

Special Delivery: Importation of IT and Telecoms Equipment into Saudi Arabia

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One key focus of Saudi Vision 2030 is the development of the technology sector in the Kingdom. In combination with the general move towards cloud computing, and concerns with security and data sovereignty issues, this focus is resulting in a variety of local and global players becoming increasingly interested in the development of data centres in Saudi Arabia.

This has a wide variety of implications, ranging from the regulation of cloud computing to issues around real estate investment aspects of data centre construction and operations. In this article we focus on one specific aspect: the regulatory requirements and processes for the importation of IT and telecommunications related equipment into the Kingdom.

Outline

In May 2018 the CITC issued the IT & Telecom Equipment Importation Regulations (the 'Regulations'), which set out the importation procedures and related considerations for equipment of this nature. Broadly, the Regulations require all persons manufacturing, importing, distributing, leasing or selling telecommunications equipment in the Kingdom to get such equipment type approved by the CITC. The CITC is empowered to prescribe technical standards in respect of such equipment, issue procedures and regulations applicable to the approval process, and address all other matters relevant to the equipment licence.

Compliance with the Regulations is mandatory, regardless of whether the equipment is imported for self-use or for commercial sale. Pursuant to the Regulations, only companies incorporated in Saudi Arabia or entities registered in the Saudi Commercial Register qualify as importers. The Regulations stipulate the steps involved in the importation of IT and telecommunications equipment. Once all the required steps are completed, the equipment is considered licensed for use (and sale) within the Kingdom.

The steps comprise:

- obtaining type approval for the equipment from the CITC;
- obtaining a conformity certificate;
- obtaining customs clearance (in case of restricted equipment); and
- registering end users of restricted equipment.

Obtaining Type Approval of the Equipment

The 'equipment approval' or 'type approval' procedure determines a product's conformity with the

technical standards issued by the CITC. The various technical standards can generally be found on the CITC website, although these standards are continuously updated and specific standards may change from time to time. A product may be subject to the Regulations at the discretion of the CITC, even when no prior standards exist for such product. In addition to equipment-specific standards, all products must: comply with certain general technical standards issued by the CITC; be safe; and not adversely affect or interfere with other equipment.

The Regulations require an application for equipment approval to be filed online via the CITC's equipment licensing portal. Along with the application, the following documentation needs to be provided:

- detailed technical information from the manufacturer, including: data sheet; equipment description' information on functioning mechanism and accessories; intended applications; data related to interface characteristics and interoperability with the public networks; and photos of the equipment;
- a copy of a Declaration of Conformity from the manufacturer to the effect that the equipment conforms to the CITC's technical specifications; and
- test reports outlining the details of tests conducted on the equipment, including the name and address of the testing facilities, date of testing, and the test results.

The CITC is responsible for the designation of approved domestic and foreign equipment testing facilities. Equipment checked and approved by such facilities is deemed to be acceptable for use in the Kingdom (subject to compliance with all other requirements). The applicant must bear the costs for the requisite compliance testing, and the CITC may request a sample of the equipment to verify compliance. Equipment that has successfully completed the approval process must display a label reflecting the receipt of type approval from the CITC.

Certificate of Conformity

Upon successful completion of type approval, the CITC issues a Certificate of Conformity, declaring the equipment compliant with the applicable technical standards. This is usually issued immediately following the completion of the type approval process outlined above, and can be requested via the CITC's portal by registering and submitting an application for the same. If the equipment has already been type approved before applying, an electronic copy of the certificate will be issued immediately via the CITC's portal. The CITC is clear that similar conformity certificates from other countries cannot be used.

The Certificate of Conformity may provide for additional requirements to be fulfilled before importation or usage of the equipment in the Kingdom. If an importer fails to comply with the additional requirements, the equipment will not be licensed for use or sale in the Kingdom. Such additional requirements may include considerations on equipment labelling, user manuals and prohibitions on the use of hazardous substances.

Customs Clearance and User Registration for Restricted Equipment

For certain types of IT and telecommunications equipment listed as 'restricted' by Saudi Customs, it is necessary to obtain Customs Clearance Permission from the CITC. Once Customs Clearance Permission has been obtained, it is necessary for the user of the equipment to register with CITC before the subject restricted equipment is released.

Once the Customs Clearance is approved by the CITC after applying via the portal, the CITC will issue a CITC Releasing Letter Number to the importer which is to be presented to customs officials on shipment clearance. The Customs Clearance has to be obtained for restricted equipment each time such equipment is imported into the Kingdom. The Regulations set out certain conditions for obtaining the Customs Clearance which include the following:

- the equipment must be on the list of restricted goods that needs permission from the CITC;
- the equipment must comply with the technical specifications issued by the CITC;
- if the equipment is imported on behalf of another party, the importer shall attach a letter from the owner declaring its ownership of the equipment, its nature of use, and detailing the Airwaybill number, equipment models and quantities;
- if examination of the equipment is required, the importer shall take all necessary measures to make the shipment available and enable the CITC to perform the examination on the specified date;
- if the shipment contains wireless equipment that requires a radio licence for the use of frequencies, then the importer shall ensure that the equipment is tuned to frequencies that correspond to the frequencies licensed to the owner;
- payment of technical examination fees shall be made by the importer for any examination of the equipment, if required; and
- if the imported equipment requires separate licences such as a service providing licence, the importer shall obtain such licences or registration, prior to Customs Clearance.

End user registration with the CITC subsequent to obtaining Customs Clearance is required in order to verify the end user identity and to ensure the end user has a valid licence for the use of the equipment or use of the concerned radio frequencies, if required. Registration is completed via the CITC's online portal and the importer is required to provide the end user of such equipment with any documents confirming registration – required to be produced to the CITC upon request.

Other Considerations

CITC's approval must be obtained if any subsequent alterations are to be made to the approved equipment before importation.

Generally, each applicable step of the importation process would take up to two weeks for completion – assuming all the supporting documentation and information is available and in order. Each step should be fulfilled prior to importation in order to avoid any unnecessary delays.

The importation of certain types of IT and telecommunications equipment may be the subject of a blanket prohibition. Equipment with clandestine eavesdropping functionality and equipment used to intercept or damage public communications networks are examples. Additionally, there is a general requirement to disclose details of encryption systems contained in equipment being imported.

Depending on the equipment, there may be additional requirements, such as restrictions on products made from, or containing, certain materials, and specific requirements relating to product labelling and disclosure requirements. The type approval aspect is a significant consideration, but not the only consideration, when importing IT and telecommunications into Saudi Arabia.

Al Tamimi & Company regularly advises data centre builders and operators on matters relating to data centres, equipment importation and materials restrictions in Saudi Arabia and elsewhere in the Middle East. For further information please contact [Nick O'Connell \(n.oconnell@tamimi.com\)](mailto:n.oconnell@tamimi.com), [Andrea Tithecott \(a.tithecott@tamimi.com\)](mailto:a.tithecott@tamimi.com) or [Zil Ur Rehman \(z.rehman@tamimi.com\)](mailto:z.rehman@tamimi.com).