

**Working Party on the  
Accession of Jordan**

**DRAFT REPORT OF THE WORKING PARTY ON  
THE ACCESSION OF THE HASHEMITE KINGDOM OF JORDAN TO THE  
WORLD TRADE ORGANIZATION**

Introduction

1. The Government of the Hashemite Kingdom of Jordan applied for accession to the General Agreement on Tariffs and Trade (GATT 1947) in January 1994 (document L/7378). At its meeting on 25 January 1994, the GATT 1947 Council of Representatives established a Working Party to examine the application of the Government of Jordan to accede to the General Agreement under Article XXXIII of the General Agreement. Following the conclusion of the Uruguay Round, Jordan requested accession to the World Trade Organization (WTO) under Article XII of the Marrakesh Agreement establishing the World Trade Organization. In accordance with the decision adopted by the WTO General Council on 31 January 1995, the existing GATT 1947 Accession Working Party was transformed into a WTO Accession Working Party. The terms of reference and the membership of the Working Party are reproduced in document WT/ACC/JOR/5/Rev.3.

2. The Working Party met on 28 October 1996; 4 July 1997; 22 July 1998; [22 October 1999] and .... under the Chairmanship of H.E. Mr. K. Kesavapany (Singapore).

Documentation provided

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Jordan, the questions submitted by Members on the foreign trade regime of Jordan, together with the replies thereto, and other information provided by the authorities of Jordan (L/7533, WT/ACC/JOR/2, WT/ACC/JOR/3 and Add.1, WT/ACC/JOR/8 and Add.1, WT/ACC/JOR/9, WT/ACC/JOR/13, WT/ACC/JOR/14, WT/ACC/JOR/18, WT/ACC/JOR/22, WT/ACC/JOR/23, WT/ACC/JOR/24, WT/ACC/JOR/25, WT/ACC/JOR/26, WT/ACC/JOR/27, WT/ACC/JOR/28;.....), including the legislative texts and other documentation listed in Annex I.

Introductory statements

4. In his introductory statement in 1996, the representative of Jordan said that Jordan was approaching the next century in an environment radically different from that of its early decades of development. In the 1970s and 1980s, Jordan had invested heavily in developing its human resources, relying on high levels of external financing and remittances of Jordanians working abroad. Jordan's inability to meet its external obligations had led to an economic stabilization programme being introduced at the end of the 1980s. The stabilization policies had been successful, even with the return of more than 400,000 expatriate workers. The Government had pursued an ambitious reform agenda, including fiscal and trade reform, since the early 1990s to stabilize the economy, improve efficiency and broaden the role of the private sector. The current account deficit had declined sharply reflecting solid export growth, improved earnings from tourism and increased worker remittances. Jordan's medium-term reform programme aimed at sustaining annual growth of real GDP at minimum 6 per cent and export growth of around 10 per cent, rates of inflation in line with those of industrialized countries, current account deficits below 3 per cent of GDP and accumulation of foreign exchange reserves.

5. Economic reform was geared towards liberalization and dismantling of all barriers to trade, investment, labour, capital, payments and services. The Government had drafted a customs law based on international best practice. Actions to improve customs clearance included streamlining of the temporary entry and duty drawback regime, pre-shipment certification, a "green channel" for easy clearance of imports and computerization, upgrading and training of customs staff. The Government had also taken initiatives to review and revise the main economic laws governing economic activity, and established a Privatization Implementation Office to coordinate various privatization initiatives and ensure transparency of the process. Domestic reforms were consistent with the direction of multilateral reform, but Jordan had not waited for world-wide liberalization to take decisions deemed in its own best interest.

6. A strong multilateral trading system was vital to Jordan, and Jordan was preparing to link its economy with the global economy. Jordan's economic cooperation and trade relations with the world community were characterized by a sincere commitment to obligations towards its partners. Some WTO obligations would entail constraints on policies and regulations affecting certain sensitive industries. Jordan was ready to negotiate a fair deal that would accommodate the interests of all parties concerned within the spirit of WTO multilateral agreements, and hoped for a successful accession which would take into account Jordan's situation as a developing country with a small economy. Accession to the WTO would give Jordan the chance to work along with member countries

to strengthen the multilateral trading system to the advantage of all members.

7. In their opening remarks, members of the Working Party welcomed the request from Jordan to accede to the WTO. Jordan's accession would reinforce the universality of the WTO. Jordan was commended for its efforts to overcome economic difficulties, and accession to the WTO was expected to assist in consolidating the reforms. Members looked forward to close co-operation with Jordan with a view to concluding the accession process successfully as quickly as possible. Noting Jordan's wish to avail itself of certain transitional arrangements, some members supported this request while other members stated that such requests would be given sympathetic consideration and decided case-by-case on the basis of substantiated needs.

8. The Working Party reviewed the economic policies and foreign trade regime of Jordan and the possible terms of a draft Protocol of Accession to the WTO. The views expressed by members of the Working Party on the various aspects of Jordan's foreign trade regime, and on the terms and conditions of Jordan's accession to the WTO are summarized below in paragraphs 9 to [222].

## **ECONOMIC POLICIES**

### Monetary and fiscal policy

9. The representative of Jordan said that current economic policies aimed at fiscal and monetary stability. The public budget deficit had been reduced through subsidy cuts, expenditure restraint and increasing revenue. Food subsidies had been reduced, the domestic price for petroleum derivatives increased, and a programme to improve the performance of loss-making public enterprises such as Royal Jordanian Airlines, Public Transportation Corporation and the Agricultural Marketing Organization had been implemented. Draft legislation had been submitted to the Council of Ministers to remove all privileges enjoyed by the Housing Bank, consistent with maintaining its obligations to low-income housing. The Housing Bank had become a commercial bank and no longer enjoyed any privileges. Food subsidies had been eliminated recently, and Royal Jordanian Airlines and Public Transport Corporation were undergoing privatization.

10. On the revenue side, an expanded tax base was accompanied by more efficient tax collection, including the introduction of a general sales tax (GST), replacing the former consumption tax. The system of income tax implemented through the Income Tax Law (No. 14 of 1995) taxed profits or gains earned or accrued in Jordan on the basis of annual self-assessment. Tax rates ranged from 5 to 30 per cent for individuals and 15 to 35 per cent for companies. Exempted from income tax were non-profit welfare, cultural, educational, sports or health institutions and cooperative societies; land

invested in agriculture or poultry, cattle, fish or bee breeding; capital gains earned on equipment, apparatus, land, real estate, bonds and shares; salaries paid to non-Jordanian diplomatic envoys; salaries and wages paid by non-operating foreign companies registered in Jordan according to the Companies Law; interest due on deposits of national and foreign persons and companies; income accrued from patents, copyrights or rewards; income specified in agreements on the prevention of double taxation; and income explicitly exempted by the Investment Promotion Law (No. 16 of 1995) and by means of bilateral or multilateral agreements. The tax exemptions applied equally to foreign enterprises.

11. Monetary policy aimed at monetary stability to ensure price stability and adequate financing of economic activity. The objective was achieved by controlling the money supply while reducing monetary control restrictions; consolidation of foreign currency reserves; continued liberalization of interest rates; the establishment of a deposit insurance corporation; and Central Bank supervision of all financial institutions.

#### Foreign exchange and payments

12. The representative of Jordan said that the national currency - the Jordan dinar (JD, equal to 1,000 fils) - had been pegged to the US dollar at the official buying and selling rates of JD 0.708 and 0.710, respectively, since 23 October 1995. Jordan had formally accepted the obligations of Article VIII, sections 2, 3 and 4 of the Articles of Agreement of the International Monetary Fund as from 20 February 1995. Thus, foreign exchange payments for current account transactions were not restricted in Jordan. Concerning capital transactions, the representative of Jordan said that inward transfers of capital were not restricted, but outward transfers were subject to approval by the Central Bank of Jordan (CBJ). Transactions pertaining to foreign investment had been completely liberalized. The CBJ allowed capital transfers to Arab countries on a reciprocal basis. Residents were allowed to carry or transfer up to JD 35,000 in foreign exchange to meet current payments for invisibles such as travel, education, medication, pilgrimage, residence abroad and family assistance without prior approval from the Central Bank. Applications for amounts in excess of JD 35,000 would be considered positively in the light of the applicant's needs. As of 1997, outward transfers were fully liberalized.

13. Licensed banks could purchase any amount of foreign currency against Jordan dinars from their customers on a forward deal basis, and could sell foreign currencies forward to customers paying for imports into Jordan.

14. Forward contracts in major currencies against the Jordan dinar were permitted for specified commercial transactions, including commodity imports, provided the authorized banks covered such operations abroad. Each dealer's forward transactions were subject to quantitative limits, but the CBJ could offer a forward exchange facility in respect of forward exchange cover provided by Jordanian banks for corporations and projects of vital national interest. Foreign exchange regulations had been modified to permit banks to execute asset-swap operations from foreign currencies into Jordanian dinars for all customers.

15. Exchange permits were required for goods subject to import licensing, and were granted automatically once the import licence had been obtained. Exchange permits were issued by the Foreign Exchange Control Department of the Central Bank of Jordan against a fee of 0.1 per cent to recover related administrative costs. Although exchange permits were no longer required, banks still collected the 0.1 per cent fee on some categories of transfers for payment to the Central Bank. The fee was being revised to narrow the categories of transfers subject to it with a view to its eventual elimination. The fee was not applied to permits issued for government departments and certain approved institutions and individual permits of less than JD 300.

16. He confirmed that private sector firms could borrow abroad freely and that no government approval was necessary. Export proceeds were not subject to any repatriation requirements. There were no taxes or subsidies on purchases and sales of foreign exchange; the fees and charges for such transactions were determined freely in the market.

#### Investment regime

17. The representative of Jordan said that the Investment Promotion Law No. 16 of 1995 had superseded the Encouragement of Investment Law No. (11) for 1987 and the Arab and Foreign Investment Law No. (27) for 1992. A Higher Council of Investment Promotion had been formed under the Chairmanship of the Prime Minister, and an "Investment Promotion Corporation" was entrusted with the implementation of the law, including acting as inquiry point regarding information on investment.

18. Business enterprises were incorporated in Jordan either as General Partnership and Limited Partnership Companies, Limited Liability Companies, Limited Partnership in Shares or Public Shareholding Companies. Applications for registration were submitted to the Controller of Companies at the Ministry of Industry and Trade. For general and limited partnership companies, the application should be accompanied by the original partnership agreement and a statement signed by each of them; for limited liability companies the company's Memorandum and Articles of

Association, on the approved forms for this purpose, should be included. The statement should be signed before the Controller or any person authorized by him, a Notary Public or a licensed lawyer. For general and limited partnership companies the registration fee amounted to JD 10 plus 0.3 per cent of the company's capital in revenue stamps and JD 10 for publication of the registration in the Official Gazette. The fees for limited liability companies amounted to 0.5 per cent of the company's capital - 0.2 per cent for registration and 0.3 per cent for revenue stamps - and a JD 15 publication fee. An application for registration as a public shareholding company was accompanied by the company's Articles of Association, the Memorandum of Association, the names of the promoters of the company and the names of the promoters' commitment conducting the formation procedures. The Articles of Association and the Memorandum of Association were signed before the Controller or any person authorized by him, a Notary Public or a licensed lawyer. The fees totalled 0.6 per cent of the company's capital (one half for registration, the other half for revenue stamps) and JD 75 to 100 for publication in the Official Gazette. Foreign investors registered their companies as Jordanian companies with the Companies' Registrar at the Ministry of Industry and Trade. A branch of a foreign company would need to submit to the Controller of Companies a copy of its Articles of Association and Memorandum of Association, as well as written documentation certifying that the company had been approved by the concerned authority in Jordan for operating in Jordan. Registration fees amounted to JD 1,000 for a company with capital less than JD 1 million, and JD 2,000 for larger companies.

19. Tax incentives were provided by virtue of the Investment Promotion Law for any project related to industry, agriculture, maritime transport and railways, hospitals and hotels. The Council of Ministers could add any other sector in accordance with the Kingdom's needs. In January 1997, the Council of Ministers had added leisure and recreational compounds and exhibition centres to the list of projects benefiting from tax incentives provided under the Investment Promotion Law. Imported fixed assets and spare parts (up to 15 per cent of the value of the fixed assets utilising these spare parts) for the establishment or subsequent expansion of a project were exempt from import duties and other import fees and charges (except municipal fees), provided that the items were imported into the Kingdom or used in a project within 10 years from the commencement date of the work or production. The exemption would also cover any increase in the value of the fixed assets resulting from price increases, freight charges or changes in exchange rates. Hotels and hospitals enjoyed further exemptions from fees and taxes on purchases of furniture and supplies for renewal or renovation once every seven years.

20. Reductions in income and social services taxes to the level of 25, 50 or 75 per cent were granted depending on the nature of the activity and the location of the project. The reduction could

amount to 100 per cent in certain areas approved by the Council of Ministers. The exemptions from income and social services tax were applicable for 10 years, starting from the date of commencement of works (services projects) or production (manufacturing projects). An additional exemption, not exceeding four years, could be granted if the project was expanded, developed or modernized with a resulting increase in production capacity (one year for each increase of not less than 25 per cent).

21. The Investment Promotion Law did not differentiate between domestic and non-Jordanian investors, and no preferences were linked to export performance or domestic content requirements. Article 24 of the Investment Promotion Law stipulated that non-Jordanian investors investing in any project governed by the Law should be afforded the same treatment as Jordanian investors. The Law guaranteed foreign investors the transfer of profits and repatriation of the foreign capital invested. According to the Investment Regulation No. 39 for 1997, issued in accordance with Article 24 of the Investment Promotion Law No. 16 of 1995, non-Jordanian ownership could not exceed 50 per cent in any project or economic activity in the sectors of construction, trading and trade services, and mining. Except for these three sectors, a foreign investor could own 100 per cent of the equity in a Jordanian entity. The Investment Promotion Corporation was preparing legislation to define clearly the scope of mining, construction, and trade services covered by the foreign equity restrictions. Non-Jordanian investment in securities listed on the Amman Financial Market was subject to a provision (Article 6) that payment be made from the sale of convertible foreign currency. Non-Jordanian ownership in a public shareholding company could not exceed 50 per cent unless the percentage of foreign ownership was higher at the time of closing of the share subscription, in which case the maximum limit would be fixed at that percentage. The amount of non-Jordanian investment in any project should be minimum JD 50,000, except in public shareholding companies.

#### State ownership and privatization

22. The representative of Jordan said that Jordan's economic strategy called for a much larger role of the private sector in the economy. The Government aimed at reducing its own involvement in the production and distribution of goods and services. Some sectors previously reserved for public investment such as telecommunications and power generation were being opened to private investors, and new public-private partnerships were being forged. Rapid implementation of the privatization programme in a transparent manner was a key objective of the Government.

23. The Council of Ministers had appointed an interministerial committee, headed by the Prime Minister, to steer the overall privatization plan. A Privatization Implementation Unit, located in the office of the Prime Minister, assisted in the privatization process, and the World Bank supported the institutional capacity to implement the programme through the Institutional Development Fund (IDF).

The main responsibilities of the Privatization Implementation Unit included:

- (a) coordination of the preparation of divestiture transactions;
- (b) managing the teams of technical experts and short-term external advisers;
- (c) managing the marketing efforts of enterprises undergoing divestment;
- (d) negotiations with stockholder groups;
- (e) execution of transactions; and
- (f) dissemination of information on progress in privatization.

24. The privatization programme aimed at increasing enterprise efficiency. The operational performance of some public enterprises was expected to improve by according greater autonomy to enterprise management in administrative and investment decision, and the sale of shares to reputable strategic investors. Substantive steps towards eventual privatization had been taken in the energy and telecommunication sectors. The Government intended to restructure public enterprises in the transport sector. The Government had decided that the first phase of the programme would involve the privatization of the Jordan Telecommunication Corporation (JTCC), the Jordan Electricity Authority (JEA), Irbid District Electricity Company (IDECO), Jordan Electric Power Company (JEPCO), Aqaba Railway Corporation (ARC), Jordan Cement Factories Company (JCFC), Public Transport Corporation (PTC) and the Jordan Tourism and Spa Complex Co. at Zerqa Mai'n. The Government would also sell its minor stakes (less than 5 per cent) in public shareholding companies and partially dispose of other shareholdings such as those in Arab Potash Co. and the Jordan Phosphate Mines Co. (under study).

25. The representative of Jordan said that Jordan's privatization process was free from discriminatory practices or discretionary investment authorizations. Foreigners of all nationalities could participate in Jordan's privatization process within the legislation in force. International consultants, investors and developers were invited to compete for bids related to privatization through local and international media.

#### Pricing policies

26. The representative of Jordan said that his Government was removing price controls gradually on certain commodities with a view to the eventual liberalization of all prices at the retail level. Jordan applied price and profitability control, as well as price cap control, on certain domestic and imported products. The products subject to controls are listed in Table 1(a) and 1(b).



Table 1(a): Controls on domestic products

HS Code	Product name
<b>PRICE CONTROL</b>	
ex 0713.20	Chickpeas, seeds of a kind used for sowing
ex 0713.40	Lentils, seeds for a kind used for sowing
ex 1001	Wheat, seed of a kind used for sowing
ex 1003.00	Barley, seed of a kind used for sowing
ex 1214.90	Vetches and similar forage, seeds of a kind used for sowing animal feed.
1001.10, ex 1001.90	Wheat
1101.00	Flour
HS Code	Product name
ex 1905.90	Bread – Arabic, Tanouri, Taboun, Armenian, and Baladi
ex 2302	Bran
ex 2523.29	Cement, Portland , bagged
ex 2523.29	Cement, Portland , not bagged
ex 2523	Cement, Sulphate resistant, bagged
ex 2523	Cement, Sulphate resistant, not bagged
ex 2711.13	Liquid gas Butane
ex 2710.00	Leaded (gasoline)
ex 2710.00	Super (gasoline)
ex 2710.00	Unleaded (gasoline)
ex 2710.00	Jet Fuel (airplanes' fuel)
ex 2710.00	Kerosene
2710.004	Diesel
2710.005	Fuel oil
ex2714.90	Asphalt, w/o containers
ex 2714.90	Asphalt, in containers
ex 2710.00	Diesel for Ships
ex 3002, ex 3003, ex 3004	Medicaments for Human, manufactured locally
ex 2201.90	Water
2716.00	Electrical Energy
<b>PROFITABILITY CONTROL</b>	
ex 3002, ex 3003, and ex 3004	Medicine, Veterinary, manufactured locally
<b>PRICE CAP</b>	
ex 0401.30	Fresh Cow Milk
ex 0403.10	Yogurt, in plastic container, produced from 100% fresh cow milk.
ex 0403.90	Labaneh, in plastic container, produced from 100% fresh cow milk.
ex 2005.90	Houmos,
ex 2005.90	Qudsieh,
ex 2005.90	Fool,
ex 2005.90	Musabaha,
ex 2106.90	Falafel Sandwiches, and Falafel pieces, sold in unclassified restaurants

Table 1(b): Controls on imported products

HS Code	Product name
PRICE CONTROL	
1001.10 ex 1001.90	Wheat
PROFITABILITY CONTROL	
ex 3002, ex 3003, ex 3004	Medicaments for Human
ex 3002, ex 3003, ex 3004	Medicaments, Veterinary
PRICE CAP	
0204.21	- Carcasses & half carcasses of sheep, fresh or chilled
0204.22	- Other cuts of sheep with bone in, fresh or chilled
0201.10	- Carcasses & half carcasses of bovine animals, fresh or chilled
0201.20	- Cuts of bovine animals with bone in, fresh or chilled
0201.30	- meat of bovine animals, boneless, fresh or chilled
ex 1003.00	Barley , bagged
ex 1003.00	Barley, loose

27. A committee - comprising representatives of merchants and the Ministries of Supply and Agriculture - set prices based on costs, and allowed a 17 per cent profit margin for wholesalers and retailers. The same maximum profit margin applied in case of similar imported products. Revisions of the established prices could take place every six months. In most cases the revisions were requested by importers due to changes in import prices, for example, for wheat of bread-making quality. The price controls had originally affected 66 food products. In response to specific questions, he confirmed that prices of dried milk, sugar and rice were not fixed when imported by private enterprises. Except for the regular Jordanian loaf of bread, prices of all bakery and pastry products were determined freely by the market. Price controls remained on locally-produced cigarettes, while prices for imported cigarettes had been liberalized.

28. [Prices for utilities (electricity, water, solar heating and natural gas) and petroleum products, except lubricants, were controlled to support low-income groups. Electricity prices had recently been raised to rationalize the use of energy and increase the financial viability of electricity production. Water charges had also been increased, including the adoption of a progressive tariff for irrigation water, to rationalize use and ensure cost recovery for water and sanitation services.]

29. A member noted that the use of price controls on imported chilled meat, but not on domestically-produced chilled meat, would appear to violate the national treatment obligations of GATT Article III, and asked how Jordan intended to bring this item into conformity with WTO requirements. This member sought a commitment from Jordan that it would observe the provisions of Article III concerning the application of maximum prices to imports, with particular emphasis on the provisions of paragraphs 4 and 9, that Jordan would notify its current price controls on imports and

domestic goods and services to the Working Party, and that any subsequent such controls will be published in an official journal for the information and review of traders.

30. In reply, the representative of Jordan said that Jordan had decided to eliminate price controls on imported chilled meat. Legal measures to eliminate this practice would be adopted in October 1999. He confirmed that the price controls on bagged and loose barley (price cap) and veterinary medicaments (profitability control) were applied equally on imported and domestically-produced items, and thus did not violate the national treatment provisions of Article III of the GATT 1994. Concerning human medicaments, domestically-produced medicaments were subject to price control, and profitability control was applied to imported items. He added that Jordan did not intend to liberalize the prices of products remaining under price control before acceding to the WTO. However, Jordan would ensure that the price control mechanisms applied in Jordan be in conformity with Article I and III of the GATT 1994, and with the transparency requirements of the WTO.

31. The representative of Jordan confirmed that prices for goods and services in every sector of Jordan were determined freely by market forces with the exception of those listed in Table 1(a) and 1(b).

32. The representative of Jordan confirmed that Jordan would apply, from the date of accession, the price and profitability controls described in paragraphs [26-30] and Table 1(a) and 1(b) and any applied in the future, in a WTO-consistent fashion, and would take account of the interests of exporting WTO Members as provided for in Article III:9 of the GATT 1994. Jordan would publish any list of goods and services subject to State price controls in the Official Journal, including any changes regarding existing price controls. The Working Party took note of these commitments.

#### Competition policy

33. The representative of Jordan said that a draft Law on the Prevention of Monopolistic Practices and Encouragement of Competition had been submitted to Parliament for review and approval. An English translation of the law, once available, would be provided to the Working Party.

#### **FRAMEWORK FOR MAKING AND ENFORCING POLICIES**

34. The representative of Jordan said that Jordan was a constitutional monarchy. The King and the Council of Ministers constituted the executive branch of government. The legislative system comprised the King and Parliament, which was formed by an Upper House of 40 dignitaries appointed by the King, and a Lower House of 80 deputies elected by the people. The constitution (Article 97) guaranteed an independent judicial system, i.e. the civil and criminal courts, including the

magisterial courts, courts of First Instance and courts of Appeal.

35. The Council of Ministers was responsible for issuing by-laws and regulations based on the different relevant laws. Regulations of the Council of Ministers should be approved by the King and published before coming into effect. According to the Customs Law, the Council of Ministers decided on changes in tariff rates upon proposals of the Tariff Council, formed by the Minister of Finance, the Minister of Industry and Trade, and the Director General of the Customs Department. The Council of Ministers was empowered to restrict importation or exportation of certain goods, restrict totally or partially the right to import or export goods to certain entities, or exempt goods from import and export licensing requirements upon proposal of the Minister of Industry and Trade.

36. The Ministry of Industry and Trade supervised the formulation and execution of policies related to industry and trade. The Ministry's functions included the implementation of major trade-related legislation such as the Import/Export Law and regulations, the Companies Law, the Industrial Property Law, the Insurance Law and the Trade Marks Law; negotiation of trade and economic agreements and protocols; and representing the Government in bilateral, regional and international meetings. The Ministry of Industry and Trade could, upon a proposal from or in coordination with the authority concerned, subject certain imports or exports to prior approval of this authority.

37. The Customs Department within the Ministry of Finance administered the flow of goods across borders according to the laws and regulations in force. The main tasks of the Department, which consisted of 16 directorates and 23 border centres, included the application of customs duties on imported goods; administration of temporary entry and/or drawback facilities for exporters, diplomatic missions, regional offices and projects; implementation of exemptions accorded to entities such as charitable organizations and beneficiaries under the Investment Promotion Law; collection of sales tax; handling of violations of the Customs Law such as smuggling, fraud and false information; organization of special patrols to combat smuggling; and performing auditing checks on all customs statements. The Ministry of Health was responsible for registration of imported and locally-produced medicaments.

38. The representative of Jordan said that draft laws would normally be submitted to the Council of Ministers for consideration by the Ministry or agency concerned with the subject-matter. Approved by the Council of Ministers, the law would be sent to the Bureau of Legislation to be put in proper legal form prior to submission to Parliament. Laws were discussed and approved separately by both Houses of Parliament. A Law passed by both Houses was submitted to the King for his consent and signature. Once this step had been completed the Law would become effective after publication in the Official Gazette. International agreements and treaties signed by Jordan needed to be ratified

by Parliament only if they entailed expenditure on behalf of the Treasury. All treaties were required to be published in the Official Gazette in order to be enforceable.

39. The representative of Jordan said that unless a law designated a different court, civil courts had jurisdiction in all civil matters, including trade. Jordanian courts could also decide on cases beyond their jurisdiction if the litigants agreed. Trade issues heard by civil courts could be referred to the magisterial courts (cases within a JD 750 value limit), the Courts of First Instance (which also served as courts of appeal for magisterial court decisions), the Courts of Appeal, and the Court of Cassation. The Court of Cassation decided on judgements of the Courts of Appeal in civil cases. It also decided on points of law or procedure if reference to the Court of Cassation was allowed by the presiding judge of the Court of Appeal. In certain cases the Court of Cassation could decide to return the case to the Court of Appeal for reconsideration. Matters of fact relating to litigants' rights not objected to before the Court of First Instance or the Court of Appeal could not be raised before the Court of Cassation.

40. Natural or legal persons contesting administrative decisions could take the matter to the High Court of Justice, which was specialized in administrative jurisdiction. Customs and income tax matters were decided by specialized courts. Customs decisions could be appealed to the Customs Court of First Instance, whose judgements could be appealed to the Customs Court of Appeal and further to the Court of Cassation. Issues of intellectual property infringement were addressed by the civil Courts of First Instance. Apart from the granting of amnesty or partial pardon to convicted individuals and sanctioning the execution of capital punishment, the King had no power to overrule any court judgement, civil or criminal. Religious Courts mainly heard cases involving marriage, divorce, wills and legacies and had no jurisdiction in civil or criminal cases or issues related to domestic and foreign trade.

41. A member asked Jordan to clarify the right of appeal to a separate judicial authority in matters covered by WTO Agreements. In reply, the representative of Jordan said that Jordan had adopted the system of two-tier litigation. This rule applied in the civil or administrative courts, thus every decision of a judicial character was subject to appeal in Jordan in one form or another. In the absence of a special court of first instance, all administrative-related decisions were considered decisions of the first court and subject to appeal to the High Court of Justice. The High Court of Justice had jurisdiction to hear a limited list of appeals mentioned in the High Court Law or in other special laws, i.e. trade marks and patents. Decisions concerning customs, income tax, and compensation under imminent domain were appealed to the civil system of courts as provided by special provision in the relevant laws. The Court of Customs and the Customs Court of Appeal had jurisdiction to hear all

customs-related issues and penalties. Decisions of the Customs Court and the Court of Appeal were subject to review of the Court of Cassation. However, decisions regarding prior approval for importation would be subject to appeal to the High Court of Justice in accordance with the general theory of Administrative Law.

42. Concerning the division of authority between central and sub-central government, the representative of Jordan said that the central Government was responsible for all matters related to the national economy and foreign trade. Autonomous public entities and private agencies shared in implementing national economic policies, including trade.

43. The representative of Jordan stated that if Jordanian laws or other acts should be found to contradict international treaties or agreements, the provisions of the international treaty or agreement, such as the WTO, would apply. The representative of Jordan confirmed that sub-central entities had no autonomous authority over issues of subsidies, taxation, trade policy or any other measures covered by WTO provisions. He confirmed that the provisions of the WTO Agreement, including Jordan's Protocol, shall be applied uniformly throughout its customs territory and other territories under Jordan's control, including in regions engaging in border trade or frontier traffic, special economic zones, and other areas where special regimes for tariffs, taxes and regulations are established. He added that when apprised of a situation where WTO provisions were not being applied or were applied in a non-uniform manner, central authorities would act to enforce WTO provisions without requiring affected parties to petition through the courts. The Working Party took note of these commitments.

## **POLICIES AFFECTING TRADE IN GOODS**

### Trading Rights

44. Some members requested Jordan to clarify the right of firms and individuals to trade to understand better how Jordan's conditions compared with the requirement of GATT Article III:4. Specifically, Jordan was asked to outline the trading rights of (i) fully domestically-owned firms; (ii) firms with less than 50 percent foreign equity; (iii) firms with more than 50 percent foreign equity; and (iv) fully foreign-owned firms. For each category, Jordan should also indicate who would be entitled to register as Jordanian firms with the right to import for own use (e.g. in manufacturing), import for further distribution, or export. In reply, the representative of Jordan provided a detailed report on the right to trade (WT/ACC/JOR/25). Regulations distinguished between trade for a commercial purpose (further distribution and sale, including wholesale and retail) and non-commercial purpose (own use).

45. Commercial trade could be effected by companies or sole proprietorships having specified "engaging in trade activities" among their objectives at the time of registration. In this respect, Jordanian legislation distinguished between Jordanian (including foreign-owned) companies and foreign companies. Jordanian companies were companies established and registered in Jordan, and having Jordan as the principal place of operation. According to the Non-Jordanian Investment Promotion Regulation for 1997, foreign equity in a Jordanian company engaged in trade and trading services (including distribution services and import/export for commercial purposes) could not exceed 50 per cent. In addition, foreign investors in a Jordanian trade and trading services company were required to deposit minimum JD 50,000 with a Jordanian bank to effect the registration of such a company. A foreign company, such as a branch of a company incorporated abroad, could be registered for trade and trading services in Jordan, in which case the minimum capital requirement of JD 50,000 would not apply. Registration could be either temporary, for the purpose of implementing a specific project or tender in Jordan, or permanent. However, permanent registration of foreign companies carrying out regular business in Jordan was subject to an economic needs test.

46. Individuals, Jordanian or foreign, did not have the right to import or export for commercial purposes. However, a Jordanian natural person could register a "sole proprietorship", an option which was not available to foreigners wishing to engage in commercial trade. Imports or exports for non-commercial purposes (own use) could be effected by Jordanian companies regardless of the level of foreign equity, foreign companies registered in Jordan, or domestic or foreign individuals. Imports for own use would be limited to items relevant to attain the stated objectives of the entities concerned.

47. A firm engaging in importation and exportation for commercial purposes was required to hold a valid import card, as stipulated in the Import and Export Regulations No. 74 of 1993. Import cards were issued automatically by the Trade Directorate in the Ministry of Industry and Trade after the importer had received a certificate of registration from the Importer's Registration at the Ministry of Industry and Trade. An application for registration in the Importer's Registration should be accompanied by a valid profession licence and include information such as the name, address, capital and trade name of the company or enterprise. Profession licences were issued to natural and legal persons registered in Jordan which were members of the Chamber of Commerce or Chamber of Industry, and which had had their premises inspected/approved by the local municipality. Membership in the Chamber of Commerce or Chamber of Industry was automatic provided membership fees were paid.

48. The registration certificate of a company or merchant should be attached to the application for individual enterprises, whose capital should not be less than JD 5,000. Provided the documentation

was in order, the import card would be issued within 30 minutes at no cost. The card was valid for one year (ending on 28 February), and could be renewed annually subject to the usual documentation requirements, including a renewed profession licence. An import card could not be cancelled. The Ministry could not refuse an application for an import card.

49. Identical criteria applied for import cards issued to all persons, entities and institutions regardless of nationality and economic sector. Entities needing an import licence according to the information provided in paragraph [76] below could use this licence in lieu of the import card.

50. The import card provided the importer with a special number and a special file which facilitated the clearance of imported goods through customs. Goods could also be imported without a valid import card, but would then be subject to a fine equal to 5 per cent of the value of the imported goods. This fine was applied evenly to imports from all sources.

51. Some members requested Jordan to provide a WTO justification for the import card rule, and considered the fine for importing without a card disproportionate. The representative of Jordan replied that import cards were used for identification and statistical purposes, and that the fine was designed to ensure that importers complied with the requirements. Jordanian and foreign companies which had not been registered as "engaging in trade activities" could avoid the 5 per cent penalty on imports for own use by requesting a special import card. Natural persons did not have the right to apply for special import cards. Imported personal effects were not affected by the import card rule as these were cleared unconditionally by customs.

52. The representative of Jordan said that Jordan's requirements on the right to trade did not in any way contradict Articles III, XI, and VIII of the GATT 1994. However, natural and legal persons were restricted, as described in paragraph [45 and 46], in their ability to import for commercial purposes. [The representative of Jordan confirmed that no restrictions existed on the right of foreign and domestic individuals and enterprises to import and export goods and services into Jordan's customs territory, except as provided for in WTO Agreements. He confirmed that individuals and firms were not restricted in their ability to import or export based on their registered scope of business and the criteria for registration of companies in Jordan were generally applicable and published in the official journal of Jordan.]

53. [The representative of Jordan confirmed that from the date of accession Jordan would ensure that its laws and regulations relating to the right to trade in goods and all fees, charges or taxes levied on such rights would be in full conformity with its WTO obligations, including Articles VIII:1(a), XI:1 and III:2 and 4 of the GATT 1994 and that it would also implement such laws and regulations in



full conformity with these obligations. The Working Party took note of this commitment.]

## 1. Import Regulation

### Customs tariff

54. The representative of Jordan said that the customs law had been revised and amended to make it compatible with WTO requirements, ensuring transparency and simplified customs procedures. A new Customs Law, replacing the Customs Law of 1983, had been published on 1 October 1998, and had entered into force on 1 January 1999. Jordan had begun using the Harmonized System nomenclature on 1 January 1994, and the HS 96 nomenclature had entered into force on 1 March 1997. The Customs Law No. 20 of 1998 had been reviewed to assess its WTO conformity. Although the Customs Law No. 20 of 1998 largely conformed to WTO requirements, certain amendments were needed in order to bring it into full conformity. Key subject areas to be addressed were (i) non-preferential rules of origin (Articles 24-26), which would be substantially revised to incorporate the Harmonized Rules of Origin once finalized by the WTO in co-operation with the World Customs Organization; (ii) customs valuation (Articles 28-32), where the language of some articles would be changed in the areas covering the definition of transaction value, deductive value, and prohibited methods. Jordan also planned to publish, in the form of a Regulation, the interpretive note on customs valuation in 1999; (iii) customs user fees, to include a provision ensuring that customs user fees reflected the cost of services rendered in accordance with Article VIII of GATT 1994; (iv) border enforcement of intellectual property rights, providing a basic legal framework which would be further elaborated through Regulations, and (v) countervailing duty and safeguard measures, where existing language in Article 15 would be deleted because Jordan had enacted a Law on safeguards and was preparing Regulations on countervailing measures. Jordan was in the process of preparing these amendments, and planned to enact them in 2000.

55. The representative of Jordan said that tariff rates had been streamlined and reduced. The tariff bands had been reduced to six (0, 5, 10, 20, 30 and 40 per cent). The average trade-weighted tariff had fallen from 34.1 per cent in 1994 to 14.6 per cent in 1996, and the share of customs duties in government revenue had declined from 25 per cent in 1992 to 10 per cent in 1995. As of 1 January 1997, the maximum tariff amounted to 40 per cent (except for alcohol and tobacco). [Before the end of 1998,] the maximum tariff was expected to be reduced to 30 per cent, except for manufactured tobacco and tobacco substitutes (70 to 100 per cent), and alcoholic beverages (180 per cent). Jordan maintained combined (*ad valorem* and specific) duty rates on bananas, grapes, apples, calves, and sheep and goats. Jordan had no intention to abolish these compound rates.

Other duties and charges

56. The representative of Jordan said that Law No. 7 on Unifying Other Taxes and Fees had been passed in March 1997, consolidating all other import duties and charges into the ordinary rate of customs duty. The fees and taxes that had been incorporated into customs duties included a consolidated surcharge (6 per cent); the municipalities and universities fees (2 per cent and 4 per cent, respectively); the 1969 surcharge tax (5 per cent on items exempt from customs duty, 3 per cent on dutiable items); and a 5 per cent import fee.

57. A fee of 86.5 fils (JD 0.0865) per packet (20) of imported cigarettes was levied in accordance with the decision of the Economic Security Commission No. 16 of 20 September 1984. The revenue was earmarked for support of some agricultural products. [A decision regarding this charge will be made by end September 1999]. Imported radios were subject to fees levied in accordance with by-Law No. 20 for 1966 of the Ministry of Post and Telecommunication. The fees amounted to JD 0.2 for one-wave transistor radios, JD 0.3 for two-wave radios and JD 0.4 for radios with three wave bands. In addition, JD 0.5 was levied on each transistor radio with an electric transformer, and JD 2 on each radio operated by electricity. Asked to explain the purpose of the fees levied on imported transistor radios, the representative of Jordan said that the purpose had not been specified in the legislation introducing these fees, i.e. the Regulation of Wireless Receivers and Transmitters No. 30 of 1966 and the 1934 Wireless Telegraph Law (Article 4). Jordan had decided to eliminate the import fee on transistor radios [legal measures will come into effect before the end of October 1999]. Asked by a member about the WTO justification for an import charge on imported sheep and goats (JD 2 per head) and calves (JD 10 per head), the representative of Jordan said that the Law on Unifying Taxes and Duties No. 7 of 1997 would be amended prior to accession. Jordan would reintroduce compound tariff rates for sheep and calves, as was the case before February 1997.

58. The representative of Jordan confirmed that from the date of accession Jordan would levy no duties and charges on imports other than ordinary customs duties and fees and charges for services rendered. Any such charges applied to imports after accession would be in accordance with WTO provisions. He further confirmed that Jordan would not list any other charges in its Goods Market Access Schedule under Article II:1(b) of the GATT 1994, binding such charges at "zero".

Tariff rate quotas, tariff exemptions

59. The representative of Jordan said that tariff rate quotas were not applied in Jordan, but tariff exemptions had been granted for basic production inputs, basic food products, necessary health and medical goods, and capital goods and equipment for agriculture and industry. Tariff-exempt imports

had accounted for almost 60 per cent of the total value of imports in 1996, 50 per cent in 1997, and 38 per cent in 1998. These figures included duty-free imports by diplomatic, charitable, educational and medical institutions, certain imports governed by bilateral trade agreements (protocol trade), imports by certain government institutions, and imports under the Investment Promotion Law.

60. The new Customs Law No. 20 of 1998 had cancelled all import duty exemptions for government-owned firms and government institutions (except grants and donations). Duty exemptions remained for 10 companies in accordance with agreements with the Government or concessions, granted at the time of their establishment (Table 2). The import duty exemptions were set to expire automatically on the date stipulated in the concessions and agreements. The beneficiaries were share holding companies with significant private participation - the Phosphate Mining Company, the Petroleum Refinery Company, the Jordan Cement Factories Company, the Arab Bridge Maritime Company, the Arab Potash Company, the Jordanian Electric Company, the Irbid Governorate Electric Company, the Jordanian Tanning Company, the Vegetable Oil Factories Company, and the Arab Company for Manufacturing White Cement. The products subject to import duty exemptions were used by the exempted companies for production purposes and operations, excluding cars and spare parts, tyres, petroleum products, vans and buses and their spare parts, stationery, computer devices, air-conditioners, hand tools, consumption materials, goods and materials used for housing employees, and products similar to Jordanian products. These companies were not exempt from income tax, and the tariff exemptions were not contingent upon export performance.

Table 2: Company-specific tariff exemptions in Jordan

Company Name	Terms of concessions and agreements; conditions; and expiration
Phosphate Mining Company	The company has exclusive mining rights of Phosphate for four different mines in Jordan, which are granted based on Law No. 12 of Natural Resources 1968. Mining rights are usually granted for thirty years and are subject to renegotiations and renewal once they expire. The company also has the exclusive right (indefinite term) to import, store and sell explosive materials used in the local market for mining and quarrying purposes.
Petroleum Refinery Company	The concession Law No. 19 of 1958 was issued to approve the concession agreement signed between the Jordanian Government and the Petroleum Refinery Company. The term of concession grants the company the exclusive right to refine oil and sell in Jordan. The company alone shall have the right to import oil and Hydrocarbon necessary to the local market. The concession expires in 2008.
Jordan Cement Factories Company	The Jordan Cement Factories has a concession for fifty years and it is valid from 1951 to 2001. The company has the exclusive right to search, extract and produce cement and its by-products in any area or land of the Hashemite Kingdom of Jordan for the purpose of supplying the local market with all its cement demand. The concession expires in year 2001.

Company Name	Terms of concessions and agreements; conditions; and expiration
Arab Potash Company	The Arab Potash Company has a concession Agreement which was granted in 1958 and for 100 years according to law No. 16 of 1958, issued to approve the concession agreement. The company has the exclusive right to mine and extract Dead Sea minerals from the Dead Sea. The concession expires in year 2058.
Jordanian Tanning Company	The Jordanian Tanning Co. has a concession agreement that was granted in 1962, for forty years, according to the Law No. 9 which approved the concession agreement. The company has the exclusive right to import and export rawhides and skins and also it has exclusive right to export tanned leather. The concession expires in year 2002.
Jordanian Electric Company	<p>The Jordanian Electric Co. has a concession agreement that was granted in 1961 for fifty years according to Law approving the concession agreement. The company has exclusive right to distribute electric power to Amman, Zarqa, Madaba, Salt areas and suburbs with electricity power. The concession expires in year 2012.</p> <p>The company is not engaged in international trade activities and does not have exclusive right to generate power. Its main objective is to distribute electric power in the above mentioned areas (natural monopoly with regard to power distribution at the local level).</p>
Irbid Governorate Electric	<p>The Irbid Electric Co. has a concession agreement that was granted in 1961, for fifty years, according to Law No. 1 of 1961 approving the concession agreement. The company has the exclusive right to distribute electric power to Ajlun, Irbid, Mafraq and Jerash areas. The concession expires in year 2011.</p> <p>The company is not engaged in international trade activities and does not have exclusive right to generate power. Its main objective is to distribute electric power in the above mentioned areas (natural monopoly with regard to power distribution at the local level).</p>
Vegetable Oil Factories Company	<p>The Vegetable Oil Factories Co. has exclusive right to Margarine to the local market. Concession agreement was granted in 1956 for thirty years according to agreement and has been extended for another fifteen years. The concession expires in year 2001.</p> <p>However this is not implemented in practice.</p>
Arab Company for Manufacturing White Cement	<p>There is no concession agreement between the Jordanian Government and the Arab Company for Manufacturing White Cement.</p> <p>The company is exempted from paying customs duties as per cabinet decision dated 10 November 1984.</p>
Arab Bridge Maritime Company	<p>The company has a concession agreement that was granted in 1985 for fifty years according to Maritime cooperation agreement between three Arab countries (Jordan, Egypt, and Iraq). The company has the exclusive right to transport cargo, mail and passengers from Aqaba to Noueibe and return.</p> <p>The company is registered in Panama and, therefore, is not subject to Jordanian laws on income tax.</p>

61. Charitable organizations were registered in a special registry at the Ministry of Industry, and received an import licence from the Ministry to import goods duty free upon recommendation from the Ministry of Social Development, certifying that the goods to be imported were for charitable purposes. Duty-free imports were allowed for medical equipment and medications (approval of the Minister of Health and Minister of Finance/Customs); fixed equipment and apparatus and educational apparatus received as donations or grants for use in schools and institutions run by charitable organizations (recommendation from the Minister of Social Development and approval by the Minister of Finance/Customs); clothes, food, furnishings (carpets and curtains) received as donations or grants to orphanages, old peoples' homes and hospitals (upon direction from the Minister of Social Development and approval of the Minister of Finance/Customs); donations and grants of construction materials for building mosques, churches or schools belonging to religious or charitable organizations accredited by the Ministry of Social Development; and hearse cars (95 per cent tariff reduction). Educational and medical materials and all other apparatus, equipment, machines and spare parts, including transport vehicles, were also fully exempt from customs duties when used by schools, institutions and programmes for handicapped persons.

62. The tariff exemptions granted for imported capital goods and related spare parts in investment projects are described in the section "Investment regime". Agricultural products exempted from customs duties were wheat and flour, and certain fruit and vegetables imported under bilateral trade agreements with Arab countries, Israel and Palestine according to an agricultural calendar.

63. Some members noted that the seasonal exemptions for customs duties and import fees for certain agricultural products were not applied on a most favoured nation basis. In reply, the representative of Jordan said that Jordan intended conform to the MFN requirements of WTO. Jordan was currently evaluating its trade arrangements with other countries to determine the proper mechanism for ensuring WTO conformity. Jordan would maintain seasonal exemptions from customs duties accorded as trade preferences to some Arab countries in the context of the Arab Free-trade Area.

#### Fees and charges for services rendered

64. A member noted that Jordan imposed overtime fees and non-tariff *ad valorem* charges for [foreign exchange permits and] re-exported goods, and that the fee assessed for authentication of invoices and certificates of origin increased for goods worth more than JD 10,000. Jordan was requested to bring its fees and charges for services rendered into conformity with Article VIII of the GATT 1994.

65. In reply, the representative of Jordan said that certain fees and charges were imposed for services rendered to the importer. A detailed report was provided to the Working Party in document WT/ACC/JOR/27. Veterinary charges were levied in accordance with by-law No. 17 for 1987, issued in accordance with the Agriculture Law No. 20 for 1973, and their amendments. He added that audio-visual material was screened to protect public morals according to Law No. 52 of 1951, and the fees for movies (JD 50); video films and visual discs (JD 3); and audio discs, computer and electronic games, and audio cassettes (JD 1), were below the cost of the services rendered.

66. An overtime fee equal to 0.2 per cent of the c.i.f. value of imported goods worth more than JD 50 (0.1 per cent for goods in transit) was charged for services rendered by staff of the Customs Department during official working hours and for performing difficult and risky tasks. He confirmed that these fees would be brought into conformity with Article VIII of the GATT 1994 upon enactment of amendments to the Customs Law No. 20 [expected in October/November 1999]. The overtime fee would be replaced by an import processing fee of 0.2 per cent of the transaction value, minimum JD 10 and maximum JD 250 per transaction. The transit fee would be levied at a fixed rate of JD 15 per transaction.

67. Consular fees were levied in accordance with by-law No. 1 for 1989 based on Article 2 of the Law on consular fees No. 36 for 1947. The fees were levied for certification of commercial bills not paid at the time of certification by the consular authority in the exporting country, and ranged from JD 2 for bills less than JD 100 to JD 50 for bills worth JD 50,000-100,000 with an additional JD 2 charged for each JD 10,000 in excess of JD 100,000. Certificates of origin issued by a consular authority were subject to a fee of JD 2 per certificate. Appropriate legal measures to bring the consular fees for certification of commercial bills into conformity with Article VIII of the GATT 1994 [will be adopted in October 1999].

68. [The representative of Jordan confirmed that, from the date of accession, Jordan would impose any fees or charges for services rendered related to importation or exportation only in conformity with Article VIII of the GATT 1994. Information regarding the application and level of any such fees, revenues collected and their use, would be provided to WTO Members upon request. The Working Party took note of these commitments.]

#### Application of internal taxes

69. The representative of Jordan said that a General Sales Tax was applied in Jordan. Products subject to specific rates of sales tax are listed in Table 2. Imported goods were taxed at the border based on the duty-inclusive customs value.

Table 3: Products subject to specific sales tax

No.	Product	Unit	Tax rate (JD)	
			Domestic	Imported
1	All kinds of cement	ton	10.000	10.000
2	Iron for construction	ton	40.000	40.000
3	Mineral lubricating oils	Kg.	00.200	00.200
4	Natural and mineral water, gas water including soda water in	litre		
	- reusable container		00.020	00.020
	- disposable container		00.166	00.166
5	Fizzy drinks			
	(a) for immediate consumption			
	- reusable container	litre	0.166	0.166
	- disposable container	litre	0.175	0.175
	(b) Concentrates in			
- drums that yield 96 bottles/25 cl. capacity each	drum	3.984	3.984	
- drums that yield 480 bottles/ 25cl. capacity each	drum	19.920	19.920	
6	Beer including non-alcoholic beer			
	(a) 35cl. container	container	0.175	0.285
	(b) 35cl. to 2/3 litre	container	0.245	0.385
	(c) Other	litre	0.420	0.585
7	Alcohol			
	(a) Pure alcohol	liquid litre	0.325	0.330
	(b) Mixed alcohol	liquid litre	0.140	0.140
8	Wine- 25 per cent alcohol			
	(a) Sparkling wine	litre	0.500	1.155
	(b) Other	litre	0.500	0.891
9	Alcoholic drinks including wine with more than 25 per cent alcohol	liquid		
	(a) Arak	litre	0.600	0.850
	(b) Cognac	litre	0.650	1.000
	(c) Other	litre	0.850	1.200
10	Tobacco			
	(a) Ordinary	Kg	2.000	2.000
	(b) Mixed with fruit syrup	Kg	2.000	2.000
11	Snuff	Kg	2.000	2.000
12	Chopped tobacco	Kg	0.500	0.500
13	Cigar	Kg	15.000	15.000
14	Tyres for big cars	Tyre	0.500	0.500
15	Tyres for small cars	Tyre	0.250	0.250
16	Lubricating mixtures	Kg	0.005	0.005
17	Cigarettes	box /20	Range of tax runs from 229 fils to 385 fils depending on the brand name, and from 197 fils to 342 fils for the same brand names sold to armed forces.	
	(a) Locally produced cigarettes for local consumption			
	(b) Imported Cigarettes	box		0.385

Imported goods received national treatment with certain exceptions. [Note that items under items 6, 7a, 8 and 17 are higher for imports than for domestic goods] Some imported products were subject to 10 per cent General Sales Tax, while locally-made goods were tax exempt. The products involved were clothing and shoes; agricultural plastic houses; kerosene or gas operated heaters; furniture; fibre glass and its products; wool blankets, covers, and mattresses, quilts, and towels; yeast and bread improvements; active and inactive lime and calcareous masonry; smoke stack stoves and their parts; dried leguminous vegetables subjected to any manufacturing process such as: peas, chick peas, beans, kidney beans, lentils of field beans; egg carton holders; solar heaters; knitted textiles; milled products including spices, thyme, and other herbs; plastic agricultural sheets and other plastic products for the irrigation network; and energy-saving insulation materials for building purposes.

70. Some members noted that Jordan applied sales tax rates which differentiated between imported and domestically-produced goods in violation of Article III of the GATT 1994, and asked which steps Jordan was taking to eliminate this differential treatment. In reply, the representative of Jordan said that Jordan intended to remove the differential rates of General Sales Tax prior to accession. The Ministry of Finance was preparing amendments to the General Sales Tax Law to bring the application of General Sales Tax into full conformity with Article III of the GATT 1994. Parliament was expected to adopt these amendments in October/November 1999.

71. [The representative of Jordan stated that, from the date of accession, Jordan will apply its domestic taxes, including those on products listed in Table 3, in compliance with Articles I and III of the GATT 1994. The Working Party took note of this commitment.]

Quantitative import restrictions, including prohibitions, quotas and licensing systems

72. The representative of Jordan said that, although imports had been liberalized in recent years and numerous non-tariff barriers had been eliminated, importation of some products was still prohibited or subject to prior approval or import licensing. The goods banned from importation into Jordan are listed in Table 4. Jordan also banned the importation of toy automobiles because special tracks on which to drive them were not readily available in Jordan. Banned goods would be refused entry or clearance by customs, and would need to be re-exported to the country of origin or to the Free Zone.

Table 4: Banned imports

HS Code	Products
25.01	Table Salt
39.15	Plastic Waste
87.03	Cars older than five years
87.03	Passenger cars using other than benzene as fuel



HS Code	Products
ex 90.09	Used photocopiers older than 3 years

73. Some members pointed out that Jordan's bans on imports of plastic waste, mineral water, table salt, used cars, and cars using fuel other than petrol were intended to limit imports and were inconsistent with Article XI of the GATT and the Agreement on Agriculture. Jordan was requested to confirm that all these restrictions would be eliminated or amended no later than upon accession to bring them into line with WTO provisions. In reply, the representative of Jordan said that mineral water and salt had been banned from importation for socio-economic reasons. Jordan had eliminated the import ban on mineral water in April 1999 and intended to lift the other bans. Price controls on table salt had been lifted in June 1997 as a first step towards liberalization. Jordan had decided to eliminate the import ban on table salt [legal measure to be adopted in October 1999]. Regarding the import ban on used cars, he said that Jordan had adopted Jordanian Standard 1050:1998, identical to 44 EEC Directives, which outlined the safety requirements for motor vehicles. Instructions were being prepared to address the importation of used vehicles in the light of this new standard. The import ban on cars older than five years, except for use as spare parts, remained in force for the time being. Importation of diesel-engine saloon cars and taxis was not allowed because of the environmental pollution they were causing. Diesel-engine trucks were accepted because they mostly operated outside the congested areas. His Government was encouraging Jordanians to replace older cars with newer (and safer) models. Owners of old cars used in public transport were eligible for duty-free importation of new cars provided the old car was surrendered to the State or retired from service.

74. He added that Jordanian standards on cars had been suspended and were likely to be totally withdrawn. Legal measures to eliminate the restrictions on importation of used cars [will be adopted in October 1999]. The ban on importation of diesel powered vehicles will remain until Jordan's refinery has been modernized to produce diesel fuel with lower sulphur content. The prohibition on import of plastic waste will not be lifted as processing of plastic waste is considered a major environmental problem in Jordan.]

75. The representative of Jordan said that prior approvals were issued under specific conditions by certain government institutions. Prior approvals were required to import from all countries (including those with which Jordan had preferential agreements) for all products listed in Table 5. Prior approvals were granted automatically to private sector importers of rice and sugar and there were no import quotas or restrictions on the imported quantity. Private sector imports of cigarettes

required prior approval and an import licence from the Ministry of Industry and Trade, but there was no import quota. Prior approvals to import electric and electronic video games were granted only to shops licensed to use or deal with such games.

Table 5: Prior approvals

	HS Code	Product	Party Granting Approval	Justification
1.	10.06	Rice	Ministry of Industry and Trade (MIT)	Statistical purpose
2.	11.01	Wheat flour	MIT	Statistical purpose
3.	17.01	Sugar	MIT	Statistical purpose
4.	10.01	Wheat	MIT	Statistical purpose
5.	10.03	Barley	MIT	Statistical purpose
6.	10.05	Corn	MIT	Statistical purpose
7.	Chapter 1	Live animals	Ministry of Agriculture	Health
8.	0511.10	Frozen animal semen	Ministry of Agriculture	Health
9.	Chapter 2	Fresh chilled and frozen meat	Ministry of Agriculture	Health
10.	1509	Olive oil	Ministry of Agriculture	Social
11.	Chapter 93	All kinds of arms and ammunition	Ministry of Interior, Public Security Dept. (PSD)	National security
12.	36.01 36.02 36.03 36.04	All kinds of explosives	PSD	National Security
13.	82.11	Pen knives and similar articles	PSD	National Security Public order
14.	95.01	Children automobile toys operated with fuel	PSD	Safety
15.	9503.20	Remote control and toy aeroplanes	PSD	Safety
16.	95.04	Electrical and electronic video games machines	PSD	Public moral
17.	85.43	Self-defence electrical equipment	PSD	National Security Public order
18.	28.44	Radio-active materials and uranium	Ministry of Energy & Mineral Resources	National Security Health Safety Environment
19.	85.25	Wireless transmitters and receivers	Telecommunications Regulatory Commission (TRC)	National Security Safety Health
20.	85.31	Wireless alarm equipment	TRC	National Security Health

	HS Code	Product	Party Granting Approval	Justification
21.	8543.209 8526.92	All kinds of remote control equipment (except those for television and video)	TRC	National Security Safety Health
22.	8526.91	Radar apparatus	TRC	National Security Safety Health
23.	85.25	Transmission and reception stations	TRC	National Security Safety Health Environment
24.	85.25.201	Cellular telephone systems	TRC	National Security Safety Health Environment
25.	85.17.11	Cordless telephones	TRC	National Security Health
26.	8518.10	Cordless microphones	TRC	National Security Health
27.	85.17	Electrical equipment for line telephony and telegraphy	TRC	Safety Environment
28.	8543.899	Decoders	TRC	National Security Health
29.	85.29 8529.101 8543.891	Satellites	TRC	National Security Safety Health
30.	90.09	Coloured photocopying machines	Central Bank of Jordan	National Security
31.	29.41 30.02 30.03 30.04	Medicaments, antibiotics, human blood, vaccines	Ministry of Health (MOH)	Health
32.	2106.90	Food preparations used by athletes	MOH	Health
33.	2827.51	Bromides of potassium	MOH	Health
34.	13.02	Food colourings	MOH	Health
35.	68.11	Sheets and pipes of asbestos	MOH	Health
36.	04.02 2106.90	Milk and foods for children	MOH	Health
37.	21.05	Ice cream and other edible ice	MOH	Health
38.	84.70	Postage franking machines	Ministry of Post and Communications	National Security
39.	2903.4 2903.46	Halogenated derivatives of hydrocarbons	Public Corporation for Protection of the Environment	Safety Environment

	HS Code	Product	Party Granting Approval	Justification
40.	2903	Frion gas	Public Corporation for Protection of the Environment	Safety Environment
41.	8430.4	Boring machinery for water	Ministry of Water & Irrigation	Conservation of Natural Resources
42.	Chapters 61+62	Military clothing	General Command of the Armed Forces	National Security

76. Import licenses were required for goods (i) originating in countries and territories which had trade agreements and protocols with Jordan, i.e. Bahrain, Egypt, Iraq, Israel, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen; (ii) imported by banks, companies under establishment, farms, handicraft businesses, hospitals, hotels, newspapers, religious, scientific and charitable organizations; (iii) imports by individuals for personal, non-commercial use; (iv) goods, neither prohibited nor restricted and whose total value exceeded JD 2,000, brought into the country by passengers; (iv) imports of companies, organizations and individuals registered with official bodies to establish development projects in Jordan; (v) imports by foreign contractors and companies including their branches registered in Jordan as foreign entities; and (vi) imports by foreign entities permitted to operate a resident branch in Jordan to conduct business outside Jordan and non-Jordanian individuals working in media establishments. Product-specific import licences were required for the items listed in Table 6. The import licences were maintained for statistical purposes and to administer the tariff exemptions provided under the respective agreements.

Table 6: Import licences

HS Code	Item
ex 19.05	Biscuits
ex 87.03	Used vehicles
ex 2201.10	Mineral water
ex 84.18	Refrigerators
ex 84.18	Freezers
84.14.30	Compressors
ex 04.02	Milk for industrial use
ex 40.12	Used automobile tires
ex 85	Used electronic equipment

77. The representative of Jordan said that import licences were issued free of charge, and most Ministries did not charge fees for the issuance of prior approvals. Legislation on prior approvals,

which varied from one institution to another, did not stipulate any time-limit for the issuance of prior approvals. The process could therefore take from one day to one year, provided all required documentation had been submitted. In certain cases (arms, ammunition, explosives and pen knives), only licensed importers could apply for prior approvals. In general, the main determinant in granting prior approval was the nature of the product and its impact on health, safety, the environment, national security, public order and morals, and the conservation of natural resources. Imports of chemical products were subject to general safety conditions, i.e. availability of appropriate storage facilities and proper procedures for the transportation, handling and labelling of products. Telecommunications equipment and toys were checked or subject to laboratory tests to ensure that they would not threaten national security, health, safety, or the environment. Asked whether Jordan provided an opportunity for other countries to comment in writing on new procedures, or products to be added to the list of goods subject to prior approval, he replied that there were no restrictions on other countries providing written comments.

78. Some members noted that Jordan applied quantitative restrictions and import licensing which could not be justified as exceptions to the requirements of GATT Article XI. Some of the measures also appeared to violate GATT provisions on MFN and national treatment. Jordan was requested to eliminate or amend these measures prior to accession. The representative of Jordan stated that Jordan intended to conform to Article XI of the GATT 1994 no later than upon accession, and that Jordan would eliminate or amend all restrictions which were inconsistent with Article XI before the end of 1999. His Government was reviewing the list of products subject to prior approval, and would eliminate those items that could not be justified under WTO rules by the date of accession. Legislation to bring the current regime into full conformity with WTO requirements would be enacted prior to accession.

79. The representative of Jordan provided a report on import/export licensing in document WT/ACC/JOR/28, including a detailed proposal for the application of a new licensing regime. He proposed to eliminate the system of prior approvals and replace it with an automatic and non-automatic import licensing regime in accordance with the WTO Agreement on Import Licensing Procedures. Non-automatic licenses would be required to regulate (i) quantitative restrictions (e.g. quotas) in accordance with the Agreement on Safeguards and Article XIX of the GATT 1994, or in accordance with Article XII and Article XVIII of the GATT 1994, and the Understanding of Restrictions for Balance-of-Payments purposes; (ii) importation of goods likely to cause threat to safety, environment, health, national security, public order and moral; and (iii) goods inefficient in terms of conservation of natural resources.

80. Automatic import licenses would be required for goods subject to the provisions of trade protocols (currently applied to Syria for a specific list of items); dairy products (HS Chapter 4) and fresh fruits and vegetables (Chapters 7 and 8) imported from countries with which Jordan has trade agreements; and for the goods listed in Table 7. Non-automatic licenses would be issued for the protection of health, safety, environment, national security, public order and moral, and the conservation of natural resources for products listed in Table 8. He confirmed that importation of such goods would not be subject to quantitative restrictions.

Table 7: Goods Subject to Automatic Import Licensing

HS Code	Item	Line Authority
Ex 19.05.30	Biscuits	Ministry of Industry and Trade (MIT)
ex 22.01.10	Mineral water	MIT
25.01	Table Salt	MIT
10.06	Rice	MIT
11.01	Wheat flour and other Wheat products	MIT
17.01	Sugar	MIT
10.01	Wheat	MIT
10.03	Barley	MIT
10.05	Corn	MIT
Ex 97.05.00	Stuffed wild animals	Ministry of Agriculture
20.02.90	Tomato Paste	Ministry of Agriculture
15.09	Olive Oil	Ministry of Agriculture

Table 8: Goods Subject to Non-Automatic Import Licensing

HS Code	Item	Justification	Line Authority
Ex 40.12	Used automobile tires	Safety	MIT
Ex 85	Used electronic equipment	Health	MIT
04.02	Milk for industrial use	Health	MIT
Chapter 1	Live animals	Health	Ministry of Agriculture
0511.10	Frozen animal semen	Health	Ministry of Agriculture
Chapter 2	Fresh chilled and frozen meat	Health	Ministry of Agriculture
Chapter 31	Fertilizers	Environment	Ministry of Agriculture
38.8	Insecticides, fungicides, herbicides, disinfectors	Health and Environment	Ministry of Agriculture
12.09	Seed and fruits, used for sewing	Plant Health	Ministry of Agriculture
30.03 30.04	Veterinary medicines	Animal Health	Ministry of Agriculture
Chapter 93	All kinds of arms and ammunition	National security	Ministry of Interior, Public Security Department (PSD)

HS Code	Item	Justification	Line Authority
36.01 36.02 36.03 36.04	All kinds of explosives	National security	PSD
82.11	Pen knives and similar articles	National security Public order	PSD
95.01	Children automobile toys operated with fuel	Safety	PSD
95.03.90	Remote control and toy airplanes	Safety	PSD
95.04.10	Electrical and electronic video games machines	Public moral	PSD
85.43	Self-defense electrical equipment	National security Public order	PSD
Ex 28.34.299	Ammonium Nitrates	National security Public order	PSD
28.44	Radio-active materials and uranium	National security Health Safety Environment	Ministry of Energy & Mineral Resources
85.25.10 85.25.20	Wireless transmitters and receivers	National security Safety Health	Telecommunications Regulatory Commission (TRC)
85.31	Wireless alarm equipment	National security Health	TRC
85.43.209 85.26.92	All kinds of remote control equipment (except those for television and video)	National security Safety Health	TRC
85.26.91 85.26.10	Radar apparatus	National security Safety Health	TRC
85.25.10 85.25.20	Transmission and reception stations	National security Safety Health Environment	TRC
85.25.201	Cellular telephone systems	National security Safety Health Environment	TRC
85.17.11	Cordless telephones	National security Health	TRC
8518.10	Cordless microphones	National security Health	TRC
85.17	Electrical equipment for line telephony and telegraphy	Safety Environment	TRC
85.43.899	Decoders	National security Health	TRC

HS Code	Item	Justification	Line Authority
85.29.101 85.43.891	Satellites	National security Safety Health	TRC
90.09	Colour photocopying machines	National security	Central Bank of Jordan
29.41 30.02 30.03 30.04	Medicaments, antibiotics, human blood, vaccines	Health	Ministry of Health (MOH)
21.06.90	Food preparations used by athletes	Health	MOH
28.27.51	Bromides of potassium	Health	MOH
33.02	Food colourings	Health	MOH
68.11	Sheets and pipes of asbestos	Health	MOH
04.02 21.06.90 1901.10 1901.90	Milk and foods for children	Health	MOH
21.05	Ice cream and other edible ice	Health	MOH
84.70.90	Postage franking machines	National security	Ministry of Post and Communications
29.03.4	Halogenated derivatives of hydrocarbons	Safety Environment	Public Corporation for Protection of the Environment
29.03.4	Frion gas	Safety Environment	Public Corporation for Protection of the Environment
84.30.4	Boring machinery for water	Conservation of Natural Resources	Ministry of Water & Irrigation
Chapters 61 and 62	Military clothing	National security	General Command of the Armed Forces

81. [The representative of Jordan confirmed that Jordan would, from the date of accession, eliminate and shall not introduce, re-introduce or apply quantitative restrictions on imports, or other non-tariff measures such as licensing, quotas, bans, permits, prior authorization requirements, licensing requirements and other restrictions having equivalent effect that cannot be justified under the provisions of the WTO Agreement. He further confirmed that the legal authority of the Government of Jordan to suspend imports and exports or to apply licensing requirements that could be used to suspend, ban, or otherwise restrict the quantity of trade will be applied from the date of accession in conformity with the requirements of the WTO, in particular Articles XI, XII, XIII, XVIII, XIX, XX and XXI of the GATT 1994, and the Multilateral Trade Agreements on Agriculture, Application of Sanitary and Phytosanitary Measures, Import Licensing Procedures, Safeguards and Technical Barriers to Trade. The Working Party took note of these commitments.]



Customs valuation

82. A member stated that it considered the Customs Valuation Agreement a fundamental component of the Uruguay Round Agreement. This member encouraged Jordan to incorporate the WTO Customs Valuation Agreement into its legislation as soon as possible and certainly no later than the date of accession.

83. The representative of Jordan said that the 1998 Customs Law, which was based on the WTO Customs Valuation Agreement, included provisions on customs valuation in its Articles 28 to 32. The Law required valuation based on self-declaration by importers, and stipulated that the transaction value, rather than the "normal" value be used for customs valuation purposes. Customs duties were calculated on the basis of the c.i.f. value of imports on the registration date of the customs valuation form. In mid-1996, a reference price database for valuation of goods had been initiated by customs, but this database no longer existed.

84. The Customs Law No. 20 of 1998 conformed largely to the WTO Customs Valuation Agreement. The Law contained a definition of related persons similar to that of Article 15.4 of the Customs Valuation Agreement, except that Jordanian Law limited family relation to third degree. He confirmed that the Customs Law incorporated the Article 5.2 valuation method, and that customs practices would comply with Article 5.2 of the Customs Valuation Agreement. The right of further appeal (beyond the Customs Court) was guaranteed by Law, and he considered Article 80 of the Customs Law, which stipulated that a decision of the Director General of the Customs Department could be contested at the Customs Court within 15 days, would meet the requirements of Article 11.3 of the Customs Valuation Agreement. He considered the confidentiality provision in Article 10 of the Agreement to be covered by Article 175 of the Customs Law. A provision on the valuation of lost or damaged goods would be addressed in instructions of the Minister of Finance, which would also be issued to incorporate the interpretative notes in Jordanian legislation.

85. In response to a comment by a member that the 1998 Customs Law did not contain all aspects of the Agreement, the representative of Jordan said that a review of the Customs Law No. 20 had been completed in March 1999, and Jordan had prepared draft amendments to ensure full conformity with the WTO Customs Valuation Agreement [to be submitted to Parliament in October 1999]. Jordan would adopt the Interpretative Notes to the Agreement in the form of implementing regulations in October 1999. Instructions would be issued in December 1999 regarding the valuation of carrier medium bearing software and the treatment of interest charges.

86. [The representative of Jordan confirmed that Jordan would fully apply the WTO provisions concerning customs valuation from the date of accession without recourse to a transition period, including the Agreement on the Implementation of Article VII of the GATT 1994. In this regard, the Customs Law and its implementing regulations incorporated Annex I (Interpretative Notes) and provisions for the Valuation of Carrier Media Bearing Software for Data Processing Equipment (Decision 4.1). The Working Party took note of these commitments.]

#### Rules of origin

87. The representative of Jordan said that the 1998 Customs Law (Articles 24-27) provided the legal framework for the application of rules of origin. A certificate of origin indicating the initial origin and the value added was required for imported products from all countries. The certificate should be issued by an authorized body in the exporting country. The authorized body, for example a Ministry, Chamber of Commerce or Chamber of Industry, should be acknowledged by the World Customs Organization.

88. For products exported from Jordan, the Chamber of Industry issued certificates of origin for licensed factories. The Industrial Development Directorate in the Ministry of Industry and Trade checked the certificate, i.e. whether the factory existed and the products were made in the factory, and whether the local manufacturing percentage complied with the minimum stipulated in the bilateral agreement.

89. Jordan's preferential rules of origin depended on the bilateral agreement with each country, and were essentially based on the value added or local content. The principle of minimum 40 per cent value added was applied in trade arrangements with Arab countries, and 35 per cent in trade with Israel.

90. The representative of Jordan said that Jordan planned to adopt the Harmonized Rules of Origin once finalized by the WTO in co-operation with the World Customs Organization. Jordan would ensure conformity with the Agreement on Rules of Origin as soon as the Harmonized Rules of Origin had been finalized.

91. Having reviewed Jordan's existing legislation, a member said that Articles 24-27 of the Customs Code were inadequate in addressing the provisions of the Agreement on Rules of Origin. Jordan was requested to develop legislation establishing rules of origin based on international norms. In reply, the representative of Jordan said that Jordan was preparing draft amendments to the Customs Law No. 20 to ensure conformity with the WTO Rules of Origin [to be submitted to Parliament in

October 1999].

Other customs formalities

92. The representative of Jordan said that the Government had implemented a scheme permitting ISO 9000 certified industries to benefit from a "Green Channel" for imports of materials, equipment and components used in the production of exports. The green channel involved acceptance of invoices presented by exporters on the basis of trust, with reliance on ex-post random auditing of factory premises. A feasibility study had been undertaken to prepare the implementation of x-ray inspection services on all border crossing points to facilitate the inspection of lorries, trucks and tankers.

Preshipment inspection

93. The representative of Jordan said that a voluntary preshipment inspection scheme was planned which would provide *bona fide* importers an opportunity to avoid delays and uncertainties concerning customs clearance. Customs would be required to accept documentation establishing the classification and value of goods provided by certification bodies accredited by the Government of Jordan. Customs inspection or checking of containers sealed by certification bodies would be limited. The costs of preshipment inspection services would be borne by the importer.

94. Jordan would choose an accredited international company to perform the preshipment inspections. The tender document required the selected company to ensure that the operation of the scheme would be consistent with WTO requirements, in particular the Agreement on Preshipment Inspection. Instructions for this company were being elaborated based on the criteria laid down by WTO.

95. A member requested Jordan to report in detail on its preshipment inspection contract, and sought a commitment from Jordan that the operations of this firm would be consistent with the relevant WTO Agreements, in particular GATT Article VIII, the Agreement on Preshipment Inspection and the Agreement on the Implementation of Article VII of the GATT 1994. In reply, the representative of Jordan said that Jordan did not yet have a system of preshipment inspection, and did not intend to establish such a system in the near future.

96. [The representative of Jordan stated that if Jordan in the future engaged the services of a preshipment inspection service provider Jordan would ensure that the requirements of the Agreement on Preshipment Inspection were implemented in full. He confirmed that Jordan would ensure that the operations of any such preshipment inspection firm would meet WTO norms, including the

establishment of charges and fees consistent with Article VIII of the GATT 1994, observance of due process and the transparency requirements of the relevant WTO Agreements, in particular Article X of the GATT 1994, the Agreement on Preshipment Inspection and the Agreement on the Implementation of Article VII of the GATT 1994, as well as the substantive provisions of these Agreements. The Working Party took note of these commitments.]

Anti-dumping, countervailing duties, safeguard regimes

97. The representative of Jordan said that Article 15 of the 1998 Customs Law authorized the use of countervailing duties or safeguard action. Measures, including quantitative restrictions, could be applied to counteract any procedure taken in other countries that endangered Jordanian industry and trade, and to safeguard the interests of the national economy to the extent deemed necessary by the Council of Ministers.

98. The representative of Jordan added that Jordan had enacted the National Production Protection Law ("the Law on Safeguards") on 1 October 1998. In his view, the Law conformed with the WTO Agreement on Safeguards (a detailed comparison between the provisions of the Law and the Agreement on Safeguards is provided in document WT/ACC/JOR/18, pp.33-42). He added that, in order to implement the Law, Article 14 of the Law required the Council of Ministers to issue a regulation covering the (i) fees to be collected from petitioners for protection; (ii) conditions to be fulfilled by protection petitioners, as well as details about the evidence and documents to be submitted with the petition; (iii) procedures for investigating the petitions and the scope of the investigations; (iv) matters to be addressed by the report including the recommendation to the Minister regarding the protection petition; and (v) the maximum period for applying the protection measures as well as the procedures and conditions pertaining to any extension or re-imposition of such measures. Jordan was in the process of drafting these regulations. He added that 17 petitions had been filed with the Ministry of Industry and Trade since the Law had entered into force in December 1998. No decisions had been taken regarding any of these cases.

99. A member was concerned that Jordan's Safeguard Law might not fully reflect WTO provisions concerning safeguards, anti-dumping, and countervailing duties, and sought a commitment from Jordan not to apply any such measures until WTO-consistent legislation had been put in place. Should Jordan be unable to complete the implementation of WTO-consistent legislation by the date of accession, this member requested the Government of Jordan to commit to refrain from imposing any anti-dumping, countervailing or safeguard measures until WTO-consistent legislation had been enacted and properly notified to the appropriate WTO Committees.

100. In reply, the representative of Jordan said that the National Production Protection Law had been enacted, published in the Official Gazette and forwarded to the WTO Secretariat. Jordan was preparing regulations to implement the Agreement on Subsidies and Countervailing Measures and the Agreement on Implementation of Article VI of the GATT 1994 (anti-dumping) [expected to be finalized in October 1999. Drafts will be submitted to the Working Party as soon as they have been finalized by the Ministry of Industry and Trade].

101. [The representative of Jordan said that Jordan would not apply any anti-dumping, countervailing or safeguard measure until it had notified and implemented appropriate laws in conformity with the provisions of the WTO Agreements on the Implementation of Article VI, on Subsidies and Countervailing Measures and on Safeguards. He confirmed that Jordan would ensure that such legislation would be in full conformity with the relevant WTO provisions, including Article VI and XIX of the GATT 1994 and the Agreement on the Implementation of Article VI, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards. After such legislation was implemented, Jordan would only apply any antidumping duties, countervailing duties and safeguard measures in full conformity with the relevant WTO provisions. The Working Party took note of these commitments.]

## 2. Export regulation

### Customs tariffs, fees and charges for services rendered, application of internal taxes to exports

102. The representative of Jordan said that a certificate of registration of the enterprise was the only requirement for engaging in exporting.

103. Asked to list all charges on exports - whether called fees, taxes or tariffs – the representative of Jordan said that exports to Syria and Iraq were licensed and subject to JD 2 stamp duty, collected by the Ministry of Industry and Trade. The Customs Authority collected a fee of JD 25 per ton on exports of scrap and waste of iron, brass and aluminium. Export fees collected by the Natural Resources Authority are listed in Table 9, and fees on exported agricultural products collected by the Ministry of Agriculture are listed in Table 10. The Jordan Export Development Corporation (JEDCO) also charged fees for services provided to exporters.

Table 9: Export fees on mining and quarry products

Product	Fee (JD per ton)
Crushed stones	0.2
Building stones	0.3
Marble and granite	1.0

Product	Fee (JD per ton)
Travertine and marble crushes	0.5
Crude xyolite	1.0
Clay, clay derivatives and kaolin	0.5
Tripine biototite and diatomite	0.3
Silicate, gypsum, pure limestone, feldspar, volcanic turf and bituminous mineral oil	0.2
Dolomite and basalt	0.1

Table 10: Fees on exports of agricultural products

Type of fee	Amount (fils)
1. Fumigation of consignments	250f/ton
2. Inspection and checking	250f/ton
3. Inspection of live animals:	
Bovines, camels and pigs	50 f/head
Horses	50 f/head
Sheep, goats and deer	20 f/head
Cats, dogs and wild animals	100 f/head
Birds	20 f/bird
4. Animal interdiction fees/quarantine	
Bovines, camels and pigs	80 f/head
Horses	90 f/head
Sheep, goats and deer	20 f/head
Cats, dogs and wild animals	100 f/head
Birds	20 f/bird
5. Animal watering	
Camels, horses, bovines and big animals	10 f/head/day
Sheep, goats and small animals	5 f/head/day
6. Disinfection fees:	
Ships transport 1-100 head	JD 2
Ships transport 1,000 tons.	JD 3
Ships transport 4,000 tons.	JD 5
Ships transport more than that	JD 7
Any other vehicles	JD 0.5 each

104. A 2 per cent inspection fee, which the representative of Jordan considered a fee for services rendered, was levied on re-exported foreign goods. For imported goods undergoing some additional processing in Jordan, the value added would need to be 40 per cent or more for a product to be considered a Jordanian export. Exempt from the fee were exports by diplomatic missions and their staff; personal belongings; articles exempt from import customs duties; used household furniture; project machinery and equipment imported on a temporary basis; foreign goods re-exported directly from stores and warehouses; and any item exempt by decision of the Council of Ministers upon recommendation from the Minister of Finance. Re-exported goods were also subject to customs

overtime fees (0.2 per cent of the declared value).

105. The representative of Jordan said that 2 per cent fee on re-exported foreign goods would be eliminated upon enactment of amendments to the Law on Unifying Taxes and Duties No. 7 of 1997 [expected in October/November 1999]. In the future, Customs would charge a flat fee of JD 7 per transaction for exports and JD 20 per transaction for re-exported goods. The mining fee was considered an export duty and would continue to apply.

Export restrictions

106. The representative of Jordan said that products of Jordanian origin generally did not require export licenses. A licence was required for exports to protocol trade countries for consignments of a value exceeding JD 1,000 irrespective of origin, i.e. Jordanian or foreign. Export licences were required in trade with Syria and Iraq as Jordan was committed to certain banking arrangements in transactions with these countries. Exports to other countries were exempt from the export licence requirement by virtue of by-law No. 74 of 1993 for Exports and Imports. A licensing requirement for re-exported foreign goods of a value exceeding JD 1,000 had been abolished.

107. Some products were subject to prior approval before exportation (Table 11). These approvals were in themselves considered export licences.

Table 11: Exports subject to prior approval

Product	Institution granting approval
Wheat	Ministry of Industry and Trade
Wheat flour and other wheat products (semolina, bran, broken wheat)	"
Sugar	"
Rice (ordinary brand)	"
Milk for industrial use	"
Ewes and cows	Ministry of Agriculture
Precious metals, including gold and silver bullion and coins	Central Bank of Jordan
Marble slabs	Natural Resources Authority
Broken marble	"
Mineral ores	"
Radioactive materials and sources, and exhausted uranium	"
Fresh fruit and vegetables destined to protocol trade countries	Agricultural Marketing Organization

108. Some members questioned whether the prior approval system was consistent with GATT Article XI. In reply, the representative of Jordan said that most of the products subject to such

approval prior to exportation were strategic food products. The system was being phased out, and would with time be brought in line with the requirements of GATT Article XI. Prior approvals had been eliminated for Halibuna (milk) and precious metals (including gold and silver bullion and coins).

109. The representative of Jordan outlined a new export licensing regime in his report on import/export licensing (document WT/ACC/JOR/28). Existing prior approvals of exports would be eliminated and replaced by automatic export licensing for the items listed Table 12. In addition, Jordan would maintain automatic export licence requirements on all products exported to Iraq and Syria from the date of accession.

Table 12: Goods Subject to Automatic Export Licensing

HS Code	Item	Line Authority
10.01	Wheat	MIT
11.01	Wheat flour and other wheat products (semolina, bran, broken wheat)	MIT
17.01	Sugar	MIT
19.02.111 19.02.191	Macaroni and vermicelli	MIT
10.06.10 10.06.20	Rice (ordinary brand)	MIT
25.15	Marble slabs	Natural Resources Authority (NRA)
25.17.41	Broken marble	NRA
Chapter 26	Mineral ores	NRA
Ex Chapter 25	The argillaceous material extracted from the Dead Sea	NRA
28.44	Radioactive materials and sources, and exhausted uranium	NRA
15.09	Olive Oil	Ministry of Agriculture
Chapters 7 and 8	Fresh fruit and vegetables destined to protocol trade countries	Ministry of Agriculture

110. [The representative of Jordan confirmed that any export control requirements remaining in place on the date of accession would be fully consistent with WTO provisions, including those contained in Articles XI, XVII, XX and XXI of the GATT 1994. The Working Party took note of this commitment.]

Export subsidies

111. The representative of Jordan said that the Central Bank had operated an export promotion facility since 1980. The Central Bank refinanced export credits charging interest at 2 percentage point below the prevailing discount rate. Such refinancing was available to any company registered in the Jordanian Official Registry of Companies, thus any exporter, regardless of sector, could benefit from



the interest rate subsidies on loans granted by the Central Bank of Jordan. The main objective of this arrangement was to encourage banks to meet exporters' demand for credit. The Central Bank provided advances to authorized banks, i.e. all banks licensed to operate in Jordan, against export letters of credit and bills for collection. The maximum duration of advances extended against such documentation was 9 months. The maximum limit on pre-shipment credit amounted to 75 per cent of the exporter's letter of credit, while post-shipment credit could be extended for up to 90 per cent of the value of bills of lading and drafts. Exported products were required to satisfy a local value added criterion (minimum 25 per cent) to be covered by the scheme. The interest and commission charged on advances extended by licensed banks and financial institutions to exporters should not exceed 2.5 per cent annually. The estimated total value of the interest-rate subsidy had varied in recent years, from a high of nearly JD 40 million in 1994 to less than JD 10 million in 1995, rising to almost JD 15 million in 1996. A financing facility operated by the Industrial Development Bank for commodities stored for export purposes had been discontinued on 1 January 1997.

112. The Jordan Export Development and Commercial Centres Corporation (JEDCO), originally founded to execute trade protocols with Arab countries on behalf of the Government, had been reorganized in 1995. JEDCO - an autonomous non-profit organization owned by the Ministry of Industry and Trade, the Jordan Federation of Chambers of Commerce and the Amman Chamber of Industry - received no budgetary assistance from the Government. The Board of Directors, comprising senior government officials, principals of the Kingdom's business organizations and leading industrialists, appointed the General Manager. The current functions of JEDCO were of technical and promotional nature, principally assisting industrialists in upgrading products, adapting to international standards and development of marketing and technical capabilities.

113. Firms manufacturing for exports were granted duty exemptions under a temporary entry scheme. The scheme applied to direct imports as well as to wholesale purchases from bonded commercial warehouses. A duty drawback arrangement allowed exporters to be refunded duty paid on imported materials subsequently used in the production of exports. The refund was calculated according to a specific formula for each product. The temporary entry and duty drawback systems had been improved during 1996 through the introduction of computerization.

114. The representative of Jordan did not consider the import duty exemptions accorded to 10 companies (see "Tariff rate quotas, tariff exemptions") prohibited subsidies under the Agreement on Subsidies and Countervailing Measures. The beneficiaries were share holding companies with significant private participation, thus item (d) of Annex I (Illustrative List of Export Subsidies) of the Agreement did not apply in this case. He acknowledged that although the import duty exemptions

might be considered actionable subsidies under the Agreement, the purpose of these subsidies was to encourage production and they were not intended to cause adverse effects to the interests of other countries. Moreover, the import duty exemptions were not contingent upon export performance or import substitution. Jordan would be ready to take appropriate action, including immediate elimination or reduction of such subsidies, if other countries could prove in accordance with the Agreement that such subsidies were causing injury to their industry.

115. The representative of Jordan said that, as a result of the negative effects of the Gulf War on Jordan's economy and exports, his Government had decided in 1993 to encourage Jordanian producers to diversify production and focus on non-traditional markets. The Council of Ministers had accordingly decided (Decision No. 3394 of 1994) to exempt from income tax profits of exports to non-protocol countries and territories - i.e. all countries and territories except Israel, Lebanon, Palestine and Saudi Arabia - excluding traditional Jordanian export items such as phosphates and potash. The Arab countries trading with Jordan under bilateral and protocol trade agreements, thus excluded from the tax-exemption scheme, accounted for around 45 per cent of Jordan's exports.

116. The legal basis for exempting profits earned from exportation wholly or partly from income tax was Article 3(c) of the Income Tax Law No. 57 of 1985 and its amendments. The decision was taken by the Council of Ministers upon recommendation of the Minister of Finance. The income tax exemptions were accorded to enterprises which could provide official documentation (e.g. customs declarations) to the Income Tax Departments proving their export earnings. He added that the Higher Council for Investment had approved the establishment of Jordanian Export Companies specialized in exportation of national products and goods. These companies were also exempt from payment of income tax. According to Decision No. 12/11/4 of 30 December 1997 of the Council of Ministers, all companies with a minimum paid capital of JD 2 million, registered in accordance with the Jordanian Company Law and specialised in "external marketing, advertising and exporting local products" were eligible to become Jordanian Export Companies. The functions of these companies should be limited to exportation, marketing, and promotion of Jordanian products abroad. The companies were required to buy from local producers, and could not act as a paid agent only.

117. Some members noted that Jordan maintained measures which were not in conformity with the WTO Agreement on Subsidies and Countervailing Measures. Jordan's interest rate subsidies for loans to promote exports and the income tax exemption for profits from exports, including for the establishment of Jordanian Export Companies, would appear to be prohibited subsidies within the meaning of Article 3 of the SCM Agreement. These members sought the immediate elimination or revision of the export subsidies programme. Jordan was requested to provide a notification of the

remaining subsidies in place from previous use of the programme, and a specific commitment to terminate all remaining such subsidies prior to 31 December 2002.

118. The representative of Jordan said that Jordan recognized that its income tax exemption on export sales was not in conformity with WTO requirements. At present, Jordan maintained two types of export subsidies. The Income Tax Law No. 57 of 1985 and its amendments authorized the Council of Ministers to grant partial or total exemptions from income tax for profits on certain exports. Pursuant to this Law, a Decision (No. 3394 of 1994) had been issued exempting from income tax profits on all exports (except phosphate and potash) to non-protocol countries and territories, i.e. all countries and territories except Israel, Lebanon, Palestine and Saudi Arabia. The other form of export subsidy was the scheme whereby the Central Bank discounted commercial documents to finance Jordanian exports at below-market interest rate. Jordan was evaluating the Jordanian Export Companies programme to determine whether or not it would fall under Article 3 of the SCM Agreement [Jordan will report on this issue in early October 1999]. He added that no such companies had been established yet. Jordan planned to seek transition for phasing out prohibited subsidies (as defined in Article 3 of the Agreement on Subsidies and Countervailing Measures) under Article 27 of the Agreement on Subsidies and Countervailing Measures. Prohibited subsidies, granted prior to repealing the laws authorising them, would remain valid for the duration agreed upon when they had been granted. A member held the view that Jordan was not automatically entitled to any phase-out period for such subsidies, or to leave any provisions of them in place for the duration agreed upon when they were granted after accession.

119. The representative of Jordan confirmed that Jordan would take appropriate legal measures to eliminate the export subsidies granted pursuant to the Income Tax Law No. 57 of 1985 and its amendments, and the discount facility below the going interest rate for commercial documents operated by the Central Bank of Jordan, prior to 31 December 2002.

### **3. Internal policies affecting foreign trade in goods**

#### Industrial policy, including subsidies

120. The representative of Jordan said that industrial policy in Jordan had become market oriented, rather than development oriented, since 1988. The Government had reduced its involvement in and supervision of industrial organizations. The Ministry of Industry and Trade assisted the development of industry by (i) helping to develop a business services sector responding to the increasing needs of the industrial sector; (ii) strengthening upstream and downstream industrial linkages; (iii) encouraging "package contracts" which fostered full capacity utilization at existing enterprises

and increasing trade opportunities in local and export markets; and (iv) promoting industrial subcontracts and partnerships.

121. The Central Bank had allocated JD 10 million in 1994 and a JD 5 million credit ceiling in 1995 to finance new industrial projects and expansion of existing enterprises. The loans were granted through the Industrial Development Bank as medium term credit (maximum 5 to 7 years) at low rate of interest (6 per cent). The Industrial Development Bank charged the lenders an annual interest margin and commission of 2.5 per cent for its services.

122. Concerning adjustment measures in the energy sector, the representative of Jordan said that the Jordan Electricity Authority (JEA) had been transformed into a public share holding company (NEPCO) in 1996. The company was 100 per cent owned by the Government and operated on a commercial basis. Private sector investment in electricity generation was permitted. The Ministry of Energy and Natural Resources (MEMR), assisted by an international consulting firm, was studying the establishment of the first Independent Power Project in Jordan. An independent and transparent regulatory commission would be established to regulate the power sector, including electricity pricing.

123. In the oil and gas sector, the National Resources Authority (NRA) had been partly transformed into a national company for exploration and drilling in 1995. The National Petroleum Company, formed in part with assets separated from the NRA, held a concession on the gas-producing Risha area. NPC's drilling operations had been separated into a new private company in conformity with the Council of Ministers' Resolution of 4 October 1997. The NRA was authorized to negotiate joint ventures with international companies to generate investment.

#### Technical barriers to trade, sanitary and phytosanitary measures

##### (a) Standards and certification

124. The representative of Jordan said that the Jordan Institution for Standards and Metrology (JISM) was the official body for the preparation and publication of Jordanian Standards. JISM had been established in 1995 by virtue of the Standards and Metrology Law No. 15 for 1994, and was the legal and actual successor of the Jordanian Directorate of Standards (founded in 1972). The main tasks of JISM were to (i) prepare, approve, revise and amend Jordanian mandatory or voluntary standards and monitor their application; (ii) maintain a national system for metrology and supervise its implementation; (iii) grant quality marks and certificates of conformity; (iv) control, test and hallmark the approved fineness of precious metals and jewellery; (v) adopt and approve standards of

other countries and of Arab, regional and international organizations, provided that such standards were issued in Arabic or English; and (vi) to cooperate and coordinate with Arab, regional and international institutions in the area of standardization and metrology. JISM was a participating member of the Arab Organization for Industrial Development and Mining (AIDMO), a corresponding member of the International Organization for Standardization (ISO), a corresponding member of the International Organization for Legal Metrology (OIML), and a contact point for the Codex Alimentarius Commission.

125. Standards were elaborated in technical committees. JISM circulated draft standards and technical regulations to interested parties such as the Chamber of Industry, the Chamber of Commerce, the Consumer Protection Association, research institutions and testing laboratories, and allowed a period of 50 days for comments. As of early 1998, JISM had begun publication of a bulletin describing the status of ongoing work on standards. Jordanian standards were published in Arabic and English in the Jordan Standards Catalogue. Jordan was working constantly on harmonising its standards with international standards.

126. Domestic and imported goods were required to meet national standards and technical regulations applied to protect the health and ensure the safety of consumers. The Ministry of Health was responsible for technical regulations regarding drugs and food, while technical regulations for serums, veterinary medicines, vaccines and pesticides fell under the responsibility of the Ministry of Agriculture. Inspections of food and agriculture products at the border were carried out by a committee comprising officials from JISM, the Ministry of Health, the Ministry of Agriculture and the customs department. Samples were tested at Ministry laboratories or other accredited laboratories to ensure they met the set standards before being released from customs. Jordan applied internationally recognized standards when these were available. Imports were not required to comply with Jordanian mandatory standards if the product had a minor non-conformity which did not affect the performance, safety and health of the user, or the environment.

127. Asked whether Jordan had any automatic recognition procedures for imported products manifestly conform to accepted international standards where Jordanian standards did not exist, the representative of Jordan said that samples of imported products, for which there was a Jordanian standard, were subject to verification through laboratory testing in Jordan. Testing was conducted by laboratories accredited by JISM at the request of JISM. Certificate of conformity was not required. No verification procedures were applied on imported goods if Jordanian standards did not exist. Jordan had no standards for medicines or medical equipment; importers of such goods provided documentation indicating circulation of the imported medical equipment in the country of origin.

Importers of medicines were required to register the imported product at the Ministry of Health (MOH). Registration was based on manufacturer's specification and/or international standards (e.g. USP, BP, EP, etc.). Imported medicine was subject to laboratory analysis by MOH to ensure conformity with the information provided at the time of registration. No certification was required for importation of medicine or medical equipment. As for shelf-life requirements, these were determined by the Ministry of Health on a case-by-case basis for each product.

128. The representative of Jordan said that existing legislation and practices would need to be changed to comply with the WTO TBT Agreement in respect of the elaboration and implementation of standards and mandatory requirements, border inspections and the establishment of a TBT enquiry point. The current Standards and Metrology Law addressed only standards, and did not cover international guides and recommendations, although the Jordan Institute for Standards and Metrology used such guides and recommendations as reference in the preparation of its regulations. At present, JISM issued both voluntary and mandatory standards. The mandatory standards would need to be replaced by technical regulations based on the protection of health, safety and environmental aspects. Most current Jordanian standards were based on descriptive characteristics rather than performance.

129. Inspection procedures at the border would need to be streamlined. Currently, every consignment was tested to ascertain compliance with Jordanian mandatory standards regardless of whether the product had already been subjected to any conformity assessment procedure. The TBT inquiry point would be established as a division within the information centre at JISM. The inquiry point would collect all regulations affecting international trade from other government institutions, and a mechanism would need to be devised to strengthen the communication channels between the inquiry point and these institutions.

130. The representative of Jordan said that Jordan was reviewing its current legal regime for conformity with the TBT Agreement. An overview of the existing regime and an action plan for implementation of the TBT Agreement were provided in document WT/ACC/JOR/22 (Attachments A and B). Law No.15 on Standards and Metrology would be replaced by a new draft Law on Standards and Metrology to address TBT and SPS requirements (except seed control) [to be submitted to Parliament and the WTO Secretariat in early October 1999]. Jordan was ready to implement fully the TBT Agreement upon accession provided that technical assistance and support (including financial means) would be provided by WTO Members with regard to modernization of testing laboratories in Jordan, border inspection, sampling procedures as well as training of personnel. The Jordanian Institute of Standards and Metrology would act as TBT enquiry point.

131. [The representative of Jordan confirmed that Jordan would comply with all obligations under the WTO Agreement on Technical Barriers to Trade from the date of accession without recourse to any transition period. The Working Party took note of this commitment.]

(b) Sanitary and phytosanitary measures

132. The representative of Jordan said that the Ministries of Agriculture and Health maintained sanitary and phytosanitary standards to ensure that locally-produced and imported foods, plants, plant parts and by-products, animals and animal by-products, and agricultural chemicals were safe and did not endanger human, animal or plant health and life. In Jordan, samples were collected at local markets and tested for pesticide residue, animals were examined before slaughter, and carcasses were examined to determine their suitability for human consumption. All sanitary and phytosanitary regulations were published in the Official Gazette, and traders could consult this information at the Chambers of Commerce in Jordan. Jordan was a member of the Codex Alimentarius Commission, Prior Informed Consent (PIC), the International Office of Epizootics (OIE), the Food and Agriculture Organization (FAO), the World Health Organization (WHO) and the International Atomic Energy Agency (IAEA), and worked together with these organizations in establishing and applying sanitary and phytosanitary measures. Jordan was not a member of the International Plant Protection Convention, but adopted and implemented the standards of this organization.

133. Import activities were governed by the Agriculture Law No. 20 for 1973 and other relevant regulations and instructions issued by the Ministry of Agriculture and the Ministry of Health. A health certificate was required for each shipment. Imported goods not satisfying Jordan's sanitary and phytosanitary requirements were re-exported or destroyed. In 1997, 65 consignments (out of 51,000 customs transactions) had been re-exported because they did not meet Jordanian requirements. The most frequent cause of non-compliance related to shelf-life requirements for foodstuffs. Consignments of live animals, frozen and chilled meat, poultry meat, hatching eggs, pesticides, seeds, animal fodder and organic fertilizers were subject to inspection or quarantine. A list of all quarantine pests would be submitted to the Working Party. Control measures applied in Jordan to control pests included the use of pesticides, soil fumigation with methyl bromide and soil solarization, if possible.

134. Concerning shelf-life requirements for foodstuffs, the representative of Jordan said that these were based on Jordan Standard 288/1994 "On Shelf Life for Foodstuff" and Jordan Standard 401/1997 "On Shelf Life for Infant and Children's Foodstuff", issued and administered by the Jordan Institution for Standards and Metrology. The standards had been prepared by specialised technical committees, taking into consideration the climatic and storage conditions in Jordan. The shelf-life requirements

applied equally to imported and domestic goods.

135. Asked whether Jordan was considering working towards the concept of equivalence, the representative of Jordan said that Jordan accepted ISO procedures. JISM also intended to issue new regulations for the acceptance of sanitary and phytosanitary measures of other countries. The exporting countries would need to demonstrate that their measures achieved the same level of consumer health protection as in Jordan. Jordan was prepared to accept inspection certifications from other countries on a mutual basis. Jordan did not apply stricter sanitary and phytosanitary measures than set out by international standards organizations on any product.

136. The representative of Jordan said that Jordan had conducted an assessment of its SPS legislation and determined that new laws would have to be enacted in order to fully conform to the SPS Agreements. Jordan had prepared a new draft Law on Agriculture (to address SPS plant and animal provisions) and a Draft Law on Food (covering SPS food aspects). The draft laws would bring Jordan's foreign trade regime into full conformity with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. [An SPS conformity chart will be prepared and forwarded to the WTO Secretariat as soon as the Draft Law on Food had been finalized. This is likely to take place during the first week of October 1999.] Jordan was ready to implement fully the SPS Agreement upon accession provided that technical assistance and support (including financial means) would be provided by WTO Members with regard to modernization of testing laboratories in Jordan, border inspection, sampling procedures as well as training of personnel. The Ministry of Agriculture would act as SPS enquiry point.

137. [The representative of Jordan confirmed that Jordan's sanitary and phytosanitary standards system would be in compliance with WTO provisions under the Agreement on the Application of Sanitary and Phytosanitary Measures as of the date of accession to the WTO, and that Jordan would apply the Agreement on the Application of Sanitary and Phytosanitary Measures from the date of accession without recourse to any transition period. The Working Party took note of this commitment.]

#### Trade-Related Investment Measures (TRIMs)

138. The representative of Jordan said that Jordan did not maintain any measures inconsistent with the TRIMs Agreement. His Government applied the principle of national treatment and did not resort to performance requirements which could affect trade.



139. The representative of Jordan said that Jordan would not maintain any measures inconsistent with the TRIMs Agreement and would apply the TRIMs Agreement from the date of accession without recourse to any transition period. The Working Party took note of this commitment.

#### State trading entities

140. The representative of Jordan said that the government sector was gradually moving out of importing food products. The private sector could now import all products previously subject to government monopoly such as rice, sugar, wheat, barley, frozen meat and poultry, and his Government had thus far never refused to provide prior approval for goods where this was required. The Directorate of Internal Trade at the Ministry of Industry and Trade continued to import wheat and one brand of dried milk (Halibuna) in competition with the private sector. He noted that any private sector importer could import milk powder into Jordan. The Directorate of Internal Trade at the Ministry of Industry and Trade sold fodder products directly to farmers through its distribution outlets.

141. The Jordan Civil Consumers Corporation (JCCC) was an enterprise organized for the benefit of government employees. JCCC operated on a commercial basis and sold imported and Jordanian products at its outlets at prices slightly below the regular market prices. The Agricultural Marketing Organization (AMO) was an agricultural marketing board regulating trade in agricultural products with other Arab countries in accordance with bilateral trade agreements or trade protocols. In this regard, AMO issued recommendations to the customs department whether or not to exempt imports from customs duties in compliance with the agreements. AMO also monitored the quality of imports to ensure compliance with Jordanian quality standards. AMO did not engage in actual importation or exportation, and did not interfere regarding the prices of products imported or exported. AMO served as an information centre as it collected trade and price statistics and other relevant information. AMO conducted market studies; researched new export markets; assisted private sector participation at international trade fairs and exhibitions; published brochures, guidebooks and newsletters for producers, exporters and importers; and monitored the quality of fresh produce exported from Jordan.

142. Asked about the activities of the Agricultural Marketing and Processing Company (AMPCO), the representative of Jordan said that this was a company in the process of being privatized. AMPCO owned and operated processing plants for tomatoes and citrus fruit, and marketed agricultural produce locally and internationally. The company had no exclusive trading rights.

143. Importation and exportation of some products were reserved for particular enterprises in accordance with their laws. The products and companies involved are listed in Table 13. The

enterprises could also benefit from tariff exemptions granted by the Council of Ministers upon special decision. All companies, except the tyre manufacturers, had been granted customs duty exemptions. The representative of Jordan added that the exclusive rights were provided as part of the concession packages and agreements with these companies, and that the exclusive rights would continue to be in effect for the duration of the concessions.

Table 13: Exclusive rights to import or export

HS Code	Product	Enterprise	Reason for restriction
41.01+ 41.02+ 41.03	Natural raw leather	Jordan Tanning Co.	The Law of the Company
27.09	Petroleum and derivatives, excluding mineral oils	Jordan Petroleum Refinery Company (JPRC)	The Law of the Company
73.11	Gas cylinders for house use	JPRC	The Law of the Company
25.23	Black cement	Jordan Cement Factories Co.	The Law of the Company
28.34	Ammonium Nitrate	Jordan Phosphates Mining Co. (JPMC)	The Law of the Company and because it is also used as input for explosives
25.10	Raw Phosphates	JPMC	The Law of the Company
36.01 36.02 36.03	Gun Powder, salt and explosives	JPMC	The Law of the Company and for security reasons
40.12	Used automobile tires	Tyre factories	for safety and ecological reasons

144. Some members queried whether the enterprises mentioned had the right to restrict trade, in which case Jordan was requested to indicate how it would amend this practice to bring it into conformity with Article XI of the GATT. Jordan was requested to describe the special or exclusive privileges relating to importation and exportation by completing the State trading questionnaire for the Jordan Tanning Company, the Jordan Petroleum Refinery Company, the Jordan Cement Factories Company, the Jordan Phosphates Mining Company, the Fertilizers Company, the Arab Potash Company, and the Arab Company for Manufacturing White Cement. Some members sought confirmation that Jordan was prepared to notify firms with special and exclusive privileges as State trading enterprises within the meaning of Article XVII of the GATT 1994 and the Understanding on the Interpretation of Article XVII, and to observe the provisions of the WTO, including Article XVII of the GATT in their operation.

145. In reply, the representative of Jordan said that the enterprises listed in Table 13 traded on the basis of market demand and their own needs. The fact that these firms received tariff exemptions did not, in his view, make them State trading companies. Having reviewed Jordan's State trading activities according to the definition provided under the Understanding on the Interpretation of Article XVII of the GATT 1994, Jordan had identified - in document WT/ACC/JOR/26 - six State trading entities, and provided a justification for not including two further activities (Table 14(a) and 14(b)).

Table 14(a): State trading entities identified by the Government of Jordan

Entity Name	Nature of Exclusivity	Legal Justification	Duration
Jordan Cement Factories	Jordan Cement Factories has the exclusive right to import cement and its by-products.	Prime Minister Instruction dated September 10, 1951 and Concession agreement dated December 6, 1951	Concession is for 50 years. It will expire in 2001
Jordan Tanning Company Co. Ltd. (JTCL)	JTCL has the exclusive rights to import and export rawhides and skins. JTCL also has exclusive rights to export tanned leather.	Law No. 9 of 1962	Concession is for 40 years. It will expire 2002.
Jordan Phosphate Mines Co. Ltd. (JPMC)	<p>JPMC has exclusive mining rights of phosphates for four different mines in Jordan.</p> <p>Hasa, Rusaifa, and Wadi Al-Abyad locations mining rights are valid from 17 December 1968 to 1998.</p> <p>Shaidiah location Mining rights are valid from November 1987 to 2017.</p> <p>Mining rights are subject to re-negotiation and renewal once they expire.</p> <p>Although there are no legal restrictions on any persons for exporting phosphate, JPMC de facto does not sell phosphate to private traders for export purpose.</p> <p>JPMC also has the exclusive rights to import, store and sell</p>	<p>Based on Law No. 12 of Natural Resources 1968</p> <p>Mining Rights No.1 and No.2 1968</p> <p>Prime Minister instructions dated 29 May 1979 (explosives)</p>	<p>Exclusive right for mining (and de facto export) of phosphate is for 30 years. Expiration date is 1998 for Hasa, Rusaif, and Wadi Al-Abyad and 2017 for Shaidiah</p> <p>Exclusive right for the import and sale of explosive materials is indefinite according to Prime Minister Instructions of 1979.</p>

Entity Name	Nature of Exclusivity	Legal Justification	Duration
	explosive materials used for mining and quarrying purposes.		
Jordan Petroleum Refinery Co.	The term of concession grants the company the exclusive right to refine oil and sell in Jordan. The company has the exclusive right to import oil and Hydrocarbon necessary to the local market.	The concession Law No. 19 of 1958 was issued to approve the concession agreement signed between the Jordanian Government and the Petroleum Refinery Company.	The concession expires in 2008.
The Vegetable Oil Industries Co. ltd.	The company has the exclusive right to refine and produce margarine of plant origin.  The company has the exclusive right to export margarine as per the concession agreement; however this is not implemented in practice	Agreement signed on 27 March 1956	Concession agreement was granted in 1956 for thirty years and extended for another fifteen years. The concession will expire in 2001.
The Ministry of Industry and Trade	Exclusive rights to import Wheat Bran for animal feed.	Decision of Ministry of Industry and Trade	No time limit on such rights

Table 14(b): Entities that do not meet the definition of Article XVII of the GATT 1994 according to the Government of Jordan

Entity Name	I. Justification
Agricultural Marketing Organization (AMO)	AMO does not engage in any international trade activities.
Used tires	Used tires may not be imported unless for the purpose of re-threading.  Any company may import used tires for re-threading purpose if such company has re-threading facilities.  There are no restrictions on establishing re-threading facilities in Jordan. Currently, there are eight companies engaged in this activity.

146. The representative of Jordan stated that his Government had identified the following six entities as State Trading companies: Jordan Cement Factories, Jordan Petroleum Refinery Co. Ltd.,

Jordan Tanning Co. Ltd., Jordan Phosphate Mines Co. Ltd., the Vegetable Oil Industries Co. Ltd., and the Ministry of Industry and Trade. His Government had identified the trading activities of the entities listed above as subject to the provisions of Article XVII of the GATT 1994, and is prepared to notify these firms as State trading enterprises within the meaning of Article XVII and the Understanding upon accession.

147. The representative of Jordan confirmed that after accession to the WTO, Jordan would observe the provisions of Article XVII of the GATT 1994[, and] the WTO Understanding on that Article, [and Article VIII of the GATS regarding State trading,] in particular abiding by the provisions for notification, non-discrimination, and the application of commercial considerations for trade transactions. The Working Party took note of these commitments.

Free zones, special economic areas

148. The representative of Jordan said that four free zones were currently operating in Jordan. The Aqaba Free Zone, occupying an area close to one million square metres, served transit trade and goods imported through the port of Aqaba. The Zone was fully equipped with infrastructure, goods handling equipment, storage warehouses, paved open yards and cold-storage facilities. The Zarqa Free Zone covered an area of some 5.5 million square metres, serving industrial and commercial investment. The Sahab free zone covered an area of 62,000 square metres, and the Queen Alia International Airport Free Zone an area of 20,000 square metres. In addition, four livestock/private free zones operated in Jordan.

149. The free zones had been established to encourage local and foreign investment, introduction of new technology, transit trade and export oriented industries and were open to any local, Arab or foreign investor. Investors registered with the Companies Registrar. Industrial and services projects established in the free zones enjoyed benefits in the form of (i) profits exempt from income tax for a period of twelve years; (ii) the remuneration of non-Jordanian employees was exempt from income tax and social services tax; (iii) goods imported into the free zones were exempt from customs duties and any other taxes and fees; (iv) no licensing fees or real estate taxes were applied to the buildings constructed within the free zones; and (v) the capital invested and profits earned could be freely repatriated. Goods exported from the free zones, other than to Jordan, were also exempt from customs duties and any other taxes and fees.

150. [The representative of Jordan confirmed that free zones or free economic zones in Jordan would be fully subject to the coverage of the commitments taken in the Protocol of Accession, and that Jordan would ensure enforcement of its WTO obligations in those zones, including those commitments derived

from the TRIPS Agreement. He also confirmed that, when goods produced or imported into the zones under the special tax and tariff regime existing in these areas enter into the rest of Jordan, normal customs formalities, tariffs and taxes would be applied. The Working Party took note of this commitment.]

#### Government procurement

151. The representative of Jordan said that government procurement practices were governed by several laws and regulations depending on the nature and purpose of the procurement. Two public departments – the Cooperation Organization and the National Aid Fund – enjoyed autonomy in their procurement according to their rules and regulations. Excluding these two bodies, the overall value of goods and services purchased by the public sector amounted to around JD 145 million annually.

152. Purchases of supplies for government departments were subject to Supplies Regulation No. 32 for 1993 and the Tenders Instructions No. (1) of 1994 issued by the Minister of Finance. The General Department of Supplies/Ministry of Finance were responsible for such procurement, which was normally conducted by tendering through the Central Tendering Committee. The committee comprised three permanent members from the General Supplies Department (GSD), the Ministry of Industry and Trade and the Ministry of Finance, and two members from the government department applying for the actual purchase.

153. Tender notices were published in local newspapers for three consecutive days. The announcement included the tender identification number, information on the requested product, the price and final date of sale of the tender documents, and the closing date and time for the submission of offers. Bids were evaluated according to criteria depending on the general and special conditions as well as the technical specifications set out in the tender documents. Several elements of the offer would be considered, including the price, running costs, the need for spare parts and maintenance, and the commercial capability and reputation of the bidder. Most procurement was conducted by open tender, but in some cases limited tendering would be applied, in which case a shortlist of qualified bidders would be drawn up on the basis of technical merits and experience. The Secretariat of the tenders committee in the General Supplies Department announced the winning bid on a special announcing board (at the GSD) or by any other method devised by the Director General, allowing four days for objections to be submitted by any participant. The tenders committee would consider the objections and issue its decision. A supplier which continued to dispute the award of a contract could seek redress through the national courts. Public works contracts were tendered through the Ministry of Public Works.

154. Local products were given preference over imported products in government tenders. A 15 per cent preferential margin was accorded to Jordanian products provided the terms and conditions (including quality) were otherwise equal to imported products. Moreover, a contractor procuring imported products should buy these in the local market rather than by direct importation.

155. Jordan did not have any trade agreements with other countries covering public procurement. Offset arrangements were infrequent and would be handled on a case-by-case basis.

156. The representative of Jordan confirmed that, upon accession to the WTO, Jordan would initiate negotiations for membership in the Agreement on Government Procurement by tabling an entity offer. He also confirmed that, if the results of the negotiations were satisfactory to the interests of Jordan and the other members of the Agreement, Jordan would complete negotiations for membership in the Agreement within a year of accession. The Working Party took note of these commitments.

#### Transit

157. The representative of Jordan said that Jordan applied the principles of the international agreement for road transportation known as TIR. Transit trade was subject to a toll equal to 0.3 per cent of the value of the goods in transit (maximum JD 200). Transit goods destined to free zones were exempt from the fee. Jordan also charged a diesel fee of JD 80 on transit trade.

158. Jordan also applied the principles of the Arab Transit Agreement signed on 14 March 1977. The Arab Transit Agreement was part of the Arab regional trade arrangements within the Arab League. The agreement was based on the same principles as the TIR, but set ceilings on the transit fees for Arab vehicles.

159. Some members noted that transit charges on Arab vehicles were lower than for other transporters, and asked how Jordan intended to end its discriminatory system of transit charges. The representative of Jordan acknowledged that the fee for goods passing through Jordan in accordance with the Arab Transit Agreement amounted to 0.3 per cent, as against 0.4 per cent for other goods, but did not consider the system discriminatory. In addition, trucks registered in countries which were not signatories to the Arab Transit Agreement were subject to some specific fees regardless of the nature of the goods they were carrying. Loaded trucks paid JD 75 for loads not exceeding 30 tons, JD 100 for loads between 30 and 40 tons, and JD 150 for loads exceeding 40 tons, as well as a fee of JD 15 for each one-body loaded truck and JD 25 for a loaded truck and trailer. Empty one-body trucks were subject to a fee of JD 5, while an empty truck and trailer paid JD 10. Jordan also charged JD 10 for

guard and security escort.

Agricultural policies

(a) Imports – description of the types of border protection maintained

160. The representative of Jordan provided detailed information on Jordan's agriculture sector and agricultural policies in document WT/ACC/JOR/14. Concerning measures pertaining to agricultural imports, he said that import regulations had changed substantially in recent years in Jordan. The former Ministry of Supply had been the sole importer of essential foodstuffs until 1997. The private sector could now import almost any agricultural product against payment of prevailing import duties and taxes, and provided the imported product met local quality standards. However, import bans remained on imports of fresh milk to protect domestic milk producers. A ban on imported mineral water - to support local production in a disadvantaged area – had been lifted in April 1999.

161. Import licences were required for most goods, in particular those originating in, and imported from, countries and territories with which Jordan had concluded bilateral trade agreements and protocols on trade in agricultural goods (details on the agricultural agenda with Lebanon is provided in document WT/ACC/JOR/8, details on the import arrangements with Oman, Yemen and Palestine are found in document WT/ACC/JOR/13. Prior approval from the Ministry of Agriculture was required for importation of live animals; fresh, chilled and frozen meat; and frozen animal semen – essentially to ensure that the imported animals and animal products met local health standards. The Ministry of Industry and Trade issued prior approvals for importation of rice, powder milk, wheat and wheat derivatives, sugar, barley, corn, and milk for manufacturing purposes. The Ministry of Industry and Trade monitored the local market to ensure adequate supply of essential foodstuffs, and would make purchases internationally if private sector imports proved insufficient. The prior approval system was a temporary measure which the Government intended to abolish once satisfied that the private sector would respond fully to price signals in the Jordanian market.

162. Some members noted import restrictions on live sheep which, in their view, would appear to be a violation of Article XI as well as Article III:4 (national treatment). The representative of Jordan replied that Jordan had recently changed its regulations regarding importation of live sheep. A previous import restriction based on weight had been changed to a requirement that the imported sheep should be at least one year old. Jordan was restricting importation of sheep older than 1.5 years as these sheep were more prone to carry diseases, and because Jordan currently did not have the technical capacity to cope with the inspection of imported sheep. However, Jordan was modernizing its veterinary inspection services. A technical committee formed by representatives of the Ministry of



Agriculture, the Jordan Institute of Standards and Metrology and the private sector was developing technical regulations for live sheep and carcasses. The restriction on importation of sheep older than 1.5 years would be eliminated as soon as these technical regulations had been adopted [expected in 1999]. The Ministry of Agriculture conducted periodic and systematic inspections of domestic farms to control any disease.

(b) Exports

163. Exports of agricultural products were generally unrestricted except for some fruit and vegetables Jordan exported to Lebanon and Israel under bilateral agreements subject maximum limits (quotas). Jordanian exporters were obliged to comply with standards and other requirements in the importing country, and export of, for example, horticultural products typically required a certificate of origin issued by the Chamber of Commerce and approved by the Agricultural Marketing Organization, a health certificate issued by the Plant Protection Department of the Ministry of Agriculture, and an EURI certificate for exports to the EU.

(c) Internal policies – i.e. description of, and the budgetary expenditure and any revenue foregone involved in each of the domestic support measures in place

[The Ministry of Industry and Trade has provided information on domestic support and export subsidies, circulated in document WT/ACC/SPEC/JOR/2 of 3 July 1998, and revised information in document WT/ACC/SPEC/JOR/2/Rev.1 of 2 September 1999.]

164. The representative of Jordan said that although the direct contribution of agriculture in Jordan's GDP was no more than around 5 per cent, it was estimated that about 25 to 30 per cent of economic activity was based on agriculture. The Government supported local producers through a combination of means including procurement of domestic production, and provision of inputs such as seeds, water, credit and livestock feed. The Government also financed agricultural extension services and scientific research to improve productivity in the agriculture sector. The principal institutions involved in producer support were the Ministry of Agriculture; the Ministry of Industry, Supply and Trade; the Agricultural Marketing Organization (AMO); the Agricultural Marketing and Processing Company (AMPCO); the Jordan Cooperatives Corporation (JCC); the Jordan Valley Authority (JVA); and the Agricultural Credit Corporation (ACC).

165. In the past - to ensure production of basic foodstuffs and fodder - the former Ministry of Supply had purchased wheat, lentils, chickpeas and barley from farmers at prices announced during the planting season. The Government no longer purchased commodities from farmers but maintained

strategic food reserves. At the end of May 1998, the Ministry of Supply had become a directorate within the Ministry of Industry and Trade.

166. The representative of Jordan said that the Agriculture Marketing Organization (AMO) was a government agency formed in 1987 to organize and develop the marketing of processed and unprocessed agricultural products. He stressed that the Agricultural Marketing Organization had never been involved in any commercial activity of importing, exporting, selling or distribution of any goods, and that the AMO had never been involved in any trading operation on behalf of Jordan's Government. Concerning the importation and exportation of fresh fruits and vegetables, he noted that importation of fresh fruits and vegetables was allowed in principle year round from all countries without any restrictions and subject to pre-set custom duty. Imports from member countries of the Arab Free Trade Area (AFTA) were subject to Arab Calendars set by AFTA, allowing member countries to charge the full customs tariff on their imports of fresh produce from other member countries during time periods agreed upon in the above mentioned calendars. Imports from some Arab countries with whom Jordan had bilateral trade agreements were subject to the terms and conditions of the signed agreements and their attached calendars, which enabled imports to enjoy full exemption from custom duties during periods set in the calendars. The role of the AMO in this regard was to manage this process by issuing recommendations to the customs department on whether or not to exempt imports from customs duties in compliance with each of the mentioned agreements, and to monitor the quality of imports and ensure that they complied with Jordanian quality requirements and standards. In addition, the AMO was responsible for conducting market studies in local and international markets; assisting and organizing private sector participation in international trade fairs and exhibitions; introducing new high value horticultural products; publishing guidebooks, brochures, and newsletters on production, marketing, handling, backing and exportation of horticultural products; and monitoring and controlling the quality of fresh produce in Jordan, including imported and exported products. The AMO maintained a complete database on local and international prices, and statistics on production, imports and exports of fresh horticultural products.

167. The Agricultural Marketing and Processing Company (AMPCO) had been established in 1987 to stimulate production and processing of tomatoes and citrus fruit. The Government currently owned 88 per cent of its shares, but the company was scheduled for full privatization by the end of 1999. AMPCO had paid guaranteed prices, regardless of the market conditions, to tomato farmers in the early 1990s, but was now competing with two other processors for available supplies. The maximum price paid to tomato producers was now set relative to processing costs and international price trends for processed tomatoes. AMPCO had held exclusive rights to import four primary horticultural crops until 1995, when its monopoly rights were removed.

168. The Jordan Cooperatives Corporation (JCC) provided farmers with supplies and inputs at outlets throughout the country. Its members could obtain inputs at prices slightly below ordinary market prices. One of JCC's primary current functions was to distribute certified seeds to farmers at subsidized prices, but this practice would be abolished in 1999. The JCC no longer provided loans to members at less than market interest rates, but some of the loans granted before 1989 were still outstanding. The value of forgiven loans amounted to approximately JD 32,000 in 1997.

169. The Jordan Valley Authority (JVA), operating within the Ministry of Water and Irrigation, supplied water to agricultural producers and monitored development in the Jordan Valley to ensure that water use would not exceed the available supply. JVA had until recently charged horticultural producers for water below cost, but this subsidy had been virtually eliminated in 1997. Producers elsewhere in Jordan had no access to subsidized water.

170. The Agricultural Credit Corporation (ACC) provided soft loans (6 to 8.5 per cent annual interest) to farmers and agribusiness investors. ACC loans were either operational loans of 12-24 month duration or development loans to be repaid over a maximum of 15 years. In 1996, ACC had provided JD 8 million in operational loans, primarily as seasonal or short-term financing of production. ACC development loans were in strong demand, not just because of the discounted interest rates and lack of commissions and fees, but also because commercial banks generally refused to provide loans with maturity beyond three years. Farmers and processors had outstanding debts totalling JD 181 million at the end of 1997. The estimated interest subsidy amounted to JD 350,000 on operational loans and JD 330,000 on development loans in 1997. The agriculture sector also benefited from the subsidy component (maximum 1 percentage point) embodied in the rediscount and advance rates established by the Central Bank.

171. The representative of Jordan said that subsidies had been removed on wheat, sugar, rice and animal fodder. In line with this policy reform, the price of bread had been increased from 85 to 250 fils per kg, balanced by cash transfers to affected household meeting an income eligibility criterion. In addition, families with monthly income of less than JD 500 had received coupons from the Ministry of Industry and Trade to obtain rice, sugar, and condensed milk (Halibuna) at subsidized prices. The coupon system had been replaced by a cash subsidy programme for government employees at the end of 1997. Selected commodities – fresh cow milk, yoghurt, and imported fresh meat – were subject to ceiling prices established in negotiations between the Ministry of Industry and Trade and representatives of the private sector.

172. Agricultural income was exempt from income tax. The exemption applied to domestic sales as well as to exports.

173. The representative of Jordan said that Jordan intended to stimulate agricultural growth and to improve resource management by directing and encouraging farmers towards growing agricultural products with high economic value. The Ministry of Agriculture had identified high-value agricultural products suitable to Jordan's climatic and agronomic conditions, but not yet commonly produced in Jordan. The products were suggested to producers as alternatives to current crops by the extension and advisory services of the Ministry of Agriculture. In addition, the Agricultural Marketing Organisation featured the products at international trade fairs and supported experimental shipments of such products to potential export markets. He considered these measures "Green box" policies.

174. The representative of Jordan said that domestic support in the agriculture sector was below the *de minimis* percentage allowed under Article 6 of the Agreement on Agriculture. Jordan did not grant any export subsidies to agricultural products.

175. [Jordan's commitments on agricultural tariffs, on domestic support and export subsidies for agricultural products are in the Schedule of Concessions and Commitments on Goods annexed to Jordan's Protocol of Accession to the WTO.]

#### Trade-Related Intellectual Property Rights (TRIPS)

##### 1. General

##### (a) Industrial property protection

176. The representative of Jordan said that his Government recognized the importance of introducing new laws and amending existing laws pertaining to intellectual property taking into consideration the international intellectual property conventions and the conditions for entry into the World Trade Organization.

177. Some members requested Jordan to submit to the Working Party a plan of action for implementation of the WTO TRIPS Agreement by the date of accession. In their view, Jordan should use the period of its accession negotiations to make the necessary changes in the area of intellectual property rights to meet WTO norms, and, as a consequence, Jordan was expected to be in conformity with the WTO TRIPS Agreement from the date of accession to the WTO, without recourse to any transitional period of non-application. The representative of Jordan replied that Jordan had launched a major reform of its intellectual property regime in 1999. The status of ongoing reforms (September 1999) is presented in Table 15.

Table 15: Status of legislation on intellectual property rights in Jordan (September 1999)

Law	Status of Draft	Expected approval date (Parliament)
Amendments to the Law on Trademarks No. 33 of 1952	Approved by Parliament (both houses)	September 1999
Law on Patents	Approved by Parliament (both houses)	September 1999
Amendments to the Law on Copyrights No. 22 of 1992	Approved by Parliament (both houses)	September 1999
Law on Industrial Design	Being discussed at the Council of Minister (CM); submission to Parliament is expected in October 1999	October/November 1999
Law on Integrated Circuits	Being discussed at the CM; submission to Parliament is expected in October 1999	October/November 1999
Law on Geographical Indications	Finalized at the Ministry of Industry; submission to the CM is expected in September 1999 and to the Parliament in October 1999	October/November 1999
Law on Trade Secrets	Finalized at the Ministry of Industry and Trade; submission to the CM is expected at the end of September 1999 and to Parliament in October 1999	October/November 1999
Law on Unfair Competition	Being prepared at the Ministry of Industry and Trade; submission to the CM is expected at the end of September 1999 and to Parliament in October 1999	October/November 1999
Law on Plant Variety Protection	Being prepared at the Ministry of Agriculture; submission to the CM is expected in October 1999 and to Parliament in November 1999	October/November 1999
Regulations/ Instructions	Status of Draft	Expected Adoption Date
Regulations on Border Enforcement of Intellectual property Rights	Being drafted; submission to the CM is expected in November 1999	December 1999
Regulations on Copyrights	Being drafted; submission to the CM is expected in November 1999	December 1999
Regulations on Integrated Circuits	Being drafted; submission to the CM is expected in November 1999	December 1999

(b) Responsible agencies for policy formulation and implementation

178. The representative of Jordan said that various institutions were responsible for the formulation and implementation of laws and regulations pertaining to intellectual property rights, including the Houses of Parliament, the Council of Ministers, the Ministry of Trade and Industry, the Ministry of Culture, the Courts of Law, the Customs Department, the National Library, as well as

television and radio stations.

(c) Participation in international intellectual property agreements

179. The representative of Jordan said that Jordan was a member of the Paris Convention for the Protection of Industrial Property and the Arab Agreement for the Protection of Copyrights. Jordan's accession to the Berne Convention (1886) for the Protection of Literary and Artistic Works had been approved by the Council of Ministers, and a Royal Decree to this effect had been issued in July 1999. The Berne Convention superseded national laws after its publication. Jordan was considering the possibility to accede to the Madrid Agreement (1891) concerning the International Registration of Marks; the Protocol Relating to the Madrid Agreement concerning the International Registration of Marks (1989); the Nice Agreement (1957) concerning the International Classification of Goods and Services for the purposes of the Registration of Marks; the "PCT" Patent Cooperation Treaty (1970); and the Rome Convention (1961) for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations. His Government envisaged to accede to these agreements within 5 to 7 years. However, until the time of accession to these agreements, Jordan would comply with the requirements of the TRIPS Agreement upon accession to the WTO.

(d) Application of national and MFN treatment to foreign nationals

180. The representative of Jordan said that the current industrial property laws provided foreign nationals with treatment equal to that of Jordanian nationals. Article 38 of the Copyright Protection Law would be amended to ensure that non-depositing of a copyright work at the Documentation Centre would not affect the author's rights as stipulated in the Law. International conventions and reciprocity conditions would be taken into consideration with respect to the protection of works of foreign authors published abroad. The current Copyright Protection Law (Article 53) provided protection only for works published or reproduced in Jordan by Jordanian and foreign authors, and works of Jordanian authors published abroad. Protection of works published abroad would be accorded protection in the near future, as Jordan was joining the Berne Convention. The Amendment Copyright Law had been published on 1 October 1998. Its Article 45 stipulated that non-filing of a work of art would not affect the rights of the author provided for in the Law.

2. Substantive standards of protection, including procedures for the acquisition and maintenance of intellectual property rights

(a) Copyright protection

181. The representative of Jordan said that protection of copyright in Jordan was governed by the

Copyright Protection Law No. 22 of 1992. Amendments to the Copyright Law had been enacted in October 1998 and September 1999. The Law (Article 3 (a) and (b)) protected original works of literature, art and science irrespective of type, importance or purpose, including works of art expressed in writing, sound, drawing photography and motion such as books, speeches, plays, musical compositions, films, applied art, three-dimensional works, and computer software. The Law (paragraph D of Article 3), as amended by the Copyright Amendment Law No. 14 of 1998, provided protection to compilations of data. The exclusive rights of the author were enumerated in Articles 8 and 9 of the Law and the terms of protection were laid down in Articles 30 to 32. Works of an author were protected for his lifetime and for fifty years after his death (or the death of the last surviving co-author); protection for 50 years from the date of publication was provided for cinematographic and television works, any work whose author or right holder was a legal entity, any work published for the first time after the death of its author, and anonymous and pseudonymous works; and computer programs, translated works, paintings, manuscripts, sculptures, drawings, pictures, architectural and geographical maps or topography, surface or three-dimensional maps were protected for 50 years after the death of the author.

182. Article 17 of the Copyright Law permitted the use of published works without the authorization of the right holder for educational, vocational training, cultural or religious purposes on certain conditions. The representative of Jordan considered this provision to be in full conformity with Article 10(2) and (3) of the Berne Convention. Regarding compulsory licensing, he said that Jordan's rules concerning the granting of licences for translation or copying had been amended to be compatible with the regulations of the Annex to the Berne Convention relating to developing countries. Article 11 of the amended Copyright Protection Law allowed any person, upon obtaining a licence from the Ministry of Culture, to translate a work into Arabic, provided three years had lapsed since the date of first publication.

183. The Copyright Amendment Law No.14 had been enacted in October 1998 to ensure compliance with the TRIPS Agreement. Changes had been required to meet the obligations with respect to compilations of data (Article 10 of the TRIPS Agreement); terms of protection (Article 12); limitations and exceptions (Article 13); protection of performers, producers of phonograms and broadcasting organizations (Article 14); and enforcement (Articles 41 to 61). Rental rights were provided according to Article 3(b) and 9 of the Copyright Protection Law, but the Law would be amended to give all producers of sound recordings the right to allow or prohibit direct and indirect copying of their sound recordings, or rental of the original copies of recordings. Jordan would also provide retroactive protection for sound recordings in accordance with Article 14 of the TRIPS Agreement and Article 18 of the Berne Convention.

(b) Trademarks, including service marks

184. The representative of Jordan said that protection was afforded under the Trademarks Law No. 33 of 1952, effective since 1 July 1952. Jordan followed the international classification of goods according to the Nice Agreement, and the Trademarks Law did not provide protection of service marks in classes 35 to 42 of the Nice Agreement. Separate application should be filed with respect to each class of goods.

185. The Jordanian authorities could refuse registration of a mark on grounds outlined in Article 8 of the Trademarks Law. Applications accepted by the Trademark Registrar were published in the Official Gazette, allowing a three-month period for filing of opposition by any interested party. All decisions of the Trademark Registrar could be appealed to the Higher Court of Justice. A published trademark was registered, and the certificate of registration was issued, in the absence of opposition. A registered trademark was valid for 7 years from the date of filing of the application, and could be renewed indefinitely for periods of 14 years (the registration periods would be changed to 10 years in the amended Trademarks Law). Proof of use was not a prerequisite for renewal of a registered trademark, and Jordanian law did not recognize the non-use of a trademark due to special circumstances in trade as valid grounds for cancellation due to non-use. Among the justifications for non-use of a trademark, he mentioned commercial circumstances (such as recession), and special commercial circumstances including *force majeure* due to war, floods, Law of God, or Law or action of Government. Any person, including the owner of an unregistered trademark, had the right to object to the initial request for registration within three months of its publication in the Official Gazette, could demand cancellation of the mark registration, but could not file a civil court case demanding compensation for damages and losses.

186. The current law did not allow the registration of identical or similar trademarks for the same goods or any other protected related goods. No provision in Jordanian law prohibited the licensing of trademarks. The recordation of an assignment was mandatory according to the law. Concerning protection of well-known marks, the representative of Jordan said that Article 8, paragraph 6 of the 1952 Trademark Law had been used in courts to protect well-known marks. Article 25 of the Trademark Law provided for invalidation of trademarks registered in contradiction of Articles 6, 7 and 8 of the Trademark Law. Well-known marks for goods and services could not be registered in Jordan except in the name of the legitimate proprietor.

187. The representative of Jordan said that the existing Trademarks Law would be amended to comply with obligations under the TRIPS Agreement [in September 1999]. The changes included introduction of protection for service marks, well-known marks and collective trademarks; extension



of the grace period for non-use of a trade mark from 2 to 3 years; introduction of punishment for infringement of well-known marks; and allowing assignment of a trademark with or without good will.

(c) Geographical indications, including appellations of origin

188. The representative of Jordan said that Jordan had no specific legislation covering the subject. Geographical names were protectable in accordance with Article 8 (paragraphs 6 and 7) of the Trademarks Law, and this provision had been used in courts to protect geographical indications. Supplementary provisions for the protection of geographical indications would be included in the draft amendments to the Trademark Law.

(d) Industrial designs

189. The representative of Jordan said that industrial designs were protected under the Patents Designs Law No. 22 of 1953, effective since 17 February 1953, and the Patents and Designs Order No. 1 of 1953. Industrial designs were registered with the Patents and Industrial Design Office at the Ministry of Industry and Trade. An industrial design was not subject to novelty examination for registration purposes, but the industrial design registrar would determine whether the design had a certain degree of novelty and quality, and was useful with distinguished design and arrangement. Designs could be registered under 15 classes, based on the materials the goods were made from, under the Patents Designs Law. A design could be registered for more than one class, but a separate application was required for each class. Textile designs were protected under Jordanian legislation.

190. A design registration was valid for five years as of the date of filing the application, and could be renewed twice, each time for a period of five years. Rejections by the Registrar could be appealed to the High Court of Justice within one month. Any infringement or non-authorized use of a registered design was punishable under the current design law. The Patents Designs Law contained no provision for compulsory working or licensing.

191. The Ministry of Industry and Trade had completed a draft Law for Industrial Designs [expected to be approved by Parliament in October 1999].

(e) Patents

192. The representative of Jordan said that patents were granted under the Patents Designs Law No. 22 of 1953 and the Patents and Designs Order No. 1 of 1953. Once filed, the patent application was examined with respect to compliance with the formalities and patentability provided for under the

Patents Designs Law. Jordan's Patent Office could stipulate any amendment necessary to bring the application into conformity with the Law. Formal examination was conducted only on patents belonging to Jordanians and those filed for the first time in Jordan. There were no examiners at the Patent Office. In all, 1,935 patents had been issued in Jordan by the end of January 1997. Foreign-owned patents had mainly been issued for pharmaceuticals, chemicals, solar energy, construction materials, machinery and mechanics, while patents issued to Jordanian nationals were mostly related to public safety, solar energy, electrical equipment, chemicals and mining.

193. The patent owner's rights were set out in Article 4 of the Law, and there were no restrictions on the owner's rights to assign, transfer, or licence rights under a patent except for patents of military significance. However, Jordan required the working of patents in Jordan, although the current law contained no definition of "working of patents". A patent would be subject to compulsory licensing under the provisions of the Law if the owner of a patented invention did not satisfy the working requirement within three years of the date of granting the patent. A decision to revoke a patent could be reviewed by the High Court of Justice.

194. Infringements of the right of a patentee were punishable under the provisions of the current Patents Designs Law.

195. The representative of Jordan said that the existing patent legislation would need to be modified in view of Article 31 of the TRIPS Agreement to put more stringent conditions on the use of a patented invention without the authorization of the right holder. Existing legislation also did not provide the owner of a patent the exclusive right to prevent a third party from making, offering for sale, selling or importing a product or the process resulting in that product without his consent as required under Article 28:1(a) and (b) of the TRIPS Agreement. The patent legislation would also be revised to provide for a term of protection of 20 years from the date of filing, as against 16 years under present legislation. Moreover, the Patents Law No. 8 of 1986 limited the patentability of chemical products, and would be amended to extend patent protection to pharmaceuticals and agricultural chemical products. However, Jordan intended to request a transitional period for implementation of the obligations contained in Articles 70.8 and 70.9 of the TRIPS Agreement. He added that the new Patent Law provided protection to patents in respect of pharmaceutical products, but entrusted Cabinet with the authority to implement these provisions. Article 36/E/2 stated that "The provisions of paragraphs(C) and (D) of this Article shall come into force one month after the issuance of a decision to the effect by Cabinet during a period which does not exceed three years from the date of Jordan's accession to the World Trade Organization."

196. The representative of Jordan said that the draft Patent Law (DPL) satisfied the requirements of Article 27 of the TRIPS Agreement as its Article 6 provided protection for inventions which were new, involved an inventive step, and were capable of industrial application. Article 30 of DPL stated expressly that pharmaceutical and chemical final products would be patentable. The rights of the patent owner were regulated under Article 21 of DPL and allowed him/her to prevent third parties from exploiting, commercially using, selling, offering to sell, or importing products or - in the case of a patented process - to prevent third parties from using without authorisation the process, selling, offering to sell, or importing a product produced by the process, as well as the right to dispose of the patent *inter vivos*, in succession, or to licence the patent.

197. Concerning the filing of patent applications containing claims for medical drugs, pharmaceutical compositions and food products, a member noted that Article 70.8 of the TRIPS Agreement stipulates that Members shall provide a means by which applications for patents for such inventions can be filed as from the date of entry into force of the WTO Agreement. In reply, the representative of Jordan said that the filing of patent applications containing claims for medical drugs, pharmaceutical compositions and food products would be accepted as from the date of entry into force of the Law (Mail Box Requirement), i.e. one month after its publication in the Official Gazette. However, Jordan wished to take advantage of the grace period provided in Article 65 of the TRIPS Agreement for developing countries, and intended to negotiate a transitional period to delay the provision of patent protection for final products which could be used as medical drugs, pharmaceutical compositions and food products.

(f) Plant variety protection

198. The representative of Jordan said that Jordan had no existing legislation covering the subject. A plant variety protection law was in preparation [expected to be submitted to Parliament in November 1999].

(g) Layout designs of integrated circuits

199. The representative of Jordan said that Jordan had no existing legislation covering the subject. WIPO had been requested to draft a law addressing the requirements of Articles 35-38 of the TRIPS Agreement. Jordan was planning to join the Washington Treaty on Intellectual Property in Respect of Integrated Circuits of 1989 over a period of seven years.

(h) Requirements on undisclosed information, including trade secrets and test data

200. The representative of Jordan said that Jordan had no specific legislation covering the subject. However, the Jordan Civil Code of 1976 provided protection for trade secrets in employment contracts. Jordanian legislation also allowed compensation for damages and losses if the owner of a trade secret could prove that damage had been inflicted on him. He considered existing legislation fulfilled the requirements of Article 10*bis* of the Paris Convention, incorporated by reference in Article 39 of the TRIPS Agreement.

201. Asked specifically about implementation of Article 39.3 of the TRIPS Agreement, which provides for a special protection regime for data submitted for registration of new pharmaceutical and agrochemical products, the representative of Jordan said that his Government was drafting a trade secrets law [expected to be approved by Parliament in October/November 1999].

3. Measures to control abuse of intellectual property rights

202. The representative of Jordan said that the Copyright Law No. 22 of 1992 included provisions (Articles 42, 46, 47 and 51) on the control of abuse of copyright. Article 36 of the draft amended copyright law would give copyright office staff in the Department of the National Library the status of judiciary officers in implementing the provisions of the Law. Article 22/3 of the Patents Designs Law stipulated the conditions under which the owner of a patent could be ordered by a court of law to grant a licence for use of his patent. Regulations to control abuse also existed under the Trademarks Law and the Patents Designs Law. The amended trademarks law would address the issue of contractual licensing of trademarks.

4. Enforcement

(a) Civil judicial procedures and remedies

203. The representative of Jordan said that the Jordanian Civil Code, the Code of Civil Procedure, the Merchandise Law, and the Trademark Law contained provisions relating to civil judicial procedures and remedies. A detailed comparison of Jordanian legislation with Articles 42-48 of the TRIPS Agreement was provided in document WT/ACC/JOR/18 (pp.66-69). Damages for injury in infringement cases could be claimed with reference to Articles 256 and 257 of the Jordan Civil Code.

(b) Provisional measures

204. The representative of Jordan said that procedures invoked in accordance with the Jordanian

Code of Civil Procedure (Articles 32 and 115) corresponded to the conditions, effects, and requirements mentioned in Article 50 of the TRIPS Agreement. His Government was taking steps to ensure systematic applicability of these provisions to intellectual property rights.

(c) Administrative procedures and remedies

205. The representative of Jordan said that no administrative procedures and remedies were available at present.

(d) Special border measures

206. The representative of Jordan said that the 1998 Customs Law contained provisions providing for the prohibition of importation of goods contradicting the provisions of intellectual property laws. The copyright law, trademark law and draft patent law contained provisions regarding the prohibition of importation of infringing goods. However, customs control and enforcement of intellectual property laws needed further elaboration, and his Government was currently revising these provisions. [The Cabinet of Ministers is expected to approve new regulations on border enforcement of intellectual property rights in December 1999.]

(e) Criminal procedures

207. The representative of Jordan said that Jordanian legislation contained no special procedures beyond those laid down in the Trademarks Law and the Merchandise (Commodities) Marks Law No. 19 of 1953. The actions considered unlawful and the penalties for trademark infringement were defined in Article 38 of the Trademarks Law. Violations were punishable by imprisonment up to one year and/or a fine not exceeding JD 100. A person imitating or using a patent without the permission of the patent holder, or giving false indication of a patented article, would be liable to imprisonment up to six months and payment of a fine not less than JD 1,000 to 5,000 according to the new draft amended patent law.

Policies affecting trade in services

[Jordan has submitted information on its existing regime in services in the format of WT/ACC/5 in document WT/ACC/SPEC/JOR/4 of 6 January 1999. Jordan's offer in services has been circulated in document WT/ACC/SPEC/JOR/5 of 7 January 1999, WT/ACC/SPEC/JOR/5/Rev.1 of 10 August 1999, and WT/ACC/SPEC/JOR/5/Rev.1/Corr.1 of 16 September 1999.]

208. The representative of Jordan said that trade in services was regulated under various laws and

regulations, the most important of which were the Investment Promotion Law No. 16 for 1995, the Companies Law No. 1 for 1989, the Foreign Investment Regulation No. 1 for 1996, the Central Bank Law No. 19 for 1979, the Foreign Exchange Law No. 95 for 1966, the Banks' Law No. 24 for 1971, the Money Exchange Dealings Law No. 37 for 1992, the Labour Law No. 37 for 1988, and the Residency and Foreigners Affairs Law No. 5 for 1991.

209. The financial sector in Jordan consisted of the Central Bank of Jordan (CBJ), banks licensed by the CBJ, and other specialized credit institutions. Fifteen commercial banks, including five branches of foreign banks, operated in Jordan along with six private investment banks and one industrial development bank. The Central Bank examined applications to establish new banks on a case-by-case basis, and subject to an economic needs test. There were no numerical limitations on the establishment of branches of foreign banks. The capital of a new bank should be at least JD 20 million, with the share of foreign capital not exceeding 50 per cent, and not less than JD 5 million for branches of foreign banks. In practice, there were no limitations imposed on licensed banks regarding the number or total value of their operations. Jordan was drafting new legislation for the banking sector. The licensing procedures applicable to domestic and foreign banks would be modified and developed with emphasis on capital requirements, the quality of management, and innovative or novelty services.

210. Insurance services were regulated by the Insurance Law No. 30 for 1984 and its amendments on the control of insurance activities, and Regulation No. 33 of 1995 regarding insurance companies. Insurance companies were supervised by the Office of the Controller of Insurance in the Ministry of Industry and Trade. The Controller granted insurance companies yearly permission, renewable upon request, to perform insurance activities. In 1998, 27 insurance companies - with a total capital of JD 65.5 million - operated in Jordan. The minimum capital for a local insurance company was JD 2 million, or JD 4 million for a branch of a foreign company or its accredited agent. The capital requirement for a local reinsurance company was minimum JD 20 million. Non-Jordanian investors could own up to 50 per cent of the capital of an insurance company. All insurance companies registered in Jordan were required to be member of a Federation. Before commencing operations, an insurance company was required to deposit with a commercial bank an amount to protect the holders of insurance policies against any default on its part. A foreign insurance company or its accredited agent was required to deposit the double of the amount required by a Jordanian insurer.

211. Concerning telecommunication services, the representative of Jordan said that the sector was regulated by the Telecommunications Law No. 13 for 1995. The sector was in the process of restructuring. An independent Telecommunications Regulatory Commission had been established,

while policy formulation and development was carried out by the Policy Department within the Ministry of Posts and Telecommunications. The national operator – the Telecommunications Corporation (TCC) had been transformed into a State-owned company as a first step towards privatization. The TCC held a monopoly on the provision of basic telephone services, while licences had been issued to private suppliers of cellular mobile telephone, data, paging, news service and pay-phone services.

212. Tourism activity was essentially private-sector oriented. In the past, the Government had owned a substantial stake in the Jordan Hotels and Tourism Company, but the shares had been sold to a private company. The sector was expanding rapidly, and new hotels were built with private Jordanian and foreign capital. Tourist bus transportation had been a monopoly held by a private company until 1994, but this sector was now open to other service providers.

213. The representative of Jordan said that Arab economic agreements contained some provisions on facilitating the movement of workers among the countries. The Agreement on Facilitating and Developing Commercial Exchange between Arab States (AFTA) aimed at providing special facilitation to services related to commercial exchange between member states. Article 18 of the Agreement referred to transport services, stating that members should cooperate in facilitating transportation between each other, and transit trade of Arab goods among member states.

214. [Jordan's Schedule of Specific Commitments on Services is annexed to its draft Protocol of Accession reproduced in the Appendix to this Report (see paragraph [224] below). This Schedule of Specific Commitments on Services contains the legally binding market access commitments of Jordan in respect of services.]

#### Transparency

215. The representative of Jordan said that the Constitution of Jordan provided that laws should be published in the Official Gazette. According to provision No. 93 (ii) of the Constitution, a law came into force after its promulgation by the King, thirty days from the date of publication in the Official Gazette, unless the law specifically stated another date of entry into force. The date of entry into force was stipulated in the first article of each law.

#### Trade agreements

216. The representative of Jordan said that Jordan was a member of several multilateral economic organizations which aimed at promoting trade and economic cooperation among its members, including the International Monetary Fund, the International Bank for Reconstruction and

Development, the Multilateral Investment Guarantee Agency, the World Intellectual Property Organization and the International Labour Organization. Among the regional institutions, Jordan was a member of the Arab Monetary Fund, the Islamic Development Bank, the Arab Fund for Economic and Social Development, and the Arab Council for Economic Unity.

217. Jordan had concluded bilateral trade agreements with many countries (listed in Annex 7 of document WT/ACC/JOR/3). These agreements were generally based on the MFN principle, although some agreements with Arab countries included trade preferences. Preferential treatment was accorded to specific goods included in protocols annexed to these agreements. However, Jordan had terminated all trade protocols, except with Lebanon, in 1995. The representative of Jordan said that the bilateral agreements did not include countertrade and barter arrangements. In the past, trade with Sudan had been subject to countertrade and barter, but these arrangements had not been renewed. The trade agreement with Iraq essentially provided Iraqi oil in exchange for Jordanian exports. Previously, the agreement had a credit arrangement component, but this was no longer the case (since 1997). Jordan had concluded bilateral investment promotion and protection agreements with Germany, France, Turkey, Switzerland, Malaysia, Romania, United Kingdom, Tunisia, Yemen, Egypt, Italy, Algeria, Indonesia, the United States, the Czech Republic, Poland, the Netherlands and Morocco.

218. Jordan was a member of the Arab Common Market Agreement (ACM) together with Egypt, Iraq, Mauritania, Libya, Syria and Yemen. Jordan was also a member of the Agreement for Facilitating and Developing Trade Exchange among Arab States. Members of the Agreement – Bahrain, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen – exempted various products from customs duties and taxes, including agricultural and livestock products; raw materials; goods and products with at least 40 per cent value added in the exporting country (or minimum 20 per cent value added if all inputs were imported from Arab countries); and goods and products produced by joint Arab enterprises. Further products could be added to the preferential arrangement (the current product coverage is provided in document WT/ACC/JOR/8 pp.75-76). The Agreement also eliminated all non-tariff measures (quotas, bans and other quantitative restrictions); however, the agreement had not functioned as envisaged. In June 1996, the Arab League/Economic and Social Council had decided to replace the Agreement with a new free-trade area agreement. Jordan signed the Arab Free Trade Area Agreement (AFTA) on 1 January 1998, activated in March 1998, and implemented the first round of tariff cuts on that date, but on a reciprocal basis, i.e. the reductions were only effective for other Arab League members implementing the same reductions. Tariffs between member countries would be eliminated over a ten-year period. Pursuant to full implementation of the Agreement, Jordan would eliminate import duties on approximately 94 per cent of its (six digit) tariff lines, and AFTA would



cover about 21 per cent of Jordan's trade. The AFTA Agreement itself did not include provisions on the application of non-tariff measures, but the AFTA implementation programme prohibited the use of non-tariff measures such as quantitative restrictions and import licensing for non-exempt and non-prohibited products. Although the implementation programme did not cover non-tariff measures applied to prohibited and exempted products, Jordan did not intend to use non-tariff measures except where non-tariff measures were applied by other Parties to the agreement (reciprocal treatment). The AFTA Agreement did not cover services.

219. Jordan had concluded an agreement with Egypt to create a free-trade area among them by 2005. Customs duties and other equivalent taxes were reduced by 10 per cent annually. Some 48 products, representing 1,450 tariff lines at the six-digit level, were temporarily excluded from the agreement. Agricultural products also benefited from the tariff reductions, except for certain fruit and vegetables which were subject to seasonal restrictions. The agreement was not yet effective as Egypt had not ratified the agreement. Jordan had signed a free trade area agreement with Algeria. Further details concerning Jordan's regional trade relations with neighbouring countries are described in Table 16.

Table 16: Preferential treatment granted under Jordan's bilateral agreements

Bilateral agreement with:	Preferences granted:
Bahrain	Full free-trade area agreement
Egypt	Free-trade area by 2005
Israel	10 per cent tariff reduction for 66 products originating in Israel
Kuwait	Free movement for agricultural and livestock products. Customs duties and equivalent taxes reduced by 20 per cent annually for specific industrial products
Libya	Free movement for all products originating in both countries
Oman	Free movement for agricultural, livestock and fish products
Palestine	Duty free access for 60 products originating in the Palestinian Territories
Qatar	Mutual exemptions from customs duties for agricultural products and natural resources. Lists of duty free industrial products to be established.
Saudi Arabia	Duty free treatment for 166 products
Sudan	Customs duties exemptions for agricultural, livestock and industrial products
Syria	Customs duties exemptions for agricultural, natural resources and industrial products

220. In 1977, Jordan had signed a cooperation agreement with the EC which offered Jordan seasonal preferential treatment (tariff cuts) for some of its agricultural exports. Jordan had subsequently negotiated a new agreement within the Euro-Mediterranean partnership agreements, leading to a free-trade area to be reached after 12 years from the date of entry into force of the

partnership agreement. The partnership agreement also covered services, social and cultural affairs, and financial cooperation. The agreement was expected to be implemented on 1 January 1999. All industrial products and natural resources originating in Jordan would enter duty free in the EC, while EC industrial products benefited from annual duty reductions over the 12 year implementation period. The agreement excluded some products originating in the EC from preferential treatment. The agreement contained specific import procedures and safeguards with respect to trade in agricultural products. Tariff rates applied by Jordan are detailed in document WT/ACC/JOR/18, page 74. Jordan expected that about 65 per cent of the goods imported from the EC would receive preferential treatment. The trade-weighted average tariff applicable to imports from the EC was 24.51 per cent.

221. Some members asked Jordan to provide details of its Agreement with the United States on duty free areas. The representative of Jordan replied that the United States had proposed the concept of Qualified Industrial Zones (QIZ), extending duty free status to products of the West Bank, Gaza Strip and Qualified Industrial Zones. Thus far, only the Irbid (Al-Hassan) Qualifying Industrial Zone had been established in Jordan. The QIZ provided non-reciprocal duty free access to the United States' market, provided the products fulfilled certain conditions. The direct cost of producing operations performed in the QIZ should account for at least 35 per cent of the appraised value of a product at the time of entry into the United States. This could result either by (i) at least one-third (or 11.7 per cent) being contributed by the Jordanian manufacturer in the QIZ, one third by an Israeli manufacturer(s), and the remainder by production at the QIZ, the West Bank/Gaza Strip, in Israel or in the United States; or (ii) by Jordanian and Israeli manufacturers maintaining at least 20 per cent of the total production cost of QIZ-produced good(s), including originating materials, wages and salaries, design, research and development, depreciation of capital investment, overhead expenses, including marketing expenses, etc.

222. [The representative of Jordan stated that his Government would observe the provisions of the WTO including Article XXIV of the GATT 1994 and Article V of the GATS in its trade agreements, and would ensure that the provisions of these WTO Agreements for notification, consultation and other requirements concerning free trade areas and customs unions of which Jordan was a member were met from the date of accession. The Working Party took note of these commitments.]

### Conclusions

223. The Working Party took note of the explanations and statements of Jordan concerning its foreign trade regime, as reflected in this report. The Working Party took note of the commitments given by Jordan in relation to certain specific matters which are reproduced in paragraphs [32, 43, 53, 68, 71, 81, 86, 96, 101, 110, 131, 137, 139, 147, 150, 156 and 222] of this report. The Working Party

took note that these assurances and commitments had been incorporated in paragraph 2 of the Protocol of Accession of Jordan to the WTO.

224. Having carried out the examination of the foreign trade regime of Jordan and in the light of the explanations, commitments and concessions made by the representative of Jordan, the Working Party reached the conclusion that Jordan be invited to accede to the Marrakesh Agreement Establishing the WTO under the provisions of Article XII. For this purpose, the Working Party has prepared the draft Decision and Protocol of Accession reproduced in the Appendix to this report, and takes note of Jordan's Schedule of Specific Commitments on Services (document WT/ACC/JOR/.....) and its Schedule of Concessions and Commitments on Goods (document WT/ACC/JOR/.....) that are annexed to the Protocol. It is proposed that these texts be adopted by the General Council when it adopts the report. When the Decision is adopted, the Protocol of Accession would be open for acceptance by Jordan which would become a Member thirty days after it accepts the said Protocol. The Working Party agreed, therefore, that it had completed its work concerning the negotiations for the accession of Jordan to the Marrakesh Agreement Establishing the WTO.]

[to be completed]

ANNEXES

ANNEX 1

Laws, Regulations and Other Information Provided to the Working Party by Jordan

- Companies Law No. 22 of 1977;
- Customs Law No. 16 of 1983;
- Law No. 20 on Customs (1998);
- Law No. 14 for 1992 - Import and Export Law;
- Regulation No. 74 (1993) - Import and Export Regulation;
- Law No. 7 on Unifying Other Taxes and Fees (1997);
- Law No. 6 (1994) – General Sales Tax Law;
- Income Tax Law No. 57 of 1985, Law No. 2 of 1992 and Law No. 14 of 1995;
- National Production Protection Law No. 4 of 1998 (Safeguards Law);
- Investment Promotion Law No. 16 of 1995 and Regulations;
- Regulation No. 39 (1997) – Non-Jordanian Investments Promotion Regulation;
- Law No. 15 of Standards and Metrology, effective 16 January 1995 (unofficial translation);
- Draft Law on Standards and Metrology Law No. (...) For the Year 1999 (as finalized by JISM in September 1999);
- Instructions No. 4 for the Year 1995 – Preparation of Jordanian Standards;
- Quality Mark Regulations No. 49 for the year 1996;
- Quality Mark Institutions;
- Jordanian Standards Nos. 288 and 401;
- Regulation No. 32 (1993) – Government Procurement Regulation;
- Tenders Regulation No.1 of 1994;
- Agricultural Law No. 20/1973;
- Commodities' Marks Act No. 19 of 1953;
- Patents and Designs Law and Rules (1953);
- Draft Law No. (...) for the year 1999 Patent Law (as adopted by Parliament in September 1999);
- Trade Mark Law and Regulations in Hashemite Jordan (1 July 1952);
- Draft Law No. (...) for the year 1999 Amending The Trademarks Law (as adopted by Parliament in September 1999);
- Draft Amended Copyright Law No. 22 of 1992;
- Draft Law No. (...) for the year 1999 - A Law Amending The Copyright Protection Law (as adopted by Parliament in September 1999);
- Banking Legislation in Jordan (1994);
- Law No. 9 Amending the Law on the Control of the Insurance Business and Regulation No. 33 of the year 1995 on Insurance Companies (unofficial translation);
- Telecommunications Law No. 13 of 1995; and
- Securities Law of 1997 (unofficial translation).

[to be completed]

[APPENDIX

ACCESSION OF THE HASHEMITE KINGDOM OF JORDAN

Draft Decision

The General Council,

Having regard to the results of the negotiations directed towards the establishment of the terms of accession of the Hashemite Kingdom of Jordan to the Marrakesh Agreement Establishing the World Trade Organization and having prepared a Protocol for the Accession of the Hashemite Kingdom of Jordan,

Decides, in accordance with Article XII of the Marrakesh Agreement Establishing the World Trade Organization, that the Hashemite Kingdom of Jordan may accede to the Marrakesh Agreement Establishing the World Trade Organization on the terms set out in the said Protocol.]

[PROTOCOL OF ACCESSION OF THE HASHEMITE KINGDOM OF JORDAN

TO THE MARRAKESH AGREEMENT ESTABLISHING

THE WORLD TRADE ORGANIZATION

DRAFT

The World Trade Organization (hereinafter referred to as the "WTO"), pursuant to the approval of the General Council of the WTO accorded under Article XII of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as "WTO Agreement"), and the Hashemite Kingdom of Jordan (hereinafter referred to as "Jordan"),

Taking note of the Report of the Working Party on the Accession of Jordan to the WTO in document WT/ACC/JOR/... (hereinafter referred to as the "Working Party Report"),

Having regard to the results of the negotiations on the accession of Jordan to the WTO,

Agree as follows:

Part I - General

1. Upon entry into force of this Protocol, Jordan accedes to the WTO Agreement pursuant to Article XII of that Agreement and thereby becomes a Member of the WTO.
2. The WTO Agreement to which Jordan accedes shall be the WTO Agreement as rectified, amended or otherwise modified by such legal instruments as may have entered into force before the date of entry into force of this Protocol. This Protocol, which shall include the commitments referred to in paragraph [223] of the Working Party Report, shall be an integral part of the WTO Agreement.
3. Except as otherwise provided for in the paragraphs referred to in paragraph [223] of the Working Party Report, those obligations in the Multilateral Trade Agreements annexed to the WTO Agreement that are to be implemented over a period of time starting with the entry into force of that Agreement shall be implemented by Jordan as if it had accepted that Agreement on the date of its entry into force.
4. Jordan may maintain a measure inconsistent with paragraph 1 of Article II of the GATS provided that such a measure is recorded in the list of Article II Exemptions annexed to this Protocol and meets the conditions of the Annex to the GATS on Article II Exemptions.

Part II – Schedules

5. The Schedules annexed to this Protocol shall become the schedule of Concessions and Commitments annexed to the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994") and the Schedule of Specific Commitments annexed to the General Agreement on Trade in Services (hereinafter referred to as "GATS") relating to Jordan. The staging of concessions and commitments listed in the Schedules shall be implemented as specified in the relevant parts of the respective Schedules.

6. For the purpose of the reference in paragraph 6(a) of Article II of the GATT 1994 to the date of that Agreement, the applicable date in respect of the Schedules of Concessions and Commitments annexed to this Protocol shall be the date of entry into force of this Protocol.

Part III - Final Provisions

7. This Protocol shall be open for acceptance, by signature or otherwise, by Jordan until .....

8. This Protocol shall enter into force on the thirtieth day following the day of its acceptance.

9. This Protocol shall be deposited with the Director-General of the WTO. The Director-General of the WTO shall promptly furnish a certified copy of this Protocol and a notification of acceptance thereto pursuant to paragraph 7 to each member of the WTO and Jordan.

10. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

11. Done at Geneva this ... day of .... one thousand nine hundred and ninety ....., in a single copy in the English, French and Spanish languages each text being authentic, except that a Schedule annexed hereto may specify that it is authentic in only one or more of these languages.]

**ANNEX**

**SCHEDULE – HASHEMITE KINGDOM OF JORDAN**

Part I – Goods

[To be completed]

Part II – Services

[To be completed]

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