

JORDAN

TRADE SUMMARY

The U.S. goods trade surplus with Jordan was \$269 million in 2009, shifting from a deficit of \$197 million in 2008. U.S. goods exports in 2009 were \$1.2 billion, up 26.9 percent from the previous year. Corresponding U.S. imports from Jordan were \$924 million, down 18.8 percent. Jordan is currently the 70th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Jordan was \$121 million in 2008 (latest data available), up from \$119 million in 2007.

The United States-Jordan Free Trade Agreement

Under the terms of the United States-Jordan Free Trade Area Agreement (FTA) which entered into force on December 17, 2001, the United States and Jordan completed the final phase of tariff reductions on January 1, 2010. This resulted in the complete elimination of duties on nearly all products, except for alcoholic beverages and mature subject materials.

IMPORT POLICIES

Tariffs and other Charges

Jordan is a member of the WTO and is in the process of reducing its tariffs in compliance with its WTO accession commitments. Currently, Jordan's simple average applied tariff is 10.8 percent with a maximum rate of 180 percent on certain products. Most raw materials and intermediate goods used in industry face a zero percent tariff.

Jordan's General Sales Tax law allows the government to impose a "Special Tax" at the time of importation or local production. For example, the government currently imposes a 17.5 percent tax on automobiles and trucks.

Agriculture

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

Import License

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

GOVERNMENT PROCUREMENT

In 2002, Jordan initiated the process for joining the WTO Government Procurement Agreement (GPA), with the submission of its initial entity offer. Although negotiations on its accession have continued, they

did not make as much progress in 2009 as had been anticipated. It is hoped that Jordan will complete its accession to the GPA in 2010.

EXPORT SUBSIDIES

All exporters are granted the following incentives:

- Net profits generated from most export revenue are fully exempt from income tax. The mining sector is excluded, as are exports governed by specific trade protocols, and foreign debt repayment schemes. Under the WTO, the tax exemption was initially set to expire on January 1, 2008, but at the request of Jordan, the WTO granted an extension through December 2015, subject to an annual review by the WTO.
- Foreign inputs used in the production of exports are exempt from customs duties; all additional import fees are assessed on a reimbursable basis.

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Over the past few years, Jordan has steadily sought to improve its IPR laws and IPR enforcement but further improvements are still needed to strengthen Jordan's IPR enforcement regime.

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

INVESTMENT BARRIERS

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

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

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

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

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

ELECTRONIC COMMERCE

Jordan has adopted some legislation to manage electronic commerce, although there is no composite body of regulations and tax laws covering electronic commerce transactions. Specifically, there is an immediate need for regulation on electronic signatures. No tariffs are collected on electronic transactions.