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Trade Policy Review Body

TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

JORDAN

This report, prepared for the second Trade Policy Review of Jordan, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Jordan on its trade policies and practices.

Any technical questions arising from this report may be addressed to Ms Zheng Wang (tel.: 022 739 5288), Mr. Usman Ali Khilji (tel.: 022 739 6936) and Mr. John Finn (tel.: 022 739 5081).

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## CONTENTS

|  |           |
|--|-----------|
| <b>SUMMARY .....</b>   | <b>7</b>  |
| <b>1 ECONOMIC ENVIRONMENT .....</b>                          | <b>10</b> |
| 1.1 Recent Economic Developments.....                        | 10        |
| 1.2 Monetary and Exchange Rate Policy .....                  | 12        |
| 1.3 Fiscal Policy and Public Debt.....                       | 12        |
| 1.4 Other Measures.....                                      | 13        |
| 1.4.1 Employment issues .....                                | 13        |
| 1.4.2 Business environment .....                             | 13        |
| 1.4.3 Public utilities and energy strategy .....             | 14        |
| 1.5 Balance of Payments.....                                 | 14        |
| 1.6 Developments in Trade.....                               | 15        |
| 1.6.1 Composition of merchandise trade.....                  | 15        |
| 1.6.2 Direction of merchandise trade .....                   | 16        |
| 1.7 Foreign Direct Investment .....                          | 18        |
| <b>2 TRADE AND INVESTMENT REGIME .....</b>                   | <b>20</b> |
| 2.1 General Constitutional and Institutional Framework ..... | 20        |
| 2.2 Trade Policy Formulation and Implementation.....         | 20        |
| 2.3 Trade Policy Objectives .....                            | 22        |
| 2.4 Trade Agreements and Arrangements.....                   | 22        |
| 2.4.1 WTO .....  | 22        |
| 2.4.2 Regional and bilateral agreements.....                 | 24        |
| 2.4.3 Other preferential arrangements .....                  | 26        |
| 2.5 Investment Regime .....                                  | 26        |
| <b>3 TRADE POLICIES AND PRACTICES BY MEASURE.....</b>        | <b>31</b> |
| 3.1 Measures Directly Affecting Imports .....                | 31        |
| 3.1.1 Customs procedures valuation and rules of origin ..... | 31        |
| 3.1.2 Tariffs .....  | 33        |
| 3.1.2.1 MFN tariffs .....                                    | 33        |
| 3.1.2.2 Tariff preferences.....                              | 37        |
| 3.1.2.3 Tariff exemptions and reductions.....                | 38        |
| 3.1.3 Other charges affecting imports .....                  | 38        |
| 3.1.4 Import prohibitions, restrictions, and licensing ..... | 39        |
| 3.1.5 Contingency measures .....                             | 40        |
| 3.1.6 Standards and other technical requirements .....       | 42        |
| 3.1.6.1 Standards and technical regulations.....             | 42        |
| 3.1.6.1.1 Standardization.....                               | 42        |
| 3.1.6.1.2 TBT notifications .....                            | 43        |
| 3.1.6.1.3 Conformity assessment, accreditation .....         | 43        |
| 3.1.6.1.4 Labelling and packaging requirements .....         | 44        |

|          |   |           |
|----------|---|-----------|
| 3.1.6.2  | Sanitary and phytosanitary requirements .....                 | 44        |
| 3.1.7    | Government procurement .....                                  | 47        |
| 3.1.8    | Trade-related investment measures (TRIMs).....                | 49        |
| 3.2      | Measures Directly Affecting Exports.....                      | 49        |
| 3.2.1    | Export procedures and requirements .....                      | 49        |
| 3.2.2    | Export fees .....   | 49        |
| 3.2.3    | Export prohibitions, restrictions, and licensing.....         | 50        |
| 3.2.4    | Export subsidies, finance, insurance, and assistance .....    | 51        |
| 3.2.4.1  | Export subsidies.....   | 51        |
| 3.2.5    | Other export support measures .....                           | 52        |
| 3.2.6    | Zones .....   | 53        |
| 3.2.6.1  | Free zones, development areas, and industrial estates .....   | 53        |
| 3.2.6.2  | Aqaba special economic zone.....                              | 54        |
| 3.2.6.3  | Qualifying industrial zones (QIZs).....                       | 54        |
| 3.3      | Measures Affecting Production and Trade .....                 | 55        |
| 3.3.1    | Incentives .....  | 55        |
| 3.3.2    | Tax.....  | 56        |
| 3.3.3    | Competition policy and price controls.....                    | 58        |
| 3.3.3.1  | Competition policy .....                                      | 58        |
| 3.3.3.2  | Price controls .....  | 59        |
| 3.3.4    | State-owned enterprises, privatization and state trading..... | 61        |
| 3.3.4.1  | SOEs and privatization process .....                          | 61        |
| 3.3.4.2  | State trading .....   | 62        |
| 3.3.5    | Intellectual property rights.....                             | 63        |
| 3.3.5.1  | Overview .....  | 63        |
| 3.3.5.2  | Patents.....  | 65        |
| 3.3.5.3  | Copyright.....  | 65        |
| 3.3.5.4  | Trademarks.....   | 66        |
| 3.3.5.5  | Enforcement of intellectual property rights.....              | 66        |
| <b>4</b> | <b>TRADE POLICIES BY SECTOR.....</b>                          | <b>68</b> |
| 4.1      | Agriculture .....   | 68        |
| 4.1.1    | Overview .....  | 68        |
| 4.1.2    | Trade.....  | 69        |
| 4.1.3    | Agriculture policies.....                                     | 71        |
| 4.1.3.1  | Trade .....   | 73        |
| 4.1.3.2  | Price-related measures .....                                  | 73        |
| 4.1.3.3  | WTO notifications.....  | 73        |
| 4.2      | Mining and Energy .....                                       | 75        |
| 4.2.1    | Electricity .....   | 76        |
| 4.2.2    | Petroleum refining and distribution sector.....               | 80        |

|  |            |
|--|------------|
| 4.2.3 Alternative energy sources .....             | 80         |
| 4.2.4 Minerals, oil and natural gas .....          | 81         |
| 4.2.4.1 Mineral extraction and manufacturing ..... | 81         |
| 4.2.5 Oil and natural gas .....                    | 84         |
| 4.3 Services .....                                 | 84         |
| 4.3.1 Financial services .....                     | 84         |
| 4.3.1.1 Banking sector .....                       | 84         |
| 4.3.1.2 Insurance sector .....                     | 87         |
| 4.3.1.3 Capital market .....                       | 89         |
| 4.3.2 Telecommunications .....                     | 91         |
| 4.3.3 Transport .....                              | 94         |
| 4.3.3.1 Air transport .....                        | 94         |
| 4.3.3.2 Road transport .....                       | 96         |
| 4.3.3.3 Rail transport .....                       | 98         |
| 4.3.3.4 Maritime transport .....                   | 99         |
| 4.3.4 Tourism .....                                | 100        |
| <b>REFERENCES .....</b>                            | <b>104</b> |
| <b>5 APPENDIX TABLES .....</b>                     | <b>107</b> |

### CHARTS

|   |    |
|---|----|
| Chart 1.1 Product composition of merchandise trade, 2008 and 2014 .....                           | 17 |
| Chart 1.2 Direction of merchandise trade, 2008 and 2014 .....                                     | 18 |
| Chart 1.3 Foreign Direct Investment 2008-14 .....   | 19 |
| Chart 3.1 Breakdown of applied MFN tariffs, 2015 .....  | 36 |
| Chart 3.2 Simple average tariffs for applied MFN and FTAs, 2015 .....                             | 37 |
| Chart 3.3 Share of duty free lines (%), 2015 .....  | 37 |
| Chart 4.1 Support for agriculture 2005-12 (without inflation adjustment) .....                    | 74 |
| Chart 4.2 Green Box Support 2005-12 .....   | 74 |
| Chart 4.3 Amber Box Support 2005-12 (without inflation adjustment and including de minimis) ..... | 75 |

### TABLES

|   |    |
|---|----|
| Table 1.1 Selected economic indicators, 2008-14 .....   | 10 |
| Table 1.2 GDP by sector, 2008-14 .....  | 11 |
| Table 1.3 Balance of payments, 2008-14 .....  | 14 |
| Table 2.1 Main trade and investment-related legislation issued/amended/revised since 2008 ..... | 21 |
| Table 2.2 Jordan's notifications under the WTO Agreements, 2008 - August 2015 .....             | 22 |
| Table 2.3 Overview of Jordan's Regional and Bilateral Trade Agreements, 2015 .....              | 24 |
| Table 2.4 FDI Restrictions .....  | 28 |

|   |    |
|---|----|
| Table 3.1 Summary of procedures and documents for trading across borders, 2015.....   | 32 |
| Table 3.2 Jordan's rules of origin.....   | 33 |
| Table 3.3 Structure of MFN tariffs in Jordan, 2008 and 2015 .....   | 34 |
| Table 3.4 Jordan's applied MFN tariff summary, 2015.....  | 35 |
| Table 3.5 Non- <i>ad valorem</i> MFN tariffs .....  | 36 |
| Table 3.6 Revenue from customs duties and services allowances, 2008-14.....   | 38 |
| Table 3.7 Services fees .....   | 38 |
| Table 3.8 Goods subject to import prohibition, 2015 .....   | 39 |
| Table 3.9 Safeguard notifications, 2008 – August 2015 .....   | 41 |
| Table 3.10 Risk assessment system.....  | 44 |
| Table 3.11 Notifications of sanitary and phytosanitary measures, 2008–August 2015.....  | 46 |
| Table 3.12 Public procurement institution and legislation .....   | 48 |
| Table 3.13 Export fees, 2015 .....  | 49 |
| Table 3.14 Export licensing arrangement.....  | 51 |
| Table 3.15 Export subsidies in the form of income tax exemptions on export profits,<br>2006-14 .....  | 52 |
| Table 3.16 Free zones, exports and imports, 2008-13 .....   | 53 |
| Table 3.17 Textile exports from Jordan - under the QIZs and under the FTA, 2010-14 .....  | 55 |
| Table 3.18 Revenues, taxes and expenditures, 2009-13 .....  | 56 |
| Table 3.19 Special sales tax .....  | 57 |
| Table 3.20 Competition policy: key characteristics .....  | 58 |
| Table 3.21 Cases studied by the Competition Directorate, 2009-14 .....  | 59 |
| Table 3.22 Goods subject to price controls, 2015.....   | 60 |
| Table 3.23 Subsidies to maintain price controls on fuel and food, 2008-14 .....   | 60 |
| Table 3.24 Selected large public undertakings with significant public holdings at December<br>2014.....   | 62 |
| Table 3.25 IPR legislative framework, and international conventions ratified by Jordan.....   | 63 |
| Table 3.26 Patent applications and patents granted, 2009-14 .....   | 65 |
| Table 3.27 Cases initiated by the Copyright Office, 2009-14 .....   | 66 |
| Table 3.28 Trademark applications, registrations, and rejections, 2009-13 .....   | 66 |
| Table 4.1 Value of production of livestock products and crops, 2000-12 .....  | 68 |
| Table 4.2 Production volumes 2000-13 .....  | 69 |
| Table 4.3 Exports of agricultural products, 2009-14 and share of total agricultural exports<br>in 2014 .....                                    | 70 |
| Table 4.4 Main export markets for Jordanian tomatoes, 2008-14 .....   | 70 |
| Table 4.5 Imports of agricultural products, 2009-14.....  | 71 |
| Table 4.6 Primary energy consumption by source 2009-14.....   | 75 |
| Table 4.7 Electricity tariffs.....  | 77 |
| Table 4.8 Exports of selected mineral products including metals and petroleum, 2008-14<br>and share of the sector's total exports in 2014 ..... | 81 |
| Table 4.9 Overview of the mineral industry: selected commodities in '000 metric tonnes<br>unless otherwise specified .....                      | 83 |

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|   |     |
|---|-----|
| Table 4.10 Jordan's financial system structure, 2008-14 .....                       | 85  |
| Table 4.11 Credit facilities by economic activity, 2008-14 .....                    | 86  |
| Table 4.12 Insurance premiums collected, 2009-12 .....                              | 88  |
| Table 4.13 Selected indicators of the Amman Stock Exchange, 2008-14.....            | 91  |
| Table 4.14 Telecommunications indicators, 2008-14 .....                             | 92  |
| Table 4.15 Charges for the use of civil airports (2015) .....                       | 95  |
| Table 4.16 Air traffic by aircraft, and number of passengers in '000, 2011-14 ..... | 96  |
| Table 4.17 Tourism sector overview, 2008-14 .....                                   | 101 |
| Table 4.18 Arrivals by nationality, group, and means of transport, 2011-14.....     | 101 |

### BOX

|  |     |
|--|-----|
| Box 4.1 National Strategy 2004-10 and goals set for the National Strategy 2011-15..... | 103 |
|--|-----|

### APPENDIX TABLES

|  |     |
|--|-----|
| Table A1.1 Merchandise exports by product group, including re-exports, 2008-14 ..... | 107 |
| Table A1.2 Merchandise imports by product group, 2008-14 .....                       | 108 |
| Table A1.3 Merchandise exports by destination, including re-exports, 2008-14 .....   | 109 |
| Table A1.4 Merchandise imports by origins, 2008-14.....                              | 110 |
| Table A3.1 Major incentives schemes in Jordan, 2015 .....                            | 111 |
| Table A4.1 Bilateral Air Services Agreements .....                                   | 113 |

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## SUMMARY

1. At the time of the last Trade Policy Review of Jordan in November 2008, Jordan was affected by the ongoing unrest in Iraq and the onset of the global financial crisis and, since 2011, it has been affected by the civil war in Syria. The combined effect of these factors has disrupted trade, reduced investment, and greatly increased the number of refugees in the Kingdom. However, despite these problems, the economy has been very resilient and economic growth averaged nearly 3.5% annually from 2008 to 2014 and imports and exports of both goods and services have increased.

2. Jordan has a deficit in trade in goods, with exports of US\$8.4 billion and imports of US\$22.7 billion in 2014, but it has a surplus in trade in services plus remittances from Jordanians working abroad which reduce the deficit on the current account to US\$2.4 billion, although this fluctuates from one year to the next. The main exports are chemicals (which are mainly phosphate-based fertilizers) and the main services-related inflows are workers' remittances and travel.

3. Over the past seven years, Jordan has been actively working to increase its network of regional trade agreements with those with Canada and Turkey coming into force in 2012 and 2011 respectively. In addition, full implementation of several agreements already in force in 2008 was completed (EFTA in 2014, the EU in 2013, Singapore in 2014, and the United States in 2010). However, as Jordan exports are concentrated in a relatively narrow range of goods, the initial benefits of these agreements have been limited.

4. To simplify business procedures and improve investment climate, a number of trade and investment related legislation was revised or amended, including the Customs Law (amended in 2012), Investment Law (2014), Income Tax Law (2014), Competition Law (2011), and Public-Private-Partnership Law (2014). In particular, under the Investment Law No. 30 of 2014 all the government agencies responsible for different aspects of investment were brought under one agency, which has simplified investment procedures. However, although foreign and domestic investors are treated equally in most ways, differences remain in restrictions on land ownership, minimum capital requirements, and some sectors have foreign equity restrictions of 49-50% (including construction, wholesale and retail trade, international trade, and several services sectors). Furthermore, foreign investment is prohibited in a number of areas including road transport, and real estate services.

5. Customs procedures have changed significantly since 2008 with the introduction of single-window procedures starting in 2009, full implementation of ASYCUDA WORLD in 2010, and improvements to the system of preferred operators. As a result, the time and cost (in real terms) of importing and exporting have been reduced. On the other hand, applied tariffs have not changed greatly since 2008 with the 2015 simple average of 10% - although they still remain below the bound rates which have a simple average of 16%. Agricultural products have both the highest tariffs (average 17%) and the greatest variation (standard deviation 27), with particularly high rates of up to 200% for some products in the category of beverages, spirits, and tobacco. Import prohibitions and non-automatic licensing are applied mainly for health, safety, security, or environmental reasons, to implement UN Security Council resolutions, or to protect public order and morals, and the conservation of natural resources.

6. The laws relating to standards, technical regulations, and conformity assessment procedures were not changed during the review period although, as at end-August 2015, amendments were waiting for approval by the Senate. These amendments are designed to clarify the responsibilities of economic operators and to introduce a conformity mark. Only about 50% of Jordanian standards are equivalent to international standards although, in some cases, this is because there are no applicable international standards.

7. Jordan is an observer to the Agreement on Government Procurement. Different systems of government procurement are applied by different government agencies and regulated under a number of laws, which makes the overall situation complicated. Furthermore, foreign equity restrictions on construction and contracting firms also act to limit access to government procurement contracts.

8. Export fees are applied to exports of a range of mining and quarrying products, manufacturing products, and agricultural products. Export restrictions are applied only to meet international obligations. An exemption from income tax on profits generated from exports was to be phased-out by end-2015, but Jordan has requested an extension to the phase-out period on the grounds that the industrial sector needs more time to adjust to the ongoing regional crises which have affected the cost of doing business.

9. The complex systems of free zones, development areas, and industrial estates was simplified by a 2010 amendment to the Development Areas Law which merged the administration of these zones into a single agency, the Jordan Investment Commission, while the Aqaba Special Economic Zone remains under a separate authority. Different zones provide a variety of incentives for investment including reduced fiscal and customs requirements and relaxed ownership restrictions. The use of Qualifying Industrial Zones has declined to a residual level. QIZs were set up to support exports of goods to the United States produced in Jordan and Israel, but manufacturers now find it easier to export to the US market under the Jordan-United States free trade agreement.

10. Since 2011, the Government has liberalized prices for most bakery products. However, the Ministry of Industry, Trade and Supplies is responsible for importing and purchasing domestically produced wheat and barley which it supplies to domestic bakeries. Flour for bread is sold to bakeries at subsidised prices and bread made from this flour is sold to consumers at fixed prices. Price controls are also applied to electricity, water, car insurance, postal services and public transport services.

11. The State privatised a number of state-owned enterprises under the Privatisation Law of 2000. This Law was repealed and replaced in 2014 by the Public-Private-Partnership Law. A number of undertakings remain under public ownership, among these some utilities enterprises, such as the National Electrical Power Company (NEPCO), make significant losses which add to the fiscal deficit.

12. Jordan submitted its instrument of acceptance of the Protocol Amending the TRIPS agreement in 2008, and notified the adoption of implementing legislation which incorporated the Paragraph 6 System into domestic law in 2013. Since 2008, Jordan has amended a number of IPR related legislation such as those related to trademarks and copyrights. Although Jordan has a comprehensive set of laws on intellectual property, enforcement is recognized as a problem which is being addressed through training and public awareness campaigns.

13. Agriculture represents a relatively small part of Jordan's economy and faces many constraints relating to the dry climate, lack of irrigation water, and small size of farms. Although Government policy stresses the importance of efficient use of water, irrigation for agriculture accounts for over two thirds of water used in Jordan and water is supplied to agricultural producers at prices that do not cover the cost of supply. Production of wheat and barley are also supported through minimum prices which vary from one year to another, while sheep and goat producers get subsidised feed barley.

14. Electricity production in Jordan was affected by the end of natural gas supplies from Egypt, which were responsible for 80% of electricity, and replaced by higher priced oil. The State is extensively involved in the electricity sector through full or partial ownership of several generating plants, and full ownership of NEPCO which owns and operates the transmission network. In 2014 NEPCO bought electricity at an average price of US\$0.20 per kWh and sold it for an average price of US\$0.15 per kWh and had accumulated government guaranteed losses of JD 4.6 billion, which are government guaranteed. In response to these losses a new Government strategy is overhauling the electricity tariff system, seeking cheaper sources of energy, limiting demand, and reducing line losses.

15. Jordan's main goods export is potash and potash-related products like fertilizers. The mostly state-owned Jordan Phosphate Mines Company Ltd has exclusive rights for mining phosphate, the state-owned National Petroleum Company has exclusive rights for natural gas and crude oil, and the partly state-owned Arab Potash Company has exclusive rights to exploit, manufacture and market mineral resources from the Dead Sea. Exploration and exploitation rights in other areas are



open to private companies, including foreigners through agreements with the Natural Resource Authority or, since 2014, the Energy and Minerals Regulatory Commission.

16. Despite the turmoil in some neighbouring countries and the impact on Jordan's economy, the financial sector remains stable, efficient, and profitable. Furthermore, competition has increased as three new banks were granted licences in 2009 while the Central Bank of Jordan has continued to develop regulations and improve prudential requirements.

17. As home to many religious and cultural sites, tourism is very important to the economy and employment. Although receipts from tourism increased considerably from 2011 to 2014 the number of tourist arrivals declined slightly over the same period. Furthermore, in the first quarter of 2015 both receipts and arrivals fell sharply due to the escalating crises in Syria and Iraq.

18. Before and during the period under review Jordan has been affected by severe exogenous shocks that have led to large numbers of refugees fleeing to Jordan, disrupted trade routes, and affected inward investment. Despite these problems, Jordan has maintained an open economy with the value of trade in goods and services (imports and exports) greater than GDP, the economy has grown and reforms to improve the trade and investment climate have continued. Although many state-owned enterprises were privatised in the 1990s and early 2000s, the state continues to own or control several important enterprises, some of which make losses, particularly the electricity and water companies. These losses, along with the cost of bread subsidies, impose a considerable fiscal burden. The authorities are taking steps to reduce the burden and improve the efficiency of support to low-income households which they have done already in other areas, by replacing fuel subsidies with direct income support. Other areas which may deserve attention by the authorities include the foreign ownership and investment restrictions and equity requirements that affect investment in different sectors and may reduce foreign investment.

## 1 ECONOMIC ENVIRONMENT

### 1.1 Recent Economic Developments

1.1. Jordan's economy has proved to be resilient in a difficult environment. Real GDP growth averaged over 3.7% annually between 2008 and 2014 (Table 1.1), and is projected to be around 4% in 2015.<sup>1</sup> Jordan's economy was able to grow despite facing adversities and a drain on its resources arising from the regional crises, an influx of refugees from Syria and Iraq, the global financial crisis, disruption of the natural gas supply from Egypt, and strikes in the potash and phosphate producing plants.

**Table 1.1 Selected economic indicators, 2008-14**

|  | 2008  | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   |
|--|---|--------|--------|--------|--------|--------|--------|
| Nominal GDP (JD million) <sup>a</sup>  | 15,593  | 16,912 | 18,762 | 20,477 | 21,965 | 23,852 | 25,437 |
| Nominal GDP (US\$ million) <sup>a</sup>                                      | 21,962  | 23,820 | 26,425 | 28,841 | 30,937 | 33,594 | 35,827 |
| GDP growth rate at constant 1994 prices                                      | 7.2   | 5.5    | 2.3    | 2.6    | 2.7    | 2.8    | 3.1    |
| Population (in millions)   | 5.9   | 6.0    | 6.1    | 6.2    | 6.4    | 6.5    | 6.7    |
| GDP per capita at current market prices (US\$)                               | 3,722   | 3,970  | 4,332  | 4,652  | 4,834  | 5,168  | 5,347  |
| Unemployment (%)   | 12.7  | 12.9   | 12.5   | 12.9   | 12.2   | 12.6   | ..     |
| Inflation (CPI, % change)  | 13.9  | -0.7   | 4.8    | 4.2    | 4.5    | 4.8    | ..     |
| <b>GDP by type of expenditure at current prices<sup>b</sup></b>              | <b>(% of GDP)</b>                             |        |        |        |        |        |        |
| Private final consumption expenditure  | 79.5  | 75.0   | 75.4   | 85.9   | ..     | ..     | ..     |
| Government final consumption expenditure                                     | 21.6  | 21.9   | 20.3   | 19.1   | ..     | ..     | ..     |
| Gross fixed capital formation  | 27.9  | 25.2   | 23.6   | 21.6   | ..     | ..     | ..     |
| Change in stock  | 2.0   | 1.1    | 1.9    | 1.6    | ..     | ..     | ..     |
| Exports of goods and services  | 56.5  | 45.9   | 47.8   | 45.6   | ..     | ..     | ..     |
| Imports of goods and services  | 87.5  | 69.1   | 69.0   | 73.9   | ..     | ..     | ..     |
|  | <b>(% of GDP, unless otherwise indicated)</b> |        |        |        |        |        |        |
| <b>Public Finance</b>  |   |        |        |        |        |        |        |
| Total revenues and grants  | 32.7  | 26.7   | 24.9   | 26.4   | 23.0   | 24.1   | 28.6   |
| Domestic revenues  | 28.1  | 24.8   | 22.7   | 20.5   | 21.5   | 21.5   | 23.7   |
| Tax revenues   | 17.7  | 17.0   | 15.9   | 15.0   | 15.3   | 15.3   | 15.9   |
| Foreign grants   | 4.6   | 2.0    | 2.1    | 5.9    | 1.5    | 2.7    | 4.9    |
| Total expenditures   | 34.8  | 35.7   | 30.4   | 33.2   | 31.3   | 29.7   | 30.9   |
| Deficit/Surplus including grants   | -2.2  | -8.9   | -5.6   | -6.8   | -8.3   | -5.5   | -2.3   |
| Deficit/Surplus excluding grants   | -6.8  | -10.9  | -7.7   | -12.7  | -9.8   | -8.2   | -7.2   |
| Central government gross domestic debt                                       | 36.9  | 41.9   | 42.5   | 48.8   | 57.7   | 56.3   | 57.5   |
| Net domestic debt of Central Government <sup>c</sup>                         | 31.5  | 34.2   | 36.5   | 43.5   | 53.0   | 49.7   | 49.2   |
| <b>External Sector</b>   |   |        |        |        |        |        |        |
| JD /US\$ (annual average)  | 0.7   | 0.7    | 0.7    | 0.7    | 0.7    | 0.7    | 0.7    |
| Real effective exchange rate (end of period, 2005=100)                       | ..  | ..     | ..     | ..     | 108.7  | 111.4  | ..     |
| % change (+ = appreciation; end of period)                                   | ..  | ..     | ..     | ..     | 1.6    | 2.5    | ..     |
| Current Account <sup>d</sup>   | -9.3  | -5.2   | -7.1   | -10.2  | -15.2  | -10.3  | -6.8   |
| Merchandise exports (% change) <sup>d, e</sup>                               | 38.6  | -19.6  | 10.2   | 13.9   | -1.5   | 0.3    | 6.0    |
| Merchandise imports (% change) <sup>d, e</sup>                               | 24.1  | -16.3  | 9.3    | 21.7   | 9.5    | 6.1    | 3.2    |
| Service exports (% change) <sup>d, e</sup>                                   | 30.4  | -1.6   | 22.1   | 0.2    | 11.9   | -1.0   | 12.0   |
| Service imports (% change) <sup>d, e</sup>                                   | 17.4  | -7.4   | 15.8   | 1.3    | 1.5    | 1.5    | 0.02   |
| Outstanding external public debt (US\$ billion)                              | 5.1   | 5.4    | 6.5    | 6.3    | 6.9    | 10.2   | 11.3   |
| As a share of GDP  | 23.3  | 22.9   | 24.6   | 21.9   | 22.5   | 30.3   | 31.6   |
| Gross Official Reserves (US\$ billion)                                       | 7.7   | 10.9   | 12.2   | 10.5   | 6.6    | 12.0   | 14.1   |
| Coverage of prospective imports of goods and non-factor services (in months) | 6.1   | 7.8    | 7.3    | 5.9    | 3.5    | 6.2    | 7.3    |

.. Not available.

a Preliminary figures 2010-2014.

b Preliminary figures 2008-2011.

c Represents gross domestic debt minus gross government's deposits with the banking system.

d Preliminary figures 2009-2014.

e Based on current prices.

Source: Department of Statistics, Jordan Statistical Yearbook 2013; online information from Department of Statistics. Viewed at: <http://web.dos.gov.jo/sectors/national-account/?lang=en>; Central Bank of Jordan, Monthly Statistical Bulletin and Statistics Database. Viewed at: <http://www.cbj.gov.jo/index.php>; Central Bank of Jordan, Annual Report (2013); and IMF Country Report No. 14/324, December 2014.

<sup>1</sup> IMF Country Report No. 14/324 December 2014.

1.2. In the 2008-14 period, economic growth was driven by tourism, distribution, and related services (wholesale and retail trade, restaurants and hotels, and transport, storage and communications), and to a lesser extent by mining and quarrying, construction, and financial services (Table 1.2). As a result of the expansion, GDP per capita rose from approximately US\$3,800 in 2008 to nearly US\$5,400 in 2014.

**Table 1.2 GDP by sector, 2008-14**

|   | 2008  | 2009  | 2010 | 2011 | 2012  | 2013  | 2014 |
|---|-------|-------|------|------|-------|-------|------|
| <b>Share of GDP at current basic prices (%)<sup>a</sup></b>                                   |       |       |      |      |       |       |      |
| <b>Sectors</b>  |       |       |      |      |       |       |      |
| Agriculture, hunting, forestry and fishing  | 2.7   | 3.1   | 3.4  | 3.3  | 3.1   | 3.4   | 3.8  |
| Mining and quarrying  | 6.0   | 3.7   | 3.8  | 4.5  | 3.7   | 2.7   | 3.0  |
| Manufacturing   | 21.0  | 20.1  | 19.2 | 19.4 | 18.8  | 19.4  | 19.0 |
| Electricity and water   | 1.8   | 2.4   | 2.3  | 2.3  | 2.5   | 2.5   | 2.6  |
| Construction  | 5.0   | 5.9   | 5.5  | 4.9  | 5.0   | 5.1   | 5.1  |
| <b>Services</b>   | 47.1  | 46.5  | 47.6 | 47.1 | 48.3  | 48.8  | 48.6 |
| Wholesale & retail trade, restaurants and hotels  | 10.8  | 10.7  | 10.5 | 10.3 | 10.7  | 10.9  | 10.9 |
| Transport, storage & communications   | 13.2  | 13.4  | 13.9 | 13.5 | 13.7  | 13.8  | 13.3 |
| Finance, insurance, real estate and business services   | 18.9  | 18.2  | 19.1 | 19.4 | 19.9  | 20.0  | 20.2 |
| Community, social and personal services   | 4.2   | 4.2   | 4.1  | 3.9  | 4.0   | 4.1   | 4.2  |
| Producers of government services  | 20.8  | 23.1  | 22.8 | 22.9 | 23.2  | 23.0  | 22.7 |
| Producers of private non-profit services to households  | 0.6   | 0.6   | 0.6  | 0.6  | 0.6   | 0.6   | 0.6  |
| Domestic services of households   | 0.4   | 0.4   | 0.3  | 0.3  | 0.3   | 0.3   | 0.3  |
| Less: Imputed bank service charges  | 5.4   | 5.6   | 5.4  | 5.2  | 5.6   | 5.8   | 5.7  |
| <b>Annual growth rate of GDP by economic activity at constant 1994 prices (%)<sup>a</sup></b> |       |       |      |      |       |       |      |
| <b>Sectors</b>  |       |       |      |      |       |       |      |
| Agriculture, hunting, forestry and fishing  | 8.6   | 12.8  | 6.9  | 3.9  | -9.4  | -3.5  | 7.5  |
| Mining and quarrying  | 35.8  | -46.0 | 19.5 | 17.7 | -17.1 | -11.0 | 27.7 |
| Manufacturing   | 5.1   | 2.0   | 2.0  | 4.0  | 2.3   | 1.9   | 1.5  |
| Electricity, gas and water  | -5.4  | 15.3  | -2.5 | 5.1  | 6.7   | 0.8   | 3.3  |
| Construction  | 13.4  | 13.2  | -4.6 | -4.3 | -0.9  | 8.7   | 6.8  |
| <b>Services</b>   | 8.7   | 3.2   | 4.3  | 3.3  | 5.2   | 3.9   | 2.7  |
| Wholesale & retail trade, restaurants & hotels  | 9.9   | 3.9   | -1.7 | 3.7  | 6.8   | 3.2   | 3.8  |
| Transport, storage & communications   | 2.3   | 1.9   | 5.2  | 3.3  | 4.1   | 3.9   | 1.6  |
| Finance, insurance, real estate and business services   | 13.2  | 2.3   | 7.0  | 3.4  | 5.2   | 4.0   | 2.5  |
| Community, social and personal services   | 9.5   | 10.2  | 4.3  | 2.0  | 5.9   | 5.7   | 4.7  |
| Producers of government services  | 2.2   | 1.8   | 4.0  | 3.3  | 3.0   | 2.4   | 2.3  |
| Producers of private non-profit services to households  | -11.3 | 6.0   | 1.2  | -0.2 | 3.2   | 6.2   | 7.0  |
| Domestic services of households   | 6.3   | 7.7   | 5.1  | 4.0  | 0.6   | 0.0   | 0.2  |
| GDP at basic prices   | 6.6   | 2.1   | 3.4  | 3.3  | 2.5   | 2.8   | 3.2  |

a Preliminary figures 2010-2014.

Source: Department of Statistics, Jordan Statistical Yearbook 2013; and online information from Department of Statistics. Viewed at: <http://web.dos.gov.jo/sectors/national-account/?lang=en>.

1.3. Trade continues to play a vital role in Jordan's economy as imports and exports of goods and non-factor services was the equivalent of 112% of GDP in 2014, although this represents a decline from around 141% in 2008. The decline can be explained to some degree by a fall in the share of exports in GDP due to a disruption of trade routes (Syria and Iraq), as well as the composition of Jordan's exports. Exports are highly concentrated with food, mining, and chemicals (mainly fertilizer) accounting for nearly 60% of total exports; even slight changes in global factors concerning these products can have significant implications for Jordan's trade.

1.4. Jordan has a population of about 7 million. Despite the decline in the population growth rate, Jordan suffers from chronic unemployment and low labour force participation rates (36.6%), particularly among women (12.7%). Furthermore, nearly 15% of the population lives below the poverty line. The unemployment situation is further aggravated by the large influx of refugees from neighbouring countries which poses a challenge to Jordan's growth prospects.

1.5. Another factor affecting economic growth and poverty alleviation is the weak fiscal position, which is exacerbated by the large losses incurred by public utilities in the electricity and water sectors. Instability and conflict in Syria and Iraq have affected Jordan, and particularly investor sentiment. Furthermore, the cost of doing business is high, sometimes for domestic rather than external reasons: according to the World Bank's Doing Business Report, Jordan is ranked 117<sup>th</sup> out

of 189 economies with particularly low rankings for getting credit, protecting minority investors, resolving insolvency, and dealing with construction permits.<sup>2</sup>

1.6. The authorities have taken some remedial measures, including some structural changes which have been incorporated as performance criteria under the IMF's current Stand-by Arrangement with Jordan.<sup>3</sup> Initiatives undertaken include: fiscal consolidation coupled with reform of public sector enterprises; improving the business climate; reforming and restructuring the energy and power sectors; and labour market reform. *The Jordan Vision 2025 Strategy*, states that: "Jordan 2025 charts a path for the future and determines the integrated economic and social framework that will govern the economic and social policies based on providing opportunities for all."<sup>4</sup> The strategy focuses on improving infrastructure, enhancing education and health services and strengthening the role of the private sector and civil society institutions to achieve its objectives.

## 1.2 Monetary and Exchange Rate Policy

1.7. Under the provisions of the Central Bank of Jordan Law (No. 23/1971), the Central Bank of Jordan (CBJ) is mandated to conduct monetary policy in Jordan. Under the Law, the CBJ is an independent and autonomous body, although its capital is totally owned by the Government. The objectives of the CBJ are to maintain monetary stability (price stability for goods and services, and an appropriate interest rate structure), to maintain exchange rate stability, to ensure the convertibility of the Jordan dinar (JD), and to help promote sustained economic growth.

1.8. The Jordanian dinar is fully convertible and, since 23 October 1995, has been linked to the U.S. dollar at a fixed exchange rate of 1 JD to US\$1.41.

1.9. During 2014, the CBJ cut interest rates twice, by a cumulative 75 basis points from 3.75% and 3.5% for the weekly repo rate and overnight window facility respectively. According to the authorities, this accommodative stance was prompted by a relatively benign inflationary environment, continued positive momentum in the economy (including a strong external position and a shrinking fiscal deficit), and the need to stimulate spending.

1.10. Under this backdrop, the CBJ is ready to adjust monetary policy as required to meet its objectives. The exchange rate peg will continue to be the anchor of monetary policy, with the CBJ continuing to focus on limiting inflationary pressures and sustaining the attractiveness of JD-denominated assets. Furthermore, to maintain an appropriate level of international reserves, the CBJ is committed to using all policy instruments at its disposal.

1.11. Inflation, as measured by the consumer price index (CPI), declined from a high of nearly 14% in 2008 to probably under 3% in 2014. The decline has come about due to falling food and oil prices. However, core inflation has been over 5% reflecting increased demand by refugees.<sup>5</sup> The authorities expect pressures on core inflation to subside resulting in overall CPI falling below 2% in 2015.

## 1.3 Fiscal Policy and Public Debt

1.12. Jordan has been running persistent fiscal deficits during the review period. The deficit exceeded 8% of GDP in both 2009 and 2012, but fell to 2.3% of GDP in 2014. Consequently, government debt as a proportion of GDP has risen from about 55% in 2008 to nearly 80% in 2014.

1.13. Since 2009, total revenues and grants as a proportion of GDP have increased modestly while tax revenue as a proportion of GDP has declined. In contrast, total expenditures as a

<sup>2</sup> World Bank (2015), *Doing Business 2015: Going Beyond Efficiency*, Washington D.C.: World Bank.  
DOI: 10.1596/978-1-4648-0351-2. License: Creative Commons Attribution CC BY 3.0 IGO.

<sup>3</sup> IMF Country Report 14/324 December 2014.

<sup>4</sup> Jordan Vision 2025: information provided by the authorities.

<sup>5</sup> Core inflation is defined as the CPI excluding food, "fuels and lighting" and transportation. Food prices are excluded because most of these items are imported and accordingly are mainly affected by international prices. The same goes for "fuels and lighting" and transportation because they are largely affected by energy prices.

proportion of GDP has shown a more pronounced decline. Measures taken by the authorities to continue this declining trend in spending included, *inter alia*: abolishing the politically-sensitive fuel subsidy; and curtailing public sector wage expenditure.

1.14. The 2015 budget reflects a more ambitious fiscal consolidation, targeting a 2.5% of GDP reduction in the overall public deficit. Most of the measures to achieve this target have already been adopted. On the spending side, these include imposing a cap on the wage bill and reducing food subsidies.<sup>6</sup> The new Income Tax Law, which entered into force on 1 January 2015, raised tax rates, reduced the basic exemption allowance, and introduced a tax on the foreign branches of Jordanian companies.<sup>7</sup> Additionally, petroleum excise revenue, which had previously been earmarked for extra-budgetary trust accounts will now be transferred to the budget resulting in a revenue gain of 0.7% of GDP.

1.15. With respect to fiscal consolidation, the authorities are modernizing the system of tax administration, particularly for the General Sales Tax (GST) which applies to value added by a business with refunds of GST paid on inputs (section 3.3.2). The Central Refund Unit was given increased powers to coordinate the audit of refund claims. Furthermore, Jordan is working towards establishing a proper taxpayer database. All GST refund claims are to be submitted electronically to the Income and Sales Tax Department the list of their transactions from the previous year, in line with international best practice. The stock of tax arrears between collectable and non-collectable has been defined, with the former estimated at about JD 300 million and is expected to be collected within five years. Additionally, the Income and Sales Tax Department has completed an extensive database with information on households' income, expenditure, and wealth, which will help assess the focus for financial help. A committee has also been established to address the health fund arrears and better target the coverage of medical treatment. In this connection, the authorities plan to use savings in current spending to expedite the clearance of arrears.

## 1.4 Other Measures

### 1.4.1 Employment issues

1.16. With a view to addressing chronic unemployment the authorities launched the National Employment Strategy (NES) in 2012. The strategy focuses on reducing skills mismatches, changing public sector hiring and compensation policies, and harnessing the employment potential of women. Initiatives under the NES include upgrading vocational training programs to more closely match private sector needs; carrying out several job matching campaigns; giving financial incentives to export-oriented firms in the qualified industrial zones to build factories in villages and rural areas and hire from the large pool of unemployed females there; and establishing affordable and reliable day-care for children to boost female labour market participation in the private sector.

1.17. With the aim of reducing youth unemployment the Government started the Jordan Job Compact initiative to assist unskilled, semi-skilled and skilled youths to find jobs through a combination of training, stimulus packages to employers, and small and medium enterprise (SME) finance.

### 1.4.2 Business environment

1.18. With a view towards improving the business environment, reducing the cost of doing business and increasing transparency, a new Investment Law was enacted in 2014.

1.19. The Law provides for streamlined procedures and creates a one-stop shop for investors, with increased delegated powers to act as the sole and impartial reference point for all

<sup>6</sup> The wage bill will be capped at JD 1.4 billion (savings of JD 71 million or 0.3% of GDP). The food subsidy will also be reduced by signing forward contracts for buying wheat, locking in the currently low prices (both measures yielding savings of JD 62 million or 0.2% of GDP). The authorities are also streamlining the administration of the food subsidy, which is expected to reduce waste and abuse.

<sup>7</sup> The authorities expect the new Income Tax Law to increase revenue by 0.3% of GDP in 2015 and by 0.6% of GDP from 2016 onward. In particular, the Law brought the corporate income tax and personal income tax rates more in line with Jordan's regional peers; broadened the corporate income base by taxing at 10% of the net income generated by branches of Jordanian companies working outside the country; and introduced stronger penalties to improve tax enforcement.

administrative procedures related to foreign and domestic investment, streamlining procedures and reducing lags for getting permits and licenses. The Law also allows the Government to grant exemptions from a variety of taxes and fees for new investments. In addition, a Public-Private-Partnership Law was also enacted in 2014 to encourage private sector investment in public sector infrastructure projects and strengthen public investment planning and implementation. The authorities are also in the process of amending the law regulating the Anti-Corruption Commission to make it more effective, shifting from ex-ante to ex-post auditing, and aligning the role of the external auditor with international best practice. To allow people and businesses to actively participate in reforms, all draft laws and by-laws will be published on the Legislative and Opinions Bureau website for a minimum of 10 days for comments before Cabinet approval.

#### 1.4.3 Public utilities and energy strategy

1.20. To mitigate the effects of the disruption in gas supply from Egypt, which resulted in significant losses at the National Electrical Power Company (NEPCO), which in turn had to be financed through the budget, the authorities initiated an energy policy focused on diversifying the energy mix. In this regard, a liquefied natural gas (LNG) terminal in Aqaba was expected to have become operational by mid-2015, and LNG supply is expected to double within the next three years. Renewable energy plants are also expected to start operations in 2016 to ease energy supply constraints. Coupled with the planned tariff increases, these efforts are designed to help NEPCO achieve cost recovery by 2018.

1.21. Jordan is one of the most water-poor countries in the world, and is becoming increasingly dependent on expensive non-conventional water resources. Tariffs cover only about two thirds of the costs of the water companies, which run an aggregate loss of about 1% of GDP per year. There are inefficiencies in revenue collection, high operation and maintenance costs, and high technical losses (estimated at about 40%). The authorities were expected to develop a reform plan for the sector.

#### 1.5 Balance of Payments

1.22. During the period under review, Jordan's current account deficit was 9.3% of GDP in 2008 (US\$2.1 billion), and 6.8% of GDP in 2014 (US\$2.4 billion) but it has changed significantly from year to the next during this period, from as low as 5.2% of GDP in 2009 to over 15% of GDP in 2012 (Table 1.1 and 1.3).

**Table 1.3 Balance of payments, 2008-14**

(US\$ million)

|                                   | 2008            | 2009 <sup>a</sup> | 2010 <sup>a</sup> | 2011 <sup>a</sup> | 2012 <sup>a</sup> | 2013 <sup>a</sup> | 2014 <sup>a</sup> |
|-----------------------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Current account</b>            | <b>-2,055.3</b> | <b>-1,245.3</b>   | <b>-1,884.8</b>   | <b>-2,960.2</b>   | <b>-4,718.3</b>   | <b>-3,466.9</b>   | <b>-2,440.6</b>   |
| <b>Trade balance (net)</b>        | <b>-7,171.2</b> | <b>-6,274.8</b>   | <b>-6,803.7</b>   | <b>-8,831.7</b>   | <b>-10,559.4</b>  | <b>-11,664.5</b>  | <b>-11,814.1</b>  |
| Exports, f.o.b., o/w:             | 7,945.0         | 6,384.1           | 7,038.2           | 8,017.6           | 7,897.7           | 7,923.7           | 8,397.2           |
| Non-monetary gold                 | 82.1            | 237.4             | 200.4             | 263.3             | 142.9             | 15.2              | 1.0               |
| Imports, f.o.b., o/w:             | 15,116.2        | 12,658.8          | 13,841.9          | 16,849.4          | 18,457.1          | 19,588.2          | 20,211.3          |
| Non-monetary gold                 | 153.6           | 22.8              | 14.2              | 31.3              | 45.1              | 523.1             | 545.1             |
| <b>Services account</b>           | <b>636.2</b>    | <b>869.7</b>      | <b>1,306.3</b>    | <b>1,263.8</b>    | <b>1,879.1</b>    | <b>1,747.8</b>    | <b>2,511.7</b>    |
| Travel (net) <sup>b</sup>         | 1,941.0         | 1,849.6           | 2,016.2           | 2,267.3           | 2,922.0           | 3,025.0           | 3,238.2           |
| Receipts                          | 2,945.7         | 2,915.1           | 3,590.0           | 3,429.5           | 4,067.1           | 4,122.7           | 4,381.7           |
| Payments                          | 1,004.7         | 1,065.4           | 1,573.8           | 1,162.2           | 1,145.1           | 1,097.7           | 1,143.4           |
| Transportation (net) <sup>b</sup> | -1,405.6        | -1,153.0          | -1,008.3          | -1,224.5          | -1,153.0          | -1,262.6          | -1,078.3          |
| Receipts                          | 836.5           | 796.2             | 1,120.2           | 1,279.3           | 1,449.9           | 1,404.1           | 1,585.5           |
| Payments, o/w:                    | 2,242.2         | 1,949.2           | 2,128.5           | 2,503.8           | 2,603.0           | 2,666.7           | 2,663.8           |
| Freight                           | 1,528.6         | 1,280.3           | 1,399.9           | 1,703.8           | 1,866.3           | 1,981.0           | 2,043.9           |
| Government services (net)         | 208.6           | 344.6             | 396.6             | 369.3             | 312.1             | 219.0             | 462.1             |
| Receipts                          | 409.2           | 490.1             | 503.7             | 488.2             | 391.5             | 331.7             | 543.6             |
| Payments                          | 200.6           | 145.6             | 107.1             | 118.9             | 79.4              | 112.7             | 81.5              |
| Other services (net)              | -107.8          | -171.5            | -98.2             | -148.2            | -202.0            | -233.6            | -110.3            |
| Receipts                          | 575.5           | 491.3             | 517.8             | 548.7             | 521.3             | 508.2             | 620.7             |
| Payments                          | 683.2           | 662.8             | 615.9             | 696.9             | 723.3             | 741.7             | 731.0             |
| <b>Income account</b>             | <b>412.0</b>    | <b>376.0</b>      | <b>-215.0</b>     | <b>-264.9</b>     | <b>-389.1</b>     | <b>-339.1</b>     | <b>-417.3</b>     |
| Compensation of Employees (net)   | 295.6           | 287.9             | 293.8             | 285.5             | 295.2             | 310.7             | 315.4             |
| Receipts                          | 351.3           | 347.1             | 352.3             | 337.4             | 349.5             | 364.7             | 374.3             |
| Payments                          | 55.7            | 59.2              | 58.5              | 51.9              | 54.3              | 54.0              | 59.0              |
| Investment Income (net)           | 116.4           | 88.2              | -508.7            | -550.4            | -684.3            | -649.8            | -732.7            |
| Receipts                          | 701.4           | 615.2             | 536.2             | 374.2             | 341.0             | 430.2             | 506.9             |
| Payments                          | 585.0           | 527.1             | 1,045.0           | 924.5             | 1,025.4           | 1,080.0           | 1,239.6           |

|                                      | 2008           | 2009 <sup>a</sup> | 2010 <sup>a</sup> | 2011 <sup>a</sup> | 2012 <sup>a</sup> | 2013 <sup>a</sup> | 2014 <sup>a</sup> |
|--------------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Current transfers (net)</b>       | <b>4,067.7</b> | <b>3,783.8</b>    | <b>3,827.5</b>    | <b>4,872.6</b>    | <b>4,351.1</b>    | <b>6,788.9</b>    | <b>7,279.1</b>    |
| Public (Net)                         | 1,323.4        | 947.0             | 1,099.3           | 2,019.6           | 1,478.3           | 2,284.9           | 1,892.0           |
| Inflows                              | 1,326.0        | 964.9             | 1,103.0           | 2,021.3           | 1,480.4           | 2,286.0           | 1,893.2           |
| Outflows                             | 2.5            | 17.9              | 3.7               | 1.7               | 2.1               | 1.1               | 1.3               |
| Other Sectors (net)                  | 2,744.3        | 2,836.8           | 2,728.2           | 2,853.0           | 2,872.8           | 4,503.9           | 5,387.2           |
| Inflows, o/w:                        | 3,376.7        | 3,475.2           | 3,275.7           | 3,351.8           | 3,504.2           | 4,985.6           | 6,004.4           |
| Workers' remittances                 | 3,162.2        | 3,123.0           | 3,169.7           | 3,035.4           | 3,145.0           | 3,283.1           | 3,368.1           |
| Outflows, o/w:                       | 632.4          | 638.4             | 547.5             | 498.7             | 631.5             | 481.7             | 617.2             |
| Workers' remittances                 | 416.5          | 443.7             | 437.0             | 388.2             | 406.1             | 403.2             | 440.8             |
| <b>Capital and financial account</b> | <b>1,836.0</b> | <b>854.2</b>      | <b>1,089.7</b>    | <b>3,285.6</b>    | <b>5,379.3</b>    | <b>2,380.8</b>    | <b>1,632.3</b>    |
| Capital account                      | 283.9          | 0.6               | 0.3               | 0.0               | 2.5               | 2.4               | 4.4               |
| Financial account                    | 1,552.0        | 853.6             | 1,089.4           | 3,285.6           | 5,376.7           | 2,378.4           | 1,627.9           |
| Direct investment                    | 2,816.1        | 2,344.0           | 1,624.7           | 1,444.7           | 1,494.1           | 1,734.3           | 1,679.4           |
| Portfolio investment                 | 573.8          | -630.5            | 771.5             | 294.1             | 460.9             | 1,789.0           | 1,106.5           |
| Other investment                     | -697.0         | 2,256.0           | 147.0             | -106.6            | 141.6             | 4,092.8           | 1,208.7           |
| Reserve assets                       | -1,140.8       | -3,115.9          | -1,453.7          | 1,653.5           | 3,280.1           | -5,237.7          | -2,366.7          |
| Monetary gold                        | 39.8           | 0.0               | 0.0               | 0.0               | -59.8             | -77.6             | -155.1            |
| Special Drawing Rights               | -1.1           | -226.0            | 4.4               | -1.3              | 5.6               | 6.8               | 34.7              |
| Foreign exchange                     | -1,179.4       | -2,890.0          | -1,458.1          | 1,654.7           | 3,350.8           | -5,168.0          | -2,241.5          |
| Net Errors and Omissions             | 219.3          | 391.0             | 795.1             | -325.4            | -660.9            | 1071.9            | 808.3             |

a Preliminary data.

b The receipts and the payments of travel and transport items were re-estimated since the 1st quarter of 2010, according to the survey results of arrivals and departures (August 2010-July 2011) carried out by DOS.

Source: Central Bank of Jordan and information provided by the authorities.

1.23. During the review period, the trade-in-goods deficit increased considerably as exports remained almost static, while imports increased. The latter can be attributed to increased demand on account of Syrian refugees and increased oil imports and higher oil prices. The income account also declined from a surplus in 2008 to a deficit in 2014.<sup>8</sup>

1.24. In contrast, the trade in services surplus increased nearly four-fold due to growth in the tourism sector, which in turn has resulted in a marked increase in travel and transportation receipts. Furthermore, current transfers also increased considerably. This was on the back of sustained workers' remittances and other inflows both in the public and private sectors. Part of the other sector transfers is directed towards Syrian refugees, this item was estimated to account for Syrian refugees spending that is financed by non-resident transfers.

1.25. The capital and financial account, which traditionally finances the current account deficit, has also been volatile. Foreign direct investment inflows have declined from over US\$2.8 billion in 2008 to under US\$1.7 billion in 2014. On the other hand, other capital flows have been significant in recent years resulting in an overall surplus. Consequently, gross official reserves have nearly doubled from US\$7.7 billion in 2008 to over US\$14 billion in 2014, representing over seven months of import cover.

## 1.6 Developments in Trade

1.26. During 2008-14, the nominal value of exports and imports of goods and non-factor services increased from US\$32.0 billion to US\$40.4 billion, despite a sharp decline in 2009. However, total trade of goods and services has declined relative to GDP, from 146% in 2008 to 113% in 2014 (Table 1.1 and Table 1.3).

### 1.6.1 Composition of merchandise trade

1.27. The structure of exports has changed somewhat over the period 2008-14 as exports of food products (particularly tomatoes and live sheep and goats), and clothing increased while exports of phosphates and phosphate-based fertilizers, and machinery and transport equipment declined (Chart 1.1 and Table A1.1). To some extent, the decline in exports of phosphate-based products follows the trend in international prices which increased between 2008 and 2011 and then fell from 2012 to 2014.

<sup>8</sup> A new methodology was introduced in 2010 to account for the re-invested earnings (on the payments side). The reinvested earnings entry is now an imputed transaction in the BOP methodology.



1.28. As in most countries, the structure of Jordan's imports is less concentrated than exports. The largest single import category continues to be fuels, and its share has increased during the review period (Chart 1.1 and Table A1.2), which in turn has led to an increase in the share of primary products in the total import bill. Fuel imports have risen due to increased demand for relatively more expensive oil as a substitute for gas, the supply of which from Egypt was disrupted. Consequently, the share of manufactures in total imports has fallen. Within manufactures, the decline is mainly due to a fall in the share of machinery and transport equipment and, to a lesser extent, iron and steel. In both cases the decline can be attributed to a subdued investment environment as the goods are mainly capital goods or industrial raw materials.

#### **1.6.2 Direction of merchandise trade**

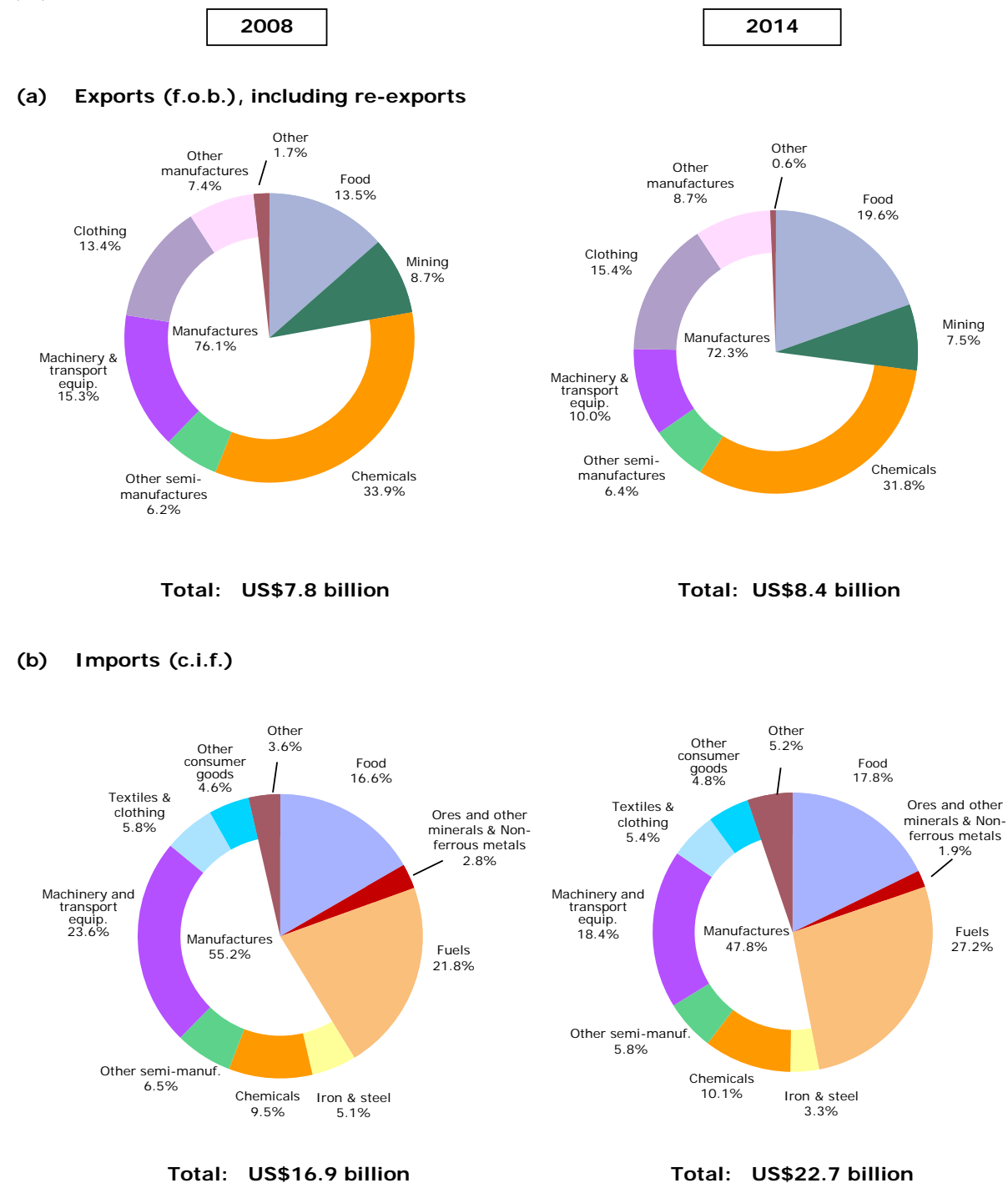
1.29. Jordan's largest export markets are the United States, Iraq, Saudi Arabia, and India (Chart 1.2 and Table A1.3). The shares of both Iraq and India have declined during the period under review due to a decline in fertilizer exports to India and the security situation prevailing in Iraq. On the other hand, the shares of Saudi Arabia and the United States have risen significantly since 2008 due mainly to increased exports of clothing to the United States, and increased exports of live animals, and fruits and vegetables to Saudi Arabia.

1.30. In 2014, Jordan's largest import supplier was the EU followed by Saudi Arabia, and China (Chart 1.2 and Table A1.4). The shares of EU and Saudi Arabia have declined since 2008 while the shares of India and the United Arab Emirates have increased. The increases were mainly due to increased imports of petroleum products.



**Chart 1.1 Product composition of merchandise trade, 2008 and 2014**

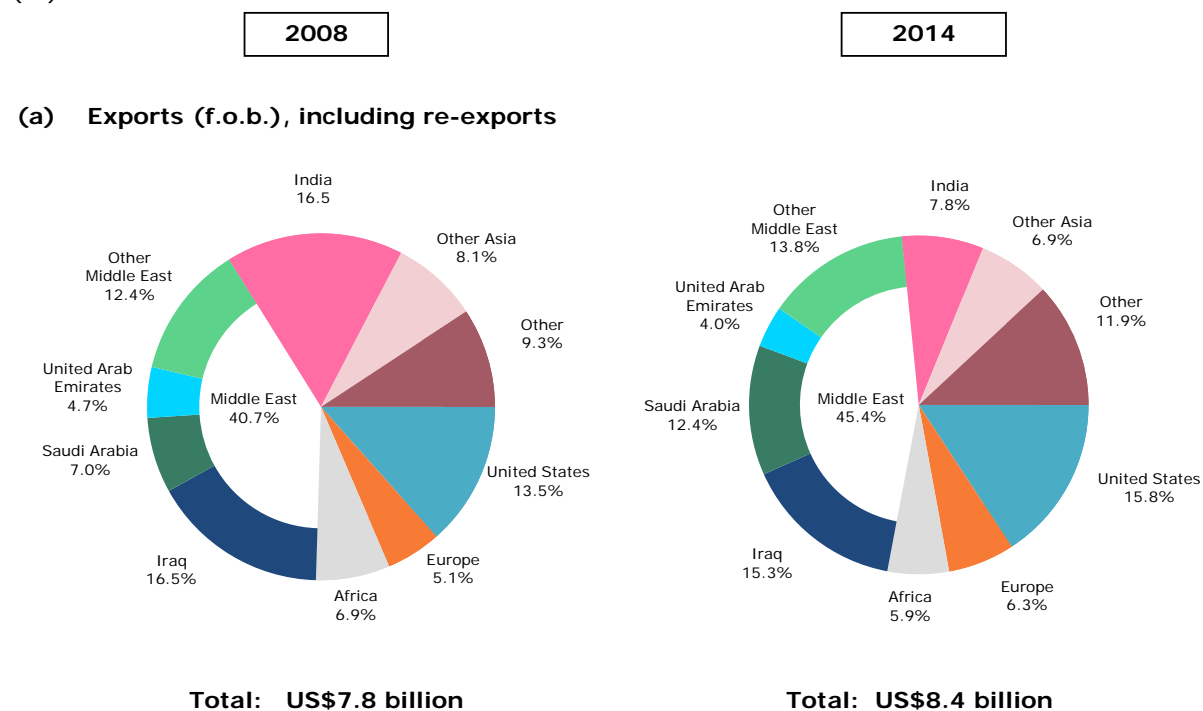
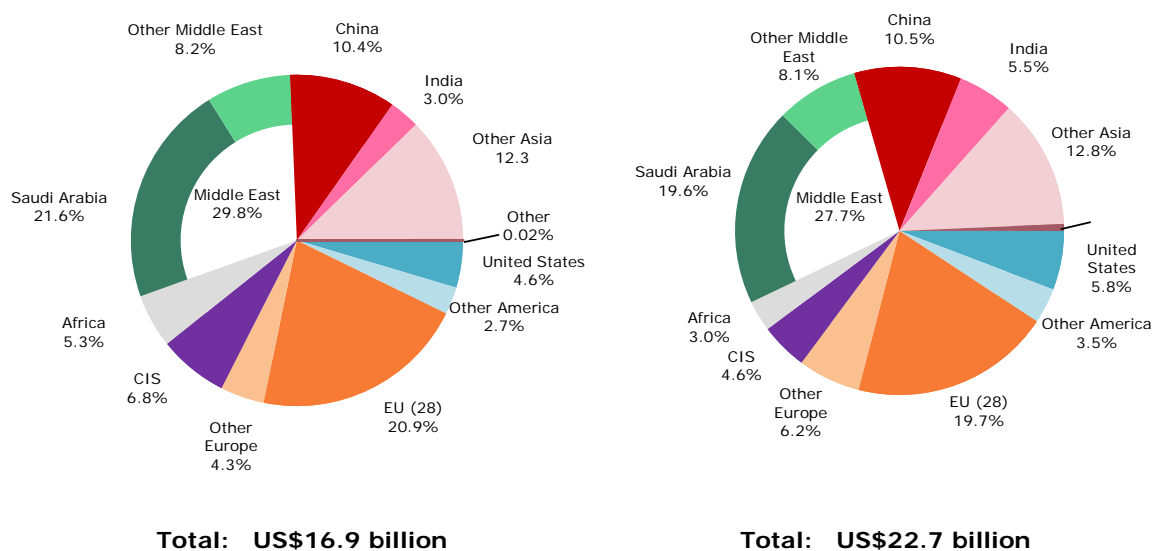
(%)



Source: UNSD, Comtrade database (SITC Rev.3).

**Chart 1.2 Direction of merchandise trade, 2008 and 2014**

(%)

**(b) Imports (c.i.f.)**

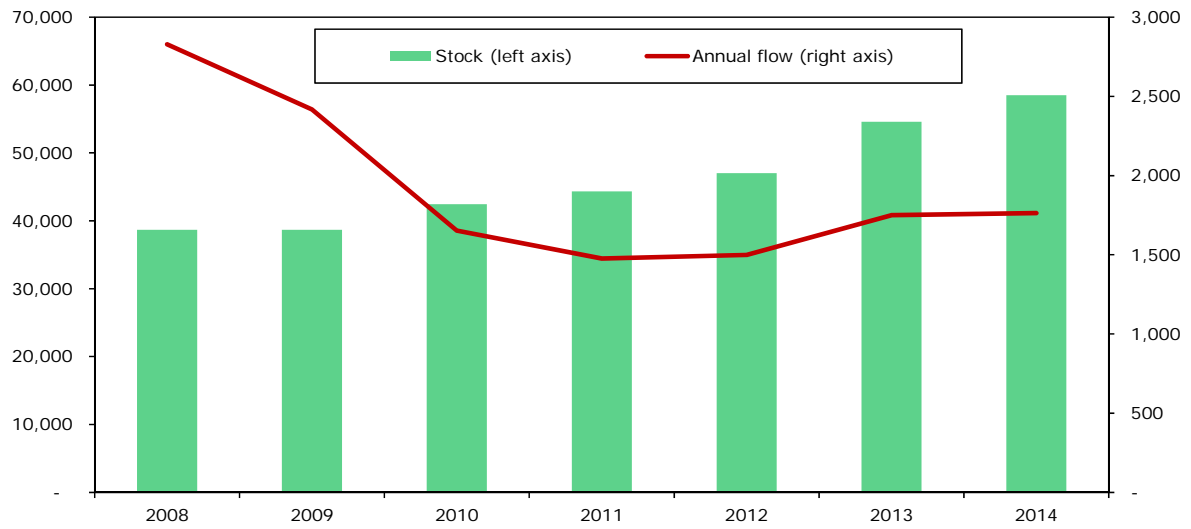
Source: UNSD, Comtrade database.

**1.7 Foreign Direct Investment**

1.31. FDI inflows showed a marked decline between 2008 and 2012 (Chart 1.3). This was mainly due to the manifestation of the global financial crisis. Although inflows have improved since then, they continue to be suppressed mainly due to concerns about the due to political instability and conflict in the region.

**Chart 1.3 Foreign Direct Investment 2008-14**

(US\$ million)



Source: Information provided by the authorities.

## 2 TRADE AND INVESTMENT REGIME

### 2.1 General Constitutional and Institutional Framework

2.1. The Hashemite Kingdom of Jordan is a constitutional monarchy. Jordan's Constitution was formulated and adopted by the Legislative Council on 28 November 1947, and ratified on 1 January 1952.<sup>1</sup> Article 25 of the Constitution stipulates that the legislative power is vested in the National Assembly (Parliament) and the King. The National Assembly consists of a Senate (upper house, with 55 Senators) and a Chamber of Deputies (lower house, with 110 elected deputies). Article 26 of the Constitution states that the executive power is vested in the King, together with the Council of Ministers headed by the Prime Minister. The King appoints and dismisses the Prime Minister, the Ministers (upon the recommendation of the Prime Minister), and the members of the Senate. As the head of the State, the King has the right to propose laws, and is the ratification and promulgation authority.

2.2. Courts comprise civil courts, religious (Sharia) courts, and special courts. Civil Courts have jurisdiction over commercial disputes concerning private-sector parties, government departments or authorities, and general establishments. Religious courts, in addition to hearing cases involving marriages, divorces, wills, and legacies, also have jurisdiction in civil or criminal cases related to domestic and foreign trade. Special courts deal with issues such as customs and income tax. Article 97 of the Constitution stipulates that the judiciary is an independent and separate body. Judges of the civil and Sharia courts are appointed and dismissed by Royal Decree.

### 2.2 Trade Policy Formulation and Implementation

2.3. Trade and industrial policies are formulated and executed by the Ministry of Industry, Trade and Supplies (MITS). In 2013, the Ministry of Industry and Trade became the Ministry of Industry, Trade and Supplies with added responsibilities for ensuring the continued availability of goods and fair competition in the market, and preventing anti-competitive behaviours.

2.4. The Foreign Trade Policy and Relations Department in the MITS is responsible for all matters relating to multilateral trade agreements (WTO), and regional and bilateral trade agreements. It is in charge of negotiating and preparing draft agreements, supervising their implementation, evaluating their impact, and amending them to enhance and develop Jordan's economy. The Department is the focal point for the WTO, functioning as Jordan's Notification Point for various WTO agreements (except for notifications related to agriculture, TBT, and SPS measures). It is Jordan's inquiry point for trade in services. The Department is responsible for ensuring that Jordan complies with all its commitments towards the WTO and its regional and bilateral agreements. It cooperates with other government agencies as well as private sector institutions. It is also Jordan's focal point for the Social and Economic Council of the Arab League. The Department deals closely with Jordan's economic counsellor offices worldwide to follow up on international and bilateral issues.

2.5. The Ministry of Planning and International Cooperation (MOPIC) established a central government portal (<http://inform.gov.jo/en-us/>) in 2014, where information on plans and strategies of the Government are available to all. The plans and strategies cover all aspects of Jordan's development, including: reducing poverty, increasing employment, reforming government, and building an environment for business growth and entrepreneurship.<sup>2</sup> The Government considers that making this information accessible to the public facilitates public discussion and improves the decision making procedure in both the public and private sectors. According to the authorities, the Government made important progress towards greater fiscal transparency, as it provides the public with some information related to its expenditures and other fiscal activities. The public may challenge the Government on its management of public funds. The Civil Service Bureau (CSB) took measures recently to improve transparency, such as automating

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<sup>1</sup> Constitution of Jordan. Viewed at: [http://www.kinghussein.gov.jo/constitution\\_jo.html](http://www.kinghussein.gov.jo/constitution_jo.html) [09/02/15]. The most recent amendment to the Constitution was in 2014, to expand the jurisdiction of the Independent Elections Commission to administer municipal polls and any other elections assigned by the Government.

<sup>2</sup> Jordan issued its national entrepreneurship and SME growth strategy 2015-19, to foster job creation and income generation by promoting the entry of new start-ups and improving the performance and growth of existing small, micro, and medium enterprises.

candidacy and employment data, and establishing an audit unit at the CSB to ensure its compliance with transparency and integrity in recruitment.

2.6. The procedure to formulate laws remains the same as the previous Review. Bills, once prepared by the relevant ministry, are presented to the Council of Ministers, the Chamber of Deputies, and the Senate. The King ratifies those bills passed by both the Chamber of Deputies and the Senate. A law becomes effective 30 days after publication in the *Official Gazette* or as stipulated in the law.<sup>3</sup> All policies (including trade policies) must be formulated and implemented by means of legal instrument. In descending order of importance, the Constitution is followed by Royal decrees, laws, and ministerial and administrative decisions.

2.7. Treaties and international agreements concluded by Jordan have legal power in national courts.<sup>4</sup> In case of conflict between international and domestic laws, applicable international agreements take precedence.

2.8. The main legislation on international trade remains the Import and Export Law No. 21 of 2001, which provides the general principles of foreign trade and mechanisms for the import, export, and transit through Jordan. Since the previous Review, several trade-related laws or other legal instruments have been issued, amended, or revised (Table 2.1).

**Table 2.1 Main trade and investment-related legislation issued/amended/revised since 2008**

| Subject   | Legislation  |
|---|--|
| Customs procedures  | Customs Law 1998 amended in 2012   |
| Import prohibitions, restrictions, and licensing          | Import instructions (1) for 2012 and its amendments.   |
| Standards and technical requirements                      | Draft Amendment of Law No. 22/2000 on Standards and Metrology (not yet endorsed)   |
| Sanitary and phytosanitary requirements                   | A draft Food Law is under review by the Parliament   |
| Government procurement                                    | Instructions Regulating Tendering Procedures and Participating Conditions No. 1 of 2008;<br>Jordan is preparing a unified procurement by-law   |
| Zones   | Economic Zone Law of 2010  |
| Tax and incentives  | Investment Law No. 30 for 2014;<br>Income Tax Law No. 34 of 2014   |
| Competition policy, price controls                        | Competition Law No. 18 of 2011   |
| State owned enterprises, privatization, and state trading | Public-private-partnership (PPP) Law of 13 December 2014   |
| Intellectual property rights protection                   | Trademark Law No. 15 of 2008;<br>Trademark Regulation No. 128 of 2009, No. 22 of 2010;<br>Law No. 23 of 2014 amending the Copyright Protection Law No. 22 of 1992 and its Amendments.  |
| Financial services  | Amended Regulations for Banks' Licensing Fees No. 85 of 2012;<br>Anti-Money laundering and Counter Terrorist Financing Instructions No. 51 of 2010;<br>Temporary Credit Information Law No. 15 of 2010;<br>Islamic Finance Sukuk Law No. 30 of 2012; and<br>Corporate Governance Code of 2008  |
| Telecommunications  | Telecommunications law No.21 of 2011   |
| Transportation  | Transportation Law and amendments No. 37 of 2008;<br>Railways law No. 24 of 2012;<br>Law of Jordan Maritime Authority and Amendments No. 38 of 2008;<br>Land Transport Regulatory Commission law No. 4 of 2011;<br>Law of Transportation of Goods by Road No. 14 of 2012; and<br>Law of Transportation of Passengers by Road No. 33 of 2010. |
| Foreign investment  | Investment Law No. 30 for 2014   |

Source: Information provided by the authorities.

<sup>3</sup> Details of the law preparation procedure are available in the TPR of Jordan (2008), page 11.

<sup>4</sup> Article 33 of the Constitution and Judicial Verdicts.

## 2.3 Trade Policy Objectives

2.9. Jordan's trade policy objectives are: enhancing trade and economic openness through rapid integration into the global economy; enhancing the competitiveness of the economy; improving trade performance; and promoting a stimulating environment for economic and investment activities.

2.10. In pursuit of these objectives, the Government aims to develop an economy that is open to regional and international markets, ensure that Jordan is safe and an appropriate place to live and work for current and future generations, enhance the self-reliance of Jordanians, and help those who are unable to meet their basic needs.<sup>5</sup> The authorities consider that trade, particularly exports, are the major channel for Jordan's economic growth. Thus, the Government has been making efforts to promote economic growth, reduce the trade deficit, and increase investment into the economy.

2.11. Jordan released its 10-year economic blueprint - *Jordan Vision 2025 Strategy* - in May 2015, which intends to enable Jordan to move quickly to diversify resources, develop infrastructure, and capitalize on its strengths. Its basic principles include promoting the rule of law and equal opportunities, increasing participation in policy making, achieving fiscal sustainability, and strengthening institutions. The authorities stated that the Strategy represents a long-term national vision upon which detailed government action plans would be based.<sup>6</sup>

## 2.4 Trade Agreements and Arrangements

### 2.4.1 WTO

2.12. Jordan became a Member of the WTO on 11 April 2000. It is a signatory to the Information Technology Agreement (ITA), and an observer to the Government Procurement Agreement (GPA). So far, Jordan has not participated in any dispute settlement proceeding at the WTO, as complainant, respondent, or third party. Jordan's trade policies were reviewed once in November 2008.

2.13. Jordan has made a number of trade-related notifications to the WTO (Table 2.2). At September 2015, it had 10 outstanding notifications in the WTO Central Registry of Notifications.<sup>7</sup>

**Table 2.2 Jordan's notifications under the WTO Agreements, 2008 - August 2015**

| WTO Agreement  | Requirement/content  | WTO document and date   |
|--|--|---|
| <b>Agreement on Agriculture</b>                        |  |   |
| Article 18.2   | Domestic support   | G/AG/N/JOR/17, 10 March 2015<br>G/AG/N/JOR/16, 1 Oct 2013<br>G/AG/N/JOR/14, 10 Oct 2011<br>G/AG/N/JOR/11, 9 Oct 2009<br>G/AG/N/JOR/10, 8 Oct 2009 |
| Article 10 and 18.2                                    | Export subsidies   | G/AG/N/JOR/15, 12 July 2013<br>G/AG/N/JOR/13, 5 Oct 2011<br>G/AG/N/JOR/12, 26 Oct 2009  |
| <b>GATT 1994 Article XXIV: 7(a) (Free-Trade Areas)</b> |  |   |
| Article XXIV: 7(a)<br>(Free-Trade Areas)               | Canada – Jordan<br>Turkey – Jordan                                   | WT/REG335/N/1, 12 April 2013<br>WT/REG294/N/1, 8 March 2011   |
| <b>GATT 1994 Article XXVIII: 5 (Market Access)</b>     |  |   |
| Article XXVIII: 5                                      | Jordan reserves the right to modify its Schedule                     | G/MA/274, 19 Dec 2011<br>G/MA/234, 5 March 2009   |
| <b>PSI Article 5</b>                                   |  |   |
| Article 5  | Jordan has no laws or regulations relating to preshipment inspection | G/PSI/N/1/Add.11, 24 June 2008  |
| <b>Quantitative restrictions (G/L/59)</b>              |  |   |
| G/L/59   | Notifications of no quantitative restrictions                        | G/MA/NTM/QR/1/Add.12, 3 May 2011  |

<sup>5</sup> Ministry of Planning and International Cooperation (MOPIC) online information. Viewed at: <http://www.mop.gov.jo/Pages/viewpage.aspx?pageID=196> [13/02/15].

<sup>6</sup> MOPIC online information. Viewed at: <http://inform.gov.jo/en-us/By-Date/Report-Details/ArticleId/247/Jordan-2025> [26/06/15].

<sup>7</sup> WTO online information. Viewed at: <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=JO> [30/06/15].

| WTO Agreement   | Requirement/content   | WTO document and date   |
|---|---|---|
| <b>Notification under paragraph 4 of Annex II of the Agreement on Rules of Origin</b> |   |   |
| Paragraph 4 of Annex II   | Preferential rules of origin under Jordan – Canada FTA                                    | G/RO/N/101, 19 Sept 2013  |
| <b>Agreement on Import Licensing</b>  |   |   |
| Article 7.3   | Questionnaire on import licensing   | G/LIC/N/3/JOR/2, 4 Aug 2015   |
| <b>Agreement on Subsidies and Countervailing Measures</b>                             |   |   |
| Article 25.1  | Notification of export subsidies  | G/SCM/N/284/JOR, 19 June 2015<br>G/SCM/N/260/JOR, 13 Aug 2013<br>G/SCM/N/253/JOR, 13 Aug 2013<br>G/SCM/N/226/JOR, 5 July 2011<br>G/SCM/N/220/JOR, 5 July 2011<br>G/SCM/N/192/JOR, 23 June 2009<br>G/SCM/N/186/JOR, 23 June 2009   |
| Article 27.4  | The transition period for the elimination of export subsidies                             | G/SCM/N/290/JOR, 19 June 2015<br>G/SCM/N/275/JOR, 26 June 2014<br>G/SCM/N/260/JOR, 13 Aug 2013<br>G/SCM/N/253/JOR, 13 Aug 2013<br>G/SCM/N/251/JOR, 8 Jan 2013<br>G/SCM/N/243/JOR, 4 July 2012<br>G/SCM/N/226/JOR, 5 July 2011<br>G/SCM/N/220/JOR, 5 July 2011<br>G/SCM/N/211/JOR, 27 July 2010<br>G/SCM/N/192/JOR, 23 June 2009<br>G/SCM/N/186/JOR, 23 June 2009  |
| <b>Agreement on Safeguards</b>  |   |   |
|   | Notification on termination of safeguard investigations with no safeguard measure imposed | G/SG/N/9/JOR/9, 13 Oct 2010<br>G/SG/N/9/JOR/8, 2 June 2009  |
| Article 12.1 (A)  | Notification on initiation of an investigation and the reason for it                      | G/SG/N/6/JOR/17, 1 Sept 2014<br>G/SG/N/6/JOR/16, 13 Apr 2012<br>G/SG/N/6/JOR/15, 27 Sept 2010<br>G/SG/N/6/JOR/14, 28 Nov 2008<br>G/SG/N/6/JOR/13, 25 Nov 2008   |
| Article 12.1 (B) findings, 12.1 (c) decisions, and Article 9.1 footnote 2             | Notification of a proposal to impose a measure  | G/SG/N/8/JOR/9, 20 April 2015<br>G/SG/N/10/JOR/9, 20 April 2015<br>G/SG/N/11/JOR/5, 20 April 2015<br><br>G/SG/N/8/JOR/8/Suppl.1/Corr.1, 8 July 2013<br>G/SG/N/10/JOR/8/Suppl.1/Corr.1, 8 July 2013<br>G/SG/N/11/JOR/4/Suppl.1/Corr.1, 8 July 2013<br><br>G/SG/N/8/JOR/8/Suppl.1, 1 July 2013<br>G/SG/N/10/JOR/8/Suppl.1, 1 July 2013<br>G/SG/N/11/JOR/4/Suppl.1, 1 July 2013<br><br>G/SG/N/8/JOR/8, 13 Feb 2013<br>G/SG/N/10/JOR/8, 13 Feb 2013<br>G/SG/N/11/JOR/4, 13 Feb 2013<br><br>G/SG/N/8/JOR/7, 22 July 2009<br>G/SG/N/10/JOR/7, 22 July 2009<br>G/SG/N/11/JOR/3, 22 July 2009 |
| <b>Agreement on the Application of Sanitary and Phytosanitary Measures</b>            |   |   |
| Article 7 Annex B   | Emergency measures  | G/SPS/N/JOR/34, 1 July 2015<br>G/SPS/N/JOR/33, 1 July 2015<br>G/SPS/N/JOR/32, 28 Apr 2015<br>G/SPS/N/JOR/31, 27 Apr 2015<br>G/SPS/N/JOR/30, 10 Dec 2014<br>G/SPS/N/JOR/29, 10 Dec 2014<br>G/SPS/N/JOR/28, 25 Nov 2014<br>G/SPS/N/JOR/27, 25 Nov 2014<br>G/SPS/N/JOR/26, 24 Oct 2014<br>G/SPS/N/JOR/25, 12 Dec 2013<br>G/SPS/N/JOR/24, 15 May 2013<br>G/SPS/N/JOR/23, 3 Aug 2010<br>G/SPS/N/JOR/22, 4 May 2010<br>G/SPS/N/JOR/21, 21 Oct 2009<br>G/SPS/N/JOR/20, 25 May 2009<br>G/SPS/N/JOR/19, 11 Feb 2009  |

| WTO Agreement   | Requirement/content  | WTO document and date   |
|---|--|---|
| <b>Agreement on Technical Barriers to Trade</b>                                   |  |   |
| Article 2.9   | Notifications on proposed technical regulations  | G/TBT/N/JOR/11 – 47, 2012<br>G/TBT/N/JOR/10, 30 Sept 2011<br>G/TBT/N/JOR/8, 4 May 2010                                |
| Articles 2.9.2 and 5.6.2  | Notifications of instructions  | G/TBT/N/JOR/9, 3 Nov 2010<br>G/TBT/N/JOR/7, 8 Sept 2008<br>G/TBT/N/JOR/6, 10 July 2008<br>G/TBT/N/JOR/5, 10 July 2008 |
| Article 5.6   | Decision for ending the implementation of the International Product Conformity Certification Program (Daman) | G/TBT/N/JOR/4, 17 March 2008  |
| <b>Agreement on Trade Facilitation</b>  |  |   |
| WT/L/911  | Notification of Category A Commitments   | WT/PCTF/N/JOR/1, 18 Sept 2014   |
| <b>Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)</b> |  |   |
| Article 63.2  | Legislation  | IP/N/1/JOR/2, 26 Apr 2013<br>IP/N/1/JOR/P/2, 26 Apr 2013  |

Source: WTO Secretariat.

2.14. Jordan grants at least most-favoured-nation (MFN) treatment to all its trading partners. It is a member of the Recently Acceded Members (RAM) group, the WTO Arab Group, and has submitted proposals with other Members as an small and vulnerable economy (SVE), and as a net food-importing developing country (NFIDC). The authorities stated that Jordan is strongly committed to the multilateral trading system and to the rules and principles of the WTO as a means to curb harmful protectionist measures, reduce barriers to global trade and enhance market access conditions especially for exports of developing member states. The authorities also stated that the RAMS made significant and extensive commitments upon their accession to the WTO, as compared to those made by Members that joined the WTO during previous rounds of negotiations. Jordan, as an SVE and a NFIDC, calls for additional flexibilities within the agriculture negotiations to assure food security elements for developing countries.

#### 2.4.2 Regional and bilateral agreements

2.15. Jordan has seven RTAs in force: the Pan-Arab Free Trade Agreement (PAFTA), and bilateral agreements with Canada, EFTA, EU, Singapore, Turkey, and the United States (Table 2.3). Jordan also has an agreement with Israel, and is negotiating with Mexico.

**Table 2.3 Overview of Jordan's Regional and Bilateral Trade Agreements, 2015**

| Agreement  | Description  |
|--|--|
| <b>PAFTA</b>   |  |
| Title  | Pan-Arab Free Trade Area Agreement   |
| Parties  | Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates, Yemen, and later joined by the State of Palestine, and Algeria. |
| Coverage and type                                    | Goods, FTA   |
| Date of signature                                    | 19 Feb 1997  |
| Date of entry into force                             | 01 Jan 1998  |
| Transition for full implementation (goods)           | Full implementation realized in 2005 instead of 2007   |
| Jordan merchandise trade with PAFTA countries (2014) | 30.2% of Jordan's imports came from other PAFTA member states, and 48.6% of its exports <sup>a</sup> went to other PAFTA member states <sup>b</sup>  |
| WTO document series                                  | WT/REG223  |
| <b>Jordan–Canada FTA</b>                             |  |
| Title  | Canada–Jordan Free Trade Agreement   |
| Parties  | Canada, Jordan   |
| Coverage and type                                    | Goods, FTA; investment   |
| Date of signature                                    | 28 June 2009   |
| Date of entry into force                             | 01 Oct 2012  |



| Agreement   | Description  |
|---|--|
| End of implementation period                        | 2016   |
| Main products excluded from liberalization (Jordan) | Tariffs remain dutiable in HS sections I and IV (live animals and animal products and prepared foods).   |
| Jordan merchandise trade with Canada (2014)         | 0.3% of Jordan's imports and 0.6% of its exports <sup>a</sup> were with Canada.  |
| WTO document series                                 | WT/REG335  |
| <b>EFTA-Jordan</b>                                  |  |
| Title   | Agreement between the EFTA States and Jordan   |
| Parties   | Iceland, Liechtenstein, Norway, Switzerland, Jordan  |
| Coverage and type                                   | Goods, FTA; government procurement, intellectual property rights   |
| Date of signature                                   | 21 June 2001   |
| Date of entry into force                            | 01 Sept 2002   |
| End of implementation period                        | 2014   |
| Jordan merchandise trade with EFTA countries (2014) | 2.4% of Jordan's imports and 0.1% of its exports <sup>a</sup> were with EFTA states.   |
| WTO document series                                 | WT/REG133  |
| <b>EU-Jordan</b>                                    |  |
| Title   | Association Agreement between the European Union and Jordan  |
| Parties   | Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain; Sweden; United Kingdom; Jordan |
| Coverage and type                                   | Goods, FTA; investment, government procurement, intellectual property rights   |
| Date of signature                                   | 24 Nov 1997  |
| Date of entry into force                            | 01 May 2002  |
| End of implementation period                        | 2013   |
| Jordan merchandise trade with the EU28 (2014)       | 19.7% of Jordan's imports and 4.1% of its exports <sup>a</sup> were with the EU28.   |
| WTO document series                                 | WT/REG141  |
| <b>Jordan-Singapore</b>                             |  |
| Title   | Jordan–Singapore Free Trade Agreement  |
| Parties   | Jordan, Singapore  |
| Coverage and type                                   | Goods and services, FTA and Economic Integration Agreement; denial of benefits, domestic regulation, government procurement, intellectual property rights, investment  |
| Date of signature                                   | 16 May 2004  |
| Date of entry into force                            | 22 Aug 2005  |
| End of implementation period                        | 2014   |
| Main products excluded from liberalization (Jordan) | 153 lines remain dutiable, in HS sections II, III, IV, and XVII.   |
| Jordan merchandise trade with Singapore (2014)      | 0.4% of Jordan's imports and 0.3% of its exports <sup>a</sup> were with Singapore.   |
| WTO document series                                 | WT/REG215  |
| <b>Jordan-Turkey</b>                                |  |
| Title   | Jordan–Turkey FTA  |
| Parties   | Jordan, Turkey   |
| Coverage and type                                   | Goods, FTA; intellectual property rights   |
| Date of signature                                   | 01 Dec 2009  |
| Date of entry into force                            | 01 Mar 2011  |
| End of implementation period                        | 2022   |
| Main products excluded from liberalization (Jordan) | No tariffs in HS Sections I-IV are liberalized under the FTA. At the end of implementation the lines remaining subject to tariffs for imports from Turkey are mainly found in Sections I-IV, XI and XII.   |

| Agreement  | Description   |
|--|---|
| Jordan merchandise trade with Turkey (2014)            | 3.7% of Jordan's imports and 2% of its exports <sup>a</sup> were with Turkey.   |
| WTO document series                                    | WT/REG294   |
| <b>Jordan–United States</b>                            |   |
| Title  | Agreement between the United States and Jordan on the Establishment of a Free Trade Area  |
| Parties  | Jordan, the United States   |
| Coverage and type                                      | Goods and services, FTA and Economic Integration Agreement; government procurement, intellectual property rights, domestic regulation, and mutual recognition on services |
| Date of signature                                      | 24 Oct 2000   |
| Date of entry into force                               | 17 Dec 2001   |
| End of implementation period                           | 2010  |
| Jordan merchandise trade with the United States (2014) | 5.8% of Jordan's imports and 15.8% of its exports <sup>a</sup> were with the United States  |
| WTO document series                                    | WT/REG134   |

a Export data include re-export figures.

b Trade with PAFTA members include trade with Agadir members (namely Egypt, Morocco and Tunisia).

Source: WTO Secretariat, WTO RTA Database, Factual Presentations (WT/REG335/Rev.1, WT/REG/215/2/Rev.1, WT/REG294/1), and information provided by the authorities.

2.16. The authorities stated that the RTAs have resulted in significant increase in trade flows between Jordan and its RTA partners. The authorities consider that there has been a clear increase in exports from Jordan to its different trade partners, although Jordan, as a small economy, has not benefited from all the preferential market access opportunities.

### 2.4.3 Other preferential arrangements

2.17. Jordan receives trade preferences under the Generalized System of Preferences (GSP) schemes of Australia; Japan; New Zealand; Belarus, Kazakhstan, and the Russian Federation. Based on figures from the Amman Chambers of Commerce and Industry, 0.14% of total exports were exported under the GSP schemes.

2.18. Jordan does not participate in the Global System of Trade Preferences (GSTP).

2.19. Jordan also has a tripartite agreement with Israel and the United States, which established Qualified Industrial Zones (QIZs) (section 3.2.5.3). Products manufactured in these zones can be exported to the United States duty free and quota free. However, following the full implementation of the Jordan – U.S. FTA in 2010, most QIZ factories export their products to the United States under the FTA.

## 2.5 Investment Regime

2.20. In 2015, the World Bank Group Doing Business Report ranked Jordan 117<sup>th</sup> among 189 economies for ease of doing business.<sup>8</sup> Jordan was ranked 64<sup>th</sup> out of 144 economies in the Global Competitiveness Index in 2014-15, showing improvement from its ranking of 71<sup>st</sup> in 2011-12.<sup>9</sup> According to the Global Competitiveness Report, the improvement mainly reflected a lower budget deficit and some progress made in education and financial market development.<sup>10</sup> The UNCTAD World Investment Report stated that FDI to Jordan increased by 20% in 2014 to US\$1.8 billion,

<sup>8</sup> World Bank (2015), *Doing Business 2015 – Jordan*. Viewed at: <http://www.doingbusiness.org/~media/GIABW/Doing%20Business/Documents/Profiles/Country/JOR.pdf> [17/02/15].

<sup>9</sup> World Economic Forum (2015), *The Global Competitiveness Report 2014-2015: Country/Economy Profiles*. Viewed at: <http://www3.weforum.org/docs/GCR2014-15/Jordan.pdf> [17/02/15].

<sup>10</sup> World Economic Forum (2015), *The Global Competitiveness Report 2014-2015: Country/Economy Highlights*. Viewed at: [http://www3.weforum.org/docs/GCR2014-15/GCR\\_Highlights\\_2014-2015.pdf](http://www3.weforum.org/docs/GCR2014-15/GCR_Highlights_2014-2015.pdf) [17/02/15].

despite regional unrest and sluggish economic growth.<sup>11</sup> The authorities consider this is due to the policies and reforms in Jordan, making the country a secure and stable location for investment.

2.21. Since the previous Review, there have been significant legislative and institutional changes to the investment regime. Investment Law No. 30 of 2014 came into force, according to which all the departments and commissions concerned with investment are unified into one entity to facilitate investment procedures. An Investment Council was established to endorse investment strategies and policies.

2.22. The Jordan Investment Commission (JIC) is responsible for promoting and facilitating investment in Jordan. According to the authorities, the JIC is formulating a new national investment strategy with an intention to enhance the one-stop shop. The board of directors of the JIC was replaced by the Investment Council from 2014, which is chaired by the Prime Minister and includes the following members: the Minister of Industry, Trade and Supply; the Minister of Finance; the Minister of Labour; the Minister of Planning and International Cooperation; the Chairman of the Investment Commission; the Central Bank Governor; the Head of Jordan Chamber of Industry; and the Head of Jordan Chamber of Commerce. In addition, four representatives from the private sector are to be nominated by the Cabinet upon the recommendation of the Prime Minister. The term of these representatives is for two years, renewable for one extra term of 2 years. Their term may be terminated by nominating a substitute.

2.23. The JIC provides "one-stop services" to facilitate investors with all related administrative procedures including registration and licensing applications. It takes maximum 14 days for the one-stop shop to obtain from the concerned government bodies the necessary approval for registration and licences.

2.24. The Government has been trying to attract more FDI through creating an investment-friendly legislative environment, and a hospitable, bureaucracy-free business environment. The Government launched a list of national mega-projects, particularly in the energy sector, where the Government can seek public-private partnerships.

2.25. Another measure which should improve the investment climate was the creation, in 2008, of the Office of the Ombudsman. The Office receives complaints to decisions taken by the public administration. From 2009 to 2014, 725 complaints were received by the Ombudsman, concerning mainly the procedures of the Jordan Standards and Metrology Organization, and the customs fees.

2.26. Foreign investors in general have the same treatment as domestic investors, with some exceptions. Differences exist in:

- land ownership: land ownership for foreigners is allowed in Jordan provided ownership is related to a business activity, except in free zones where land may only be leased;
- minimum capital requirements: foreign investment must have at least JD 50,000 of capital (about US\$70,000), while the minimum capital requirement for domestic companies is JD 1; and
- prohibited or restricted sectors: some sectors are prohibited from foreign investment, and some have foreign equity restrictions of 50% or 49% (Table 2.4).

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<sup>11</sup> UNCTAD (2014), *World Investment Report 2014*. Viewed at: [http://unctad.org/en/PublicationsLibrary/wir2014\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf) [17/02/15].

Table 2.4 FDI Restrictions

| Foreign investment restrictions/prohibitions  | Notes   |
|---|---|
| <b>Foreign ownership is limited to a maximum of 50% in:</b>   |   |
| <b>Trade activities:</b>  |   |
| Purchasing of goods for purposes of leasing or renting  | Excluding financial leasing services  |
| Purchasing of goods and other moveable tangibles to be sold for profit  |   |
| Wholesale trade   | Except for firearms and pharmaceuticals where foreign investment is not allowed   |
| Retail trade  | Except for pharmaceuticals where foreign investment is not allowed  |
| Franchising   | A Jordanian juridical entity is required for franchising in meal services (with full restaurant services or in self-serving facilities or beverage serving services for consumption on premises) except when these services are operated in hotels and motels   |
| Import and export   |   |
| Distribution of goods and services  |   |
| Supply services   | Excluding food catering not conducted by restaurants, cafes and cafeterias  |
| <b>Services:</b>  |   |
| Professional services: engineering services including architectural services, construction services, technical testing services for construction purposes |   |
| Maintenance and repair services of land transport and of audiovisual equipment  |   |
| Photographic services   | Excluding military portraits and aerial photocopy of the Jordanian territory, where foreign investment is not allowed   |
| Audio-visual services (motion picture and video-tape distribution services)   |   |
| Placement and supply services of personnel  |   |
| Brokerage   | Excluding financial brokerage   |
| Money exchange services   | Excluding those provided through banks or financial companies   |
| Advertising services  |   |
| Commercial and insurance agents   |   |
| Restaurants, cafés, and cafeterias  | Excluding those provided within hotels, motels, and on-board of ships and trains  |
| Tourism and travel-related services: meal services  | Except when operated in hotels, ships or trains   |
| Travel agencies and tour operators  | Service provider must be a Jordanian specialised (i.e. licensed) tourist firm   |
| Convention services   |   |
| Research and development services on natural sciences   | Excluding geology-related sciences where foreign investment is not allowed  |
| Leasing or rental services without operator relating to ships, machinery and equipment  | Excluding agricultural machinery and equipment and engines and turbines   |
| Printing and publishing   | Ownership of periodical publications is restricted to Jordanian natural persons or judicial entities wholly owned by Jordanians   |
| Related scientific and technical consulting services  | Cabinet authorization is required, and excluding prospecting, surveying, exploration, exploitation and map making, where foreign investment is not allowed  |
| Refuse disposal services: collection and treatment of solid waste services  | Excluding collection and treatment of hazardous waste (50% limitation and any other limitations on legal form provided by the Jordanian law, establishment and provision of services subject to Cabinet authorization and to an agreement with the Jordanian government, the number of service providers may be restricted) |
| Services incidental to agriculture and manufacturing  |   |
| Advisory and consultancy services incidental to animal husbandry  |   |

| Foreign investment restrictions/prohibitions   | Notes  |
|--|--|
| <b>Transport services and transportation auxiliary services:</b>   |  |
| Maritime transport and auxiliary services  | Except for maintenance and repair of vessels, shipping agents, maritime freight services and food supply catering where access is restricted to Jordanian national or legal entities   |
| Air transportation services  | Excluding freight forwarding services, packing and crating services, and freight inspection services where access is restricted to Jordanian national or legal entities; and excluding engine overhaul, airports duty-free shops, simulators training and computer reservation systems |
| Rail transport auxiliary services  | Excluding passenger and cargo transportation; pushing and towing services; supporting services for rail transport such as rail passenger terminal services   |
| Road transport auxiliary services  | Excluding passenger and freight road transport which is prohibited to foreign investors  |
| Road transport services  | Including specialised tourist transportation services and supporting services of road transport  |
| Clearance services linked to the listed transport services   |  |
| <b>Foreign ownership is limited to a maximum of 49%:</b>   |  |
| Scheduled and non-scheduled passenger, freight and mail air transport services   |  |
| Rental services of aircraft with operator  |  |
| <b>Foreign investment is prohibited:</b>   |  |
| Passenger and freight road transport services (including taxi, bus and truck services)   |  |
| Quarries for natural sand and stones (dimension, aggregates and construction stones) used for construction purposes                                |  |
| Security and investigation services  |  |
| Sports clubs (including organization of sports events services)  | Excluding health fitness clubs services  |
| Clearance services   | Foreign ownership is limited to 50% for the clearance services linked to certain transport services  |
| Geology-related sciences; scientific and technical consulting services related to prospecting, surveying, exploration, exploitation and map making |  |
| Real estate services   |  |
| Pension consultancy  |  |
| Dental services  |  |

Source: Regulation No. 54 of 2000; OECD (2013), *OECD Investment Policy Reviews: Jordan 2013*, OECD Publishing; and information provided by the authorities.

2.27. The equity level may be increased by the Council of Ministers. According to the authorities, this has happened in practice, on the grounds of increasing employment and technology transfer.

2.28. The authorities stated that there are no restrictions on investment abroad by Jordan nationals.

2.29. Jordan has signed 53 bilateral investment treaties (BITs), of which 45 have been ratified.<sup>12</sup> Since the previous Review in 2008, Jordan has signed BITs with Azerbaijan, Armenia, Canada, Cyprus, Estonia, Iraq, Libya, Portugal, Qatar, Slovakia, Tanzania, and the United Arab Emirates. The Association Agreement between the EU and Jordan contains provisions on the promotion and protection of investment. Jordan has double taxation avoidance agreements with 27 economies: Algeria, Azerbaijan, Bahrain, Bulgaria, Canada, Croatia, Egypt, France, India, Indonesia, Iran, Kuwait, Lebanon, Malaysia, Morocco, Netherlands, Oman, Pakistan, Poland, Romania, Republic of Korea, Syria, Tunisia, Turkey, United Kingdom, Ukraine, and Yemen.

<sup>12</sup> OECD (2013), *OECD Investment Policy Reviews: Jordan 2013*, OECD Publishing.

2.30. Jordan is a party to the New York Convention on Recognition and Enforcement of Arbitral Awards (ratified in 1980), and the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) (ratified in 1972).

2.31. At the regional level, Jordan signed investment-related agreements within the framework of the League of Arab States (LAS), and the Organization of the Islamic Conference (OIS). The Arab Investment and Export Credit Guarantee Corporation and the JIB signed a MOU on investment in December 2013. The MOU provides direct and regular exchange of information to encourage investment in the Arab region.<sup>13</sup>

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<sup>13</sup> Kuwait News Agency online information. Viewed at:  
<http://www.kuna.net.kw/ArticleDetails.aspx?id=2350072&language=en> [14/10/14].

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Customs procedures valuation and rules of origin

3.1. Since the previous Review in 2008, there have been significant changes to customs procedures. Jordan started implementing single-window procedures from 2009, with 15 single-window centres operating in 2015. The Customs Law of 1998, last amended in 2012, regulates customs procedures in Jordan.<sup>1</sup> Jordan Customs implements the Customs Law and conducts customs clearance, and other competent authorities are involved in implementing TBT and SPS related inspections and licensing procedures at the border, such as the Jordanian Standards and Metrology Organization (JSMO), the Jordanian Food and Drug Administration (JFDA), the Ministry of Agriculture, and the Ministry of Energy and Natural Resources.

3.2. Companies (both local and foreign) registered as commercial importers/exporters with the Ministry of Industry, Trade and Supply (MITS) may import and export for commercial purposes. Foreign commercial traders are subject to a foreign equity limit of 50%; the Council of Ministers may allow a foreign investor to own or contribute with higher percentages in projects of large scale or special importance. For a company to be registered as an importer/exporter, it must become a member of the Chamber of Commerce, or Chamber of Industry, and its premises must have been inspected and approved by the local municipality.

3.3. Once registered as a commercial importer, a company must obtain an importer card from the MITS (according to the authorities, this takes about 30 minutes). Under the Import and Export Law of 2001 (Article 3A), the importer card provides the commercial trader with a specific number and file that facilitates customs clearance.<sup>2</sup> Companies without valid importer cards may still import goods for commercial purposes, subject to a penalty equal to 2.5% of the value of the imported goods. Individuals are not eligible for a card; hence, such importers are always subject to the 2.5% penalty.

3.4. Since 2010 Jordan has fully implemented ASYCUDA WORLD, allowing online customs declaration submissions, which has reduced the customs clearance time for traders (Table 3.1). The e-declaration share is 100%. Jordan has also implemented a number of other reforms during the review period to facilitate trade. For example, Jordan initiated a "golden list" programme in 2005 and upgraded it in 2010, which gives preferred operator status to companies demonstrating low risk and strong compliance history with customs requirements. Jordan Customs also reduced the ratio of containers subject to physical inspection to 35-38%, from 100% before 1999, and 60% in 2000. According to the World Bank's Doing Business reports, in 2015 Jordan ranked 54<sup>th</sup> among 178 economies in terms of the ease of trading across borders, compared to 59<sup>th</sup> in 2008.<sup>3</sup>

3.5. Customs declarations may be made either by the owners of the goods (or their authorized representatives), or by licensed customs agents. No foreign firms may import goods without appointing an agent registered in Jordan.<sup>4</sup> The agent may be a branch office, or a wholly-owned subsidiary of the foreign firm. The agent's connection to the foreign company must be direct, without a sub-agent or intermediary.

3.6. In 2008, Jordan notified the WTO that it had no laws or regulations relating to pre-shipment inspection<sup>5</sup> and the authorities stated that there has been no change.

<sup>1</sup> Main areas of amendments concern services fees (a new service fee was introduced on people crossing the border), and Customs Court (it is able to receive cases on services tax).

<sup>2</sup> A farmer who imports goods necessary for farming and a person who imports goods for personal use are not required to have an import card.

<sup>3</sup> World Bank (2015), *Doing Business 2015 – Jordan*. Viewed at: <http://www.doingbusiness.org/-/media/GIABW/Doing%20Business/Documents/Profiles/Country/JOR.pdf> [17/02/15].

<sup>4</sup> U.S. Department of State: *2014 Investment Climate Statement*, June. Viewed at: <http://www.state.gov/documents/organization/229087.pdf> [16/10/14].

<sup>5</sup> WTO document G/PSI/N/1/Add.11, 24 June 2008.



**Table 3.1 Summary of procedures and documents for trading across borders, 2015**

| Customs procedures                      | Import procedure   |              | Export procedure   |             |
|---|--|--------------|--|-------------|
|   | Time (days)  | Cost (US\$)  | Time(days)   | Cost (US\$) |
| Documents preparation                   | 8  | 385          | 6  | 135         |
| Customs clearance and technical control | 3  | 65           | 2  | 80          |
| Ports and terminal handling             | 2  | 130          | 2  | 110         |
| Inland transportation and handling      | 2  | 655          | 2  | 500         |
| <b>Total</b>                            | <b>15</b>  | <b>1,235</b> | <b>12</b>  | <b>825</b>  |
| Documents required                      | Bill of lading,<br>cargo release order,<br>certificate of origin,<br>commercial invoice,<br>customs import declaration,<br>packing list,<br>technical standard certificate |              | Bill of lading,<br>certificate of origin,<br>commercial invoice,<br>custom export declaration,<br>packing list |             |

Source: World Bank (2015), *Doing Business 2015 – Jordan*. Viewed at: <http://www.doingbusiness.org/-/media/GIAWB/Doing%20Business/Documents/Profiles/Country/JOR.pdf> [17/02/15].

3.7. Jordan notified the WTO on 18 September 2014 that, pursuant to the Ministerial Decision of 7 December 2013, it designated all of the provisions contained in Section I of the Agreement on Trade Facilitation under Category A for implementation in full upon the entry into force of the Agreement, except: publication; information available through internet; enquiry points; advance rulings; general disciplines on fees and charges imposed on or in connection with importation and exportation; pre-arrival processing; formalities and documentation requirements; acceptance of copies; single window; and transit procedures and controls.<sup>6</sup>

3.8. According to the OECD Trade Facilitation Indicators, compared with the average for the Middle East and North Africa (MENA) region and upper middle income countries, Jordan performs better in the areas of information availability, simplification and harmonization of documents, automation, internal border agency cooperation, and governance and impartiality. Its performance of fees and charges are below average for MENA and upper middle income countries.<sup>7</sup>

3.9. According to the authorities, customs valuation is based on the WTO Agreement on the Implementation of Article VII of GATT 1994. According to the Customs Law (Articles 28-32), customs value is determined as the transaction value of the imported goods. If the transaction value cannot be determined, the following alternative methods may be used in order of preference: (1) transaction value of identical goods; (2) transaction value of similar goods; (3) deductive value; and (4) computed value. As in the last Review, reference prices (not published) are used as a last resort to provide guidance when an importer fails to submit the required transaction value or the customs administration has reason to doubt the accuracy of the declared price. Cars manufactured more than five years ago are not allowed to be imported into Jordan. For second-hand cars less than five years old, Customs uses a depreciation percentage to calculate their value.

3.10. Decisions by Jordan Customs may be contested before the Customs Court, with the possibility of appeal to the Customs Court of Appeal.

3.11. Articles 24-26 of the Customs Law stipulate non-preferential rules of origin. According to Article 27 of the Customs Law, preferential rules of origin are determined and implemented in accordance with the RTA agreements that Jordan has signed (Table 3.2).

<sup>6</sup> WTO document WT/PCTF/N/JOR/1, 18 September 2014.

<sup>7</sup> OECD online information. Viewed at: [http://www.oecd.org/tad/facilitation/Jordan\\_OECD-Trade-Facilitation-Indicators.pdf](http://www.oecd.org/tad/facilitation/Jordan_OECD-Trade-Facilitation-Indicators.pdf) [22/09/2014].



**Table 3.2 Jordan's rules of origin**

| <b>Non-preferential rules of origin</b>   |   |
|---|---|
| Products are generally considered as originating from the country where they are wholly obtained, or undergo substantial transformation that results in a change of the six-digit tariff classification of the goods, or contain at least 40% domestic content. A certificate of origin is required for imported products from all countries. |   |
| <b>Preferential rules of origin</b>   |   |
| <b>Agreement</b>  | <b>Rules</b>  |
| GAFTA   | All goods of Arab origin are exempted from customs tariffs if consignments are:<br>(a) accompanied by a certificate of origin (CO) issued by the relevant authorities of the country of production. In Jordan the CO is issued by the Chamber of Industry and the Chamber of Commerce, both authorized by the MITS. The CO is then authenticated by the MITS.<br>(b) the added value of the production taking place in the Arabic country is no less than 40% of its final value; from 1 July 2008, product-specific rules of origin started to be applied for some goods.  |
| Pan-EUROMED   | Jordan - EU Association Agreement, Jordan - EFTA FTA, the Agadir Agreement, Jordan - Israel Trade Agreement, and Jordan - Turkey FTA:<br><br>Allowing for diagonal cumulation of origin among member countries.<br><br>Products are generally considered as originating from the EUROMED member countries if they are wholly obtained in the member countries; or if they have undergone sufficient working or processing. Sufficient working or processing must satisfy product-specific rules of origin listed in Appendix 2 of the Agreement.  |
| Jordan-U.S. FTA   | A certificate of origin is not required. A good is deemed to have originated in the territory of a party where (i) the goods must be wholly obtained or produced, or substantially transformed in the territory of a party; (ii) they must contain at least 35% domestic content, i.e. no less than 35% of the customs value of the imported product must be attributed to domestic origin materials and/or domestic direct costs of processing; origin cumulation with the other party is permitted up to a ceiling of 15% of the customs value; and (iii) the imported product must be shipped directly between parties, subject to specified exceptions.<br><br>Special rules of origin apply to textiles and apparel. |
| Jordan-Singapore FTA  | A good shall be deemed to have originated in the territory of a party where (i) the good must be wholly obtained or produced in the territory of a party; (ii) there must be at least 35% local content of the customs value, with the possibility of bilateral origin cumulation; and (iii) the good must be transported directly between parties. Textiles and apparels are subject to special rules of origin.   |
| Jordan-Canada FTA   | A good shall be deemed to have originated in the territory of a party where (i) the good must be wholly obtained or produced in the territory of a party; (ii) each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification as set out in Annex 4.1 of the Agreement; (iii) product-specific rules of origin apply.   |

Source: MITS online information. Viewed at: <http://mit.gov.jo/portals/0/Facilitate%20and%20Develop%20Trade%20Among%20Arab%20States.pdf> [26/09/2014]; System of Pan-Euro Mediterranean Cumulation: [http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/rules\\_origin/preferential/article\\_783\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/rules_origin/preferential/article_783_en.htm) [26/09/2014]; Jordan-U.S. FTA: <http://mit.gov.jo/Portals/0/TextOA/ANNEX%202-2-RULE.pdf> [26/09/2014]; Jordan-Singapore FTA: [http://mit.gov.jo/Portals/0/Jordan\\_20Singapore\\_20FTA.pdf](http://mit.gov.jo/Portals/0/Jordan_20Singapore_20FTA.pdf) [26/09/2014]; Jordan-Canada FTA: [http://mit.gov.jo/PORTALS/0/EN%20-%20Jordan%20FTA%20\\_Rev%2023%20June%202009\\_%20Jordanian%20version.pdf](http://mit.gov.jo/PORTALS/0/EN%20-%20Jordan%20FTA%20_Rev%2023%20June%202009_%20Jordanian%20version.pdf) [26/09/2014]; Jordan-Turkey FTA: Joint Declaration: <http://mit.gov.jo/portals/0/JO%20EN%20Agreement%20Text.pdf> [26/09/2014].

### 3.1.2 Tariffs

#### 3.1.2.1 MFN tariffs

3.12. In acceding to the WTO, Jordan bound its tariffs on all products, and the simple average of the final bound tariffs is 16.3%: 24.1% for agricultural products (WTO definition), and 15.2% for

non-agricultural products (Table 3.3). Jordan charges at most MFN duty rates to all WTO Members. Taxes on international trade accounted for less than 10% of total tax revenue (section 3.3.2).

3.13. Jordan does not have tariff quotas, except under the Jordan–Turkey FTA. In accordance with this FTA, both parties apply tariff rate quotas (TRQs) on imports of certain agricultural products (defined according to the WTO Agreement on Agriculture). Jordan's TRQs are for products including mainly fish, fruit and vegetables, nuts, sugar, chocolate, pasta and bread. In general imports of these products within the annual quota are subject to zero rates of duty (100% margin of preference over the prevailing MFN rate) with in some cases a 20% margin of preference over the MFN rate being provided. There are no provisions in the Agreement either to phase out the TRQ or to increase the quota once the Agreement is fully implemented.<sup>8</sup>

**Table 3.3 Structure of MFN tariffs in Jordan, 2008 and 2015**

|   | 2008 | 2015 | Final bound <sup>a</sup> |
|---|------|------|--------------------------|
| Bound tariff lines (% of all tariff lines)                          | n.a. | n.a. | 100.0                    |
| Simple average tariff rate  | 10.9 | 10.2 | 16.3                     |
| Agricultural products (WTO definition)                              | 17.1 | 16.8 | 24.1                     |
| Non-agricultural products (WTO definition)                          | 9.9  | 9.1  | 15.2                     |
| Agriculture, hunting, forestry and fishing (ISIC 1)                 | 16.7 | 14.9 | 21.4                     |
| Mining and quarrying (ISIC 2)                                       | 7.3  | 7.1  | 15.3                     |
| Manufacturing (ISIC 3)  | 10.6 | 9.9  | 16.0                     |
| Duty-free tariff lines (% of all tariff lines)                      | 49.0 | 52.4 | 6.4                      |
| Simple average rate of dutiable lines only                          | 21.4 | 21.4 | 17.4                     |
| Tariff quotas (% of all tariff lines)                               | 0.0  | 0.0  | 0.0                      |
| Non- <i>ad valorem</i> tariffs (% of all tariff lines)              | 0.1  | 0.1  | 0.1                      |
| Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines) | 0.1  | 0.1  | 0.1                      |
| Domestic tariff peaks (% of all tariff lines) <sup>b</sup>          | 0.5  | 0.4  | 0.5                      |
| International tariff peaks (% of all tariff lines) <sup>c</sup>     | 35.7 | 33.6 | 46.7                     |
| Overall standard deviation of applied rates                         | 14.7 | 15.3 | 15.0                     |
| Nuisance applied rates (% of all tariff lines) <sup>d</sup>         | 0.0  | 0.0  | 0.0                      |

n.a. Not applicable.

a Final bound rates are based on CTS schedule in HS07 nomenclature.

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2008 tariff is based on HS07 nomenclature consisting of 6,206 tariff lines (at 8-digit tariff line level). The 2015 tariff is based on HS12 nomenclature consisting of 6,676 tariff lines (at 8-digit tariff line level). The *ad valorem* part is used for compound rates for non-*ad valorem* tariffs.

Source: WTO Secretariat calculations based on tariff information provided by the authorities and WTO CTS database.

3.14. Based on data provided by the authorities, Jordan's 2015 applied MFN tariff consisted of 6,676 lines at the HS 8-digit level (HS 2012) (Table 3.4). More than half (52.4%) of the tariff lines are duty free. Applied MFN tariffs are within the range of 0–200%, with 16 different rates (Chart 3.1). The highest rates are applied to certain alcoholic beverages (where tariffs on some products were increased from 180% in 2008 to 200% in 2015), and tobacco and tobacco products (where tariffs were increased from 100% to 150%). The dispersion in applied MFN rates, indicated by the standard deviation, was up slightly from 14.7% in 2008 to 15.3% in 2015, reflecting the increase in these tariff rates.

<sup>8</sup> WTO document WT/REG/294/1, 29 August 2012.

Table 3.4 Jordan's applied MFN tariff summary, 2015

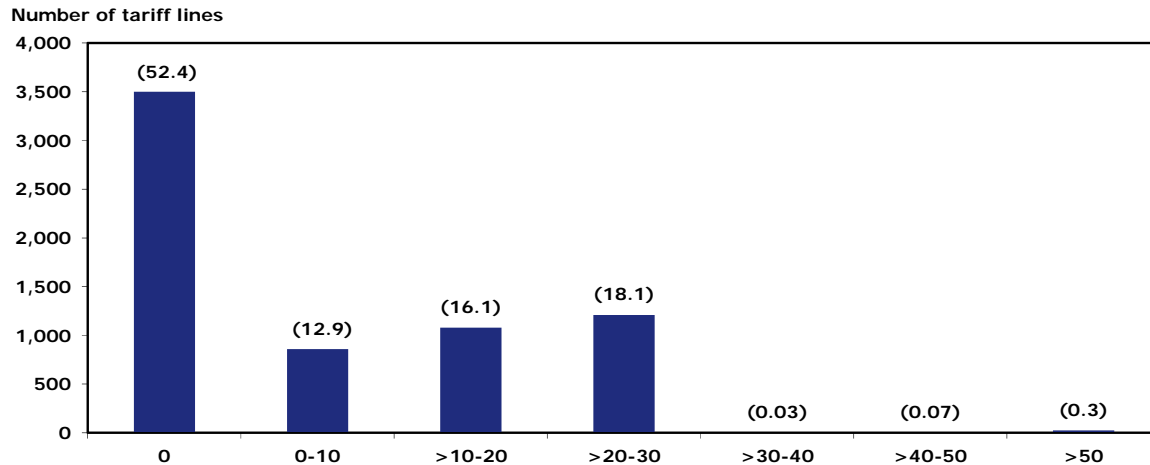
|  | Number of lines | Average (%) | Range (%) | Share of duty free lines (%) | SD <sup>a</sup> |
|--|-----------------|-------------|-----------|------------------------------|-----------------|
| <b>Total</b>                               | 6,676           | 10.2        | 0-200     | 52.4                         | 15.3            |
| <b>HS 01-24</b>                            | 1,100           | 16.5        | 0-200     | 34.8                         | 25.8            |
| <b>HS 25-97</b>                            | 5,576           | 8.9         | 0-30      | 55.9                         | 11.8            |
| <b>By WTO category</b>                     |                 |             |           |                              |                 |
| <b>WTO agricultural products</b>           | 946             | 16.8        | 0-200     | 36.3                         | 27.5            |
| Animals and products thereof               | 123             | 10.7        | 0-30      | 19.5                         | 9.3             |
| Dairy products                             | 30              | 6.3         | 0-30      | 66.7                         | 10.1            |
| Fruit, vegetables, and plants              | 270             | 18.2        | 0-35      | 21.1                         | 11.6            |
| Coffee and tea                             | 29              | 14.5        | 0-30      | 34.5                         | 11.3            |
| Cereals and preparations                   | 122             | 10.9        | 0-40      | 41.0                         | 11.0            |
| Oils seeds, fats, oil and their products   | 111             | 9.8         | 0-30      | 60.4                         | 13.1            |
| Sugars and confectionary                   | 23              | 10.0        | 0-30      | 60.9                         | 12.9            |
| Beverages, spirits and tobacco             | 76              | 65.2        | 0-200     | 25.0                         | 74.8            |
| Cotton                                     | 5               | 0.0         | 0.0       | 100.0                        | 0.0             |
| Other agricultural products, n.e.s.        | 157             | 10.4        | 0-30      | 49.0                         | 12.4            |
| <b>WTO non-agricultural products</b>       | 5,730           | 9.1         | 0-30      | 55.1                         | 11.7            |
| Fish and fishery products                  | 227             | 10.9        | 0-30      | 45.8                         | 10.5            |
| Minerals and metals                        | 1,233           | 11.1        | 0-30      | 44.0                         | 12.5            |
| Chemicals and photographic supplies        | 1,054           | 1.7         | 0-30      | 79.6                         | 4.2             |
| Wood, pulp, paper and furniture            | 374             | 12.1        | 0-30      | 47.3                         | 13.1            |
| Textiles                                   | 615             | 4.8         | 0-30      | 74.6                         | 8.7             |
| Clothing                                   | 221             | 19.5        | 0-20      | 0.9                          | 2.8             |
| Leather, rubber, footwear and travel goods | 191             | 13.0        | 0-30      | 47.6                         | 13.3            |
| Non-electric machinery                     | 699             | 7.1         | 0-30      | 67.0                         | 11.3            |
| Electric machinery                         | 369             | 11.6        | 0-30      | 52.0                         | 13.3            |
| Transport equipment                        | 209             | 8.6         | 0-30      | 57.4                         | 11.5            |
| Non-agricultural products, n.e.s.          | 509             | 16.4        | 0-30      | 29.9                         | 13.0            |
| Petroleum                                  | 29              | 12.6        | 0-20      | 31.0                         | 9.2             |
| <b>By ISIC sector<sup>b</sup></b>          |                 |             |           |                              |                 |
| ISIC 1 - Agriculture, hunting and fishing  | 417             | 14.9        | 0-150     | 28.8                         | 16.7            |
| ISIC 2 - Mining and quarrying              | 105             | 7.1         | 0-30      | 67.6                         | 11.9            |
| ISIC 3 - Manufacturing                     | 6,153           | 9.9         | 0-200     | 53.7                         | 15.1            |
| <b>By stage of processing</b>              |                 |             |           |                              |                 |
| First stage of processing                  | 817             | 10.4        | 0-150     | 47.7                         | 14.5            |
| Semi-processed products                    | 2,090           | 4.4         | 0-30      | 73.2                         | 8.8             |
| Fully processed products                   | 3,769           | 13.3        | 0-200     | 41.9                         | 17.2            |

a Standard deviation.

b International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: The 2015 tariff is based on HS12 nomenclature consisting of 6,676 tariff lines (at 8-digit tariff line level).

Source: WTO Secretariat calculations, based on data provided by the authorities.

**Chart 3.1 Breakdown of applied MFN tariffs, 2015**

Note: Figures in parentheses indicate the share of total lines. They do not add to 100% due to no availability of AVEs for non-*ad valorem* tariffs.

Source: WTO Secretariat calculations based on tariff information provided by the authorities.

3.15. The bound tariffs for nine lines, mostly agricultural products, are compound duties (Table 3.5). Three of the nine tariff lines bound with non-*ad valorem* duties have non-*ad valorem* duties applied in 2015.

**Table 3.5 Non-*ad valorem* MFN tariffs**

| Tariff lines <sup>a</sup> | Product description                          | Bindings              | Applied MFN tariffs 2008 | Applied MFN tariffs 2015             |
|---------------------------|--|-----------------------|--------------------------|--------------------------------------|
| 010210000                 | Bovine animals: pure-bred breeding animals   | 5% + 10 JD/head       | 5% + 10 JD/head          | 0                                    |
| 010290000                 | Bovine animals: other                        | 5% + 10 JD/head       | 5% + 10 JD/head          | 0                                    |
| 010410000                 | Sheep  | 5% + 2 JD/head        | 5% + 2 JD/head           | 0                                    |
| 010420000                 | Goats  | 5% + 2 JD/head        | 5% + 2 JD/head           | 0                                    |
| 080300100                 | Bananas                                      | 30% + 250 JD/tonne    | 30% + 250 JD/tonne       | 30% + 250 JD/tonne                   |
| 080610100                 | Grapes from 1 May to 31 October              | 40% + 250 JD/tonne    | 30% + 250 JD/tonne       | 30% + 250 JD/tonne                   |
| 080810100                 | Apples from 1 June to 31 October             | 30% + 250 JD/tonne    | 30% + 250 JD/tonne       | 30% + 250 JD/tonne; 30% <sup>b</sup> |
| 961310000                 | Pocket lighters, gas fuelled, non-refillable | 35% + 30 Fils/lighter | 66%                      | 30%                                  |
| 961320100                 | Lighters with plastic gas containers         | 35% + 30 Fils/lighter | 50%                      | 30%                                  |

a Tariff codes (HS 2007 nomenclature) from CTS database.

b HS 080810100 (apples from 1 June to 31 October) in 2015 applied tariff schedule consists of two tariff codes with two different descriptions.

Note: 1,000 Fils = 1 Jordanian dinar.

Source: Information based on applied MFN tariffs provided by the authorities for 2015 tariffs, and WTO CTS database (HS 2007).

3.16. The simple average applied MFN tariff rate decreased slightly from 10.9% in 2008, to 10.2% in 2015, possibly reflecting nomenclature changes (from HS 2007 to HS 2012). The simple average MFN tariff rate for agricultural products (WTO definition) fell from 17.1% in 2008 to

16.8% in 2015, and the simple average for non-agricultural products (WTO definition) fell from 9.9% in 2008 to 9.1% in 2015.

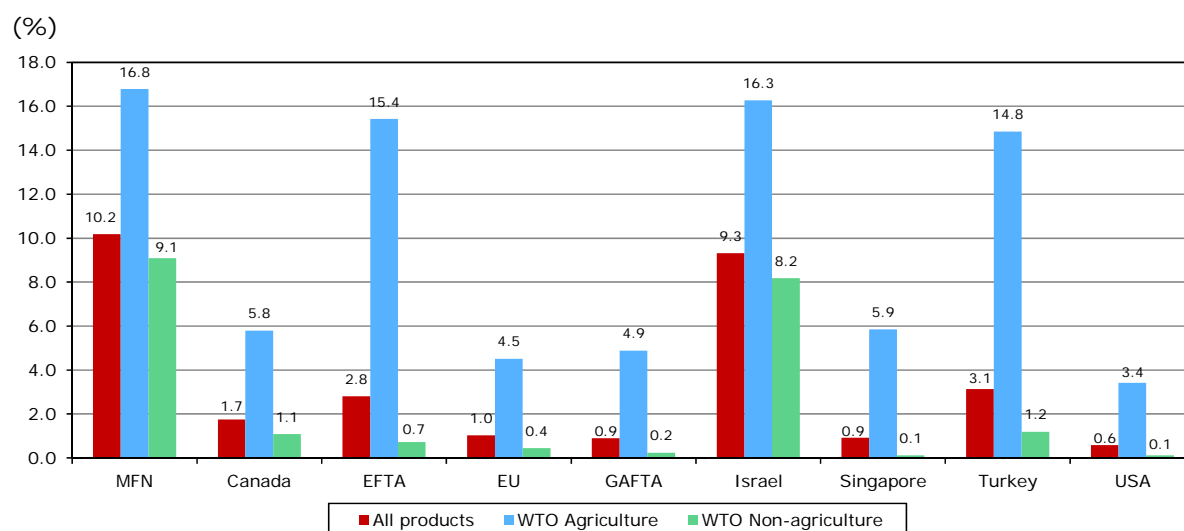
3.17. Tariff escalation seems to exist on a number of products; for example, tariff rates for cotton, cotton yarn, and clothing of cotton are 0%, 0.3%, and 20%, respectively.

3.18. Tariff schedule may be amended by a decision from the Council of Ministers, upon the recommendation of the Customs Tariff Council. The Council is formed and consists of Ministers of the Ministries of Finance (chairman), and of Trade, Industry and Supply.

### 3.1.2.2 Tariff preferences

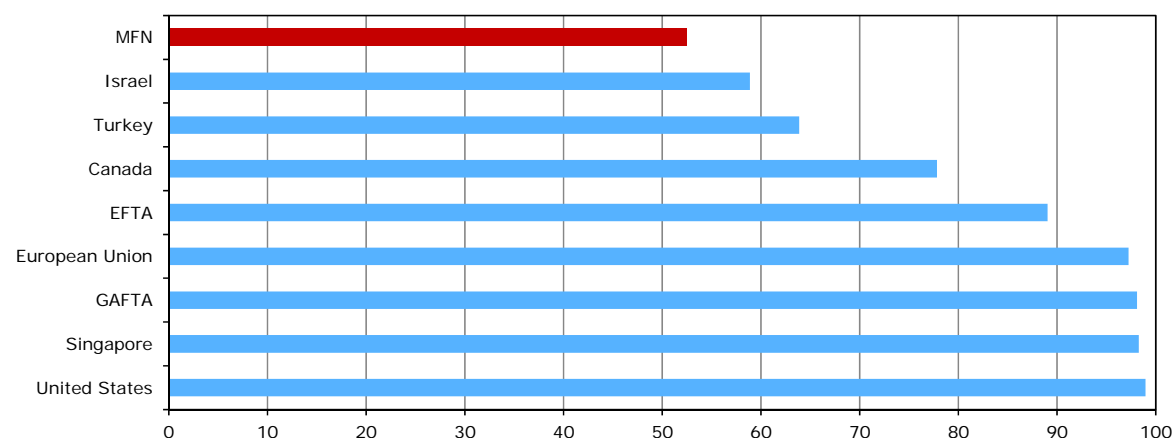
3.19. In Jordan's preferential trade agreements, not only are simple average tariff rates lower than MFN rates, the duty-free coverage is also wider (Chart 3.2). For instance, the FTA with the United States has a simple average tariff rate of 0.6% with 99% of lines duty free (Chart 3.3). Regarding the non-duty-free treatment in the FTAs, tariffs remain mainly for beverages, spirits and tobacco; animals and products thereof; and other agricultural products not elsewhere specified.

**Chart 3.2 Simple average tariffs for applied MFN and FTAs, 2015**



Source: WTO Secretariat calculations based on tariff information provided by the authorities.

**Chart 3.3 Share of duty free lines (%), 2015**



Note: The end of the implementation period of FTAs with Canada and Turkey is 2016 and 2022, respectively.

Source: WTO Secretariat calculations based on tariff information provided by the authorities

### 3.1.2.3 Tariff exemptions and reductions

3.20. Goods imported into Jordan, on which customs duties and other taxes were not collected, must be re-exported, or used in the free-trade zone or the Aqaba Special Economic Zone. Goods imported by specific state-owned enterprises and non-profit organizations are also exempted from import duties. The Investment Law No.30 of 2014 regulates situations where exemptions may be applied to import duties (section 3.4.1).

3.21. Since the time of accession to the WTO, goods imported by the following state-owned enterprises have been exempted from import duties: Jordan Petroleum Refinery Company, Arab Bridge Maritime Company, Arab Potash Company, Jordanian Electric Power Company (JEPCO), Irbid District Electricity Company (IDECO), and the Arab Company for Manufacturing White Cement. The eligible products must be used by the exempted companies for production and operations purposes.<sup>9</sup>

### 3.1.3 Other charges affecting imports

3.22. According to the Customs Law, Jordan Customs collects a number of services allowances on imports, including: an import processing fee, which is levied at the rate of 0.2% of the transaction value, with a minimum of JD 10 and maximum of JD 250 per declaration; a transit fee of JD 20 per transaction; and a re-export fee of JD 15 per transaction. The revenue from services allowances remains rather stable, while revenue from customs tariffs has been increasing during the review period (Table 3.6).

**Table 3.6 Revenue from customs duties and services allowances, 2008-14**

(US\$ million)

| Fiscal year | Services allowances | Customs tariffs |
|-------------|---------------------|-----------------|
| 2008        | 28.5                | 272.4           |
| 2009        | 30                  | 257.8           |
| 2010        | 30.1                | 262.7           |
| 2011        | 30.4                | 274             |
| 2012        | 30.5                | 273.6           |
| 2013        | 29.4                | 311.9           |
| 2014        | 28.6                | 307.1           |

Source: Information provided by the authorities.

3.23. In addition, according to the Import and Export Licence and Cards By-Law No. 114 for 2004, the MITS collects fees for services (Table 3.7), and importers must pay the cost of complying with specific SPS and TBT related measures.

**Table 3.7 Services fees**

| Type of fees   | Rates |
|--|-------|
| Import licensing fee   | JD 10 |
| Export licensing fee   | JD 5  |
| Registration fee in the importers/exporters registry   | JD 10 |
| Issuing or renewing importer card  | JD 15 |
| Modifying the data of the importers/exporters registry, or the data of the import/export licence, or the importer/exporter cards | JD 2  |
| Issuing importer/exporter cards that were lost or damaged  | JD 5  |
| Issuing importer/exporter licence that was lost or damaged   | JD 5  |
| Issuing an additional certified copy of an importer/exporter card  | JD 5  |
| Transfer or waiver the licence   | JD 10 |

Source: Import and Export Licence and Cards By-Law No. 114, 2004, Article 12.

3.24. A general sales tax (GST), and a Special tax, are levied on both imported and locally produced goods (section 3.3.2). They apply equally to the duty-inclusive customs value of

<sup>9</sup> WTO document WT/ACC/JOR/33, 3 December 1999, para. 61.

imported goods, and the sale price of locally-produced goods. Special taxes are levied on, *inter alia*, cars, tobacco and tobacco products, alcoholic beverages, and mobile phone and radio subscription services.

3.25. There are no other internal taxes collected at the border.

### 3.1.4 Import prohibitions, restrictions, and licensing

3.26. In accordance with Jordan's notification made in 2003, the import prohibitions, restrictions and licensing regime is governed by the Import and Export Law No. 21 of 2001, as amended by Temporary Law No. 18 of 2003.<sup>10</sup> The Law does not apply to the Aqaba Special Economic Zone and the free zones, which have their own legislation. The Import and Export Licences and Cards Regulation No. 114 for 2004 and its amendments do not apply to the free zones.

3.27. The Council of Ministers issues decisions for the prohibition or the restriction of imports, taking into account Jordan's international commitments. The authorities stated that some goods are prohibited from importation for reasons of public safety, health and environment, or protection of national resources, or to implement UN Security Council resolutions (Table 3.8).

**Table 3.8 Goods subject to import prohibition, 2015**

| Products  | Rationale  |
|---|--|
| Plastic waste   | Environmental protection                               |
| Diesel powered saloon cars  | Environmental protection                               |
| Tractors older than one year  | Safety of public transport                             |
| Khat  | Public health  |
| Coral   | Protect marine life from extinction                    |
| Hexavalent chromium except for paint and coating industry use   | Public health, environmental protection                |
| Fireworks (certain kinds)   | Safety   |
| Toy guns shooting bead bullets  | Public health, safety                                  |
| Laser pens and other laser medals   | Public health, safety                                  |
| Holy water (Baptism water)  | Religious reasons                                      |
| Additional installations on cars, including calling devices and flashers  | Security protection, safety                            |
| Photo blocker spray   | Safety and security                                    |
| Alarm systems and high-light devices for cars, except when imported for the Ministry of Health, Armed forces, General Intelligence Department of Jordan, Public Security Directorate, the Jordanian Civil Defence, and Jordan Customs, and ambulances for private hospitals | Safety and security                                    |
| Danger alarms, bells, gongs and the like flash-lamp   | Safety and security                                    |
| Doll that resembles the living organism, consisting of human genes and animals  | Safety   |
| Arcs crossbow   | Safety and security                                    |
| Candy in the form of underwear and other forms  | Security   |
| Mosaics   | Protection of national artistic and historic treasures |
| Lighters like pistols   | Safety and security                                    |
| Freight cars intended for the transport of goods and include (tractors and trailer and tractor and semi-trailer), which were manufactured five years ago or more, except vehicles manufactured ten years ago or more for private use  | Safety of public transport                             |
| Games in the form of balloons and paper (wishing lamp)  | Air safety   |
| Fireworks toy guns  | Public safety and security                             |
| Dry plant materials containing substances (jwh – 18K jwh -73) manufactured from materials resembling the impact of marijuana and hashish  | Public health  |
| Materials with similar effects of marijuana and hashish Narcotic  | Public health  |

<sup>10</sup>WTO document G/LIC/N/1/JOR/2/Add.1, 3 September 2003.

| Products  | Rationale  |
|---|--|
| Automobiles with tinted glass <sup>a</sup>  | National security, protection of human health and safety |
| Materials and equipment containing camouflaged cameras and apparatus combined with video and/or sound recording | Public safety and security                               |
| Articles used in the manufacturing of illegal narcotic substances   | Public health  |
| Video games presenting pornography  | Public safety and security                               |
| Somali charcoal   | UN Security Council Resolution                           |

- a In accordance with a TBT notification made on 4 May 2010, automobiles with tinted glass with opacity above 10% are banned from importation, unless they are imported by official institutions requiring tinted glass (WTO document G/TBT/N/JOR/8). According to the authorities, this is for national security and protection of human health and safety purposes.

Source: Information provided by the authorities.

3.28. Import licences, both automatic and non-automatic, are issued mainly by the MITS, although, depending on the product, other ministries and government entities are also involved. The list of products subject to import licences is contained in Jordan's notification to the WTO.<sup>11</sup> Among the 164 types of products requiring import licences, 40 are subject to automatic import licensing, while the remaining ones are subject to non-automatic import licensing. The duration of an import/export licence is one year. The licence is considered to be personal, but may be transferred or waived with the consent of the competent authority, subject to any legal requirements for such a conversion or waiver.<sup>12</sup>

3.29. Non-automatic import licences are used for the protection of health, safety, the environment, national security, public order and morals, and the conservation of natural resources. They may also be issued for goods subject to quantitative restrictions although the authorities stated that Jordan does not apply any quantitative restrictions.<sup>13</sup> Non-automatic licences are issued within 15 working days of submission of documents. The licensee has the right to import the quantity specified in the licence during the period of its validity.

3.30. According to the authorities, automatic import licences are applied for administrative and statistical purposes. Automatic licences are issued normally within one working day after submission of all relevant documentation.

3.31. Import licences may be cancelled in certain circumstances, for example, in case of a disease outbreak in the exporting country. Cancellation of a licence may be appealed before the High Court of Justice. During the review period, no import licence was cancelled.

### 3.1.5 Contingency measures

3.32. Since the previous Review, there has been no change to the legislative and institutional framework on contingency measures in Jordan. Contingency measures, i.e., safeguards, anti-dumping and countervailing duties, are regulated under the National Production Protection Law No. 21 of 2004, together with the Regulations on Safeguard of National Production No. 55 of 2000, and the Anti-dumping and Anti-Subsidies Regulation No. 26 of 2003. The authorities consider that Jordan's legislation on trade remedies is broadly aligned with WTO provisions.

3.33. Petitions for trade remedy measures may be submitted by domestic producers or their representatives, the Ministry of Agriculture (in the case of agricultural products), or the National Production Protection Directorate of the MITS. Investigations may be terminated or provisional measures may be imposed; final measures are subject to approval by the Council of Ministers and can be appealed to the High Court of Justice.

3.34. According to Jordan's Accession Protocol, Jordan does not have the right to invoke the Special Agricultural Safeguard (Article 5 of the Agreement on Agriculture).

<sup>11</sup> WTO document, G/LIC/N/3/JOR/2, 4 August 2015.

<sup>12</sup> Import & Export Law No. 21 of 2001, Article 9.

<sup>13</sup> Jordan notified the WTO that it did not maintain any quantitative restrictions in 2009 (WTO document G/MA/NTM/QR/1/Add.12, 3 May 2011).



3.35. Jordan has not taken any countervailing or anti-dumping actions.

3.36. Jordan notified that it had initiated safeguard investigations during the review period on a number of products; of the six investigations initiated, three resulted in the imposition of measures, two were terminated without measures, and one is ongoing with definitive measures proposed for three years (Table 3.9). All safeguard measures were implemented in the form of specific and digressive tariff surcharges of between two and three years' duration. Jordan has notified each of its safeguards investigations to the Committee on Safeguards, and its measure relating to ceramic tiles attracted substantial discussion in the Committee.<sup>14</sup> It is Jordan's practice to revise the list of developing Members excluded from the imposition of a safeguard measure pursuant to Article 9.1 of the Agreement on Safeguards in light of changes in the volume of imports.<sup>15</sup>

**Table 3.9 Safeguard notifications, 2008 – August 2015**

| <b>Safeguard notifications</b>   |   |   |
|--|---|---|
| <b>White cement, whether or not artificially coloured</b>  |   |   |
| Initiation of an investigation: 16 Nov 2008  | Petition party: Arab Company for White Cement Industry          | G/SG/N/6/JOR/13 (25 Nov 2008)   |
| Investigation terminated: 19 May 2009  | No safeguard measure imposed                                    | G/SG/N/9/JOR/8 (2 June 2009)  |
| <b>Clinker</b>   |   |   |
| Initiation of an investigation: 16 Sept 2010   | Petition party: MITS  | G/SG/N/6/JOR/15 (27 Sept 2010)  |
| Investigation terminated: 5 Oct 2010   | No safeguard measure imposed                                    | G/SG/N/9/JOR/9 (13 Oct 2010)  |
| <b>Footwear</b>  |   |   |
| Type of definitive measure: Specific surcharge per pair subject to annual liberalization         | 3 years: 19 Feb 2007-18 Feb 2010                                | G/SG/N/8/JOR/6/s1<br>G/SG/N/10/JOR/6/s1<br>G/SG/N/11/JOR/2/s1 (22 Feb 2007)<br><br>G/SG/N/10/JOR/6/Suppl.2 (13 Jan 2010)            |
| <b>Ceramic tiles</b>   |   |   |
| Initiation of an investigation: 23 Nov 2008  | Petition party: Jordan Ceramic Industrial Co. Ltd.              | G/SG/N/6/JOR/14 (28 Nov 2008)   |
| Type of definitive measure: Specific surcharge per square meter subject to annual liberalization | 2 years: 1 Sept 2010-16 Dec 2011                                | G/SG/N/8/JOR/7 (22 July 2009)<br><br>G/SG/N/10/JOR/7/s2<br>G/SG/N/11/JOR/3/s2 (20 Sept 2010)<br><br>G/SG/N/10/JOR/7/s3 (9 Jan 2012) |
| <b>Bars and rods of iron and steel</b>   |   |   |
| Initiation of an investigation: 4 April 2012   | Petition party: Whole domestic producers of steel rods and bars | G/SG/N/6/JOR/16 (13 April 2012)   |
| Type of definitive measure: specific surcharge per ton subject to annual liberalization          | 2.5 years: 16 June 2013-16 Dec 2015                             | G/SG/N/8/JOR/8/s1<br>G/SG/N/10/JOR/8/s1<br>G/SG/N/11/JOR/4/s1 (1 July 2013)<br>G/SG/N/11/JOR/4/s2 (13 October 2014)                 |

<sup>14</sup> Minutes of the Regular Meetings held on 6 May 2009 (G/SG/M/35), on 19 October 2009 (G/SG/M/36), on 26 April 2010 (G/SG/M/37), on 25 October 2010 (G/SG/M/38), on 2 May 2011 (G/SG/M/39).

<sup>15</sup> WTO documents, G/SG/N/11/JOR/4/Suppl.2 (13 October 2014), and G/SG/N/11/JOR/4/Suppl.3.

| Safeguard notifications  |   |   |
|--|---|---|
| Writing and printing papers size A4  |   |   |
| Initiation of an investigation: 28 Aug 2014  | Petition party: Domestic industry             | G/SG/N/6/JOR/17<br>(1 Sept 2014)  |
| Proposed to take definitive measure: specific surcharge per ton subject to annual liberalization | Proposed duration of the measure: three years | G/SG/N/8/JOR/9<br>G/SG/N/10/JOR/9<br>G/SG/N/11/JOR/5<br>(20 April 2015) |

Source: WTO documents, G/SG-series, and information provided by the authorities.

### 3.1.6 Standards and other technical requirements

#### 3.1.6.1 Standards and technical regulations

##### 3.1.6.1.1 Standardization

3.37. The authorities indicated that about 50% of Jordanian standards are equivalent to international standards, and about 40% of Jordanian technical regulations are based on relevant international norms. According to the authorities, in many cases, such as standards relating to products from the Dead Sea, there are no equivalent international norms.

3.38. The Standards and Metrology Law No.22 of 2000 covers the preparation, adoption and application of standards, technical regulations, and conformity assessment procedures. Draft amendments, which aim to protect the health and safety of consumers and prevent deceptive practices including trade in counterfeit products, were discussed by Parliament and are waiting for approval by the Senate. The draft amendments include new provisions on product safety, market surveillance activities, conformity mark and legal metrology, and penalties and sanctions. The objectives of the amendments are:

- to ensure that only safe and genuine products are placed on the market, and to provide the inspectors with the required power to perform inspections, through proactive market surveillance activities;
- to identify the responsibilities and obligations of economic operators (industrialists, importers, traders and distributors) so that only safe products are placed on the market, and to specify sanction measures in the event of nonconforming or supplying counterfeit products or violating the legislation; and
- to introduce a conformity mark to demonstrate the compliance of products to requirements stated in technical regulations, and designate conformity assessment bodies as regulatory bodies.

3.39. The Jordanian Standards and Metrology Organization (JSMO) is the national standardization body and the TBT enquiry point. The procedure to develop national standards and technical regulations remains the same as in the previous Review. Jordan applies the Code of Good Practice for the Preparation, Adoption, Application and Notification of Standards and Technical Regulations in accordance with the TBT Agreement. Standards and technical regulations may be proposed by any interested party, and prepared by technical committees comprising experts from interested parties in Jordan and are open for comments for 60 days. The JSMO is authorized to decide whether to approve national standards and technical regulations. Technical regulations may also be issued by other government bodies such as the Ministry of Environment, the Telecommunications Regulatory Commission, and the Ministry of Health.

3.40. Foreign business people may participate in technical committees to develop standards as experts through the Chamber of Industry, the Chamber of Commerce, or any other national stakeholders. They can provide their input to the technical content of the standard during the technical committee meetings, or during the inquiry stage. In case there is a need for voting, foreign business people do not have the right to vote.

3.41. From 2008 to 2014, 1,328 Jordanian standards (voluntary) were issued, covering mainly: electrical engineering; domestic and commercial equipment for entertainment and sport;

environment, health and safety protection; telecommunications, audio and video engineering; construction materials and building; and food technology. During the same period, 239 Jordanian technical regulations (compulsory) were issued, about half of which concern food technology.

3.42. Jordan is a member of several international standards organizations, including: a member body of the International Organization for Standardization (ISO); an associate member of International Electro-technical Committee (IEC); a member in Codex Alimentarius; and an associated member of the International Organization of Legal Metrology (OIML).

#### **3.1.6.1.2 TBT notifications**

3.43. Between January 2008 and August 2015, Jordan made 44 notifications on standards and technical regulations to the WTO. Among these, 39 were notified under Article 2.9 of the TBT Agreement. One notification was submitted by the MITS, on the import prohibition of automobiles with tinted glass with opacity above 10% (section 3.1.4).<sup>16</sup> The other 38 notifications, on proposed technical regulations, were submitted by the JSMO, each with a comment period of 60 days. The products concerned include household electronic appliances, automobiles, toys, and energy related products. According to these notifications, all draft technical regulations approximate EU regulations or directives.

3.44. Jordan also submitted four notifications under both Article 2.9.2, and Article 5.6.2 of the TBT Agreement, on safety instructions of toys, appliances burning gaseous fuels, and electrical equipment designed for use within certain voltage limits. The comment period for these instructions was 30 days.

3.45. Since January 2008, no concern has been raised by WTO Members in the TBT Committee over Jordan's technical regulations.<sup>17</sup>

#### **3.1.6.1.3 Conformity assessment, accreditation**

3.46. Jordan's accreditation system of conformity assessment bodies was designed to meet the requirements of the ISO/IEC 17011 standard for accreditation bodies. The draft Accreditation Law establishing an autonomous national accreditation body ("Jordan Accreditation Commission") was recently withdrawn from the Parliament; according to the authorities, this was because the international requirements of the International Laboratory Accreditation Corporation (ILAC) regarding the independence of national accreditation bodies had changed. Thus, Jordan's accreditation system is still under the JSMO, although the Accreditation Unit is now connected directly to the JSMO's Board of Directors. A bylaw is under preparation to ensure the integrity and impartiality of the accreditation system, and to remove the conflicts of interest with other functions of the JSMO (such as testing and certification activities). Amendments to the Law on Standards and Metrology expanded the scope of accreditation to include inspection bodies, from the current scope of including laboratories (testing, calibration and medical laboratories) and certification bodies.

3.47. After the termination of the Daman programme (the International Product Conformity Certification Program) on 1 September 2007, imported products are now subject to inspection, sampling and testing when necessary at the border, instead of inspection and testing in the country of supply. Locally-produced goods remain subject to inspection, sampling and testing when necessary. The percentage of inspection of imported products and domestically-produced ones is based on a risk assessment system within ASYCUDA. In accordance with this system, Customs declarations are automatically grouped into three channels, on the basis of the nature and origin of the product, the country of the exporter and the importer (Table 3.10).

3.48. Importers, if they submit conformity certificates or test report, may have their import consignments tested inside Jordan. These conformity certificates or test reports must be checked for genuineness, validity and relevance (same manufacturer, product, model, etc.), and must be issued by conformity assessment bodies accredited by accreditation bodies which are MLA

<sup>16</sup> WTO document G/TBT/N/JOR/8, 4 May 2010.

<sup>17</sup> WTO TBT website: <http://tbtims.wto.org/web/pages/search/stc/Search.aspx> [25/08/2015].

signatories of the ILAC (International Laboratory Accreditation Corporation)/IAF (International Accreditation Forum).<sup>18</sup>

**Table 3.10 Risk assessment system**

| Customs declarations | Channels       | Inspection procedures   |
|----------------------|----------------|---|
| High-risk            | Red channel    | Each shipment is subject to full examination involving documentary check, physical inspection, sampling and laboratory testing, or submission of a genuine and valid conformity certificate and test report issued by an accredited conformity assessment body.<br>The shipment examined receives a provisional release authorization, which allows importers to store the goods until the conformity assessment results are concluded. |
| Medium-risk          | Yellow channel | From documentary check to physical inspection.  |
| Low-risk             | Green channel  | Clearance order is issued immediately with a summary check of the documents lodged. Also applies to shipments for which their importers have joined the Compliant Trader Scheme.  |

Source: Information provided by the authorities.

3.49. To conduct a border inspection, the JSMO charges a fee of JD 10 for goods with a value less than or equal to JD 1,000, and JD 20 for goods with a value more than JD 1,000.

3.50. The Jordan Quality Mark (JQM) is a voluntary system assuring the quality of products. It is granted by the JSMO based on JQM Instruction 4/2007. The Quality Mark certificate is valid for 3 years, covering all products except for pharmaceuticals and veterinary products.

#### 3.1.6.1.4 Labelling and packaging requirements

3.51. Labelling and packaging requirements are issued as technical regulations or voluntary standards. Labelling for food and toys must be in Arabic; for other products the label is in Arabic and/or English.

3.52. For Halal food, labels are in Arabic, or in any other language optionally together with Arabic. Where a food product contains components of fat, meat products or meat extracts, gelatine and rennet, this content of animal origin must be illustrated and listed on the label. When using the mark "Halal" on the product, the certificate number and the certification body should be stated on the product.

3.53. Genetically modified organisms (GMOs) are not allowed to be imported into Jordan, according to an instruction published by the Ministry of Environment in 2009. JFDA took a decision through its supreme committee for the control of food to prohibit the importation of all GMOs and their products intended to be used as food or in food production.

#### 3.1.6.2 Sanitary and phytosanitary requirements

3.54. Jordan is a member of the Codex Alimentarius Commission, and the World Organisation for Animal Health (OIE), and a contracting party to the International Plant Protection Convention (IPPC). The authorities stated that SPS requirements in Jordan are based on international standards. According to the authorities, national standards and technical regulations comply completely with international standards in food safety, animal and plant health areas. In case there is any conflict between national requirements and international standards, international standards prevail.

3.55. The SPS regime is governed mainly under the Food Control Law, the Drug and Pharmacy Law, the Food and Drug Administration Law, and the Law on Agriculture. The authorities stated that a draft Food Law is under review by the Parliament.

<sup>18</sup> WTO document G/TBT/N/JOR/4, 17 March 2008.

3.56. The Ministry of Agriculture is responsible for SPS measures to protect animal and plant health against pests and diseases. The Ministry is also the national enquiry point under the WTO SPS Agreement. The Jordan Food and Drug Administration (JFDA) is responsible for the safety and quality of food and drugs.

3.57. Imports (and exports) of animals and animal products must be accompanied by a veterinary certificate issued in the country of origin. Importers of animals and animal products, and plants and plant products, need to register with the MITS before they apply for an import licence. The competent authority in the country of origin is required to provide veterinary certificates, phytosanitary certificates, and food safety certificates.

3.58. Imports of live animals or their products are subject to quarantine procedures, which include risk assessment studies before importation, pre- and post-import quarantine, checking the health situation in the country of origin, and requiring each consignment to be accompanied by veterinary health certificates issued by the competent authorities in the country of origin. Veterinary quarantine procedures are stipulated in Veterinary Quarantine Regulations No. (Z/5) for 2015, in accordance with Article 46, 50, and 51 of interim Agriculture Law No. 13 of 2015. Exceptions from quarantine requirements may be granted for shipments from exporting countries or regions with disease-free status according to OIE. Jordan recognizes equivalent SPS measures in those exporting countries with which it has mutual recognition agreements (MRAs); so far, Jordan has MRAs with respect to quarantine procedures for live animals with Algeria, Egypt, Hungary, Iraq, Kazakhstan, Lebanon, Libya, Morocco, the State of Palestine, Sudan, Syria, and Yemen.

3.59. Imports of plants and their products are subject to quarantine requirements, as stipulated in Plant Quarantine Regulations No. (Z/2) for 2003. This Regulation was issued in accordance with Article 22, 23, and 26 of the Agriculture Law No. 13 of 2015. Jordan has MRAs with respect to quarantine requirements on plants and plant products with: Egypt, Hungary, Iraq, Kazakhstan, Kuwait, Libya, the State of Palestine, Syria, and Yemen.

3.60. Testing and inspection at the border is conducted by the Customs, the Ministry of Agriculture, and the JFDA. Inspection procedures are in accordance with International Sanitary and Phytosanitary Measures (ISPM), Codex, and national standards.

3.61. Food is classified as high-risk or low-risk items, according to their country of origin, the history of trader, and features of the food items (if they are perishable), with different testing and inspection procedures. Most food items (72%) are imported through "yellow channel", where the shipment is subject to documentary check and physical inspection. The rest (28%) is imported through "red channel", where shipment is subject to sampling and laboratory testing, in addition to documentary check and physical inspection. The classification is decided by the Risk Management Unit and Technical Committee, and approved by the Food Control High Committee.

3.62. The JFDA charges JD 30 for the inspection and testing of each sample (physical, chemical, or microbiological test). The importer or his representative bears the inspection cost. It takes between 24 hours to one week to conduct such inspection and testing. If a consignment is not in conformity with SPS requirements, it will be re-exported during a period specified by the Minister, or destroyed.

3.63. All products in the market are inspected, with different inspection frequency.

3.64. From January 2008 to August 2015, Jordan made 16 notifications to the WTO for sanitary and phytosanitary measures (Table 3.11). All the notifications were made by the Ministry of Agriculture. Many notifications concern temporary import bans adopted in emergency situations. However, in most cases Jordan has not submitted addenda to say whether these temporary restrictions were lifted, nor has it submitted addenda to indicate whether notified draft regulations have been finalized and adopted. The authorities indicated that emergency measures continue to be valid until the affected country returns to free status according to international standards (OIE, IPPC, CODEX). According to the authorities, Jordan intends to submit addenda in the future.

**Table 3.11 Notifications of sanitary and phytosanitary measures, 2008–August 2015**

| Notification<br>G/SPS/N/ | Products<br>covered  | Objective/<br>rationale   | Description   | Regions/<br>countries<br>likely to be<br>affected | International<br>standard<br>applicable |
|--------------------------|--|---|---|---|---|
| JOR/19<br>(11 Feb 09)    | Bovine meat<br>and meat<br>products                                    | Food safety, animal<br>health   | Allowed the importation<br>of bovine meat and<br>meat products from<br>negligible BSE risk<br>countries and countries<br>of controlled BSE risk             | All trading<br>partners                           | OIE                                     |
| JOR/20<br>(25 May 09)    | Live swine,<br>their meat<br>and meat<br>products                      | Food safety, animal<br>health, and protect<br>humans from<br>animal/plant pest or<br>disease                                      | Exempted heat-treated<br>products to the level<br>necessary to overcome<br>the disease causes   | All trading<br>partners                           | OIE                                     |
| JOR/21<br>(21 Oct 09)    | Live poultry<br>and poultry<br>meat                                    | Food safety, animal<br>health, and protect<br>humans from<br>animal/plant pest or<br>disease                                      | Temporary import ban  | State of<br>Minnesota<br>(U.S.)                   | IPPC (e.g.<br>ISPM number)              |
| JOR/22<br>(4 May 10)     | Live poultry<br>and poultry<br>products                                | Food safety, animal<br>health   | Temporary import ban  | State of<br>Virginia<br>(U.S.)                    | OIE                                     |
| JOR/23<br>(3 Aug 10)     | Poultry and<br>poultry<br>products                                     | Animal health   | Eliminated the import<br>ban on poultry and<br>poultry products from<br>countries infected with<br>H1N1   | All trading<br>partners                           | OIE                                     |
| JOR/24<br>(15 May 13)    | Live poultry<br>and poultry<br>meat                                    | Food safety, animal<br>health, and protect<br>humans from<br>animal/plant pest or<br>disease                                      | Temporary import ban  | Netherlands                                       | OIE                                     |
| JOR/25<br>(12 Dec 13)    | Plants (fruits<br>and<br>vegetables)<br>and other<br>plant<br>products | Plant protection,<br>protect humans from<br>animal/plant pest or<br>disease, protect<br>territory from other<br>damage from pests | Phytosanitary measures<br>concerning importing<br>plant and plant products<br>from trade partners to<br>prevent quarantine<br>pests entering the<br>country | All trading<br>partners                           | IPPC (e.g.<br>ISPM number<br>20)        |
| JOR/26<br>(24 Oct 14)    | Apples   | Plant protection,<br>protect territory from<br>other damage from<br>pests   | Phytosanitary measures<br>concerning the imports<br>of apples to prevent<br>quarantine pests<br>entering the country  | All trading<br>partners                           | IPPC (e.g.<br>ISPM number<br>20)        |
| JOR/27<br>(25 Nov 14)    | Mango and<br>avocado   | Plant protection,<br>protect territory from<br>other damage from<br>pests   | Temporary import ban  | Israel  | IPPC (e.g.<br>ISPM number<br>10)        |
| JOR/28<br>(25 Nov 14)    | Live poultry,<br>and poultry<br>products                               | Food safety, animal<br>health, and protect<br>humans from<br>animal/plant pest or<br>disease                                      | Temporary import ban  | Germany   | OIE                                     |
| JOR/29<br>(10 Dec 14)    | Live poultry<br>and poultry<br>products                                | Animal health, protect<br>humans from<br>animal/plant pest or<br>disease, protect<br>territory from other<br>damage from pests    | Temporary import ban  | Netherland  | OIE                                     |
| JOR/30<br>(10 Dec 14)    | Live poultry<br>and poultry<br>products                                | Animal health, protect<br>humans from<br>animal/plant pest or<br>disease, protect<br>territory from other<br>damage from pests    | Temporary import ban  | United<br>Kingdom                                 | OIE                                     |

| Notification<br>G/SPS/N/ | Products<br>covered   | Objective/<br>rationale   | Description          | Regions/<br>countries<br>likely to be<br>affected | International<br>standard<br>applicable |
|--------------------------|---|---|----------------------|---|---|
| JOR/31<br>(27 Apr 15)    | Live poultry,<br>poultry<br>products<br>including<br>poultry meat | Food safety, animal<br>health, protect humans<br>from animal/plant pest<br>or disease | Temporary import ban | Israel, the<br>State of<br>Palestine              | OIE                                     |
| JOR/32<br>(28 Apr 15)    | Live poultry,<br>poultry<br>products<br>including<br>poultry meat | Food safety, animal<br>health, protect humans<br>from animal/plant pest<br>or disease | Temporary import ban | Hungary   | OIE                                     |
| JOR/33<br>(1 July 15)    | Live poultry,<br>poultry<br>products<br>including<br>poultry meat | Food safety, animal<br>health, protect humans<br>from animal/plant pest<br>or disease | Temporary import ban | Turkey  | OIE                                     |
| JOR/34<br>(1 July 15)    | Live poultry,<br>poultry<br>products<br>including<br>poultry meat | Food safety, animal<br>health, protect humans<br>from animal/plant pest<br>or disease | Temporary import ban | Canada  | OIE                                     |

Source: WTO notifications.

3.65. During the review period, one trade concern was raised in the SPS Committee with regard to Jordan: in June 2009 Mexico raised concerns on the import restrictions of pork products due to influenza A/H1N1, which were apparently maintained by countries including Jordan.<sup>19</sup> According to the authorities, import restrictions will be lifted after a confirmation from the OIE in a report that the affected country is free of the disease.

### 3.1.7 Government procurement

3.66. Jordan is an observer to the WTO plurilateral Agreement on Government Procurement (GPA) and has a commitment regarding GPA accession in its WTO accession protocol. It commenced the GPA accession process in 2000, and since then, it has notified the GPA Committee on information about its procurement legislation and practices, and submitted several offers of market access in response to requests by GPA Parties for improvements. However, no progress on the accession process has been made since 2012. The authorities stated that Jordan intends to pursue its accession process after finalizing the ratification of the new procurement by-law. The authorities also emphasize that Jordan faces several obstacles in joining the GPA, such as the current economic and political conditions at the national level, and the difficulties faced by the private sector due to regional instability.

3.67. The authorities stated that the main targets for the public procurement regime in Jordan are to select the best evaluated bidder with the lowest possible price to execute the work, taking into consideration transparency, parity and neutrality issues. It also has secondary targets such as protecting the environment and facilitating innovation.

3.68. Jordan has not signed any regional agreements covering government procurement.

3.69. Government procurement in Jordan is grouped into three types, and is regulated by different government agencies, under different legislation (Table 3.12). Some government departments and corporations, such as the Aqaba Special Economic Zone, and sub-central government entities, have their own procurement legislation. SOEs also have their own procurement regulations. Jordan is preparing a unified procurement by-law, which is awaiting ratification by the Cabinet. The new by-law has provisions for almost all types of government procurement with several key reform features. It intends to separate policy and regulatory functions from operational functions, and to establish a policy and legislation unit, and a complaint remedy system.

<sup>19</sup> WTO SPS online information. Viewed at: <http://spsims.wto.org/web/pages/search/stc/Search.aspx> [25/08/15].



**Table 3.12 Public procurement institution and legislation**

|  | Public works and engineering services                                       | Goods and services  | Medicine and medical appliances  |
|--|---|---|--|
| Legislation  | Regulation of Government Works No. 71 of 1986                               | Procurement Regulation No.32 of 1993 and the Instructions Regulating Tendering Procedures and Participating Conditions No.1 of 2008 | Joint Procurement Law of Medicines and Medical Supplies for 2002   |
| Institution  | Government Tenders Department (GTD)   | General Supplies Department (GSD)   | Joint Procurement Department (JPD)   |
| Ministry   | Ministry of Public Works and Households                                     | Ministry of Finance   | Ministry of Health   |
| Local preference                                     | No local preference Restricted to Jordanian contractors and consultants     | Price preference to local sourced goods: 15%  | Price preference to local sourced goods: 15%   |
| Definition of local goods                            | n.a.  | 40% of the final product must be locally sourced  | One manufacture step is done in Jordan   |
| Share in GDP (2013)                                  | ..  | ..  | 2.1%   |
| Share of foreign participation in value terms (2013) | ..  | 87%   | 76%  |
| Appeal mechanism                                     | No appeal mechanism   | Tenderers who are not satisfied with the administrative review decision may resort to the Supreme Court of Justice for appeal.      | Tenderers who are not satisfied with the administrative review decision may resort to the Supreme Court of Justice for appeal. |
| Website  | <a href="http://www.gtd.gov.jo/?page=en">http://www.gtd.gov.jo/?page=en</a> | <a href="http://www.gsd.gov.jo/?page=en">http://www.gsd.gov.jo/?page=en</a>   | <a href="http://www.jpd.gov.jo/index_en.php">http://www.jpd.gov.jo/index_en.php</a>  |

.. Not available.

n.a. Not applicable.

Source: Information provided by the authorities. European Bank for Reconstruction and Development report: *Public Procurement Sector Assessment - Review of laws and practice in the SEMDED region Egypt, Jordan, Morocco, Tunisia*, viewed at: [http://semed.ppl.ebrd.com/materials/eng\\_ebrd\\_report.pdf](http://semed.ppl.ebrd.com/materials/eng_ebrd_report.pdf) [08/10/14]).

3.70. The execution of public works and technical services is restricted to Jordanian contractors and consultants, provided that they meet the required conditions. The GTD maintains lists of classified local contractors and qualified local consultants. Direct bids by foreigners are permitted in some cases, such as donor-financed projects. Foreign equity in Jordanian construction and contracting firms is limited to 50%. Otherwise, foreign construction and contracting firms may provide services in public procurement only through a contractual association with Jordanian firms for the purpose of implementing a specific project or tender.

3.71. There are three procurement methods: open tendering, selective tendering, and direct awards. Open tendering is the default method, while the contracting entity may apply any of the other two procurement methods in exceptional circumstances. Qualification requirements of the suppliers are stipulated in each procurement operation, including vocational license from Greater Amman Municipality or any other municipality in Jordan, trade record certificate from MITS and/or the Companies Control Department.

3.72. Tender awards are posted on the notice board of the relevant agencies. Unsuccessful tenders may complain within four days from the date when tender awards are announced; a shorter period (not less than two days) for the submission of complaints may be determined by the Tender Committee (TC). However, complaints are submitted to and reviewed by the TC, which launched and supervised the tender and is thus not an independent review mechanism. The GSD stated that bidders may complain more than once.



3.73. Bidders who violate the procurement regulations by engaging in corrupt practices to influence the procurement decision (and who are convicted by a court ruling) will be prohibited from bidding in the future; however, an OECD report noted there are very few examples of this.<sup>20</sup> According to the authorities, this is because it is difficult to prove corruption in government procurement.

### 3.1.8 Trade-related investment measures (TRIMs)

3.74. The authorities state that Jordan does not maintain any trade-related investment measures (TRIMs).

## 3.2 Measures Directly Affecting Exports

### 3.2.1 Export procedures and requirements

3.75. According to the World Bank's Ease of Doing Business Report, in 2015 Jordan ranked 54 out of 189 economies in trading across borders. The average cost to export a container was US\$825 and time required was 12 days, which was much lower than for other economies in the Middle East and North African region (US\$1,166.3 and 19.4 days) and compares favourably with OECD countries (US\$1,080 and 10.5 days).

3.76. To export, enterprises (both local and foreign) must register at the MITS and obtain a certificate of registration. The natural and legal persons of these enterprises must be members of the Chamber of Commerce, or Chamber of Industry in Jordan, and their premises must be inspected and approved by the local municipality. The authorities indicate that the Chambers of Commerce or Industry do not refuse membership of any enterprise if the registration requirement is met.

3.77. Export procedures and requirements are listed in Table 3.1. Among the documents required, certificates of origin for non-agricultural products are issued by the Jordan Chamber of Industry, examined and authenticated by the MITS. The certificates of origin for agricultural products are issued by the Chamber of Commerce. An exporter card is not required for traders to export.

### 3.2.2 Export fees

3.78. A number of products are subject to export fees. Export fees were collected on mining and quarrying products by the Natural Resources Authority, and on agricultural products by the Ministry of Agriculture (Table 3.13).

**Table 3.13 Export fees, 2015**

| Products                                  | Export fees                |
|---|----------------------------|
| <b>Mining and quarrying products</b>      |                            |
| <b>Raw material</b>                       | <b>Rate (JD per tonne)</b> |
| Crushed stones                            | 1                          |
| Silica sand (class sand)                  | 4                          |
| Blocks (marble, basalt)                   | 4                          |
| Conglomerate                              | 4.5                        |
| Blocks (granite, travertine)              | 4.5                        |
| Small items of marble                     | 1.5                        |
| Crushed basalt                            | 1                          |
| Trepoly, feldspar gypsum                  | 1                          |
| Gypsum                                    | 4                          |
| Crushed marble and granite                | 1                          |
| Swelih sandstone                          | 1                          |
| Clay, kaolin, bentonite                   | 1                          |
| Dead Sea mud (packages of more than 2 kg) | 100                        |
| Dead Sea salts                            | 4                          |

<sup>20</sup> OECD (2013), *OECD Investment Policy Reviews: Jordan 2013*, OECD Publishing.

| Products                                  | Export fees              |
|---|--------------------------|
| Pure limestone                            | 1.5                      |
| Salt                                      | 1                        |
| <b>Manufactured products</b>              | <b>Rate JD per tonne</b> |
| Marble, basalt                            | 3.5                      |
| Granite, conglomerate                     | 4.5                      |
| Travertine                                | 4.5                      |
| Building stones                           | 3.5                      |
| Tuff, pozzolana, zeolite                  | 2                        |
| Dead Sea mud (packages of less than 2 kg) | 100                      |
| Pure limestone (calcium carbonate)        | 0.5                      |
| <b>Agricultural products</b>              | <b>Rate</b>              |
| Fumigation of consignments                | 2,000f/tonne             |
| Inspection and checking                   | 1-500f/tonne             |
| Inspection of live animals:               |                          |
| Bovines, camels and pigs                  | 50 f/head                |
| Horses                                    | 50 f/head                |
| Sheep, goats and deer                     | 30 f/head                |
| Cats, dogs and wild animals               | 30 f/head                |
| Birds                                     | 20 f/bird                |
| Quarantine                                |                          |
| Bovines, camels and pigs                  | 200 - 400 f/head         |
| Horses                                    | 200 - 400 f/head         |
| Sheep, goats and deer                     | 50 - 100 f/head          |
| Cats, dogs and wild animals               | 100 - 200 f/head         |
| Birds                                     | 10 -20 f/bird            |
| Animal watering                           |                          |
| Camels, horses, bovines and big animals   | 150 f/head/day           |
| Sheep, goats and small animals            | 15 f/head/day            |
| Disinfection fees:                        |                          |
| Ships transporting less than 1,000 head   | JD 4                     |
| Ships transporting 1,000-10,000 head      | JD 8                     |
| Ships transporting 10,000-30,000 head     | JD 12                    |
| Ships transporting 30,000-50,000 head     | JD 18                    |
| Ships transporting more than 50,000 head  | JD 24                    |
| Any other vehicles                        | JD 0.5 each              |

Note: 1 Jordanian dinar = 1,000 fils (f).

Source: Information provided by the authorities.

3.79. Temporary export fees apply to the exports of scrap iron at JD 50 per tonne, for a period of six months from 2 November 2014. According to a Prime Minister Decision on 16 February 2015, if an exporter exports less than or equal to 3,500 tonnes of paper spoilage of waste every month, he is subject to an export fee of JD 25 per tonne; if the exporter exports more than 3,500 tonnes a month, the export fee increases to JD 100 per tonne. Exports of scrap cardboard are subject to a fee of JD 10 per tonne. According to the authorities, the rationale is to secure the needs of the domestic industry.

### 3.2.3 Export prohibitions, restrictions, and licensing

3.80. Export prohibitions, restrictions, and licensing are regulated under the Import and Export Law No. 21 of 2001, amended by Temporary Law No. 18 of 2003 (Table 3.14). According to the authorities, all export licences are issued by the MITS.

**Table 3.14 Export licensing arrangement**

| Item   | Type of licence       |
|--|-----------------------|
| Wheat products (flour, semolina, bulgur, frike)                        | Non-automatic licence |
| Flour products (cakes, cookies, sweets of all kinds, mixed cake, etc.) | Non-automatic licence |
| Semolina and products (pasta, Moroccan couscous)                       | Automatic licence     |
| Sugar and rice   | Automatic licence     |
| Legumes (beans, chickpeas, lentils, beans, cowpeas, etc.)              | Automatic licence     |
| Dual-use materials   | Non-automatic licence |

Source: Information provided by the authorities.

3.81. Wheat flour and other wheat products are subject to export licensing arrangement to ensure that the consumer subsidies granted to these products are reimbursed by exporters when the products are exported.

3.82. The authorities state that Jordan does not prohibit any products from exportation, except to fulfil international obligations such as for nuclear weapons and chemical products, and those on endangered species. Jordan is a contracting party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), a signatory to the Chemical Weapons Convention, and the Treaty on the Non-Proliferation of Nuclear Weapons.

3.83. According to the authorities, Jordan does not apply export quotas.

### **3.2.4 Export subsidies, finance, insurance, and assistance**

#### **3.2.4.1 Export subsidies**

3.84. In 2002, Jordan notified the Committee on Subsidies and Countervailing Measures (SCM Committee) that it provided export subsidies in the form of income tax exemptions on profits generated from exports.<sup>21</sup> Although this programme constitutes a prohibited subsidy under Article 3 of the Agreement on Subsidies and Countervailing Measures (SCM Agreement), Jordan requested and was granted by the SCM Committee (pursuant to a Ministerial Decision adopted in 2001<sup>22</sup> and a General Council Decision adopted in 2007<sup>23</sup>), annual extensions under Article 27.4 of the SCM Agreement of the transition period for the elimination of export subsidies, in respect of its export subsidy programme. Pursuant to the General Council decision, the export subsidies are to be phased out by 31 December 2015. In January 2013, Jordan circulated a document indicating that it wished to consult with the SCM Committee on a possible extension of the waiver.<sup>24</sup>

3.85. In October 2014, Jordan submitted to the Council for Trade in Goods a request to extend beyond 2015 the transition period for the elimination of export subsidies, and revised its request in June 2015.<sup>25</sup> The authorities stated that a confluence of exogenous factors which have significantly worsened since the last Review, have had a detrimental effect on trade, investment and industry and, therefore, Jordan had requested an extension to the waiver for four years to allow the economy time to adjust.

3.86. Pursuant to the Income Tax Law No. 34 of 2014, which replaced the Temporary Income Tax Law No. 28 of 2009 amending the Income Tax Law No. 25 of 2001 amending the Income Tax Law No. 57 for 1985, this export subsidy programme was launched to stimulate export performance, and to promote exports to non-traditional markets. In accordance with regulation No. 70 for 2010, profits earned on some exports are excluded from this income tax exemption:

- exports of phosphate, potash, cement and fertilizers, and any of their components or derivatives;

<sup>21</sup> WTO document G/SCM/N/71/JOR, 7 March 2002.

<sup>22</sup> WTO document WT/MIN(01)/17, paragraph 10.6, 20 November 2001.

<sup>23</sup> WTO document WT/L/691, 27 July 2007.

<sup>24</sup> WTO document G/SCM/N/251/JOR, 8 January 2013.

<sup>25</sup> WTO document G/C/W/705/Rev.1, 23 June 2015.

- exports of goods and services subject to trade protocols, bilateral payments, and repayment agreements, and any agreements concluded by the Government that includes exchange of any goods or services with any other country; and
- exports of any goods approved by the Council of Ministers upon a joint recommendation of Minister of Finance and the competent Minister.

3.87. After a significant decline in 2007 and 2008, the value of the export subsidy increased again from 2009 and onwards. The value of income tax exemptions in 2013 doubled that in 2009, and the coverage of the measure increased from 58% in 2009, to 85% in 2013 (Table 3.15). The coverage dropped in 2014.

**Table 3.15 Export subsidies in the form of income tax exemptions on export profits, 2006-14**

(US\$ million)

|      | Income tax exemptions<br>(export subsidy) | Total exports benefiting from<br>the export subsidy<br>(1) | Total export value<br>(2) | Coverage of the measure in %<br>(1)/(2) |
|------|---|--|---------------------------|---|
| 2006 | 32.2                                      | 2,148  | 4,800                     | 44.8                                    |
| 2007 | 8.0                                       | 534  | 5,700                     | 9.4                                     |
| 2008 | 9.2                                       | 612  | 7,900                     | 7.7                                     |
| 2009 | 49.4                                      | 3,801  | 6,500                     | 58.5                                    |
| 2010 | 59.8                                      | 3,985  | 7,000                     | 56.9                                    |
| 2011 | 62.2                                      | 4,143  | 8,000                     | 51.8                                    |
| 2012 | 86.2                                      | 5,747  | 8,000                     | 71.8                                    |
| 2013 | 98.2                                      | 6,822  | 8,000                     | 85.3                                    |
| 2014 | 87.4                                      | 4,856  | 8,400                     | 57.8                                    |

Source: WTO documents G/SCM/N/186/JOR, 23 June 2009; G/SCM/N/211/JOR, 27 July 2010; G/SCM/N/220/JOR, 5 July 2011; G/SCM/N/243/JOR, 4 July 2012; G/SCM/N/253/JOR, 13 Aug 2013; G/SCM/N/275/JOR, 26 June 2014, and G/SCM/N/284/JOR, 19 June 2015.

3.88. In 2014, 23.5% of the total value of tax foregone under income tax relief for exports was given to the activities within HS Chapters 26 - 30 (ores slag and ash; mineral fuels, oils, waxes and bituminous sub; inorganic chemicals, organic and inorganic compounds of precious metals, isotopes; organic chemicals; and pharmaceutical products), 20.4% to HS Chapters 84-85 (mechanical appliances, electrical machinery), and 20.3% to HS Chapters 50 - 63 (textiles).

3.89. According to the authorities, Jordan managed to maintain its total export value in 2012-13 when exports of the large companies (phosphate, potash, cement) declined by 25%-30%; this reflected an improved export performance of small- and medium-sized exporters. In addition, to the extent possible, exporters were preparing the termination of the export subsidy programme by 2015, motivating them to look for new markets. As the subsidies target SMEs, and are intended to promote exports to non-traditional markets, the coverage of the export subsidies increased and reached its peak in 2013.

### 3.2.5 Other export support measures

3.90. Jordanian customs maintains a duty drawback scheme, which refunds customs duties and taxes levied on imported raw materials used in the production of exports, and a temporary admission scheme, which gives enterprises manufacturing for exports duty exemptions for their direct imports, and for their imports from the free zones.<sup>26</sup>

3.91. In accordance with the Investment Law No.30 of 2014, export promotion activities were transferred from the Jordan Enterprise Development Corporation (JEDCO), to the Jordanian Investment Commission. Export-promotion activities cover electronic promotion, participation in international trade fairs, market research and analysis, and industrial studies. The JEDCO may

<sup>26</sup> Customs online information. Viewed at [http://www.customs.gov.jo/CustomsDynamic/Public\\_News/Ins\\_instructions.aspx?lang=3\[13/10/14\]](http://www.customs.gov.jo/CustomsDynamic/Public_News/Ins_instructions.aspx?lang=3[13/10/14]).

facilitate financing and guarantee schemes of the Islamic Development Bank (IDB), the export credit guarantee scheme of the Inter-Arab Investment Guarantee Corporation, or any other organizations.<sup>27</sup>

3.92. The Jordan Loan Guarantee Corporation (JLGC) provides export credit guarantees to exporters against the risk of non-payment by the importers and buyers of Jordanian goods. JLGC guarantees 90% of post shipment export losses caused by any risks covered by the guarantee contract. It reinsures the guaranteed capital through agreements with regional and international insurance companies. In October 2013, the JLGC signed an agency agreement with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), which is a member of the Islamic Development Bank (IDB) Group. According to the JLGC, the agreement enables it to promote and introduce export credit insurance products in accordance with Islamic Shari'ah principles.<sup>28</sup>

### 3.2.6 Zones

3.93. Jordan has a number of zones, with different purposes and different incentive schemes. Some of the zones are intended to promote exports, some have low export content, while others may not be functioning. The Government is trying to adopt policies to unify some of the zones.

#### 3.2.6.1 Free zones, development areas, and industrial estates

3.94. The Development Areas Law was amended in 2010, and became the Economic Zone Law, regulating free zones, development areas, and industrial estates. The three entities administering the different zones, i.e. the Free Zones Corporation for free zones, the Development Areas Corporation for development areas, and the Jordan Industrial Estates Corporation for industrial estates, were merged into one, the Development and Free Zones Commission (DFZC) and later the Investment Commission, wholly owned by the Jordanian Government.

3.95. Free zones were established to promote export-oriented industries and transit trade. They are open to foreign and local investors. Investment in the free zones are required to meet certain criteria, such as introducing new technology, using local raw materials and manufactured parts, improving labour skills, and achieving import substitution. Investors operating in free zones benefit from certain incentives (Table A3.1).

3.96. Free zones are outside the jurisdiction of Jordan Customs, and provide duty-free and tax-free environment for the storage of goods transiting in Jordan. Goods produced in these zones may be exported, or sold to the domestic market, when normal customs procedures, tariffs, and taxes are applied. The Chamber of Industry issues certificates of origin for exports of goods processed or produced in the free zones, with a local content of at least 40%. The value of exports from these zones, and the value of sales to domestic market, as well as the import value, is listed in Table 3.16.

**Table 3.16 Free zones, exports and imports, 2008-13**

|                 | 2008  | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------|-------|------|------|------|------|------|
| Exports         | 1,012 | 805  | 450  | 454  | 423  | 444  |
| Domestic market | 175   | 147  | 152  | 181  | 175  | 192  |
| International   | 837   | 658  | 298  | 273  | 248  | 265  |
| Imports         | 944   | 832  | 490  | 483  | 460  | 448  |
| Trade balance   | 68    | -27  | -40  | -29  | -37  | -4   |

Source: Information provided by the authorities.

3.97. Jordan has six public free zones (Zarqa, Sahab near Amman, Queen Alia International Airport, Al-Karak, Mouqar, and Al-Karama), which are predominately commercial free zones serving the transit trade and the local market. Two of them (Sahab and Al-Karak) are located within industrial estates. Land in public free zones may only be leased. Jordan also has over 30

<sup>27</sup> JEDCO online information. Viewed at: <http://www.jedco.gov.jo/services.html#export> [13/10/14].

<sup>28</sup> JLGC (2014), *20<sup>th</sup> Annual Report 2013*. Viewed online at: <http://www.jlgc.com/pdf/JLGC%20Annual%20Report%202013%20En.pdf> [14/10/14].

private free zones which are managed by the private sector.<sup>29</sup> Real estate in the private free zones can be purchased regardless of the investor's nationality.

3.98. There are five development areas (also called development zones) in Jordan: the King Hussein Bin Talal Development Area in Ma'raq, the Ma'an Development Area, the Irbid Development Area, the Dead Sea Development Zone, and the Jabal Ajloun Development Zone. These development zones aim to create an investment and regulatory framework similar to the Aqaba Special Economic Zone. Projects operating in development areas can be fully owned by non-Jordanians and are subject to a more favourable fiscal and customs regime (Table A3.1). There are no export performance requirement, and no local content requirement.

3.99. There are currently six industrial estates (also called industrial parks) in Jordan: in Irbid, Karak, Aqaba, Amman, Ma'an, and Muwaqar. In early 2014, Jordan announced plans for a new industrial site in Balqa governorate, with an intention to establish industrial estates in each of Jordanian governorate. These estates provide basic infrastructure networks for a wide variety of manufacturing activities, reducing the cost of utilities and providing cost-effective land and factory buildings. There are no export performance requirement, and no local content requirement. Investors also receive incentives in various forms (Table A3.1). In 2014, the industrial estates contributed to about 20% of Jordan's total merchandise exports.

### 3.2.6.2 Aqaba special economic zone

3.100. The Aqaba Special Economic Zone is not governed by the JIC. It is a duty-free, low-tax, development zone, spreading over 375 square kilometres and the entire 27 kilometres coast line of Jordan. The Aqaba Special Economic Zone Authority (ASEZA), established under the Aqaba Special Economic Zone Authority Law of 2000, is the statutory institution empowered with regulatory, administrative, fiscal, and economic responsibility within the zone.

3.101. The primary target of the ASEZA is to attract domestic and foreign investment from the private sector. The investment regime is more liberal than in other parts of the country: there are no foreign equity restrictions on investment, land can be leased or purchased by foreigners, and up to 70% of the workforce in each project may be foreigners. Goods originating in the Aqaba Special Economic Zone and shipped to the customs territory of Jordan are treated as Jordanian origin provided that they meet the rules of origin requirements. A number of incentives are provided to companies registered in the zone (Table A3.1).

3.102. Investment so far has been concentrated in projects in hotel and property development. In 2010, the Government initiated the Aqaba New Port Project (expected to be completed in 2016) with an intention to attract investment in commerce and tourism. The Port Project includes relocating the current port 20km south, adding four new terminals, and expanding ship berthing, marine services, and capacity including for energy and natural resources such as natural gas, phosphates, and propane. ASEZA adopted a comprehensive Master Plan to promote portal, urban, tourist, commercial, industrial, logistics and other investment sectors. According to ASEZA 2020 master plan, investment in the Zone is divided into: 50% in tourism, 30% in services, 13% heavy industries, and 7% light industries.

### 3.2.6.3 Qualifying industrial zones (QIZs)

3.103. After the full implementation of tariff concessions (textiles) under the U.S.–Jordan FTA, the private sector may choose to export either through the QIZs, or through the FTA arrangement. Most QIZ factories shifted their exports to FTA arrangement in order to reduce time and cost of production (Table 3.17).

<sup>29</sup> U.S. Department of State: *2014 Investment Climate Statement*, June. Viewed online at: <http://www.state.gov/documents/organization/229087.pdf> [16/10/14].

**Table 3.17 Textile exports from Jordan - under the QIZs and under the FTA, 2010-14**

|      | QIZs                        |                 | FTA                         |                 |
|------|-----------------------------|-----------------|-----------------------------|-----------------|
|      | Export value (US\$ million) | Growth rate (%) | Export value (US\$ million) | Growth rate (%) |
| 2010 | 59.4                        | -               | 883.7                       | -               |
| 2011 | 33.8                        | -43.1%          | 970.9                       | 9.9%            |
| 2012 | 28.3                        | -16.3%          | 1,021.3                     | 5.2%            |
| 2013 | 13.7                        | -51.4%          | 1,116.0                     | 9.2%            |
| 2014 | 1.2                         | -91.1%          | 1,238.2                     | 10.9%           |

Source: Information provided by the authorities.

3.104. Qualifying Industrial Zone (QIZ) initiative was launched to support the peace process and economic cooperation between Israel and its neighbours (Jordan and Egypt). QIZs are designated industrial parks in Egypt and Jordan from which goods can be exported duty-free and quota-free to the United States. For goods moving into and out of the zones, customs procedures are streamlined and tariffs do not apply. Qualifying businesses must meet certain criteria such as promoting economic cooperation, and satisfying local content requirement: at least 35% must be produced locally, of which a minimum of 11.7% must be Jordanian and 8% Israeli (7% for high-tech products). The other 15.3% may come from either a Jordanian QIZ, Israel, the West Bank and the Gaza Strip, or the United States (a maximum 15% U.S. content). The QIZ initiative has no expiry date and thus does not require renewal by the U.S. Congress.

3.105. QIZs differ from other types of zones as they operate in two countries (Jordan and Israel), produce goods only for export to the United States, and operate under the oversight authority of the United States. Currently there are 13 QIZs approved by the USTR in Jordan.

3.106. Following the implementation of the QIZs, the textile industry grew quickly. Foreign investment (mainly from Asia) accounted for more than 90% of total investment in QIZs, with more than half of the workforce being expatriates. Although these investors are mainly operating simple assembly plants at the low end of the value chain, the authorities still consider that QIZ's attracted multinational companies to invest in Jordan and helped in know-how transfer. Local workers acquired technical, managerial and marketing skills, with which they were able to start their own factories. Almost 25% of the 45,000 employees of QIZ factories were Jordanian workers. Foreign investors signed subcontracting agreements with small domestic firms. Hence supporting services for the textile and garment factories flourished to provide food and housing services, logistics services, and financial services. The designated QIZ areas and their surrounding areas become clusters, and thus helped the surrounding areas to develop. Besides, exporting to the United States provided exposure for Jordanian manufacturers in the world market and recognition from international buyers. The authorities consider that QIZ has positioned Jordan as a key manufacturer of apparel in the global sourcing map.

### 3.3 Measures Affecting Production and Trade

#### 3.3.1 Incentives

3.107. The incentive scheme in Jordan is regulated under the Investment Law No. 30 of 2014. Incentives are provided under various schemes, both for different zones (such as defined zones of investment, preferential economic zones), and for certain sectors and activities (Table A3.1). The Council of Ministers may grant benefits and exemptions from tax and fees to an investment project for a period with conditions it deems appropriate. Although the Council of Ministers considers many factors (such as the development impact of the project, R&D, increase in exports, transfer of technology, job creation, and geographical location), its prerogative to grant benefits and exemptions may create some uncertainty and may lead to questions on the transparency and effectiveness of the incentive scheme.

3.108. From 1 January 2010, the interim Income Tax Law of 2009 eliminated income tax exemptions except for selected social matters<sup>30</sup>, concession agreements, development zones, and

<sup>30</sup> Examples of "social matters" include ZAKA Fund, Al Hussein Cancer Centre, and King Abdulla The II Development Fund.



the Aqaba Special Economic Zone.<sup>31</sup> Thus, the range of tax incentives available to investors was reduced: in most cases they no longer cover income tax exemptions, and relate mainly to customs tariffs and sales tax incentives.

### 3.3.2 Tax

3.109. Tax revenue accounts for around 70% of domestic revenues in Jordan, and about 15% of its GDP (Table 3.18). Some reports consider that Jordan has relatively few taxes, the tax rates are low, and the overall tax burden is not particularly high.<sup>32</sup> According to the World Bank, Jordan ranks 45 out of 189 economies for paying taxes with an effective total tax rate of 29% on profits (almost entirely from corporate income tax and social security contributions by enterprises).<sup>33</sup> On the other hand, a WEF Report ranked Jordan 64<sup>th</sup> out of 144 countries in the world for competitiveness, and tax regulations and tax rates were among the four most problematic factors for doing business in Jordan.<sup>34</sup>

**Table 3.18 Revenues, taxes and expenditures, 2009-13**

(JD million)

|                                      | 2009  | 2010    | 2011    | 2012    | 2013 <sup>a</sup> |
|--------------------------------------|-------|---------|---------|---------|-------------------|
| Domestic revenues and foreign grants | 4,521 | 4,662.8 | 5,413.9 | 5,054.3 | 5,758.2           |
| Foreign grants                       | 333   | 401.7   | 1,215.0 | 327.3   | 639.1             |
| Domestic revenues                    | 4,188 | 4,261.1 | 4,198.9 | 4,726.9 | 5,119.1           |
| Tax revenues                         | 2,880 | 2,986.0 | 3,062.2 | 3,351.4 | 3,652.4           |
| Ratio to domestic revenues (%)       | ..    | 70.1    | 72.9    | 70.9    | 71.3              |
| Ratio to GDP (%)                     | 17%   | 15.9    | 15.0    | 15.3    | 15.3              |
| General sales tax                    | 1,682 | 1,987   | 2,033   | 2,275   | 2,527             |
| Border collections                   | 777.8 | 759     | 806     | 824     | 1,025             |
| SST (excises)                        | 334   | 589     | 555     | 664     | ..                |
| Border collections                   | N.A.  | 60      | 70      | 92      | ..                |
| Corporate income tax                 | 585   | 472     | 520     | 557     | 550               |
| Personal income tax                  | 179   | 152     | 148     | 132     | 131.9             |
| International trade taxes            | 270   | 275     | 287     | 285     | 324.9             |
| Other tax revenues                   | 145   | 100     | 89      | 90      | 134.8             |
| Non-tax revenues                     | 1,287 | 1,254.4 | 1,116.0 | 1,351.2 | 1,444.6           |
| Total government expenditure         | ..    | 5,708.0 | 6,796.6 | 6,878.2 | 7,065.4           |

.. Not available.

a Preliminary.

Source: Central Bank of Jordan (2014), *Annual Report 2013*. Viewed online at: [http://www.cbj.gov.jo/pages.php?menu\\_id=12&local\\_type=0&local\\_id=0&local\\_details=0&\[17/10/14\]](http://www.cbj.gov.jo/pages.php?menu_id=12&local_type=0&local_id=0&local_details=0&[17/10/14]). USAID, Benchmarking the tax system in Jordan, July 2013.

3.110. Major taxes include the general sales tax (GST), taxes on income and profits, and taxes on international trade and transactions. The biggest source of tax revenue is the GST, accounting for about 2/3 of total tax revenue. GST has several rates: 0%, 4%, 8%, and 16%, and is exempted on some products. GST has several registration thresholds depending on the type of business:

- importers must register from the first Jordanian dinar of imports, unless they import for personal use;

<sup>31</sup> Article 67 of the 2009 Income Tax Law stipulates that "no provisions provided for in any other legislation related to wholly or partially tax exemptions will be applicable", except for the provisions of listed laws that mainly refers to social issues, concession agreements, development zones and the Aqaba Special Economic Zone.

<sup>32</sup> USAID, Benchmarking the tax system in Jordan, July 2013.

<sup>33</sup> World Bank (2015), *Doing Business 2015 – Jordan*. Viewed at: <http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Profiles/Country/JOR.pdf> [17/02/15].

<sup>34</sup> World Economic Forum (2014), *The Global Competitiveness Report 2014-2015*, p. 228.



- the registration threshold is JD 75,000 for wholesalers and retailers;
- the registration threshold is JD 10,000 for manufacturers subject to SST (special sales tax – see below), and JD 50,000 for manufacturers subject to GST; and
- the registration threshold is JD 30,000 for the services sector.

3.111. According to the authorities, the Government is planning to unify the threshold for businesses to register for GST.

3.112. Jordan's General Sales Tax Law allows the Government to impose a "special sales tax" (SST), which is an excise tax (Table 3.19). These SSTs are applied on both imported goods and services, and domestically produced ones.

**Table 3.19 Special sales tax**

| Description of goods   | Reference unit              | Tax rate per unit   |   |
|--|-----------------------------|---|---|
| Cement, except for those "imported and locally purchased by manufacturers of products where cement is an input. They should be registered at the Department and determined by the Minister"  | Tonne                       | JD 2  |   |
| Beer, including non-alcoholic beer   | Litre                       | 900 Fils  |   |
| Spirits and alcoholic beverages, including wines and other fermented beverages   | Litre (diluted)             | 1500 Fils   |   |
| Tobacco, and tobacco products:   |                             |   |   |
| (a) Tobacco  |                             |   |   |
| - Ordinary   | Net kg                      | 2000 Fils   |   |
| - Sweetened  | Net kg                      | 2000 Fils   |   |
| (b) cigarettes   |                             |   |   |
| - Put to home use  | Pack of 20 cigarettes/value | 230 Fils plus 102% plus those amounts, whichever is higher: |   |
|  |                             | - Consumer selling price (Fils)                             | - Ad valorem tax in currency terms (Fils) |
|  |                             | 550   | 130                                       |
|  |                             | 600   | 150                                       |
|  |                             | 650   | 170                                       |
|  |                             | 700   | 195                                       |
|  |                             | 750   | 215                                       |
|  |                             | 800   | 240                                       |
|  |                             | 850   | 260                                       |
|  |                             | 900   | 280                                       |
|  |                             | 1000  | 325                                       |
|  |                             | 1200  | 410                                       |
| - supplied to the Jordanian Armed Force, Public Security, Intelligence, and Civil Defence  | Pack of 20 cigarettes/value | 190 Fils plus 102%  |   |
| Motor vehicles:  |                             |   |   |
| (a) Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading No. 8702), including station wagons and racing cars, whether imported or locally-produced, more than five years ago.                    | Value                       | 25%   |   |
| (b) Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading No. 8702), including station wagons and racing cars, whether imported or locally produced less than five years ago.                     | Value                       | 45%   |   |
| (c) Motor vehicles for the transport of ten or more persons, including the driver, motor vehicles for the transport of goods, and special motor vehicles, produced five years or more earlier, which come under heading No. 8702, 8704, 8705 of Tariff Tables. | Value                       | 16%   |   |
| Mobile phones and radio subscription service, whether post-paid or pre-paid.   | Value                       | 4%  |   |

Source: Regulations No. 80 of 2001 Pertaining to the Special Tax, as amended by Regulations No. 2 of 2002, Regulations No. 57 of 2003, Regulations No. 32 of 2005, and Regulations No.1 of 2006, Enacted by virtue of Paragraph (b) of Article (6) of the General Sales Tax Law No. 6 of 1994, as amended.

3.113. The second largest source of tax is taxes on profits and income, accounting for roughly 20% of total tax revenue. On 31 December 2014, the Income Tax Law No.34 of 2014 was promulgated, and became effective on 1 January 2015. The Law increased corporate income tax rates on companies in some businesses, and raised personal income tax rates. The rates are the same for foreign and domestic companies. Corporate income tax rates in Jordan are:

- 14% for the industrial sector;
- 24% for telecommunication companies, electricity generation and distribution companies, mining companies of basic materials, insurance and reinsurance companies, financial companies, financial intermediation companies, and other legal persons practicing capital lease activities;
- 35% for banks; and
- 20% for all other legal persons.

3.114. The personal income tax rate is, after all the deductions, 7% for the first JD 10,000, 14% for JD 10,000 to JD 20,000, and 20% thereafter.

3.115. Taxes on international trade, although increasing during the review period, accounted for less than 10% of total tax revenue.

### 3.3.3 Competition policy and price controls

#### 3.3.3.1 Competition policy

3.116. Since the previous review in 2008, there have been significant changes to Jordan's competition policy framework. The Competition Law of 2004, amended in 2011 (Competition Law No. 18 of 2011), regulates anti-competitive agreements, abuse of dominant positions, and mergers and acquisitions (Table 3.20). The Law applies to all production, commerce and service activities in Jordan, and any economic activities occurring outside Jordan but having an effect inside the country. The core objectives of the Law are to protect fair competition, achieve a competitive market structure, and protect all market participants including SMEs. The Law applies to all enterprises including SOEs.

**Table 3.20 Competition policy: key characteristics**

| Subject   | Exceptions  |
|---|---|
| <b>Anti-competitive agreements</b>  |   |
| The Law bans any explicit or implicit agreements that would restrict competition  | <i>De Minimis</i> agreements are exempted from this ban, provided that they do not fix prices or share markets. The MITS has set a 10% threshold for market share below which agreements qualify as <i>de minimis</i> agreements.   |
|   | Practices and arrangements that fall under the definition of anti-competitive practices shall not be considered anti-competitive if they lead to positive results with a common benefit that cannot be achieved without this exemption, including the improvement of competitive ability of enterprise, or production or distribution systems, or providing certain benefits to the consumer. |
| <b>Abuse of dominant position</b>   |   |
| The Law prevents enterprises with a dominant position in the domestic market from abusing their dominance to limit competition. | Dominant position is defined as the status in which the institution is able to control and influence the market.  |
| Abuse of dominant position includes discrimination, tying, predatory pricing, etc.  | Below cost pricing is not prohibited in the cases where it concerns perishable goods, liquidation of businesses, or sales to restock a business.  |

| Subject   | Exceptions |
|---|------------|
| <b>Mergers and acquisitions are subject to monitoring</b>   |            |
| The merger notification threshold is set at 40% of the market share.  |            |
| <b>Unfair practices</b>   |            |
| Producers, importers, wholesalers, and service providers are prohibited from setting a minimum resale price for a product or service, whether directly or indirectly, and from subjecting another party to benefit "from preferential and unjustified prices or conditions of sale or purchase in such a manner as to impart upon such party a benefit as regards competition". |            |

Source: OECD (2013), OECD Investment Policy Reviews: Jordan 2013. OECD Publishing.

3.117. Three competent authorities deal with competition matters:

- the Competition Directorate, under the MITS, is in charge of implementing the Competition Law;
- the Competition Affairs Committee, the advisory body of the Competition Directorate, provides opinions and advice on the general competition strategy and reviews matters related to the Competition Law;
- the Judicial Council and the Ministry of Justice are responsible for reviewing cases of practices contravening competition, and for dealing with the execution of specific provisions of the Law.

3.118. The Competition Directorate has special allocations accorded by the General Budget Law, but the authorities recognize that these allocations can barely cover its expenses. The authorities stated that the Directorate cooperates with several international supporters to cover its technical assistance expenses and costs to participate in international events. The authorities indicate that, in 2014, the Directorate dealt with 37 cases covering complaints, economic concentrations, studies and investigations. During the review period, a number of cases have been dealt with by the Directorate (Table 3.21).

**Table 3.21 Cases studied by the Competition Directorate, 2009-14**

| Type of cases   | Number |
|---|--------|
| Complaints  | 107    |
| Economic concentration applications, economic concentration consultations, and monitoring economic concentration operations | 30     |
| Exemptions applications   | 13     |
| Consultations   | 68     |
| Investigations and studies  | 106    |

Source: Information provided by the authorities.

### 3.3.3.2 Price controls

3.119. The Competition Law follows the principle of free determination of prices in accordance with market mechanisms and the principles of free competition, with the following exceptions:

- prices of "essential commodities" subsidised by the Government: price controls may be applied pursuant to the Industry and Trade Law No. 188 of 1998 and other specific laws, on "essential commodities" which are determined by the Council of Ministers (Table 3.22);
- temporary government control of prices in the case of emergencies or natural disasters.

3.120. According to the authorities, the Cabinet, upon recommendations from the Minister of the MITS, may determine the prices for any of the basic materials. In 2013 and 2014, price ceilings for the following foodstuffs were applied: table eggs, qatayef, a number of vegetables, and chicken.

**Table 3.22 Goods subject to price controls, 2015**

| HS Code  | Product description   | Status   |
|--|---|--|
| ex 1001  | Wheat, seed of a kind used for sowing   | Price fixed pursuant to Resolution of the Prime Minister No. 63-11-1-20173, 28 November 2007   |
| ex 1003.00   | Barley, seed of a kind used for sowing  | Price fixed pursuant to the resolution of the Prime Minister No. 63-11-1-20173, 28 November 2007   |
| 1001.10, ex 1001.90  | Wheat   | Price fixed by MITS pursuant to Law No. 18 of 1998   |
| 1101.00  | Flour   | Price fixed by MITS pursuant to Law No. 18 of 1998   |
| ex 1905.90   | Bread – Arabic, Tanouri, Taboun, Armenian, and Baladi   | Price fixed by MITS pursuant to Law No. 18 of 1998   |
| ex 2302  | Bran  | Price fixed by MITS pursuant to Law No. 18 of 1998   |
| ex 2711.13<br>ex 2710.00<br>ex 2710.00<br>ex 2710.00<br>ex 2710.00<br>ex 2710.00<br>2710.004<br>2710.005<br>ex 2714.90<br>ex 2714.90<br>ex 2710.00<br>ex 2201.90 | Liquid gas butane<br>Leaded (gasoline)<br>Super (gasoline)<br>Unleaded (gasoline)<br>Jet fuel (airplane fuel)<br>Kerosene<br>Diesel<br>Fuel oil<br>Asphalt, w/o containers<br>Asphalt, in containers<br>Diesel for ships<br>Water | Prices are fixed on monthly basis (for a two-year transition period) by the MITS in consultation with stakeholders.<br>On 13 November 2012 the Cabinet approved the monthly price adjustment mechanism, allowing oil derivatives price to move according to international price except for liquid gas butane which was fixed until beginning 2015. |
| 2716.00  | Electrical energy   | Price fixed by the Ministry of Water and Irrigation. Sewage tariff was increased by 15% on 7 May 2014 upon recommendation by the WAJ Board.  |
| ex 3002, ex 3003, and ex 3004  | Pharmaceuticals for human use   | Price fixed pursuant to Electricity Law No. 64 of 2002. Tariff was adjusted in 2012, 2013, 2014, and 2015.   |
| ex 3002, ex 3003, and ex 3004  | Pharmaceuticals for veterinary use  | Price fixed pursuant to Drug and Pharmacy Law No. 80 of 2001   |
|  |   | Price fixed pursuant to the Agriculture Law No. 13 of 2015 and the instructions No. 33 of 2003   |

Source: Information provided by the authorities.

3.121. The Government has been providing subsidies to maintain these price controls, and from 2012, it began an action plan to reduce the impact of rising prices on low income households through targeted cash transfers (Table 3.23).

**Table 3.23 Subsidies to maintain price controls on fuel and food, 2008-14**

(JD million)

|                | 2008                            | 2009  | 2010  | 2011  | 2012    | 2013    | 2014 <sup>a</sup> |
|----------------|---------------------------------|-------|-------|-------|---------|---------|-------------------|
| Food subsidies | 221.0                           | 143.1 | 104.7 | 194.0 | 210.0   | 255.0   | 225.0             |
| Oil subsidies  | 197.9                           | 42.9  | 88.1  | 584.2 | 673.0   | 0       | 0                 |
| Cash transfers | Number of households            |       |       |       | 862,000 | 778,619 | 708,934           |
|                | Number of individuals (million) |       |       |       | 4.6     | 4.2     | 3.8               |
|                | Cash transfer (JD million)      |       |       |       | 107     | 193.9   | 176               |

<sup>a</sup> Data for 2014 is up to early December.

Source: Information provided by the Ministry of Finance.

3.122. The authorities stated that providing price subsidies to food is a relatively complex issue. Bread remained subsidized while the prices of most other bakery products were liberalized. The

MITs is responsible for importing wheat and barley, which account for almost all (99%) domestic consumption needs. The Ministry also purchases wheat and barley from local farmers, at cost price which is set according to the average world price. The Government distributes wheat and barley to mills at cost price to produce various kinds of flour. The flour is then sold at market price to bakeries. Flour suitable for making bread is sold to bakeries at controlled prices and the bread sold to consumers at JD 0.16 per kilogram. Thus, consumption of bread surges when international price for flour increases (Section 4.1.3.3).

3.123. There are price controls on electricity and water. The tariffs/fees for a number of services are subject to price control, including certain telecommunications services, insurance services (for compulsory motor insurance), postal services, and public transport services.

### 3.3.4 State-owned enterprises, privatization and state trading

#### 3.3.4.1 SOEs and privatization process

3.124. SOEs still play a significant role in the economy (Table 3.24). Examples of SOEs include the Arab Potash Company, the National Electrical Power Company (NEPCO), the National Food Security Company, and the Yarmouk Water Company. These companies have delegated government powers and operate in fields that are not yet open for private investment, such as managing the transmission and distribution of electrical power.

3.125. The Government supports these companies as necessary, and has been providing subsidies to cover their losses. For example, the Government has issued, and provided guarantees for corporate bonds for NEPCO since 2011 to ensure continuous power supply for the country.<sup>35</sup> According to the 2013 Annual Report of the Central Bank of Jordan, net public debt increased by 4.5 percentage points to reach JD 19,096.5 million in 2013, or 80% of GDP. This increase was mainly due to the Government's commitment to finance NEPCO to cover its losses and repay its loans. In addition, the Government also had to pay for the losses of the Water Authority (WAJ). Direct transfers from the Government to NEPCO and WAJ amounted to JD 1,424 million, or 6% of GDP in 2013.<sup>36</sup>

3.126. SOEs are held accountable by their board of directors, typically chaired by the sector-relevant Ministers and the Audit Bureau.<sup>37</sup> According to the authorities, there is no preferential treatment provided to SOEs.

3.127. Jordan launched a privatization programme in the 1990s, following financial losses by the public sector. In 2000, the Privatization Law was issued, according to which, an Executive Privatization Committee (EPC), and a Privatization Council, were created. The privatization transactions between 1998 and 2008 generated US\$2.3 billion in sales proceeds, which were mostly used to buy Paris Club debt in 2008 at a discount price.<sup>38</sup>

3.128. The privatization process is largely complete and the few remaining government assets not privatized, including Jordan Silos and Supply, seems to have little interest to the private sector.<sup>39</sup> The number and size of future privatization projects is expected to diminish. In January 2013, a Privatization Evaluation Committee was established, with an aim to examine privatization activities since 1989. Major findings and conclusions of the Committee are available online.<sup>40</sup>

<sup>35</sup> U.S. Department of State: 2014 Investment Climate Statement, June. Viewed online at: [http://www.state.gov/documents/organization/229087.pdf\[16/10/14\]](http://www.state.gov/documents/organization/229087.pdf[16/10/14]).

<sup>36</sup> Central Bank of Jordan (2014), Annual Report 2013, p.41. Viewed online at: [http://www.cbj.gov.jo/pages.php?menu\\_id=12&local\\_type=0&local\\_id=0&local\\_details=0&\[17/10/14\]](http://www.cbj.gov.jo/pages.php?menu_id=12&local_type=0&local_id=0&local_details=0&[17/10/14]).

<sup>37</sup> U.S. Department of State: 2014 Investment Climate Statement, June. Viewed online at: [http://www.state.gov/documents/organization/229087.pdf\[16/10/14\]](http://www.state.gov/documents/organization/229087.pdf[16/10/14]).

<sup>38</sup> William P. Mako (2012), *Privatization: Lessons from Jordan*, World Bank MENA Knowledge and Learning Quick Notes Series, July 2012 Number 68. Viewed at: [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2012/10/04/000333038\\_20121004013033/Rendered/PDF/730030BRI00uic0C0disclosed010010120.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2012/10/04/000333038_20121004013033/Rendered/PDF/730030BRI00uic0C0disclosed010010120.pdf).

<sup>39</sup> U.S. Department of State: 2014 Investment Climate Statement, June. Viewed online at: [http://www.state.gov/documents/organization/229087.pdf\[16/10/14\]](http://www.state.gov/documents/organization/229087.pdf[16/10/14]).

<sup>40</sup> See: [http://www.pm.gov.jo/arabic/index.php?page\\_type=pages&part=1&page\\_id=427](http://www.pm.gov.jo/arabic/index.php?page_type=pages&part=1&page_id=427) [July 2015].

3.129. The Government favours public-private-partnership (PPP) projects. On 13 December 2014, a Public-Private-Partnership Law entered into force. It repealed the Privatization Law, and established a legislative framework to promote PPP policy design and project implementation. The Law aims to encourage the private sector to participate in economic development, provide a legislative environment for both the public and private sectors to develop, and to enable the public sector to manage and carry out projects funded by the private sector. Under this Law, a Partnership Council (to be chaired by the Prime Minister) will be established.

**Table 3.24 Selected large public undertakings with significant public holdings at December 2014**

(JD million)

| Name/operation                            | Total asset value | Activity   | Operating revenue | Operating profit | State/public authority holding   |
|---|-------------------|------------|-------------------|------------------|--|
| Arab Potash Company                       | 1,013             | Fertilizer | 521               | 125              | 27% Ministry of Finance<br>5% Social Security Corporation<br>20% Arab Mining Company (owned by, or on behalf of 15 Arab Governments) |
| Jordan Telecom Group                      | 360               | Telecoms   | 441               | 62               | 28.88% Social Security Corporation   |
| National Electrical Power Company (NEPCO) | No records        | Services   | No records        | No records       | ..   |
| National Food Security Company            | No records        | Commercial | No records        | No records       | ..   |
| Yarmouk Water Company                     | No records        | Services   | No records        | No records       | ..   |
| Water Authority (WAJ).                    | 126.7             | Services   | 120.2             | 10.7             | 100% Water Authority of Jordan   |
| Jordan Silos and Supply                   | 47.4              | Commercial | 5.8               | 0.7              | 100% Jordanian Government  |
| Jordan Phosphate Mines Co. Ltd (JPMC)     | 1,112             | Industrial | 574.4             | 103.3            | 25.661% Ministry of Finance, 16.456% Social Security Corporation   |
| Jordan Petroleum Refinery Co.             | 1,765             | Industrial | 3,964.9           | 11.3             | 20.141% Social Security Corporation  |
| Jordan Industrial Estates Company         | 116.5             | Industrial | 9.8               | n.a.             | 67% Jordanian Government   |
| Free Zones Company                        | 180.5             | Industrial | 21.2              | ..               | 100% Jordanian Government  |
| Royal Jordanian                           | 84.3              | Services   | 760               | ..               | 35% Jordanian Government   |
| Electricity distribution company          | 10                | Services   | 384.8             | ..               | 100% Jordanian Government  |
| National Petroleum Company                | 15                | Industrial | 5.4               | ..               | 100% Jordanian Government  |

.. Not available.

n.a. Not applicable.

Source: Information provided by the authorities.

### 3.3.4.2 State trading

3.130. In 2003, Jordan notified the WTO of two state-trading enterprises with special or exclusive trading rights, which remain in practice:

- Jordan Phosphate Mines Co. Ltd (JPMC) has exclusive rights to import, store and sell explosive materials used for mining and quarrying purposes. It also has exclusive mining rights over phosphates for four mines in Jordan. JPMC does not sell phosphate to private traders for export purposes; and

- Jordan Petroleum Refinery Co. has exclusive rights to import oil and hydrocarbon products for local use.<sup>41</sup>

3.131. The Government classified barley and wheat (including wheat flour and bran) as essential commodities, the consumption of which is subsidized. For this reason, the MITS is the sole importer of these products. The MITS puts up tenders for local companies that will be responsible for the transfer of wheat and barley from the country of origin, and private traders import under the direction of the Trade Directorate at the MITS.

3.132. In addition, exports of the following products are restricted to specific enterprises or authorities, including:

- Raw hides and manufactured leather (Jordan Tanning Company);
- Portland cement (Jordan Cement Factories Company); and
- Mineral extracts, such as stone, sand, gypsum, and clay derivatives (Natural Resources Authority).<sup>42</sup>

### 3.3.5 Intellectual property rights

#### 3.3.5.1 Overview

3.133. During the review period Jordan has ratified several international conventions related to IP rights, signed (but not ratified) others, and has made some amendments to its IP legislation (Table 3.25).

**Table 3.25 IPR legislative framework, and international conventions ratified by Jordan**

| Entry into force  | Conventions on IPR ratified by Jordan   |
|---|---|
| 14 November 2008  | Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purpose of Patent Procedure  |
| 14 November 2008  | Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks   |
| 14 November 2008  | Vienna Agreement Establishing the International Classification of the Figurative Elements of Marks  |
| 24 May 2004   | WIPO Performances and Phonograms Treaty   |
| 27 April 2004   | WIPO Copyright Treaty   |
| 28 July 1999  | Berne Convention for the Protection of Literary and Artistic Works  |
| 17 July 1972  | Paris Convention for the Protection of Industrial Property  |
| 12 July 1972  | Convention Establishing the World Intellectual Property Organization  |
| 24 Oct 2004   | International Convention for the Protection of New Varieties of Plants (UPOV Convention)  |
| Date of signature   | Conventions signed but not yet ratified   |
| 26 June 2012<br>(accession only)                                  | Beijing Treaty on Audiovisual Performances (not in force)   |
| 28 June 2013<br>(signature only)                                  | Marrakesh VIP Treaty (not in force)   |
| Date of adoption  | Not WIPO ministered treaties  |
| Signature: 29<br>October 2010<br>Ratification: 10<br>January 2012 | Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity  |
|   | IPR related legislation   |
| Patent  | <ul style="list-style-type: none"> <li>- Patents Law No. 32 of 1999 and its amendments by Temporary Law No. 71 of 2001 and Law No. 28 of 2007;</li> <li>- Regulation of Patents of Invention No. 97 of 2001 issued pursuant to Article 42 of the Patent Law No. 32 of 1999</li> </ul> |

<sup>41</sup> WTO document G/STR/N/9/JOR, 28 July 2003.

<sup>42</sup> Jordan Enterprise Development Corporation online information. Viewed at: [http://www.jedco.gov.jo/atp/index.php?option=com\\_content&view=article&id=4&Itemid=16&lang=en](http://www.jedco.gov.jo/atp/index.php?option=com_content&view=article&id=4&Itemid=16&lang=en) [January 2015].



|  |   |
|--|---|
| Trademarks   | - Trademark Law No. 33 of 1952 and its amendments by Law No. 34 of 1999, Law No. 29 of 2007 and Law No. 15 of 2008 which related to the definition of well-known trademarks, licensing and fine increase for trademarks violation;<br>- Trademark Rules No. 1 of 1952 and its amendments by Regulations No. 37 of 2000, No. 128 of 2009 and No. 22 of 2010                |
| Trade names  | - Trade Names Law No. 9 of 2006;<br>- Regulations on Trade Names No. 116 of 2004 and its amendments by Regulations No. 65 of 2007;<br>- Law No. 19 of 1953 on Marks of Goods and its amendments   |
| Geographical indications                             | - Law on Geographical Indications No. 8 of 2000   |
| Industrial designs and models                        | - Law on Industrial Designs and Models No. 14 of 2000;<br>- Regulation No. 52 of 2002 on Industrial Designs and Models issued pursuant to Article 18 of the Industrial Designs and Models Law   |
| Copyright  | - Law No. 23 of 2014 Amending Copyright Protection Law;<br>- Copyright Protection Law No. 22 of 1992 and its amendments by Laws No. 88 of 2003 and No. 8 of 2005;<br>- Deposit of Compilations By-Law No. 4 of 1994;<br>- Regulation No. 36 of 2002 on Traditional and Popular Crafts and Industries and their Trading;<br>- Deposit of Compilations By-Law No. 4 of 1994 |
| Plant varieties                                      | - Law No. 24 of 2000 on Protecting New Varieties of Plants;<br>- Regulation No. 76 of 2002 on Registration of New Plant Varieties   |
| Integrated circuits                                  | - Law No. 10 of 2000 for the Protection of Layout-Designs of Integrated Circuits;<br>- Regulation No. 93 of 2002 on the Protection of Layout-Designs of Integrated Circuits   |
| Trade secrets  | - Law No. 15 of 2000 on Trade Secrets and Unfair Competition  |
| Enforcement  | - Regulations No. 7 of 2000 on Border Measures for the Protection of Intellectual Property Rights   |
| <b>Main institutions</b>                             |   |
| MITIS:<br>Industrial Property Protection Directorate | Supervising all matters related to the registration of trademarks, patents, industrial designs and models, and integrated circuits.   |
| Ministry of Culture:<br>National Library             | Administering copyrighted works, responsible for the enforcements of copyrights.  |
| Ministry of Agriculture: JFDA                        | Supervising the registration of plant varieties   |
| JSMO   | Ex-officio authority to investigate matters related to IPR infringements, to impound counterfeit merchandise, and to file cases with the prosecutor.  |
| Customs  | Enforcement of IPR at the border  |
| Police: IPRs Protection Sector                       | Enforcement of IPR within the country   |

Source: WIPO online information. Viewed at: <http://www.wipo.int> [05/11/14]. OECD (2013), *OECD Investment Policy Reviews: Jordan 2013*, OECD Publishing. WTO (2009), TPR Jordan, and information provided by the authorities.

3.134. Jordan also signed a number of FTAs which include provisions related to IPR protection, such as the RTAs with Canada, EU, EFTA, the United States, as well as bilateral agreements with Algeria and Lebanon.

3.135. Parallel imports of patented goods are not allowed, although the patent proprietor must notify the Customs Department of Jordan accordingly. Parallel imports of registered design/model, and of layout-designs are also prohibited: the owner/licensee of the registered design/model has the right to prevent third parties from making, importing or selling products bearing a design/model that is a copy or substantially a copy, and the proprietor of the layout-design has the right to prevent third parties from reproducing, importing, selling or distributing products of the protected layout-design. According to the Copyright Law, copyright owners (authors, performers, producers of audio recordings) have exclusive rights to exploit their work in whatever manner they choose. Others must not be entitled to exercise any of the rights including the importation of the copyright protected goods. Thus parallel imports of goods protected by copyrights are not allowed. Parallel imports of goods that are protected by other IP rights such as trademarks are not allowed as well.

3.136. Compulsory licences of patents may be issued under specific circumstances. The authorities state that, till now no application for compulsory licences has been submitted.



### 3.3.5.2 Patents

3.137. Patents may be granted solely for inventions that constitute a novel inventive step and are capable of industrial application. The Registrar of Patents, at the Industrial Property Protection Directorate within the MITS, examines the patentability of applications. Patents are valid for 20 years from the date of filing the application. Appeals against decisions of the Registrar may be made by petition to the Higher Court of Justice, administrative court (first instance), and supreme administrative court. Approved applications are published in the *Official Gazette* and are subject to public inspection. During the review period, 402 patents were granted, of which 338 were filed by foreigners (Table 3.26).

**Table 3.26 Patent applications and patents granted, 2009-14**

| Year         | Applications |               | Patents granted |               |                       |
|--------------|--------------|---------------|-----------------|---------------|-----------------------|
|              | National     | International | National        | International | Total patents granted |
| 2009         | 60           | 446           | 11              | 40            | 51                    |
| 2010         | 43           | 431           | 22              | 64            | 86                    |
| 2011         | 41           | 362           | 7               | 36            | 43                    |
| 2012         | 53           | 344           | 4               | 70            | 74                    |
| 2013         | 32           | 360           | 9               | 37            | 46                    |
| 2014         | 39           | 341           | 11              | 91            | 102                   |
| <b>Total</b> | <b>268</b>   | <b>2,284</b>  | <b>64</b>       | <b>338</b>    | <b>402</b>            |

Source: Information provided by the authorities.

3.138. Jordan submitted its instrument of acceptance of the Protocol amending the TRIPs Agreement in August 2008.<sup>43</sup> In 2013 Jordan notified the adoption of implementing legislation which incorporated the Paragraph 6 System into domestic law: Articles 22 and 23 of the Amended Patent Law No. 28 of 2007 provide the legal basis for Jordan to act as an exporting Member under the System.<sup>44</sup>

### 3.3.5.3 Copyright

3.139. Copyright protection is accorded to original works of art, science, and literature, including works expressed in writing, sound, drawing, photography and motion, 3-D works, and computer software. Copyrighted material is protected for the life of the author plus 50 years. Works of applied art are protected for 25 years, while protection for photographic works has been extended to 50 years. Jordanian citizens may obtain a non-exclusive licence from the Minister of Culture to translate foreign works into Arabic after three years of first publication, subject to fair compensation of the author.

3.140. The Copyright Law was most recently amended in 2014. The amendments were intended to create a favourable environment for investment in the information and technology sector, particularly software. It has been reported that stronger protection of software has facilitated investments from leading multinational IT firms, such as Microsoft and Intel, into Jordan's IT industry.<sup>45</sup>

3.141. The National Library in the Ministry of Culture is responsible for copyright protection. By the end of July 2014, the Copyright Office in the National Library initiated 5,068 legal cases of copyright infringement, nearly 90% of which were through its ex-officio enforcement authority under the Copyright Law. In 2014, 270 cases were initiated (Table 3.27).

<sup>43</sup> WTO document, WT/Let/630, 12 August 2008.

<sup>44</sup> WTO documents, IP/N/1/JOR/2 (26 April 2013), and IP/N/1/JOR/P/2 (26 April 2013). WTO online information. Viewed at: [http://www.wto.org/english/tratop\\_e/trips\\_e/par6laws\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/par6laws_e.htm) [28/01/15].

<sup>45</sup> OECD (2013), *OECD Investment Policy Reviews: Jordan 2013*, OECD Publishing.

**Table 3.27 Cases initiated by the Copyright Office, 2009-14**

| Year | Number of cases initiated |
|------|---------------------------|
| 2009 | 586                       |
| 2010 | 581                       |
| 2011 | 355                       |
| 2012 | 467                       |
| 2013 | 462                       |
| 2014 | 270                       |

Source: Information provided by the National Library.

3.142. According to the World Economic Forum Report, Jordan ranked 50<sup>th</sup> out of 144 countries in the fight against software piracy, and 39<sup>th</sup> in IPR protection.<sup>46</sup> The Business Software Alliance (BSA) Global Software Survey 2014 showed that the percentage of using unlicensed software in Jordan was 57% in 2013, down 1 percentage point from 2011.<sup>47</sup> According to the authorities, this ratio was 87% in 1994. The authorities also launched a campaign to promote the awareness of copyright protection, by informing shops and CD/DVD/software outlets of the Copyright Law and criminal penalties on violation of the Law.

### 3.3.5.4 Trademarks

3.143. Trademarks are registered for ten years and may be renewed indefinitely for ten-year periods. Trademarks may be cancelled if they are not used for a continuous period of three years. The trademark owner may licence one or more persons to use the mark for all or some of the goods under a notarised contract; filling to the registrar is not compulsory. During the review period, foreign participation in trademark application and registration has been increasing (Table 3.28).

3.144. The Trademark Law was most recently amended in 2008. One of the main provisions introduced by the amendments is the recognition of the concept of "well-known" marks and the prevention from registering a trademark similar to a well-known mark, even though the well-known mark is neither registered nor used in Jordan.

**Table 3.28 Trademark applications, registrations, and rejections, 2009-13**

|                  | 2009  | 2010  | 2011  | 2012  | 2013  |
|------------------|-------|-------|-------|-------|-------|
| <b>Trademark</b> |       |       |       |       |       |
| Application      | 7,734 | 5,976 | 6,813 | 6,748 | 6,510 |
| Domestic         | 51.6% | 31.9% | 33.7% | 33.8% | 32.5% |
| Foreign          | 48.4% | 67.9% | 66.2% | 66%   | 67.5% |
| Registration     | 5,472 | 5,715 | 5,233 | 4,160 | 5,379 |
| Domestic         | 41.4% | 24.1% | 22.2% | 26.1% | 24.1% |
| Foreign          | 58.6% | 75.9% | 77.8% | 73.9% | 75.9% |
| Rejection        | 1,503 | 1,087 | 1,188 | 826   | 1,160 |

Source: Information provided by the authorities.

### 3.3.5.5 Enforcement of intellectual property rights<sup>48</sup>

3.145. Jordan Customs has the right to suspend the release of goods which it suspects may constitute an infringement of intellectual property rights at the border. The right holder can file a criminal or civil case before the competent court during eight days after being notified of the customs decision to suspend the release of the goods. In 2014, there were 253 IPR infringement cases, of which 28 were filed to court.

<sup>46</sup> WEF (2014), *The Global Information Technology Report 2013*, p.206. Viewed at: [http://www3.weforum.org/docs/WEF\\_GITR\\_Report\\_2013.pdf](http://www3.weforum.org/docs/WEF_GITR_Report_2013.pdf) [14/11/14].

<sup>47</sup> Business Software Alliance (BSA), *Global Software Survey 2014 (the Compliance Gap)*. Viewed at: [http://globalstudy.bsa.org/2013/downloads/studies/2013GlobalSurvey\\_Study\\_en.pdf](http://globalstudy.bsa.org/2013/downloads/studies/2013GlobalSurvey_Study_en.pdf) [14/11/14].

<sup>48</sup> Details of IPR enforcement measures, see: WTO document, IP/N/6/JOR/1, 18 October 2000.

3.146. The IPR Department in Jordan Police was established within the Crime Investigation Department (CID) to protect intellectual property in books, trademarks, and everything within moral and material production of ideas and creativity, and those relate to individuals and institutions locally and internationally.

3.147. JSMO has the authority to inspect shops and prevent the sale of goods which they suspect to be nonconforming to Jordanian technical regulations or counterfeit. JSMO has the right to destroy the counterfeit goods if proven so by the trademark owner, and to destroy the nonconforming goods if proven so by conformity assessment results. The violator is to be sent to the competent court. The owner of the trademark or his legal representative can then file a civil case to the competent court.

3.148. The National Library may investigate violations of the Copyright Law and refer these violations to the General Prosecutor, who studies the case and refers it to the First Instance Court if there is an infringement. The Court issues the suitable penalty: either fine or imprisonment or both.

3.149. Enforcement problems remain in Jordan, particularly with regard to software and video piracy. The authorities consider that the enforcement problems arise mainly due to lack of resources and they have been making efforts to improve IPR enforcement. For example, the National Library organizes workshops and training courses for both copyright officers and other competent authorities such as the Judiciary and the Police. It launched an awareness campaign named "Shayfeenak" ("We can see you"), addressed to shops and CD, DVD and software outlets, informing them through SMS text messages about the Copyright Law and criminal penalties on violation of the Law. It also established a Copyright Law Enforcement Committee, which consists of different government agencies such as the Ministry of Telecommunications and Information Technology, the Judicial Council, the Public Security Department – IP Section, the Audiovisual Commission, the Customs, the Telecommunications Regulatory Commission, the Greater Amman Municipality, and the Department of the National Library.

## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture

#### 4.1.1 Overview

4.1. In 2013, Jordan's agricultural sector accounted for US\$1,007 million or 3% of GDP. Despite Jordan's relatively small agricultural sector, both land usage and the annual production increased steadily between 2007 and 2013. In 2013, only 2% of national employment came from the agricultural sector, of which two-thirds were non-Jordanian. Nevertheless, about 15% of the population depend on agriculture. Agricultural development faces several challenges, particularly the dry climate with limited access to water supplies.

4.2. Over 60% of the value of agricultural production is grown in the Jordan Valley, which, being below sea level and having a warm and temperate climate, can produce fruits and vegetables throughout the year. Agricultural production also takes place in the highlands of the country, where cereals and field crops are mainly cultivated. There is minimal production in the semi-arid eastern regions as Jordan has limited water resources and much of the soil is relatively infertile. In 2014, out of a total land area of nearly 90,000 km<sup>2</sup> only 9% was suitable for agriculture. As a result of shrinking irrigation supplies (linked to the crisis in neighbouring Syria), land for vegetable cultivation decreased from 49,000 ha in 2010 to 36,000 ha in 2012, although arable land overall increased slightly between 2008 and 2012.<sup>1</sup>

4.3. As noted in the last Review, farm holdings are small and fragmented with about 90% of farmers owning less than 5 ha. Although it has been reported that a large number of such farms have experienced decreasing productivity linked to the Syrian crisis, both production and exports have continued to increase.<sup>2</sup>

4.4. According to FAO data, the total value of agricultural production in U.S. dollar terms more than tripled from 2000 to 2012. Livestock and livestock products remain the most important products although the value of production of olives and tomatoes increased significantly over this period (Table 4.1 and Table 4.2). The increase in the value of production is due, in some cases, to higher prices but in other cases, particularly tomatoes, to a combination of greater area and higher yields. However, yields of cereals remain low and variable.

**Table 4.1 Value of production of livestock products and crops, 2000-12**

(US\$ million)

|      | Livestock total | Chicken meat, indigenous | Eggs, hen, in shell | Milk, whole fresh cow | Cattle meat, indigenous | Milk, whole fresh sheep | Other livestock products |
|------|-----------------|--------------------------|---------------------|-----------------------|-------------------------|-------------------------|--------------------------|
| 2000 | 301             | 183                      | 42                  | 50                    | 4                       | 14                      | 9                        |
| 2001 | 299             | 184                      | 31                  | 50                    | 16                      | 11                      | 8                        |
| 2002 | 277             | 152                      | 40                  | 54                    | 12                      | 11                      | 8                        |
| 2003 | 328             | 179                      | 41                  | 52                    | 15                      | 26                      | 16                       |
| 2004 | 367             | 196                      | 45                  | 69                    | 13                      | 31                      | 11                       |
| 2005 | 371             | 197                      | 44                  | 70                    | 14                      | 34                      | 12                       |
| 2006 | 401             | 205                      | 42                  | 73                    | 19                      | 47                      | 17                       |
| 2007 | 541             | 274                      | 56                  | 111                   | 42                      | 41                      | 16                       |
| 2008 | 794             | 380                      | 85                  | 181                   | 62                      | 59                      | 27                       |
| 2009 | 678             | 350                      | 66                  | 141                   | 39                      | 56                      | 25                       |
| 2010 | 741             | 450                      | 83                  | 107                   | 37                      | 46                      | 18                       |
| 2011 | 845             | 470                      | 106                 | 133                   | 68                      | 55                      | 12                       |
| 2012 | 946             | 541                      | 76                  | 155                   | 92                      | 66                      | 16                       |

<sup>1</sup> FAO Regional Office for the Near East and North Africa, January 2014, page 6: [http://www.fao.org/fileadmin/user\\_upload/rne/docs/Jordan-Plan.pdf](http://www.fao.org/fileadmin/user_upload/rne/docs/Jordan-Plan.pdf) and World Bank <http://data.worldbank.org/indicator/AG.LND.AGRI.ZS>.

<sup>2</sup> FAO Regional Office for the Near East and North Africa, January 2014: [http://www.fao.org/fileadmin/user\\_upload/rne/docs/Jordan-Plan.pdf](http://www.fao.org/fileadmin/user_upload/rne/docs/Jordan-Plan.pdf) and UN Comtrade (AG WTO def.).

|      | Livestock total | Chicken meat, indigenous | Eggs, hen, in shell  | Milk, whole fresh cow | Cattle meat, indigenous | Milk, whole fresh sheep | Other livestock products |
|------|-----------------|--------------------------|----------------------|-----------------------|-------------------------|-------------------------|--------------------------|
|      | Crops total     | Cereals, total           | Fruit and vegetables | Of which              |                         |                         |                          |
|      |                 |                          |                      | Tomatoes              | Olives                  | Potatoes                | Cucumbers and gherkins   |
| 2000 | 257             | 8                        | 248                  | 22                    | 69                      | 21                      | 17                       |
| 2001 | 214             | 9                        | 206                  | 31                    | 29                      | 15                      | 11                       |
| 2002 | 342             | 20                       | 314                  | 42                    | 64                      | 17                      | 20                       |
| 2003 | 310             | 14                       | 295                  | 45                    | 61                      | 24                      | 18                       |
| 2004 | 381             | 11                       | 369                  | 43                    | 83                      | 30                      | 19                       |
| 2005 | 378             | 21                       | 355                  | 47                    | 64                      | 26                      | 35                       |
| 2006 | 465             | 13                       | 451                  | 70                    | 104                     | 26                      | 36                       |
| 2007 | 539             | 12                       | 521                  | 97                    | 124                     | 32                      | 45                       |
| 2008 | 581             | 16                       | 561                  | 114                   | 93                      | 42                      | 41                       |
| 2009 | 601             | 16                       | 578                  | 82                    | 149                     | 38                      | 33                       |
| 2010 | 749             | 23                       | 723                  | 165                   | 143                     | 56                      | 56                       |
| 2011 | 762             | 23                       | 737                  | 134                   | 100                     | 76                      | 69                       |
| 2012 | 720             | 27                       | 690                  | 141                   | 120                     | 33                      | 49                       |

Source: FAOStat online database. Viewed at: <http://faostat.fao.org/> [May 2015].

**Table 4.2 Production volumes 2000-13**

(Tonnes)

|      | Wheat  | Barley | Olives  | Tomatoes | Potatoes | Cattle meat, indigenous | Chicken meat, indigenous | Milk, whole fresh cow | Eggs, hen, in shell |
|------|--------|--------|---------|----------|----------|-------------------------|--------------------------|-----------------------|---------------------|
| 2000 | 25,433 | 12,070 | 134,285 | 354,292  | 97,075   | 1,038                   | 118,089                  | 161,812               | 45,833              |
| 2001 | 19,293 | 17,329 | 65,701  | 310,195  | 101,344  | 4,275                   | 116,820                  | 162,765               | 45,440              |
| 2002 | 43,771 | 56,772 | 180,900 | 359,832  | 105,334  | 3,264                   | 109,407                  | 176,913               | 44,696              |
| 2003 | 42,526 | 25,821 | 117,958 | 415,871  | 122,396  | 3,519                   | 123,999                  | 169,800               | 43,601              |
| 2004 | 13,166 | 20,980 | 160,738 | 449,487  | 165,332  | 3,444                   | 126,246                  | 200,530               | 46,753              |
| 2005 | 34,363 | 31,793 | 113,070 | 449,490  | 172,077  | 3,590                   | 132,162                  | 196,680               | 40,614              |
| 2006 | 22,928 | 18,430 | 146,829 | 545,566  | 160,028  | 4,284                   | 115,790                  | 205,148               | 44,680              |
| 2007 | 20,997 | 13,260 | 125,029 | 610,246  | 97,400   | 7,935                   | 133,782                  | 256,380               | 38,764              |
| 2008 | 7,835  | 10,328 | 94,068  | 600,336  | 139,787  | 11,977                  | 141,415                  | 313,960               | 50,602              |
| 2009 | 12,484 | 17,062 | 140,719 | 654,306  | 118,705  | 8,395                   | 154,838                  | 244,600               | 45,900              |
| 2010 | 22,125 | 10,659 | 171,672 | 737,261  | 174,931  | 6,817                   | 188,444                  | 214,950               | 69,274              |
| 2011 | 19,801 | 29,285 | 131,847 | 777,820  | 216,483  | 10,482                  | 191,944                  | 238,569               | 69,348              |
| 2012 | 19,205 | 32,050 | 155,640 | 738,227  | 141,573  | 12,291                  | 191,724                  | 240,685               | 43,274              |
| 2013 | 29,517 | 40,915 | 128,186 | 869,138  | 103,224  | 12,503                  | 197,464                  | 236,773               | 41,851              |

Source: FAOStat online database. Viewed at: <http://faostat.fao.org/> [May 2015].

#### 4.1.2 Trade

4.5. In current U.S. dollar terms, agricultural exports have increased by 56% since 2008 while imports have increased more rapidly, driven by the increase in population and, since 2011, by the influx of refugees. As a result, the trade deficit in agricultural products has widened (Table 4.3 and Table 4.5).

4.6. In 2013, the main destination for agricultural exports included Iraq, Syria, United Arab Emirates, Lebanon, Turkey and, to a lesser degree, a number of European countries. In 2011, the crisis in Syria negatively affected exports to Syria, (previously a major importer of Jordanian agricultural goods), and blocked Jordan's main northern overland trade route for exports to Turkey and Europe. Agricultural trade routes have shifted from the Ramtha border crossing into Syria to Haifa in Israel, thereby allowing access to Jordan's northern markets. However, alternatives to

exporting through Syria are more expensive and more time-consuming affecting the cost of exports and, for some products, their quality.<sup>3</sup>

4.7. Tomatoes are the largest field crop grown in Jordan and the main agricultural export, representing nearly one quarter of exports of all agricultural products (WTO definition). The industry has undergone several developments in production through investments, resulting, for example, in the use of greenhouses in the Mafraq governorate.<sup>4</sup> In 2013, the country was the ninth largest exporter of tomatoes worldwide (Table 4.3). The Kingdom of Saudi Arabia became the second largest importer of Jordanian tomatoes in 2013 (after an import ban was lifted in 2012) and was the second largest market for a number of other Jordanian agricultural products including live sheep and goats, apricots, and citrus fruits (Table 4.4).<sup>5</sup>

**Table 4.3 Exports of agricultural products, 2009-14 and share of total agricultural exports in 2014**

(US\$ million)

| HS2002 - products   | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | Share in 2014 |
|---|-------|-------|-------|-------|-------|-------|---------------|
| Total agricultural exports (WTO definition)                           | 1,036 | 1,116 | 1,259 | 1,374 | 1,548 | 1,653 |               |
| 0702 - Tomatoes, fresh or chilled                                     | 169   | 232   | 225   | 250   | 316   | 399   | 24%           |
| 0104 - Live sheep and goats   | 25    | 32    | 116   | 137   | 218   | 206   | 12%           |
| 0709 - Other vegetables, fresh or chilled                             | 97    | 83    | 92    | 94    | 79    | 87    | 5%            |
| 2106 - Food preparations n.e.s.                                       | 49    | 81    | 70    | 58    | 75    | 85    | 5%            |
| 0809 - Apricots, cherries, peaches, plums and sloes, fresh or chilled | 34    | 52    | 81    | 106   | 110   | 74    | 4%            |
| 0707 - Cucumbers and gherkins, fresh or chilled                       | 70    | 87    | 121   | 83    | 36    | 55    | 3%            |
| 1602 - Other prepared or preserved meat, meat offal or blood          | 28    | 32    | 46    | 59    | 64    | 53    | 3%            |
| 2402 - Cigars, cheroots, cigarillos and cigarettes                    | 30    | 35    | 27    | 31    | 34    | 47    | 3%            |
| 2005 - Other vegetables prepared or preserved                         | 17    | 16    | 24    | 30    | 32    | 39    | 2%            |
| 1905 - Bread, pastry, cakes, biscuits and other bakers' wares         | 23    | 25    | 29    | 35    | 35    | 37    | 2%            |

Source: UNSD Comtrade database.

**Table 4.4 Main export markets for Jordanian tomatoes, 2008-14**

(US\$ million)

|      | World | Syria | Qatar | The State of Kuwait | Iraq | The Kingdom of Saudi Arabia | United Arab Emirates |
|------|-------|-------|-------|---------------------|------|-----------------------------|----------------------|
| 2008 | 193.5 | 33.8  | 15.4  | 17.7                | 51.6 | 0.0                         | 40.7                 |
| 2009 | 169.0 | 32.8  | 12.2  | 14.0                | 52.1 | 0.0                         | 33.3                 |
| 2010 | 232.4 | 35.8  | 22.2  | 23.4                | 58.7 | 0.0                         | 57.6                 |
| 2011 | 224.8 | 55.9  | 17.3  | 20.1                | 37.8 | 0.6                         | 51.3                 |
| 2012 | 250.2 | 51.3  | 24.6  | 28.8                | 34.2 | 16.6                        | 60.1                 |
| 2013 | 316.3 | 30.2  | 31.3  | 43.1                | 48.5 | 61.2                        | 68.9                 |
| 2014 | 399.0 | 35.4  | 41.2  | 59.5                | 57.6 | 68.4                        | 88.4                 |

Source: UNSD Comtrade Database.

4.8. Jordan depends on imports to meet domestic demand for most agricultural products and the deficit in agriculture trade continued to increase throughout the period under review (Table 4.5).

<sup>3</sup> FAO Regional Office for the Near East and North Africa January 2014: [http://www.fao.org/fileadmin/user\\_upload/rne/docs/Jordan-Plan.pdf](http://www.fao.org/fileadmin/user_upload/rne/docs/Jordan-Plan.pdf) and Oxford business group, Jordan 2013: page 191.

<sup>4</sup> ILO Report August 2014 page 4: [http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms\\_319818.pdf](http://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms_319818.pdf).

<sup>5</sup> UN Comtrade and press release Jordan Times, 11 March 2012: *Tomato exports to Saudi Arabia resume*: <http://jordantimes.com/Tomato+exports+to+Saudi+Arabia+resume-45986>.

In 2014, agricultural imports accounted for nearly 18% of total imports. The main imports are cereals, particularly barley, wheat, and maize primarily from Argentina, the Ukraine, and Romania.<sup>6</sup>

**Table 4.5 Imports of agricultural products, 2009-14**

(US\$ million)

| HS2002 – Products   | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | Share in 2014 |
|---|-------|-------|-------|-------|-------|-------|---------------|
| Total Agricultural imports (WTO definition)                   | 2,362 | 2,447 | 2,926 | 3,547 | 3,658 | 4,013 |               |
| 1001 - Wheat and meslin                                       | 109   | 111   | 150   | 292   | 216   | 281   | 7%            |
| 1003 - Barley   | 90    | 42    | 56    | 238   | 228   | 256   | 6%            |
| 1005 - Maize (corn)   | 154   | 157   | 197   | 214   | 189   | 187   | 5%            |
| 1006 - Rice   | 173   | 118   | 149   | 153   | 127   | 187   | 5%            |
| 2304 - Oil-cake and other solid residues                      | 107   | 125   | 142   | 178   | 118   | 186   | 5%            |
| 1701 - Cane or beet sugar and pure sucrose, in solid form.    | 115   | 200   | 212   | 226   | 186   | 183   | 5%            |
| 2106 - Food preparations n.e.s.                               | 105   | 126   | 132   | 140   | 149   | 163   | 4%            |
| 0204 - Meat of sheep or goats                                 | 73    | 93    | 105   | 161   | 131   | 151   | 4%            |
| 0402 - Milk and cream, concentrated or containing added sugar | 84    | 69    | 89    | 109   | 98    | 132   | 3%            |
| 0207 - Meat and edible offal, of poultry                      | 59    | 70    | 93    | 100   | 148   | 127   | 3%            |

Source: UN Comtrade database.

4.9. Wheat consumption includes that used for animal feed, but is generally imported for human consumption. Romania, Ukraine, and the Russian Federation were the main suppliers in 2014.

4.10. In 2014, barley was the second most imported agricultural product, accounting for 6% of the value of total agricultural imports. Barley is mainly used as animal feed for sheep and, to a lesser degree, cattle and poultry. The Ministry of Industry, Trade and Supplies is the main importer. Romania, Ukraine, and India were the main sources.<sup>7</sup> Maize is the third main import, and mainly used for animal feed. Imports have increased during the review period, contributing to the growth in production of animals and animal products and exports of livestock.<sup>8</sup> In 2010, the United States was the largest source of maize, with imports of US\$54.3 million (over one-third of maize imports) but since then imports from the United States have declined: in 2013, imports from the United States were US\$0.5 million but recovered to US\$15 million in 2014 when Argentina supplied over half the total of US\$187 million.

#### 4.1.3 Agriculture policies

4.11. The Ministry of Agriculture is responsible for developing and implementing agricultural policies and preparing legislation. Under the Ministry, the National Center for Agricultural Research and Extension (NCARE) provides research, training, and extension services to farmers and the Agricultural Credit Corporation (ACC) provides credit to farmers and village cooperative societies. In 2011, the total amount lent by the ACC had reached JD 28.6 million.

4.12. Other ministries are also responsible for policies affecting agriculture, including the Ministry of Water and Irrigation, which is responsible for national water policies. Under the Minister for Water and Irrigation the Jordan Valley Authority is responsible for the operation and maintenance of irrigation systems and land allocation in the Jordan Valley, and the Water Authority of Jordan is responsible for water and sanitation services including planning, construction, operation, and maintenance.

<sup>6</sup> UN Comtrade.

<sup>7</sup> Gain Report, September 2009: *Jordan, Grain and Feed Annual 2009*  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual\\_Amman\\_Jordan\\_3-25-2014.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Amman_Jordan_3-25-2014.pdf).

<sup>8</sup> Gain Report, March 2014: *Jordan, Grain and Feed Annual 2014*  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual\\_Amman\\_Jordan\\_3-25-2014.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Amman_Jordan_3-25-2014.pdf).



4.13. The principal legislation on agriculture is the Agriculture Law of 2015, which is similar to and replaced the Interim Agriculture Law No. 44/2002. The main changes in the new Law refer to increased penalties for improper use of inputs. The Law sets out the basic objectives for the sector: to increase self-sufficiency and improve diversification while meeting international, regional and domestic requirements and conserving the environment and natural resources. In addition, there are several laws relating to water and irrigation which affect agriculture.

4.14. The 2002-10 National Strategy for Agricultural Development set out a number of economic objectives aimed at increasing agricultural investment, production, and contribution to GDP, as well as improving the trade balance, and the link between domestic supply and demand. The Strategy highlights concerns relating to:

- land tenure, declining agricultural resources and irrigation, and environmental factors affecting production;
- agricultural production *vis-à-vis* low competitiveness due to small-scale farms, low productivity in livestock, and poor implementation of new production technologies;
- marketing of agricultural products, particularly unstable prices, weak links in the marketplace, and poor quality controls;
- agricultural policies and administration, including: the lack of development planning; administrative structures; and poor coordination between government agencies and private sector participation.<sup>9</sup>

4.15. In addition, the Agriculture Document 2009 included a set of actions and projects required for the development of agriculture and a legislative programme of laws to support agriculture, expand the use of available resources, and increase domestic production of grains and forage crops. The Document identifies the challenges facing agriculture and includes a wide range of programmes to address these, mainly focused on improving infrastructure, research and development, extension services, animal and plant health, and credit facilities for farmers. The Document also includes several programmes to increase exports through higher quality, improved transport infrastructure, and better regulation of production.

4.16. Jordan's National Strategy for Agricultural Development for 2014-20 aims to continue agricultural development, improve food security, and reduce the deficit in agricultural trade.<sup>10</sup> As at June 2015, the Strategy was in draft form before the Cabinet.

4.17. While the Agricultural Document includes programmes related to water use, the main policy initiative for water is Jordan's Water Strategy 2008-2022. The Strategy noted that water for irrigation takes 71% of water demand and contributed towards the depletion of groundwater aquifers. The Strategy sets out a number of goals including: better pricing and allocation to farmers; switching cultivation to less water-intensive crops; better enforcement of existing laws relating to extraction of groundwater; and better use of technology.<sup>11</sup>

4.18. It has been reported that water prices for industrial users are greater than for agricultural users and are not high enough to cover the cost of supply and the estimated government-provided benefit was around JD 38 million in 2009.<sup>12</sup> According to the authorities, differential pricing of water is based on the size of the farm and the amount of water used. To restrict unregulated use of water, Law No. 22/2014 introduced higher penalties and the risk of criminal prosecution for illegal wells.

<sup>9</sup> FAO Regional Office for the Near East and North Africa January 2014, pp. 3-4:  
[http://www.fao.org/fileadmin/user\\_upload/rne/docs/Jordan-Plan.pdf](http://www.fao.org/fileadmin/user_upload/rne/docs/Jordan-Plan.pdf).

<sup>10</sup> Martínez J.C. (2014), *Wheat subsidies in Jordan may be too little too late*, Al-Monitor, 22 July,  
<http://www.al-monitor.com/pulse/originals/2014/07/jordan-agriculture-wheat-production-harvest-farmers.html>.

<sup>11</sup> Ministry of Water and Irrigation (2009), *Water for Life – Jordan's Water Strategy 2008-2022*, February.

<sup>12</sup> Sommaripa L. (2011), *Jordan fiscal Reform Project II – Water Public expenditure Perspectives Working Paper*, USAID, October.



#### 4.1.3.1 Trade

4.19. Tariffs on agricultural products decreased between 2008 and 2015 to 16.8% covering 946 tariffs lines. Beverages, spirits and tobacco have the highest applied tariffs of 65.2% on average covering 76 tariffs lines. Fruit and vegetables followed with an applied average tariff rate of 18.2% covering 270 lines (Table 3.4).

4.20. Under different trade agreements, imports of agricultural products from the EU, EFTA states, GAFTA, Israel, Singapore, Turkey, and the United States are subject to reduced tariff rates: depending on the country the average applied tariffs vary from 3.4% to 16.3% (Chart 3.2).

4.21. Import licences are required for a number of agricultural goods and foodstuffs. The Food and Drug Administration is responsible for licences for animals and animal products and processed agricultural products, and the Ministry of Agriculture is responsible for basic plant products and fresh products. The conditions necessary for granting a licence depend on the type of product and the country of origin and, according to the authorities, are applied for sanitary and phytosanitary reasons.

#### 4.1.3.2 Price-related measures

4.22. Some goods, particularly food from cereals, are subject to price controls and are subsidized by the Government. There are several direct and indirect consumer subsidy programmes for cereals. As stated above, the MITS is the main importer of wheat and barley which it then sells to the millers. Flour for making bread is then sold to bakeries at subsidised prices (Section 3.4.3.2) and bread prices are fixed at JD 0.16 per kg. An active strategic wheat reserve is in place and, in the aftermath of rising international prices in 2007/2008, the Government increased the reserves from three to ten months consumption.<sup>13</sup>

4.23. The Government also applies several measures to support domestic producers of wheat. The Government-fixed price for domestically-produced wheat changes from one year to another: ranging from JD 191 per tonne in 2005 to JD 450 in 2012. The Government also supports barley production. At the end of the last Review period, it was reported that new policies were to be introduced that reduced subsidies and applied a new method for subsidizing farmers. However, from the notifications to the WTO, Jordan has continued to use administered prices for barley which, like those for wheat, have varied from one year to the next, ranging from JD 122 per tonne in 2005 to JD 370 in 2012. According to the authorities, the administered prices are decided based on international prices and shipping costs plus a margin to ensure domestic production is viable.

4.24. Sheep and goat owners receive subsidized feed barley according to the number of tagged animals they possess. Other livestock subsectors are excluded from the programme.<sup>14</sup> The animal tagging programme started in 2008 with the objective of improving productivity and exports through better animal health.

#### 4.1.3.3 WTO notifications

4.25. The most recent notification by Jordan to the WTO Committee on Agriculture was for 2011 and 2012. Along with earlier notifications, most of the support was in the Green Box, with domestic food aid representing 80% of the Green Box total of JD 192 million in 2012 and 63% of total support.<sup>15</sup> Support for livestock, in the form of subsidies for feedstuffs was the next biggest item in the notification (Charts 4.1, 4.2, and 4.3).

4.26. Support to agriculture varies considerably from one year to the next: the value of producer price support for wheat and barley depend on both production and the applied administered price, while other forms of support depend on budget allocations. The interest rate subsidy for loans for land and livestock improvements and marketing facilities peaked in 2007 at JD 111 million but then declined and was valued in 2012 at JD 1 million.

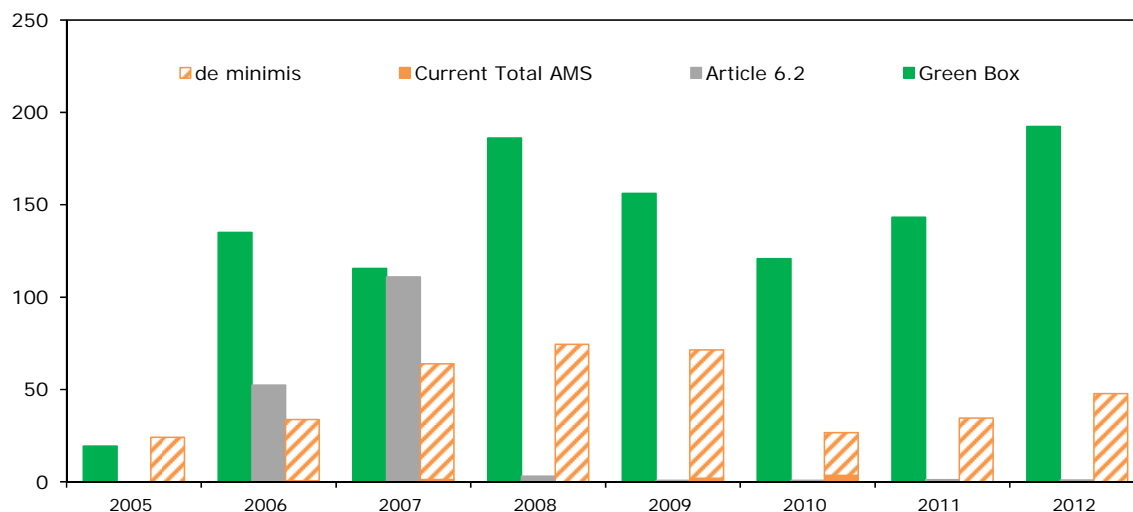
<sup>13</sup> FAO, 10 October 2014: *Cereal import requirements to remain high*  
<http://www.fao.org/giews/countrybrief/country.jsp?code=JOR>.

<sup>14</sup> FAO Global Information and Early Warning System online information. Viewed at:  
<http://www.fao.org/giews/countrybrief/country.jsp?code=JOR> [June 2015].

<sup>15</sup> WTO document G/AG/N/JOR/17, 10 March 2015.

**Chart 4.1 Support for agriculture 2005-12 (without inflation adjustment)**

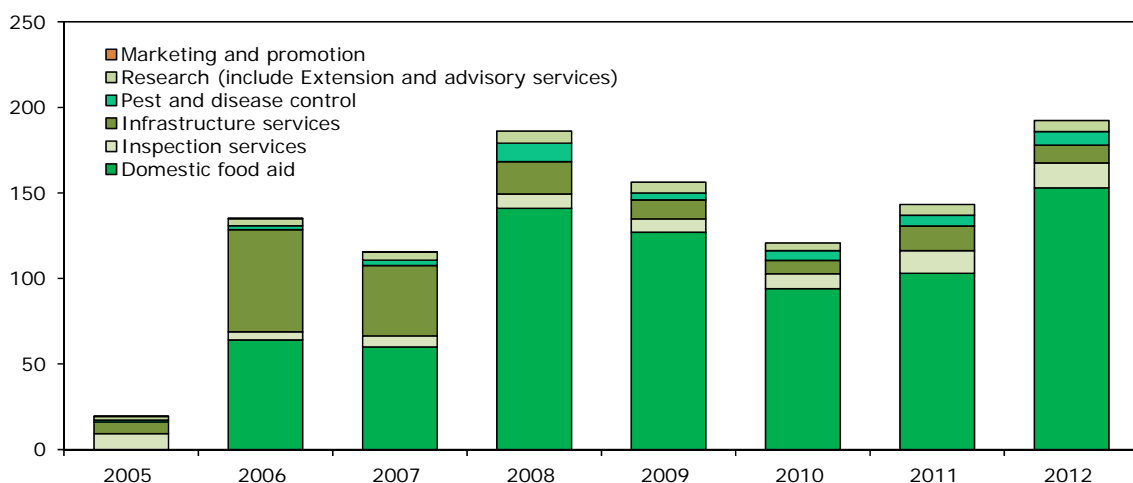
(JD million)



Source: WTO notifications.

**Chart 4.2 Green Box Support 2005-12**

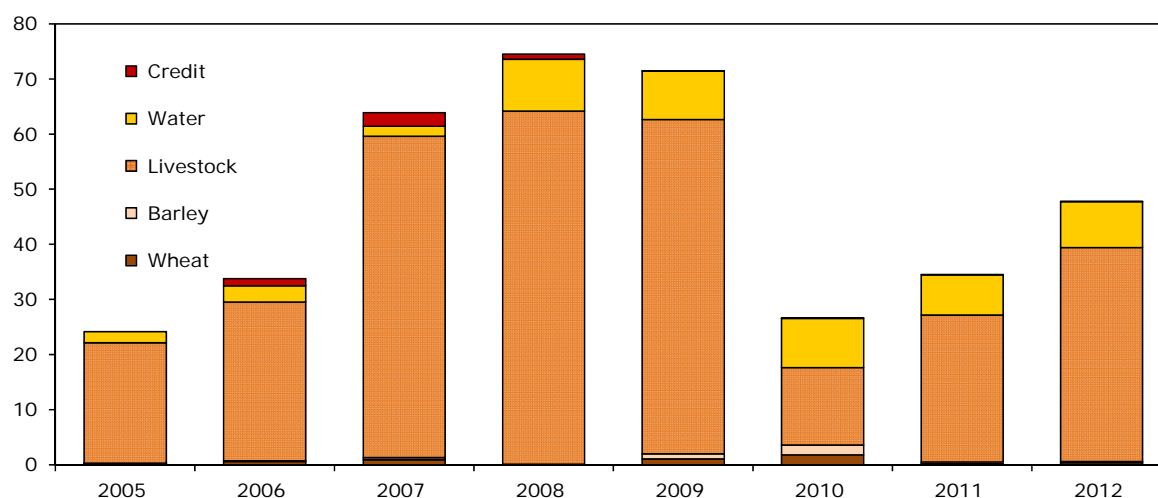
(JD million)



Source: WTO notifications.

**Chart 4.3 Amber Box Support 2005-12 (without inflation adjustment and including de minimis)**

(JD million)



Source: WTO notifications.

## 4.2 Mining and Energy

4.27. Jordan is a net importer of energy. In 2014, imports of petroleum, petroleum products and related materials, and gas represented about 27% of total imports. Domestic production of primary energy accounted for only 3% of Jordan's primary energy needs. The main source of imports of oil and gas were the Kingdom of Saudi Arabia (54.4%), India (13.1%), and the United Arab Emirates (7.7%).<sup>16</sup> Crude oil and oil products are the dominant source of primary energy followed by natural gas (Table 4.6). Saudi Arabia was the sole exporter of crude oil to Jordan in 2014.<sup>17</sup>

**Table 4.6 Primary energy consumption by source 2009-14**

(thousand toe (tonnes of equivalent oil))

| Type of energy source      | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | Share in 2014 (%) |
|----------------------------|-------|-------|-------|-------|-------|-------|-------------------|
| Crude oil and oil products | 4,454 | 4,774 | 6,141 | 6,992 | 6,689 | 7,672 | 89                |
| Coal                       | ..    | ..    | ..    | 226   | 204   | 316   | 4                 |
| Pet coke                   | ..    | ..    | ..    | ..    | 116   | 89    | 1                 |
| Natural gas                | 3,086 | 2,289 | 873   | 659   | 907   | 299   | 3                 |
| Renewable energy           | 137   | 141   | 130   | 140   | 145   | 152   | 2                 |
| Imported electricity       | 98    | 168   | 313   | 188   | 96    | 109   | 1                 |
| Total energy consumed      | 7,739 | 7,357 | 7,457 | 8,205 | 8,157 | 8,637 | 100               |

.. Not available.

Source: Ministry of Energy and Mineral Resources, Annual Report 2013; and information provided by the authorities.

4.28. With a view to reducing dependence on imported energy and enhancing domestic energy production, Jordan is focussing on shale oil, natural gas, renewable energy, and nuclear energy. It is envisaged that by 2020, crude oil and other oil products will constitute 55%, energy from

<sup>16</sup> UNSD Comtrade database. Viewed at: <http://comtrade.un.org/data/> [July 2015].

<sup>17</sup> Ministry of Energy and Mineral Resources (2013), *National Strategy Plan Dealing with NEPCO's Losses*, p. 1, and Ministry of Energy and Mineral Resources (2014), *Annual Report 2013*.

renewable sources 10%, natural gas 21%, nuclear energy 6%, and shale gas 14% of the energy mix.<sup>18</sup>

4.29. During the period under review, the demand for energy increased from 7.7 million tonnes of oil equivalent (toe) in 2009 to 8.2 million toe in 2013. The transport sector was the largest consumer (51%) followed by households (21%) and industry (17%).

#### 4.2.1 Electricity

4.30. During the review period, electricity production grew from 14,272 GWh in 2009 to 17,961 GWh in 2014, while over the same period electricity consumption went from 11,956 GWh to 14,564 GWh.<sup>19</sup> In 2014, Jordan imported 435 GWh of electricity and exported 63.8 GWh. In 2014, the reserve margin was 709 MW (around 24%), while transmission losses were 1.8%. Households are the largest consumers of electricity (36%), followed by the industrial sector (25%), commercial sector (15%) and water pumping (10%).<sup>20</sup>

4.31. Natural gas was responsible for 80% of electricity generation. There are six electricity generation companies in Jordan, with a combined capacity of nearly 3,980 MW:

- Samra Electric Power Company, which is fully state-owned, has a generation capacity of 1,031 MW;
- The AES-Jordan PSC (Amman East Power Project) has a generation capacity of 370 MW and is owned by Japanese and American stakeholders;
- The Qatraneh Electric Power Company has a generation capacity of approximately 373 MW and is owned by Korean and Saudi stakeholders,
- The Central Electricity Generation Company (CEGCO) is 40% state-owned and is the largest generation company in Jordan, with a generation capacity of 1,392 MW<sup>21</sup>;
- Amman Asia Electric Power Company has a generation capacity of 573 MW and is owned by a Japanese and Korean consortium; and
- AES Levant holding B.V has generation capacity of 241 MW and is owned by Japanese and American stakeholders.

4.32. Government regulations stipulate that the Government should maintain ownership of transmission and power control, as well as purchase, sale, and power exchange with external partners.<sup>22</sup> The National Petroleum Company's production of gas is sold to CEGCO at a set government tariff.<sup>23</sup>

4.33. Additionally, the Jordan Bio-Gas Company Ltd also generates electricity by converting organic waste into methane gas. The entity is a joint-stock company owned by the Central Electricity Generation Company (CEGCO) and Greater Amman Municipality.

<sup>18</sup> Natural Gas Europe (2013), *Jordan's efforts towards energy security*, 8 May (viewed at: <http://www.naturalgaseurope.com/jordan-energy-security-interview-dr-khaled-toukan>) and Oxford Business Group (2014), *The report Jordan 2014*, p. 77.

<sup>19</sup> Ministry of Energy and Mineral Resources (2014), *Annual Report, 2013*, pp 32-33.

<sup>20</sup> Information provided by the authorities; Ministry of Energy and Mineral Resources (2013), *Annual Report 2013*, and NEPCO (2014), *Annual Report 2013*.

<sup>21</sup> Ministry of Energy and Mineral Resources (2014), *Annual Report 2013*, and CEGCO (2014), *Annual Report 2013*.

<sup>22</sup> NEPCO online information. Viewed at: [http://www.nepco.com.jo/en/company\\_brief\\_en.aspx](http://www.nepco.com.jo/en/company_brief_en.aspx) [March 2015].

<sup>23</sup> Ministry of Energy and Mineral Resources (2014), *Annual Report 2013*, Oxford Business Group, *The report Jordan, 2014*, p. 79, company annual reports, and the National Petroleum Company online information, viewed at: [http://www.nepco.com.jo/en/Default\\_en.aspx](http://www.nepco.com.jo/en/Default_en.aspx) [March 2015].

4.34. The transmission network is owned and operated by the fully state-owned National Electric Power Company (NEPCO).<sup>24</sup> NEPCO operates under Decree No. 10 of 1996, as amended by Decree No. 13 of 1999, and is responsible for: buying, transmitting, and selling electricity to distribution companies and large consumers; procuring natural gas for power stations; maintaining a safe and economic operation of the power system; importing and exporting electricity power; and awarding contracts for new generation.<sup>25</sup>

4.35. During the period under review, NEPCO faced major losses, mainly due to increased purchasing costs after the replacement of natural gas from Egypt. On the other hand, the selling price has remained unaltered and the company bears the loss (i.e. the difference between the electricity purchasing price and the selling price to consumers). Net government transfers to NEPCO in 2014 were JD 1.6 billion. In 2014 NEPCO purchased electricity at an average cost of US\$0.20/KWh, while the average price charged to consumers was US\$0.15/KWh, reflecting an implicit subsidy of US\$0.6/KWh.<sup>26</sup> NEPCO's accumulated losses, which are government-guaranteed, reached JD 4.6 billion at the end of 2014. In response, the Government published a strategy paper in 2013 aiming to recover such losses by the end of 2017.

4.36. Under the Strategy, the Government aims to access cheaper sources of energy including renewables and shale gas. Furthermore, the Strategy also seeks to reduce line losses and limit demand through increasing electricity tariffs and eliminating preferential rates offered to security agencies, charitable organizations, employees of the electricity company, and free electricity for street lighting. Additionally, the Government has also started to adjust electricity tariffs (Table 4.7). The adjustment process started in 2013 and is expected to be finalised in 2017.<sup>27</sup>

4.37. The Government's electricity tariffs adjustment includes:

- Separating the household sector brackets from the ordinary sector brackets;
- Combining the bank sector brackets into a single bracket with scheduled increases until 2017;
- Implementing a two bracket system for small industries; and
- Increasing electricity tariffs for various sectors gradually at a rate from 0 to 15%, including the *ordinary sector*, between 2013 and 2017.

4.38. Under the Strategy, the Government envisages an annual increase in NEPCO's revenue of 6%. However, households consuming less than 600 kWh per month and entities in the agricultural sector, as well as small industries consuming less than 10,000 kWh per month, were exempt from electricity price increases in 2013.

**Table 4.7 Electricity tariffs**

| Consumer including distribution companies and specific sectors | Unit                     | Tariff February 2015 | Scheduled tariffs 2017 |
|--|--------------------------|----------------------|------------------------|
| JEPCO (bulk supply tariff)                                     | Peak Load (JD/kW/ month) | 2.98                 | n.a.                   |
|  | Day Energy (Fils/kWh)    | 76.26                |                        |
|  | Night Energy (Fils/kWh)  | 66.21                |                        |
| EDCO (bulk supply tariff)                                      | Peak Load (JD/kW/ month) | 2.98                 | n.a.                   |
|  | Day Energy (Fils/kWh)    | 68.90                |                        |
|  | Night Energy (Fils/kWh)  | 58.85                |                        |

<sup>24</sup> Ministry of Energy and Mineral Resources (2014), *Annual Report 2013*; Oxford Business Group (2014), *The Report Jordan, 2014*, p. 79.

<sup>25</sup> IAEA (2013) online information. Viewed at: [http://www-pub.iaea.org/MTCD/Publications/PDF/CNPP2013\\_CD/countryprofiles/Jordan/Jordan.htm](http://www-pub.iaea.org/MTCD/Publications/PDF/CNPP2013_CD/countryprofiles/Jordan/Jordan.htm) [March 2015].

<sup>26</sup> Toukan K (2013), *Jordan's efforts towards energy security*, (in an interview with Ayat K) Natural Gas Europe, 8 May. Viewed at: <http://www.naturalgaseurope.com/jordan-energy-security-interview-dr-khaled-toukan> [March 2015].

<sup>27</sup> Ministry of Energy and Mineral Resources (2013), *National Strategy Plan Dealing with NEPCO's Loses*. Viewed at: <http://www.memr.gov.jo/LinkClick.aspx?fileticket=PHxs463H8U0%3D&tabid=255> [March 2015].

| Consumer including distribution companies and specific sectors | Unit   | Tariff February 2015                        | Scheduled tariffs 2017                       |
|--|--|---|--|
| IDECO (bulk supply tariff)                                     | Peak Load (JD/kW/ month)<br>Day Energy (Fils/kWh)<br>Night Energy (Fils/kWh)   | 2.98<br>62.71<br>52.66                      | n.a.   |
| Mining & Quarrying industry (bulk supply tariff)               | Peak Load (JD/kW/ month)<br>Day Energy (Fils/kWh)<br>Night Energy (Fils/kWh)   | 2.98<br>264<br>197                          | 2.98<br>316<br>235                           |
| Other large industries (bulk supply tariff)                    | Peak Load (JD/kW/ month)<br>Day Energy (Fils/kWh)<br>Night Energy (Fils/kWh)   | 2.98<br>133<br>109                          | 2.98<br>189<br>153                           |
| Households (retail rate)                                       | First Block: from 1-160 kWh/month<br>Second Block: from 161-300 kWh/month<br>Third Block: from 301-500 kWh/month<br>Fourth Block: from 501-600 kWh/month<br>Fifth Block: from 601-750 kWh/month<br>Sixth Block: from 751-1000 kWh/month<br>Seventh Block: more than 1,000 kWh/month    | 33<br>72<br>86<br>114<br>158<br>188<br>265  | 33<br>72<br>86<br>114<br>188<br>224<br>296   |
| Domestic (retail rate)   | First Block: from 1-160 kWh/month<br>Second Block: from 161-300 kWh/month<br>Third Block: from 301-500 kWh/month<br>Fourth Block: from 501-600 kWh/month<br>Fifth Block: from 601-750 kWh/month<br>Sixth Block : from 751-1,000 kWh/month<br>Seventh Block : more than 1,000 kWh/month | 42<br>92<br>109<br>145<br>169<br>190<br>266 | 53<br>116<br>139<br>184<br>202<br>214<br>300 |
| TV & Broadcasting Stations (flat tariff/retail rate)           | Fils/kWh   | 173   | 245  |
| Commercial sector (retail rate)                                | First Block: from 1-2,000 kWh/month<br>Second Block: more than 2,000 kWh/month   | 129<br>181                                  | 183<br>255                                   |
| Banking sector (flat tariff/retail rate)                       | Fils/kWh   | 285   | 322  |
| Telecommunication sector (retail rate)                         | First Block: from 1-2,000 kWh/month<br>Second Block: more than 2000 kWh/month  | 257<br>300                                  | 290<br>338                                   |
| Small industries (retail rate)                                 | First Block: from 1-10,000 kWh/month<br>Second Block: more than 10,000 kWh/month   | 71<br>81                                    | 100<br>115                                   |
| Medium industries (retail rate)                                | Peak Load (JD/kW/ month)<br>Day Energy (Fils/kWh)<br>Night Energy (Fils/kWh)   | 3.79<br>89<br>75                            | 3.79<br>127<br>107                           |
| Agriculture (flat tariff/retail rate)                          | Fils/kWh   | 60  | 60   |
| Agriculture (non-flat rate/retail rate)                        | Peak Load (JD/kW/ month)<br>Day Energy (Fils/kWh)<br>Night Energy (Fils/kWh)   | 3.79<br>59<br>49                            | 3.79<br>59<br>49                             |
| Water pumping (flat tariff/retail rate)                        | Fils/kWh   | 94  | 133  |
| Hotels (flat tariff/retail rate)                               | Fils/kWh   | 91  | n.a  |
| Hotels (non-flat rate/retail rate)                             | Peak Load (JD/kW/ month)<br>Day Energy (Fils/kWh)<br>Night Energy (Fils/kWh)   | 3.79<br>89<br>75                            | 3.79<br>233<br>205                           |
| Street lighting (flat tariff/retail rate)                      | Fils/kWh   | 114   | 161  |
| Army forces (flat tariff/retail rate)                          | Fils/kWh   | 146   | 207  |
| Port sector (flat tariff/retail rate)                          | Fils/kWh   | 159   | 225  |

n.a. Not applicable.

Source: NEPCO, Annual Report 2013, 35 and National Strategy for Dealing with NEPCO's Losses, pp. 4-6.

4.39. NEPCO sells the purchased electricity to the distribution companies. There are three electricity distribution companies each responsible for a particular geographic region:

- Jordan Electricity Power Company (JEPCO) is responsible for the distribution of electricity to Amman, Zarqa, Ma'daba and Balqa (excluding the Central Jordan Valley) governorates. The company's 50-year concession rights ended on 22 November 2012. JEPCO was granted a 20-year licence in May 2014.
- In 2008 the Irbid District Electricity Company LTD (IDECO) was granted a 25-year licence to distribute electricity in Irbid, Mafraq, Jerash and Ajloun (excluding the Southern Jordan Valley and Eastern areas) governorates; and
- The Electricity Distribution Company (EDCO) has concessions rights to distribute electricity in the Southern and Eastern parts not covered by the other distribution companies as well as parts of the Jordan Valley. The company was granted a 25-year distribution licence in 2008.

4.40. The electricity distribution sector underwent a privatization process in 2007 and the Kingdom Electricity for Energy Investments Company (KEC) acquired the fully state-owned EDCO and the 55.4% Government holding in IDECO. In 2009, KEC transferred its 55.4% ownership of IDECO to EDCO.<sup>28</sup>

4.41. The principal legislation on the electricity sector is the General Electricity Law of 2002. The Law aims to develop the sector in accordance with public interest; encourage local and foreign investment; and strengthen the development of the Energy and Mineral Regulatory Commission. The Law is administered by the Ministry of Energy and Mineral Resources (MEMR), which is the body responsible for the energy sector including: administration; organization; planning; implementation of laws and policies; and development of the sector. Under the provisions of the Law, MEMR is responsible for general policies pertaining to the sector; promoting the use of renewable energy; promoting a more competitive electricity market; and cooperating with other countries with regards to electricity transmission. Additionally the Law allows private sector independent power producers (IPPs) to obtain a licence to generate electricity based on thermal power stations and on renewable energy. Under the provisions of the General Electricity Law, the Electricity Regulatory Commission which became Energy and Minerals Regulatory Commission (EMRC) in 2014, has the sole power to issue licences for all operators in generation, transmission and distribution subsectors.

4.42. The EMRC is an independent commission responsible for regulating the electricity sector. Pursuant to the Ministry's request to approve a more competitive electricity market model, the EMRC has assumed responsibility for monitoring and reporting on progression from the single-buyer model to a competitive model. The Commission is responsible for setting electricity tariffs, issuing licences for entities engaged in generation, transmission, supply, distribution, and system operations, as well as monitoring the sector's compliance with legislation. The licence for both generation and distribution services contains a chapter on "Tariff Methodology", which details the steps that are to be followed to determine the revenue requirements, regulatory asset base, rate of return, core and non-core activities and tariff equations. Article 18 of the General Electricity Law stipulates the procedure and conditions for settling disputes.

4.43. Under the provisions of the Electricity Companies Licensing By Law No. 76 of 2001, the establishment or operation of any electricity generation plant (exceeding 5 MW), and transmission and distribution networks requires a licence granted by the EMRC. Applications for licences need to have documentation of company registration; the company's financial statement; description of company services and location; and any other information deemed necessary for granting a licence. The application process takes around 6 weeks and the Board of the Commission issues the final decision. When licences are granted, the company needs, *inter alia*: to provide the agreed service(s) to the whole geographical area that has been assigned to the company; to follow the agreed technical standards; to provide financial guarantees for fees when licences are cancelled; as well as not merging with or purchasing companies within the same business area or selling its own shares and assets without the approval of EMRC.<sup>29</sup>

<sup>28</sup> Ministry of Energy and Mineral Resources (2014), *Annual Report 2013*, Oxford Business Group, *The Report Jordan, 2014*, p. 81, and KEC online information (viewed at: <http://www.kec.jo> [March 2015]).

<sup>29</sup> Electricity Companies Licensing By Law No. 76 of the Year 2001.



4.44. Jordan is part of the Electricity Interconnection Project, which aims to connect the electricity networks of some other states in the region. In January 2015 the contract on electricity exchange between Jordan and Egypt was renewed. The network to Egypt has an exchange capacity of 500 MW. In 2014, Jordan exported around 22.8 GWh of electricity to Egypt.<sup>30</sup>

#### 4.2.2 Petroleum refining and distribution sector

4.45. The Jordan Petroleum Refinery Co. Ltd. (JPRC) is a government-owned public shareholding company and the sole petroleum refinery company in Jordan. The company was granted exclusive rights in 1958 for imports of crude oil, refining, storage, transportation, and wholesale of petroleum as well as maintaining petrol stations among other activities. In 2008 the concession for such rights expired and, since then, the company has concluded short-term service agreements with MEMR, which were extended several times and expired in 2012. The company has an annual refining capacity of 36.5 million tonnes of crude oil. The refinery is not involved in export activities and is exempt from customs duties and fees on goods imported for use in the company's operations. As of May 2013, three oil marketing companies have been given licenses to import and sell petroleum products in Jordan.

4.46. In 2011, the Government resumed its petroleum downstream restructuring programme under the 2007-2020 Master Strategy of the Energy Sector. The programme intends to unbundle the refinery, storage, LPG activities and distribution sectors as well as liberalize parts of the sector.

4.47. Under the Strategy, each oil marketing company will have about 25% market share of Jordan's wholesale distribution of diesel, kerosene, and petrol and will be permitted to sign contracts for the supply of diesel, kerosene, and jet fuel. The companies' main responsibilities would be to import and distribute petroleum products to petrol stations and airports among others. In 2011, investors were invited to submit an expression of interest in acquiring an operating licence for such a company. Licences will be issued for purchasing, selling, importing, and trading petroleum products in Jordan for a 10 year period. From 2013 three local and international companies obtained licences to distribute oil products in Jordan.<sup>31</sup> The licences are valid for 10 years, with three years exclusivity. After the expiration of the exclusivity period, the Government may grant licences to other oil marketing companies. Furthermore, until the end of the Refinery Offtake Obligation Period (6) years, the licensees are required to purchase refined products from JPRC.

4.48. The downstream sector includes 473 petrol stations, 1,096 petrol agencies and 6 central petrol distribution companies. In 2013, 114 new locations for petrol stations were approved as well as 26 licences to construct fuel stations, 10 permits to modify existing petrol stations and 14 operating licences for new petrol distribution stations were also issued.<sup>32</sup>

4.49. In 2013, Jordan's oil subsidies were abandoned. However, in 2013, fuel subsidies to low- and medium-income families were granted to 778,619 households amounting to JD 193.3 million (Table 3.23). The subsidy amounts to a maximum JD 420 a year per household and is limited to families with an annual income less than JD 10,000.<sup>33</sup>

#### 4.2.3 Alternative energy sources

4.50. The Renewable Energy and Efficiency Law of 2012 followed by a set of by-laws, which were modified in 2014, established the renewable energy strategy for Jordan. Feed-in tariffs were also announced in 2012, setting a buy-back rate of 135 fils per KWh from solar power and 80 KWh

<sup>30</sup> Ghazai M (2015), *Jordan exported 380 gigawatt hours of electricity to Egypt in 2014*, Jordan Times 13 January. Viewed at: <http://jordantimes.com/jordan-exported-380-gigawatt-hours-of-electricity-to-egypt-in-2014> [March 2015].

<sup>31</sup> MEMR (2014) annual report and government document. Viewed at: <http://www.memr.gov.jo/Default.aspx?alias=www.memr.gov.jo/english> [July 2015].

<sup>32</sup> Ministry of Energy and Mineral Resources, Annual Report 2013 and Oxford Business Group, The Report Jordan, 2014: 79.

<sup>33</sup> Petra, November and December 2012: [http://www.petra.gov.jo/Public\\_News/Nws\\_NewsDetails.aspx?Site\\_Id=1&lang=2&NewsID=91080&CatID=13&Type=Home&GType=1](http://www.petra.gov.jo/Public_News/Nws_NewsDetails.aspx?Site_Id=1&lang=2&NewsID=91080&CatID=13&Type=Home&GType=1); [http://www.petra.gov.jo/Public\\_News/Nws\\_NewsDetails.aspx?Site\\_Id=1&lang=2&NewsID=93892&CatID=13&Type=Home&GType=1](http://www.petra.gov.jo/Public_News/Nws_NewsDetails.aspx?Site_Id=1&lang=2&NewsID=93892&CatID=13&Type=Home&GType=1) and Government of Jordan.



from wind energy. In 2014 an additional by-law exempted renewable energy and energy efficient systems from sales tax and customs duties.<sup>34</sup>

4.51. The Renewable Energy and Efficiency Law allowed companies to submit proposals for projects within this area. Of over 60 proposals submitted, 12 Power Purchase Agreements were signed by March 2014 of which seven projects are underway. One of these was the 117 MW capacity wind project planned to be built in 2015. In addition, 12 Solar Investment agreements were signed in 2013, aiming to generate electricity exceeding 200 MW in 2015.

#### 4.2.4 Minerals, oil and natural gas

##### 4.2.4.1 Mineral extraction and manufacturing

4.52. The mineral extraction sector is dominated by phosphate and potash mining. Other minerals mined include: salt; calcium carbonate; treated zeolite and silica; and travertine. The sector (including oil and gas) accounts for over a quarter of Jordan's exports (Table 4.8). Major export markets are India, Indonesia and China.

**Table 4.8 Exports of selected mineral products including metals and petroleum, 2008-14 and share of the sector's total exports in 2014**

(US\$ million)

| Exports<br>HS 4-digit – Products  | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | Share in<br>2014 (%) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| 3104 - Mineral or chemical fertilizers, potassic  | 776         | 456         | 692         | 846         | 673         | 605         | 602         | 27.6                 |
| 2510 - Natural calcium phosphates, natural<br>aluminium calcium phosphates and phosphatic<br>chalk                                  | 520         | 372         | 372         | 630         | 601         | 377         | 470         | 21.5                 |
| 3102 - Mineral or chemical fertilizers, nitrogenous   | 458         | 206         | 316         | 320         | 287         | 221         | 297         | 13.6                 |
| 7113 - Articles of jewellery and parts thereof, of<br>precious metal or of metal clad with precious<br>metal.                       | 122         | 113         | 120         | 113         | 107         | 108         | 137         | 6.3                  |
| 7612 - Aluminium casks, drums, cans, boxes and<br>similar containers  | 127         | 140         | 122         | 100         | 68          | 84          | 99          | 4.5                  |
| 3103 - Mineral or chemical fertilizers, phosphatic  | 12          | 29          | 35          | 43          | 29          | 43          | 86          | 3.9                  |
| 6802 - Worked monumental or building stone<br>(except slate) and articles   | 16          | 21          | 25          | 22          | 21          | 21          | 50          | 2.3                  |
| 3105 - Mineral or chemical fertilizers containing<br>two or three of the fertilizing elements nitrogen,<br>phosphorus and potassium | 78          | 97          | 15          | 7           | 15          | 40          | 39          | 1.8                  |
| 2523 - Portland cement, aluminous cement, slag<br>cement, supersulphate cement and similar<br>hydraulic cements                     | 35          | 12          | 12          | 20          | 29          | 27          | 18          | 0.8                  |
| Total exports of sector   | 2,647       | 2,016       | 2,389       | 2,862       | 2,383       | 1,972       | 2,181       | 100.0                |
| <b>Total % of total exports</b>   | <b>34.0</b> | <b>31.7</b> | <b>34.0</b> | <b>35.9</b> | <b>30.2</b> | <b>24.9</b> | <b>26.0</b> | <b>-</b>             |

Source: UNSD Comtrade database.

4.53. The Jordan Phosphate Mines Company Ltd. (JPMC) was granted exclusive mining rights in 1968 to exploit phosphate deposits in Jordan. JPMC shareholders are: Jordan Investment Corporation (42.2%); Social Security Corporation (28.4%); the Government of Kuwait (16.3%), Housing Bank (2.5%); Arab Petroleum Investment Corporation (1.3%); Arab Mining Company (1.3%); the Islamic Development Bank – Jeddah (0.5%); and others (7.5%). JPMC is registered on the Amman Financial market and its shares are traded publicly to local and foreign investors subject to the laws and regulations of Amman Financial Market. JPMC has been notified to the WTO

<sup>34</sup> Jordan Times, 4 December 2012: Regulatory Commission sets electricity 'buy-back' rates <http://jordantimes.com/regulatory-commission-sets-electricity-buy-back-rates>, Oxford Business Group, The report Jordan, 2014: 81 and Ministry of Energy and Mineral Resources: <http://www.memr.gov.jo/Default.aspx?tabid=291>.

as a state trading enterprise as it has the exclusive right to mine and export phosphate and fertilizers.<sup>35</sup>

4.54. The Arab Potash Company (APC) has exclusive rights until 2058 to exploit, manufacture and market mineral resources from the Dead Sea. The current ownership structure comprises of: the Potash Corporation of Saskatchewan (28%); Jordan Ministry of Finance (27%); and Arab Mining Co. (20%) (Table 4.9). Other shareholders have a less than 5% stake.<sup>36</sup>

4.55. Jordan's investment and fiscal mining regime has not changed during the review period. Jordan permits foreigners to invest in the mining sector, under special agreements concluded with Natural Resource Authority (NRA), by way of certain permits, prospecting licences, and mining rights. Mining rights are granted for up to 30 years and income taxes are set at 15%. Foreign ownership and investment is permitted in the mining sector, however mines must have a Jordanian manager.<sup>37</sup>

4.56. The Natural Resource Authority (NRA), established in 1968, is an autonomous government agency under the Ministry of Energy and Mineral Resources. The agency is responsible for the regulatory framework and development of mineral resources under the 1968 Mining Law No. 12. The government body also issues licenses for the exploitation of mineral resources in the Kingdom.<sup>38</sup> However, as of 2014, the Energy and Minerals Regulatory Commission (EMRC) is the entity that is considered to be the legal successor of the Natural Resources Authority (NRA) and has the regulatory power of NRA according to law No. 17 of 2014.

4.57. The NRA carried out a number of prospecting projects during the review period. In 2013 these included technical specifications and conditions of drilling a number of wells for dolomite, phosphate, pure limestone.<sup>39</sup> Additionally, in 2012, JMPC completed a phosphate rock terminal in Aqaba which became operational in December of that year.

4.58. Rights are exclusively given to single entities in a number of industries within the sector, such as bromine, phosphate rock, potash, potassium nitrate, salt, potassium sulphate, and sulphuric acid. These industries account for around 7% of total exports.

4.59. The sector is comprised of both private and state-owned companies. The National Petroleum Co. and Jordan Petroleum Refinery Co. Ltd. are fully state-owned. The Arab Potash Co. (APC), Jordan Abyad Fertilizers and Chemicals Co. P.S.C. (JAFCCO), Jordan Indian Fertilizer Co. (JIFCO), Jordan Lafarge Cement Factories Co. P.S.C. (JCFC), Jordan Phosphate Mines Co. Ltd. (JPMC), and Nippon Jordan Fertilizer Co. have shared ownership among private and government entities. The remaining companies were privately owned as at 2012 (Table 4.9)

4.60. Additionally, pure limestone is currently mined, produced and exploited by five different companies and is open for investment.

<sup>35</sup> WTO document G/STR/N/9/JOR, 28 July 2003.

<sup>36</sup> The Arab Potash Company: Annual Report 2014, p. 38:  
[http://www.arabpotash.com/EchoBusV3.0/SystemAssets/PDFAR/2014\\_annual\\_english.pdf](http://www.arabpotash.com/EchoBusV3.0/SystemAssets/PDFAR/2014_annual_english.pdf) and Ministry of Industry and Trade, October 2012. Mining sector in Jordan; Current situation and investment opportunities  
[http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/euromed\\_presentations/ramadna\\_mining\\_sector\\_jourdan\\_en.pdf](http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/euromed_presentations/ramadna_mining_sector_jourdan_en.pdf).

<sup>37</sup> WTO document WT/TPR/S/206/Rev.1, 27 January 2009 and Natural Resource Authority:  
[http://www.nra.gov.jo/index.php?option=com\\_content&task=view&id=48&Itemid=56](http://www.nra.gov.jo/index.php?option=com_content&task=view&id=48&Itemid=56).

<sup>38</sup> The Ministry of Energy and Mineral Resources, Annual Report, 2013 and Natural Resource Authority:  
<http://www.nra.gov.jo/>.

<sup>39</sup> The Ministry of Energy and Mineral Resources, Annual Report, 2013 and Natural Resource Authority:  
<http://www.nra.gov.jo/>.

**Table 4.9 Overview of the mineral industry: selected commodities in '000 metric tonnes unless otherwise specified**

| Commodity             | Major operating companies                                  | Ownership   | Location of main facilities                      | Annual production capacity |
|-----------------------|--|---|--|----------------------------|
| Bromine               | Jordan Bromine Co. (JBC)                                   | Arab Potash Co. (APC), 50%, and Albemarle Corp., 50%  | Ghur Al Safi                                     | 100                        |
| Cement                | Al Rajhi Cement Jordan                                     | Al Rajhi cement Holding LTD.  | Mafraq   | 2,000                      |
|                       | Arab Company for White Cement Industry                     | Syrian Jordanian Company for Industry 50%<br>Ministry of Finance 15%<br>Social Security Corp. 10%<br>General Organization for Cement (Syria) 25%  | Amman  | 130                        |
|                       | Qatrana Cement Co.   | Arabian Cement Co., 100%  | Al Qatraneh                                      | 1,800                      |
|                       | Jordan Lafarge Cement Factories Co. P.S.C. (JCFC)          | Lafarge S.A., 50.28%; Social Security Corp., 21.86%; others, 27.87%   | Fuheis and Ar-Rashadiya                          | 4,800                      |
|                       | Modern Cement and Mining Co.                               | Manaseer Group for Industries and Commercial Investments of Jordan, 100%  | Fuheis and Ar-Rashadiya                          | 1,200                      |
|                       | Northern Cement Co.  |   | Mill at Muwaqar                                  | 1,000                      |
| Natural gas           | National Petroleum Co.                                     | Government, 100%  | Risha  | 130 million m <sup>3</sup> |
| Petroleum crude       | National Petroleum Co.                                     | Government, 100%  | Hamza  | 16 thousand bbl            |
| Petroleum Refined     | Jordan Petroleum Refinery Co. Ltd.                         | 20.14% Social Security Corporation  | Zarqa  | 36.5 thousand bbl          |
| Phosphate rock        | Jordan Phosphate Mines Co. Ltd. (JPMC)                     | 25.66% Ministry of Finance<br>16.466% Social Security Corporation   | Al Abiad, Al Hassa, Eshidiya, and Russeifa mines | 5,399                      |
| Phosphate fertilizers | Jordan Phosphate Mines Co. Ltd. (JPMC)                     | 25.66% Ministry of Finance<br>16.46% Social Security Corporation  | Aqaba  | 650                        |
|                       | Jordan Abyad Fertilizers and Chemicals Co. P.S.C. (JAFCCO) | Venture Capital Bank, 57.2%; Al-Fares Investments, 17.8%; Jordan Phosphate Mines Co. Ltd. (JPMC), 15%; and Arab Mining Co., 10%)  | Aqaba  | 80                         |
|                       | Nippon Jordan Fertilizer Co.                               | Asahi Industries Company Ltd. 10%; Mitsubishi Corp., 10%; Mitsubishi Chemicals Corp., 10%; Zen-Noh, 30%; Arab Potash Co. (APC), 20%; and Jordan Phosphate Mines Co. Ltd. (JPMC), 20%  | Eshidiya   | 300                        |
| Phosphoric acid       | Jordan Phosphate Mines Co. Ltd. (JPMC)                     | 25.661% Ministry of Finance<br>16.456% Social Security Corporation  | Aqaba  | 350                        |
|                       | Jordan India Fertilizer Co. (JIFCO)                        | Indian Farmers Fertilizers Cooperative of India (IFFCO), 52%, and Jordan Phosphate Mines Co. Ltd. (JPMC), 48%   | Eshidiya   | 475                        |
|                       | Indo-Jordan Chemicals Co. Ltd.                             | Jordan Phosphate Mines Co. Ltd. (JPMC), 87% D101 and Arab Investment Co., 13%)  | Eshidiya   | 250                        |
| Potash                | Arab Potash Co. (APC)                                      | The Potash Corporation of Saskatchewan, (28%); Jordan Ministry of Finance, (27%); and Arab Mining Co., (20%); Social Security fund (5%); Islamic Development Bank (5%); Iraqi Government (5%); Libyan Company for Foreign Investment (4%); Kuwait Investment Authority (4%); Other (2%) | Ghur Al Safi                                     | 1,744                      |
| Potassium nitrate     | Arab Fertilizers and Chemicals Industries Ltd              | Arab Potash Co. (APC), 100%   | Aqaba  | 150                        |

| Commodity          | Major operating companies                                  | Ownership   | Location of main facilities | Annual production capacity |
|--------------------|--|---|-----------------------------|----------------------------|
| Potassium sulphate | Jordan Abyad Fertilizers and Chemicals Co. P.S.C. (JAFCCO) | Venture Capital Bank, 57.2%; Al-Fares Investments, 17.8%; Jordan Phosphate Mines Co. Ltd. (JMPC); 15%, Arab Mining Co., 10%   | Aqaba                       | 80                         |
| Salt               | Arab Potash Co. (APC)                                      | The Potash Corporation of Saskatchewan, (28%); Jordan Ministry of Finance, (27%); and Arab Mining Co., (20%); Social Security fund (5%); Islamic Development Bank (5%); Iraqi Government (5%); Libyan Company for Foreign Investment (4%); Kuwait Investment Authority (4%); Other (2%) | Ghur Al Safi                | 32                         |
| Sulphuric acid     | Jordan Abyad Fertilizers and Chemicals Co. P.S.C. (JAFCCO) | Venture Capital Bank, 57.2%; Al-Fares Investments, 17.8%; Jordan Phosphate Mines Co. Ltd. (JMPC); 15%; Arab Mining Co., 10%   | Aqaba                       | 878                        |

Source: USGS: Mineral yearbook 2012, Jordan; WTO document G/STR/N/9/JOR, 28 July 2003; and the Arab Potash Company: Annual Report 2014, p. 38.

#### 4.2.5 Oil and natural gas

4.61. The Ministry of Energy & Mineral Resources oversees the development of the oil and natural gas industry as well as granting concessions for exploration and exploitation of hydrocarbons.<sup>40</sup> Concessions are granted for 5-8 years and are subject to extension during the development phase of 25 years. The state-owned National Petroleum Company has exclusive rights, until 2046, in the natural gas and crude oil industry (Table 4.9). The company had a production capacity in natural gas of 131 million m<sup>3</sup> and in crude oil of 16,000 bbl, in 2014.

4.62. Several projects have been underway during the review period to counter the high dependency on natural gas and oil. In continuation of the 2007 Energy Master Plan, an agreement was signed with Shell to supply LNG to the Aqaba LNG terminal which is currently under construction. Supply of LNG to the terminal was expected to commence at the beginning of 2015.

4.63. Government authorities also expect to produce shale oil in 2018. Additionally, the Saudi Arab Co. and the Royal Dutch Shell Plc. are expected to start producing shale oil in 2019 and 2022 respectively. Jordan possesses large reserves of shale oil, estimated at 70 billion tonnes, which could deliver around 7 billion tonnes of oil.

### 4.3 Services

#### 4.3.1 Financial services

4.64. Jordan made substantial GATS commitments in key areas of financial services concerning investment banking, insurance services and banking. There are no restrictions on full foreign ownership of insurance companies and banks incorporated in Jordan as well as those establishing subsidiaries and branches. No financial services were excluded from the commitments.

4.65. Jordan's financial system comprises, *inter alia*: licensed banks; insurance companies; exchange companies; microfinance companies; and specialized credit institutions. In 2013, total assets in the financial system were the equivalent of about 189% of GDP, of which licensed banks accounted for 93.9%.<sup>41</sup>

##### 4.3.1.1 Banking sector

4.66. In 2013, there were 26 licensed banks operating in Jordan, consisting of 10 foreign and 16 Jordanian banks. The equity share owned by foreign banks was around 50% of licensed banks' total capital at the end of 2013. There are four Islamic banks in the country; three Jordanian and

<sup>40</sup> NRA online information. Viewed at: [http://www.nra.gov.jo/index.php?option=com\\_content&task=view&id=17&Itemid=78](http://www.nra.gov.jo/index.php?option=com_content&task=view&id=17&Itemid=78).

<sup>41</sup> CBJ, Financial Stability Report, 2013 and CBJ, Annual Report, 2013.

one foreign. The sector also consists of 142 licensed money changers with 96 branches.<sup>42</sup> According to IMF data for 2013, the banks are privately owned, well-developed, profitable, and efficient.<sup>43</sup> The capital adequacy ratio limit is set at 12% by the Central Bank of Jordan (CBJ) while, in the period 2007-13, the range of capital adequacy ratios among the banks was 18-20% and, in 2013, 12 banks exceeded a 20% ratio, 11 banks ranged between 14% and 20%, and three banks were around minimum level. The CBJ stated that competitiveness has improved due to three new banks being granted licenses in 2009 as well as improvements to bank products and services.<sup>44</sup>

4.67. In 2013, licensed banks' assets were the equivalent of about 178% of GDP, whilst the five largest banks accounted for around 55% of the sector's total assets. Assets have increased during the review period, whilst the ratio to GDP has decreased as has the market share of the five largest banks (Table 4.10).<sup>45</sup>

**Table 4.10 Jordan's financial system structure, 2008-14**

|   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   |
|---|--------|--------|--------|--------|--------|--------|--------|
| <b>Number of institutions</b>                       |        |        |        |        |        |        |        |
| Banks   | 23     | 23     | 25     | 26     | 26     | 26     | 25     |
| Foreign-owned banks                                 | 8      | 8      | 9      | 10     | 10     | 10     | 9      |
| Jordanian banks                                     | 15     | 15     | 16     | 16     | 16     | 16     | 16     |
| Islamic banks                                       | 2      | 2      | 3      | 4      | 4      | 4      | 4      |
| Foreign-owned Islamic banks                         | 0      | 0      | 0      | 1      | 1      | 1      | 1      |
| Jordanian Islamic banks                             | 2      | 2      | 3      | 3      | 3      | 3      | 3      |
| Insurance companies                                 | 27     | 27     | 27     | 27     | 27     | 27     | 25     |
| Life insurance                                      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| General insurance                                   | 8      | 8      | 8      | 8      | 8      | 8      | 8      |
| Life and general insurance                          | 16     | 16     | 16     | 16     | 16     | 15     | 15     |
| Takaful providers                                   | 3      | 3      | 3      | 3      | 3      | 3      | 2      |
| <b>Assets (JD million)</b>                          |        |        |        |        |        |        |        |
| Licensed banks assets                               | 29,793 | 31,958 | 34,973 | 37,687 | 39,275 | 42,795 | 44,417 |
| Foreign-owned banks                                 | 3,252  | 3,644  | 3,863  | 4,077  | 4,432  | 5,102  | 4,001  |
| Jordanian banks                                     | 2,0312 | 21,285 | 22,926 | 24,797 | 24,914 | 27,234 | 34,027 |
| Islamic Banks                                       | 2,967  | 3,433  | 4,235  | 4,764  | 5,322  | 5,971  | 6,390  |
| Foreign-owned Islamic banks                         | 0      | 0      | 0      | 138    | 327    | 471    | 438    |
| Jordanian Islamic banks                             | 2,967  | 3,433  | 4,235  | 4,626  | 4,995  | 5,500  | 5,952  |
| Insurance company assets                            | 678.0  | 695.5  | 718.7  | 722.5  | 764.0  | 798.0  | 842.2  |
| Life insurance                                      | 82.5   | 86.2   | 81.2   | 71.6   | 70.9   | 70.5   | 71.9   |
| General insurance                                   | 115.1  | 130.6  | 150.8  | 149.5  | 165.2  | 177.7  | 187.9  |
| Life and general insurance                          | 420.7  | 421.0  | 426.4  | 443.9  | 467.0  | 481.9  | 507.8  |
| Takaful providers                                   | 59.7   | 57.7   | 59.0   | 57.5   | 60.9   | 67.9   | 74.6   |
| <b>Miscellaneous</b>                                |        |        |        |        |        |        |        |
| 5 largest banks (% of total assets)                 | 58.9%  | 58.2%  | 57.9%  | 58%    | 55.3%  | 55%    | 54%    |
| 3 largest insurance companies (% of gross premiums) | 23     | 21     | 21     | 21     | 21     | 22     | ..     |
| NPL ratio (% of total assets)                       | 4.2    | 6.7    | 8.2    | 8.5    | 7.7    | 7      | 5.5    |

.. Not available.

Source: The Central Bank of Jordan, Annual Report 2013, and Jordan Insurance Federation.

4.68. Credit extended by licensed banks has increased by nearly 50% since 2008 and totalled over JD 19 billion in 2014. By economic activity, the construction sector accounts for the largest percentage of credit facilities, followed by "other" representing credit extended to individuals (Table 4.13). During the review period, the ratio of non-performing loans to total loans increased from 4.2% in 2008 to 6.8% in 2013. However, the non-performing loans ratio reached its peak in

<sup>42</sup> Central Bank Annual Report, 2013 and CBJ, Financial Stability Report 2013.

<sup>43</sup> IMF Country Report No. 14/152, 2014.

<sup>44</sup> CBJ, Financial Stability Report, 2013.

<sup>45</sup> Central Bank, Annual Report, 2013 and CBJ, Financial Stability Report, 2013.

2011 at 8.6% and has since dropped.<sup>46</sup> The trading sector was responsible for nearly 33% of the NPLs.

**Table 4.11 Credit facilities by economic activity, 2008-14**

(JD million)

| Economic activity               | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Agriculture                     | 210             | 231.2           | 211.8           | 229.2           | 254.9           | 235.7           | 243.4           |
| Mining                          | 48.3            | 60.2            | 55.4            | 79.5            | 73              | 164.1           | 196.1           |
| Industry                        | 1,597.6         | 1,631.2         | 1929            | 2,297.2         | 2,515.7         | 2,649.6         | 2,531.2         |
| General trade                   | 2,897.5         | 3,195.4         | 3,594           | 3,779           | 3,754.9         | 3,937.3         | 3,683.8         |
| Construction                    | 2,293.1         | 2,582.5         | 3,167.7         | 3,463.6         | 3,682.6         | 4,086.4         | 4,552.8         |
| Transportation services         | 370.5           | 453.1           | 484.1           | 531.6           | 554.5           | 536.7           | 292.7           |
| Tourism, hotels and restaurants | 366.6           | 427.9           | 457.3           | 493.7           | 505.6           | 503.5           | 571.5           |
| Public services and utilities   | 870.3           | 909.5           | 1,050           | 1,135.3         | 2172            | 2,172.6         | 2,170           |
| Financial services              | 437.7           | 434.1           | 408.3           | 430.5           | 486.1           | 508.8           | 539.5           |
| Other                           | 3,952.7         | 3,392.1         | 3,093.8         | 3,411.6         | 3,830.5         | 4,145.1         | 4,493.5         |
| - of which buying shares        | 483.3           | 487             | 435             | 413.7           | 322.5           | 260             | 210.1           |
| <b>Total</b>                    | <b>13,044.3</b> | <b>13,317.2</b> | <b>14,451.4</b> | <b>15,851.2</b> | <b>17,829.8</b> | <b>18,939.8</b> | <b>19,274.5</b> |

Source: Jordan Central Bank.

4.69. Several regulatory changes have been implemented over the past few years, or are in preparation, affecting the banking sector, including:

- In 2011, the CBJ enforced a cap on loans for constructing or buying homes. Such loans must not exceed 20% of the total sum of the customer's deposits<sup>47</sup>;
- In 2012 the CBJ approved a law to permit government and private companies to issue Islamic bonds (sukuk) domestically and abroad<sup>48</sup>;
- Through the implementation of Basel II, a cap on the loan-to-value (LTV) ratio was enforced in 2008, regulating loans exceeding a LTV ratio of 80%. As of mid-2014, banks in Jordan comply with Basel II, whilst implementation of Basel III is underway.<sup>49</sup> In this regard the CBJ has constituted a committee, which is responsible for drafting the Basel III regulation. It is expected that the first version of the Basel III regulations would be completed by the end of 2015; and
- Another committee is working on developing a platform for conducting a quantitative impact study (QIS) for implementing the Liquidity Coverage Ratio for Jordan. The LCR regulation was expected to be ready at the end of August 2015.

4.70. The Jordan Deposits Insurance Corporation (JDIC) was created in 2011, as a public entity established to protect customer deposits of up to JD 50,000 for all licensed banks operating in the country. Membership of the Corporation is compulsory for all Jordanian banks and foreign branches operating in the country. Jordanian banks operating abroad are exempt from such requirements as well as licensed Islamic Banks operating in Jordan. The JDIC's capital is jointly paid through a government contribution of JD 1 million and JD 100,000 per member.<sup>50</sup>

4.71. Under the Central Bank of Jordan Law, the CBJ is an autonomous corporate body mandated to regulate, monitor and supervise the banking sector. It is also responsible for approving and revoking licences of Jordanian banks and foreign banks and the opening of their branches. In 2013, the CBJ formed a committee to review and recommend necessary amendments of the Law,

<sup>46</sup> CBJ, Financial Stability Report, 2013 and IMF Country Report No. 14/152, 2014.

<sup>47</sup> CBJ, Financial Stability Report, 2013.

<sup>48</sup> EBRD and UNCITRAL: <http://www.ppi-ebd-uncitral.com/index.php/jordan>.

<sup>49</sup> CBJ Annual Report, 2013.

<sup>50</sup> CBJ, Annual Report, 2013 and the JDIC website: [http://www.dic.gov.jo/index.php?option=com\\_content&task=view&id=6&Itemid=10](http://www.dic.gov.jo/index.php?option=com_content&task=view&id=6&Itemid=10).

aiming to enhance the CBJ's independence. The Committee was expected to make its final conclusions by the end of 2014.<sup>51</sup> The Committee's conclusions are currently under review.

4.72. The main legislation governing the banking sector in Jordan is Banking Law No. 28 of 2000 and its amendments. To obtain a licence to operate in Jordan, a bank must be a public shareholding company, whilst subsidiaries, offshore companies, and branches of foreign banks are exempt. Branches of foreign banks must obtain prior approval from the regulator in their home country and the CBJ before applying for a license. The CBJ's decision on granting licenses takes into account whether reciprocal treatment is granted by the bank's home country. Upon commencing its activities in the Kingdom through one or more branches, a foreign bank is required to appoint a resident regional manager at its branch or branches in the Kingdom. Such an appointment shall be based on an official document providing that the manager must be fully responsible for the activities, assets and management of the branch before the CBJ and other official agencies.

4.73. In 2010, the CBJ raised the minimum capital requirement for Jordanian banks to JD 100 million and branches of foreign banks to JD 50 million.<sup>52</sup> The CBJ issues its decision on licensing within a month of the application date in the form of a preliminary approval or final rejection. If approved, banks are required to implement the stipulated requirements and provisions, including full payment of the minimum capital requirement. Within three months of the applicant confirming the fulfilment of such obligations, the CBJ will issue final licensing. The CBJ charges are:

- a one-time, non-refundable licence application fee of JD 1,000;
- a one-time license fee of JD 1 million; and
- an annual fee of JD2,000 for each licensed branch or office in the Kingdom plus a fee of 0.005% of the licensed bank's total assets belonging to the branches operating in the Kingdom (subject to a minimum of JD 10,000).<sup>53</sup>

4.74. Licensed banks are not, without prior approval from the CBJ, permitted, *inter alia*: to terminate their activities; to open new branches or offices in Jordan or abroad; to own shares in another bank or certain companies specified in the Banking Law; or to employ foreigners. The CBJ is responsible for regulating the number of foreign employees and their ratio to total employed persons in the sector. In addition, licensed banks are prohibited from engaging in non-financial activities.

4.75. Additionally, with a view to keeping the banking sector competitive and efficient, the CBJ may grant incentives, such as the provision of soft loans, to encourage mergers.

4.76. In 2007, the CBJ issued a regulation to combat money laundering and the financing of terrorism, with new instructions published in 2010.<sup>54</sup> Additionally, the CBJ has started to amend the anti-money laundering and terrorist financing instructions issued to the banking sector in line with the amendments made to the recommendations of the Financial Action Task Force (FATF). The regulation and the instructions are applicable to all banks and their subsidiaries operating in Jordan as well as to branches of Jordanian banks located abroad. Under the instructions, banks are required to implement internal system procedures to classify all its customers and apply controls according to the degree of risk. In addition, banks are required to store records and documents of domestic or international financial transactions for a minimum of 5 years.

#### 4.3.1.2 Insurance sector

4.77. Jordan's GATS commitments cover all insurance services. No notifications were submitted during the review period. Commercial presence is required for cross-border provisions of life and non-life insurance services, while consumption abroad is unbound. For reinsurance services, no limitations on market access and national treatment are in place for modes 1 and 2, while access

<sup>51</sup> CBJ, Financial Stability Report, 2013.

<sup>52</sup> Oxford Business Group, the Report Jordan 2014, p. 44.

<sup>53</sup> Banking Law No. 28 of 2000.

<sup>54</sup> Anti-Money Laundering and Counter Terrorist Financing Instructions No. (51/2010).



under mode 3 is restricted to public shareholding companies established in Jordan and branches of foreign reinsurance companies. Certain auxiliary services have also been scheduled. For agency services, modes 1 and 2 are unbound, while the supply through commercial presence is limited to Jordanian natural persons, Jordanian general partnerships with majority Jordanians ownership, and limited liability companies with Jordanian majority in boards of directors. There are no limitations on market access and national treatment with respect to modes 1, 2 and 3 for insurance consultancy services and actuarial services. Foreign equity limitations for insurance services under mode 3 have been phased out.

4.78. The insurance sector in Jordan accounted for 2.1% of GDP, while insurance penetration (total premiums as % of GDP) was 2.1% in 2014. Gross premiums reached over JD 500 million, and total assets were approximately JD 800 million. The three largest insurance companies in Jordan had a combined market share of over 22%.<sup>55</sup>

4.79. The insurance sector is divided into life insurance and general insurance. There are nine general insurance companies, one foreign life insurance company, and fifteen companies providing both general and life insurance. In addition there are two Islamic insurers (Takaful providers) in Jordan. In 2011, the Insurance Commission issued a regulatory framework for Takaful providers.<sup>56</sup> Takaful providers accounted for 9% of total premiums and had a total market share of 8.56% based on underwritten premiums.<sup>57</sup>

4.80. Of the insurance premiums collected, motor insurance continues to account for the largest share (42%), followed by medical (25.3%) and fire insurance (13.1%) (Table 4.12).

**Table 4.12 Insurance premiums collected, 2009-12**

(JD million)

|   | 2009         | 2010         | 2011         | 2012         | Share in 2012 (%) |
|---|--------------|--------------|--------------|--------------|-------------------|
| Maritime  | 20.3         | 21.2         | 23.8         | 24.9         | 5.3               |
| Fire  | 53.5         | 56.3         | 57.4         | 61.2         | 13.1              |
| Motor   | 150.0        | 176.7        | 183.8        | 195.9        | 42                |
| Accidents (includes insurance on credit, liability, aviation and other general classes) | 24.3         | 22.4         | 25.0         | 22.4         | 4.8               |
| Life  | 34.9         | 38.0         | 40.8         | 44.4         | 9.5               |
| Medical   | 82.1         | 94.0         | 105.9        | 117.7        | 25.3              |
| <b>Total</b>  | <b>365.1</b> | <b>408.6</b> | <b>436.7</b> | <b>466.5</b> | <b>100</b>        |

Source: Central Bank of Jordan Annual Report, 2013.

4.81. The Insurance Regulatory Act of 1999 and its amendments are the main laws governing the insurance sector. Under the provisions of the Act, the Insurance Commission (IC) was established as an autonomous body responsible for administering the Act and serving as the regulator. Under Article 2 of the Act for Restructuring Governmental Institutions No. 17 of 2014, the Insurance Commission and its rights and all the belongings thereof are to be vested in the Ministry of Industry, Trade and Supplies and the Ministry is now the regulator for the sector.

4.82. The IC is financially independent through annual levies on insurance companies of 0.75% of gross written premiums; various application and granting fees for licensing; registration fees for branches of companies, agents and brokers; as well as fines and certain aid contributions. The MITS is now responsible for these functions, in addition, the MITS' responsibilities also include: issuing and revoking licences, drafting legislation for the insurance sector, and issuing instructions under the Act.

<sup>55</sup> CBJ, Financial Stability Report 2013 and Jordan Insurance Federation, Annual Report Insurance Business, 2013: <http://en.joif.org/LinkClick.aspx?fileticket=Kzw84C54QMg%3d&tabid=60&mid=404>.

<sup>56</sup> CBJ, Financial Stability Report 2013, CBJ Annual Report 2013, Jordan Insurance Federation and Oxford Business Group, The Report Jordan 2014, p. 71.

<sup>57</sup> Jordan Insurance Federation and Oxford Business Group, The Report Jordan 2014, pp. 71-72 and Jordan Insurance Federation, Annual Report Insurance Business, 2013: <http://en.joif.org/LinkClick.aspx?fileticket=Kzw84C54QMg%3d&tabid=60&mid=404>.



4.83. The Instructions No. 1 of 2003 govern the licensing procedure for public shareholding companies and branches of foreign insurance companies.<sup>58</sup> Under the Instructions, companies must obtain prior approval from MITS before registering a new insurance company. Furthermore, all auxiliaries, including consultants and authorized underwriters, must also be licenced.

4.84. To qualify for a licence, an applicant must be a public shareholding company established in Jordan, a branch of a foreign company, or a subsidiary of a foreign insurance company or an offshore company. There are no limitations on foreign equity. The licensing procedures are the same for Jordanian and foreign insurance companies including documenting the authorized capital and the amount earmarked for underwriting. However, foreign companies must obtain prior approval from the MITS and the authorities in the company's home country. Additionally, a branch of a foreign insurance company must appoint an Authorized Manager to transact the insurance business of the branch. Licences are granted or rejected within five months. Minimum capital requirements are JD 25 million for life or general insurance providers, and JD 100 million for reinsurance companies.<sup>59</sup>

4.85. Additionally, companies are required to submit the technical framework for their insurance policies and premium rates which must be approved by the MITS. Premium rates for motor insurance are compulsory and, under the Motor Insurance Regulation, rates are determined by the Government.<sup>60</sup> Companies must receive prior approval from MITS before proceeding with any merger or voluntary liquidation.

4.86. Under the provisions of the Insurance Regulatory Act of 1999, companies cannot be granted a licence to provide both life and general insurance services. However, companies are permitted to conduct both insurance services if they had been licensed prior to the enforcement of the Act. According to the Act, employees of an insurance company must be Jordanian nationals with a few exceptions. Additionally, it is not permitted to insure liabilities as well as moveable or immovable properties in Jordan with an insurance company outside Jordan. Entities in Jordan (except Royal Jordanian Airlines) are not permitted to purchase medical or life insurance for employees outside Jordan, although an individual may do so.<sup>61</sup> Airlines are also permitted to insure aircraft outside of Jordan.

#### 4.3.1.3 Capital market

4.87. Under Jordan's GATS commitments, securities trading may be supplied by banks and financial service companies constituted in Jordan (public shareholding companies as well as limited liability companies or limited partnerships in shares companies). The same is permitted for underwriting securities and asset management services, as well as licensed banks through affiliate companies or separate accounts.

4.88. The Securities Law No. 23 of 1997 and the New Securities Law of 2002 govern Jordan's capital market. Under the 1997 Law, the Amman Stock Exchange (ASE), the Securities Depository Centre (SDC) and the Jordan Securities Commission (JSC) were created. The SDC is responsible for register, deposit, transfer of ownership, and clearing and settlement of deposited securities as well as clearing and settlement of security transactions. The JSC is a financially and administratively independent legal entity responsible for regulating the national capital market and protecting investors.<sup>62</sup>

4.89. The JSC's responsibilities include monitoring; auditing of financial services companies and financial professionals; registering and regulating mutual funds; authorizing accounting, auditing and performance evaluations; as well as regulating issued and traded securities. In addition, the JSC is responsible for the supervision and oversight of the ASE, the SDC, public shareholding

<sup>58</sup> Instructions No. 1 of 2003 for Granting and Renewing the License to Transact Insurance Business.

<sup>59</sup> MENA Insurance Club and AIG, Middle East Insurance Review: MENA Insurance Markets: 22 [http://www.meinsurancereview.com/portals/1057/pdf/mena\\_ins\\_mkts-mini\\_guide2013.pdf](http://www.meinsurancereview.com/portals/1057/pdf/mena_ins_mkts-mini_guide2013.pdf).

<sup>60</sup> The Minister of the MITS is responsible for setting rates through the issuance of Regulation No. (37) of the year 2005 and its amendments sets out the legal framework for the Minimum Capital of Insurance and Reinsurance Company.

<sup>61</sup> WT/TPR/S/206.

<sup>62</sup> JSC and SDC website.

companies' exporting securities, licensed financial service companies, registered natural persons performing financial service activities, mutual funds, and investment companies.<sup>63</sup>

4.90. Furthermore, the JSC is responsible for issuing licences to entities providing certain financial services, including financial brokerage, investment trusteeship, investment management, financial advisory, custodianship, issuance, and margin financing. The Securities Law No. 76 of 2002 and the Instructions on Financial Services Licensing and Registration of 2005 define the requirements for granting such licences. Financial services companies are able to obtain a single licence for several services. As of April 2015, 83 companies and 614 natural persons were licensed to perform financial services.

4.91. Banks, shareholding companies, limited liability companies, and private shareholding companies whose main objectives are to provide financial services and custodial activities, are eligible to apply for licenses. Brokerage activities conducted by banks must be done through a subsidiary, affiliate, or their fully-owned companies. Companies can only provide financial services through natural persons registered by the JSC (Instructions of Financial Services Licensing and Registration, Article 3).

4.92. Licences are issued annually and are renewable. In 2014, three licenses were granted for new companies and four licenses were granted for existing financial services companies. In addition, 31 licences were granted to 44 natural persons, of which 11 licences were for the registration of financial brokers. There is no prohibition for granting licenses to foreigners.<sup>64</sup> Minimum capital requirements for licence applicants range from JD 10,000 to JD 5 million, depending on the activity.

4.93. During the period under review, the JSC issued instructions to upgrade the capital market to international markets standards. These included: segregations of accounts instructions; buying on margin and rules for natural persons involved in providing financial services. In addition, the electronic systems are to be improved. This would entail:

- solvency electronic systems that would allow JSC to revise the financial position of the brokerage firms;
- centralized clients risk system that would help financial brokerage firms in making decisions on financing their clients; and
- licensing system that would enable brokerage firms to submit their data to JSC electronically.

4.94. The authorities stated that the licensing instructions were currently being reviewed.

4.95. The Amman Stock Exchange was established as a public, non-profit organization with financial and legal independence in 1999. The ASE's membership is comprised of 62 brokerage firms. There are 236 listed companies on the Amman Stock Exchange (Table 4.13).<sup>65</sup>

4.96. The Directives for Listing Securities on Amman Stock Exchange, 2012 sets out the listing requirements for companies. Companies which have obtained operation rights by the Ministry of Industry, Trade and Supplies for at least a year are permitted to register shares on the Second Market, subject to certain conditions. To be listed on the First Market of the ASE, companies must have a pre-tax profit of not less than 5% of its paid in capital for two out of three years prior to being listed. Additionally, if paid-in capital is less than JD 50 million, the ratio between Free Float and subscribed shares must not be less than 10% at the end of the financial year. Companies are exempt if their paid-in capital is equal to, or exceeds this amount. At the end of the financial year there must be at least 100 shareholders and the company's paid-in capital must be at least JD 5 million.

<sup>63</sup> JSC's website and Annual Report, 2013.

<sup>64</sup> Information provided by the authorities.

<sup>65</sup> ASE website.

4.97. Foreign securities, excluding investment funds, may be listed on the Exchange if they have been listed on a foreign stock exchange for a minimum of two years. Net foreign investment at the ASE reached nearly JD 150 million in 2013, whilst being negative in 2014 (Table 4.13).

**Table 4.13 Selected indicators of the Amman Stock Exchange, 2008-14**

|  | 2008      | 2009      | 2010    | 2011    | 2012     | 2013     | 2014     |
|--|-----------|-----------|---------|---------|----------|----------|----------|
| Number of listed companies                     | 262       | 272       | 277     | 247     | 243      | 240      | 236      |
| Market capitalization (JD million)             | 25,406.30 | 22,526.90 | 21858.2 | 19272.7 | 19,141.5 | 18233.49 | 18082.62 |
| Market capitalization/GDP (%)                  | 216.7     | 149.6     | 122.7   | 102.7   | 93.5     | 83.0     | 75.8     |
| Value traded (JD million)                      | 20,318.00 | 9,665.30  | 6,690   | 2,850.2 | 1,978.80 | 3,027.26 | 2,263.40 |
| Value of traded bonds (JD million)             | 0.6       | 2.5       | 0.14    | 0.6     | 0        | 2.04     | 0.02     |
| Foreign ownership of market capitalization (%) | 49.2      | 48.9      | 49.6    | 51.3    | 51.7     | 49.89    | 48.8     |
| Net foreign investment (JD million)            | 309.8     | -3.8      | -14.6   | 78.6    | 37.6     | 146.86   | -22.2    |

Source: Amman Stock Exchange statistics.

### 4.3.2 Telecommunications

4.98. In 2013, the telecommunications sector accounted for approximately 4.7% of GDP and employed around 0.24% of the labour force.<sup>66</sup> Since 2009, new investment in the sector has decreased by more than 20% and amounted to JD 138 million in 2013. During the period under review mobile phone penetration continued to increase while fixed phone penetration declined (Table 4.14).

4.99. Jordan made substantial commitments for telecommunications services under the GATS, in basic and value-added services. Basic telecommunication services included voice telephony, packet-switched data transmission (internet), circuit-switched data transmission, and private leased circuit services. Reforms have been focused on liberalizing the sector in accordance to Jordan's WTO commitments. There are no remaining limitations regarding market access or national treatment in any of the scheduled telecommunications services, apart from mode 4 which is subject to a generally applicable horizontal entry.<sup>67</sup> Jordan also undertook obligations as set out in the WTO Reference Paper on Telecommunications Services.

4.100. The 1995 Telecommunications Law No. 13, amended by the Amending Law of the Telecommunications Law in 2011, is the main legislation governing the sector. The Law sets out the tasks of the Ministry of Information and Communications Technology (MICT) and established the Telecommunications Regulatory Commission (TRC). The MICT is responsible for formulating policy, while TRC is responsible for the regulatory function, which includes, *inter alia*: issuing licences; monitoring and approving interconnection agreements; regulating competition safeguards; and settling disputes. Under the new legislation, wholesale rates are based on a market review, which emphasizes top-down LRIC (long run incremental cost) pricing. Licensed operators are free to negotiate interconnection agreements amongst themselves. However, all agreements need TRC approval before being implemented.

4.101. Under the Telecommunications Law, dispute settlement is handled by one Commissioner of the TRC, who is responsible for concluding settlements, drawing up guidelines for negotiations between disputing parties, and resolving disputes. The Commissioner's decision can be appealed internally before the Board of Commissioners within 30 days.

<sup>66</sup> World Bank database and International Telecommunications Union database.

<sup>67</sup> Jordan's horizontal section schedule of commitments specifies certain access opportunities for business visitors, intra-corporate transferees, executives, managers, and specialists.

**Table 4.14 Telecommunications indicators, 2008-14**

|   | 2008  | 2009  | 2010  | 2011  | 2012  | 2013   | 2014   |
|---|-------|-------|-------|-------|-------|--------|--------|
| <b>Number of subscriptions ('000)</b>           |       |       |       |       |       |        |        |
| Fixed phone                                     | 519   | 501   | 485   | 424   | 401   | 379    | 375    |
| Mobile phone                                    | 5,314 | 6,014 | 6,620 | 7,483 | 8,984 | 10,314 | 11,092 |
| Internet (subscribers)                          | 229   | 245   | 346   | 617   | 933   | 1,503  | 1,780  |
| Internet (users)                                | 1,500 | 1,742 | 2,324 | 3,137 | 4,260 | 5,300  | 5,650  |
| <b>Penetration rate per 100 inhabitants (%)</b> |       |       |       |       |       |        |        |
| Fixed phone                                     | 8.9   | 8.4   | 8.0   | 6.8   | 6.3   | 5.2    | 5.0    |
| Mobile phone                                    | 91    | 101   | 108   | 120   | 140   | 142    | 147    |
| Internet (subscribers)                          | 4     | 4.1   | 6.0   | 10.0  | 17.0  | 21.0   | 24.0   |
| Internet (users)                                | 26    | 29    | 38    | 50.5  | 67.0  | 73.0   | 75.0   |
| <b>Volume of investment (JD million)</b>        |       |       |       |       |       |        |        |
| Fixed phone                                     | 23    | 24    | 15    | 14    | 18    | 8      | ..     |
| Mobile phone                                    | 65    | 120   | 124   | 101   | 122   | 127    | ..     |
| Internet  | 22    | 31    | 80    | 26    | 4     | 3      | ..     |
| Other telecommunication services                | 5     | 0.5   | 0.8   | 1     | -     | -      | ..     |
| Total   | 115   | 175.5 | 219.8 | 142   | 144   | 138    | ..     |
| <b>Number of employees</b>                      |       |       |       |       |       |        |        |
| Fixed phone                                     | 2,212 | 2,060 | 1,958 | 1,964 | 1,900 | 1,741  | ..     |
| Mobile phone                                    | 2,079 | 2,296 | 1,886 | 1,796 | 2,143 | 2,151  | ..     |
| Internet  | 644   | 1,080 | 830   | 779   | 533   | 300    | ..     |
| Other telecommunication services                | 345   | 320   | 65    | 61    | 20    | 20     | ..     |
| Total   | 5,280 | 5,756 | 4,739 | 4,600 | 4,596 | 4,212  | ..     |
| <b>Distribution of households (%) by</b>        |       |       |       |       |       |        |        |
| Fixed phone                                     | ..    | 26.0  | 21.6  | 18.5  | 14.1  | 13.9   | ..     |
| Mobile phone                                    | ..    | 96.5  | 97.6  | 98.1  | 98.2  | 98.5   | ..     |
| Internet  | ..    | 18.4  | 21.7  | 35.4  | 47.3  | 56.8   | ..     |

- Less than JD 0.05 million.

.. Not available.

Source: Telecommunications Regulatory Commission and Jordan Statistical Yearbook 2013 and information provided by the authorities.

4.102. In 2006, the TRC issued a regulation on competition safeguards.<sup>68</sup> The regulation establishes procedures and criteria for determining anti-competitive practices. Such procedures aim to define terminology related to competition in the telecommunication sector, including market, market share, dominance, and abuse of dominant position.<sup>69</sup> The regulation aims to provide a common framework for competition-related proceedings in the sector, including complaints, dispute settlement, and dominant licensees' obligations under the Telecommunications Law.

4.103. The TRC's regulatory responsibilities include creating effective competition in the sector. This includes adopting legislation to achieve effective competition; implementing regulations for markets lacking effective competition, such as the fixed-phone subsector; adopting licensing instructions to simplify procedures; and handling complaints regarding anti-competition practices in coordination with the Competition Directorate under the MITS.<sup>70</sup> Furthermore, there is a memorandum of understanding between MITS and TRC regarding competition cases in the sector. Additionally, TRC is also initiating a process of amending the competition safeguards instructions.

4.104. With a view to further increasing competition in the telecommunications sector, the authorities adopted a Policy Statement in 2007. Under this policy the number of

<sup>68</sup> Telecoms Regulatory Commission (2007), Annual Report 2006, Amman. Viewed at: [http://www.trc.gov.jo/index.php?option=com\\_content&task=view&id=44&Itemid=328&lang=english](http://www.trc.gov.jo/index.php?option=com_content&task=view&id=44&Itemid=328&lang=english).

<sup>69</sup> The following services are defined as a market: fixed public telecommunications network and services; mobile public telecommunications network and services; leased lines, and interconnection. A dominant market position: measured in terms of revenue, of 50% or more is deemed to hold. Abuse of dominant market positions includes: predatory pricing, anti-competitive cross-subsidization, anti-competitive price discrimination, margin squeeze, anti-competitive long-term contracts, anti-competitive bundling, exclusionary practices, and exclusive dealing.

<sup>70</sup> TRC Annual Report 2013, 66-67.

telecommunication licences was increased and new frequency bands were made available for general licensing. Additionally, a new licensing regime was adopted. In 2012, the Government published a Policy Statement to further secure full competition in the sector and to address regulatory issues in connection with new technologies entering the market. Since then the sector has been liberalized and is open to competition: the Commission no longer regulates prices on telecommunication services, which are now determined by the market.<sup>71</sup>

4.105. In 2004 the Government adopted the General Policy for Universal Services in the Telecommunications Sector followed by the 2006 TRC Board Decision No. (1-10/2006) outlining the general procedure for Universal Service Costs. The TRC regulatory framework for universal services, issued in 2006, stipulates universal services obligations, selected from licensed service operators and contributions to the Universal Service Fund. The Fund is financially independent, receiving contributions from licensed companies whose operating revenue is more than 1% of total revenues. The TRC determines the compensation amount depending on the ratio of company revenue versus total revenues. Universal services include access to the internet and phone to all persons, with special consideration for the disabled, in all geographical areas, and at an affordable cost. The Fund is still to be established and to date no compensation has been granted in lieu of universal service provision.

4.106. There are two licensing systems applied to the telecommunications sector in Jordan:

- The individual licence fee of JD 100,000 that must be obtained by all public telecom network operators or by operators providing telecom services using scarce resources; and
- The class licence fee of JD 30,000 that must be obtained by all public telecom service providers not using scarce resources.

4.107. The licensing systems do not have any limitation on the number of licenses granted or the type and range of non-public mobile wireless services. Approvals of licences take into consideration normal network safeguards, security, use of scarce resources and technical limitations. The applicant for a license must be a registered Jordanian company with no limits on foreign ownership.

4.108. Jordan's telecommunication's sector consisted of 73 companies licenced for public telecommunication services, of which, 23 are individual licences and 50 class licences.<sup>72</sup>

4.109. Jordan Telecom Group (JTG), which was previously state-owned, had the exclusive right to provide fixed phone services until 2005. As of 2013 the company continued to be the dominant provider controlling 98% of the market. JTG is majority owned by Orange, with the Government owning 28.88%.<sup>73</sup> Batelco Company (Bahrain) is also licensed to provide fixed line services.

4.110. There are four mobile phone operators in Jordan, all of which are foreign owned: Zain was the largest mobile phone provider accounting for nearly 39% of the market; followed by Jordan Telecom Group (Orange), which controls over 31% of the market; Umniah Mobile Company (Batelco), which is responsible for around 29%; and Frendi, which had about 1% market share. As of 2012 all prepaid mobile lines are registered on the operator's system and forthcoming subscriptions are recorded within a week after activation, in accordance with government regulations.<sup>74</sup> Pre-paid subscriptions accounted for the largest part of the market, whilst post-paid subscriptions are increasing. Bundled telecommunication services are offered in Jordan by Orange.<sup>75</sup>

<sup>71</sup> Statement of Government Policy 2012 on communication, information technologies and postal services and World Bank report 2014: *broadband networks in the Middle East and North Africa*, page 12 and TRC website.

<sup>72</sup> Telecommunications Regulatory Commission.

<sup>73</sup> Jordan Telecom Group, Annual Report, 2013 and Oxford Business Group, the Report, Jordan 2014, page 149.

<sup>74</sup> TRC Annual Report 2012 and TRC website.

<sup>75</sup> Telecommunications Regulatory Commission website, Oxford Business Group, the Report, Jordan 2014, page 149 and Orange Jordan <https://www.orange.jo/sites/sme/English/Pages/One-comprehensive-offer-For-small-business-and-Professionals.aspx>.

4.111. In 2012, the Commission opened a bidding process for frequency bands of 1800MHz, 2100MHz, 2300MHz and 2600MHz. As a result three individual licences were granted for the 3G mobile network to Orange (JTG), Zain and Unamiah and in 2014, furthermore, Zain was also granted a 4G license. Whilst Zain is the only licensed 4G company operating in Jordan, Orange Mobile also acquired a 4G licence in January 2015 and is expected to start operations in the second half of the year.<sup>76</sup>

### 4.3.3 Transport

4.112. The authorities consider the transport sector to be of great importance to the economic development and trade in Jordan.<sup>77</sup> The sector accounts for approximately 12% of GDP and employs 10% of the total work force. The ministry primarily responsible for the sector is the Ministry of Transport.

4.113. In 2012, the Ministry of Transport launched a medium-term national strategy, which seeks to modernize and upgrade the sector.<sup>78</sup> In tandem, the Ministry initiated the Long-Term National Transport Strategy Project, which aims to integrate all transport subsectors, i.e. land, maritime, air, and rail through a long term transport strategy running until 2030. A long-term strategy was drafted in 2014 and focuses on five policy pillars: completing the existing networks and optimising the usage of these transport facilities; promoting private participation; heightening environmental protection; focussing on the regional transport dimension; and focussing on the participation of citizens. The second phase, which is expected to be completed in 2016, will provide a new model for the passenger and goods transportation sector.<sup>79</sup>

4.114. Jordan currently maintains 46 open skies air services agreements.

#### 4.3.3.1 Air transport

4.115. Jordan has made specific commitments under GATS on two of the three air transport-related services covered by the relevant Annex (maintenance and repair of aircraft, and computer reservation systems). Jordan has concluded 112 air service agreements, all of which are in force. The majority of bilateral air services agreements cover the third and fourth freedoms; some also cover the fifth freedom. Cabotage is not permitted for foreign airlines.

4.116. The Civil Aviation Regulatory Commission (CARC) is responsible for the implementation of government air transport policy, which operates within the legal framework of the Civil Aviation Law No. 41 of 2007. The Commission's stated objectives include removing all unnecessary restrictions in Jordan's international aviation market with respect to licensing and other regulatory processes. Anti-competitive practices are addressed through the Competition Law, although the CARC may use its regulatory powers in circumstances where an effective or actual monopoly exists in any regulated aviation subsector.

4.117. A four-year route exclusivity city-pair rights agreement between the Government and the Royal Jordanian Airlines entered into force in 2002 and was extended in 2006 for an additional four years. In 2012, two companies were licensed to operate scheduled services in Jordan: Royal Falcons (a sister company to Jordan International Air Cargo owned by the Royal Jordanian Air Force), and Royal Wings (a subsidiary of Royal Jordanian Airlines).<sup>80</sup> More recently, Jordan Aviation and Petra Airlines (Air Arabia Jordan) have also been licensed to provide scheduled services. Non-exclusive routes are allocated through a decision by the Route Licensing Panel appointed by the Commissioner Council of CARC. Charges and fees are collected by the CARC on the basis of any action or service it has provided in accordance with Fees and Charges By-law No. 45 of 2007, and

<sup>76</sup> The Telecommunications Regulatory Commission, annual report 2012 and Oxford Business Group, the Report, Jordan 2014, page 152.

<sup>77</sup> Ministry of Transport, Annual Report 2013, page 22.

<sup>78</sup> CSR Watch Jordan: *Corporate responsibility in the transport sector, 2014*: [http://www.csrwatchjordan.com/uploads/1/5/6/2/15623468/corporate\\_responsibility\\_in\\_the\\_transport\\_sector\\_2014.pdf](http://www.csrwatchjordan.com/uploads/1/5/6/2/15623468/corporate_responsibility_in_the_transport_sector_2014.pdf).

<sup>79</sup> Ministry of Transport, Annual Report, 2013 and TRT Trasporti e Territorio: <http://www.trt.it/english/news-eng.ph>.

<sup>80</sup> The Economic Research Forum: <http://www.erf.org.eg/CMS/uploads/pdf/727.pdf>, <http://www.royalwings.com.jo/About-RW/history> and <http://www.arabaviation.com/countrybriefs/jordan/royalfalcon.aspx>.

its amendments. Such actions and services include issuing licences, permits, certificates as well as the usage of Jordanian Civil Airports and air navigation facilities. Aircraft landing charges are based on the aircraft's maximum take-off weight and are charged in three brackets per tonnage (Table 4.15). Charter flights and helicopters are charged 50% less. Other charges include air bridge charges, parking charges, inside and outside hanger charges and air navigation service charges.

**Table 4.15 Charges for the use of civil airports (2015)**

| Charge type according to the aircraft's maximum take-off weight  | Queen Alia International Airport |      | Other Airports |      |
|--|----------------------------------|------|----------------|------|
|  | JD                               | Fils | JD             | Fils |
| <b>Landing charges per tonne or thereof</b>  |                                  |      |                |      |
| Minimum charge   | 30                               | 000  | 30             | 000  |
| First 25 tonne   | 1                                | 949  | 1              | 500  |
| Following 75 tonne   | 2                                | 924  | 2              | 250  |
| Exceeding 100 tonne  | 3                                | 314  | 2              | 550  |
| <b>Parking charges outside hangers per tonne or part thereof (first 2-72 hours) upon airline request and airport operator approval</b> |                                  |      |                |      |
| Minimum charge   | 15                               | 000  | 15             | 000  |
| First 25 tonne   | 0                                | 195  | 0              | 150  |
| Following 75 tonne   | 0                                | 143  | 0              | 105  |
| Exceeding 100 tonne  | 0                                | 078  | 0              | 060  |
| <b>Parking charges outside hangers per 24 hours or part thereof (exceeding 72 hours)</b>   |                                  |      |                |      |
| 5700 kg or less  | 32                               | 491  | 25             | 000  |
| 5701 kg and more   | 64                               | 981  | 50             | 000  |
| <b>Parking charges inside the hangers per 24 hours or part thereof for each ton or part thereof</b>                                    |                                  |      |                |      |
| Minimum charge   | 30                               | 000  | 30             | 000  |
| First 25 tonne   | 3                                | 314  | 2              | 550  |
| Following 75 tonne   | 1                                | 949  | 1              | 500  |
| Exceeding 100 tonne  | 0                                | 975  | 0              | 750  |
| <b>Air bridge (Jet Ways) charges for every 2 hours or part thereof</b>   |                                  |      |                |      |
| less than 90 tonne   | 51                               | 985  | 40             | 000  |
| 90 tonne or more   | 77                               | 978  | 60             | 000  |

Source: Civil Aviation Regulatory Commission and Regulation No. 45 of 2007 and its amendments.

4.118. All aircrafts overflying or landing in one of Jordan's civil airports are required to have a flight permit. The procedure varies depending on cargo, landing purpose, and if the aircraft is a commercial or non-commercial flight. For a landing or overflying permit issued to a foreign company with flights of special purpose (air taxi) and privately owned planes, a Supervisor Local Agent must handle the application process. Such agents must be licensed by CARC, and, as at end-July 2015, there were ten Supervisor Local Agency companies listed.

4.119. Foreign ownership is limited to a maximum of 49% in scheduled and non-scheduled passenger, freight, and mail air transport services as well as aircraft rental services with an operator. Furthermore, air transport and auxiliary services, freight forwarding services, packing and crating services, and freight inspection services are limited to Jordanian nationals or legal entities.

4.120. Privatization of Royal Jordanian Airlines started in 2006. As of end-2010, the Government held a 26% stake with an additional 10% stake held through the state-owned Social Security



Corporation. Mint Trading Middle East holds a 19% share. No other entities have a stake larger than 5%.<sup>81</sup>

4.121. There are three major airports in Jordan; two in Amman and one in Aqaba. Jordan's main airport is the Queen Alia International Airport handling the majority of all passengers - approximately 7 million in 2014; and landings (73,125 in 2014) (Table 4.18).

**Table 4.16 Air traffic by aircraft, and number of passengers in '000, 2011-14**

| Airport                                   | 2011     |            | 2012     |            | 2013     |            | 2014     |            |
|---|----------|------------|----------|------------|----------|------------|----------|------------|
|   | Aircraft | Passengers | Aircraft | Passengers | Aircraft | Passengers | Aircraft | Passengers |
| <b>Queen Alia International Airport</b>   |          |            |          |            |          |            |          |            |
| Arrivals                                  | 31,714   | 2,106      | 33,602   | 2,459      | 34,071   | 2,638      | 36,578   | 3,490      |
| Departures                                | 31,712   | 2,062      | 33,588   | 2,393      | 34,077   | 2,515      | 36,547   | 3,599      |
| <b>Amman Civil Airport</b>                |          |            |          |            |          |            |          |            |
| Arrivals                                  | 4,725    | 147        | 4,356    | 134        | 4,255    | 100        | 3,147    | 21         |
| Departures                                | 4,698    | 134        | 4,325    | 143        | 4,225    | 106        | 3,129    | 21         |
| <b>King Hussain International Airport</b> |          |            |          |            |          |            |          |            |
| Arrivals                                  | 2,286    | 154        | 3,002    | 62         | 2,460    | 56         | 2,150    | 78         |
| Departures                                | 2,276    | 76         | 3,017    | 67         | 2,465    | 54         | 2,152    | 85         |

Source: Jordan Statistical Yearbook, 2014.

4.122. Since 2007, Queen Alia International Airport has been operated by Airport International Group (AIG), under a 25-year build-operate-transfer (BOT) contract with the Government of Jordan. AIG is responsible for the rehabilitation as well as expansion of the airport. The first stage of the terminal expansion project was completed in 2013. The second phase of the project is under way, to increase the passenger capacity to 12 million.<sup>82</sup> The number of passengers increased significantly in 2014 as well as aircraft movements.<sup>83</sup>

4.123. In 2008, the Jordan Airports Company was established. The company is wholly state-owned.<sup>84</sup> The company is responsible for the Jordanian airport's investments as well as undertaking full operational and managerial responsibility for Amman Civil Airport in 2009. Established in 2007, the Aqaba Airports Company (AAC) is the sole operator of King Hussein International Airport in Aqaba pursuant to airport certification by CARC.

#### 4.3.3.2 Road transport

4.124. Jordan has made no specific commitments on road transport services under GATS. As of 2010 Jordan held 36 bilateral road transport agreements, 3 multilateral agreements regarding regulation and harmonization of road freight transport between countries, and 9 international conventions and agreements. Foreign investment in road transport services are subject to a 50% foreign equity ceiling with the exception of road passenger and freight transport services in which foreign investment is prohibited.

<sup>81</sup> Government of Jordan:

[http://www.jordan.gov.jo/wps/portal/!ut/p/b0/04\\_SjzQ0NDE0tDQ1tzDUj9CPyKssy0xPLMnMz0vMAfGjzOLDLL0tWrzdDQ0sPNwtDDy9DIzMfM2djA1MjfWdu\\_P0c6McFQHrexPN/](http://www.jordan.gov.jo/wps/portal/!ut/p/b0/04_SjzQ0NDE0tDQ1tzDUj9CPyKssy0xPLMnMz0vMAfGjzOLDLL0tWrzdDQ0sPNwtDDy9DIzMfM2djA1MjfWdu_P0c6McFQHrexPN/) and Oxford Business Group: <http://www.oxfordbusinessgroup.com/overview/moving-forward-well-developed-road-and-air-networks-compensate-weak-rail-system>.

<sup>82</sup> Ministry of Transport, Annual Report 2013 and Petra, 26 January 2015: Expansion of Queen Alia International Airport enters 2nd phase [http://petra.gov.jo/Public\\_News/Nws\\_NewsDetails.aspx?Site\\_Id=1&lang=2&NewsID=180570](http://petra.gov.jo/Public_News/Nws_NewsDetails.aspx?Site_Id=1&lang=2&NewsID=180570).

<sup>83</sup> Zawya, 2 February 2015: *QAIA Welcomes Over 7 Million Passengers in 2014*: [https://www.zawya.com/story/QAIA\\_Welcomes\\_Over\\_7\\_Million\\_Passengers\\_in\\_2014-ZAWYA20150202043842/](https://www.zawya.com/story/QAIA_Welcomes_Over_7_Million_Passengers_in_2014-ZAWYA20150202043842/).

<sup>84</sup> JAC LinkedIn: <https://www.linkedin.com/company/jordan-airports-company-jac->



4.125. A draft transport law is currently before Parliament. As at July 2015, the Transport Law No. 89 of 2003 and the Land Transport Regulatory Commission Law of 2011 are the main laws governing the sector. Under the provisions of these laws, the Ministry of Transport (MOT) is responsible for establishing the general land transport policy as well as proposing draft laws and regulations in coordination with Land Transport Regulatory Commission (LTRC). Together with the Public Transport Regulatory Commission (PTRC), the Ministry is also responsible for regulating the road transport subsector, implementing international conventions, as well as monitoring the sector. The LTRC is the main regulator for land transport services, responsible for implementing Jordan's land transport policy; monitoring the sector; and developing, planning, and promoting the land transport sector and investments. Additionally the Commission is responsible for granting licences and permits. Under the provisions of the new regulatory framework:

- The MOT is responsible for:
  - Developing and implementing policies that develop and sustain the transport sector;
  - Enhancing the role of the private sector, attracting investment, and increasing the productivity of the transport sector; and
  - Setting standards for safety, security and environmental conservation; and
- The LTRC's responsibilities include:
  - Implementing the general land transport policy;
  - Planning the land transport services network and its facilities and routes;
  - Developing the required plans for operating land transport facilities.

4.126. In 2012 and 2013, the LTRC amended several by-laws. The new legislation changed conditions for granting licences and the procedures for handling complaints. Additionally, in 2013, the Passengers' Public Transport Law was amended with respect to licencing and permits for taxi offices and cars operating under management as well as for rental car companies and offices. Moreover, amendments to the Goods Transport on Roads Law were also introduced in 2013. These amendments addressed licences and classification of carriers and forwarders on roads, as well as carriers and forwarders on roads licensing branches and issuance of permits.

4.127. Amendments to the Goods Transport Law were published as the Regulations for licensing and classification of carriers and forwarders No. 4 for 2013. Changes to the licensing regime aim to make the system more flexible. The amendment permits licensing of companies which are comprised of a consortium of individual freight vehicle owners. In addition, the amendment provided a legal basis to regulate auxiliary services such as inland ports and logistical services as well as providing a legal basis for the compensation liability of the carrier.<sup>85</sup> In addition, amendments to the Goods Transport on Roads Law address collection of service allowances provided by the LTRC.

4.128. The Freight Transport on Roads Law No. (14) of 2012, amends the legislative framework for licensing and categorization of transporters and shipment brokers. Alongside the Law, a number of by-laws clarify various categorisations of shipment brokers and transporters. Additionally the by-laws addressed leasing as well as licenses and permits of trucks. Under the provisions of the by-laws the LTRC is responsible for regulating work of individual truck owners; the heavy transport of cargo licensing and procedures for such transport; as well as regulating the relationship between individual and company truck owners.<sup>86</sup>

4.129. According to the latest available data, there were over 16,000 heavy duty vehicles operating in Jordan, of which nearly two-thirds were owned by individuals. There were 237 licensed road freight transport companies, the majority of which were involved in container and crude oil transport companies. Freight tariffs are market determined.

4.130. Since 2008 the country's road network has decreased from 7,816 km to 7,299 km in 2013. The country's highway network consists of 2,754 km of highway, 1,894 km of secondary roads,

<sup>85</sup> Ministry of Transport, Annual Report, 2013.

<sup>86</sup> LTRC, Annual Report, 2012.

and 2,651 of rural roads.<sup>87</sup> Since 2002, the Ministry of Public Works and Housing has been in the process of extending the road networks across the country as part of a 25-year Plan. The Plan includes developing road networks within and between larger cities, for example Amman and Irbid.<sup>88</sup>

4.131. The MOT initiated a 20-year National Highway Master Plan in 2009. Furthermore, a public transport connection between Amman and Zarqa is being implemented by the MOT and the highway between Amman and QAIA is in the process of being widened, becoming Jordan's first toll road.<sup>89</sup>

4.132. International road transport is governed by bilateral agreements. In 2012, an investment agreement was concluded with the Kingdom of Saudi Arabia to upgrade highway connections between the two countries in 2013 and 2014.<sup>90</sup> In 2009, Jordan and Iraq signed an agreement for land transport of passengers and goods, which entered into force in 2013. In addition, Oman and Jordan signed an international road transport agreement in 2013.<sup>91</sup>

4.133. Foreign trucks collecting goods in Jordan are subject to a toll depending on their gross weight. In road transport auxiliary services, passenger and freight road transport are prohibited to foreign investors. Cabotage by foreign companies is not allowed.

4.134. The LTRC has initiated a number of projects, including one to modernize public transport vehicles. Under the project 1,883 units were either put out of service or upgraded between 2008 and 2012. In 2011, 231 vehicles operating under LTRC's authority were upgraded. In addition, the Commission is in the process of constructing ten bus terminals across ten governorates, which are expected to be completed in 2018.

#### 4.3.3.3 Rail transport

4.135. Under the supervision of the MOT, two state-owned companies are responsible for Jordan's rail operations. The Aqaba Railway Corporation, established under Act No. 22 of 1972, is responsible for operating the 292 km rail connecting Aqaba port to the country's phosphate mines in the south, near Ma'an. In 2013, over two million tonnes of phosphate were transported from the Al-Hassa and Al-Shaiydiya mines by rail. The Jordan Hejaz Railway Corporation was established under Law No. 23 of 1952, and is responsible for investments and operation of the 217 km Hejaz railway. The railway runs across the country from the northern Syrian border to the southern border with the Kingdom of Saudi Arabia. The route transports both goods and passengers from Amman to Damascus.<sup>92</sup>

4.136. In 2010, the Government introduced the National Rail Network Project. The project aims to develop a rail network linking Jordan to Saudi Arabia, Syria, Turkey, and certain European countries. Each country is responsible for developing the rail passing through its territory. Construction of the network is still underway with the aim to build a 900 km long rail track with three main routes. One will go from the Syrian border to Aqaba. The second and third will go from Irbid through Mafraq and Zarqa and split into two routes; one to the Iraqi border and the other the Saudi border through Al-Azraq.<sup>93</sup>

4.137. Some railway transport services are subject to foreign equity restrictions. In rail transport auxiliary services, foreign investment is not permitted in the area of passenger and freight transportation, pushing and towing services, supporting services for rail transport such as rail

<sup>87</sup> Oxford Business Review, The Report, Jordan 2014, page 92 and Jordan Statistical Yearbook, 2013.

<sup>88</sup> Jordan Economic & Commerce Bureau:

[http://www.jordanecb.org/Public/English.aspx?Site\\_Id=1&Page\\_Id=570&menu\\_id=38](http://www.jordanecb.org/Public/English.aspx?Site_Id=1&Page_Id=570&menu_id=38).

<sup>89</sup> Oxford Business Review, The Report, Jordan 2014, p. 95 and Oxford Business Group:

<http://www.oxfordbusinessgroup.com/overview/moving-forward-well-developed-road-and-air-networks-compensate-weak-rail-system>.

<sup>90</sup> Oxford Business Review, The Report, Jordan 2014, p. 95 and Oxford Business Group:

<http://www.oxfordbusinessgroup.com/overview/moving-forward-well-developed-road-and-air-networks-compensate-weak-rail-system> and Ministry of Transport, 2013.

<sup>91</sup> MoT Annual Report 2013.

<sup>92</sup> Ministry of Transport, Annual Report, 2013.

<sup>93</sup> Ministry of Transport, Annual Report, 2013 and Oxford Business Review, The Report, Jordan 2014 p. 96.

passenger terminal services.<sup>94</sup> After the establishment of the LTRC, two new railway laws (No. 34 of 2012 and No. 79 of 2014) were issued, addressing licensing and fees for railway service providers.

#### 4.3.3.4 Maritime transport

4.138. At the time of its accession to the WTO, Jordan made specific commitments under the GATS on maritime transport services. As with all transport services, commercial presence in mode 3 in maritime transport services is subject to a 50% limitation on foreign equity.

4.139. The main law governing the sector is the Maritime Commercial Law of the Hashemite Kingdom of Jordan of 1972. The Law is administered by the Jordan Maritime Commission (JMC).<sup>95</sup> Under the provisions of the Law, the JMC has the mandate to regulate, supervise, and develop the maritime transport subsector, including all transportation modes, stationary and moving equipment, labour force, transport auxiliaries, and associated services. Shipping agents (both port agents and representatives of shipping lines) must be licensed by the JMC. Shipping agents must have a general manager of Jordanian nationality.

4.140. The JMC is also responsible for the registration of vessels flying the Jordanian flag. Under its GATS schedule, Jordan has also reserved the right to offer preferential service fees to Jordanian ships for pilotage, berthing, and docking. Registration as a Jordanian flag carrier involves no restrictions on the nationality of master, officers or crew, and the ownership of ships. Maritime transport and ancillary services are subject to a foreign equity ceiling of 50%. The registration fee for ships under the Jordanian flag varies depending on the age of the vessel, the service it provides and the net registered tonnage. Other fees include registration of changed ownership, the ship's name or marks as well as mortgage releases and 1% of loan on mortgage registration. In addition an annual navigation licence fee applies, this is dependent on the ship's net registered tonnage or in the case of smaller vessels, the service provided.

4.141. The authorities are in the process of making amendments to the 1972 Maritime Commercial Law. The amendments seek to integrate Jordan's new maritime commitments and developments. Amendments also include updating the legal and organizational framework of the maritime sector.<sup>96</sup> The amendments are expected to be in force in 2016.

4.142. Additionally, under the ambit of the Ministry of Transport, the JMC is implementing the National Transport Strategy 2012-2014 in areas of concern to the maritime sector.

4.143. Port activities have been separated from other maritime services. The Port comprises of a bulk terminal, a container terminal area and an industrial port area.

4.144. The Aqaba Port Corporation (APC) is a government body in charge of the maintenance, development and operation of the port as well as cargo handling. The APC is responsible for providing the following services:

- vessels alignment;
- water supply and waste disposal for vessels;
- goods stevedoring and storing of goods;
- handling of goods including counting, stocking, inspecting and weighing;
- the weighing and covering of trucks;
- leasing machinery, equipment, vehicles, providing workers and terminal facilities; and

<sup>94</sup> OECD, National treatment for foreign-controlled enterprises: Jordan pp, 57-58 (2013): <http://www.oecd.org/investment/investment-policy/national-treatment-instrument-english.pdf>.

<sup>95</sup> JMC was previously known as the Jordan Maritime Authority. On 30 April 2014 the JMA's name was changed to the Jordan Maritime Commission.

<sup>96</sup> The Ministry of Transport, Annual Report, 2013.

- various safety measures including firefighting, oil pollution monitoring etc. and other services related to vessels, goods, passengers and vehicles in the port.

4.145. The Aqaba Special Economic Zone Authority (ASEZA) is responsible for issuing a list of charges applied on a number of these services.

4.146. In addition, the Aqaba Development Corporation (ADC) is a jointly owned enterprise between government of Jordan and the ASEZA. ADC owns and has the managerial rights of Aqaba's airport, seaport and certain parcels of land in Aqaba. The Corporation's main responsibility is to develop the Aqaba Special Economic Zone including Aqaba Port, managing business projects, building or expanding new infrastructure and implementing the ASEZA Master Plan.<sup>97</sup>

4.147. The container terminal area consists of four container berths and is owned by the ADC. Since 2006, through a 25-year Joint Development Agreement, the Danish company A. P. Moller Maersk Group operating as AMP Terminals has been granted managerial and operational rights of the Terminal. The company collects charges, fees, penalties etc. for various container terminal services, such as berthing, handling of containers, and inventory control. Wharfage charges vary depending on berthing time and the vessel's length-overall (LOA) category in seven charging brackets.<sup>98</sup>

4.148. Several projects are underway to expand and construct new facilities of the current Aqaba port. These include a new port area to be located in the southern industrial area of the port, and a project to double the Aqaba Port Terminal's capacity. In 2013, the dock area was increased by 200 meters.<sup>99</sup>

#### 4.3.4 Tourism

4.149. The tourism sector in Jordan accounts for about 14% of GDP, nearly a third of export receipts and employs 8% of the total workforce (Table 4.17). During the period 2008-14, receipts from tourism increased as did the number of employed workforce and the number of hotels. Arab countries continue to be the largest source market for the tourism sector in Jordan, followed by Asia and Europe. However, in the period 2011-14, tourist arrivals have declined, from 8.9 million to 6.9 million (Table 4.18) probably as a result of instability in neighbouring countries.<sup>100</sup> The authorities stated that since 2011 the tourism sector in Jordan, just like all destinations in the region, has faced a myriad of obstacles and challenges that have adversely affected its growth. The sector has faced not only the global economic crisis and volatile oil prices, but also political regional disturbances caused a decrease in the number of tourists coming to the Middle East. In Jordan's case the problems have been compounded by the crisis in Syria and Iraq, resulting in the country's land borders closing. Consequently, the first quarter of 2015 saw a 15% decline in tourism receipts and a 12% decline in tourism arrivals.

4.150. The largest employment area in the tourist sector is tourism restaurants accounting for 40.5% of total tourism-related employment in 2013, followed by hotels (38%) and travel agencies (9.9%).

<sup>97</sup> The Jordan Maritime Commission website; the Development Corporation website and Oxford Business Group, The report, Jordan 2013, page 144.

<sup>98</sup> Aqaba Terminal Company website.

<sup>99</sup> Oxford Business group: <http://www.oxfordbusinessgroup.com/news/jordan-transport-holding-steady>; Construction week online, 28 September 2013: *Site visit: Aqaba Container Terminal*: <http://www.constructionweekonline.com/article-24443-site-visit-aqaba-container-terminal/> and Oxford Business Group, The report, Jordan 2013, page 144.

<sup>100</sup> Malkawi K (2014), *Number of tourists dropped by 14% in 2013 – official report*, The Jordan Times, 18 February (viewed at: <http://jordantimes.com/number-of-tourists-dropped-by-14-in-2013---official-report>), and Oxford Business Group (2014), *Planning a comeback for Jordan's tourism industry*, 19 March (viewed at: <http://www.oxfordbusinessgroup.com/news/planning-comeback-jordan%E2%80%99s-tourism-industry>) [February 2015].

**Table 4.17 Tourism sector overview, 2008-14**

|   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   |
|---|--------|--------|--------|--------|--------|--------|--------|
| Receipts (JD million)                     | 2,089  | 2,067  | 2,423  | 2,431  | 2,884  | 2,923  | 3,107  |
| Employees                                 | 37,966 | 40,092 | 41,900 | 41,879 | 43,942 | 48,151 | 48,665 |
| Hotels (number)                           | 481    | 482    | 487    | 491    | 497    | 519    | 536    |
| Travel agencies (number)                  | 585    | 651    | 727    | 799    | 798    | 806    | 856    |
| Tourist transportation companies (number) | 7      | 7      | 8      | 8      | 8      | 8      | 8      |

Source: Jordan Statistical Yearbook 2013 and 2012, Ministry of Tourism and National Tourism Strategy 2011-2015.

**Table 4.18 Arrivals by nationality, group, and means of transport, 2011-14**

| Arrivals | Year | Arab Countries | Europe  | Asia    | Americas | Other  | Total     |
|----------|------|----------------|---------|---------|----------|--------|-----------|
| Land     | 2011 | 5,378,114      | 148,350 | 489,944 | 79,654   | 19,063 | 6,115,125 |
|          | 2012 | 4,615,702      | 135,468 | 341,249 | 81,535   | 23,225 | 5,197,179 |
|          | 2013 | 3,440,238      | 112,937 | 307,780 | 77,166   | 18,478 | 3,956,599 |
|          | 2014 | 3,277,404      | 279,824 | 118,728 | 76,151   | 9,980  | 3,762,087 |
| Sea      | 2011 | 276,013        | 71,954  | 2,753   | 8,487    | 4,508  | 363,715   |
|          | 2012 | 280,035        | 69,969  | 2,984   | 6,709    | 3,727  | 363,424   |
|          | 2013 | 201,834        | 68,742  | 3,210   | 4,577    | 3,020  | 281,383   |
|          | 2014 | 219,094        | 39,432  | 5,740   | 4,382    | 141    | 268,789   |
| Air      | 2011 | 1,664,772      | 334,316 | 202,616 | 158,186  | 47,680 | 2,407,570 |
|          | 2012 | 1,907,763      | 327,491 | 230,893 | 161,994  | 45,063 | 2,673,204 |
|          | 2013 | 2,044,648      | 316,201 | 236,876 | 161,038  | 35,558 | 2,794,321 |
|          | 2014 | 2,207,852      | 336,385 | 202,123 | 150,087  | 13,370 | 2,909,817 |
| Total    | 2011 | 7,318,899      | 554,620 | 695,313 | 246,327  | 71,251 | 8,886,410 |
|          | 2012 | 6,803,500      | 532,928 | 575,126 | 250,238  | 72,015 | 8,233,807 |
|          | 2013 | 5,686,720      | 497,880 | 547,866 | 242,781  | 57,056 | 7,032,303 |
|          | 2014 | 5,704,350      | 655,641 | 326,591 | 230,620  | 23,491 | 6,940,693 |

Source: Jordan Statistical Yearbook 2013, 2012 and 2011; and information provided by the authorities.

4.151. During the period under review, there were no legislative changes concerning the tourism sector which continues to be governed by the Tourism Law No. 20 of 1988, as amended, and a number of regulations. The Ministry of Tourism and Antiquities (MOTA) administers the Law and is also the regulatory authority to license and classify tourist establishments. The National Tourism Council formulates the general tourism policy. The Tourism Committee in the MOTA is responsible for establishing classification standards for hotels and restaurants, advising the minister on the licensing and classification of tourism occupations as well as looking into the occupational violations. In addition, the Tourism Committee of the Parliament is responsible for *inter alia* studying tourism related laws and suggestions, ways of developing and protecting the tourism and antiquities sector, laws and methods related to tourism marketing and increasing the tourism sector's contribution to GDP. Jordan has bilateral tourism agreements with 37 countries.

4.152. The Jordan Tourism Board is an independent body funded by the private sector and the State which is responsible for marketing and promotion. Jordan's Investment Commission promotes and seeks to attract foreign investment through identifying investment opportunities in the sector.<sup>101</sup>

4.153. Jordan Tourism and Travel Agents Society (JSTA) is the sole representative in Jordan of professional travel agents and cooperates with government and non-government bodies in the preparation and elaboration of rules and regulations governing travel agency relations and other parties involved in tourism. Additionally, the JSTA provides its members training and consultation services free of charge at the JSTA Training Centre.

4.154. In order to operate, a hotel needs to be licensed by the MOTA and the license must be renewed annually. License fees vary from JD 160 for a one-star hotel to JD 500 for a five-star hotel. Prior approval by the Minister is required for a hotel project (granted for two years). Travel

<sup>101</sup> Oxford Business Group, The Report, Jordan 2014, p. 133 and Jordan Tourism Board website.

agencies require a non-objection letter from the Jordan Tourism and Travel Agents Society, and a bank guarantee of JD 15,000 (JD 25,000 for travel agencies operating abroad). The annual license fee for a travel agency is JD 160. Tourist guides need to be members of the Jordan Tourist Guides Society and approval for membership is granted by the Tourism Committee in the MOTA. Annual license fees for tourist guides range from JD 32 to JD 64. To be able to operate as special tourism transportation companies, registration as a company with a minimum capital of JD 10 million (considered excessive in Jordan's Tourism Strategy) is needed, annual license fees for such companies range from JD 300 to JD 1,000.

4.155. Investments in the tourism industry are eligible for incentives under the Investment Promotion Law; furthermore, investment projects at Aqaba are also eligible for the Aqaba Special Economic Zone incentive scheme (Section 3.2.6).

4.156. Under Jordan's GATS commitments, the country has scheduled full commitments for modes 1 to 3, for hotel and lodging services as well as for catering services. Tourist guide services have been bound without limitations in modes 1 to 3, except for national treatment in mode 1.

4.157. Overseas travel agents and tour operators are not permitted except when operated through local agents. Through the Non-Jordanian Investment Regulation No. 54 of 2000, foreign investors are prohibited from having more than 50% ownership of travel agencies; tour operator services (tourist and travel bureaus) as well as certain tourist transportation services.<sup>102</sup>

4.158. During the period under review, the Government issued the National Tourism Strategy 2011-2015, which serves as the strategic framework for the sector. The primary goal under the Strategy is to increase tourism receipts to JD 4.2 billion in 2015 (US\$5.9 billion). The Strategy comprises four pillars (Box 4.1): Marketing & Promotion; Product Development; Labor Market Development; and Enabling Environment. Implementation of the strategy is estimated to cost US\$215.5 million.<sup>103</sup>

4.159. Due to the crisis in the sector, the authorities have allowed for an extended grace period for the repayment of debt and also instituted a moratorium on making staff in the sector redundant.

<sup>102</sup> Ministry of Tourism Statistics, Jordan Statistical Yearbook 2013, and Oxford Business Group, The Report, Jordan 2014, p.137-138.

<sup>103</sup> Oxford Business Group, The Report, Jordan 2014, p. 133; Ministry of Tourism website and Jordan's National Strategy 2010-2015.

**Box 4.1 National Strategy 2004-10 and goals set for the National Strategy 2011-15**

|   |  |
|---|--|
| <p><b>Marketing &amp; Promotion</b></p> <p>Accomplishments of the National Tourism Strategy 2004-2010</p> <ul style="list-style-type: none"> <li>• Visitor numbers grew by 48% to 8.2 million in 2010</li> <li>• Receipts increased, in the period, by 257%</li> <li>• Receipts from domestic tourists grew since 2007 by 34%</li> </ul> <p>Goals of the National Tourism Strategy 2010-2015</p> <ul style="list-style-type: none"> <li>• Total arrivals to 9.4 million</li> <li>• Receipts to JD 4.2 billion</li> <li>• Increased domestic tourism with 30% by 2015</li> </ul> | <p><b>Product Development</b></p> <p>Accomplishments of the National Tourism Strategy 2004-2010</p> <ul style="list-style-type: none"> <li>• The number of hotel rooms increase by 22%</li> <li>• An increase of 24 new hotels</li> <li>• Number of tour guides increased by close to 60%</li> <li>• The number of tourist restaurants nearly doubled</li> </ul> <p>Goals of the National Tourism Strategy 2010-2015</p> <ul style="list-style-type: none"> <li>• A 20% increase in air capacity into Jordan</li> <li>• Completing 20 demand-driven infrastructure tourism projects</li> <li>• Approval and national classification of all hotels</li> <li>• Approval and national classification of 80% of all restaurants</li> </ul> |
| <p><b>Labor Market Development</b></p> <p>Accomplishments of the National Tourism Strategy 2004-2010</p> <ul style="list-style-type: none"> <li>• Employment increased by almost 85%</li> <li>• Female workforce increased by 10%</li> </ul> <p>Goals of the National Tourism Strategy 2010-2015</p> <ul style="list-style-type: none"> <li>• Create 25,000 new jobs in the tourism sector</li> <li>• Increase the female workforce by 15%</li> </ul>   | <p><b>Enabling Environment</b></p> <p>Accomplishments of the National Tourism Strategy 2004-2010</p> <ul style="list-style-type: none"> <li>• Petra Development &amp; Tourism Region Authority was established</li> <li>• Development and investment zones established in Dead Sea and Ajloun</li> <li>• Relaxed visa requirements for some nationalities</li> </ul> <p>Goals of the National Tourism Strategy 2010-2015</p> <ul style="list-style-type: none"> <li>• Passing a new tourism law</li> <li>• Amending the professions bylaws</li> </ul>  |

Source: Jordan's National Strategy, 2010-2015.

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## 5 APPENDIX TABLES

Table A1.1 Merchandise exports by product group, including re-exports, 2008-14

(US\$ million and %)

|   | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total (US\$ million)</b>   | <b>7,782</b> | <b>6,366</b> | <b>7,023</b> | <b>7,964</b> | <b>7,877</b> | <b>7,920</b> | <b>8,385</b> |
|   | (%)          |              |              |              |              |              |              |
| Total primary products  | 22.4         | 24.5         | 24.3         | 26.6         | 28.3         | 27.0         | 27.4         |
| Agriculture   | 13.8         | 16.6         | 16.2         | 16.2         | 18.4         | 19.9         | 19.9         |
| Food  | 13.5         | 16.2         | 15.8         | 15.8         | 17.4         | 19.4         | 19.6         |
| 0544 Tomatoes, fresh or chilled   | 2.5          | 2.7          | 3.3          | 2.8          | 3.2          | 4.0          | 4.8          |
| 0012 Sheep and goats, live  | 0.0          | 0.4          | 0.4          | 1.5          | 1.7          | 2.8          | 2.5          |
| 0545 Other fresh or chilled vegetables                                  | 2.4          | 3.1          | 2.9          | 3.1          | 2.7          | 1.9          | 2.2          |
| 0579 Fruit, fresh, dried, n.e.s.  | 0.6          | 0.9          | 1.1          | 1.3          | 1.8          | 1.7          | 1.4          |
| 0989 Food preparations, n.e.s.  | 0.9          | 1.1          | 1.4          | 1.0          | 0.9          | 1.1          | 1.2          |
| Agricultural raw material   | 0.3          | 0.4          | 0.4          | 0.4          | 1.0          | 0.5          | 0.4          |
| Mining  | 8.7          | 7.9          | 8.2          | 10.4         | 9.9          | 7.1          | 7.5          |
| Ores and other minerals   | 7.8          | 6.8          | 6.6          | 9.7          | 9.1          | 6.2          | 6.7          |
| 2723 Natural calcium phosphates   | 6.7          | 5.8          | 5.3          | 7.9          | 7.6          | 4.8          | 5.6          |
| Non-ferrous metals  | 0.6          | 0.5          | 0.6          | 0.5          | 0.5          | 0.6          | 0.6          |
| Fuels   | 0.2          | 0.5          | 0.9          | 0.2          | 0.3          | 0.3          | 0.2          |
| Manufactures  | 76.1         | 71.7         | 72.7         | 70.0         | 69.7         | 72.6         | 72.3         |
| Iron and steel  | 1.8          | 1.9          | 2.0          | 2.3          | 1.4          | 1.9          | 1.3          |
| Chemicals   | 33.9         | 28.6         | 33.8         | 32.2         | 32.0         | 32.9         | 31.8         |
| 5429 Medicaments, n.e.s.  | 6.5          | 7.7          | 8.5          | 6.4          | 7.2          | 8.6          | 7.4          |
| 5623 Mineral/chemical fertilizers (excl. crude natural potassium salts) | 10.0         | 7.2          | 9.8          | 10.6         | 8.5          | 7.6          | 7.2          |
| 5621 Mineral or chemical fertilizers, nitrogenous                       | 5.9          | 3.2          | 4.5          | 4.0          | 3.6          | 2.8          | 3.5          |
| 5223 Inorganic acid and oxides  | 3.3          | 1.5          | 1.7          | 1.6          | 1.8          | 1.6          | 1.5          |
| 5542 Surface-active agents (excl. soap)                                 | 0.2          | 0.5          | 0.6          | 0.6          | 0.9          | 1.6          | 1.5          |
| 5235 Nitrites; nitrates   | 1.0          | 0.5          | 1.0          | 1.3          | 1.3          | 1.1          | 1.3          |
| 5622 Mineral or chemical fertilizers, phosphatic                        | 1.0          | 1.5          | 0.2          | 0.1          | 0.2          | 0.5          | 1.0          |
| Other semi-manufactures   | 6.2          | 7.5          | 7.4          | 6.4          | 6.3          | 6.3          | 6.4          |
| 6924 Reservoirs, tanks, vats of iron, steel or aluminium, <= 300 litres | 1.8          | 2.3          | 1.8          | 1.3          | 1.0          | 1.2          | 1.3          |
| Machinery and transport equipment                                       | 15.3         | 14.0         | 10.5         | 10.0         | 9.3          | 9.8          | 10.0         |
| Power generating machines   | 1.0          | 1.0          | 0.3          | 0.1          | 0.1          | 0.1          | 0.3          |
| Other non-electrical machinery  | 2.7          | 3.4          | 2.5          | 2.3          | 2.5          | 2.2          | 2.4          |
| Agricultural machinery and tractors                                     | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Office machines & telecommunication equipment                           | 3.7          | 1.5          | 1.1          | 1.3          | 1.6          | 1.3          | 1.8          |
| Other electrical machines   | 3.0          | 3.4          | 3.4          | 3.4          | 2.9          | 2.9          | 3.0          |
| 7731 Insulated wire, cable etc.; optical fibre cables                   | 1.9          | 2.3          | 2.4          | 2.5          | 2.1          | 2.3          | 2.4          |
| Automotive products   | 3.3          | 3.4          | 1.7          | 1.7          | 1.3          | 1.7          | 1.1          |
| Other transport equipment   | 1.6          | 1.2          | 1.4          | 1.3          | 0.9          | 1.4          | 1.5          |
| 7929 Parts, n.e.s., (excl. tyres, engines, electrical parts) of 792     | 1.1          | 0.7          | 0.8          | 0.4          | 0.6          | 0.8          | 1.2          |
| Textiles  | 0.8          | 0.9          | 1.0          | 0.9          | 1.2          | 1.4          | 1.1          |
| Clothing  | 13.4         | 13.4         | 12.7         | 12.6         | 13.3         | 14.5         | 15.4         |
| 8459 Other garments knitted or crocheted                                | 6.3          | 6.9          | 7.7          | 9.3          | 10.4         | 11.4         | 12.2         |
| 8454 T-shirts, singlets and other vests, knitted or crocheted           | 1.6          | 1.9          | 1.6          | 1.3          | 0.6          | 1.5          | 1.7          |
| Other consumer goods  | 4.7          | 5.5          | 5.4          | 5.5          | 6.1          | 5.8          | 6.2          |
| 8973 Jewellery of gold, silver or platinum metals (except watches)      | 1.6          | 1.8          | 1.7          | 1.4          | 1.4          | 1.4          | 1.6          |
| 8931 Plastics containers, stoppers, lids, etc.                          | 0.6          | 0.7          | 0.8          | 0.9          | 1.2          | 1.3          | 1.3          |
| Other   | 1.4          | 3.8          | 3.0          | 3.4          | 2.1          | 0.5          | 0.3          |
| Gold  | 1.1          | 3.7          | 2.9          | 3.3          | 1.8          | 0.2          | 0.0          |

Source: UNSD Comtrade database, SITC Rev.3.

**Table A1.2 Merchandise imports by product group, 2008-14**

(US\$ million and %)

|   | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total (US\$ million)</b>   | <b>16,872</b> | <b>14,075</b> | <b>15,262</b> | <b>18,301</b> | <b>20,691</b> | <b>21,549</b> | <b>22,740</b> |
|   | (%)           |               |               |               |               |               |               |
| Total primary products  | 42.7          | 38.5          | 42.0          | 48.9          | 52.9          | 46.1          | 48.1          |
| Agriculture   | 18.0          | 18.3          | 17.6          | 17.4          | 18.5          | 18.2          | 18.9          |
| Food  | 16.6          | 17.0          | 16.2          | 16.1          | 17.4          | 17.1          | 17.8          |
| 0411 Durum wheat, unmilled  | 2.3           | 0.8           | 0.7           | 0.8           | 1.4           | 1.0           | 1.2           |
| 0430 Barley, unmilled   | 1.4           | 0.6           | 0.3           | 0.3           | 1.1           | 1.1           | 1.1           |
| 0989 Food preparations, n.e.s.                                      | 0.7           | 0.9           | 1.0           | 0.9           | 0.9           | 1.0           | 1.0           |
| 0423 Rice, milled, semi-milled                                      | 0.7           | 1.2           | 0.8           | 0.8           | 0.7           | 0.6           | 0.8           |
| 0449 Other maize, unmilled  | 0.9           | 1.1           | 1.0           | 1.1           | 1.0           | 0.9           | 0.8           |
| 0813 Oil-cake, oilseed residues                                     | 0.7           | 0.8           | 0.8           | 0.8           | 0.9           | 0.6           | 0.8           |
| 0612 Other beet, cane and chemically pure sucrose, solid form       | 0.8           | 0.8           | 1.3           | 1.1           | 1.1           | 0.9           | 0.8           |
| Agricultural raw material   | 1.4           | 1.3           | 1.3           | 1.3           | 1.2           | 1.1           | 1.2           |
| Mining  | 24.6          | 20.2          | 24.4          | 31.5          | 34.4          | 27.9          | 29.2          |
| Ores and other minerals   | 0.2           | 0.2           | 0.2           | 0.4           | 0.3           | 0.2           | 0.2           |
| Non-ferrous metals  | 2.6           | 2.2           | 2.1           | 2.3           | 1.7           | 2.0           | 1.7           |
| Fuels   | 21.8          | 17.7          | 22.1          | 28.9          | 32.4          | 25.7          | 27.2          |
| 3330 Crude oils of petroleum and bituminous minerals                | 16.1          | 10.7          | 12.2          | 13.6          | 12.7          | 10.6          | 10.2          |
| 3431 Natural gas, liquefied   | 0.9           | 1.0           | 1.2           | 1.5           | 1.5           | 1.3           | 1.1           |
| Manufactures  | 55.2          | 59.5          | 56.3          | 49.5          | 45.3          | 49.9          | 47.8          |
| Iron and steel  | 5.1           | 4.5           | 4.3           | 3.8           | 4.1           | 3.8           | 3.3           |
| Chemicals   | 9.5           | 10.7          | 11.3          | 11.0          | 10.3          | 10.4          | 10.1          |
| 5429 Medicaments, n.e.s.  | 1.9           | 2.3           | 2.3           | 2.1           | 1.7           | 1.8           | 1.8           |
| 5711 Polyethylene   | 0.8           | 0.8           | 0.9           | 0.9           | 1.0           | 1.0           | 1.1           |
| Other semi-manufactures   | 6.5           | 7.0           | 7.1           | 6.1           | 5.5           | 6.8           | 5.8           |
| Machinery and transport equipment                                   | 23.6          | 26.2          | 23.0          | 18.5          | 16.1          | 18.2          | 18.4          |
| Power generating machines   | 0.5           | 0.7           | 1.8           | 0.3           | 0.3           | 1.7           | 0.9           |
| Other non-electrical machinery                                      | 6.3           | 5.8           | 5.1           | 4.8           | 3.8           | 4.2           | 3.9           |
| Agricultural machinery and tractors                                 | 0.1           | 0.1           | 0.1           | 0.1           | 0.1           | 0.1           | 0.1           |
| Office machines & telecommunication equipment                       | 6.4           | 4.6           | 4.3           | 4.1           | 3.7           | 3.4           | 3.2           |
| 7643 Radio or television transmission apparatus                     | 3.5           | 1.7           | 1.6           | 1.5           | 1.1           | 1.2           | 1.2           |
| Other electrical machines   | 2.6           | 3.2           | 2.5           | 2.0           | 1.8           | 2.0           | 1.8           |
| Automotive products   | 7.0           | 9.8           | 7.7           | 5.5           | 5.1           | 5.9           | 6.7           |
| 7812 Motor vehicles for the transport of persons, n.e.s.            | 4.4           | 6.0           | 5.1           | 3.4           | 3.1           | 3.4           | 4.3           |
| 7821 Goods vehicles   | 0.7           | 1.3           | 0.9           | 0.6           | 0.7           | 1.1           | 1.1           |
| Other transport equipment   | 1.0           | 2.1           | 1.6           | 1.8           | 1.4           | 1.0           | 1.8           |
| 7929 Parts, n.e.s., (excl. tyres, engines, electrical parts) of 792 | 0.7           | 1.5           | 0.8           | 0.7           | 0.7           | 0.5           | 0.9           |
| Textiles  | 3.9           | 3.7           | 3.6           | 3.5           | 3.3           | 3.8           | 3.7           |
| 6552 Other knitted/crocheted fabrics, not impregnated/coated, etc.  | 1.4           | 1.2           | 1.5           | 1.5           | 1.4           | 1.2           | 1.5           |
| Clothing  | 1.9           | 2.1           | 1.9           | 1.7           | 1.6           | 1.9           | 1.7           |
| 8459 Other garments knitted or crocheted                            | 0.3           | 0.4           | 0.4           | 0.5           | 0.6           | 0.9           | 0.9           |
| Other consumer goods  | 4.6           | 5.3           | 5.2           | 4.8           | 4.4           | 5.0           | 4.8           |
| 8973 Jewellery of gold, silver or platinum metals (except watches)  | 0.7           | 1.0           | 1.0           | 0.9           | 0.8           | 1.0           | 0.8           |
| Other   | 2.2           | 2.0           | 1.7           | 1.6           | 1.7           | 4.0           | 4.0           |

Source: UNSD Comtrade database, SITC Rev.3.

**Table A1.3 Merchandise exports by destination, including re-exports, 2008-14**

(US\$ million and %)

|  | 2008         | 2009         | 2010        | 2011         | 2012         | 2013         | 2014         |
|--|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| <b>Total (US\$ million)</b>              | <b>7,782</b> | <b>6,366</b> | <b>7,23</b> | <b>7,964</b> | <b>7,877</b> | <b>7,920</b> | <b>8,385</b> |
|  | (%)          |              |             |              |              |              |              |
| America                                  | 13.9         | 14.1         | 13.7        | 13.7         | 14.7         | 16.0         | 16.7         |
| United States                            | 13.5         | 13.7         | 13.2        | 13.1         | 14.3         | 15.2         | 15.8         |
| Other America                            | 0.4          | 0.4          | 0.5         | 0.6          | 0.4          | 0.8          | 0.9          |
| Europe                                   | 5.1          | 5.0          | 6.3         | 6.6          | 6.4          | 5.0          | 6.3          |
| EU(28)                                   | 4.0          | 2.7          | 3.4         | 4.3          | 4.3          | 3.4          | 4.1          |
| Italy                                    | 0.8          | 0.9          | 1.0         | 0.9          | 0.7          | 0.7          | 0.7          |
| EFTA                                     | 0.7          | 1.7          | 2.0         | 1.0          | 0.4          | 0.2          | 0.1          |
| Other Europe                             | 0.5          | 0.6          | 0.9         | 1.2          | 1.7          | 1.4          | 2.1          |
| Turkey                                   | 0.4          | 0.6          | 0.9         | 1.2          | 1.7          | 1.3          | 2.0          |
| Commonwealth of Independent States (CIS) | 0.4          | 0.5          | 0.5         | 0.6          | 0.5          | 0.3          | 0.3          |
| Africa                                   | 6.9          | 7.1          | 8.6         | 7.1          | 6.1          | 6.3          | 5.9          |
| Egypt                                    | 2.0          | 1.8          | 2.0         | 1.6          | 1.7          | 1.6          | 1.6          |
| Algeria                                  | 1.7          | 1.6          | 1.8         | 1.6          | 1.7          | 1.8          | 1.5          |
| Ethiopia                                 | 0.1          | 0.5          | 1.5         | 1.3          | 0.4          | 0.6          | 0.8          |
| Middle East                              | 40.7         | 47.1         | 43.7        | 42.4         | 43.4         | 46.1         | 45.4         |
| Iraq                                     | 16.5         | 20.0         | 16.0        | 15.2         | 15.5         | 17.5         | 15.3         |
| Saudi Arabia, Kingdom of                 | 7.0          | 9.1          | 9.4         | 8.5          | 9.8          | 12.2         | 12.4         |
| United Arab Emirates                     | 4.7          | 4.0          | 4.2         | 3.7          | 4.0          | 4.0          | 4.0          |
| Syrian Arab Republic                     | 3.2          | 3.7          | 3.7         | 3.6          | 2.8          | 1.9          | 2.7          |
| Kuwait, State of                         | 1.3          | 1.2          | 1.3         | 1.8          | 1.3          | 1.8          | 2.1          |
| Qatar                                    | 1.1          | 1.1          | 1.4         | 1.2          | 1.5          | 1.7          | 1.8          |
| Lebanon                                  | 2.0          | 3.4          | 3.3         | 4.2          | 3.7          | 1.9          | 1.7          |
| Israel                                   | 2.1          | 1.8          | 1.4         | 1.4          | 1.6          | 1.4          | 1.5          |
| Palestine, State of                      | 0.8          | 0.8          | 0.9         | 1.0          | 1.3          | 1.5          | 1.5          |
| Oman                                     | 0.5          | 0.6          | 0.6         | 0.5          | 0.6          | 0.7          | 0.8          |
| Bahrain                                  | 0.6          | 0.6          | 0.7         | 0.7          | 0.7          | 0.6          | 0.7          |
| Yemen                                    | 0.7          | 0.7          | 0.7         | 0.4          | 0.5          | 0.7          | 0.7          |
| Asia                                     | 24.6         | 17.5         | 18.6        | 20.9         | 18.2         | 14.0         | 14.7         |
| China                                    | 1.4          | 0.8          | 1.6         | 2.6          | 2.4          | 1.3          | 2.2          |
| Japan                                    | 2.0          | 2.0          | 0.8         | 0.6          | 0.6          | 0.5          | 0.4          |
| Six East Asian Traders                   | 2.3          | 1.3          | 2.2         | 2.9          | 2.0          | 2.3          | 1.9          |
| Other Asia                               | 18.8         | 13.4         | 14.0        | 14.9         | 13.2         | 9.8          | 10.2         |
| India                                    | 16.5         | 10.8         | 11.1        | 10.9         | 9.0          | 6.1          | 7.8          |
| Indonesia                                | 1.8          | 2.2          | 2.1         | 2.8          | 3.6          | 2.9          | 1.4          |
| Other                                    | 8.5          | 8.7          | 8.7         | 8.7          | 10.7         | 12.4         | 10.7         |
| Free Zones                               | 8.5          | 8.7          | 8.7         | 8.7          | 9.9          | 11.4         | 9.8          |

Source: UNSD Comtrade database.

**Table A1.4 Merchandise imports by origins, 2008-14**

(US\$ million and %)

|  | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total (US\$ million)</b>              | <b>16,872</b> | <b>14,075</b> | <b>15,262</b> | <b>18,301</b> | <b>20,691</b> | <b>21,549</b> | <b>22,740</b> |
|  | (%)           |               |               |               |               |               |               |
| America                                  | 7.3           | 9.9           | 8.9           | 9.1           | 10.3          | 10.3          | 9.3           |
| United States                            | 4.6           | 6.9           | 5.6           | 5.9           | 6.7           | 6.3           | 5.8           |
| Other America                            | 2.7           | 2.9           | 3.3           | 3.3           | 3.6           | 4.0           | 3.5           |
| Argentina                                | 0.5           | 0.9           | 1.1           | 1.3           | 1.7           | 1.4           | 1.4           |
| Brazil                                   | 1.3           | 1.3           | 1.2           | 1.1           | 1.2           | 1.6           | 1.2           |
| Europe                                   | 25.2          | 25.6          | 24.6          | 24.6          | 23.0          | 27.7          | 25.9          |
| EU(28)                                   | 20.9          | 21.7          | 20.0          | 20.6          | 17.5          | 21.8          | 19.7          |
| Germany                                  | 6.0           | 6.3           | 6.1           | 4.3           | 3.9           | 3.8           | 3.9           |
| Italy                                    | 3.2           | 3.4           | 3.5           | 5.3           | 4.7           | 4.8           | 3.1           |
| France                                   | 2.2           | 3.3           | 2.3           | 2.0           | 1.7           | 1.8           | 2.0           |
| Romania                                  | 0.4           | 0.5           | 0.5           | 1.0           | 0.8           | 1.3           | 1.6           |
| United Kingdom                           | 2.0           | 2.3           | 1.7           | 1.6           | 1.2           | 1.3           | 1.6           |
| Spain                                    | 0.7           | 0.8           | 0.8           | 1.3           | 0.9           | 1.1           | 1.5           |
| The Netherlands                          | 1.1           | 1.1           | 1.0           | 1.0           | 0.8           | 0.9           | 1.2           |
| Belgium                                  | 0.7           | 0.8           | 0.6           | 0.7           | 0.5           | 1.8           | 1.2           |
| EFTA                                     | 1.7           | 0.9           | 0.9           | 0.9           | 0.8           | 2.4           | 2.4           |
| Switzerland                              | 1.1           | 0.8           | 0.9           | 0.9           | 0.7           | 2.4           | 2.4           |
| Other Europe                             | 2.6           | 2.9           | 3.7           | 3.0           | 4.7           | 3.6           | 3.8           |
| Turkey                                   | 2.6           | 2.9           | 3.7           | 3.0           | 4.6           | 3.5           | 3.7           |
| Commonwealth of Independent States (CIS) | 6.8           | 4.9           | 3.3           | 4.3           | 6.9           | 2.9           | 4.6           |
| Russian Federation                       | 2.4           | 2.5           | 1.6           | 3.3           | 2.8           | 1.4           | 2.9           |
| Ukraine                                  | 4.1           | 2.3           | 1.6           | 1.0           | 2.4           | 1.4           | 1.7           |
| Africa                                   | 5.3           | 7.1           | 5.6           | 4.9           | 4.6           | 4.1           | 3.0           |
| Egypt                                    | 4.3           | 6.1           | 4.5           | 4.1           | 4.0           | 3.3           | 2.4           |
| Middle East                              | 29.8          | 26.1          | 30.5          | 33.4          | 31.5          | 26.6          | 27.7          |
| Saudi Arabia, Kingdom of                 | 21.6          | 17.3          | 19.8          | 22.8          | 23.5          | 18.7          | 19.6          |
| United Arab Emirates                     | 1.8           | 2.4           | 2.7           | 3.9           | 2.8           | 3.4           | 4.8           |
| Asia                                     | 25.6          | 26.5          | 26.9          | 23.4          | 23.1          | 27.6          | 28.8          |
| China                                    | 10.4          | 10.9          | 10.8          | 10.0          | 9.4           | 10.4          | 10.5          |
| Japan                                    | 2.9           | 3.7           | 3.2           | 2.0           | 1.9           | 2.2           | 2.4           |
| Six East Asian Traders                   | 6.8           | 7.2           | 8.0           | 6.5           | 5.8           | 6.8           | 7.5           |
| Korea, Rep. of                           | 3.3           | 3.9           | 4.2           | 3.3           | 2.8           | 2.6           | 3.4           |
| Chinese Taipei                           | 1.1           | 1.2           | 1.2           | 1.4           | 1.3           | 1.7           | 1.6           |
| Other Asia                               | 5.5           | 4.5           | 4.9           | 5.0           | 6.1           | 8.2           | 8.3           |
| India                                    | 3.0           | 2.1           | 2.5           | 2.7           | 3.4           | 5.1           | 5.5           |
| Other                                    | 0.0           | 0.0           | 0.2           | 0.3           | 0.5           | 0.7           | 0.7           |

Source: UNSD Comtrade database.

Table A3.1 Major incentives schemes in Jordan, 2015

|                       | Major investment incentives  |
|-----------------------|--|
| Investment Commission | <ul style="list-style-type: none"> <li>- Item 1: production inputs may be exempted from custom tariff, and obtain refunds for GST;</li> <li>- item 2: fixed assets may be exempted from customs tariff, and subject to 0% GST;</li> <li>- item 3: GST refund for certain services;</li> <li>- item 4: the following activities are exempted from the customs duties and are subject to 0% GST: agriculture and livestock; hospitals and comprehensive medical centres; hotels and tourist facilities; entertainment and tourist recreation cities; communication centres; scientific research centres and scientific labs; artistic and media production; conference and exhibition centres; transport and/or distribution and/or extraction of water, gas and oil derivatives using pipelines; air transport, sea transport, and railways.</li> </ul> <p>Areas outside those zones are divided into two categories: Category (A) - municipalities in governorates of Maan, Tafila, Karak, Mafrq, Ajloun, and Jerash and any municipal boundaries the Cabinet agrees to be added to this category upon recommendation of the Council; Category (B) - municipalities in governorates of Balqa and Madaba and any municipal boundaries the Cabinet agrees to be added to this category upon recommendation of the Council.</p> <p>Income tax reductions for 10 years for item 4 activities: if located in Category A – 50% reduction; if located in Category B – 30% reduction. This does not apply to the income of banks, telecommunications companies having individual licenses, financial brokerage companies, and financial companies including the companies that practice exchange, financing and financial leasing business, and consultation &amp; financial and tax audit companies, transport companies (air transport, sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of electricity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.</p> |
| Industrial estates    | <p>Full exemption from taxes and fees on fixed assets of the project, fixed assets necessary for expanding purposes and spare parts needed for the project;</p> <p>Investor's choice of either owning or renting the property;</p> <p>Duty &amp; quota free access to the U.S. markets (QIZ);</p> <p>No foreign equity restrictions on investments;</p> <p>Tax incentives are:</p> <ul style="list-style-type: none"> <li>- Income tax 5% on income generated from activities within the development zone.</li> <li>- Sales tax 0% on goods and services purchased or imported.</li> <li>- Custom duties 0% on all materials, instruments, machines, and appliances used for establishing, construction and equipping and furnishing all kinds of projects in the development zone (Industrial Estate).</li> <li>- Social services tax 0% on all income accrued.</li> <li>- Dividends tax 0% on all income accrued.</li> </ul>   |
| Free zones            | <p>Exemption from income tax on the profits that come from the following activities:</p> <ul style="list-style-type: none"> <li>- exportation of goods or services outside Jordan;</li> <li>- transit trade;</li> <li>- sale or waiver of goods inside the free zones;</li> <li>- provision and supply of services inside the free zones.</li> </ul> <p>Exemption from income tax on salaries and allowances of non-Jordanian employees working in the projects made in the free zone.</p> <p>Exemption from customs duties and all taxes and fees on the goods exported from the free zone to markets other than the local market, and on the goods imported to it including materials, equipment, machines, supplies, and construction materials in connection with building, construction, preparation and furnishing of all types of projects established by such establishments in the free zone including the spare parts required for their permanent maintenance. The exception will not include the service fees.</p>   |



|                             | Major investment incentives   |
|-----------------------------|---|
| Aqaba Special Economic Zone | <p>A flat 5% income tax on the net profit.</p> <p>Exemption from social services tax.</p> <p>Exemption from annual land and building taxes on utilized property.</p> <p>Exemption from taxes on distributed dividends and profits.</p> <p>Duty-free import of goods in commercial quantities.</p> <p>No foreign equity restrictions on investments.</p>   |
| Development zones           | <p>A flat 5% income tax on the net profit. Not applicable to income of: banks, telecommunications companies having individual licenses, financial brokerage companies, and financial companies including the companies practicing exchange, financing and financial leasing business, and consultation &amp; financial and tax audit companies, transport companies (air transport, sea transport, railways, and road freight transport), insurance and reinsurance companies, basic mining and extraction industries, generation and distribution of electricity, and transport and/or distribution and/or extraction of water, gas, and oil derivatives using the pipelines.</p> <p>0% GST or refund of GST for goods and services purchased or imported in the development areas.</p> <p>Exemption from customs duties on all materials, instruments, machines etc., to be used for the establishment, construction, and equipment of enterprises.</p> |

Source: Information provided by the authorities.

Table A4.1 Bilateral Air Services Agreements

| Country               | Signed/<br>initialled   | Designation        | Permitted<br>weekly<br>frequency   | Freedoms<br>granted | City restrictions                                | Code-<br>share |
|-----------------------|-------------------------|--------------------|--|---------------------|--|----------------|
| Afghanistan           | I. 1972                 | Multiple           | 7 weekly   | 3,4                 | Kabul  | Yes            |
| Algeria               | S. 1980                 | Multiple           | Open skies   | 3,4                 | Algeria  | Yes            |
| Armenia               | I. 2014                 | Multiple           | Open skies   | 3,4                 |  |                |
| Australia             | I. 2012                 | Multiple           | 7 Direct flights to<br>"Restricted<br>Cities"+ 7 indirect<br>Open to other<br>points | 3,4,5               | Sydney, Melbourne,<br>Avalon, Brisbane,<br>Perth | Yes            |
| Austria               | S. 2010 C<br>S.1976 B   | Multiple           | Open skies<br>7  | 3,4,5               | 5th 7 Miami & Los<br>Angeles                     | Yes            |
| Azerbaijan            | I. 2011                 | Multiple           | Open skies   | 3,4                 | None   | Yes            |
| Bahrain               | S. 2000                 | Multiple           | Open skies   | 3,4,5               | Bahrain  | Yes            |
| Bangladesh            | I.2010                  | Multiple           | 7 Pax+Charter+<br>Cargo unlimited  | 3,4                 | None   | Yes            |
| Belgium               | S. 2010 C<br>S. 1960 B  | Multiple           | Open skies   | 3,4                 | None   | Yes            |
| Bosnia                | S. 2006                 | Multiple           | Airlines<br>Agreement  | 3,4                 | None   | Yes            |
| Brazil                | I. 2012                 | Multiple           | Open skies   | 3,4,5               | None   | Yes            |
| Brunei                | I. 1994                 | Multiple           | Airlines<br>Agreement  | 3,4                 | Bander Seri<br>Begawan                           |                |
| Bulgaria              | S. 2010 C<br>I. 2010 B  | Multiple           | Open skies   | 3,4                 | None   | Yes            |
| Burkina<br>Faso       | I. 2014                 | Multiple           | Open skies   | 3,4                 |  |                |
| Chad                  | I.2014                  | Multiple           | Open skies   | 3,4                 |  |                |
| Canada                | I. 2007                 | Multiple           | 2- direct/or<br>4- with<br>intermediate &<br>beyond points                           | 3,4,5               | Toronto/Montreal                                 | Yes            |
| Chile                 | S. 1977                 | Multiple           | Airlines<br>Agreement  | 3,4,5               | Santiago   |                |
| China                 | I. 1992                 | Multiple           | 7  | 3,4,5               | Beijing Shangahi<br>Guangho                      | Yes            |
| Colombia              | I.2014                  | Multiple           | 7  | 3,4                 |  |                |
| Congo                 | S. 2004                 | Multiple           | Airlines<br>Agreement  | 3,4                 | To be specified                                  |                |
| Croatia               | S. 2010 C<br>S.2009 B   | Multiple           | Open skies   | 3,4,5               |  | Yes            |
| Curacao               | I.2013                  | Multiple           | Open skies   | 3,4,5               |  | Yes            |
| Cuba                  | I. 1998                 | Multiple           | Airlines<br>Agreement  | 3,4                 |  |                |
| Cyprus                | S. 2010 C<br>I. 2010 B  | Multiple<br>Double | Open Sky<br>7 pax, 3 cargo<br>5th freedom as<br>annex 3                              | 3,4                 | None<br>Larnaca, Paphos                          | Yes            |
| Rep. Czech            | S. 2010 C<br>S. 1997 B  | Multiple           | Open skies<br>Not stated   | 3,4,5               | None   |                |
| Denmark               | S. 2010 C.<br>S. 1961 B | Multiple           | Open skies<br>Not stated   | 3,4                 | None   |                |
| Dominican<br>Republic | I. 2009                 | Multiple           | Open skies   | 3,4                 | None   | Yes            |
| DPR of<br>Korea       | I.2010                  | Multiple           | Open skies   | 3,4                 | None   | Yes            |
| Egypt                 | S. 1986                 | Multiple           | 3200 seat  | 3,4                 | Cairo  | Yes            |
| Estonia               | S. 2010 C               | Multiple           | Open skies   |                     | None   |                |

| Country                 | Signed/<br>initialled  | Designation        | Permitted<br>weekly<br>frequency  | Freedoms<br>granted | City restrictions   | Code-<br>share |
|-------------------------|------------------------|--------------------|---|---------------------|---|----------------|
| Ethiopia                | I. 2009                | Single             | Unlimited<br>frequencies for<br>cargo & charter<br>- daily for pax.<br>regular flights  |                     | Addis Ababa   |                |
| Finland                 | S. 2010 C<br>S. 1978   | Multiple           | Open skies<br>Not stated  | 3,4,5               | None  |                |
| France                  | S. 2010 C<br>S. 1966   | Multiple           | Open skies<br>8   | 3,4                 | None  | Yes            |
| Gambia                  | I. 2014                | Multiple           | Open skies  | 3,4                 |   |                |
| Ghana                   | I.2011                 | Multiple           | 7 Pax + 7 Cargo   | 3,4                 | None  | Yes            |
| Georgia                 | I.2011                 | Multiple           | Open skies  | 3,4                 | None  | Yes            |
| Germany                 | S. 2010 C<br>S. 1970 B | Multiple           | Open skies<br>12  | 3,4                 | None<br>3 Points  | Yes            |
| Greece                  | S. 2010 C<br>S. 1968 B | Multiple<br>Single | Open skies<br>4 S/ 3 W  | 3,4                 | None<br>Athens  |                |
| Hong Kong,<br>China     | S. 2004                | Multiple           | Open skies  | 3,4,5               | Hong Kong   | Yes            |
| Hungary                 | S. 2010 C              | Multiple           | Open skies  | 3,4                 | None  |                |
| Iceland                 | I.2011                 | Multiple           | Open skies  | 3,4                 | None  | Yes            |
| India                   | S. 1989                | Multiple           | 14 per week,<br>subject to the<br>condition that not<br>more than (7)<br>services shall be<br>operated to/from<br>any one point of<br>call in India<br>cargo - unlimited<br>frequency | 3,4                 | Calcutta, Delhi,<br>Mumbai, Amritsar                        | Yes            |
| Indonesia               | S. 1991                | Multiple           | 4 in principal  | 3,4                 | Jakarta   |                |
| Iran                    | S. 1998                | Single             | 2+1 cargo   | 3,4                 | None  |                |
| Iraq                    | S. 1953                | Multiple           | Pax Cargo<br>BGW 12 3<br>BSR 4 2<br>ISU 4 -<br>EBL 13 2<br>OSM 4 2<br>NJF 5+2 -   | 3,4                 | Bagdad<br>Basra<br>Sulaymaniyah<br>Arbeel<br>Mosel<br>Najav |                |
| Ireland                 | S. 2010 C<br>I. 1998   |                    | Open skies<br>Not stated  | 3,4,5               | None  |                |
| Israel                  | S.1996                 | Double             | Tel Aviv/ 1500<br>seats / 3 Cargo<br>Haifa/ 3 flights<br>150 seats  | 3,4                 | Tel Aviv, Haifa   |                |
| Italy                   | S. 2010 C<br>S. 1980 B | Multiple           | Open skies<br>7- Rome, 7-<br>Milano   | 3,4,5               | None<br>Rome, Milano + 1<br>City                            |                |
| Ivory Coast             | I. 2013                | Multiple           | Open skies  | 3,4,5               | Abidjan   |                |
| Japan                   | S. 1994                | Multiple           | Units of capacity<br>basis<br>3 units   | 3,4,5               | Osaka   |                |
| Kazakhstan              | I. 2012                | Single             | 7 Pax + 7 Cargo<br>+Charter Open  | 3,4                 |   | Yes            |
| Kenya                   | I. 2008                | Multiple           | Open skies  | 3,4                 |   | Yes            |
| Korea, Rep.<br>of       | I. 2012                | Multiple           | 3 Pax 3 Cargo   | 3,4                 | Seoul   | Yes            |
| Kuwait, the<br>State of | S. 1977 (I.<br>014)    | Multiple           | Open skies  | 3,4                 | Kuwait  | Yes            |
| Kyrgyzstan              | I. 2009                | Multiple           | Open skies  | 3,4                 | None  | Yes            |

| Country                 | Signed/<br>initialled  | Designation          | Permitted<br>weekly<br>frequency   | Freedoms<br>granted                 | City restrictions                         | Code-<br>share |
|-------------------------|------------------------|----------------------|--|-------------------------------------|---|----------------|
| Latvia                  | S. 2010 C<br>I. 2009 B | Multiple             | Open skies   | 3,4                                 | None                                      | Yes            |
| Lebanon                 | S.2010                 | Multiple             | Open skies   | 3,4                                 |   |                |
| Libya                   | I. 2012                | Multiple             | 14 -Tripoli (LIB Airlines) 10- Tripoli (JOR Airlines), each Party: 7 Benghazi , 3-Masrata<br>Cargo: open Sky | 3,4                                 | Tripoli , Benghazi & Misrata              |                |
| Lithuania               | S. 2010 C              | Multiple             | Open skies   |                                     | None                                      |                |
| Luxembourg              | S. 2010 C<br>S. 1962 B | Multiple             | Open skies<br>7 Pax & Cargo, 2 Cargo 5th   | 3,4,5                               | None<br>Luxembourg                        | Yes            |
| Malaysia                | I.2010                 | Multiple             | Open skies   | 3,4                                 |   | Yes            |
| Malta                   | C. 2010<br>I. 1999     | Multiple             | Open skies   | 3,4,5                               | None                                      |                |
| Mauritania              | S. 2000                | Multiple             | Not stated   | 3,4                                 | None                                      |                |
| Mexico                  | I.2011                 | Multiple             | Open skies   | 3,4                                 | None                                      | Yes            |
| Moldova                 | I. 1999                | Multiple             | Airlines Agreement   | 3,4                                 | None                                      |                |
| Morocco                 | S. 2008                | Multiple             | Open skies   | 3,4,5 (LCC excluded from 5th F.T.R) | None                                      | Yes            |
| Nepal                   | I. 1999                | Multiple             | Airlines Agreement   | 3,4                                 | None                                      |                |
| Netherlands             | S. 2010 C<br>S. 1961 B | Multiple             | Open skies<br>7- Pax & 7- Cargo  | 3,4,5                               | None                                      | Yes            |
| Nigeria                 | S. 1980                | Single               | 19(JO) NI(15)  | 3,4                                 | 7 (Lagos) 4 (Abuja, Enugu & Kano)         |                |
| Norway                  | S. 1961                | Multiple             | Not stated   | 3,4                                 | Oslo                                      |                |
| Oman                    | S. 1974                | Multiple             | Open skies   | 3,4,5                               | Muscat, Salalah                           | Yes            |
| Pakistan                | I. 2007                | Multiple             | 12 - 3 of which with 5th freedom cargo: open skies<br>3,4,5  | 3,4,5                               | Karachi, Lahore                           | Yes            |
| State of Palestine      | S. 1995                | Multiple             |  | 3,4                                 |   |                |
| Paraguay                | I.2011                 | Multiple             | Open skies   | 3,4,5                               | None                                      | Yes            |
| Philippines             | S. 1996                | Single               | 2 subject to commercial agreement  | 3,4,5                               | Manila                                    | Yes            |
| Poland                  | S. 2010 C<br>S. 1993 B | Multiple             | Open skies<br>Airlines Agreement   | 3,4,5                               | None<br>Warsaw, Krakow                    | Yes            |
| Portugal                | S. 2010 C<br>I. 1989 B | Multiple             | Open Skies<br>Airlines Agreement   | 3,4,5                               | None                                      | Yes            |
| Qatar                   | S. 1974                | Multiple             | 9- Pax 1-Cargo   | 3,4,5                               | Doha                                      |                |
| Serbia                  | I. 2014                | Multiple             | Open skies   | 3,4                                 |   |                |
| Romania                 | S. 2010 C<br>S. 1975 B | Multiple<br>Multiple | Open skies<br>Airline Agreement  | 3,4,5                               | None<br>Bucharest, Timisoara              |                |
| Russia                  | S. 2009                | Multiple             | 10 Pax - Cargo<br>open skies   | 3,4,5                               | Moscow,<br>St. Petersburg,<br>Makhachkala | Yes            |
| Rwanda                  | I. 2013                | Multiple             | Open skies   | 3,4,5                               | None                                      | Yes            |
| Kingdom of Saudi Arabia | S. 1963                | Multiple             | Open skies   | 3,4                                 | Jeddah, Riyadh,<br>Dammam, Medina         | Yes            |
| Senegal                 | S. 1977                | Single               | Not stated   | 3,4                                 |   |                |

| Country        | Signed/<br>initialled  | Designation | Permitted<br>weekly<br>frequency  | Freedoms<br>granted | City restrictions                | Code-<br>share |
|----------------|------------------------|-------------|---|---------------------|----------------------------------|----------------|
| Sierra Leone   | I. 2013                | Multiple    | Open skies  | 3,4                 |                                  | Yes            |
| Singapore      | I. 2011                | Multiple    | Open skies, co-terminal   | 3,4,5               | Singapore                        | Yes            |
| Slovakia       | S. 2010 C<br>I. 2010 B | Multiple    | Open skies  | 3,4,5               | None                             |                |
| Slovenia       | S. 2010 Com            | Multiple    | Open skies  |                     | None                             |                |
| Somalia        | I. 2013                | Multiple    | Open skies  | 3,4                 | None                             | Yes            |
| South Africa   | I. 2013                | Multiple    | 7Pax<br>7Cargo  | 3,4                 | None                             |                |
| Spain          | S. 2010 C<br>S. 1977   | Multiple    | Open Skies  | 3,4                 | None<br>Points                   | Yes            |
| Sri Lanka      | S. 1992                | Multiple    | 7 - Cargo open  | 3,4                 | Colombo                          | Yes            |
| Sudan          | S. 2008                | Multiple    | Open sky  | 3,4                 | None                             |                |
| Sweden         | S. 2010 C<br>S. 1961   | Multiple    | Open skies<br>Not stated  | 3,4                 | None<br>Stockholm,<br>Gothenburg | Yes            |
| Switzerland    | S. 2003                | Multiple    | Open skies  | 3,4                 | None                             | Yes            |
| Seychelles     | I. 2013                | Multiple    | Open skies  | 3,4                 | none                             |                |
| Syria          | S. 1976                | Multiple    | Open skies  | 3,4                 | No restrictions                  |                |
| Chinese Taipei | S. 1975                | Multiple    | 3   | 3,4,5               | Taipei                           |                |
| Tanzania       | I. 2010                | Multiple    | Open skies  | 3,4                 | None                             | Yes            |
| Thailand       | S. 1975                | Multiple    | Open skies  | 3,4,5               | None                             | Yes            |
| Tunisia        | S. 1976                | Multiple    | Open skies  | 3,4                 | None                             | Yes            |
| Turkey         | I. 1973                | Multiple    | 14 -<br>Istanbul/Amman,<br>Adana 7, Ist-AQB<br>7 7 -<br>Ankara/Amman<br>Baku with 5th | 3,4,5               | Istanbul - Ankara                | Yes            |
| UAE            | S. 1998                | Multiple    | Open skies  | 3,4,5               | None                             | Yes            |
| United Kingdom | S. 2010 C<br>I. 1995   | Multiple    | Open skies<br>10- London the rest open  | 3,4,5               | None                             | Yes            |
| Uganda         | I. 2013                | Multiple    | open skies  | 3,4                 | None                             | Yes            |
| Ukraine        | S. 2005                | Multiple    | Open skies<br>(Airline Agreement)   | 3,4,5               | Kiev - Donetsk                   | Yes            |
| Uruguay        | I. 2012                | Multiple    | Open skies  | 3,4,5               | None                             | Yes            |
| United States  | S. 1996                | Multiple    | Open skies  |                     | None                             | Yes            |
| Uzbekistan     | S. 1996                | Single      | Airlines Agreement  | 3,4                 | None                             |                |
| Viet Nam       | S. 1994                | Single      | 2   | 3,4                 | Hanoi                            |                |
| Zimbabwe       | I. 2014                | Multiple    | Open skies  | 3,4                 |                                  |                |
| Yemen          | S. 2003                | Multiple    | Open skies  | 3,4                 | None                             | Yes            |

Source: Information provided by the authorities.