

JORDAN

TRADE SUMMARY

The U.S. goods trade deficit with Jordan was \$198 million in 2008, a decrease of \$275 million from \$473 million in 2007. U.S. goods exports in 2008 were \$940 million, up 9.9 percent from the previous year. Corresponding U.S. imports from Jordan were \$1.1 billion, down 14.3 percent. Jordan is currently the 78th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Jordan was \$119 million in 2007 (latest data available), up from \$39 million in 2006.

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 nearly all products by 2010.

IMPORT POLICIES

Tariffs and Other Charges

Jordan is a member of the WTO and is in the process of reducing its tariffs in compliance with its WTO accession commitments. While tariffs between the United States and Jordan are being eliminated under the terms of the FTA, nontariff barriers continue to affect a certain portion of U.S. agricultural exports.

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 \$129.6 million in 2007. Top U.S. agricultural exports consist of grains (including corn, rice, and wheat), soybean cake, processed and canned food, condiments, vegetable oil, almonds and poultry (both live and carcasses). Under the terms of the FTA, import duties and other trade barriers between Jordan and the United States must be phased out by 2010. Tariffs that were less than 5 percent have already been eliminated.

In 2006, 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 Jordanian government has not lifted the ban completely. Although progress has been achieved, Jordan still selectively imposes sanitary and phytosanitary measures on meat and poultry, effectively creating nontariff 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 are the Ministry of Agriculture and the Ministry of Health.

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.

In September 2007, Jordan ended a pre-shipment inspection program (the Daman Program) administered through the Jordan Institute of Standards and Metrology (JISM). It has not been replaced.

STANDARDS, TESTING, LABELING, AND CERTIFICATION

JISM plans to shift all of its compliance inspection activities regarding imported and locally produced goods from the port of entry to a market surveillance system in late 2009. JISM's current product standards generally reflect existing U.S. standards. JISM has worked with EU agencies to review its standards and to consider incorporating new sets of standards. JISM's director has assured the United States that any changes to product standards or introduction of new standards resulting from this review would not bias against U.S. standards.

JISM has already licensed several local labs to test for compliance with applicable standards.

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 several revised entity offers, most recently in 2008. The WTO Committee on Government Procurement anticipates the completion of Jordan's accession to the GPA in 2009.

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, the tax exemption was initially permitted to continue until January 1, 2008, but upon the request of Jordan, the WTO granted an extension through December 2015, subject to an annual review by the WTO.
- Foreign inputs used in the production of exports are exempt from customs duties; all additional import fees are assessed on a reimbursable basis.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In 2007, Jordan amended its Trademark and Patent Laws to enable accession to the Madrid Protocol Concerning the Registration of Marks and the Patent Cooperation Treaty. Jordan has acceded to the World Intellectual Property Organization (WIPO) treaties on copyrights (WCT) and performances and phonographs (WPPT), and is currently revising its Copyright Law to implement these treaties. Jordan is also updating its Customs Law to provide additional tools to its customs officials to improve IPR enforcement.

FOREIGN TRADE BARRIERS

Jordan's record on IPR enforcement has improved steadily. In 2007 and 2008, Jordanian courts issued some significant jail sentences for convicted IPR offenders. Jordan's Customs Department and the Public Security Department have created specialized IPR units, and the National Library has stepped up its IPR enforcement efforts. Pending amendments to JISM's authorizing law aim to enhance the agency's role in seizing counterfeit products that have entered the Jordanian market.

Further improvements are still needed to strengthen Jordan's IPR enforcement regime. Jordanian agencies responsible for IPR enforcement lack resources and capacity, and enforcement mechanisms and prosecution efforts still need to be strengthened, particularly with respect to *ex officio* authority to bring criminal cases. A sizeable portion of videos and software sold in the marketplace are pirated. The Jordanian government continues to examine means to provide more comprehensive protection of IPR, including through more stringent enforcement of existing laws, introduction of new regulations based on existing laws, and the creation of an independent IP body.

INVESTMENT BARRIERS

The government continues to revamp its investment promotion system. 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.

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 exceptions 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.

FOREIGN TRADE BARRIERS