

JORDAN

TRADE SUMMARY

The U.S. goods trade deficit with Jordan was \$772 million in 2006, an increase of \$149 million from \$623 million in 2005. U.S. goods exports in 2006 were \$650 million, up 0.9 percent from the previous year. Corresponding U.S. imports from Jordan were \$1.4 billion, up 12.2 percent. Jordan is currently the 74th largest export market for U.S. goods.

The United States-Jordan Free Trade Area Agreement

Under the terms of the United States-Jordan Free Trade Area Agreement (FTA) which entered into force on December 17, 2001, the United States and Jordan agreed to phased tariff reductions culminating in the complete elimination of duties on all products by 2010.

IMPORT POLICIES

Tariffs

Jordan's simple average applied tariff is approximately 13 percent, with a maximum rate of 180 percent on certain agricultural products. Tariffs between the United States and Jordan are being eliminated as per the terms of the FTA.

The Jordan General Sales Tax law allows the government to impose a "Special Tax" at the time of importation or local production.

Agriculture

U.S. agricultural exports to Jordan were \$89.2 million in 2005. Top U.S. agricultural exports consist of grains (wheat, corn, and rice), vegetable oil, almonds and vegetable seeds. Under the terms of FTA, import duties and other trade barriers between Jordan and the United States must be phased out by 2010. Tariffs less than 5 percent have already been eliminated.

Certain non-tariff barriers impact U.S. exports to Jordan. Jordan excludes certain imports from the FTA's direct customs tariff relief, notably poultry, dairy products and apples. Jordan selectively imposes sanitary and phytosanitary measures on fruits, vegetables and beef, effectively creating non-tariff barriers on imports of these products.

Import licenses, or advance approvals to import goods, are required for specific food and agricultural goods. The authorities granting such licenses and approvals include the Ministry of Industry and Trade, the Ministry of Agriculture and the Ministry of Health.

Last year, Jordan banned the importation of beef and live bovine animals from all U.S. states after the announcement of the discovery of a single case of Bovine Spongiform Encephalopathy (BSE) in Alabama. The subsequent partial lifting of the ban was accompanied by strict conditions that have proven difficult to meet by both U.S. exporters and Jordanian importers, particularly for non-boneless meat.

FOREIGN TRADE BARRIERS

Import License and Pre-Shipment Inspection

In addition to the special requirements for certain agricultural products, Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry and Trade occasionally issues directives requiring import licenses for certain goods or categories of goods.

Jordan, through the Jordan Institute of Standards and Metrology (JISM), currently applies a pre-shipment inspection program (the Daman Program) which the United States considers to be a non-tariff trade barrier. The Daman Program is scheduled to end by September 2007.

STANDARDS, TESTING, LABELING AND CERTIFICATION

JISM plans to shift all of its compliance inspection activities for imported and locally-produced goods from ports of entry to a market surveillance system. JISM issues and routinely updates standards for approximately 1,300 products. JISM has licensed several laboratories to test for compliance with applicable standards.

JISM's current product standards reflect existing U.S. standards. Although JISM is working with EU agencies to review its current standards and incorporate new sets of standards, JISM's director has assured the United States that any changes would not be biased against U.S. standards, which would also be considered international standards.

JISM also issues and enforces labeling requirements.

GOVERNMENT PROCUREMENT

In 2002, Jordan commenced its accession to the WTO Government Procurement Agreement (GPA), with the submission of its initial entity offer. Subsequently, Jordan submitted revised entity offers in 2004 and 2006. Currently, foreign investors can bid on government-commissioned research and development programs for which international or mixed bidders are eligible. Alternatively, foreign bidders can bid on such programs with a Jordanian partner. This requirement will be dropped when Jordan accedes to the GPA.

EXPORT SUBSIDIES

All exporters are granted the following incentives:

- Net profits generated from most export revenues are fully exempt from income tax. The mining sector is excluded, as are exports governed by specific trade protocols and foreign debt repayment schemes. Under the WTO, this exemption currently is permitted until the end of 2007. Jordan has requested another extension.
- Foreign inputs used in the production of exports are exempt from customs duties and all additional import fees are assessed on a reimbursable basis.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Prior to its accession to the WTO, Jordan passed several new laws to improve protection of intellectual property rights (IPR), patents, copyrights, and trademarks. These laws, which were passed to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), now protect

FOREIGN TRADE BARRIERS

trade secrets, plant varieties and semiconductor chip designs. The IPR regime requires registration of copyrights, patents and trademarks. Copyrights must be registered with the National Library, a part of the Ministry of Culture. Patents must be registered with the Registrar of Patents and Trademarks at the Ministry of Industry and Trade. Jordan has signed the Patent Cooperation Treaty and the protocol relating to the Madrid Agreement Concerning the Registration of Marks, but ratification is still pending. Jordan's pharmaceutical industry generally abides by the new Patent Law. In addition, by signing the FTA, Jordan committed to even stronger enforcement of IPR. It acceded to the World Intellectual Property Organization (WIPO) treaties on copyrights (WCT) and performances and phonographs (WPPT). The United States is working together with Jordan to address concerns that Jordan needs to strengthen its protection of undisclosed information against unfair commercial use for pharmaceutical products, as well as other U.S. concerns regarding Jordan's implementation of its FTA commitments.

Jordan's record on IPR enforcement has improved. However, enforcement mechanisms and legal procedures are still not fully effective and are in need of further refinement. As a result, the government's record on IPR protection remains mixed. A sizeable portion of videos and software sold in the marketplace are pirated. Enforcement action against audio/video and software piracy is growing in quantity and improving in its targeting capability, but successful prosecution of piracy cases remains inconsistent. Two government committees convened in 2006 are examining means to provide more comprehensive protections to IPR, including through more stringent enforcement of existing laws, introduction of new regulations based on existing laws, and the creation of an independent intellectual property body.

SERVICES BARRIERS

As part of its WTO commitments, Jordan agreed to allow unlimited market access in telecommunications services no later than January 1, 2005. However, one trade association has reported that Jordan's Telecommunications Regulatory Commission (TRC) ordered ISPs to block access to a VoIP website in September 2006. The order was subsequently reversed, but the trade association asserts that its members still encounter difficulties in providing VoIP services in the country.

INVESTMENT BARRIERS

The government is revamping the investment promotion system in Jordan. It is re-examining investment incentives with the consolidation of all investment promotion activities under a renewed Jordan Investment Board (JIB). These developments will likely lead to expanded investment opportunities in Jordan for U.S. investors.

Jordan's investment laws treat foreign and local investors equally, with the following exceptions (as per regulation No. 54 of 2000, entitled "Non Jordanian Investments Promotion Regulation"):

- Under the terms of the United States-Jordan FTA, ownership of periodical publications is restricted to Jordanian natural persons or Jordanian juridical entities wholly owned by Jordanians;
- Under the same agreement, foreign investors are limited to 60 percent ownership in printing/publishing and in aircraft or vessel maintenance and repair services; and
- Also under the FTA, foreign investors are limited to 50 percent ownership in a specified list of businesses and services.

In general, foreign investors may not have whole or partial ownership of investigation and security services, sports clubs (except for health clubs), stone quarrying for construction purposes, customs clearance services, and land transportation of passengers and cargo using trucks, buses and taxis.

FOREIGN TRADE BARRIERS

While Jordanian laws set limitations on foreign ownership in certain sectors, the laws also allow for the government to grant exceptions to these limitations where it deems appropriate. This exception policy is viewed as being too selective by some potential U.S. investors.

The FTA Annex 3.1 has a complete listing of limitations on investments and may be found at the following Internet address: http://www.ustr.gov/Trade_Agreements/Bilateral/Jordan/Section_Index.html

ELECTRONIC COMMERCE

Jordan has some legislation regulating electronic commerce, although there has yet to emerge a clear body of regulations and tax laws covering electronic commerce transactions. Legislation that allows for and regulates electronic signatures is still needed. Jordan does not impose tariffs on electronic transactions.