

# MARKET RESEARCH REPORT ON SAUDI ARABIA AND IRAQ MARKETS



**One test, Done once, Valid Worldwide**

**MRA increase export opportunities for small and medium-sized enterprises (SMEs).**

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## FOREWORD

Quality is a prerequisite for success in accessing markets and improving the competitiveness of exporting companies, while meeting technical requirements is a challenge for many exporting companies (mainly, SMEs), especially in light of the increase in the number of standards. Countries are imposing an increasing number of standards in order to protect the health and safety of their citizens, and to meet the specific demands and needs of buyers. Research conducted by the International Trade Center (ITC) has confirmed this, as it has shown that most of the problems faced by exporting companies result from procedures not related to customs tariffs, but from technical regulations and procedures, Conformity assessment and photo sanitary procedures, (non-tariff barriers).

Firms wanting to export their products need up-to-date information about the applicable technical requirements, both voluntary and mandatory, in their target markets. After obtaining this information, these companies must adapt their products and operations to meet the requirements of the export market and prove their conformity.

Therefore, contacting Palestinian Standards Institution PSI will be the basic start to solve this problem and provide the requirements and the required international procedures.

Hence, in order to remove non-tariff trade barriers and facilitate the free flow of Palestinian goods to Saudi and Iraqi, Palestine Standards Institution PSI is planning to sign two mutual recognition agreements MRA with their counterparts in KSA & Iraq.

Therefore, this report will be an important tool/ information to PSI readiness to engage in MRA with KSA & Iraq aiming to increasing trade exchange and facilitating access to markets without technical and non-tariff barriers.

This report consists of four main parts, where the first one provides an overview of the Palestinian, Saudi and Iraqi market and the volume of trade between Palestine and these markets, as well as basic information about the conformity, evaluation and specifications bodies in these countries, while the second part proposed a list of Palestinian Products to be include in MOU for both Saudi and Iraqi Markets.

While the third part provides basic information on mutual recognition of Conformity assessment as an important tool to enhance market access between the parties, as well as how to prepare recognition agreements and **some** of their important texts and parts.

As for the fourth part, it includes the basic recommendations, and important appendices, the most important of which is an appendix is the list of Palestinian products that will be exported to both Saudi Arabia and Iraq.

It is worth knowing that this project and this report are funded for the benefit of the Palestinian Standards Institution by the TASDEER project

## Macro Indicators

### Palestinian Economic Overview

In 1994, the Palestinian Authority signed the protocol on economic relations with Israel, also known as Paris Protocol. It was a transitional agreement that would have guided the Palestinian-Israeli economic dynamics. The Palestinians share the crossings with the Israelis, and according to the Protocol, Israel collects import taxes and then forward them to the Palestinian Authority. Israel has the power to reject the entrance of some products to the Palestinian market, mainly produced in countries that have no relation with Israel.

Based on the protocol, a joint committee has been formed to determine all matters related to imports. Furthermore, regardless of the lack of communication between both sides, there remains the necessity for some of the products to be tested by the Israeli side. The Ministry of National Economy and the Palestinian Standards Institution (PSI) monitor and assess the quality of products entering the market, and they have set the benchmark standards at a relatively high level. Furthermore, products must be revised according to the Standards Institution of Israel (SII) and must pass through the rigorous testing; otherwise, the product will not be allowed entry to the Palestinian market.

The Palestinian economy is characterized by the dominance of service activities (in both productive-services activities and social-services activities) over the largest share of total value added generated from various economic activities, as opposed to the productive activities. With the addition of net indirect taxes to service and goods activities, the total value added achieved by the economy is eventually formed the GDP.

Industry is the most prominent Productive activities, with about 12.9% of the total value added generated in 2020, followed by agriculture and construction activities at 7.1% and 4.1%, respectively. Among productive-services activities, trade is at the forefront at 20.3%, compared with 4.7% for financial and insurance activities, 3.3% for information and communications and 1.7% for transportation and storage of total value added generated in the economy. At the level of social-services activities, public administration and defense activities are at the forefront at 11.8%, followed by education activities at 6.6%, health at about 4.4%, real estate activities at about 3.5%, and other services accounting for 4.5% of the total value added generated in the economy in 2020.<sup>1</sup>

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<sup>1</sup> PCBS <https://www.pcbs.gov.ps/>

The economy experienced in 2020 one of the worst conditions in more than two decades (since Al-Aqsa Intifada). The outbreak of the pandemic, together with renewed clearance revenue crisis with the Israeli side, and the decline of foreign grants, led to a marked decline in the economic performance. This caused the economy to contract by about 11.5% (the largest since 2002) compared with 2019, reducing real GDP to about USD 14.0 billion. Hence, GDP in the West Bank fell by 11.3%, to about USD 11.5 billion. While in Gaza Strip it fell by about 12.3 percent, to about USD 2.5 billion. This performance was directly reflected into the standards of living of Palestinians, measured by annual per capita income (GDP per capita), which declined by about 13.7% in 2020, to about USD 2,914. In the West Bank, it fell by about 13.4%, down to USD 4,176, compared with a 14.8% decline in Gaza Strip, reducing per capita income to USD 1,212 (the lowest ever).<sup>2</sup>

Some factors have contributed to some easing of the repercussions of the decline in the level of per capita income. On the one hand, there has been a decline in the overall level of prices, where consumer prices in the West Bank declined by about 0.9%, compared with a rise of about 1.3% in 2019. With a less severe decline in Gaza Strip of 0.5%, compared to a rise of about 0.4% in the previous year.<sup>3</sup>

These developments resulted in a 0.7% decline in the overall price level in Palestine, compared with a 1.6% increase in 2019. On the other hand, the nominal daily wage rate for Palestinian workers increased by 3.2% to about NIS 132.7, as the average daily wage in the West Bank increased by 2.5%, to NIS 121.9. In addition, wages of the Palestinian workers in Israel and settlements increased by about 1.4%, to NIS 257.9, and in Gaza Strip by 0.7%, to NIS 61.6. Since this increase coincided with the drop in the general price level, it contributed to an improvement in the purchasing power (level of real wages), where it increased by 3.3% in the West Bank, 2.2% for Palestinian workers in Israel, and by 1.2% for workers in Gaza compared to the previous year.<sup>4</sup>

### **Aggregate Demand:**

The majority of real aggregate demand components experienced negative developments during 2020, primarily private consumption in light of the economic lockdown and prolonged market disruption, as well as declining per capita income and high

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<sup>2</sup> PCBS <https://www.pcbs.gov.ps/>

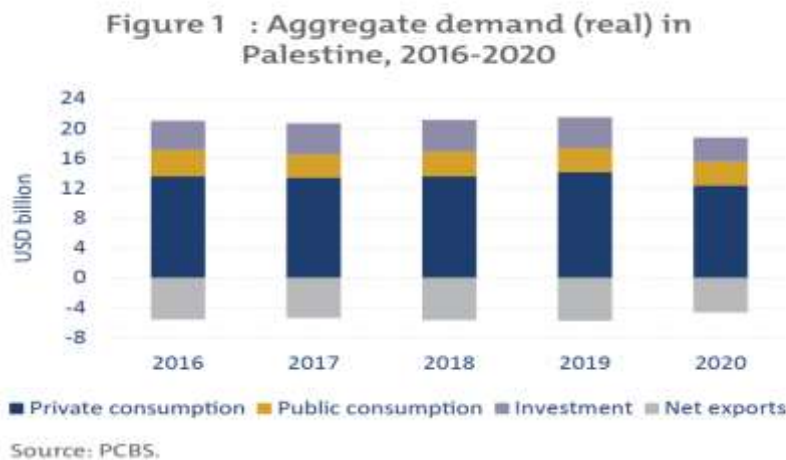
<sup>3</sup> PCBS <https://www.pcbs.gov.ps/>

<sup>4</sup> PCBS <https://www.pcbs.gov.ps/>

unemployment, which resulted in a decline in private consumption by about 12.5%. Similarly, with increased uncertainty, investment levels have clearly declined by 23.2%, falling to the lowest level in nearly six years. The pandemic also overshadowed trade, with Palestinian exports falling by about 7.0%. While the movement of imports experienced a severe recession, falling by 15.4%.

However, these developments in both parts of the trade balance have narrowed the trade deficit (as a value and as a proportion of GDP) to its lowest level in several years. The only exception was for the share of public consumption, which increased by about 0.2% over last year. It was driven by increased spending on pandemic-related activities, such as health and security.

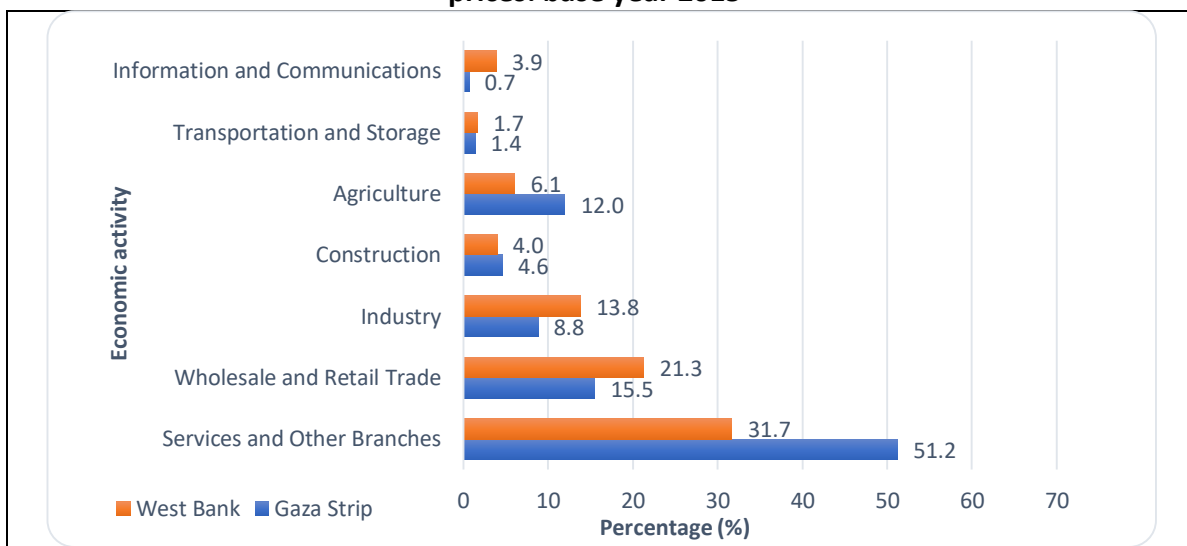
The government’s financial crisis prevented significant increases in the level of public spending. Given these developments and their impact at the geographical level, in the West Bank, developments in the components of aggregate demand were fully in line with those monitored at the national level as a whole. Private consumption declined by about 13.2% as both the households and non-profit institutions consumption declined. This was accompanied by a reduction in both investments in buildings by about a third and a smaller reduction in non-building investment, with total investment falling by 22.3% percent. At the same time, the West Bank’s exports fell by nearly 6.2% percent, with a wider decline in imports at a 15.7% percent, reducing the trade deficit. While public spending in the West Bank experienced some improvement, it has grown by 2.1% percent, offsetting its decline in the past year, and stabilizing its value at the level achieved in previous years.<sup>5</sup>



<sup>5</sup> PCBS <https://www.pcbs.gov.ps/>

As for the outlook of the Palestinian economy in 2021, PMA’s forecasts indicate that the economy will grow by more than 4%, assuming gradual easing of government measures regarding the pandemic. However, this recovery remains vulnerable to some possible deviations, positive or negative, that may affect predicted values of the economic performance<sup>6</sup>

**Figure 2: Percentage contribution\* of economic activities to GDP by region, 2020 at constant prices: base year 2015**



(\*) The summation of percentages is not equal 100 due to exception of the adjustment items.

## 1. Consumer Trends

### a. Consumer preferences

The state of Palestine has a population of around 5,165,000, dispersed over the West Bank (3,086,816) and the Gaza Strip (2,077,357). It’s considered a young population; with the bulk of the population being under 40 years of age. Furthermore, according to the Palestinian Central Bureau of Statistics (PCBS), 38% of the population is below 15 years old. Generally, when the population is younger, the consumption is higher. Thus, this young population indicates that the room for foodstuff consumption will remain high to satisfy each respective need.<sup>7</sup>

According to the PCBS, when analyzing the monthly household expenditure of 2017, food consumption was the second most spent on, especially breads and cereals, proving that

<sup>6</sup> Palestinian Monetary Authority, Annual Report 2020.

<sup>7</sup> PCBS <https://www.pcbs.gov.ps/>



they are vital to the livelihood of the Palestinian family. It is worth noting that although the average household expenditure differs between the Gaza Strip and the West Bank, it still occupies the same spot on the ladder of expenditure. There are around 900 thousand households in the Palestinian territories, given that the average household has 5.5 members. Each individual, on average, consumes around 5 kg of breads and cereals per month. When calculated for the entire population, Palestinian households consume around 540 thousand tons of breads and cereals a year.<sup>8</sup>

There are products, within the food and drink category, that Palestinians noticeably consume large amounts of. For instance, the average Palestinian family consumes 10.8 liters of family size soft drinks per month. They also consume 7.8 liters of Juice liquid per month. As for edible items, with a demanding margin, the average family consumes 11.93 kg of tomatoes per month, as well as 9.75 kg of featherless fresh chicken. Below them is cucumber and sugar, with a consumption of 5.82 kg and 5.3 kg per month respectively.<sup>9</sup>

While food products constitute the majority of household expenditure, there are other non-food products that come as a close second to food products such as clothing, electricity & electronic devices, and tobacco. These products present an opportunity to exporting countries.

### ***b. Quality***

Palestine is a highly consuming country and imports most of its products. Thus, the competition in the Palestinian market is high since it includes imported products from a myriad of regions all-over the world. Keeping in mind the difference in imports between the Gaza Strip and the West Bank. In the Gaza Strip, Egyptian, Turkish and Israeli products are main imports; in the West Bank, however, they have majorly Israeli and Jordanian products.

Since Palestine is dependent on imports, it provides an arena for foreign products to compete aggressively. Thus, a product needs to show a clear advantage over its competitors. The first major advantage is Quality. When it comes to food, quality might be the most important factor. In Palestine, quality plays a great role in determining whether individuals purchase the product or not.

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<sup>8</sup> PCBS <https://www.pcbs.gov.ps/>

<sup>9</sup> PCBS <https://www.pcbs.gov.ps/>

The PSI issues different types of certificates such as Quality Mark, Supervision Mark, Halal and Conformity certificates, plus labeling certificate. According to the internal certifications system (the Palestinian Quality Mark No. 1/2004) and its five annexes.<sup>10</sup>

***For imported goods, there are two certificates that need to be obtained: conformity of imported goods certificate and Labelling certificate approval.***

### ***1. Conformity of imported goods***

Steps to obtain the conformity service of tested imported products that need to be checked and followed:

1. Submit application of entering imported products and pay the fees.
2. Review approved testing reports.
3. Issuing an official letter to release the imported products under the supervision of PSI.
4. Notify PSI when the imported products are received by the importer.
5. PSI defines the required amendments to the imported products.
6. Inspecting amendments on the shipment under supervision of PSI.
7. Releasing the banking guarantee.
8. Granting importer permission for marketing or use.

***Steps to release imported products that are excluded from conformity tests:***

1. Submit application and pay fees.
2. Check the submitted file such as the shipment documents and test certificates for the products from third party.
3. Releasing the products.
4. Notify PSI when the imported products are received by the importer.
5. Granting the importer permission for marketing or use after checking the products.

***To achieve the Conformity Certificate, the following steps are to be followed:***

1. Receive the application.
2. Review the application.
3. Certificate from third party:
  - a. Pay the fees.

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<sup>10</sup> PSI <http://www.psi.pna.ps/en>

- b. Issue the conformity certificate.
4. The test:
  - a. Pay the fee.
  - b. Take a sample to represent the batch.
  - c. Conduct test.
  - d. Issue conformity certificate.

Note: Having a conformity certificate allows the holder to be given preference in official procurement and that the product meets specific requirements.

## **2. Labelling**

The label must include basic information such as:

1. Important warnings.
2. Storing methods.
3. General safety procedures and precautions.
4. Optimal use and the intended use of the product.
5. Production & Expiring date.
6. Name of the good.
7. Name of the importer or representative.
8. Name of the producer.
9. Country of Origin.
10. Size / weight
11. ingredient

### ***Steps for approving labels:***

1. Submit the application and pay the fees.
2. Review the application in accordance with related standard requirements.
3. Modifications to be made by the applicant if any.
4. Approving the label.
5. Applicant must follow up with the concerned parties (The Ministry of National Economy and/or the Ministry of Health).

### **Standards Institution of Israel**

The Palestinian Authority does not have control over borders, whether for trade or otherwise. Opposed to the Paris Protocol and the international law, Israel dictates what enters and does not enter to the Palestinian market. Furthermore, the Israelis conduct

testing, which, sometimes, is rigorous with higher requirements than what is agreed upon internationally, which presents more hurdles before Palestinian importers.

The Certificate of Conformity “Tekken Inspection” is designed for products that come into direct contact with human beings in terms of quality, safety, conditions and standards. This inspection is carried out by examining a sample of imported products. The Standards Institute of Israel (SII) conducts this inspection for all products entering the country in order to ensure consumer safety. The importer is recommended to send a sample to be tested by the SII before importing the shipment so as to avoid extra costs that may result from keeping the shipment in storerooms until the completion of sample testing. In this case, the importer makes arrangement to import the sample directly to the SII or to send it to the SII himself, upon arrival. If the sample of the shipment is not sent for prior inspection, the customs agent coordinates with the SII upon the arrival of the shipment to one of the commercial outlets in order to attend and take the sample for testing following disclosure about the location of the shipment, whether it is at a port, an airport or a commercial outlet.

After conducting the required sample test, the SII issues a report with details of the test results and sends them to both the customs agent and the importer. If the results are sound, the report indicates the certificate validity and the importer is entitled to import the product without further examination by the SII, provided that no change has affected the product or the supplier. If the result is negative, reasons will be given why the sample failed the test and what should be done to gain a successful result. In this case, the SII asks the Palestine Standards Institution (PSI) to cooperate if the defect is not essential, can be corrected or treated and does not affect the consumer in any way (such as defects in markings, user instructions, safety warnings, electrical appliance cables, etc.).

Still, there are many documented increased difficulties that face Palestinians due to this system such as

- 1- It is often difficult to obtain Israeli standards that are higher than international standards.
- 2- Israeli specifications do not take into consideration the requirements of the Palestinian market.
- 3- Israeli specifications do not recognize the European or American examination certificate; The examination must be carried out at the Palestinian Standards Institute upon import; This adds additional costs to the Palestinian merchant; Note that the examination fees are relatively high; It also delays the clearance process.

- 4- The results of the examination of the Palestinian side take a long time, which may reach months. While the Israeli trader gets his results within a few days.
- 5- In many cases, the Palestinian merchant pays for imports through an Israeli merchant; To avoid all the previous obstacles.

#### ***d. Pricing***

According to the PCBS, the per capita income in the West Bank is normally around USD 4176, while in the Gaza Strip is usually around USD 1211.<sup>11</sup> Hence, the Palestinian income slate falls under the category falls under low middle and (mostly) low income one. The pricing must be proportionate to household's disposable income; products with higher pricing have a low probability of being sold, even if the quality is topnotch. The Palestinian market is majorly filled with Israeli products that have a medium level price but are relatively affordable. In a struggling economy, prices are the most important factor when it comes to deciding what products to purchase. The Palestinian consumer is willing to forgo some of the quality to get a better pricing, regardless of the packaging.

## ***2. Other characteristics***

Packaging plays a great role in preservation, storage, transportation and shelf life. Packaging also plays a great role in attracting consumers. It is important to note that products with more robust and appealing packaging draw the consumer when they are comparing two products similar in quality and pricing.

Furthermore, like many other consumers in other countries, labeling is paramount when deciding on a product. Labels must include the production and expiration dates, used materials, nutritional facts, calorie intake and the country of origin. It is worth noting that there is a certain bias in the Palestinian community towards Mediterranean cuisine, which usually includes products that use transparent primary packaging. Thus, it is advised that a product uses transparent primary packaging to appeal to the regular consumer.

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<sup>11</sup> PCBS <https://www.pcbs.gov.ps/>

## **Palestine Standards Institution PSI <sup>12</sup>**

PSI was established in 1994 according to a presidential decree issue by President Yasser Arafat; however, it started operations in 1997; nowadays PSI works according to the law on standards and metrology no 6/2000. PSI has an autonomous status, considered the sole body responsible for issuing Palestinian standards, and recognized by the both locally and internationally as the focal point for Palestinian participation in the global system of harmonized standards.

### ***The Institute has the following objectives:***

1. Adopt specific systems of standards, conformity assessment and metrology based on well-established, modern, and scientific principles.
2. Assist in protection the health of citizens, and environmental by adopting Palestinian standards, measurements and granting certificates and conformity marks.
3. Support the national economy and economic development plans and contribute to the modernization of industry in coordination with the concerned institutions in Palestine.

PSI is governed by a board of directors chaired by the Minister of National Economy, and consists from representatives from private, and public sectors and academic institutions, the presidents of the federation of industries is the deputy of PSI chairman.

### ***The Institute has the following duties and responsibilities:***

1. Prepare and adopt Palestinian standards for products, and services; review, amend, replace and publish them.
2. Grant conformity marks and compliance certificates and
3. Provide inspection and testing services.
4. Establish a national system of metrology, unify the tools and methods of measurement, and provide calibration services.
5. Approve labels for products.
6. Cooperate with local and scientific institutions to achieve the objectives of the Institute and fulfill its duties and authorities.
7. Provide support and encourage research and development for testing laboratories recognized in the areas of standards and metrology.

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<sup>12</sup> <http://www.psi.pna.ps/en/about-us>

8. Enter into agreements with Arab, regional and international institutions for mutual recognition of conformity marks and certificates and cooperate with them in the areas of quality infrastructure.
9. Respond to inquiries related to standards, technical regulations, metrology and conformity assessment.
10. Provide training services for employees of the private and public sectors.

### **Certifications & Service (offered by PSI)<sup>13</sup>**

The PSI issues four types of certificates: Quality Mark, Supervision Mark, Halal and conformity certificates. According to the internal certifications system (Palestinian Quality Mark No. 1/2004) and its five annexes.

As it is internationally known, product quality is the main concern of the consumer. However, their basic requirements are determined according to the national or international standard of those products. This contributes to improve customer satisfaction, and the producers would be able to fulfill their customer's desires and requirements. This would be considered one of the ultimate goals of quality management systems implementation.

Within the framework of this certification system, the industrial and business sectors can improve their performance and the quality of their products, and add a competitive advantage for their products and services.

### ***Calibration Lab Services***

- Commercial Scales Calibration
- Pressure Gauges and Compression and Tension Machine Calibration
- Fuel Distributing Pumps Calibration
- Gold Scales Calibration
- Weight and Scales Calibration
- Thermometers Calibration
- Calibration of longitudinal pieces (kit)
- Road Tankers Calibration
- Lengths Calibration-Micrometer
- Pressure Gauges Calibration

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<sup>13</sup> <http://www.psi.pna.ps/en/quality-and-certification>

- Lengths Calibration-Kaliber

### ***Test / Examination and Inspection Services***

- Games Entertainment Test
- Left Test
- Fuel Station Test
- Labeling
- Conformity Batch Certificate
- Importing
- Conformity Sample Certificate
- Central Gas Test

### ***Test /Examination Lab Services***

- Concrete Lab
- Material Lab
- Electricity Lab
- Shoes and leather testing Lab

### ***Oil Lab Services***

- Olive Oil Certificate

### ***Quality and Certification Services***

- QMS Certificate
- PSM Certificate
- Halal Certificate
- Export Certificate
- Services Certificate
- Personal Certificate
- Honey Certificate
- PS Certificate

### ***Standard Services***

- PS Sale
- PS Request
- PS Review



## Tests / Examination and Inspection<sup>14</sup>

To ensure the safety of the citizens and to maintain their properties the Institution provides inspection services to different technical systems such as lifts, amusement parks, LPG tanks, and petrol stations. The inspection is done by qualified staff, in cooperation with concerned parties, in accordance with requirements of technical regulations and related Palestinian standards.

## Technical Regulations<sup>15</sup>

Development and implementation of technical regulations ensure the protection of safety, health, economy and environment of the citizens. It is a legally binding document specifying the product characteristics or its related processes. It may include requirements for technical terms, symbols, packaging, marking, and labeling that applies to the product or the way of production.

The Technical Regulations Committee (TRC) is the body responsible for drafting the regulation. It is formed of representatives of the following ten governmental agencies: PSI, Ministry of Public Works, Ministry of Agriculture, Ministry of Interior (Civil Defense), Ministry of Finance and Planning (Petroleum Authority), Ministry of Health, Environmental Quality Authority, Ministry of Labor, Ministry of National Economy, and Palestinian Federations of Industries. TRC is supported by several technical working groups.

## PSI MOUs with other International institutions<sup>16</sup>

- Algerian Institute of Standardization – Bilateral Agreement – 2015
- Sudanese Organization for Standardization and Metrology – Bilateral Agreement – 2015
- NAPCO (Aluminum of Palestine) – Local Agreement – 2015
- Palestine Polytechnic University – Local Agreement – 2015

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<sup>14</sup> <http://www.psi.pna.ps/en/examination-and-inspection>

<sup>15</sup> <http://www.psi.pna.ps/en/technical-regulations>

<sup>16</sup> <http://www.psi.pna.ps/en/InformationCenter/IRAgreements/Forms/AllItems.aspx>

- An-Najah National University – Local Agreement – 2015
- General Federation of Industries – Bilateral Agreement – 2015
- Directorate for Standards and Quality revive Morocco – Bilateral Agreement – 2015
- Emirates Standardization and Metrology Authority – Bilateral Agreement – 2008
- Jordan Institution for Standards and Metrology – Bilateral Agreement – 2015
- Nablus Municipality – Local Agreement – 2015
- The Palestinian Ministry of Health – Local Agreement – 2015
- Arab Company for Paints – Local Agreement – 2015
- The Ministry of Economy of the World Trade Organization Center – Local Agreement – 2015
- Gulf Cooperation Council (GCC) – Bilateral Agreement - 2015

### Import regulations

The importer must be aware of certain requirements that must be fulfilled prior to importing and while clearing goods at the port of entry. These requirements do not apply to all categories of imported goods. Failure to meet these requirements may result in delays and additional costs. These requirements are:

- Valid Import Licenses
- Certificates of Origin, packing list and commercial invoice.
- Compliance with Standards & Testing
- Compliance with Sanitary and Phytosanitary Regulations
- Proper Marking, Labeling and Packaging

### ***The Palestinian licensing system requires an import license in the following cases:***

- When imports are subject to quotas, as in the case of agricultural products and goods cited on Lists A1, A2 and B of the Paris Protocol.
- When public health is involved (i.e. meat, foodstuffs or pharmaceuticals) a license is required to verify that imports meet Palestinian standards.
- When importing petroleum, gas, telecommunications equipment, or motor vehicles.
- As the Palestinian applies the Israeli import policy, an import license is required when an (L) indication appears in the Tariff Book of Israel.

## List of top 100 imported products from Palestine

Value in US dollars

Code	Product label	Imported value in 2016	Imported value in 2017	Imported value in 2018	Imported value in 2019	Imported value in 2020
'TOTAL	All products	5363768	5853850	6539590	6613454	923502
'252329	Portland cement (excluding white, whether or not artificially coloured)	214746	214241	187612	177872	49796
'240220	Cigarettes, containing tobacco	141738	158609	167990	150022	33495
'110100	Wheat or meslin flour	56328	61420	80551	64517	30300
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	94984	111839	134367	146669	26376
'761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, ...	13622	17494	21508	22805	24539
'870332	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	122172	113478	29414	22045	21524
'300215	Immunological products, put up in measured doses or in forms or packings for retail sale	0	0	0	0	21521
'190532	Waffles and wafers	12695	18318	26983	25018	18044
'271600	Electrical energy	578830	534355	558527	628993	16916
'870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	9547	5644	52814	38193	16629
'151219	Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically ...	6454	12771	18320	21479	16393
'190531	Sweet biscuits	16536	20862	34813	35110	16080
'170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	4341	2948	7242	6114	14286
'180690	Chocolate and other preparations containing cocoa, in containers or immediate packings of <= ...	13252	15892	22702	24863	14018
'200520	Potatoes, prepared or preserved otherwise than by vinegar or acetic acid (excluding frozen)	9805	10374	14921	16996	12840
'190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...	13121	15443	20694	22165	12820
'180631	Chocolate and other preparations containing cocoa, in blocks, slabs or bars of <= 2 kg, filled	24327	26150	22893	19163	11103
'190219	Uncooked pasta, not stuffed or otherwise prepared, not containing eggs	3399	3743	6052	9212	10995
'870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	38574	55836	44182	44520	10447
'190190	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing ...	2654	6302	9200	8438	9764
'220210	Waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption ...	32500	22724	18750	18435	7812
'852872	Reception apparatus for television, colour, whether or not incorporating radio-broadcast receivers ...	10358	9556	17833	17740	7464
'840910	Parts suitable for use solely or principally with internal combustion piston engine for aircraft, ...	0	0	0	0	7000

'250590	Natural sands of all kinds, whether or not coloured (excluding silica sands, quartz sands, ...	11698	12293	11398	8578	6934
'481920	Folding cartons, boxes and cases, of non-corrugated paper or paperboard	2662	1796	2454	1655	6802
'901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	19593	21511	23500	32134	6792
'170490	Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	20710	20923	39349	41849	6648
'210690	Food preparations, n.e.s.	28176	27248	28453	20884	6547
'870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	2695	40303	61975	41493	5921
'382200	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents ...	6291	6323	8286	9607	5566
'071120	Olives, provisionally preserved, e.g. by sulphur dioxide gas, in brine, in sulphur water or ...	0	0	0	0	5364
'870340	Motor cars and other motor vehicles principally designed for the transport of ...	0	0	0	0	5350
'040690	Cheese (excluding fresh cheese, incl. whey cheese, curd, processed cheese, blue-veined cheese ...	740	2135	875	4584	5242
'841510	Window or wall air conditioning machines, self-contained or "split-system"	16353	15231	12346	16091	5095
'010410	Live sheep	6722	13804	45872	32018	5054
'271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	136042	162394	206529	167162	4946
'961900	Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles, ...	25950	25919	43047	43243	4650
'210112	Preparations with a basis of extracts, essences or concentrates of coffee or with a basis of ...	1145	1519	2125	2388	4639
'870422	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	18169	24931	27505	23900	4405
'999999	Commodities not elsewhere specified	122	417	167	28	4387
'271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	253655	310894	357960	352378	4182
'040610	Fresh cheese "unripened or uncured cheese", incl. whey cheese, and curd	38	66	619	578	4165
'020230	Frozen, boneless meat of bovine animals	14477	12790	22400	22314	4096
'680100	Setts, curbstones and flagstones, of natural stone (excluding slate)	121	91	89	38	4032
'200990	Mixtures of fruit juices, incl. grape must, and vegetable juices, unfermented, whether or not ...	61	194	94	32	3938
'851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	2469	25902	8674	17603	3639
'870360	Motor cars and other motor vehicles principally designed for the transport of ...	0	0	0	0	3304
'842810	Lifts and skip hoists	7941	8168	9062	9018	3295
'340220	Surface-active preparations, washing preparations, auxiliary washing preparations and cleaning ...	20102	16790	21948	25975	3278
'320820	Paints and varnishes, incl. enamels and lacquers, based on acrylic or vinyl polymers, dispersed ...	981	874	1232	1923	3264
'392410	Tableware and kitchenware, of plastics	7588	8788	10931	12730	3178

'320710	Prepared pigments, prepared opacifiers, prepared colours and similar preparations of a kind ...	2919	4924	4570	5509	3166
'401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing ...	11388	10547	8414	9239	3137
'481910	Cartons, boxes and cases, of corrugated paper or paperboard	6586	5072	5991	7485	3119
'870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	204	16040	17640	15302	3116
'401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with ...	5495	6883	6773	5369	2968
'392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	12758	9147	9490	8155	2883
'901920	Ozone therapy, oxygen therapy, aerosol therapy, artificial respiration or other therapeutic ...	2057	966	1516	1443	2843
'200110	Cucumbers and gherkins, prepared or preserved by vinegar or acetic acid	1	10	3	35	2780
'040221	Milk and cream in solid forms, of a fat content by weight of > 1,5%, unsweetened	12373	11008	22987	35781	2767
'120740	Sesamum seeds, whether or not broken	17196	12148	64361	21296	2707
'040110	Milk and cream of a fat content by weight of <= 1%, not concentrated nor containing added sugar ...	283	375	543	910	2696
'300220	Vaccines for human medicine	7299	1101	2590	11624	2598
'010290	Live bovine animals (excluding cattle and buffalo)	0	4	0	0	2589
'180632	Chocolate and other preparations containing cocoa, in blocks, slabs or bars of <= 2 kg (excluding ...	2967	4009	8332	10369	2531
'151211	Crude sunflower-seed or safflower oil	905	1828	189	107	2470
'320810	Paints and varnishes, incl. enamels and lacquers, based on polyesters, dispersed or dissolved ...	686	1173	948	683	2388
'071029	Leguminous vegetables, shelled or unshelled, uncooked or cooked by steaming or by boiling in ...	4264	4779	8303	8292	2387
'190410	Prepared foods obtained by swelling or roasting cereals or cereal products, e.g. corn flakes	6239	7529	8533	8444	2354
'040630	Processed cheese, not grated or powdered	16360	20769	22380	21339	2324
'870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	459	354	1146	331	2293
'392330	Carboys, bottles, flasks and similar articles for the conveyance or packaging of goods, of ...	14764	15606	10505	10365	2284
'220291	Non-alcoholic beer <= 0.5% vol alc	0	0	0	0	2281
'901819	Electro-diagnostic apparatus, incl. apparatus for functional exploratory examination or for ...	2630	2340	2385	2445	2275
'701337	Drinking glasses (excluding glasses of glass ceramics or of lead crystal and stemware)	2161	1435	1653	1845	2261
'330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), ...	14499	16279	15550	16344	2256
'390720	Polyethers, in primary forms (excluding polyacetals and goods of 3002 10)	12058	9070	13636	16477	2212
'852580	Television cameras, digital cameras and video camera recorders	1039	718	998	976	2165
'842129	Machinery and apparatus for filtering or purifying liquids (excluding such machinery and apparatus ...	1685	843	4185	1254	2156
'392020	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, ...	2359	2634	2043	3117	2149

'848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...	8003	8267	9719	7395	2135
'870423	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	8200	13901	14811	6085	2112
'621010	Garments made up of felt or nonwovens, whether or not impregnated, coated, covered or laminated ...	5	13	14	27	2090
'844399	Parts and accessories of printers, copying machines and facsimile machines, n.e.s. (excluding ...	4753	6994	6069	5331	2086
'870590	Special purpose motor vehicles (other than those principally designed for the transport of ...	1039	2347	8109	4835	2010

This list is important that shows a general information what kind of products may we import from KSA & Iraq and the rest of the world

### List of most exported products from Palestine.<sup>17</sup>

Unit: US Dollar Thousand

Code	Product label	Exported value in 2016	Exported value in 2017	Exported value in 2018	Exported value in 2019	Exported value in 2020
TOTAL	All products	926,499	1,064,884	1,155,634	1,103,808	164,647
080410	Fresh or dried dates	14,995	28,823	27,757	38,146	33,458
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold . . .	0	0	0	0	24,844
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of . . .	0	0	0	0	22,803
150910	Virgin olive oil and its fractions obtained from the fruit of the olive tree solely by mechanical . . .	43,070	37,854	44,444	52,827	20,501
721499	Bars and rods, of iron or non-alloy steel, only hot-rolled, only hot-drawn or only hot-extruded . . .	0	0	0	0	4,505
680229	Monumental or building stone and articles thereof, simply cut or sawn, with a flat or even . . .	141,249	170,612	150,706	143,846	4,472
160231	Meat or offal of turkeys "Gallus domesticus", prepared or preserved (excluding sausages and . . .	0	0	0	0	4,017
220210	Waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption . . .	0	0	0	0	3,353
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, . . .	9,977	10,886	11,067	12,226	3,330
091099	Spices (excluding pepper of the genus Piper, fruit of the genus Capsicum or of the genus Pimenta, . . .	4,052	4,415	5,122	3,796	2,681
680292	Calcareous stone, in any form (excluding marble, travertine and alabaster, tiles, cubes and . . .	5	12	3	0	2,053

<sup>17</sup> ITC

081190	Frozen fruit and nuts, uncooked or cooked by steaming or boiling in water, whether or not sweetened . . .	0	0	0	0	1,822
070999	Fresh or chilled vegetables n.e.s.	3,600	2,894	3,177	874	1,740
680299	Monumental or building stone, in any form, polished, decorated or otherwise worked (excluding . . .	118	52	23	59	1,573
080212	Fresh or dried almonds, shelled	964	2,265	804	688	1,423
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal . . .	0	0	0	0	1,291
410150	Whole raw hides and skins of bovine "incl. buffalo" or equine animals, whether or not dehaired . . .	0	0	0	0	1,175
090121	Roasted coffee (excluding decaffeinated)	1,879	1,767	2,399	1,463	1,153
300410	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, . . .	0	0	0	0	974
760200	Waste and scrap, of aluminum (excluding slags, scale and the like from iron and steel production, . . .	4,902	2,675	7,673	2,772	953
160100	Sausages and similar products, of meat, offal or blood; food preparations based on these products	6,851	8,192	7,351	7,311	921
392330	Carboys, bottles, flasks and similar articles for the conveyance or packaging of goods, of . . .	116	362	645	490	920
200190	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar . . .	0	0	0	0	900
780200	Lead waste and scrap (excluding ashes and residues from lead production heading No 2620", and . . .	100	827	2,372	3,125	827
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, . . .	0	1,154	705	948	794
080440	Fresh or dried avocados	927	405	1,446	1,217	788
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or . . .	1,502	1,552	1,793	1,613	776
190490	Cereals (excluding maize [corn]) in grain or flake form or other worked grains, pre-cooked . . .	0	0	0	0	760
070200	Tomatoes, fresh or chilled	4,918	5,273	3,896	3,670	655
251520	Ecaussine and other calcareous monumental or building stone of an apparent specific gravity . . .	0	0	0	0	648
190532	Waffles and wafers	0	19	32	505	642
340119	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded . . .	3,205	3,583	4,018	3,834	639
150990	Olive oil and fractions obtained from the fruit of the olive tree solely by mechanical or other . . .	4	7	0	35	637
220299	Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk and beer)	0	0	0	0	545
200819	Nuts and other seeds, incl. mixtures, prepared or preserved (excluding prepared or preserved . . .	0	0	0	0	514
071290	Dried vegetables and mixtures of vegetables, whole, cut, sliced, broken or in powder, but not . . .	9	23	2	10	464
640359	Footwear with outer soles and uppers of leather (excluding covering the ankle, incorporating . . .	0	0	0	0	439

481910	Cartons, boxes and cases, of corrugated paper or paperboard	1,179	1,230	2,436	1,344	434
070690	Fresh or chilled salad beetroot, salsify, celeriac, radishes and similar edible roots (excluding . . .	124	120	816	1	423
903090	Parts and accessories for instruments and apparatus for measuring or checking electrical quantities . . .	0	0	0	0	420
070390	Leeks and other alliaceous vegetables, fresh or chilled (excluding onions, shallots and garlic)	0	0	0	0	407
300432	Medicaments containing corticosteroid hormones, their derivatives or structural analogues but . . .	0	0	0	0	392
999999	Commodities not elsewhere specified	0	0	0	0	358
080550	Fresh or dried lemons "Citrus limon, Citrus limonum" and limes "Citrus aurantifolia, Citrus . . .	1,735	1,261	964	756	351
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather . . .	0	0	0	0	308
680422	Millstones, grindstones, grinding wheels and the like, without frameworks, for sharpening, . . .	0	0	0	0	297
121299	Fruit stones and kernels and other vegetable products, incl. unroasted chicory roots of the . . .	0	0	0	0	282
070190	Fresh or chilled potatoes (excluding seed)	2,395	3,937	2,557	2,791	266
210500	Ice cream and other edible ice, whether or not containing cocoa	210	542	943	443	257
842240	Packing or wrapping machinery, incl. heat-shrink wrapping machinery (excluding machinery for . . .	15	2	11	0	253
680423	Millstones, grindstones, grinding wheels and the like, without frameworks, for sharpening, . . .	0	0	0	0	244
740400	Waste and scrap, of copper (excluding ingots or other similar unwrought shapes, of remelted . . .	11,537	18,021	25,967	7,888	241
940410	Mattress supports for bed frames (excluding spring interiors for seats)	0	0	0	0	240
482020	Exercise books of paper or paperboard	840	857	5,823	5,776	231
340111	Soap and organic surface-active products and preparations, in the form of bars, cakes, moulded . . .	0	0	0	0	228
440139	Sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes or similar . . .	0	27	11	4,537	226
940320	Metal furniture (excluding for offices, seats and medical, surgical, dental or veterinary . . .	999	848	1,785	868	223
200990	Mixtures of fruit juices, incl. grape must, and vegetable juices, unfermented, whether or not . . .	0	0	0	0	220
760421	Hollow profiles of aluminum alloys, n.e.s.	17	2	3	47	219
020727	Frozen cuts and edible offal of turkeys of the species domesticus	57	433	17	439	219
210690	Food preparations, n.e.s.	10,592	11,262	12,846	14,380	210
640299	Footwear with outer soles and uppers of rubber or plastics (excluding covering the ankle or . . .	93	174	7	12	204
851629	Electric space-heating and soil-heating apparatus (excluding storage heating radiators)	0	0	0	0	201



120770	Melon seeds	1,269	678	664	480	193
071010	Potatoes, uncooked or cooked by steaming or by boiling in water, frozen	0	12	34	119	182
190240	Couscous, whether or not prepared	404	305	290	203	173
640590	Footwear with outer soles of rubber or plastics, with uppers other than rubber, plastics, leather . . .	263	312	398	408	169

### a. List of Palestinian imports from Saudi Arabia

Unit : US Dollar thousand			
Product label	Palestine, State of imports from Saudi Arabia		
	Value in 2018	Value in 2019	Value in 2020
All products	87647	80463	
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	407	453	
Edible fruit and nuts; peel of citrus fruit or melons	172	0	
Coffee, tea, maté and spices	741	652	
Products of the milling industry; malt; starches; inulin; wheat gluten	1	1	
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	186	99	
Sugars and sugar confectionery	450	1754	
Cocoa and cocoa preparations	45	35	
Preparations of cereals, flour, starch or milk; pastrycooks' products	4485	8444	
Preparations of vegetables, fruit, nuts or other parts of plants	1295	1570	
Miscellaneous edible preparations	464	1031	
Beverages, spirits and vinegar	7590	7338	
Salt; sulphur; earths and stone; plastering materials, lime and cement	79	41	
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	269	226	
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	14	40	
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	10	0	
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	440	804	
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	527	308	

Albuminoidal substances; modified starches; glues; enzymes	18	36	
Miscellaneous chemical products	232	102	
Plastics and articles thereof	68482	54591	
Wood and articles of wood; wood charcoal	0	7	
Paper and paperboard; articles of paper pulp, of paper or of paperboard	47	276	
Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	0	3	
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0	17	
Articles of apparel and clothing accessories, not knitted or crocheted	0	16	
Articles of stone, plaster, cement, asbestos, mica or similar materials	13	6	
Glass and glassware	835	875	
Articles of iron or steel	75	3	
Copper and articles thereof	0	0	
Nickel and articles thereof	0	0	
Aluminum and articles thereof	415	400	
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	2	2	
Miscellaneous articles of base metal	0	22	
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	221	73	
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	79	1203	
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	21	6	
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	4	5	
Miscellaneous manufactured articles	28	22	

Plastics were the most imported products, especially polyethylene. Polyethylene is a durable thermoplastic that comes in the shape of crystals. It is later processed and transferred into variable products such as plastic bags, food containers and other packaging.

Although paper bags have been introduced all over the developed world and some developing countries, Palestine depends heavily on plastic bags. It is very rare to see paper bags anywhere, coupled with the highly consuming nature especially for food products, Palestine will keep on importing plastics from Saudi Arabia.

## b. Potential Imports from KSA

Product	Potential
Bread, pastry	High potential
Cane or beat sugar % chemically pure sucrose	High potential
Sweet biscuits	High potential
Sunflower-seed or sunflower oil (excl crude) & fractions	Medium
Mixtures of fruit and vegetable juices	Medium
Low fat milk	Medium
Juices of fruit or vegetables, unfermented	Medium
Polyether, in primary forms	Medium
Polyethylene, specific gravity $\geq 0.94$ , In primary forms	Medium
Waters as beverage	Low
Shampoos	Low
Sanitary articles	Low
Sugar confectionary not containing cocoa	Low
Chocolate and other cocoa preparations	Low
Polyethylene, specific gravity $< 0.94$ , In primary forms	Low
Medicaments, consists of mixed and mixed products, for retail	Low
Dates fresh or dried	Low

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## c. Palestinian exports to Iraq

The State of Palestine does not have direct trade relations with Iraq, yet some trade happens indirectly. According to the International Trade Centre, Iraq imported only USD 50 thousand worth of pharmaceuticals, all were medicaments consisting of mixed or

<sup>18</sup> ITC Export Potential Map. ITC EPM. (n.d.). Retrieved September 20, 2021, from <https://exportpotential.intracen.org/en/products/gap-chart?toMarker=j&market=275&fromMarker=i&exporter=682&whatMarker=k>.

unmixed products for therapeutic or prophylactic uses. The Pharmaceutical industry in Palestine is robust and extremely competitive. There are few pharmaceutical companies in the West Bank and the Gaza Strip that hold the lion's share in pharmaceutical products. Thus, it is advised to look for other products that hold a better promise.

## Saudi Economic Overview

Saudi Arabia, known as KSA, has one of the largest economies in the world, ranked in the top 20 with an estimated GDP over USD 700 billion in 2020 and a population of 35 million. By 2020, KSA had a positive trade balance of USD 54 billion, with total exports of USD 691 billion, most of which comes from petroleum products, and total imports of USD 636 billion. The KSA and Palestine have had a rich history of cooperation, which was crowned at one point by excluding the Palestinian products from import taxes. However, only agriculture, livestock, and metallic and non-metallic raw materials products are exempt.

KSA has taken multiple initiatives to support trade, one of those initiatives is the Authorized Economic Operator (AEO). It is a program based on the partnership concept between Customs and businesses to strengthen the international supply chain security and provide more trade facilitation benefits. It is the global standard since its adoption by the World Customs Organization (WCO) SAFE Framework of Standards by the WCO Council in 2005. It is also one of the components of the Trade Facilitation Agreement (TFA) which entered into force on 22 February 2017. Companies in the supply chain that have applied to the program and been validated are classified as low risk business partners and can therefore be trusted by Customs. These companies will receive significant benefits that will simplify their customs procedures, create greater predictability for business activities at the border, and facilitate the movement of their goods to a lower cost.

### 1. Consumer trends

#### 1. Consumer preferences

Saudi Arabia is a highly consuming country, especially when it comes to food. In April of 2020, a survey directed at consumers reported that 55% of their online purchases were grocery, food and beverage. Around 80% of Saudi Arabia's food needs are imported<sup>19</sup>. Saudi Arabia imports machinery, steel, footwear, clothes, foods such as fruits, citrus, vegetables...etc. They have a strong pharmaceutical and petrochemical industries that are difficult to compete with.

#### 2. Quality

The Saudi Arabian market is an arena for competing international products, which in turn dictates higher competition. Thus, quality is of high importance to the Saudi consumer. There are two bodies responsible for determining the quality of all products that come

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<sup>19</sup> <https://bestfoodimporters.com/food-importers-and-food-import-trends-in-saudi-arabia-2020>

into the Kingdom, the Saudi Standards, Metrology and Quality Organization SASO and the Saudi Food and Drug Authority SFDDA. Both of those entities assure that products coming into the country are upheld to high standards.

### **3. Pricing**

For the Average Saudi family, pricing constitutes an important factor, if not the most important, when it comes to food. Most of the purchases that take place usually happen on weekends when the family goes shopping. According to a survey conducted by McKinsey & Company consumers in Saudi Arabia “felt they were forced... to make adjustments to their spending habits and now feel more confident about spending disposable income, in order to regain some of their lost purchasing power”. Furthermore, 34% of consumers were willing to purchase their favorite brands compared to 42% previously. This shows that pricing points have become the most important factor to the consumers.<sup>20</sup>

### **4. Import regulations**

Importers to Saudi Arabia are kindly forced to provide the coming files prior to import:

- A commercial business invoice
- A bill of lading / airway bill
- A certificate of origin (unnecessary in case the nation of origin was clearly established)
- a steamship (or airline) company certificate
- Bill of Lading or Airway bill.
- insurance documents (if products insured by the exporter)
- packing list

The importer is forced to provide all of the required files based on the character of the imported items, for example:

- Obtaining an IECEE certificate for goods that call for that certificate
- Registration of goods with the concerned people if needed

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<sup>20</sup> Muneer, L.- M. (n.d.). *Saudi consumer behavior shifting at Rapid Pace*. awsat. Retrieved October 10, 2021, from <https://english.aawsat.com/home/article/1236201/saudi-consumer-behavior-shifting-rapid-pace>.

## ***Description Of Shipping Documents<sup>21</sup>***

As of May eighteen, 1996, Saudi customs authorities have emphasized that commercial invoices issued by exporters must contain an exact description of the products currently being exported to the Kingdom. It must include:

For exported products other than equipment:

- complete material description such as percentage, weight, size, and type of its components if possible
- complete name(s) of producer(s) or perhaps manufacturer(s)
- trademarks
- just about any additional info pertaining to the kind of the exported item

### ***Commercial Business Invoice:***

must have a notarized statement, signed by a responsible official of the exporting firm, saying: "I certify this invoice to be correct and true and in accordance with the publications of ours, also that the commodities referred to are actually of \*\*\*\*\* origin."

### ***Certificate of Origin***

The certificate of origin needs to be given by the producer (or the exporting firm), as well as should have the title of the vessel (the particular date and airline) of sailing, nationality(ies), name(s), and complete street address(es) of the manufacturer(s) of all the things to be delivered to Saudi Arabia.

The Bill of Lading (or maybe Airway bill): One nonnegotiable copy of the bill of lading is usually to be provided to a Saudi Arabian Consulate. The bill of lading ought to agree with the business invoice and show description, value, net and gross weight of shipped goods, measurement and volume, marks, selection of packages, address and name of the consignee (Saudi importer) and consignor, name and address of shipping company and/or shipping agent, title of date and vessel of sailing, port of loading and port of discharge. Numbers and marks must agree with all those on the invoice and containers.

### ***Insurance Certificate:***

This certificate (issued by an insurance company in more than one original) must contain the real quantity of insurance, value and description of insured goods, title of vessel, port of loading and Saudi port of discharge, and address and name of beneficiary. Additionally,

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<sup>21</sup> <https://www.export2gulf.com/saudi-arabia-import-requirements-customs-regulation>

the “Appended Declaration to Insurance Policy” (available from the Saudi Consulates) must state that the insurance business has a duly qualified as well as appointed representative or agent in the Kingdom of Saudi Arabia, giving the title of his and complete address.

When the shipment is actually insured by an insurance company in Saudi Arabia, the exporter, on the letterhead of theirs, must point out the title and address of that organization.

### ***Packing List:***

It includes addresses and names of consignee and consignor, worth and description of the exported goods, total weight and net, selection of packages and the contents of theirs, number of contents and pots, amounts of seals, and L/C number (if applicable).

### ***Food Products Export Documents:***

Requirements for labeling food items purchased in the Kingdom of Saudi Arabia are based on the Saudi Arabian Standards Organization (SASO). Exporters of the items ought to comply (among many other SASO standards) with Mandatory Standards SSA 1/1984, whether for sample demonstration or even for business shipments, as well as should deliver the next certificates:

1. Food Manufacturer’s Ingredients Certificate: Food Manufacturer’s Ingredients Certificate: This certificate must add a description of the exported food products (portion and contents of every ingredient), storage, microbiological standards, chemical data, and life of merchandise (date of date and manufacture of expiration). When products contain any animal fats, the certificate should verify the animal type from which it’s taken, or maybe suggest that no pork meat or maybe its artificial flavor nor its animal fat is now being utilized. That certificate has to be received from a community health department as well as should be signed.
2. Consumer Protection Certificate: Consumer Protection Certificate: This certificate confirms the healthiness of the different substances of the exported food items to Saudi Arabia, and their fitness and security for human use. The certificate has to be received from an office of the Exporting Country Department of Agriculture and should be signed.
3. Price List: Price List: The cost list must be given by the exporter on the letterhead of his, and must indicate that the charges of the exported items to the Kingdom of Saudi Arabia are actually the regular local store prices.



## Importation of Meat

Besides the common delivery documents all meat shipments need to be accompanied by the following certificates:

1. A certificate of “Halal” meat: This certificate shows that slaughtering has taken place in an officially licensed slaughterhouse based on Islamic procedures. The “Halal” meat certificate must be legalized by a recognized Islamic Center in the United States. It need to also accompany shipments of poultry into Saudi Arabia.
2. An Official Health Certificate: This certificate must signify the particular date of slaughter, kind of average age and animal, in every shipment. The health certificate should also suggest that animals had been examined within 12 hours before being slaughtered, and immediately after, by a qualified veterinarian, and have been found totally free from illness and ideal for human use.

The Health Certificate is actually necessary for those exports to Saudi Arabia of all sorts of meats, (including seafood and chicken), meat solutions, livestock, veggies, fruits, and human blood, attesting to the point that they are completely free from pests and/or disease.

## Saudi standard SASO<sup>22</sup>

The Saudi Standards, Metrology and Quality Organization (SASO) was established pursuant to the Royal Decree No. M/10 dated 03/03/1392 H (17/4/1972 G) as a body of judicial personality and of an independent budget and obtained ISO membership the same year. It is a government body that coordinates standardization activities and facilitates the development of Saudi Standards by working with Government, industry and the community.

A board of directors, headed by his Excellency the Minister of Commerce and Investment and comprised of representatives of the major sectors concerned with standardization in the Kingdom, outlines the general policy of SASO.

SASO is a competent authority entrusted with all matters related to standardization, metrology and quality in Kingdom of Saudi Arabia. It provides the necessary measures for quality control of raw materials and products, and set necessary conformity procedures of products based on the verification of quality, legislation and application of the Quality Mark Scheme. It governs the organizational and executive tasks related to standards, metrology and quality, including laying down Saudi standards of goods,

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<sup>22</sup> <https://saso.gov.sa/en/about/Pages/responsibilities.aspx>

products and services, measurement, and setting procedures of conformity evaluation and certification. SASO is also hosting the Saudi Accreditation Committee (SAC) responsible for accrediting laboratories and certification bodies. Moreover, SASO sets methods of sampling, testing, and technical inspection and promotes quality management systems.

SASO works closely with the private sector, other government bodies, consumer representatives and other stakeholders, in order to develop the quality infrastructure in Kingdom of Saudi Arabia.

SASO is a member of the International Organization for Standardization (ISO), the International Electro technical Commission (IEC), the International Organization of Legal Metrology (OIML) and International Bureau of weight and Measures (BIPM), which provides a direct link to the international arena and creates further standards development efficiencies. SASO's tasks are

- Developing and approving Saudi standard for goods, products, services, measuring and calibration devices.
- Issuing regulations for conformity assessment, certification activities, etc.
- Applying the National System of Metrology and Calibration in the Kingdom.
- Ensuring the applying of mandatory Saudi standards (Technical Regulations) and conformity assessment procedures, in conjunction with relevant authorities.
- Joining regional and international organizations related with standards, metrology, calibration, and quality and represent the Kingdom therein

#### ***SASO's objectives:***

- Issuing Saudi standards, quality regulations and guides, and conformity assessment that are consistent with international standards and guides as well as meeting the requirements of the World Trade Organization agreement in this scope in line with Islamic Sharia and in the interests of the Kingdom.
- Providing environmental and health protection and general safety by ensuring that products comply with the standards approved by SASO.
- Ensuring the national products quality by approving suitable Saudi standard that enables national products to compete in the domestic and international markets in addition to protecting the Kingdom's markets from counterfeit goods.

## ***SASO Certifications***<sup>23</sup>

SASO Issuing a number of certificates, labels, and marks indicating that goods conform to standard specifications and technical regulations in force.

### ***Quality Mark***

- Granting a license for the use of the Saudi Quality Mark by national and foreign establishments, in accordance with the requirements of the General Technical Regulation of the Quality Mark.

### ***Efficiency Labels***

- Granting a license to use the Energy Efficiency Label for electrical appliances (air conditioners, washing machines, refrigerators, freezers, electric motors, and lighting).
- Granting energy efficiency licenses for electric motors.
- Granting a license to use the Fuel Economy Label for new light vehicles.
- Granting a license to use the Energy Efficiency Label for tires.
- Register accredited laboratories in the electronic program for energy efficiency and consumption.

### ***Conformity Certificates***

- Issuing Conformity Certificate for product model.
- Issuing Conformity Certificate for a specific consignment of goods.
- Issuing Conformity Certificate for a production batch.

### ***(IECEE) Certificates***

- Granting corresponding national certificate of Conformity, in accordance with the IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components (IECEE).

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<sup>23</sup> <https://saso.gov.sa/en/sectors/certificates/Pages/about.aspx>

## ***SASO Technical Regulations***<sup>24</sup>

### ***Textile***

- Technical Regulations for Leather Products
- Technical Regulation for Toys adopted from GCC Technical Regulation on Children Toys:
- Technical Regulation of Textile Products: Issue 1
- Technical Regulation for Personal Protective Equipment and Clothing
- Technical Regulation for Footwear and their Accessories

### ***Construction and Building***

- Technical Regulation for Building Materials: Part (1) Sectors of Metals and their Alloys ...
- Technical Regulation for Building Materials: Part 2: Insulation and Building Cladding Mat...
- Technical Regulation for Building Materials: Part (3): Hydraulic Links and Related Producers
- Technical Regulation for Building Materials: Part 4:
- Technical Regulation for Water Rationalization Tools
- Technical Regulation for Building Materials: Part 5)
- Technical Regulation for doors, windows, and accessories

### ***Mechanical***

- Technical Regulations for Used Imported Vehicles
- Technical Regulation for equipment safety: part 2
- Technical Regulation for Front, Rear and Side Barriers for Trucks and Trailers
- Technical Regulation for Gas Appliances and their Accessories: Version (1) - Amendment (2...
- Data Registration Procedures and the Issuance of Energy Efficiency Card for Vehicles and ...
- Trailers and Semi-Trailers: Version (1) - Amendment (1)
- Technical Regulation for Auto Spare Parts
- Technical Regulation for Classification of Vehicle Maintenance and Repair Centers
- Technical regulation of Amusement parks games and devices

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<sup>24</sup> [https://saso.gov.sa/en/Laws-And-Regulations/Technical\\_regulations/Pages/default.aspx](https://saso.gov.sa/en/Laws-And-Regulations/Technical_regulations/Pages/default.aspx)

- Technical Regulation for Modified Vehicles and Limited Production Models
- Technical Regulation for Fire Control Materials and Equipment
- Technical Regulation for Tanks: Part 1
- Technical Regulation for Automated Motorcycles
- Technical Regulation for equipment safety: part 1

### **Electrical**

- Technical Regulations for Limiting Hazardous Substances in Electrical and Electronic Devices
- Technical Regulation for Low Voltage Electrical Equipment and Appliances
- List No. (2): Electrical equipment and appliances subject to conformity assessment procedures
- Technical Regulation for Electrical Self-Balancing Boards (Scooter)
- Technical Regulation for Energy Efficiency: Issue (1) – Amendment (2)
- Technical Regulation for Electric Vehicles
- Technical Regulation for Solar Photovoltaic Systems
- Technical Regulation for Electronic Devices Used in Electronic Smoking Systems
- Technical Regulation for Electrical Lifts Used in Buildings and Facilities
- Technical Regulation for Electrical Batteries

### **Chemistry**

- Technical Regulation for Paper and Cardboard
- Technical Regulation for Lubricating Oils
- Technical Regulation for Detergents
- Technical regulation for Paints (Dyes) and Varnishes: Version (2) - Amendment (1)
- Technical Regulation for Degradable Plastic Products
- Technical Regulation for Food Safety in Tools and Appliances Used in Kitchen
- Technical Regulation for Fireworks

### **SASO E-Services list<sup>25</sup>**

- Booking Appointments Service
- Purchasing Standards
- Product Conformity Certificate

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<sup>25</sup> <https://saso.gov.sa/en/eservices/Pages/Listing.aspx>

- Shipment certificate for non-commercial products
- Shipment certificate for non-commercial products
- SASO's Services Membership
- Self-declaration of conformity
- Granting the license of the quality mark
- Expanding the scope of the quality mark license
- Cancellation of Quality Mark License
- Energy Efficiency Label for Electrical Products
- Energy Efficiency Label for Tires
- Fuel Economy Label for the New Light Vehicles
- Water Efficiency Label
- Model Approval Conformity
- Consignment Conformity
- Production Line/Batch Approval
- Gulf Conformity Mark
- Biodegradable Plastic
- Under-run Protective Devices for Trucks and Trailers
- Electric Vehicles
- Electric Vehicles Accessories
- Petroleum Transport Tanks
- Trailers and Semi-trailers
- Motorcycles
- (IEC) Certificates
- Sample Testing
- Sample Status Inquiry
- Proficiency testing programs
- Imported Vehicles Inquiry
- Rejected Cars Inquiry
- Car New Inspection
- Modified Cars Inspection
- Vehicle Modification Inquiry Service
- Calibration of Measuring Equipment

## Agreements with other International Bodies signed by SASO <sup>26</sup>

- High Institute for Elastomer Industries (HIEI) - 2016
- General Directorate of Civil Defense – 2018
- Ministry of Defense – 2015
- Riyadh Chamber – 2017
- 66 Global Automotive Companies – 2014
- International Commission for Technological Means – 2015
- Mexican Ministry of Economy (SE) – 2016
- United States Guarantor Laboratories (UL) – 2020

## Saber Electronic Platform<sup>27</sup>

KSA has been taking huge steps to make trade more efficient, one of those initiatives is the creation of Saber. Saber is an electronic platform that helps the local supplier and factory to register the required conformity certificates electronically for consumer products, whether imported or locally manufactured, to enter the Saudi market. The platform also aims to raise the level of safe products in the Saudi market. Saber E-Platform was developed to operate and develop it according to the highest standards of efficiency in terms of speed of completion in registration, as well as in reducing the time spent for beneficiaries.

Below are the entities involved in Saber:

- Ministry of Commerce
- Saudi Standards, Metrology, and Quality Organization
- General Customs Authority
- Conformity assessment bodies

Saber is beneficial on different fronts such as:

- Raising the level of safe products to reduce products that do not conform Saudi's specifications.
- Reduces the needed time to release consumer products by Saudi Customs.
- Accelerate procedures of the required conformity certificates for consumer products, whether imported or locally manufactured.

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<sup>26</sup> <https://saso.gov.sa/en/Pages/Search.aspx?k=memorandum%20of%20understanding>

<sup>27</sup> <https://saber.sa/home/aboutsaber>

## *Saudi Product Safety Program*<sup>28</sup>

The Saudi Standards, Metrology and Quality Organization (SASO) has made the decision to implement the Saudi Product Safety Program (SALEEM) by launching the SABER platform for online Certification for Exports to Saudi Arabia.

SASO has published a list of Technical Regulations covering various products, the Products covered by the Technical Regulations are referred to as Regulated Products. The Conformity Assessment Process for the Regulated Products is a two stage process:

**Stage 1:** Issuance of Product Certification of Conformity (PCoC) valid for one year.

The PCoC is issued for every regulated product / model as per the applicable product standards defined in relevant Technical Regulation. The PCoC is valid for period of one year.

In order to facilitate the products registration on SABER, Cotecna (*Cotecna is a leading provider of testing, inspection, and certification services. That offer solutions to facilitate trade and make supply chains safer and more efficient*), are ready to assist the importers /exporters to register their products as per following steps:

- Request for Product Certificate of Conformity (PCoC) by Importer
- Entry of Product Details in the system based on KSA Customs Tariff Code.
- Selecting of Certification Bodies (CBs) “Cotecna”.
- Payment of PCOC Fees.
- Conformity Assessment and entry of substantiating.
- Documents / Verification Results by Cotecna .
- Issuance of PCoC from the system.

**Stage 2:** Issuance of Shipment Certificate of Conformity (SCoC).

Every regulated product included in the shipment will be verified whether valid PCoC exists for that product and if found to be true will be issued with the SCoC.

The SCoC is valid for that specific shipment only.

- Request for Shipment Certificate of Conformity (SCoC) by Importer.
- Payment of SCoC Fees.
- Verification and Confirmation of valid PCoC for the product by Cotecna.

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<sup>28</sup> [www.cotecna.com](http://www.cotecna.com)



- Issuance of SCoC from the system

Importers have to register online on the SABER platform to obtain PCoC and SCoC. Cotecna is accredited for most of the Technical Regulations to facilitate Conformity Assessment and certification issuance,

### **Saudi Food and Drug Authority SFDA**<sup>29</sup>

The Saudi Food and Drug Authority (SFDA) was established under the Council of Ministers resolution no (1) dated 07/01/1424 H, as an independent body corporate that directly reports to The President of Council of Ministers. The Authority objective is to ensure safety of food and drug for human and animal, and safety of biological and chemical substance as well as electronic products.

A Board of Directors, chaired by HRH Crown Prince, Deputy Premier. Its membership includes HRH Minister of Municipality and Rural Affairs as vice-chairman, and all pertinent ministers (HRH Minister of Interior, Minister of Health, Minister of Commerce and Industry, Minister of Agriculture, Minister of Water and Electricity, Minister of Finance and Minister of Economic and Planning). As well as, the Director General of Saudi Arabian Standards and Specification Organization, the Chairperson of Council of Chambers of Commerce and Industry in the Kingdom, the Authority's Executive Chief, and a person specialize in food and drug.

The main purpose of the SFDA establishment is to regulate, oversee, and control food, drug, medical devices, as well as to set mandatory standard specifications thereof, whether they are imported or locally manufactured. The control and/or testing activities can be conducted in the SFDA or other agency's laboratories. Moreover, the SFDA is in charge of consumer's awareness on all matters related to food, drug and medical devices and all other products and supplies.

#### ***The main objectives of SFDA can be outlined as follows:***

- Observe the safety, security, and effectiveness of food and drug for humans and animal.
- Observe the safety of complementary biological and chemical substances, cosmetics and pesticides.
- Observe the safety of medical devices and its impact on public health.
- Ensure accuracy and safety of medical and diagnostic devices.

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<sup>29</sup> <https://www.sfda.gov.sa/en/overview>

- Launch clear policies and procedures for food and drug, and plan to achieve and implement these policies.
- Conduct research and applied studies to identify health problems, their causes, determine its impact on public, with the consideration of methods for research / studies evaluation. The authority shall establish scientific bases for awareness and consulting services and executive programs in the fields of food and drug. This can be accomplished through the recruitment of experts and specialists or through the partnership with research bodies such as King Abdulaziz City for Science and Technology (KACST) and/or universities research centers.
- Control and supervise licenses procedures for food, drugs and medical devices factories.
- Disseminate and exchange information with local and international scientific and legal agencies, and setting up a database for food and drug.

### *SFDA Services* <sup>30</sup>

- Electronic Clearance (FASEH) System
- Nutrient Profiling Score Calculator
- Food Labeling Calculator
- Transparency and Disclosure
- Calories
- Public Consultation Platform
- Private Sector Feedback Platform
- Halal Center
- Unique Device Identifications (Saudi-DI)
- Saudi Drug Registration (SDR)
- Import Permission Requests for Infection Prevention Supplies During COVID 19 Pandemic
- Food Registration System (FIRS)
- Animal Feed National Registry (AFNR)
- Saudi Drugs Information System (SDI)
- The National Drug & Poison Information Center (NDPIC)
- National Center for Medical Devices Reporting
- Importing Batch Release and Clearance System (IBRCS)
- Medical Devices Marketing Authorization
- Electronic Narcotic Drugs System

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<sup>30</sup> <https://www.sfda.gov.sa/en/eservices?tags=All>

- Standards Web Store
- Unified Electronic System (GHAD)
- Product Classification System (PCS)
- Saudi Vigilance System
- Saudi Clinical Trials Registry (SCTR)
- Drug Sector Billing System
- Medical Devices Importing License
- Drug Establishments National Registry (DENR)
- Cosmetic Marketing Notification System (eCosma)
- Drug Track and Trace System (RSD)
- Gulf Rapid Alert System for Food
- Radioactive Material Registration System

## 5. List of Saudi imports from Palestine

Saudi Arabia is an important trade partner that can, with the right direction, expand the sphere of Palestinian trade. Below, are the top 10 imported Palestinian product labels. These product labels are the general product tree which specific products stem from.<sup>31</sup>

Product label	Saudi Arabia's imports from Palestine, State of			
	Value in 2018	Value in 2019	Value in 2020	Specific product
All products	11872	13237	19633	
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	3967	6588	8332	Olive oil and its fractions obtained from the fruit of the olive tree solely...
Edible fruit and nuts; peel of citrus fruit or melons	130	33	2806	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried
Articles of stone, plaster, cement, asbestos, mica or similar materials	4910	2270	2630	Monumental or building stone, natural (excluding slate), worked, and

<sup>31</sup> ITC

				articles; mosaic cubes...
Coffee, tea, maté and spices	899	1175	1631	Ginger, saffron, turmeric "curcuma", thyme, bay leaves, curry and other spices...
Edible vegetables and certain roots and tubers	134	217	1084	Tomatoes, fresh or chilled; Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or dried
Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	638	974	987	Sausages and similar products, of meat, offal or blood; food preparations based on these products
Preparations of vegetables, fruit, nuts or other parts of plants	286	241	726	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid
Footwear, gaiters and the like; parts of such articles	449	583	377	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials
Paper and paperboard; articles of paper pulp, of paper or of paperboard	0	0	229	Registers, account books, notebooks, order books, receipt books, letter pads, memorandum pads,...etc
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	37	55	214	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or dried

Wood and articles of wood; wood charcoal	0	0	211	Fuel wood, in logs, billets, twigs, faggots or similar forms; wood in chips or particles; sawdust and wood waste
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## 6. Potential Exports to KSA

To identify any potential exports to KSA, we took a look at Saudi imports and Palestinian exports and compared them with Saudi imports from Palestine. The strength in Palestinian exports is consolidated in few main areas: Food and agri- food (Fruit and vegetables); building stones; Olive oils; and scrap metal, as well as other metal products.

When it comes to exports to Saudi Arabia, we export sufficient amounts of stones and asbestos. Furthermore, we can export iron and steel and increase our exports of edible fruits and nuts. When it comes to pharmaceutical exports to Saudi, it is almost non-existent. Although Saudi Arabia has a robust pharmaceutical sector, Palestine can still find a way to supply pharmaceuticals.<sup>32</sup>

Few electric devices/ products can be export to KSA (air-condition split units, instant water heaters), while furniture has a good opportunity in Saudi market, in addition to hand made products.

Textile and shoe products (uniforms, military clothing, bed covers and lances, sandals, and other slippers), cosmetics and olive oil soap as well. Natural products have an opportunity in Saudi market.

However, if we screen the below list of products that Saudi import from the world, we can have a general idea about what we can export for them, knowing that, and after signing MRA with KSA, a lot of Palestinian products can be export to KSA market easily in which it will increase the volume of trade between KSA and Palestine.

## 7. Saudi Arabia top 12 imports from the world. Only relevant products included<sup>33</sup>

Unit: US Dollar thousand

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<sup>32</sup> ITC

<sup>33</sup> ITC

Code	Product label	Imported value in 2016	Imported value in 2017	Imported value in 2018	Imported value in 2019	Imported value in 2020
'TOTAL	All products	129795972	126758508	135211178	144334893	131328602
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	17781407	16479281	15470409	16847688	15431597
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	14326303	14216365	13676895	14363752	12715579
'99	Commodities not elsewhere specified	4860459	5599898	8520552	8641419	6553579
'30	Pharmaceutical products	4822030	5194503	5533613	5308534	5614563
'72	Iron and steel	3197628	2575288	3153226	4165390	4487810
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	2873505	2901065	3565365	3765254	3742324
'73	Articles of iron or steel	4213704	4100062	3945363	3795640	3378224
'39	Plastics and articles thereof	2962945	2902346	3087755	3307075	3281606
'10	Cereals	2067727	2586231	3218541	2810542	2887578
'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	2111428	2094387	2120503	2351929	2335427
'89	Ships, boats and floating structures	856315	1234110	4337832	5492360	2227477
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	1850631	1861764	1883097	1921938	2225384

### 8. Top 110 Saudi imports at the product level (product cluster at 6 digits)

Unit: US Dollar thousand

	Code	Product label	Imported value in 2016	Imported value in 2017	Imported value in 2018	Imported value in 2019	Imported value in 2020
	TOTAL	All products	129,795,972	126,758,508	135,211,178	144,334,893	131,328,602
1.	999999	Commodities not elsewhere specified	4,860,459	5,599,898	8,520,559	8,641,456	6,553,579
2.	870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. . . .	527,267	495,727	1,183,970	5,033,544	4,781,537
3.	870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. . . .	746,217	880,858	2,076,774	4,751,124	4,489,161

4.	851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	3,909,241	4,863,530	4,765,887	5,075,693	4,031,153
5.	271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. . . .	198,287	2,223,588	3,421,865	3,260,117	3,531,723
6.	300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, . . .	2,675,879	2,940,860	3,158,346	2,935,048	3,359,669
7.	851762	Machines for the reception, conversion and transmission or regeneration of voice, images or . . .	739,558	1,114,532	1,083,272	1,800,639	1,898,775
8.	880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	2,398,210	2,139,166	2,320,210	2,489,533	1,685,440
9.	100630	Semi-milled or wholly milled rice, whether or not polished or glazed	872,054	957,353	1,231,478	1,324,980	1,311,371
10.	710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold . . .	2,162,754	2,547,775	3,137,715	2,330,870	1,165,859
11.	720310	Ferrous products obtained by direct reduction of iron ore, in lumps, pellets or similar forms	191,505	352,600	527,067	1,356,279	1,157,371
12.	841510	Window or wall air conditioning machines, self-contained or "split-system"	879,898	667,819	550,060	851,082	1,041,109
13.	847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a . . .	722,651	701,852	747,064	844,575	1,013,260
14.	848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, . . .	1,127,202	1,025,124	1,020,546	755,727	893,886
15.	740811	Wire of refined copper, with a maximum cross-sectional dimension of > 6 mm	558,968	886,084	810,340	818,530	755,452
16.	210690	Food preparations, n.e.s.	930,372	873,837	736,570	719,038	745,399

17.	382200	Diagnostic or laboratory reagents on a backing, prepared diagnostic or laboratory reagents . . .	411,092	455,532	595,250	560,882	723,057
18.	740311	Copper, refined, in the form of cathodes and sections of cathodes	852,534	766,296	671,577	645,895	704,583
19.	870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. . . .	6,131,567	4,450,822	3,071,811	834,901	681,421
20.	020712	Frozen fowls of the species Gallus domesticus, not cut in pieces	1,009,341	717,031	797,829	710,287	657,999
21.	100590	Maize (excluding seed for sowing)	314,824	524,586	639,848	715,094	653,865
22.	690790	Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and . . .	100,876	108,539	205,275	134,986	634,721
23.	100390	Barley (excluding seed for sowing)	713,052	800,252	1,032,611	541,737	616,143
24.	890690	Vessels, incl. lifeboats (excluding warships, rowing boats and other vessels of heading 8901 . . .	309,722	742,433	875,904	618,168	612,277
25.	870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. . . .	5,465,671	3,661,032	2,555,471	289,655	598,300
26.	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not . . .	597,073	818,852	781,010	1,028,825	583,550
27.	401110	New pneumatic tyres, of rubber, of a kind used for motor cars, incl. station wagons and racing . . .	639,563	611,130	626,384	942,226	571,814
28.	190110	Food preparations for infant use, put up for retail sale, of flour, groats, meal, starch or . . .	647,491	559,643	513,984	580,541	566,988
29.	240220	Cigarettes, containing tobacco	1,180,582	746,672	427,849	515,800	545,808
30.	401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with . . .	533,741	456,993	441,962	565,651	532,728



31.	870210	Motor vehicles for the transport of >= 10 persons, incl. driver, with compression-ignition . . .	238,148	251,724	377,751	657,391	528,968
32.	840710	Spark-ignition reciprocating or rotary internal combustion piston engine, for aircraft	897,680	775,038	421,783	734,760	524,652
33.	300210	Antisera and other blood fractions and immunological products, whether or not modified or obtained . . .	212,828	191,997	236,404	263,364	505,756
34.	040221	Milk and cream in solid forms, of a fat content by weight of > 1,5%, unsweetened	305,345	311,480	275,248	364,756	490,012
35.	630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	43,274	39,149	49,554	49,081	460,667
36.	890520	Floating or submersible drilling or production platforms	289,986	400,117	1,590,033	1,452,976	455,831
37.	847150	Processing units for automatic data- processing machines, whether or not containing in the same . . .	277,821	234,810	352,030	452,574	454,641
38.	020714	Frozen cuts and edible offal of fowls of the species Gallus domesticus	401,875	475,200	409,724	580,864	452,802
39.	890590	Light-vessels, fire-floats, floating cranes and other vessels, the navigability of which is . . .	4,110	49,802	778,726	1,811,562	443,195
40.	330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), . . .	456,066	397,193	409,579	456,926	434,232
41.	010410	Live sheep	590,970	576,820	518,101	565,851	420,360
42.	890400	Tugs and pusher craft	184,044	16,249	719,683	987,473	395,739
43.	170113	Raw cane sugar, in solid form, not containing added flavouring or colouring matter, obtained . . .	2,824	286,974	348,034	331,114	388,724
44.	290220	Benzene	344,235	515,448	522,455	481,741	388,155

45.	901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	329,560	380,922	526,203	419,557	376,059
46.	841391	Parts of pumps for liquids, n.e.s.	279,838	261,359	299,797	363,901	365,105
47.	330300	Perfumes and toilet waters (excluding aftershave lotions, personal deodorants and hair lotions)	391,930	340,832	385,669	461,067	348,169
48.	720839	Flat-rolled products of iron or non-alloy steel, of a width of $\geq$ 600 mm, in coils, simply . . .	211,318	319,709	339,310	284,434	348,004
49.	870431	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, . . .	1,015,575	756,460	521,795	562,338	342,794
50.	760120	Unwrought aluminum alloys	56,513	166,354	203,023	170,400	337,744
51.	843143	Parts for boring or sinking machinery of subheading 8430.41 or 8430.49, n.e.s.	639,281	615,730	751,344	772,633	322,220
52.	902830	Electricity supply or production meters, incl. calibrating meters therefor	18,344	28,631	13,227	15,222	321,788
53.	271490	Bitumen and asphalt, natural; asphaltites and asphaltic rocks	250	639	239	817	316,935
54.	870120	Road tractors for semi-trailers	46,337	27,070	32,139	207,501	304,441
55.	940161	Upholstered seats, with wooden frames (excluding convertible into beds)	224,116	258,839	242,171	292,239	296,692
56.	190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion . . .	218,577	213,226	259,250	282,400	292,913
57.	392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding . . .	148,495	164,086	220,122	250,591	287,417
58.	720836	Flat-rolled products of iron or non-alloy steel, of a width of $\geq$ 600 mm, in coils, simply . . .	92,137	16,167	115,169	201,232	284,913

59.	230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting . . .	163,641	263,894	344,860	351,797	284,862
60.	720390	Spongy ferrous products, obtained from molten pig iron by atomisation, iron of a purity of . . .	64,123	105,206	318,653	101,013	281,298
61.	870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston . . .	755,953	242,218	169,739	201,843	279,871
62.	680221	Marble, travertine and alabaster articles thereof, simply cut or sawn, with a flat or even . . .	35,544	51,644	188,028	180,388	270,481
63.	120190	Soya beans, whether or not broken (excluding seed for sowing)	234,917	282,031	222,452	261,607	259,604
64.	880390	Parts of aircraft and spacecraft, n.e.s.	305,857	73,378	109,784	105,648	255,471
65.	271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, . . .	312,767	294,031	236,853	315,425	253,993
66.	040630	Processed cheese, not grated or powdered	192,441	260,465	253,013	260,299	253,829
67.	160414	Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	151,047	146,261	194,104	230,322	253,168
68.	880220	Aeroplanes and other powered aircraft of an unladen weight <= 2000 kg (excluding helicopters . . .	1	876	3,227	512	248,952
69.	090831	Cardamoms, neither crushed nor ground	88,644	121,864	85,992	117,727	248,634
70.	730890	Structures and parts of structures, of iron or steel, n.e.s. (excluding bridges and bridge-sections, . . .	436,575	415,040	416,922	398,896	247,046
71.	847989	Machines and mechanical appliances, n.e.s.	100,242	111,585	172,682	257,199	245,326
72.	610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	196,701	256,916	275,093	296,959	244,864

73.	121490	Swedes, mangolds, fodder roots, hay, lucerne "alfalfa", clover, sainfoin, forage kale, lupines, . . .	72,733	156,074	265,149	275,162	243,925
74.	020130	Fresh or chilled bovine meat, boneless	93,907	110,840	106,869	178,023	243,361
75.	841199	Parts of gas turbines, n.e.s.	545,457	634,998	572,983	363,410	239,314
76.	848140	Safety or relief valves	114,473	126,895	133,240	186,467	232,452
77.	901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary . . .	122,535	145,974	182,512	323,236	230,773
78.	170490	Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	120,331	155,485	213,765	232,606	229,724
79.	950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; . . .	185,264	220,384	201,339	216,992	229,499
80.	180620	Chocolate and other food preparations containing cocoa, in blocks, slabs or bars weighing > . . .	209,264	205,501	234,998	251,600	228,223
81.	901590	Parts and accessories for instruments and appliances used in geodesy, topography, photogrammetrical . . .	213,099	186,612	195,358	249,768	226,604
82.	852872	Reception apparatus for television, colour, whether or not incorporating radio-broadcast receivers . . .	62,095	76,555	113,639	188,740	226,121
83.	300431	Medicaments containing insulin but not antibiotics, put up in measured doses "incl. those in . . .	77,867	154,054	143,922	201,386	225,881
84.	440799	Wood, sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, . . .	40,757	32,679	38,626	92,221	225,635
85.	080510	Fresh or dried oranges	197,296	194,189	212,934	208,865	224,937
86.	200410	Potatoes, prepared or preserved otherwise than by vinegar or acetic acid, frozen	201,887	225,644	184,007	243,365	224,418

87.	040610	Fresh cheese "unripened or uncured cheese", incl. whey cheese, and curd	190,795	187,015	174,538	214,663	222,590
88.	853810	Boards, panels, consoles, desks, cabinets and other bases for the goods of heading 8537, not . . .	80,934	100,501	111,812	120,923	219,437
89.	732690	Articles of iron or steel, n.e.s. (excluding cast articles or articles of iron or steel wire)	219,973	204,800	217,377	179,267	215,519
90.	720711	Semi-finished products of iron or non-alloy steel containing, by weight, < 0,25% of carbon, . . .	347,659	72,253	13,815	79,871	213,842
91.	300220	Vaccines for human medicine	203,506	189,636	315,665	280,845	213,469
92.	040291	Milk and cream, concentrated but unsweetened (excluding in solid forms)	69,957	68,253	86,713	143,837	207,093
93.	721420	Bars and rods, of iron or non-alloy steel, with indentations, ribs, groves or other deformations. . .	103,137	25,672	538	5,133	206,921
94.	940350	Wooden furniture for bedrooms (excluding seats)	214,327	169,430	167,547	241,034	206,679
95.	841191	Parts of turbojets or turbo propellers, n.e.s.	74,586	62,570	72,325	122,236	205,983
96.	853710	Boards, cabinets and similar combinations of apparatus for electric control or the distribution . . .	310,939	235,780	203,239	239,217	202,429
97.	730511	Line pipe of a kind used for oil or gas pipelines, having circular cross-sections and an external . . .	96,506	197,933	65,428	51,118	201,040
98.	940510	Chandeliers and other electric ceiling or wall lighting fittings (excluding for lighting public . . .	170,226	171,323	206,462	109,166	200,840
99.	620442	Women's or girls' dresses of cotton (excluding knitted or crocheted and petticoats)	24,623	31,113	116,485	215,773	200,289
100.	841810	Combined refrigerator-freezers, with separate external doors	199,781	173,732	113,126	147,339	198,482

101.	100119	Durum wheat (excluding seed for sowing)	4	143,863	222,559	123,429	194,058
102.	901819	Electro-diagnostic apparatus, incl. apparatus for functional exploratory examination or for . . .	40,615	53,079	94,943	162,715	189,941
103.	081090	Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola, . . .	47,994	49,036	111,227	152,921	188,301
104.	040510	Butter (excluding dehydrated butter and ghee)	152,381	142,839	168,817	138,693	188,021
105.	020230	Frozen, boneless meat of bovine animals	193,628	172,035	173,590	211,739	186,316
106.	080810	Fresh apples	194,915	185,595	193,525	185,813	185,409
107.	300410	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, . . .	496,556	463,302	204,251	181,896	184,958
108.	151110	Crude palm oil	93,515	181,326	225,095	226,688	184,220
109.	940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	276,648	283,209	281,052	246,252	183,962
110.	040690	Cheese (excluding fresh cheese, incl. whey cheese, curd, processed cheese, blue-veined cheese . . .	242,014	185,750	172,067	167,685	183,649

## Iraqi Economic Background

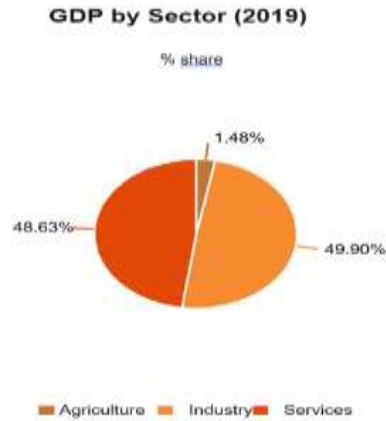
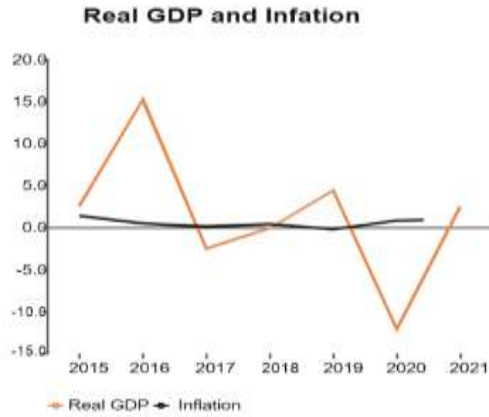
The Republic of Iraq has an estimated GDP of \$203.14 billion USD and a per capita GDP of \$5,686.61 USD (in current prices). The unemployment rate in Iraq is 13.74% and the inflation rate compared to the previous year is at 0.57%. The value of imported goods for 2019/2020 was \$43.3 billion USD and exports at \$39.34 billion USD, with a negative trade balance of \$3.95 billion USD.

Iraq's national debt in relation to GDP sits at 81.15% and the budget balance in relation to GDP is at -19.78%. Finally, the ratio of government expenditure to GDP is 49.75%.

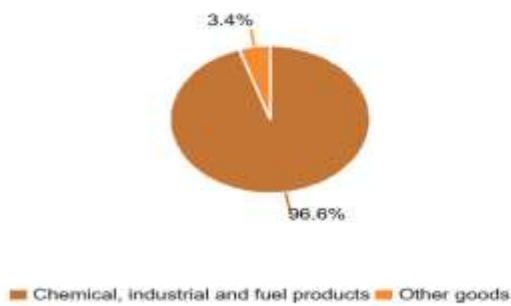
Iraq is an upper-middle-income country that – amongst others – is located next to Iran. It covers a total area of 438,317 km<sup>2</sup> and had a population density of 88.5 people per km<sup>2</sup> in 2019. Iraq has faced many years of war. Both its regulatory quality and rule of law are on a rather low level.

Iraq's economy is dominated by the petroleum sector, which provides more than 90% of government revenue and 80% of foreign exchange earnings. While Iraq's recent contracts with major oil companies have the potential to greatly expand oil revenue, the country will need to upgrade its refinery and export infrastructure to enable these deals to reach their potential. Following the reclamation of Iraqi territory from Islamic State in December 2017, the Government of Iraq is putting in place a comprehensive reconstruction package linking immediate stabilization to a long-term vision and initiating a recovery and reconstruction process. Meanwhile, the drop in oil prices in 2020 and risks related to the Covid 19- pandemic are placing unprecedented strains on the economy. Even with a recovery in oil prices, Iraq will need to undertake many reforms to rebuild fiscal space by cutting distortionary and inefficient spending and strengthening the medium-term orientation of macroeconomic policies.

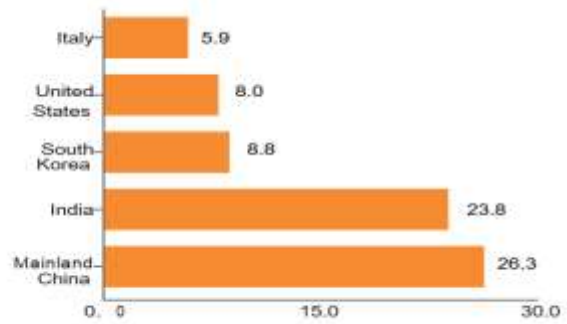
Failure to narrow the twin deficits and a rapid buildup in government debt would divert more resources away from productive investment and further reduce foreign exchange reserves and the economy's resilience to shocks.



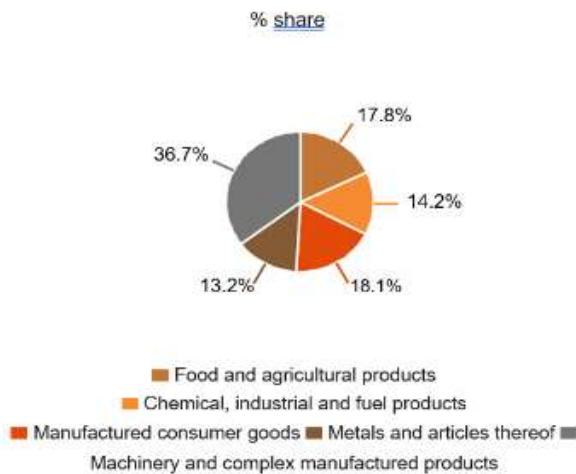
### Major Export Commodities (2019) %share



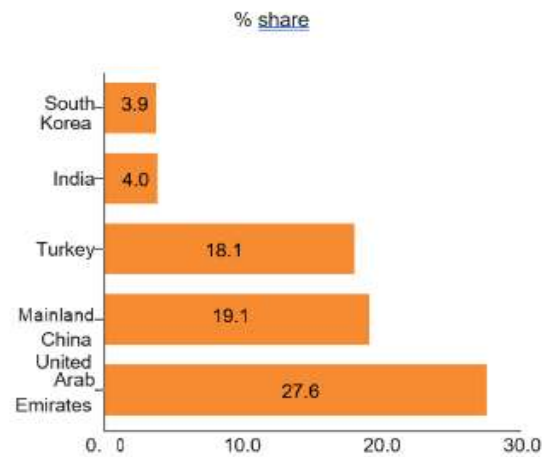
### Major Export Markets (2019) %share



### Major Import Commodities (2019)



### Major Import Markets (2019)





## Economic Risk

Iraq remains heavily reliant on its hydrocarbons sector – which accounts for nine tenths of both fiscal and current account revenues, as well as just under two thirds of total GDP -leaving it exposed to fluctuations in oil prices-. Iraq's economy contracted in 2020 owing to the oil price collapse. This, coupled with Covid-19 related travel disruptions and popular protests, will weigh heavily on business confidence and non-oil activity into 2021. Iraq will post large fiscal and current account deficits, which will in turn eat into reserves and fuel a period of sustained debt accumulation. This will erode the country's ability to absorb further commodity price shocks over the medium term. Furthermore, the spillover of United States Iran tensions will pose threats to the country's business environment, deterring much needed investment into the country.

## Imports and Exports of Iraq<sup>34</sup>

### 1. List of the top 39 products imported by Iraq in values:

The list below can be used as an indicator of the potential exports from Palestine to the Iraqi market

Unit: US Dollar thousand

	Code	Product label	Imported value in 2016	Imported value in 2017	Imported value in 2018	Imported value in 2019	Imported value in 2020
	TOTAL	All products	42,078,535	51,546,815	53,666,081	51,027,496	33,684,743
1.	711319	Articles of jewelry and parts thereof, of precious metal other than silver, whether or not . . .	3,143,391	3,427,190	2,268,303	2,497,836	882,835
2.	100630	Semi-milled or wholly milled rice, whether or not polished or glazed	519,775	634,219	845,417	856,286	688,140
3.	300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, . . .	510,956	639,990	665,564	745,022	668,422
4.	870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. . . .	387,337	786,865	868,704	1,102,576	470,072
5.	841510	Window or wall air conditioning machines, self-contained or "split-system"	313,039	421,819	477,426	504,606	453,216
6.	110100	Wheat or meslin flour	501,532	663,640	578,973	469,621	449,889
7.	151211	Crude sunflower-seed or safflower oil	343	200,554	288,287	312,824	368,645

<sup>34</sup> Sources: ITC calculations based on UN COMTRADE statistics.

8.	870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. . . .	231,445	428,904	578,703	1,072,494	351,312
9.	170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding . . .	310,156	527,131	331,607	264,971	345,257
10.	961900	Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles, . . .	271,569	245,764	251,974	296,031	303,955
11.	852872	Reception apparatus for television, colour, whether or not incorporating radio-broadcast receivers . . .	320,129	396,936	255,913	286,189	281,378
12.	999999	Commodities not elsewhere specified	1,064,195	1,532,253	811,667	578,463	257,485
13.	190190	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing . . .	50,887	69,101	153,413	217,902	256,924
14.	020714	Frozen cuts and edible offal of fowls of the species Gallus domesticus	212,134	270,274	250,141	317,700	254,542
15.	940350	Wooden furniture for bedrooms (excluding seats)	232,572	230,290	242,503	266,954	253,613
16.	848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, . . .	252,174	220,311	306,834	354,535	244,036
17.	940540	Electric lamps and lighting fittings, n.e.s.	84,605	88,209	95,446	155,261	243,137
18.	870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston . . .	117,963	276,324	328,541	360,691	231,480
19.	240220	Cigarettes, containing tobacco	611,315	1,720,692	1,655,868	1,280,751	225,061
20.	850423	Liquid dielectric transformers, having a power handling capacity > 10.000 kVA	90,469	54,433	91,947	85,685	211,880
21.	210690	Food preparations, n.e.s.	113,656	152,387	175,453	203,140	210,901
22.	950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; . . .	58,179	120,655	119,519	122,761	210,120
23.	020712	Frozen fowls of the species Gallus domesticus, not cut in pieces	314,966	383,074	325,206	299,379	209,401
24.	230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting . . .	76,531	58,283	126,706	217,121	207,057
25.	401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with . . .	138,200	152,240	179,477	244,644	203,014
26.	870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, . . .	128,313	192,373	227,095	264,532	200,944
27.	940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	115,876	133,077	191,183	187,490	193,389

28.	841370	Centrifugal pumps, power-driven (excluding those of subheading 8413.11 and 8413.19, fuel, lubricating . . .	184,572	130,308	144,965	164,603	189,152
29.	730890	Structures and parts of structures, of iron or steel, n.e.s. (excluding bridges and bridge-sections, . . .	287,069	253,958	294,569	237,776	183,994
30.	271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, . . .	272,496	443,172	697,886	730,519	183,294
31.	854449	Electric conductors, for a voltage <= 1.000 V, insulated, not fitted with connectors, n.e.s.	223,900	193,931	229,138	274,289	181,866
32.	721420	Bars and rods, of iron or non-alloy steel, with indentations, ribs, groves or other deformations . . .	351,853	347,877	466,807	220,928	176,311
33.	340220	Surface-active preparations, washing preparations, auxiliary washing preparations and cleaning . . .	164,671	169,700	181,752	160,109	169,528
34.	871120	Motorcycles, incl. mopeds, with reciprocating internal combustion piston engine of a cylinder . . .	60,549	88,525	90,713	96,740	167,879
35.	020230	Frozen, boneless meat of bovine animals	136,533	184,461	214,369	194,135	163,834
36.	691110	Tableware and kitchenware, of porcelain or china (excluding ornamental articles, pots, jars, . . .	108,735	103,046	87,721	139,644	162,595
37.	853720	Boards, cabinets and similar combinations of apparatus for electric control or the distribution . . .	84,859	151,221	51,312	122,557	159,002
38.	190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion . . .	186,009	217,379	234,620	157,105	157,717
39.	640299	Footwear with outer soles and uppers of rubber or plastics (excluding covering the ankle or . . .	235,224	278,012	188,444	186,192	152,651

## **2. List of products exported by Iraq in values:**

An indicator of the potential exports from Iraq to the Palestinian market when matched with top imports of Palestine.

Unit: US Dollar thousand

Code	Product label	Exported value in 2016	Exported value in 2017	Exported value in 2018	Exported value in 2019	Exported value in 2020
TOT7AL	All products	49,512,742	69,304,930	97,484,148	91,224,183	63,280,245

270900	Petroleum oils and oils obtained from bituminous minerals, crude	46,351,124	64,968,153	91,813,828	82,875,860	50,895,646
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold . . .	2,420,432	1,929,672	1,382,774	2,538,135	7,940,023
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, . . .	302,108	1,516,887	3,363,257	4,247,473	3,428,350
271320	Petroleum bitumen	17,748	54,197	70,654	396,542	363,709
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. . . .	84,245	291,488	355,902	426,500	229,890
080410	Fresh or dried dates	116,876	147,693	107,467	369,303	82,176
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excluding natural gas, propane, butane, ethylene, . . .	5,257	65,794	50,592	73,635	47,457
740329	Copper alloys unwrought (excluding copper-zinc base alloys "brass", copper-zinc base alloys . . .	7	299		33,132	28,754
890120	Tankers					20,760
720610	Ingots, of iron and non-alloy steel (excluding remelted scrap ingots, continuous cast products, . . .				1,909	13,760
780110	Unwrought lead, refined			202	9,320	13,732
271500	Bituminous mastics, cut-backs and other bituminous mixtures based on natural asphalt, on natural . . .	1,709	1,233	35,899	6,033	12,766
470710	Recovered "waste and scrap" paper or paperboard of unbleached kraft paper, corrugated paper . . .	19,657	33,218	24,648	13,588	10,832
381700	Mixed alkylbenzenes and mixed alkyl naphthalenes produced by the alkylation of benzene and naphthalene . . .		120		6,984	10,283
840690	Parts of steam and other vapour turbines, n.e.s.	6				7,918
760200	Waste and scrap, of aluminum (excluding slags, scale and the like from iron and steel production, . . .	2,448	6,567	9,279	1,909	7,855
740811	Wire of refined copper, with a maximum cross-sectional dimension of > 6 mm			17,669	230	7,422
711319	Articles of jewelry and parts thereof, of precious metal other than silver, whether or not . . .	3,091	2,931	3,257	8,917	7,222
720310	Ferrous products obtained by direct reduction of iron ore, in lumps, pellets or similar forms					7,016
410150	Whole raw hides and skins of bovine "incl. buffalo" or equine animals, whether or not dehaired . . .	4,337	11,200	9,921	8,198	5,927
740321	Copper-zinc base alloys "brass" unwrought				1,142	5,842
251710	Pebbles, gravel, broken or crushed stone, for concrete aggregates, for road metalling or for . . .		37,034	46,723	10,399	5,792
970600	Antiques of > 100 years old	2,530	106	2,623	469	5,307
710691	Silver, incl. silver plated with gold or platinum, unwrought (excluding silver in powder form)	20		235		5,248

740921	Plates, sheets and strip, of copper-zinc base alloys "brass", of a thickness of > 0,15 mm, . . .					4,298
391510	Waste, parings and scrap, of polymers of ethylene	13,700	9,826	10,171	7,313	4,199
780191	Unwrought lead, containing by weight antimony as the principal other element	46	1,734	3,446	7,087	4,148
711292	Waste and scrap of platinum, incl. metal clad with platinum, and other waste and scrap containing . . .	70	7,663	2,364	3,658	3,980
382319	Fatty acids, industrial, monocarboxylic; acid oils from refining (excluding stearic acid, oleic . . .	1	41	673	1,761	3,783
721420	Bars and rods, of iron or non-alloy steel, with indentations, ribs, groves or other deformations . . .				14	3,621
110100	Wheat or meslin flour			11	14	3,069
890800	Vessels and other floating structures for breaking up	12,026	1,934		280	2,892
410510	Skins of sheep or lambs, in the wet state "incl. wet-blue", tanned, without wool on, whether . . .	8,781	10,991	4,809	4,816	2,708
722830	Bars and rods of alloy steel other than stainless, not further worked than hot-rolled, hot-drawn . . .	2	2			2,632
200799	Jams, jellies, marmalades, purées or pastes of fruit, obtained by cooking, whether or not containing . . .	2,235	1,249	3,072	3,603	2,595
270799	Oils and other products of the distillation of high temperature coal tars; similar products . . .				16	2,581
999999	Commodities not elsewhere specified	5,887	9,421	8,275	29,659	2,538
721410	Bars and rods, of iron or non-alloy steel, not further worked than forged (excluding in irregularly . . .					2,523
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or . . .	1,214	1,073	1,324	1,657	2,357
020714	Frozen cuts and edible offal of fowls of the species Gallus domesticus	6	252	1,395	1,280	2,221
740721	Bars, rods and profiles, of copper-zinc base alloys "brass", n.e.s.					2,158
271113	Butanes, liquefied (excluding of a purity of >= 95% of N-butane or isobutane)	67	191	4,963	6,037	2,039
170310	Cane molasses resulting from the extraction or refining of sugar		963	1,948	1,954	2,009
720720	Semi-finished products of iron or non-alloy steel containing, by weight, >= 0,25% of carbon					1,990
271490	Bitumen and asphalt, natural; asphaltites and asphaltic rocks	6	82	125	23,714	1,960
410621	Hides and skins of goats or kids, in the wet state "incl. wet-blue", tanned, without wool on, . . .	731	363	9	634	1,957
760120	Unwrought aluminum alloys	41,102	53,462	41,676	7,830	1,802
843810	Bakery machinery and machinery for the industrial preparation or manufacture of macaroni, spaghetti . . .		30		47	1,758

391590	Waste, parings and scrap of plastics (excluding that of polymers of ethylene, styrene and vinyl . . .	1,547	1,694	871	1,240	1,559
200819	Nuts and other seeds, incl. mixtures, prepared or preserved (excluding prepared or preserved . . .	363	283	621	765	1,547
740311	Copper, refined, in the form of cathodes and sections of cathodes		35			1,331
020712	Frozen fowls of the species Gallus domesticus, not cut in pieces	72	178	480	1,000	1,142

**Iraq’s quality infrastructure<sup>35</sup>**

After years of war and sanctions that effect everything in Iraq including the quality system and other related issues, a new program to upgrade Iraq’s national quality system, including the legal framework and infrastructure for standards, accreditation, metrology and conformity assessment, was started.

The program is being implemented by the Central Organization for Standards and Quality Control (COSQC) of the Republic of Iraq, and the United Nations Industrial Development Organization (UNIDO).

However, since UN sanctions were lifted in 2003, Iraq has been attempting to further trade relations on a regional and international level. In 2007 and 2008, it participated in meetings to promote its accession to the World Trade Organization. This step is required to align its trade regime with the multilateral international trading system.

In recent years, Iraqi consumers have been suffering from low-quality products, commodities and household appliances, since neither good manufactured in Iraq, nor those imported from abroad, are subject to quality control standards. The awareness and application of quality assurance and quality control techniques in the production, distribution and importation of products is necessary to safeguard the public against the hazards of spoiled food and faulty appliances.

Iraq’s COSQC manages the national quality system which aims to strengthen the country’s trade capacity and consumer protection. However, due to limited capacities in almost all areas of quality infrastructure, Iraq is in need of technical support to be able to properly

<sup>35</sup> UNIDO report on legal framework and infrastructure for upgrade Iraqi standards ,2013

address these challenges and to align its national quality system with the principles of the international trade regime.

### **Iraqi Standard** <sup>36</sup>

The Central Organization for Standardization and Quality Control was established under Law No. (54) with a view to creating an Iraqi auditor accredited calibration standards and methods of measurement and the standard specifications of various products where Iraq shares of upgrading the efficiency and productivity and quality of national products through quality assurance activities as well as the reduction of the flow of goods and low-quality through the examination of imported goods and quality control of goods and products of local approved projects in accordance to the law of industrial investment.

Iraq is a member of the International Organization for Standardization. The Central Organization of Standardization and Quality Control (COSQC), housed within the Ministry of Planning, is responsible for monitoring product standards in Iraq. COSQC inspects local and imported goods according to health and safety parameters.

While the Ministry of Agriculture inspects all agricultural products and livestock, as well as issues health certificates for livestock. The Ministry of Health inspects and issues health certificates for manufactured food products.

COSQC is responsible for monitoring product standards in the country. The agency consists of three directorates: Directorate of Standardization, Directorate of Quality Control and Directorate of Administrative and Technical services.

#### ***COSQC's main functions are the following:***

- Prepare and adopt standards
- Grant quality marks and certificates of conformity
- Monitor the quality of local and imported products
- Calibrate tools and measurement equipment
- Hall marking gold and precious metals
- Register patents and industrial samples
- Represent Iraq in the international organizations (Iraq is a member of the International Organization for Standardization)

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<sup>36</sup> <https://mop.gov.iq/en/page/view/details?id=87>

### ***Conformity Assessment***

Product conformity assessment at the Standardization and Quality Control Administration (KSQCA) is done through SGS (Société Générale de Surveillance) and Bureau Veritas testing services. At present, KSQCA is assessing other companies from Germany, Denmark and Switzerland to implement the program.

### ***Product Certification***

Product certification is applied according to Iraqi standards. Iraq accepts other internationally recognized standards such as ASTM, ISO, ANSI, but officially the country's government requires strict compliance with Iraq standards in the import inspection regime.

Product certification takes place through a Pre-Importation Inspection, Testing, and Certification of Goods into Iraq (ICIGI). COSQC requires regulated imports to be inspected for conformity to the relevant Iraqi standards and technical requirements. Regulated goods that enter the Iraqi Kurdistan Region need a Certificate of Conformity.

A pre-importation inspection is not required, if the imported products have the original Certificate of Conformity issued by the production source.

### ***Accreditation***

The national accreditation body of Iraq is the Iraqi Accreditation Systems (IQAS). The Ministry of Planning plans to build five national laboratories within the COSQC for accreditation.

### ***Labeling and Marking***

Products entering Iraq should be well stabilized, secured and have the contents appeared well. Marking should be applied directly on the box, rather than on removable tags. The country of origin should be clearly indicated.

The expiration date and the date of manufacture of canned food products has to be printed on the packaging.

The ingredients of pharmaceutical products must be clearly printed on the packaging. Pesticide labeling must be in Arabic and English.

## **Iraqi Standard Services and certifications<sup>37</sup>**

The tasks of the Iraqi Accreditation Authority:

1. Granting the accreditation certificate to the conformity assessment bodies (all types of laboratories, inspection bodies, and system certification bodies).
2. Providing training services in the field of accreditation.

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<sup>37</sup> <https://mop.gov.iq/en/page/view/details?id=135>



3. Organizing, coordinating and implementing proficiency testing programs for laboratories to verify the efficiency of their performance and the accuracy of their results and their dissemination.
4. Representing the Republic of Iraq in Arab, regional and international forums in the field of accreditation.
5. Cooperating with Arab, regional and international bodies related to the Authority's work.

### **Agreements Signed by Iraqi Standard** <sup>38</sup>

- United Nations Human Settlements Program (Habitat) – 2020
- Jordan Institution for Standardization and Metrology – 2021
- Arab Planning Institute – 2021
- Indian Quality Council – 2021
- United Nations Development Program – 2020
- United Nations Assistance Mission for Iraq (UNAMI) – 2019
- European Union, UNICEF and international labor organizations and the World Food Program – 2021
- World Bank – 2019
- Japan – 2021
- United Nations Economic and Social Commission for Western Asia (ESCWA) – 2019
- German Corporation for International Cooperation (GIZ) – 2019
- Jordanian Contractors' Association – 2019
- Arab Republic of Egypt – 2020
- Turkish Cooperation and Coordination Agency (TIKA) – 2018
- Iran – 2019
- United Nations Human Settlements Program in Iraq – 2019

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<sup>38</sup> <https://mop.gov.iq/en/googlesearch/view/results?q=memorandum+of+understanding>

## Iraq Food Agricultural Import Regulations

### Food Laws:

Since 1990 Iraq has functioned with two legislative authorities, the semi-autonomous Kurdistan (KRG) region which consists of three provinces and the balance, fifteen provinces, are administered by the Iraqi central government in Baghdad. The central government is in Baghdad and the government of the KRG is in Erbil, the capital of the northern region. The two governments share of common ground in terms of legislation but differ in the implementation of policies and regulations. The Public Distribution System which provides` flour, rice, sugar, tea and vegetable oil, which was first introduced in 1994 as part of the World Food Program Oil-for-Food program to mitigate the negative effects of United Nation's sanctions on the civilian population is currently administered by the Ministry of Trade.

The Central Organization for Standardization and Quality Control (COSQC) is an independent government agency that was established by law no.54 in 1979 and acts as a consultant on quality control and standardization issues for government ministries and state-owned enterprises. It maintains relationships with international standard setting organizations. The organization is presided over by a president and a deputy minister. It consists of three directorates headed by a general director who reports to the president.

Iraq food standards are based on Codex Alimentarius, as well as regulations and standards of neighboring countries such as Egypt, Jordan and Gulf Cooperation Council states. Shelf life and standards applied in the region significantly influence Iraqi shelf life and standards. The KRG has reached an agreement with their counterparts in Baghdad, on adopting the same standardization and quality control standards issued by COSQC.

There are 22 points of entry into Iraq, 6 airports and 16 border crossings (land/seaports) four of those border crossings are located in the KRG.

### Labeling Requirements:

#### 1. *General Requirements*

Labeling requirements for prepackaged and canned foods are outlined in the Iraqi Food Standards IQS/230/1989. These labeling requirements were drafted in 1973 and were updated in 1978 by the COSQC and discussed by the Technical Commission for the Standardization of Dairy Products and Canned Foods. The labeling requirements for locally produced and imported food products are as follows:

- The name of the food
- List of ingredients
- Net contents and drained weight (metric system)
- Name and address of the manufacturer/packer/distributor/importer/exporter/vendor
- Country of origin
- Lot identification
- Date of production and storage instruction
- Instruction for use
- Quantitative ingredients declaration

## 2. *Shelf life*

The first Iraqi regulation on foodstuff shelf life was written in 1986 as the Guidelines for Shelf life of Foodstuffs but later was approved by a special commission set up for this purpose, and known as Iraq General Standardization number 1847/1994. It was updated in 1999 and published in the National Gazette issue number 3868 on March 5, 2001.

A further amendment to Iraq General Standardization number 1847/1999 Foodstuff Shelf Life was published in the official Iraq Gazette issue number 3878 in May 2001. Standard Specification number IQS/1847/1999 identified the shelf-life requirements for the majority of foodstuffs. As for selected perishable foods (vegetables and fruits), white sugar liquid and dried, table salt, pulses (unprocessed and unpackaged), dried vegetables, medicinal plants and liquor, the only shelf-life requirement is the date of expiration or date of manufacture. Products such as green coffee (unpackaged), black tea (unpackaged) herbs and spices would meet the general labeling requirements of the date of harvest:

- For products having three months' shelf life or less - Dates shall be engraved or in relief, printed with permanent ink directly on all packages or their original label by producer only. Using stickers and expiration dates is not permissible. For these products, date of production and validity should be stated as day, month and year.
- For products with more than three months' shelf life - Product packaging should state date of production and expiration in the order, month / year, and that considering first day of the month, as date for production and likewise the end of the month is considered as the expiry date.
- For packaging containing multiple pieces, shelf-life information should be printed on the outer packaging of each individual item.

- For individual food products having a shelf life of more than one year, no approval will be granted for importation for which less than half of the product's shelf-life remains. For products having a shelf life of one year or less, no more than one-third of the shelf life may have expired.

Shelf life can only be shown by clear and unambiguous production and expiration dates. The use of any of the following statements for expressing expiration date is permissible.

- Expiration Date
- Use by (date)
- Fit for (from the day of production)
- Use Before
- Sell by date (for food products having an expiration period exceeding 3 months).

The production and expiration dates should be declared on the label of the package in a clear manner as follows:

- DD-MM-YY: for food stuff with an expiration period less than three months.
- MM-YY: for foodstuffs with expiration exceeding three months.

### Certificate of Conformity for Exports to Iraq<sup>39</sup>

In 2019, Central Organization for Standardization and Quality Control (COSQC) appointed Intertek as a Certification Body authorized to issue Certificates of Conformity for regulated product consignments exported to Iraq and to do the pre-Inspection, Testing and Issuing of Certificates of Conformity Program of Goods Imported into Iraq.

Upon that, starting from **1st January 2020**, Exporters/Importers trading with Iraq need to comply with the requirements of Pre-Inspection, Testing and Issuing of Certificates of Conformity Program of Goods Imported into Iraq which mandates that shipments require a Certificate of Conformity in order to clear customs. Failure to do so can result in severe delays in goods clearance, penalties, or even shipments being returned.

The Conformity Assessment Program (CAP) verifies the conformity of all Regulated Products which include but not limited to: Food, Toys, Electrical and Electronic Appliances, Vehicle Spare Parts, Vehicle Tyres, Chemicals, Cosmetics and Perfumery

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<sup>39</sup> <https://www.intertek.com/about/>

Products, Tobacco Products, Construction and Building Materials, Kitchenware, Stationery, Baby Care Items, Textile products and Lubricants in the respective Country of Supply.

The CAP focuses primarily on safety and quality standards giving Iraqi consumers the assurance they need in the quality and safety of goods being imported and helping to protect their environment.

**The requirements for Iraq are:**

- Every consignment of imported goods which contains Regulated Products must be accompanied by a Certificate of Conformity (CoC) issued by the responsible local Intertek Country Office in the Exporter's region prior to shipment. Contact the nearest responsible nearest Intertek office.
- The Certificate of Conformity is required to ensure smooth Customs clearance of shipments at Iraqi Ports and Borders.
- The Certificate of Conformity verifies that the regulated products comply with the relevant Iraqi Technical Regulations and approved standards.
- Every consignment of certified products on its arrival at Iraqi Ports and Borders will be subjected to Destination Inspections by Iraq based Intertek authorized Office.
- The authorities in Iraq will undertake random Shipment Surveillance on imported consignments to verify product compliance.

**To apply for a Certificate of Conformity, you will need to supply to Intertek with:**

- Completed Request for Certification (RfC) Form
- A copy of Porforma Invoice, if available
- Product Data Sheet and/or products' description
- Information concerning production (e.g. Lot Number, Production Date / Expiry Date, etc.)
- Evidence of Compliance such as Test Reports, Halal Certificates, Health and Phytosanitary Certificates, Free-sale Certificates, etc.
- Transport Document (Bill of Lading/Air Way Bill/CMR), if available
- Letter of Credit (L/C), if available
- Country of Origin certificate

For Exporters having regular shipments of the same product to Iraq, it would be beneficial to also apply for Registration.

## **Trade Policies**

Iraq's non-membership of the World Trade Organization (WTO) means that it has few preferential trade arrangements in place and, consequently, all imported goods are subject to the costly tariff regime regardless of their origin. Access to large markets is also somewhat restricted, although agreements exist with the European Union (EU) and some countries in the Middle East and North Africa.

Since 2016, the 5% import tariff has been replaced with a multiple tariff rate regime which ranges from 0-80% for agricultural goods and from 0-40% for non-agricultural goods. The opacity and convoluted nature of the trade regime make it difficult for firms to calculate tariffs and navigate the legal environment.

A sales tax of 300% is imposed on alcohol and tobacco (cigarettes), 15% on travel tickets, 15% on cars and 20% on mobile recharge cards and internet. This is in addition to services rendered by deluxe and first-class restaurants and hotels, which are subject to a 10% sales tax. There is no tax provision in the Iraqi tax law addressing excise taxes. The customs duty rates are specified in the customs tariff and the agriculture agenda that are annexed to the Customs Duty Law.

Certificates of origin are required for all products, which must include approval by numerous agencies in Iraq and the origin country of the goods. This is particularly difficult for imports of complex manufactured products which comprise parts from multiple different countries. The conflict in Syria and its spill over into Iraq have caused huge disruption to trade flows between Iraq and its neighbors, including Jordan, Syria and Lebanon. The damage to infrastructure and security risks caused by IS will continue to delay supply chains in the short-to-medium term despite the group being driven out of the country in late 2017.

## **Palestine Iraqi Trade**

The Palestinian and Iraqi trade relations were never in a good condition. After the establishment of the Palestinian National Authority in 1994, the framework of trade and economic relations between Palestine and the rest of the world was governed by the Paris Protocol, which gave Israel control over Palestine's trade relations, especially with regard to imports from the countries of the world, as it was allowed to import from the countries that it maintains relations with Israel and is prohibited from importing goods from countries that do not have relations with it, such as Iraq.

After the invasion of Iraq to Kuwait, international economic sanctions imposed on Iraq, and the food-for-medicine system began, which Palestine did not benefit from. Then the war that America launched on Iraq, and the collapse of Saddam regime, and after that the entry of the Islamic State (ISIS) on the line of war with Iraq and the Iraqi government, all these circumstances and events led to the absence of commercial relations between Palestine and Iraq.

Nevertheless, some Palestinian products were exported to the Iraqi market indirectly through Jordanian companies, as several shipments of medicines, vegetables and fruits, especially potatoes, were exported.

A transformation has occurred in the Palestinian-Iraqi relation after the visit of the Palestinian Prime Minister at the head of a large delegation from the Palestinian private sector to Baghdad in mid-2019, and the two sides agreed to facilitate the flow of products and facilitate trade and increase its volume between the two countries, however, the pandemic of “ Covid -19” slowed down the process of starting the exchange trade between the two countries.

Despite the rich Iraqi commercial system, it does need to be modernized and developed, and Iraq is still working to control and manage commercial imports of all kinds under the responsibility of the Central Organization for Standardization and Quality Control (COSQC) , and it does not yet have a food and drug association, however, In 2019, Central Organization for Standardization and Quality Control (COSQC) appointed Intertek as a Certification Body authorized to issue Certificates of Conformity for regulated product consignments exported to Iraq and to do the pre-Inspection, Testing and Issuing of Certificates of Conformity Program of Goods Imported into Iraq.

Accordingly, a request from the Iraqi side to exempt Palestinian products from customs duties and to sign a memorandum of understanding for mutual recognition will lead to a significant increase in Palestinian exports to the Iraqi market and an increase in imports, if any, to the Palestinian market.

### ***List of Palestinian products to be include in MRA***

In regard to the list of products to be included in the MRAs and for more transparency, we identify the following “product groups” dependent on the following:

- 1- A simple questionnaire was sent to 210 producers and exporters via e-mail to fill it with the types of their products intended to be exported to Saudi Arabia and Iraq, unfortunately, 55 of them have filled out and send back the questionnaire.
- 2- Products that are already exported to Saudi Arabia, but are not listed on the Saber electronic platform, have been added to the list.
- 3- Food products have also been added in the hope that they will be included on the Saudi Saber platform, and approved in the memorandum of understanding.
- 4- Food, and pharmaceutical products have been added to the list, which can be approved with the memorandum of understanding with Iraq.
- 5- We also depends on identifying products that have potential in the two markets, on our experience in that markets.

**Attached a list of “Product Groups” to be including in MOU to MRA.**