list-style-type: none"> 1. The product risk predetermined factor based on an algorithm. 2. Creditability of Egyptian importers. - One inspection window in each port receives the inspection request automatically. 	<ul style="list-style-type: none"> - Cancel the direct relationship between Egyptian importers and the inspections authority (cancel step 2.9.6 of AS-IS scenario and all related steps). - Minimize the duration and costs of inspection. - Add all fees to the unified invoice paid at the final release. 	<p>and increases Egypt's competitiveness.</p>

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
				<ul style="list-style-type: none"> - Egyptian importer can trace their transaction step by step through their account - All fees will be paid electronically in one user-friendly platform. 		
<p><i>2.9 Customs detection and inspection</i></p>	<ul style="list-style-type: none"> - In case of disagreement between the Egyptian importer and the Customs Authority regarding HS code, the debate will be raised to the Chemistry Administration. It might take 15-20 days or more to resolve the problem, in addition to the Egyptian importer bearing the costs of inspection, transportation, and additional storage costs. - the Chemistry Administration is the only entity authorized to do so, and usually has multiple disputes awaiting resolution. 	<p>Failure in system design & system implementation</p>		<ul style="list-style-type: none"> - To set a time-frame regarding the duration of solving disputes for product code. (I) - Improve the procedure of the Chemistry Administration to speed the process of solving disputes. (I) 	<p>Speed up the detection and inspection process.</p>	<p>Increase the efficiency and transparency of the release process.</p>

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	<ul style="list-style-type: none"> - Customs detection usually takes place in absence of using 4th revolution technologies. 		UAE Brazil	Radical Change (M) <ul style="list-style-type: none"> - Using 4t4IR technology in complete digitization of the whole import process implies that the system will be automatically implemented. - The following are proper actions regarding Customs inspection according to the risk category of product and importer 	<ul style="list-style-type: none"> - Increase efficiency and transparency of inspection and detection. - Decrease load on Customs. - Minimize human intervention. - For green products, the importer will shift to step 2.10.1 in AS-IS scenario and all steps before this 	Facilitate another part of the import process that activates trade and increases Egypt's competitiveness.

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
					step will be canceled	
2.10 Valuation and Customs Statement	<ul style="list-style-type: none"> - In case of approval on the samples, results will be uploaded on NAFEZA platform, and the appraisal stage begins. - The appraisal stage is not necessarily held in the arrival port and as such might take a longer time. - There is a lack of transparency regarding all the fees paid by the Egyptian importer. As the unified invoice is not comprehensive, it excludes other fees such as fees of port authority and shipping agent. 	Failure in system design and implementation	In most international experience, it is determined intelligently.	<ul style="list-style-type: none"> - It is necessary that the appraisal stage is conducted in the port of arrival, to save time and benefit from the experience of port employees regarding the products (I) - Linking the NAFEZA platform with all relevant authorities and entities electronically, so that Egyptian importer pays all fees once electronically. (I) 	<ul style="list-style-type: none"> - Speed valuation and release process - Increase transparency regarding the aggregated fees paid by Egyptian importer 	Facilitate another part of the import process that activates trade and increases Egypt competitiveness.
	<ul style="list-style-type: none"> - Importation of iron and steel products faces price re-evaluation by Customs employees to prevent 	Improper Policy action	In Türkiye, business associations determine the	<ul style="list-style-type: none"> - Revising the price revaluation process to be implemented properly. This means to put a clear reliable 		

Business Process Area	Bottleneck	Nature of the Problem	Relevant International Experience	Proposed Solution	Impact	
	underestimation of invoices, but the revaluation process is wrongly implemented as it is not based on any market studies or reliable sources and Customs employees either depend on local prices or their own judgment with focus only on increasing Customs fees.		prices of each product based on market studies.	reference for prices well known to Customs and Egyptian importers. - This reliable reference of prices should be designed with involvement of business representatives for each product and based on updated market studies.		
				Radical Change (M) - Using 4IR technology in complete digitization of the whole import process implies that the system will automatically determine the total fees that should be paid electronically in one user-friendly platform	Increase efficiency and transparency of Customs valuation	

Finally, it should be stressed, that dialogue with importers should be done on a regular basis, this is in addition to a consultation process with the importers 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 rebuilding trust between government and importers, 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 importing IRON AND STEEL products will be reduced from currently 103 days (including indirect time) to just 27 days in the second best scenario, and to 11 days in the first best scenario as highlighted in charts (1), (2), (3) and table (3).

Figure 1. Iron and steel – time chart, "As Is" situation

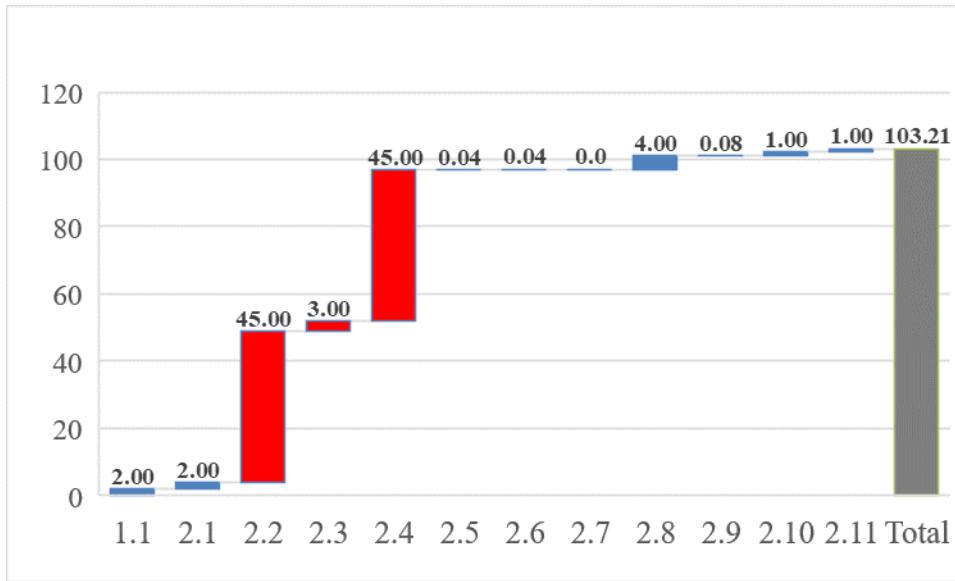


Figure 2. Iron and steel – time chart, "To Be" scenario (second best)

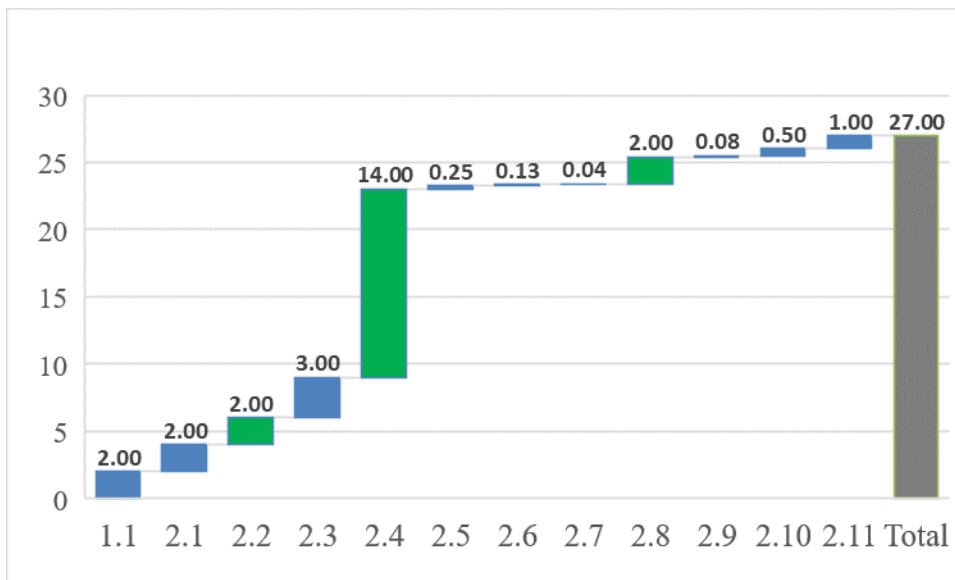


Figure 3. Iron and steel – time chart, "To Be" scenario (first best)

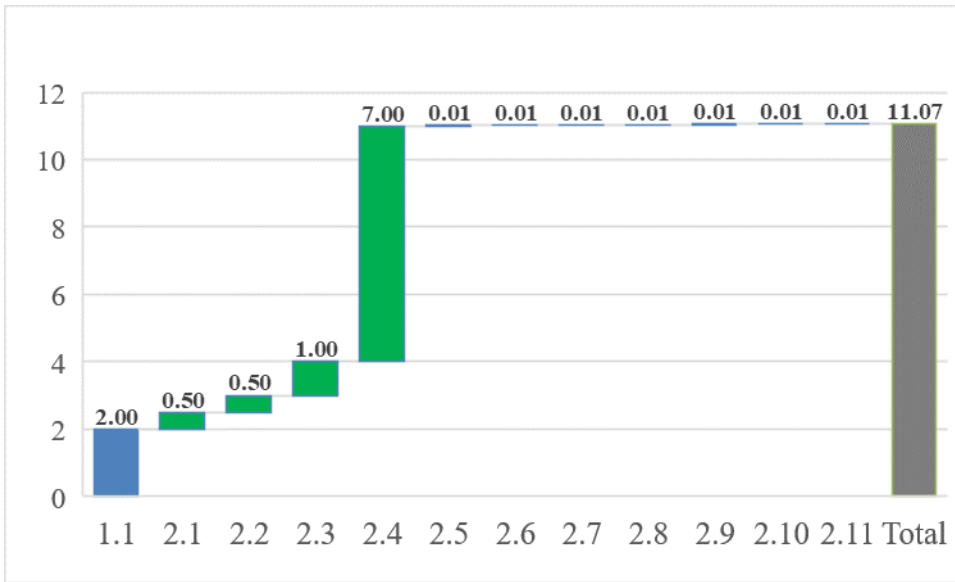


Table 3. Iron and steel – timetable, first best vs second best scenario

Process Area		Business Process	AS IS	TO BE (second best)	TO BE (first best)
Buy	1.1	Conclude sales contract and trade terms	2	2	2.00
Ship	2.1	Obtain ACID number	2	2	0.50
	2.2	Apply for letter of credit	45	2	0.50
	2.3	Preparing and approving shipping documents	3	3	1.00
	2.4	Importer's bank received the shipment documents,	45	14	7.00
	2.5	Offloading	0.041	0.25	0.01
	2.6	Obtain delivery order	0.041	0.125	0.01
	2.7	Obtain 46 & examination numbers	0.041	0.041	0.01
	2.8	Container emptying and take samples	4	2	0.01
	2.9	Customs detection and inspection	0.083	0.083	0.01
	2.10	Valuation and Customs Statement	1	0.5	0.01
	2.11	Customs release and completion of Procedures	1	1	0.01
Total			103.206	26.999	11.07

Annexes

Annex A: Horizontal Observations

Observation #1

Last March, the Central Bank of Egypt issued a decision to stop dealing with cash against documents (CAD) in the implementation of all import operations, and to work instead with letters of credit (LC), a decision that caused confusion in the import market in Egypt.

Recently, problems in securing hard currency have impeded the process of importing supplies and spare parts. Consequently, production has been disrupted, and Egyptian importers face liquidity problems, because of having to pay the value of imports in full at banks three months before the arrival of goods

Observation #2

The importing enterprise must comply with Ministerial Decree No. (43/2016) concerning modifying the organizing rules of qualified factories registration to export their products to Egypt.; due to this new procedure (Decree 43 in 2016 & amendments in March 2022), which can cause serious shipment delays.

At another level, aside from resulting delays - especially in the case of decree 43- lots of problems with a weakly digitized process become apparent; the whole process was seen as awkward by foreign suppliers, leading many of them to stop supplying to Egypt. Finally corruption emerged as a certain stage of the process involved the approval of the Minister of Industry or other departments in the same ministry, allowing employees in the ministry have a say in how quickly the process can be completed.

Observation #3

The Egyptian government has invested large sums of money in the electronic platform meant to link the various import authorities, but the system developed by MTS is more automation rather than complete digitalization, as it lacks a fully integrated system, which prolongs the duration of the processing and delays clearance. This means that each institution involved in the import process is still operating separately according to its own rules. As a result, the documents received by NAFEZA platform are processed by each

institution separately, despite NAFEZA being intended to allow users to conduct all the necessary dealings with all relevant institutions on a single integrated platform, and not separately in order to streamline the needed procedures; in reality, the result is that the time taken by such procedures is much longer than then before the platform was launched. There is no link between the fees of shipping agencies and the port authority on the “NAFEZA” platform.