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TRADE POLICY REVIEW

JORDAN

Minutes of Meeting

Addendum

Chairperson: H.E. Mr. Yonov Frederick Agah (Nigeria)

This document contains the advance written questions, and replies provided by Jordan.¹

Organe d'examen des politiques commerciales
10 et 12 novembre 2008

EXAMEN DES POLITIQUES COMMERCIALES

JORDANIE

Compte rendu de la réunion

Addendum

Président: S.E. M. Yonov Frederick Agah (Nigeria)

Le présent document contient les questions écrites communiquées à l'avance et les réponses fournies par la Jordanie.¹

Órgano de Examen de las Políticas Comerciales
10 y 12 de noviembre de 2008

EXAMEN DE LAS POLÍTICAS COMERCIALES

JORDANIA

Acta de la reunión

Addendum

Presidente: Excmo. Sr. Yonov Frederick Agah (Nigeria)

En el presente documento figuran las preguntas presentadas anticipadamente por escrito, junto con las respuestas facilitadas por Jordania.¹

¹ In English only./En anglais seulement./En inglés solamente.

ADVANCE WRITTEN QUESTIONS BY MEMBERS

BRAZIL

Q1. Could you please provide further information on the eligibility criteria to join the Golden List programme mentioned in paragraph 12 of the Section on customs procedures?

Q2. What is the allocation of the resources derived from the collection of the internal taxes referred to in paragraph 36?

CHAPTER III - TRADE POLICIES AND PRACTICES BY MEASURE

(2) Measures directly affecting imports

(iii) Rules of origin

Page 25, paragraph 17

3. The document mentions that a certificate of origin is required for imported products from all countries.

Question: Could Jordan inform the reason why such a certificate is required for all countries?

Page 27, paragraphs 24,25 and Table III.2.

Q4. In relation to the tariffs for the products mentioned in table III.2, what is the justification for using composed duties? Is there any plan to convert those tariffs into ad-valorem tariffs?

CHAPTER IV – TRADE POLICIES BY SECTOR

(2) Agriculture and Related Activities

(iii) Main subsectors

Page 65, paragraph 23

Q5. Could Jordan explain what is the reason for applying a MFN tariff of 30% on products with self-sufficiency ratios far in excess of 100%?

SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

SUMMARY OBSERVATIONS

(1) The Economic Environment

(page vii, paragraph 1)

1. Jordan enjoyed a relatively high GDP growth rate and moderate inflation in the years 2000 to 2007. However, little information can be found in the report on the development of Jordan's labour market over the review period.

Question: Since a sound labour market is essential to economic development and social stability, could Jordan please provide an overview of labour market developments, including further elaboration on topics such as labour rights protection, participation by women, and other key indicators?

(page vii, paragraph 2)

The report states that Jordan relies on a comparatively high level of workers' remittances, which is a reflection of the large number of Jordanians working abroad, in the Gulf region in particular.

Question: On average, what have been the skill levels of the migrating workers? Have they been mainly skilled/professional or low/middle skilled workers? Has the migration of labour caused a brain drain problem? If so, can Jordan say what the economic effect has been?

III. TRADE POLICIES AND PRACTICES BY MEASURE

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(viii) Government procurement

(page 40, paragraph 80)

The report states, "on government supplies tenders, local products currently benefit from a price preference margin of 15% over imported products."

Question: Could Jordan please explain the rationale for this discriminative measure against foreign products? Does the government of Jordan have any plan in the future to abolish this measure?

(3) MEASURES DIRECTLY AFFECTING EXPORTS

(v) Free zone, special economic, and qualifying industrial zones

(page 46, paragraph 109)

Quoting from the report, "QIZs are designated industrial parks in Jordan and Israel from which goods can be exported duty-free and quota-free to the United States. The QIZ rules require local content of at least 35%."

Question: Could the Jordan government consider reducing the local content requirement so as to attract more foreign investment in the future?

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(iii) State-trading, state-owned enterprises, and privatization

(page 52, paragraph 137)

Jordan's privatization approach appears to vary according to the specifics of the enterprise or service to be privatized.

Question: Will there be any limitations placed on foreign investors during the privatization process?

IV. TRADE POLICIES BY SECTOR

(3) MINING, ENERGY, AND WATER

(ii) Oil and natural gas

(page 68, paragraph 39)

We note from the Report that the Natural Resources Authority (NRA) is responsible for negotiating agreements and granting concessions for the exploration and exploitation of hydrocarbons.

Question: Are there any special concerns or criteria used in the process of granting concessions, relating in particular to foreign investors?

(page 68, paragraph 41)

Investor interest in Jordan's oil shale reserves has increased considerably and several agreements have been signed with international oil companies.

Question: Does Jordan offer any incentives to investors in its oil shale exploration industry, aimed especially at foreign investors?

(iii) Electricity
(page 69, paragraph 42)

Jordan's electricity prices are not market determined and the Electricity Sector Regulatory Commission was established with responsibility for determining electricity tariffs.

Question: Is there a concrete operating mechanism in place, which the Commission uses when formulating the price? What major concerns are taken into account in the price-setting?

(4) MANUFACTURING
(ii) Selected industries
(b) Textiles and clothing industry
(page 74, paragraph 63)

The report states that, "The textile industry has become Jordan's largest export sector. Over 90% of garment exports were destined for the United States in 2007. To a great extent, Jordanian textile factories have relied on imported textile fabrics, notably from China, and foreign labour (about 30,000 according to some estimates)."

Question: It would be appreciated if Jordan could please explain its foreign labour employment policy in greater detail? Is any limitation placed on foreign investors operating in the Qualified Industrial Zones (QIZs) relating to the employment of foreign labour?

(pages 74, paragraph 64)

As stated in the report: "...the tariff advantage of the QIZ initiative is gradually being eroded by the implementation of tariff concessions under the FTA between Jordan and the United States. For certain goods such as textiles and clothing, import tariffs in the United States under the FTA will be fully eliminated by 2010." The textile industry is one of Jordan's most important industries in that it creates a great number of job opportunities and is a major source of foreign exchange.

Question: We should be grateful if the government of Jordan could please advise whether it has any plan to assist garment manufacturing companies operating in the QIZs after 2010?

COLOMBIA

2. Within what period of time does Jordan aim to fulfil its WTO notification commitments, in particular with respect to agricultural notifications?

3. What are the main characteristics of Jordan's export policy as regards textiles and clothing? How does it intend to address the problems arising from the need to maintain competitiveness in those sectors?

4. What are the main characteristics of the incentive schemes pursued by Jordan through its qualifying industrial zones, free zones, and the Aqaba Special Economic Zone?

ARGENTINA

II. TRADE AND INVESTMENT REGIMES

(4) Trade agreements
(iv) Other preferential arrangements
Paragraph 25, page 17

Question: According to this paragraph, Jordan does not participate in the Global System of Trade Preferences (GSTP) among developing countries. Does it intend to become a member of that system?

(5) Investment framework
Paragraph 29, page 18

Question: According to this paragraph, the Jordan Investment Board is implementing a project called the "one-stop shop" with a view to bringing together all services (by public and private organizations) required by an investor in a single location. Could Jordan please provide further details on this project and indicate when it was put into effect?

III. TRADE POLICES AND PRACTICES BY MEASURE

(2) Measures directly affecting imports

(i) Registration and documentation

Paragraph 10, page 24

Question: This paragraph states that depending on the nature of the product imported, a technical conformity/health/veterinary certificate and/or an import permit or licence are required. In what cases would these certificates, permits or licences be required?

(4) Measures affecting production and trade

(iii) State-trading, State-owned enterprises and privatization

Paragraph 133, page 51

Question: According to this paragraph, the Government is the sole importer of barley and wheat, the consumption of which is highly subsidized, and imports are executed by private traders under the direction of the Trade Directorate at the Ministry of Industry and Trade. Could Jordan please provide further details on the import process applied to such essential commodities?

(v) Import prohibitions, restrictions, and licensing

Paragraphs 39 and 40, page 32

Question: According to these paragraphs, Jordan has replaced the system of "prior approval" of imports by an import licensing regime, and under Import and Export Law No. 21 of 2001, as amended by Temporary Law No. 18 of 2003, the Council of Ministers may prohibit or completely or partially restrict imports of any good, taking into account Jordan's international commitments. Could Jordan please explain how the licensing regime has changed with respect to "prior approval" and what the requirements for obtaining an import licence are? In what cases – apart from those listed in Table III.5 on page 33 – and for what reason have imports been prohibited, taking into account Jordan's international commitments, during the period under review?

IV. TRADE POLICES BY SECTOR

(3) Mining, energy and water

(ii) Oil and natural gas

Paragraph 38, page 68

Question: According to this paragraph, in December 2004, the Government approved Jordan's Energy Master Plan, which seeks to diversify the energy mix and raise the share of domestic energy supplies to 39 per cent of consumption by 2020. Could Jordan please provide further details regarding the characteristics of this plan, and in particular, explain what the mentioned energy mix is?

JAPAN

IV. TRADE POLICIES BY SECTOR

(5) SERVICES

(iii) Transport

Page 88, paragraph 130

The Secretariat report states, "Jordan has a stake in two joint-ventures to improve regional exchange of goods and promote tourism. One is the Syrian-Jordanian Shipping Company established in 1976; the other, the Arab Bridge Maritime Company, is jointly owned by Jordan, Egypt, and Iraq."

Question: Please provide specific information on an agreement or treaty between Jordan and Iraq, if any, in order to promote regional exchange from Jordan to Iraq, including such items as the simplification of customs clearance and the facilitation of roads.

KOREA

Secretariat Report, page 24, paragraph 10

For customs clearance, the principal documents required are the customs declaration, commercial invoice, bill of lading (or air waybill), certificate of origin, and packing list.

It has come to our attention that in exporting to Jordan, the original commercial invoice and certificate of origin must be attested by the local Chamber of Commerce in the country of origin and should be notarized by the Jordanian diplomatic mission in the country of origin. If this procedure is not adhered to, a fine not exceeding 4% of commodity value must be paid by the Jordanian importer.

We are of the view that the requirement for notarization by the Jordanian Diplomatic mission seems to be an undue burden for the exporters. In light of the above, we would appreciate it if Jordan respond to the following questions:

Question: Is this requirement mandatory for all Members of the WTO? Are FTA partners of Jordan either subject to a more simplified procedure or exempt from such requirement altogether? Does Jordan have any concrete plans to simplify(remove) the above mentioned procedure requiring the notarization by the Jordanian diplomatic mission?

Secretariat Report, page 38, paragraphs 71, 72

New procurement legislation to bring the regime into compliance with the GPA is awaiting approval by Cabinet.

Question: Could Jordan provide more detailed information with regard to the new procurement legislation awaiting approval by the Cabinet?

Investment Framework

The investment law published in the website of the Jordan Investment Board (JIB) states that "a non-operating foreign company is exempted from registering to Jordan chambers and professional associations and their registration fees and from any obligations towards them."

However, Jordan's Bar Association's Law No. 11 for the year 1972 in the Decree No. 43 states that :

All commercial or industrial public establishments, and all public shareholding companies or any foreign company, establishment, branch office or agency - regardless of its capital- must assign an attorney or a legal counselor registered in the local bar association in accordance to a written contract recorded at the "Notary Public" - must notify the bar in writing through its attorney or legal counselor within a month of his hiring date...

If any company or establishment among the companies or establishments mentioned above did not comply to the first paragraph of this article, by not assigning an attorney or a legal counselor within 3 months of the date this law is effective or its establishment date, the company must pay an amount of JDs 2 per every delay day to the Bar Association.

Question: Korea would like to request the confirmation from Jordan on whether the above two instances are referring to the same matter. If so, could Jordan explain whether it has any plans to harmonize the above discrepancy so as to provide further clarity to its foreign investment regime?

UNITED STATES

II. ECONOMIC ENVIRONMENT

(1) ECONOMIC GROWTH

Page 5, Paragraph 9

Question: Jordan credits some of its success in development to foreign direct investment (FDI). Much of this investment has come from Saudi Arabia and the Gulf. With oil prices falling from this summer's peak, what impact does Jordan predict the reduction in oil prices will have on its inward FDI and also on remittances, which are among Jordan's top revenue sources?

(3) MACROECONOMIC AND STRUCTURAL POLICY REFORMS

Page 7, Paragraph 17

Question: Jordan names civil society organizations as instruments for poverty reduction. Many NGOs have been highly critical of the Associations Law that was passed this summer, saying that the law grants the government a great deal of control over their boards, their ability to fundraise and even their permission to exist. Jordan's government is currently preparing an amendment to that law. What is the status of the amendment and how will it change the law as it was passed this summer?

Page 7 Paragraph 22

Question: In 2006, Jordan passed an Anti-Corruption Commission Law. Thus far, this commission has been criticized as weak and indeed some of its members have had to resign because of corruption charges against them. What actions will Jordan take to drive strength into this law and its commission?

III. SECTOR PERFORMANCE AND POLICY

(3) MANUFACTURING

Page 9 Paragraph 31

Question: The report says, "Textiles and clothing represents a major industrial sector in Jordan and is growing rapidly. It employs over 50 thousands workers and generates about US\$1.2 billion worth of exports." There are signs, however, that growth is cooling. What is the status of the industry and its future in Jordan?

(4) SERVICES
Page 9 Paragraph 35

Question: The report rightly praises the ICT sector which has grown rapidly and improved services while lowering prices after privatization. The incumbents in the mobile sector are pressuring the Telecommunications Regulatory Commission to establish spectrum auctions processes that benefit incumbents. How will Jordan resist this pressure and continue to make the telecommunications market more open in mobile but also in internet service?

IV. TRADE POLICY
(2) RECENT TRADE POLICY REFORMS
Page 11, Paragraph 51

Question: The "IPR entity" referenced in this paragraph has been mentioned for several years without any apparent action. When will this "entity" be created? What will be its goals and its relationship to other organizations responsible for IPR (National Library, Customs, JISM, PSD, etc)? What steps will Jordan take to create not only laws, but enforcement capacity?

(4) FUTURE DIRECTION OF TRADE POLICY
Page 13 Paragraph 61

Question: Jordan's rank in the Doing Business report has been falling largely because of the perceived difficulty of administrative procedures. What specific steps is Jordan taking to ease administrative burdens? The e-government initiative is often mentioned as one possible solution but this effort has been slow with almost no success at most ministries. How is the project being managed to support business procedures?

QUESTIONS PERTAINING TO WTTPR/S206

II. TRADE AND INVESTMENT REGIMES
(1) THE INSTITUTIONAL FRAMEWORK
Page 10, Paragraph 4

Question: Please comment on Jordan's progress in increasing its courts specialization, especially their ability to try IPR cases and other business cases?

III. TRADE POLICIES AND PRACTICES BY MEASURE
(2) MEASURES DIRECTLY AFFECTING IMPORTS
(ii) Customs procedures
Pages 24-25, paragraph 12

Question: How many participants are there in the customs-business partnership program? What percentage of import trade is covered by the program?

Page 25, paragraph 13

Question: Paragraph 13 states that "[a]ccording to the authorities, reference prices (not published) are used as a last resort to provide guidance when an importer fails to submit the required transaction value or the customs administration has reason to doubt the accuracy of the declared value." We request further explanation on how reference prices are used. Is the reference price substituted for the declared value? Are the reference prices used as transaction values or under an alternative basis of appraisal?

(v) Import prohibitions, restrictions, and licensing
Page 33, Table III.5

Question: The Secretariat's report notes that Jordan continues to ban the importation of passenger cars using other than benzene as a fuel until Jordan's refinery is modernized to produce diesel fuel with low sulphur content. It appears that this import ban has been in effect since Jordan's accession to the WTO in 2000. When does Jordan expect to complete the refinery modernization and remove the ban?

What is Jordan's justification for prohibiting the importation of "dumpers designed for off-highway use"? Could Jordan please provide the HS number(s) of the products covered by this import prohibition?

(3) MEASURES DIRECTLY AFFECTING EXPORTS
(v) Free zone, special economic, and qualifying industrial zones
Page 45, paragraph 99

Question: The Report states that industrial and commercial investments in free zones enjoy tax exemptions, but are required to meet one of several criteria, including the "use of local raw materials and manufacturing parts" and "import-substitution". Please comment on how these investment requirements should be interpreted in light of Jordan's obligations under Article 3.1(b) of the SCM Agreement.

(4) MEASURES AFFECTING PRODUCTION AND TRADE
(iv) Intellectual property rights

Questions: What is the status of Jordan's amendments to its Copyright Law?

What is the status of Jordan's amendments to its JISM law regarding trademarks? Does JISM have authority with respect to all IPR violations, as implied in Paragraph 141, or is its authority limited to trademark-related violations? How and by whom are conformity marks selected, and what measures, if any, are in place to ensure that these marks do not conflict with prior trademarks?

Does Jordan allow for co-existence between a prior trademark and a later geographical indication? If so, we would appreciate information about how such co-existence is accomplished.

IV. TRADE POLICIES BY SECTOR

(3) MINING, ENERGY, AND WATER

(ii) Oil and natural gas

Page 68, Paragraph 39

Question: Is it the case that Jordan's hydrocarbon deregulation is behind schedule and that the government has extended the refinery's concession beyond 2046? What is the role of nuclear energy or liquefied natural gas in Jordan's current energy plans? Please discuss any plans to change significantly Jordan's energy mix. What plans does Jordan have for renewable energy, such as wind, solar, and hydroelectricity?

(4) MANUFACTURING
(i) Policy Framework
Page 72, paragraph 56

Question: The report states that the Jordan Upgrading and Modernization Program (JUMP) provides financial assistance to SMEs to enhance their competitiveness. The report also states that the program

has import-substitution objectives one component of which is the National Linkage Program. The Secretariat states that under this program, assistance is offered to establish new business and supplier links between industrial firms that rely on imported production inputs, on the one hand, and local SMEs that are in a position to meet those input needs, on the other. Please comment on how the eligibility criteria of this program should be interpreted in light of Jordan's obligations under Article 3.1(b) of the SCM Agreement.

(5) SERVICES

(ii) Telecommunications and postal services

(a) Telecommunications

Page 84, paragraph 106

Question: From the Secretariat's report we learn that Jordan has a de facto monopoly in fixed line services and a very limited market in internet services because of the role of JTC/Orange. What steps is Jordan taking to open the markets? Does Jordan intend to change the way JTC does business?

(iii) Transport

(b) Road transport

Page 88 Paragraph 131

Question: Jordan's road freight transportation industry is characterized by numerous one-truck companies and high costs. Prohibiting foreign investment may limit the capital necessary for developing larger operations and networks. Has the government considered opening the sector to foreign investment in order to enhance efficiency and reduce costs in this sector?

CHINA

Question: Does the current global financial crisis have any impacts on the economic and trade performances of Jordan? If yes, what measures has Jordan taken to meet the challenges?

Secretariat Report Page 68 Paragraph 38

"In December 2004, the Government approved Jordan's Energy Master Plan, which seeks to diversity the energy mix and raise the share of domestic energy supplies to 39% of consumption by 2020."

Question: Given that domestic crude oil and gas production contributed only 4% to energy consumption in 2007, would Jordan please share with us what the major measures are in the Energy Master Plan to achieve the target of 39% domestic share by 2020?

Secretariat Report Page 38 and 39: (viii) Government Procurement

Question: Would the Delegation of Jordan please share with us its analysis, if any, on the possible impacts of joining the Agreement on Government Procurement on Jordanian economy and trade?

CANADA

Report by the Government of Jordan (WT/TPR/G/206)

Part I. Introduction; Jordan's Reform Agenda: paragraph 2, page 4

Canada commends Jordan on making difficult but necessary economic reforms and encourages strong pursuit of political reforms, including establishing an independent electoral commission.

Question: What steps has Jordan taken to ensure public input into the trade policy agenda?

Part II. Economic Environment; (3) Macroeconomic and Structural Policy Reforms: paragraph 19, page 7, and; Part III. Sector Performance and Policy; (4) Services: paragraph 38, page 110

Canada's policies towards Jordan support its priority objectives to improve the education system and reform the labour market. Canada is proud to support Jordan in its drive to modernize its education system. This reflects our confidence in the ability of the Jordanian government to see this process through.

Question: What steps has Jordan taken to ensure that its trade policy supports continuing development of the education sector and reform of the labour market?

Report by the Secretariat (WT/TPR/S/206)

Summary Observations; (4) Sectoral Policies: paragraph 16, page 10

Canada understands Jordan's difficult situation caused by its near-total reliance on energy imports, and that it is looking to develop nuclear energy capacity in order to lessen this dependence.

Question: How does Jordan's trade policy address its energy needs, including the development of its nuclear, wind and solar energy capacity?

Summary Observations; (2) Institutional Framework, page vii, paragraph 6

In the Summary Observations of the Secretariat Report, page vii, paragraph 6, it notes that: "The Ministry [of Industry and Trade]'s Foreign Trade Policy and Relations Department has responsibility for all matters relating to WTO, as well as regional and bilateral trade agreements between Jordan and other countries. The Department is also the WTO focal point and functions as Jordan's enquiry point for services; it is the notification authority for almost all WTO agreements, with the exception of notifications related to SPS measures. In areas such as agriculture, Jordan has faced difficulties in providing notifications in a timely manner."

Canada notes that all of Jordan's 2008 notifications provide 30 days or less for comments.

Question: What measures or steps is Jordan putting in place to overcome these difficulties, in particular notification of draft trade-related measures at an early appropriate stage when amendments can still be introduced and comments taken into account (Articles 2.9.2 and 5.6.2) and alignment with the WTO/TBT Committee recommended 60-day comment period (G/TBT/1/Rev.9, page 18, paragraph vii(a))?

Canada notes in Jordan's TBT notifications that a short period (approximately 15 days in 2008, and none in 2007) is provided between the proposed adoption of the measure and its entry into force. Article 2.12 of the TBT Agreement obligates Members to provide a reasonable interval between the publication of measures and their entry into force. This period is understood within the WTO/TBT Committee, per the Ministerial Decision, as "normally a period of not less than 6 months, except when this would be ineffective in fulfilling the legitimate objectives pursued" (G/TBT/1/Rev.9, page 20, paragraph 6a).

Question: Could Jordan explain whether processes are foreseen to enhance Jordan's compliance with WTO/TBT Article 2.12 and the Ministerial Decision?

Part III. Trade and Investment Regimes; (4) Trade Agreements; (iii) Bilateral agreements: paragraph 21, page 17

The report notes that, under the Jordan-U.S. FTA (JUSFTA), Jordan "will gradually eliminate virtually all tariffs on goods, except tobacco." It is Canada's understanding that, in addition to excluding tobacco from tariff elimination, Jordanian customs duties on beer, wines and spirits of HS Chapter 22 will be reduced to 44.5% of a 180% base tariff rate, rather than fully eliminated.

Question: Can Jordan please outline its precise tariff liberalization obligations on beer, wines, and spirits under the JUSFTA?

Part II. Trade and Investment Regimes, Annex II.1: Aid for Trade; paragraphs 1 and 5, pages 21 and 22

The Canadian Enquiry Point notes Jordan's repeated mention of assistance in both Jordan's TPR Report (WT/TPR/G/206, pages 13 and 14) and the Secretariat's Report (WT/TPR/S/206, page x, paragraph 19; and pages 21-22, paragraphs 1-5). In particular, the Secretariat's Report (WT/TPR/S/206), on pages 21-22, states that: "Jordan has benefited from a range of trade-related technical assistance activities since its accession to the WTO.¹ Nevertheless, it continues to face significant challenges in the context of the changing international environment coupled with a chronic water shortage and full dependency on imported energy... The authorities believe that past technical assistance activities, and further assistance in other areas could help Jordan achieve greater integration into the global economy..."

"There is a need for targeted technical assistance, which could be organized around a series of seminars/workshops and studies, in pertinent areas such as trade remedies, intellectual property, tariff and customs reforms, notification procedures, competition policy and trade facilitation. Other specific assistance is needed in the areas of TBT and SPS to upgrade the capacity of the regulatory bodies responsible for setting the measures in compliance with international requirements; testing facilities and laboratories in Aqaba; practical training on how to conduct an impact assessment of draft technical regulations; training on specific conformity assessment modules, such as supplier declaration and type approval; supporting the accreditation of the Amman Food Laboratory; supplementary laboratory equipment for JFDA; assistance in establishing a Food Information Management System (FIMS); as well as risk management, mutual recognition agreements, and the appropriate level of protection."

Canada also notes that there is an ongoing discussion in the WTO TBT Committee on members' experiences with technical assistance projects and suggests that information on Jordan's experience would make a valuable contribution to this discussion.

Question: Given the breadth of trade-related technical assistance (TRTA) Jordan has received, Canada would be interested in receiving information from Jordan on the results of the aid received thus far.

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, vii) Standards and other technical requirements: paragraphs 50, page 34

¹ Assistance was granted for regional trade agreements, trade facilitation; dispute settlement; trade and environment; agriculture; customs valuation; market analysis and development; training on negotiations; regional trade agreements; rules; sanitary and phytosanitary measures; services; tariff negotiations (non-agricultural market access); tariff reforms; technical barriers to trade; mainstreaming trade into development plans; trade promotion strategy design and implementation; trade-related aspects of intellectual property rights; trade and investment; trade and competition and transparency in government procurement. See Joint WTO/OECD TRTA/CB database, "Beneficiary Country: Jordan". Viewed at: http://tcbdb.wto.org/benef_country.aspx.

Mention is made in paragraph 50 that the Jordan Institution Standard and Metrology (JISM) acts as the TBT Enquiry Point and allusion is given in the Summary Observations of the Secretariat's Report (page vii, paragraph 6) that the Ministry is the notification authority.

- Questions:
- (a) Could Jordan confirm whether JISM is also the TBT notification authority pursuant to WTO/TBT Article 10.10 or whether it is another body?
 - (b) Could Jordan explain how the authorities (e.g. WTO TBT Enquiry Point/Notification Authority) monitor the creation or modification of TBT technical regulations / conformity assessment procedures in its country in order to determine whether a WTO notification is required under the transparency obligations of the TBT Agreement?
 - (c) And when a determination is made, what is the mechanism (e.g. interdepartmental/inter-ministerial collaboration) and timeline for the preparation of notifications?

Paragraph 50 also notes that JISM prepares mandatory technical regulations and voluntary standards, issues conformity certificates, functions as an accreditation body and carries out market surveillance and enforcement activities.

- Questions: Could Jordan clarify whether:
- (a) JISM's various functions and activities are managed independently in accordance with accepted principles of good governance?
 - (b) JISM issues certificates of conformity for compliance with technical regulations and standards?
 - (c) JISM is accredited as a conformity assessment body?
 - (d) Conformity assessment programs are offered in areas in which JISM offers accreditation programs?

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, vii) Standards and other technical requirements: paragraph 53, page 35

Paragraph 53 mentions that the JISM is one of the agencies responsible for implementing Jordan's risk-based border inspection system.

Question: Could Jordan provide further details on the "risk based approach" it follows for border inspection?

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, vii) Standards and other technical requirements: paragraph 54, page 35

According to paragraph 54 it appears that Jordan has adopted a large number of voluntary standards.

Question: Could Jordan please clarify what proportion of these standards are based on international standards?

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, vii) Standards and other technical requirements: paragraph 56, page 36

According to paragraph 56, Jordan has published 706 technical regulations.

Question: What proportions of Jordan's 706 mandatory technical regulations are based on international standards in accordance with Article 2.4 of the TBT Agreement?

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, (vii) Standards and other technical requirements: paragraph 58, page 36

Paragraph 58 notes that, "An independent accreditation body is to be established according to the draft accreditation law under consideration; and the scope of accreditation is to be expanded to include inspection and certification bodies. Pending the conclusion of mutual recognition agreements, all imports, including those accompanied by valid technical certificates of conformity issued by foreign bodies in exporting countries, are subject to the risk-based system of inspection". We encourage Jordan with its plan to establish an independent accreditation body and the goal of entering into mutual recognition agreements (MRA) with trading partners.

Question: Could Jordan clarify if whether it plans to continue to subject imported products for retesting after an MRA has been concluded and explain the rationale for this approach which could constitute an unnecessary obstacle to trade?

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports; (vii) Standards and Other Technical Requirements; (b) Sanitary and Phytosanitary (SPS) Measures: paragraph 63, page 37

Paragraph 63 describes Jordan's risk-based system for inspection of imported food consignments.

Question: Can Jordan please describe the process used for classifying imported food products as low, medium or high risk and explain how this process conforms with Articles 3.1 and 5.2 of the WTO SPS Agreement?

Annex C of the WTO SPS Agreement requires that:

- such procedures are undertaken and completed without undue delay and in no less favourable manner for imported products than for like domestic products;
- the same criteria should be used in the siting of facilities used in the procedures and the selection of samples of imported products as for domestic products so as to minimize the inconvenience to applicants, importers, exporters or their agents;

Question: Can Jordan please explain how its risk categorization and related inspection regime is applied to locally produced food products and is in conformity with Annex C of the WTO SPS Agreement?

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 147, page 55

The Secretariat report states that, "the exclusions from patentability [included in Jordanian law] are in line with the provisions of the TRIPS Agreement".

Question: Canada would appreciate if Jordan could provide more information on what are these exclusions from patentability.

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 148, page 55

The Secretariat report states that compulsory licences can be issued if "there is a need to export to countries suffering from epidemic diseases and emergency", among others.

Question: Canada understands from this statement that Jordan has implemented the August 30, 2003 WTO Decision, and would be grateful for further details on how their regime is operating.

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 150, page 56

The Secretariat report provides that one of the exceptions to the right of a patent holder is, "the use of the patent for research and development purposes".

Question: Canada would be grateful if Jordan could further elaborate on the conditions under which the rights of a patent holder may be limited in these circumstances.

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 163, page 57

The Secretariat report states that Jordanian law recognizes "famous trademarks", whose reputation has transcended their country of origin and that are well known among Jordanian consumers. It goes on to note that such marks can be the subject of infringement action even if they are not officially registered in Jordan.

Question: Canada would be grateful to find out whether there have been any successful cases against the infringement of a "famous trademark" in Jordan so far.

Part IV. Trade Policies by Sector; (2) Agriculture and Related Activities: paragraphs 15 and 20, pages 63 and 64

Paragraph 15 and paragraph 20 indicate that despite being a water scarce country Jordan provides subsidies to irrigation water. Water shortage in Jordan is considered as chronic, but Jordan has no plan to eliminate water subsidies. Subsidizing irrigation water results in a price that is less than its true value. Experience from other countries shows that subsidizing the use of water to make it more accessible leads to water being treated as abundant which can exacerbate the conditions of water scarcity. Farmers respond to low water prices by using amounts of water that exceed the capacity of resource stocks. Market-based incentives can allocate scarce water efficiently.

Questions: (a) Given the chronic scarcity of water why does Jordan continue to subsidize water use in agriculture?
(b) Are there plans to scale back water subsidies and replace them with more efficient market based-incentives?

Part IV. Trade Policy by Sectors; (4) Manufacturing; (ii) Selected Industries; (c) Pharmaceuticals: paragraph 71, page 76

The Secretariat report noted, "The pharmaceutical industry has been one of the main beneficiaries of export subsidies through income tax relief. These subsidies are due to be phased-out by 2015 at the latest (Chapter III(3)(iv))."

Question: Could Jordan please further elaborate on their system of export subsidies and give further detail as to the phase-out program?

Part IV. Trade Policies by Sector, (5) Services, (iv) Tourism, paragraph 152, page 92

The Report states that prior Ministerial approval is required for establishing a hotel.

Questions: (a) What factors are taken into account in granting this approval?
(b) What criteria are used in assessing applications?

As for travel agencies, the Report states that documentary requirements for prior approval include a non-objection letter from the Jordan Tourism and Travel Agents Society and a bank guarantee.

Question: What are the other key documentary requirements?

In respect of tourist guides, approval is granted by the Tourism Committee.

Questions: (a) What factors are taken into account by this Committee when approving applications?
(b) What criteria are used?

Part IV. Trade Policies by Sector, (5) Services, (b) Postal and courier services, paragraph 119, page 86

Canada notes that the Jordan Post Company has been designated for privatization.

Question: Is there a timeline for privatization?

Part VI. Trade Policies by Sector, (5) Services, (b) Postal and courier services, paragraph 120, page 86

Questions: (a) Could Jordan please elaborate on its licensing system?
(b) For instance how are international class licences differentiated from domestic class licenses?
(c) Is it based on the type of service provided or rather the ownership/nationality of the companies providing the service?
(d) Is there a limit on the number of licences available in either category?
(e) What are the criteria for obtaining a license under either category?

Part IV. Trade Policies by Sector, (5) Services, (v) Professional services; (c) Architectural and engineering services, paragraph 159, page 94

This paragraph indicates that, "foreign engineering firms may only be engaged in projects where the required expertise is not available in Jordanian firms."

Question: Who makes this determination and how is it made?

Part IV. Trade Policies by Sector, (5) Services, (v) Professional services; (c) Architectural and engineering services, paragraph 160, page 94

This paragraph states that, "Engineers and engineering consulting offices are required to register with JEA and the association maintains a national register of all engineers licensed to operate in Jordan, including foreigners."

Question: Could Jordan direct us to resources online or otherwise, in which procedures and requirements for a licensure of foreign services are given?

Comments

Part II. Trade and Investment Regimes; (4) Trade Agreements; (iii) Bilateral Agreements: paragraph 20, page 16; and Report by Jordan, paragraph 57, page 12

Regarding the last sentence of the paragraph, "Jordan has begun negotiations for an FTA with Canada," and the sentence "bilateral preferential agreements and FTAs are being negotiated with Turkey, Canada and Mercosur", in document WT/TPR/G/206, Canada would note that Jordan and Canada concluded FTA negotiations on August 25, 2008.

EUROPEAN COMMUNITIES

SUMMARY OBSERVATIONS

(2) INSTITUTIONAL FRAMEWORK WTO Secretariat's report, page viii, para.10

The WTO Secretariat's report outlines in detail Jordan's tariff escalation in different sectors.

Question: Does Jordan envisage any changes in the current tariff structure?

WTO Secretariat's report, page ix, para.11

The WTO Secretariat's report describes the customs procedure in Jordan, under which all importers are required to present an importer card for customs clearance purposes; or pay a penalty of 2.5% of the value of imports.

Question: Could Jordan explain why individuals have to pay a penalty of 2.5% of the value of their imports if they are not eligible for the importer card?

WTO Secretariat's report, page x, para.18

The WTO Secretariats' report outlines that "Jordan is pursuing a strategy of trade liberalization at the multilateral, regional, and bilateral levels. It has made great strides, following its accession to the WTO, in reforming its economy and liberalizing its trade regime. The economy has shown resilience in a challenging external environment but it is likely to remain vulnerable to surges in international prices for energy and food. These and other structural problems (including water shortage) are being addressed through a policy agenda in which privatization, investment, and trade liberalization have key roles".

Question: Could Jordan elaborate further on how it intends to encourage sustainable development and core labour standards in the context of negotiations with third countries?

I. THE ECONOMIC ENVIRONMENT

(3) TRADE PERFORMANCE AND INVESTMENT

(ii) Investment

WTO Secretariat's report, page 8, para.17

The WTO Secretariat's report indicates that FDI has been constrained by, *inter alia*, administrative hurdles.

Question: Could Jordan elaborate on whether it has plans to address these administrative burdens with the view of improving business and investment climate and if so, give details of these plans?

II TRADE AND INVESTMENT REGIMES

(4) Trade Agreements

(ii) Regional agreements

Agreement with Egypt, Morocco, and Tunisia

WTO Secretariat's report, page 16, para.19

The Report outlines that Jordan is a party to the Agadir Agreement, which entered into force on 6 July 2006.

Questions: Could Jordan elaborate on how it has benefited from the implementation of the Agreement so far? Could Jordan indicate whether and how does it intend to promote the Agreement among its private sector?

(iii) Bilateral agreements

WTO Secretariat's report, page 16, para.20

The report states that Jordan is negotiating an FTA with Turkey. The negotiations began in June 2005 and the last round took place in December 2007. We recall that Turkey has established a customs union with the EC and is aligning itself with the EC commercial policy.

Questions: Could Jordan provide more detailed information on the current status of negotiations with Turkey, including the prospects of the next negotiating round? Could Jordan elaborate on its position concerning the expected scope and coverage of the Agreement, both in tariff lines and trade value figures? Could Jordan indicate the date by which negotiations with Turkey will conclude and the date by which the Agreement will come into force?

The WTO Secretariat's Report further states that Jordan has initiated negotiations for an FTA with Canada, yet according to other sources, these negotiations have already been concluded.

Questions: Could Jordan provide information on the state of play of negotiations with Canada? Could Jordan specify the scope and coverage of this Agreement, both in tariff lines and trade value figures? Could Jordan furnish information on whether it intends to start any other FTA negotiations in the near future?

(5) INVESTMENT FRAMEWORK

WTO Secretariat's Report, page 18 para. 28

Paragraph 28 outlines the regime applying to ownership and investment for non-nationals based on the Organizing Non-Jordanians' Investment By-Law No. 54 of 2000 and Jordan authorities have prepared a new draft regulation to replace the Regulation n° 54 of 2000. According to initial information this new draft will allow 100% foreign ownership in transport services, insurance agent services and travel agencies and tour operator services.

Questions: Could Jordan inform us when the above mentioned regulation will come into force? nCould Jordan furnish information whether it intends to allow 100% foreign ownership in transport services, insurance agent services and travel agencies and tour operator services in the new law? Could Jordan give details on any plans to eliminate the limit of 50% on foreign equity in engineering services and construction contracts?

TRADE POLICIES AND PRACTICES BY MEASURE

INTRODUCTION

WTO Secretariat's Report, page 23 para. 1

The WTO Secretariat's Report notes that the applied MFN tariffs are generally within a range of 0-30%, with a peak of 180% on certain alcohol and alcoholic beverages and it is understood that the reasons for such peaks are cultural and religious.

Question: Could Jordan elaborate on the reasons of its selective approach towards its trading partners as to the tariff dismantlement schedules for certain alcoholic beverages contained in bilateral FTAs?

WTO Secretariat's report, page 24-25, para. 12

The WTO Secretariat's report states that in 2007, 15% of the total consignments were cleared through the green, 41% through the yellow and 44% through the red channel respectively.

Question: Could Jordan furnish information on any future performance targets for improved customs clearance procedures as regards percentage of consignments going through red, yellow and green channels?

MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration and documentation

WTO Secretariat's Report, page 24 para. 6

The WTO Secretariat's Report notes that registration in the Importers/Exporters Registry precludes inspection and approval of the relevant premises by the local municipality.

Question: Could Jordan indicate the rationale for this requirement?

(iii) Rules of Origin

WTO Secretariat's Report, page 25 para. 17

The legal framework for the application of non-preferential rules of origin is set out in Articles 24-26 of the 1998 Customs Law, as amended. The rules stipulate that, *inter alia*, goods must be wholly obtained in the exporting country, or undergo substantial transformation that results in a change of the six-digit tariff classification of the goods, or contain at least 40% domestic content (Article 24). A certificate of origin is required for imported products from all countries. The certificate should be issued by an authorized body in the exporting country.

Questions: Could Jordan explain why its non preferential rules of origin are stricter than the ones used in the context of preferential agreements? Why is a certificate of origin required for all non preferential imports? Could Jordan indicate for which purposes their non preferential rules of origin are applied?

WTO Secretariat's Report, page 25 para. 22

Paragraph 22 indicates that the Pan-Euromed rules of origin are applied to trade under the Jordan-EC Association Agreement, the Jordan-EFTA FTA, the Agadir Agreement, and Jordan-Israel Trade Agreement. The EC notes that this paragraph should be further clarified with the following text: *The Pan-Euromed protocol allows for diagonal cumulation of origin among member countries, having concluded a Free Trade Agreement between them, including the pan-euro-med protocol on rules of origin.*

Tariffs and taxes

(e) Other duties, levies, and charges

WTO Secretariat's Report, page 32 para. 35

An import processing fee is levied at the rate of 0.2% of the transaction value, with a minimum of JD 10 and maximum of JD 250 per declaration. Transit fees are JD 20 per transaction; re-export fees are JD 15 per transaction. According to the Customs Law, these fees (services allowances) are to be paid to "eligible officers" in a manner determined by the Minister of Finance; the remaining sum is deposited in a special fund for the Customs Department, to be used for improving customs houses, establishing housing compounds and housing loans for customs officials, as well as improving their living, sport, cultural, and social standards (Article 161D).

Question: Does Jordan intend to eliminate the import processing fees?

WTO Secretariat's Report, page 32 para. 36-38

Paragraphs 36-38 outline the General Sales Tax and Special Tax systems.

Question: Could Jordan provide more information on the rates and structure of the "special taxes" mentioned in paragraphs 36 and 38?

WTO Secretariat's report, page 35, para. 52

The WTO Secretariat's report states that the current Standards and Metrology Law is under review with the intention of incorporating provisions for market surveillance, to ensure compliance with product safety requirements.

Question: Could Jordan provide information as to in which stage of review this law is? When are the amendments to the law expected to be adopted by the Parliament and enter into force?

(vii) Standards, and other technical requirements

(a) Technical barriers to trade (TBT)

WTO Secretariat's Report, page 36 para 57

The WTO Secretariat's Report indicates that Jordan is in the process of adopting six new technical regulations concerning product safety.

Question: Could Jordan provide more detailed information as to in which stage of adoption these regulations are and when are they expected to enter into force?

WTO Secretariat's Report, page 36 para. 58

The WTO Secretariat's report describes the Jordanian accreditation system of conformity assessment bodies, which operates under the umbrella of the JISM and ensures compliance with the ISO/IEC 17011 standard for accreditation bodies. Implementation of this ISO standard would allow for negotiation of mutual recognition agreements with foreign accreditation bodies. Yet currently, all imports are subject to the risk-based system of inspection (only testing and calibration laboratories, and medical laboratories are being accredited).

This Jordanian risk-based system of inspection can be very costly for exporters and importers.

Question: Could Jordan inform us about the current status of the implementation of the ISO standard that would pave the way for the negotiation of mutual recognition agreements with foreign authorised laboratories?

(b) Sanitary and phytosanitary (SPS) measures
WTO Secretariat's Report, page 37 para. 62

According to the WTO Secretariat report, "a new food law is under consideration".

Question: Could Jordan provide information as to in which stage of preparation this law is? When is the new law expected to be adopted by the Parliament and enter into force?

WTO Secretariat's Report, page 37 para. 65

The WTO Secretariat report notes that "shipments must also be accompanied by a certified laboratory analysis of the contents of the imported articles."

Question: Could Jordan confirm that the laboratory analyses should not accompany all consignments of imported products and if laboratory analysis must accompany shipments, on what basis?

WTO Secretariat's Report, page 37 para. 66

The WTO Secretariat report describes the Jordanian quarantine procedures, its exceptions and the basis for mutual recognition agreements.

Questions: Could Jordan clarify its policy on risk-based import restrictions related to BSE, acknowledging that import beef restrictions – for some EC countries – have already been lifted? Could Jordan indicate when it will:

- (a) follow the World Organisation for Animal Health (OIE) BSE risk classification on the basis of which 25 EC countries belong (since May 2008) to either a "controlled" or "negligible" risk status, and
- (b) allow the import of beef and other meat products from all EC countries?

(viii) Government procurement
WTO Secretariat's Report, page 38 para. 71

The report outlines that Jordan intends to modify its procurement legislation, which will be the key element for the GPA accession.

Questions: In this respect, could Jordan inform about the state of play and the date of the actual adoption of this legislation?

Could Jordan, furthermore, present details on the provisions contained in the draft procurement legislation?

In particular, will the new procurement legislation modify all current Acts on procurement, including those targeting sub-central government entities?

- (a) If so, will the legislation unify the procurement rules on all levels of procuring entities and establish one legal framework for procurement on all levels?
- (b) If not, which entities (government departments and corporations, municipalities, rural councils) will continue to follow a specific regime? What would be the main feature of the specific regime, in particular in respect to publications, qualifications of (foreign) bidders and tendering procedures?

WTO Secretariat's Report, page 38 para. 75 and para.79

This report details measures taken by Jordan to become GPA compliant.

Question: Could Jordan indicate how it intends to render its procurement legislation GPA compliant regarding firstly, the pre-qualification/qualification of foreign suppliers (in all types of procurement) and secondly, regarding the requirements for participation of a Jordanian partner (local agent), both for the participation in tender procedures and for the execution (after sale service)?

WTO Secretariat's Report, page 40 para. 82

The WTO Secretariat outlines the tender process for procuring goods and services.

Question: Could Jordan indicate whether it intends to change the system of notification of bidders, so that the aggrieved bidder would be able to challenge the award decision in front of a review body (written notification)?

It is noted from the report that currently, the Jordanian law does not foresee a specific system of impartial and effective remedies for procurement disputes.

Questions: Could Jordan explain how the new legislation will address this? Will there be a uniform remedies system put in place, which will be applicable to all tender procedures, irrespective of the type of procurement and the level of the procuring entity?

MEASURES DIRECTLY AFFECTING EXPORTS

(iii) Export prohibitions, restrictions, and licensing

WTO Secretariat's Report, page 43 para. 94 and page 44 para. 96

The WTO Secretariat's Report notes that the share of exports benefiting from the export subsidy in Jordan's total merchandise exports increased significantly in 2006 (from 70,8 million US\$ in 2005 to 2,148 billion US\$ in 2006.) The Report also notes that this subsidy has to be eliminated by the end of 2015.

Questions: Could Jordan indicate the reasons for such a significant increase of the share of exports benefiting from the subsidy? Is there any data concerning the share of exports benefiting from this subsidy available for the year 2007?

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(ii) Competition and pricing policies

WTO Secretariat's Report, page 50 para. 131

The report indicates price controls which can be applied to essential commodities.

Currently there is a price control imposed by the JFDA (Jordan Food and Drug Administration) on the Infant Milk Formula for Babies Age 0-12 months.

This price fixed by the JFDA has been very low for the last few years. As a consequence the only local manufacturer (joint venture) of infant milk formula has faced heavy losses because this fixed price is even below the cost production.

Infant Formulae is not subject to price control in more than 95% of countries. In Jordan this low price control policy is against foreign direct investment. Therefore, exporters are seriously considering stopping their sales in Jordan.

Question: Even if Jordan authorities consider the Infant Milk Formula for Babies Age 0-12 months as a medicine and keep the registration process, would it be possible to remove or adjust this price control that is damaging the production system and the market?

WTO Secretariat's report, page 56, para. 151

The WTO Secretariat's report states that industrial designs are protected by the Industrial Designs and Models Law No.14 of 2000. We note, however, that no procedures exist in Jordan for controls to be exercised by public authorities in the absence of a specific complaint by the rights-holder for a specific product. This might lead to significant trade in fake copy products.

Question: Could Jordan elaborate as to whether and how it intends to give its public authorities the right to exercise control concerning industrial designs even in the absence of a specific complaint by the rights-holder for a specific product?

IV. TRADE POLICIES BY SECTOR

(5) SERVICES

(ii) Telecommunications and postal services

(a) Telecommunications

WTO Secretariat's Report, page 84 para. 106

The report notes that the fixed-line subsector in Jordan is not operating competitively, and there is a virtual monopoly amongst internet service providers who still face a virtual monopoly with respect to internet connectivity. The statement from the Ministry of Information and Communications Technology sets out the policy initiatives for telecom and information technology.

Question: Could Jordan indicate what kind of measures it will take in order to promote competition in this sector?

WTO Secretariat's Report, page 84 para. 107

Question: Could Jordan please provide more detailed information on government plans to ensure their regulatory activities are compliant with the Competition Law.

(b) Postal and courier services

WTO Secretariat's Report, page 86 para. 119

The WTO Secretariat's Report describes Jordan's new legislation, which facilitates a privatisation of the postal industry.

Question: Could Jordan provide more information on the nature of the postal regulatory authority established under the Temporary Post Services Law No. 5 of 2002 and the Postal Law No. 34 of 2007. In particular, could Jordan indicate if this regulatory authority is independent and give details on any possible review mechanism against decisions taken by it?

It is mentioned that Jordan Post Company, currently fully government owned, has been designated for privatization.

Question: Could Jordan update on recent developments since 2007?

WTO Secretariat's Report, page 86 para. 121

The Ministry of Information and Communications Technology has promised further, in its 2007 policy statement, promised further liberalization of postal services.

Question: Could Jordan provide an update on this programme?

(iii) Transport

WTO Secretariat's Report, page 87 para. 127

The WTO Secretariat Report states that on the one hand that there are no restrictions concerning the ownership of ships registered under the Jordanian flag, and yet on the other hand that there is a 50% foreign equity ceiling for maritime transport and ancillary services.

Question: Could Jordan clarify the relevant restrictions for foreign shipping companies established in Jordan that operate Jordanian-flagged vessels?

(iv) Tourism

WTO Secretariat's Report, page 92 para. 151 and 152

According to the WTO Secretariat report, the Ministry of Tourism and Antiquities (MOTA) has instituted a licensing regime for regulatory tourist establishments and services.

Question: Could Jordan give details on the licence's requirements and how fees mentioned in par. 152 are regulated?

(5) SERVICES

(i) Financial services

(a) Banking

The Report outlines the core principles of Jordan's banking law and mentions the Central Banks recent regulation.

Question: Could Jordan please furnish information on its alignment with the Basel core principles on banking supervision and outline any plans to implement Basel 2 requirements?

INDIA

The business environment remains somewhat inhibited by, inter alia, administrative hurdles, limitations on foreign participation in certain activities, such as road transport, and costly transport infrastructure and utilities. State ownership remains substantial (Para 3 of Secretariat Report refers).

Question: What are the steps taken by Jordan to further improve business environment?

Para 8 of Secretariat Report states that Jordan liberalized its trade regime significantly during its WTO accession process. Its customs tariffs on all products, except electricity, are bound. The simple average of the final bound tariffs is 16.3%, with 23.9% for agricultural products (WTO definition) and 15.2% for non-agricultural goods. The imposition of ad valorem tariffs on two of these lines (HS items 961310000 and 961320100) creates a risk concerning compliance by Jordan with its tariff binding commitments on these products.

Question: Is Jordan planning to reduce or eliminate this risk?

According Para 10 of Secretariat Report Reduction of the tariff rates and the number of bands would help to simplify Jordan's tariff structure and its complex incentives regime with five overlapping schemes (Investment Promotion Law, industrial estates, development areas, free zones, and the ASEZ): some of the incentives are the consequence of the tariff structure. This would also contribute to better allocation of resources.

Question: What plans Jordan has for simplifying its tariff structure?

As Para 11 of Secretariat Report Jordan has modernized its customs procedures through the introduction of UNCTAD's Automated System for Customs Data (ASYCUDA), combined with a risk-based inspection system. A relatively high share of import consignments is nonetheless inspected at the border.

Question: What are the reasons for high share of import consignments inspected at the border?

The Para 13 of Secretariat Report states ... restrictions, such as foreign equity limitations or Jordanian nationality requirements, are maintained to preserve Jordanian control or influence. No commitments were made on postal services, railway, and road transport services, or on certain environmental, audiovisual, and business services.

Question: Does Jordan envisage liberalising these requirements to improve FDI inflows?

According to 14 of Secretariat Report - Overall, Jordan would benefit from accelerating reforms in the transport subsector because of its importance for competitiveness; its internal and regional trade takes place predominantly through the port of Aqaba, and by land transport.

Question: Does Jordan have any time bound plans for further accelerating in transport subsector?

Para 19 of Secretariat reports that Jordan would stand to gain from further dismantling its tariff and non-tariff barriers to trade.

Question: What measures Jordan proposes to take to achieve and consolidate gains?

Para 28 of Secretariat reports that Under Article 7 of the by-law, non-Jordanian investment must be a minimum of JD 50,000, except in public shareholding companies.

Question: Does Jordan plans to reduce this ceiling to attract non-Jordanian investments from the region and outside?

Para 126 of Secretariat report points out that shipping agents must have a general manager of Jordanian nationality.

Question: What are the reasons for maintaining such a provision?

Para 131 of Secretariat Report mentions that Foreign investment is prohibited in road passenger and freight transport services. Other road transport services are subject to a 50% foreign equity ceiling.

Question: Are there any plans envisaged by Jordan to further liberalise these prohibitions and enhancing foreign equity ceilings?

Para 12. of Jordan's reports ... moreover, withstanding the temptation and political pressure to introduce price controls on basic foodstuff, the government instead lifted import duties and sales taxes on some basic food products, thus alleviating to some extent the pressure from rising import prices.

Whereas Para 13. states that challenges resulted in additional burden on the budget which demonstrated a deficit of 5.5% of GDP in 2008. Further Para 62 states that with income from tariffs declining, the government has embarked on a fiscal reform program to maintain a sufficient degree of budgetary manoeuvrability. Broadening the tax base while reducing tax rates wherever possible and appropriate will be the course to follow. On the expenditure side, the abolishment of fuel subsidies accompanied by support for personal incomes has been a major, perhaps the most important step in this direction.

Question: What are the specific measures Jordan is considering to curb the rising budget deficit?

Para 37 of Jordan's Report informs that the Jordanian tourism industry operates in a very competitive environment in which the country is successfully promoted as a high yield niche destination. The sector is moving towards golden era, as more projects, infrastructure development and personnel training colleges are being invested. On the other hand, Para 14 of its report, inter alia, blames unstable economic and political situation in the region for unemployment and poverty.

Question: Could Jordan please inform how the situation in the region has impacted on its economy in general and tourism sector in specific and what steps it plans to take to further improve attractiveness of this crucial sector to its economy?

REPLIES PROVIDED BY JORDAN

BRAZIL

Q1. Could you please provide further information on the eligibility criteria to join the Golden List programme mentioned in paragraph 12 of the Section on customs procedures?

Answer:

The application to join the Golden List Programme must meet the following conditions in order to be accepted:

- *The company must have a large trade volume, with an acceptable compliance rate, equal to or exceeding 95%, for all customs declarations during the year preceding the date of the application.*
- *The company has been in business for at least 5 years before filling its application and was not subjected to litigation by Jordan Customs.*
- *The company has already implemented a "customs due diligence and supply chain security".*

Once the application is accepted by Jordan Customs, the latter will initiate an audit process in which the company must prove to have well-documented "customs due diligence and supply chain security" procedures, compliant with the customs-transaction measurements.

For more information, visit Jordan Customs website: www.customs.gov.jo

Q2. What is the allocation of the resources derived from the collection of the internal taxes referred to in paragraph 36?

Answer:

Resources derived from the collection of internal taxes are transferred to the government general budget, to be allocated according to the government's needs and priorities.

CHAPTER III - TRADE POLICIES AND PRACTICES BY MEASURE

(2) Measures directly affecting imports

(iii) Rules of origin

Page 25, paragraph 17

Q3. The document mentions that a certificate of origin is required for imported products from all countries.

Could Jordan inform the reason why such a certificate is required for all countries?

Answer:

The Certificate of origin is required for imported products from all countries for the following reasons:

- *For the purpose of a safeguard or antidumping measure.*
- *In cases of failure in meeting the transaction value*
- *For the purpose of re-exporting products.*

Page 27, paragraphs 24, 25 and Table III.2.

Q4. In relation to the tariffs for the products mentioned in table III.2, what is the justification for using Composed duties? Is there any plan to convert those tariffs into ad-valorem tariffs?

Answer:

The tariffs of these products are composed duties and were bound in Jordan's tariff schedule upon WTO accession. Such composed duties are applied to serve development needs mainly in rural areas through providing protection for farmers producing these products, particularly in times when prices may fluctuate sharply.

There are no plans, at the time being, to convert the above mentioned duties to ad-valorem tariffs.

CHAPTER IV – TRADE POLICIES BY SECTOR**(2) Agriculture and Related Activities****(iii) Main subsectors****Page 65, paragraph 23**

Q5. Could Jordan explain what is the reason for applying a MFN tariff of 30% on products with self-sufficiency ratios far in excess of 100%?"

Answer:

Applying 30% tariffs on the mentioned products is considered as a precautionary measure in case of surge of inputs, since Jordanian farmers may face competition from similar products of other countries with lower costs of production.

However, the government may reduce customs tariffs below bound rates when needed to ensure availability of food with reasonable prices for Jordanians, as was the case during the recent global food crisis and the sharp rise in food prices, where the government reduced applied tariffs below bound rates on around 100 tariff lines of basic food commodities.

CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU**MANUFACTURING****(ii) Selected industries****(b) Textiles and clothing industry****(page 74, paragraph 63)**

The report states that, "The textile industry has become Jordan's largest export sector. Over 90% of garment exports were destined for the United States in 2007. To a great extent, Jordanian textile factories have relied on imported textile fabrics, notably from China, and foreign labour (about 30,000 according to some estimates)."

It would be appreciated if Jordan could please explain its foreign labour employment policy in greater detail?

Answer:

Jordan's labour market policy is first and foremost aimed at creating decent work opportunities for Jordanians. However, within the framework of this policy Jordan welcomes foreign labour in sectors where Jordanians are unable to take up vacant positions. For example, a sizable foreign workforce is employed in the QIZs and the construction sector. At the same time, Jordan has developed initiatives aimed at improving access for Jordanians to jobs held by foreign workers by, for instance, providing vocational training opportunities or stimulating industries to locate in areas with high unemployment.

Is any limitation placed on foreign investors operating in the Qualified Industrial Zones (QIZs) relating to the employment of foreign labour?

Answer:

Within the policy regarding foreign labour explained in question (i) above, no limitations are placed on foreign investors in the QIZs relating to the employment of foreign labour. However, the Ministry of Labour does verify the need for such labour as well as working conditions at facilities prior to approving requests for importing foreign labour. This procedure is applied to both Jordanian and foreign investors on the QIZs.

(pages 74, paragraph 64)

As stated in the report: "...the tariff advantage of the QIZ initiative is gradually being eroded by the implementation of tariff concessions under the FTA between Jordan and the United States. For certain goods such as textiles and clothing, import tariffs in the United States under the FTA will be fully eliminated by 2010." The textile industry is one of Jordan's most important industries in that it creates a great number of job opportunities and is a major source of foreign exchange.

We should be grateful if the government of Jordan could please advise whether it has any plan to assist garment manufacturing companies operating in the QIZs after 2010?

Answer:

The government has developed a draft National Strategy for the Garment sector, which was prepared in close cooperation with the private sector in Jordan. The strategy was submitted to the Council of Ministers for adoption. This strategy aims at enhancing competitiveness of the Garment Sector, increasing its exports, and improving the local added value.

Main pillars of the National strategy for the Garment Sector, include:

- 1. Decreasing production costs*
- 2. Promoting exports of the sector*
- 3. Promoting investment in the sector*
- 4. Improving Human Resources management and capabilities*
- 5. Enhancing supporting services*

(4) MEASURES AFFECTING PRODUCTION AND TRADE

**(iii) State-trading, state-owned enterprises, and privatization
(page 52, paragraph 137)**

Jordan's privatization approach appears to vary according to the specifics of the enterprise or service to be privatized.

Will there be any limitations placed on foreign investors during the privatization process?

Answer:

In implementing its privatization program, Jordan follows a multi-track approach according to the nature and specificity of the sector slated for restructuring and privatization. This approach has significantly contributed to the acknowledged success of the program and to boosting foreign direct investment, increasing private sector participation, job creation and alleviating public debt burden. By virtue of the Privatization law no. 25 for the year 2000, the main types of privatization followed in Jordan are inter alia: (a) Capital Privatization; (b) Divestiture of governmental shares; (c) concession agreements; (d) Lease and investment contracts; (e) Management contracts; (f) Franchise; (g) BOT and its derivatives; and (h) IPO. According to the nature of the enterprise, the best privatization type is adopted.

Moreover, and in order to create the required investment environment conducive to private sector participation, the Investment Promotion Law no. (16) for the year 1995 and its amendments for the

year 2000 allowed foreign parties to invest in the country through ownership or partnership or shareholding in accordance with the prevailing legislation, whereby Jordanian and Non- Jordanian investors are afforded the same treatment according to the prevailing regulations and laws in the country. Foreign investors can, in most sectors, acquire up to 100% of a company's shares.

TRADE POLICIES BY SECTOR

(3) MINING, ENERGY, AND WATER

(ii) Oil and natural gas

(page 68, paragraph 39)

We note from the Report that the Natural Resources Authority (NRA) is responsible for negotiating agreements and granting concessions for the exploration and exploitation of hydrocarbons.

Are there any special concerns or criteria used in the process of granting concessions, relating in particular to foreign investors?

(page 68, paragraph 41)

Answer:

Investor interest in Jordan's oil shale reserves has increased considerably and several agreements have been signed with international oil companies.

Does Jordan offer any incentives to investors in its oil shale exploration industry, aimed especially at foreign investors?

Answer:

The Government of Jordan represented by the Natural Resources Authority (NRA) grants petroleum exploration blocks under Production Sharing Agreements (PSA) /Concession Agreements for international oil companies. Concession agreements usually provide for customs duties exemptions.

Oil Shale Exploitation is granted to international companies on a Fiscal Regime "Royalty & Tax"/Concession Agreement. Concession Agreements usually provide for custom duties exemptions.

(iii) Electricity

(page 69, paragraph 42)

Jordan's electricity prices are not market determined and the Electricity Sector Regulatory Commission was established with responsibility for determining electricity tariffs.

Is there a concrete operating mechanism in place, which the Commission uses when formulating the price? What major concerns are taken into account in the price-setting?

Answer:

The Electricity Regulatory Commission sets prices of electricity based on a clear tariff methodology for both retailers and bulk suppliers. The tariff methodology takes into consideration financial costs for the service and the return for the licensees. The tariff is unsubsidized, however there is a cross subsidy within the electricity sector among the different types of consumer categories.

COLOMBIA

Within what period of time does Jordan aim to fulfil its WTO notification commitments, in particular with respect to agricultural notifications?

Answer:

Jordan will exert all efforts to fulfil WTO notification requirements with respect to agriculture. The latest notification was for the year 2005; however it should be noted that the delay in notifying the years 2006 and 2007 is due to the delay in availability of up to date statistics for the notification due for years 2006 and 2007.

What are the main characteristics of Jordan's export policy as regards textiles and clothing? How does it intend to address the problems arising from the need to maintain competitiveness in those sectors?

Answer:

The government has developed a draft National Strategy for the Garment sector, which was prepared in cooperation with the private sector in Jordan. The strategy was submitted to the Council of Ministers for adoption. This strategy aims at increasing competitiveness of the Garment Sector, increasing its exports, and improving the local added value.

Main pillars of the National strategy for the Garment Sector, include:

- Decreasing production cost
- Promoting exports of the sector
- Promoting investments in the sector
- Improving Human Resources management and capabilities
- Enhancing supporting services

What are the main characteristics of the incentive schemes pursued by Jordan through its qualifying industrial zones, free zones, and the Aqaba Special Economic Zone?

Answer:

A matrix containing investment incentives in Jordan is attached.

Jordan's Investment Incentives Matrix

Investment Entity/Investment Exemptions	Jordan Investment Board	Jordan Industrial Estates Corporation	Free Zones Corporation	Aqaba Special Economic Zone	Development Areas
Qualified Sectors and Activities	Agriculture; mining; industry; hotels; hospitals; leisure and convention centers; distribution of water, gas and electricity; maritime and railways	Industry	Industry and trading	Most economic activities	Most economic activities
Other Eligibility Criteria	Subject to minimum capital requirement (JD50,000), with exception of participation in public shareholding companies	None	None	None	None
Income Tax	10 year reduction Reduction rate depends on sector and area in which the project is located: • Zone A - 25 percent • Zone B - 50 percent • Zone C - 75 percent	100% exemption for two years (may be applied in addition to incentives under the Investment Promotion Law)	100% exemption on export and transit trade earnings, and earnings derived from transferring goods within free zones Foreign workers exempt from income tax	Flat 5% income tax (except banks, finance companies, insurance/reinsurance companies and land transport companies, which are subject to applicable national taxes)	Flat 5% income tax (except banks, finance companies, insurance/reinsurance companies and land transport companies, which are subject to applicable national taxes) JIEC Law, Free

<i>Investment Entity/Investment Exemptions</i>	<i>Jordan Investment Board</i>	<i>Jordan Industrial Estates Corporation</i>	<i>Free Zones Corporation</i>	<i>Aqaba Special Economic Zone</i>	<i>Development Areas</i>
					<i>Zones, Income Tax Law</i>
					<i>100% exemption for transit trade</i>
<i>Social Services Tax</i>	<i>10 year reduction</i> <i>Reduction rate depends on sector and area in which the project is located:</i> • <i>Zone A - 25 percent</i> • <i>Zone B - 50 percent</i> • <i>Zone C - 75 percent</i>	<i>100% exemption for two years (may be applied in addition to incentives under the Investment Promotion Law)</i>	<i>Foreign workers exempt from social services tax</i>	<i>100% exemption (registered Enterprises only)</i>	<i>Also eligible for exemptions under other laws, including Investment Promotion Law, 100% exemption (registered Enterprises only)</i>
<i>Custom Duties</i>	<i>100% exemption on fixed assets, fixed assets needed for expansion, and spare parts</i>	<i>No exemption</i>	<i>100% exemption on all imports</i>	<i>100% exemption on all imports</i>	<i>100% exemption on all materials, instruments, machines and appliances for construction, establishment or furnishing projects, including spare parts for maintenance</i>
<i>Sales Tax on Imports</i>	<i>100% exemption on fixed assets, fixed assets needed for expansion, and spare parts</i>	<i>No exemption</i>	<i>100% exemption on most imports</i>	<i>100% exemption</i>	<i>100% exemption on most goods and services</i>
<i>Treatment of Sales within Zone</i>	<i>Not applicable</i>	<i>Not applicable</i>	<i>Special 8% sales taxes on tourism goods and services consumed within the zones</i>	<i>7% sales tax on selected goods and services (mostly consumption goods and services)</i>	<i>7% sales tax on most goods and services</i>

ARGENTINA

II. TRADE AND INVESTMENT REGIMES

(4) Trade agreements

(iv) Other preferential arrangements

Paragraph 25, page 17

According to this paragraph, Jordan does not participate in the Global System of Trade Preferences (GSTP) among developing countries. Does it intend to become a member of that system?

Answer:

Becoming a member in the GSTP is something that Jordan would favourably consider. However, at the time being, there are not plans to participate in the GSTP.

(5) Investment framework
Paragraph 29, page 18

According to this paragraph, the Jordan Investment Board is implementing a project called the "one-stop shop" with a view to bringing together all services (by public and private organizations) required by an investor in a single location. Could Jordan please provide further details on this project and indicate when it was put into effect?

Answer:

JIB provides streamlined access to licensing and registration services for new projects through the One-Stop Shop (OSS). The OSS combines representatives located at JIB from most of the governmental agencies dealing with the registration and licensing of projects offering a full service assistance package that is needed to get a business up and running in Jordan. Moreover, JIB provides long-term support for investments and concentrates on an aftercare service that assures the smooth implementation and operations of investment projects.

The OSS provides services of registering and licensing the projects as well as issuing visas and permanent residency approvals for investors and foreign labour needed for the project. All these services are provided within 14 working days. Representatives of the following entities are located at the One- Stop Shop;

- *Ministry of Industry and Trade*
- *Ministry of Interior*
- *Ministry of environment*
- *Ministry of Municipal Affairs*
- *Ministry of Labour*
- *Ministry of Health*
- *Ministry of Tourism and Antiquities*
- *Greater Amman Municipality*
- *Department of Land and Survey*

III. TRADE POLICES AND PRACTICES BY MEASURE

(2) Measures directly affecting imports

(i) Registration and documentation

Paragraph 10, page 24

This paragraph states that depending on the nature of the product imported, a technical conformity/health/veterinary certificate and/or an import permit or licence are required. In what cases would these certificates, permits or licences be required?

Answer:

Conformity/ health/ veterinary certificates are required depending on the nature of the product, and as required in the relevant laws and regulations. There is no import permits, however some products require acquiring an import license pursuant to the Import/ Export law No. (21) of the year 2001 for, safety, environment, health, national security, public order and moral; and goods having an impact on the conservation of natural resources.

(4) Measures affecting production and trade

(iii) State-trading, State-owned enterprises and privatization

Paragraph 133, page 51

According to this paragraph, the Government is the sole importer of barley and wheat, the consumption of which is highly subsidized, and imports are executed by private traders under the

direction of the Trade Directorate at the Ministry of Industry and Trade. Could Jordan please provide further details on the import process applied to such essential commodities?

Answer

The private sector is allowed to import wheat and barely. However, the Ministry of Industry and Trade also imports these commodities. The Ministry ensures to maintain a 2 months strategic inventory from barley and 6 months strategic inventory of wheat. Import is executed by the private sector by invited them for public tender to buy and import all required quantities..

**(v) Import prohibitions, restrictions, and licensing
Paragraphs 39 and 40, page 32**

According to these paragraphs, Jordan has replaced the system of "prior approval" of imports by an import licensing regime, and under Import and Export Law No. 21 of 2001, as amended by Temporary Law No. 18 of 2003, the Council of Ministers may prohibit or completely or partially restrict imports of any good, taking into account Jordan's international commitments. Could Jordan please explain how the licensing regime has changed with respect to "prior approval" and what the requirements for obtaining an import licence are? In what cases – apart from those listed in Table III.5 on page 33 – and for what reason have imports been prohibited, taking into account Jordan's international commitments, during the period under review?

Answer:

Jordan committed to eliminate the system of licensing and prior approvals that existed upon Jordan's accession to the WTO in 2000 and replace it with an automatic and non-automatic import licensing regime in accordance with the WTO Agreement on Import Licensing Procedures, which was reflected in the Import/ Export Law No. 21 of 2001 and its regulation and instructions. Non-automatic licenses are applied in accordance with the provisions of Article 3 of the Agreement on Import Licensing Procedures, and are required to regulate quantitative restrictions, importation of goods likely to cause threat to safety, environment, health, national security, public order and moral, and goods having an impact on the conservation of natural resources

IV. TRADE POLICES BY SECTOR

(3) Mining, energy and water

(ii) Oil and natural gas

Paragraph 38, page 68

According to this paragraph, in December 2004, the Government approved Jordan's Energy Master Plan, which seeks to diversify the energy mix and raise the share of domestic energy supplies to 39 per cent of consumption by 2020. Could Jordan please provide further details regarding the characteristics of this plan, and in particular, explain what the mentioned energy mix is?

Answer

Energy mix means all energy forms which will be utilized to cover the country's energy needs. Jordan's energy mix contains crude oil, natural gas, renewable, oil shale and nuclear.

According to the national energy strategy, Jordan will maximize the share of local energy resources in total energy mix by maximizing the utilization of domestic resources such as oil shale and natural gas, generating electricity from nuclear energy, expanding the development of renewable energy projects by promoting renewable energy sources to reach a share of 7% in the primary energy mix in 2015, and 10% in 2020, in addition to promoting energy conservation and awareness.

Regarding natural gas, Jordan is in the process of developing local sources of natural gas at Risha field.

The national energy strategy provides for promoting oil shale as a new source of energy to reach share of 11% in the primary energy mix in 2015, and 14% in 2020. In this regard, the government is currently engaged in oil shale development namely Deep Reserves, Surface Reserves and Oil Shale Power Generation.

JAPAN

The Secretariat Report (WT/TPR/S/206

IV. TRADE POLICIES BY SECTOR

(5) SERVICES

(iii) Transport

Question 1: page88, paragraph 130

The Secretariat report states, 'Jordan has a stake in two joint-ventures to improve regional exchange of goods and promote tourism. One is the Syrian-Jordanian Shipping Company established in 1976; the other, the Arab Bridge Maritime Company, is jointly owned by Jordan, Egypt, and Iraq.'

Please provide specific information on an agreement or treaty between Jordan and Iraq, if any, in order to promote regional exchange from Jordan to Iraq, including such items as the simplification of customs clearance and the facilitation of roads.

Answer:

There is no special agreement with Iraq on simplification of customs clearance.

Regarding the facilitation of roads, an Agreement on Road Transport for Persons and Goods was signed in 1953 and is still in force. A new agreement has been concluded and will replace the 1953 agreement

Iraq is a member of the Greater Arab Free Trade Agreement (GAFTA) in which Jordan is also a party. The two countries also have a bilateral agreement for aviation services.

KOREA

Secretariat Report, page 24, paragraph 10

For customs clearance, the principal documents required are the customs declaration, commercial invoice, bill of lading (or air waybill), certificate of origin, and packing list.

It has come to our attention that in exporting to Jordan, the original commercial invoice and certificate of origin must be attested by the local Chamber of Commerce in the country of origin and should be notarized by the Jordanian diplomatic mission in the country of origin. If this procedure is not adhered to, a fine not exceeding 4% of commodity value must be paid by the Jordanian importer.

We are of the view that the requirement for notarization by the Jordanian Diplomatic mission seems to be an undue burden for the exporters. In light of the above, we would appreciate it if Jordan responds to the following questions:

Is this requirement mandatory for all Members of the WTO? Are FTA partners of Jordan either subject to a more simplified procedure or exempt from such requirement altogether?

Answer:

The fine is divided into 0.5% on commercial invoice and 0.5% on the certificate of origin, total of 1% on the commodity value and not 4%. The importer can receive back refund if he presents the papers within 60 days.

The Consular fees Regulation was recently amended by Regulation No. 82 for year 2008 to provide for the elimination of the councilor fees of 21 JOD associated with the authentication of the certificate of origin, commercial invoice, sanitary certificate and packing list. However, the authentication of these documents by Jordanian diplomatic missions is still required. This is applicable for all WTO members except for GAFTA member countries who are exempted from such requirements based on reciprocity.

Does Jordan have any concrete plans to simplify (remove) the above mentioned procedure requiring the notarization by the Jordanian diplomatic mission?

Answer:

Jordan is studying the feasibility of eliminating the above required procedure.

Secretariat Report, page 38, paragraph 71, 72

New procurement legislation to bring the regime into compliance with the GPA is awaiting approval by Cabinet

Could Jordan provide more detailed information with regard to the new procurement legislation awaiting approval by the Cabinet?

Answer:

In the context of Jordan's negotiations to join the Government Procurement Agreement (GPA) and to bring the procurement regime into compliance with this agreement, Jordan drafted new procurement legislation and is currently being discussed at the Legislative Bureau at the Prime Ministry. The draft legislation aims at harmonizing procurement procedures in all ministries, government agencies, and institutions; harmonizing procurement procedures pertaining to public works, goods and services; strengthening decentralization; separating the regulatory activities from operational activities through establishment of the Higher Procurement Commission (Regulatory Commission); enhancing transparency, efficiency, fairness, equal opportunities, and competitiveness; introducing new methods of procurement, such as two-stage tendering, procurement on the basis of quality and price, and procurement on the basis of quality only; classifying suppliers, engineering consultants, and service providers; strengthening capacity-building in procuring entities; introducing bonds to replace guarantees; introducing mechanisms for remedies, complaints, and dispute resolution; and introducing e-procurement.

Investment Framework

The investment law published in the website of the Jordan Investment Board (JIB) states that "a non-operating foreign company is exempted from registering to Jordan chambers and professional associations and their registration fees and from any obligations towards them."

However, Jordan's Bar Association's Law No. 11 for the year 1972 in the Decree No. 43 states that :
All commercial or industrial public establishments, and all public shareholding companies or any foreign company, establishment, branch office or agency - regardless of its capital- must assign an attorney or a legal counselor registered in the local bar association in accordance to a written contract recorded at the "Notary Public" - must notify the bar in writing through its attorney or legal counselor within a month of his hiring date...

If any company or establishment among the companies or establishments mentioned above did not comply to the first paragraph of this article, by not assigning an attorney or a legal counselor within 3 months of the date this law is effective or its establishment date, the company must pay an amount of JDs 2 per every delay day to the Bar Association

Korea would like to request the confirmation from Jordan on whether the above two instances are referring to the same matter.

If so, could Jordan explain whether it has any plans to harmonize the above discrepancy so as to provide further clarity to its foreign investment regime?

Answer:

The Companies Law would apply to foreign non-operating companies and there is no need to appoint a lawyer for such companies.

**Trade and Investment Regimes – The Institutional Framework
Secretariat Report, page 10 & 11, paragraphs 2 & 9**

In paragraph 9 of the Secretariat Report, the following describes the legal framework of Jordan: "In descending order of importance, the Constitution is followed by Royal Decrees, Laws, Ministerial and Administrative Decisions. Treaties and international agreements concluded by Jordan have legal power in national courts. International agreements supersede in case of conflict between these agreements and national laws."

In light of the above, Korea would appreciate it if Jordan could respond to the following questions:

Korea notes that the expression "in descending order of importance" was used by the Secretariat. Can Jordan confirm that this expression has the same meaning as "in descending order of hierarchy"? If there is an underlying reason for the expression "in descending order of importance," please explain.

Answer:

The expression "in descending order of importance" does not have the same meaning as hierarchy; hierarchy is included in the three authorities (Legislative, Judicial and the Executive authority) in Jordan. The expression "in descending order of importance" as mentioned in the secretariat report means that the royal decrees, laws, ministerial and administrative decisions are important legal instruments applied in Jordan with no means of hierarchy.

Korea notes the expression "International agreements supersede in case of conflict between these agreements and national laws" in the Secretariat Report. Can Jordan confirm that the "national laws" referred to in the Secretariat Report also includes Royal Decrees?

Answer:

National Laws are ratified and promulgated by the HM the King through a Royal Decree.

In paragraph 2, there is a reference to 'Royal Order'. Could Jordan explain how 'Royal Order' would fit into the context of the legal framework of Jordan, and whether 'Royal Order' would be a part of the "national laws" referred to in question b) above?

Answer:

The accurate English translation term is "Royal Decree" and not "Royal Order". Royal Decrees are the legal instrument where the king exercises his powers. They are also the instrument to complete and finalize the ratification procedures of legislations.

To further clarify how royal decrees fit into the context of legal framework in Jordan:

The prime minister and the ministers are appointed and dismissed by Royal Decrees. Article (35) of the constitution stipulates the following: " The King appoints and dismisses the Prime Minister; appoints and dismisses Ministers, upon the recommendation of the Prime Minister . "

And Article (40) of the constitution stipulates the following: " The King exercises his powers through Royal Decrees. This Royal Decree is signed by the Prime Minister and the concerned Minister or Ministers, the king expresses his approval through his signature above all signatures.

If both Royal Order and Royal Decrees are not included as part of "national laws," then would Royal Order and Royal Decrees supersede international agreements in case of conflict?

Answer:

Please see answer to Question (4/c) above.

Trade and Investment Regimes – Trade Agreements (Regional Agreements) Secretariat Report, page 16, paragraphs 18 through 2

PAFTA

Does Jordan concur with the Secretariat's assessment that "the PAFTA has contributed modestly to increasing inter-Arab trade?" If so, what measures are being contemplated to increasing the effectiveness of PAFTA?

Answer:

An important increase in the Arab trade exchange has been considerably witnessed since the full liberalization of goods in 2005 under the PAFTA. It's worth mentioning that Jordan's trade volume under PAFTA increased by 9% in comparison with the year 2006 and constituted a share of 34% of Jordan's external trade with member countries in 2007.

Jordan is an active member in the PAFTA and in the Arab Economic and Social Council under the Arab League, through which initiatives and decisions are made with respect to enhancing the effectiveness of the PAFTA and .

Agadir Agreement

Could Jordan explain the difference in scope and the treatment between the Agadir Agreement and the PAFTA?

Answer:

PAFTA:

- *Includes in its membership 17 Arab countries*
- *Aims to facilitate trade among Arab countries members of PAFTA, in addition to establishing the Arab Common Market.*
- *Reached full trade liberalization of goods through the full exemption of customs duties starting 1/1/2005*
- *Adopts rules of origin based on a flat rate of 40% local content*
- *Grants special treatment to the least developed Arab countries (Yemen and Sudan).*
- *Goods traded within PAFTA are treated as national goods of member countries in terms of Rules of Origin, standards and specifications, security and health precautionary measures and local fees taxes.*
- *Member countries are committed to eliminate all non tariff barriers in trade among them.*

Aghadir Agreement:

- *Includes in its membership 4 Arab countries (Jordan, Egypt, Tunisia and Morocco). Any other Arab country; which is member in the Arab League, in PAFTA and signed an association agreement with EU, can join Aghadir agreement;*
- *Building on the common grounds that the four countries share within the context of their bilateral trade agreements and Association Agreements with the EU, this agreement adopts the Pan-EuroMed Rules of Origin to allow for cumulation of origin among Agadir countries for the purposes of exporting to the EU.*

- *Provides for full liberalization of trade in industrial and agricultural goods and has entered into force in July 2006*
- *Member countries are committed to eliminate all non-tariff barriers in trade among them.*

Could Jordan also elaborate on the reason the four countries party to the PAFTA (Jordan, Egypt, Tunisia, and Morocco) decided to enter into a separate agreement?

Answer:

Barcelona Declaration provides for the establishment of a Euro-Med Free Trade Area in 2010; nine Mediterranean partners have signed agreements that include preferential trade provisions with the EU.

In light of this initiative, four countries (Jordan, Egypt, Tunisia and Morocco), which have an Association Agreement with EU, signed Aghadir agreement. This agreement aims mainly to facilitate exports to the EU market through the Pan-EUROMED Rules of Origin which allow for diagonal accumulation of origin amongst its member countries and consequently contributes to economic integration among Agadir countries as well as with the EU through enhancing the potential for using production input components originating in any of the member countries.

Jordan-Singapore FTA

Could Jordan elaborate on the impact of the Jordan-Singapore FTA? Please provide --to the extent possible-- relevant statistics.

Answer:

Jordan considers its agreement with Singapore as a gateway for neighboring markets in South East Asia and vice versa.

Although bilateral trade volumes are still below expectations (around 61 million US Dollars in 2007), Jordan recognizes that for the agreement's benefits to materials, more time and efforts are needed, particularly in carrying out more public awareness campaigns, enhancing business to business interaction to explore trade opportunities and potentials.

Qualifying Industrial Zones

Could Jordan provide further detail on the present status of the QIZ? For this item, Korea looks forward to figures and associated explanations for: the number of companies operating in the QIZs, category of products produced by the companies in the QIZs, export figures for the past 5 years, etc.

Answer:

Jordan currently has 13 Qualified Industrial Zones in which manufacturing is mostly garments and jewelry in a total of 46 factories. QIZ exports to the U.S. amounted to 723,278 million US\$ till end of September 2008, compared to 900,973 million US\$ for the same period in 2007.

(With respect to paragraph 109, page 46 of the Secretariat Report) Have there been problems associated with the application of Rules of Origin for products manufactured in the QIZs? If so, how were they addressed?

Answer:

Jordan has not faced any problems dealing with application of Rules of Origin for products manufactured in the QIZ.

(With respect to paragraph 64, page 74 of the Secretariat Report) In paragraph 64, it is stated that ". . . the tariff advantage of the QIZ initiative is gradually being eroded by the implementation of tariff concessions under the FTA between Jordan and the United States." Does Jordan agree with this assessment by the Secretariat?

Answer:

Jordan enjoys an FTA with the United States and a Qualified Industrial Zones Agreement. Both agreements provide for quota and duty free access to the US market for eligible products, and accordingly provide for an option for the manufacturer to chose the most appropriate agreement based on considerations such as sources of input materials, business relations and others.

**Trade and Investment Regimes – Investment Framework
Secretariat Report, page 19, Table II.3**

Korea notes that in Table II.3 (Foreign Equity Limitations, July, 2008), there are a number of sectors either partially or wholly closed to foreign participation. In particular, Korea notes limitations for distribution related services, construction services, and several business services, among others.

Does Jordan have any time-table to remove or reduce the limitations to foreign equity participation in the aforementioned sectors?

Answer:

Jordan has undertaken extensive commitments under that GATS that have provided for a full ownership of foreign investors in sectors such as Banking, Telecommunications, insurance, financial services, education and health services. As for the above mentioned sectors, there is no time table at the time being to remove or reduce the limitations to foreign equity participation.

**Trade Policies and Practices by Measure – Measures Directly Affecting Exports
Secretariat Report, page 44, paragraph 96, Table III.12**

Could Jordan explain the sudden increase in the income tax exemption authorized between the years 2005 and 2006? What factors contributed to this sudden rise?

Answer:

The above figure is in million and not in billion, accordingly, it should be read as follows (from 70.8 million US\$ in 2005 to 2,148 million US\$ in 2006), as shown in Jordan's new and full notifications submitted earlier.

The main rationale for introducing the export subsidy program was to offset the negative effects of the war on Iraq in 2003, and accordingly Jordan's export markets were extensively affected in the years 2004 and 2005. This explains the remarkably low export values in these years compared to 2006, in addition to the market access provided by FTA's, in particular GAFTA and USFTA. As well as the cancellation of the Jordanian Iraqi Protocol in 2004, which made Jordanian manufacturers target new export markets and thus resulted in more geographic diversification of export destinations.

UNITED STATES

QUESTIONS PERTAINING TO WTTPR/G206

II. ECONOMIC ENVIRONMENT

(1) ECONOMIC GROWTH

Page 5, Paragraph 9

Jordan credits some of its success in development to foreign direct investment (FDI). Much of this investment has come from Saudi Arabia and the Gulf. With oil prices falling from this summer's peak, what impact does Jordan predict the reduction in oil prices will have on its inward FDI and also on remittances, which are among Jordan's top revenue sources?

Answer:

FDI from the Gulf countries has always contributed to the economic growth in Jordan over the past years, including times when oil prices were much lower than the current values. Despite its negative impacts on several economic aspects, Jordan simultaneously considers that the recent leap in oil prices has indirect returns on the Jordanian economy, as considerable portion of the huge excess liquidity available in the Gulf countries will be directed to the region including Jordan as FDI and/or portfolio investments, taking into consideration the unpredictability of other international markets under the current financial crisis. And even with oil prices falling, it reached levels that are still higher than the normal average recorded before. Therefore, Jordan holds positive perspectives of inward FDI and remittances from Gulf countries for the coming period.

(3) MACROECONOMIC AND STRUCTURAL POLICY REFORMS
Page 7, Paragraph 17

Jordan names civil society organizations as instruments for poverty reduction. Many NGOs have been highly critical of the Associations Law that was passed this summer, saying that the law grants the government a great deal of control over their boards, their ability to fundraise and even their permission to exist. Jordan's government is currently preparing an amendment to that law. What is the status of the amendment and how will it change the law as it was passed this summer?

Answer:

The amendments to the Associations Law take into consideration the comments of the various stakeholders with the view to grant more independence for the associations in conducting their activities.

Page 7 Paragraph 22

In 2006, Jordan passed an Anti-Corruption Commission Law. Thus far, this commission has been criticized as weak and indeed some of its members have had to resign because of corruption charges against them. What actions will Jordan take to drive strength into this law and its commission? ?

Answer:

The Anti-Corruption Commission functions in full integrity and none of its members had any corruption charges against them. The Commission operates with neutrality, objectivity and independence. It pursues cases in different sectors.

III. SECTOR PERFORMANCE AND POLICY
(3) MANUFACTURING

Page 9 Paragraph 31

The report says, "Textiles and clothing represents a major industrial sector in Jordan and is growing rapidly. It employs over 50 thousands workers and generates about US\$1.2 billion worth of exports." There are signs, however, that growth is cooling. What is the status of the industry and its future in Jordan?

Answer:

Exports of the garment industry have recently showed some decline which can be attributed to various reasons such as the increased competition in export markets and the rise in fuel prices which accordingly affected transport and shipping costs.

In an attempt to maintain the growth of the sector and improve its competitiveness, the government developed a draft National Strategy for the Garment sector, which was prepared in cooperation with

the private sector. The strategy was submitted to the Council of Ministers for adoption. This strategy aims at increasing competitiveness of the Garment Sector, increasing its exports, and improving the local added value.

Main pillars of the National strategy for the Garment Sector, include:

- Decreasing production costs*
- Promoting exports of the sector*
- Promoting investments in the sector*
- Improving Human Resources management and capabilities.*
- Enhancing supporting services*

(4) SERVICES

Page 9 Paragraph 35

The report rightly praises the ICT sector which has grown rapidly and improved services while lowering prices after privatization. The incumbents in the mobile sector are pressuring the Telecommunications Regulatory Commission to establish spectrum auctions processes that benefit incumbents. How will Jordan resist this pressure and continue to make the telecommunications market more open in mobile but also in internet service?

Answer:

Jordan notes this pressure and will continue to make the mobile telecommunications market more open. The Telecommunications Regulatory Commission is currently studying the issue of allocation of spectrum to come up with a suitable arrangement that would address the situation.

IV. TRADE POLICY

(2) RECENT TRADE POLICY REFORMS

Page 11, Paragraph 51

The "IPR entity" referenced in this paragraph has been mentioned for several years without any apparent action. When will this "entity" be created? What will be its goals and its relationship to other organizations responsible for IPR (National Library, Customs, JISM, PSD, etc)? What steps will Jordan take to create not only laws, but enforcement capacity?

Answer:

A Cabinet decision was issued on July 4, 2006 approving the establishment of an autonomous body for Intellectual Property Rights in Jordan. The objectives of such include the following:

- 1- Enhancing protection of IPRs through empowering the body with ex-officio authority.*
- 2- Unifying efforts of the various entities that currently deal with protection of IPRs.*
- 3- Amending current laws and regulations (or developing new ones) to ensure coherence with IPR international standards.*
- 4- Coordinating with public and private entities raise awareness on IP in Jordan.*
- 5- Capacity building and enhancing qualifications of staff, and employing additional staff.*

Progress has been done in developing a concept paper, through a steering committee that comprises of all relevant stakeholders in IPR enforcement, to address the entity's responsibilities in enforcement of IPRs, coordinating mechanisms among responsible agencies and the entity's role in fostering innovation and creativity.

(4) FUTURE DIRECTION OF TRADE POLICY
Page 13 Paragraph 61

Jordan's rank in the Doing Business report has been falling largely because of the perceived difficulty of administrative procedures. What specific steps is Jordan taking to ease administrative burdens? The e-government initiative is often mentioned as one possible solution but this effort has been slow with almost no success at most ministries. How is the project being managed to support business procedures? ?

Answer:

The Government of Jordan's national E-Government initiative, launched by His Majesty King Abdullah II, aimed to drive the nation's transformation into a knowledge society founded on a competitive, dynamic economy. As part of its efforts to achieve such goal the E-government program has launched e-gov portal www.jordan.gov.jo in the last quarter of 2006, which includes procedures for all governmental entities available to users. E-services are available online from various governmental entities to all Citizens, Business Sector, and Governmental employees. Government departments that supply e-services include the Government Tenders Directorate, Income and Sales Tax, Jordan Customs, Ministry of Industry & Trade, the National Information Technology Center, Lands and Surveys Department, and the Housing and Urban Development Corporation

E-governemnt servcies that support business procedures have progressed significantly during the past few years. Currently, trade registration services at the Ministry of Industry and trade are web-enabled; a sole proprietorship company can be registered online with the exception of the payment procedure which still has to take place at the premises of the Mnistry. In the same context, web-enabled trade mark registration is expected to be operational very soon.

The Ministry of Information and Communications Technology continues its efforts towards the succesfull completion fo the E-Government project through the provision of government sevices that are complementary to business supporting sservices such as e-payment.

QUESTIONS PERTAINING TO WTPR/S206

II. TRADE AND INVESTMENT REGIMES

(1) THE INSTITUTIONAL FRAMEWORK

Page 10, Paragraph 4

Please comment on Jordan's progress in increasing its courts specialization, especially their ability to try IPR cases and other business cases?

Answer:

In an attempt to increase Jordanian courts specialization, the Ministry of Justice has recently assigned eighteen judges in Amman, Irbid , Ma'an, and Aqaba courts to consider IPR cases. Also, the Ministry of Justice continues to conduct training programes to build capacity of judges on issues related to IPR.

III. TRADE POLICIES AND PRACTICES BY MEASURE

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(ii) Customs procedures

Pages 24-25, paragraph 12

How many participants are there in the customs-business partnership program? What percentage of import trade is covered by the program?

Answer:

There are (17) participants (private sector companies) in the customs-business partnership program. (4.4%) of import trade is covered under the customs-business partnership program.

Page 25, paragraph 13

Paragraph 13 states that "[a]ccording to the authorities, reference prices (not published) are used as a last resort to provide guidance when an importer fails to submit the required transaction value or the customs administration has reason to doubt the accuracy of the declared value." We request further explanation on how reference prices are used. Is the reference price substituted for the declared value? Are the reference prices used as transaction values or under an alternative basis of appraisalment?

Answer:

Reference prices are used as a last resort to provide guidance to customs officers to ensure that the procedures for detemining the transaction value at the different customs houses are unified, when an importer fails to submit the required transaction value as stated in Article (28) of the Customs Law No. 20 for the year 1998.

In cases where the importer fails to submit the required transaction value, the reference price substitutes the declared value. Rreference prices are used as transaction values.

(v) Import prohibitions, restrictions, and licensing
Page 33, Table III.5

The Secretariat's report notes that Jordan continues to ban the importation of passenger cars using other than benzene as a fuel until Jordan's refinery is modernized to produce diesel fuel with low sulphur content. It appears that this import ban has been in effect since Jordan's accession to the WTO in 2000. When does Jordan expect to complete the refinery modernization and remove the ban?

Answer:

The modernization of the refinery will be completed by 2011 and at present the refinery is in negotiation with a strategic partner to implement the fourth refinery expansion project, through which the capacity of the refinaery is expected to be upgraded to produce diesel fuel with the required standards and specifications, and once this process gets completed, Jordan will be removing the ban.

What is Jordan's justification for prohibiting the importation of "dumpers designed for off-highway use"? Could Jordan please provide the HS number(s) of the products covered by this import prohibition?

Answer:

The HS code of : "dumpers designed for off-highway use" is (8704.10). Jordan is curently in the process of reviewing its import export instructions pursuant to the Import Export Law No. (21) to the year 2001 and will be considering the possibility of lifting the import prohibition of "dumpers designed for off-highway use".

(3) MEASURES DIRECTLY AFFECTING EXPORTS
(v) Free zone, special economic, and qualifying industrial zones
Page 45, paragraph 99

The Report states that industrial and commercial investments in free zones enjoy tax exemptions, but are required to meet one of several criteria, including the "use of local raw materials and

manufacturing parts" and "import-substitution". Please comment on how these investment requirements should be interpreted in light of Jordan's obligations under Article 3.1(b) of the SCM Agreement)?

Answer:

Jordan will be revisiting such requirement with the view to ensure its compliance with WTO relevant Agreements.

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(iv) Intellectual property rights

What is the status of Jordan's amendments to its Copyright Law?

Answer:

Jordan undertook needed amendments to its Copyright Law no (22) of 1992, to achieve a high level of protection of copyrights and to ensure full compliance with Jordan's international commitments. The latest amendments ensured the effective enforcement of the ex-officio procedure, addressed the application of provisions related to allowing the use of published works without the author's permission in specific cases provided that they don't conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interest of the right holder. In addition, the amendments provided further clarification in relation to court decisions regarding destroying or changing the copies of pirated works that such decisions are upon the request of the author or any of his successors.

What is the status of Jordan's amendments to its JISM law regarding trademarks? Does JISM have authority with respect to all IPR violations, as implied in Paragraph 141, or is its authority limited to trademark-related violations? How and by whom are conformity marks selected, and what measures, if any, are in place to ensure that these marks do not conflict with prior trademarks?

Answer:

IPR related amendments to JISM law are limited to trademark related violations (i.e. fake or counterfeit products) and also sanctions and penalties in this regard.

Conformity marks are selected and approved by JISM. They are fixed on the products as a sign that products fulfill safety requirements set in Jordanian technical regulations and that the required conformity assessment procedures stated in the technical regulations are performed to demonstrate that to market surveillance authorities. These marks are in the regulatory areas and they are similar to UL or CE marking which are used in the United States and Europe without any confusion with trademarks.

Does Jordan allow for co-existence between a prior trademark and a later geographical indication? If so, we would appreciate information about how such co-existence is accomplished.

Answer:

The Geographical indications law of 2000 provides protection for GIs and complies with the requirements of the TRIPS agreement. It empowers the Trademark Registrar to reject the registration of any trademark which contains or consists of a geographical indication with respect to goods not originating from the place of origin implied by the use of the geographical indication in a manner that misleads the public. The only exception within the law is stated in the following article:

Article 7:

The following are not deemed violation of the Law:

A.

1. *To own a trademark being similar or identical to a geographical indication through the bona fide use thereof before the effectiveness of the provision of such law, or before granting protection to the geographical indication in the place of origin.*
 2. *To submit a trademark registration application in the kingdom being identical or similar to a geographical indication or to register thereof in bona fide.*
- B. *To use a geographical indication in any manner indicating another country, if being identical to Arabic familiar expression of a common name of any product or service in the kingdom.*
- C. *A person using his/her name or ancestor's name in a commercial activity in a manner that does not mislead public.*
- D. *To use geographical indication which has no protection, or its protection was terminated in its place of origin, or is no longer used in this country.*

IV. TRADE POLICIES BY SECTOR

(3) MINING, ENERGY, AND WATER

(ii) Oil and natural gas

Page 68, Paragraph 39

Is it the case that Jordan's hydrocarbon deregulation is behind schedule and that the government has extended the refinery's concession beyond 2046? What is the role of nuclear energy or liquefied natural gas in Jordan's current energy plans? Please discuss any plans to change significantly Jordan's energy mix. What plans does Jordan have for renewable energy, such as wind, solar, and hydroelectricity?

Answer:

Jordan is currently in the process of regulating hydrocarbons in the country. The concession of the refinery ended on 2nd of March 2008 but the Government of Jordan signed a service agreement with the refinery for import, storage, supply and distribution of oil products until the end of year 2008. This is a mutual agreement and renewable for further six months until the completion of the oil sector restructuring and establishment of marketing companies. Meanwhile the restructuring/liberalizing the oil sector and opening the market for competition is in process. Four marketing/distribution companies and one logistic company will be established through international tendering process which was launched in mid September 2008.

Jordan will introduce the nuclear for generating the electricity and according to the national energy strategy the share of nuclear will be 6% of the energy mix by the year 2020.

Currently there are no plans to introduce liquified natural gas in Jordan and at present natural gas is been imported from Egypt by Arab Gas Pipeline.

Jordan is highly dependent on imported energy and the local gas and oil production contributed only 4% to energy consumption in 2007. Jordan will change its energy mix by maximizing the utilization of domestic resources (oil shale, natural gas, etc.), generating electricity form nuclear energy, expanding the development of renewable energy projects and promoting energy conservation and awareness.

According to the national energy strategy, renewable energy sources have been promoted to share 7% in the primary energy mix in 2015, and 10% in 2020. Regarding wind energy there are two lots of wind farms projects approximatly 300 MW each. First lot comprises of the following projects:

- *Al-Kamshah 40 MW (Tow Bids were received on 31 of Aug. 2008 and currently are under evaluation).*
- *Al-Fujeij 70 MW (Tender is expected to be launched in October 2008).*
- *Al-Harrir 150-200 MW (expected for bidding beginning 2009).*

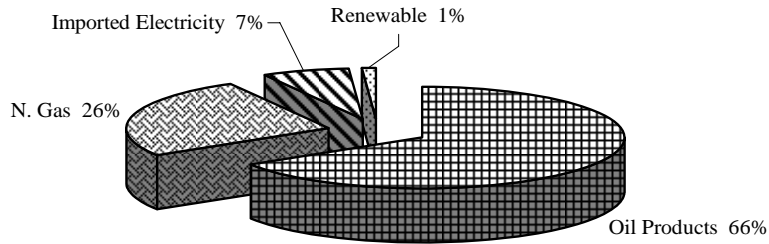
The second Lot (under measurements and wind data evaluation) includes:

- *Wadi Araba 50 MW*

- *Ma'an Area 100-150 MW*
- *Mafraq Area 100-200 MW*
- *Al-Rishah 100-200 MW*

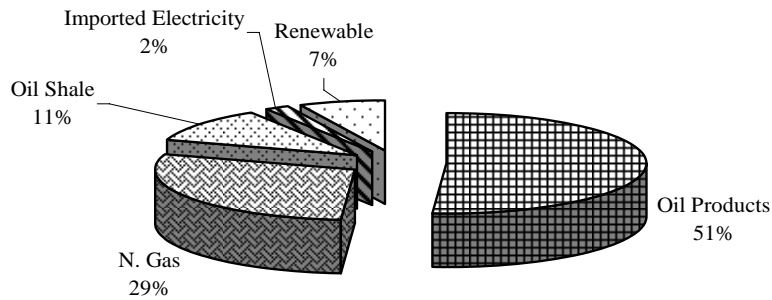
The Energy Mix in Jordan (2007-2020)

2007

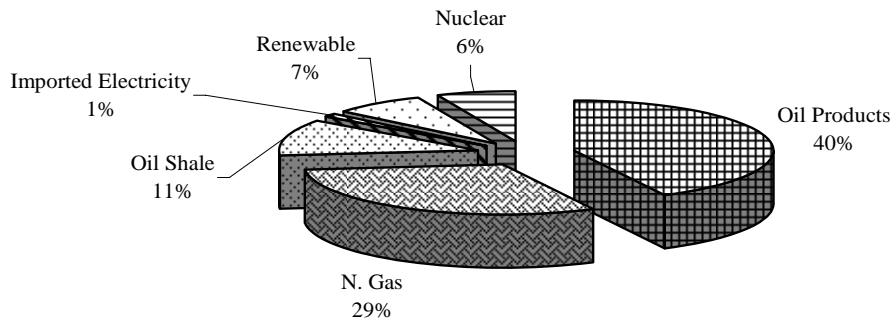


Domestic Resources 4%, Imported 96%

2015



Domestic Resources 25%, Imported 75%



Domestic Resources 39%, Imported 61%

The national energy strategy encourages solar energy projects as well, such as solar thermal application in households and major housing schemes which is 14% at present and the target is to reach 20% by 2013. Also concentrating solar power up to 300 MW for electricity generation and photovoltaic systems (remote applications) are introduced as solar energy projects in the strategy.

A Renewable Energy Law is expected to be issued by the end of 2008 and will provide the legal mandate for the Government to implement new renewable energy regulatory frameworks related to electricity market and grid access, fiscal and non-fiscal incentives for renewable energy investors and local technology manufacturers and green power promotion. The Law will allow for the establishment of a Renewable Energy and Energy Efficiency Fund.

Jordan lacks hydro resources and there are no plans for generating hydro electricity. However, the future implementation if the Red Sea-Dead Sea Channel project is associated with a project of 600 MW capacity of hydroelectricity.

(4) MANUFACTURING

(i) Policy Framework

Page 72, paragraph 56

The report states that the Jordan Upgrading and Modernization Program (JUMP) provides financial assistance to SMEs to enhance their competitiveness. The report also states that the program has import-substitution objectives one component of which is the National Linkage Program. The Secretariat states that under this program, assistance is offered to establish new business and supplier links between industrial firms that rely on imported production inputs, on the one hand, and local SMEs that are in a position to meet those input needs, on the other. Please comment on how the eligibility criteria of this program should be interpreted in light of Jordan's obligations under Article 3.1(b) of the SCM Agreement.

Answer:

Article 3.1(b) of the SCM Agreement applies to measures contingent to the use of domestic goods over imported ones, which is not the issue under the National Linkages Program (NLP) as a component of JUMP program. The assistance under consideration is not conditioned whether solely or as one of several other conditions upon the use of domestic over imported goods, and local firms are freely to exercise their rights to use the imported ones.

The National Linkages Program merely brings together large manufacturing firms that use imported production inputs with local SMEs who are capable of meeting the needs and requirements of these firms. In this way, the NLP mainly helps in creating an enduring business-to-business relationship.

The assistance is passed to SMEs to identify areas required for upgrading in order to be qualified to meet the expectations of purchasing companies in domestic market as well as international markets. The NLP supports individual companies to improve their competitiveness through having the the right standards of quality, adequate tools and technology, and through enhancing companies' managerial capabilities.

A enterprise is eligible to benefit from the program if it is an SME that is in business for at least 2 years, and employs more than 10 Jordanians. The programme does not support or create new business (startups).

(5) SERVICES

(ii) Telecommunications and postal services

(a) Telecommunications

Page 84, paragraph 106

From the Secretariat's report we learn that Jordan has a de facto monopoly in fixed line services and a very limited market in internet services because of the role of JTC/Orange. What steps is Jordan taking to open the markets? Does Jordan intend to change the way JTC does business?

Answer:

The fixed line sector in Jordan is fully liberalized and several licenses have been issued to applicants for fixed line services. However, those licensees chose to offer their services using other options than fixed line telephony by using mainly Voice over IP (VoIP), as fixed line telephony services need high capital investment basically in infrastructure.

(iii) Transport

(b) Road transport

Page 88 Paragraph 131

Jordan's road freight transportation industry is characterized by numerous one-truck companies and high costs. Prohibiting foreign investment may limit the capital necessary for developing larger operations and networks. Has the government considered opening the sector to foreign investment in order to enhance efficiency and reduce costs in this sector?

Answer:

The sector is undergoing restructuring and accordingly it is still premature to decide on opening the sector to foreign investment. However, this is an issue that will be considered in future in light of the development of the sector and the completion of its restructuring.

CHINA

Does the current global financial crisis have any impacts on the economic and trade performances of Jordan? If yes, what measures has Jordan taken to meet the challenges?

Answer:

The crisis will influence some of the sectors but Jordan is confident that the economy is strong and can absorb the emerging issues and developments worldwide. The prices of oil and basic commodities are expected to keep going down in the short term, to be reflected in the local market and consequently lead to a lower inflation rate and higher living standards.

However, the global crisis persists in the medium run; its consequences might lead to recession and slow down in the economy of developed countries, which means several economic sectors in Jordan including exports, tourism and remittances of expatriates will be negatively influenced. Regarding the banking sector, H.E the Prime Minister stressed that local banks are isolated from the crisis that involved several financial institutions in the world. Prudent policies, deep experiences of bank managements and their abidance by the Central Bank of Jordan's (CBJ) laws and regulations have played into the hands of the local banking industry and saved it from the financial storm that swept other markets.

To handle the crisis, the government has set up an ad hoc committee tasked with following up on related developments in the international arena and any possible impact on the national economy. The government also formed a technical committee comprising representatives from several

ministries, the CBJ, the Department of Statistics and the Amman Stock Exchange to build a database for the economic, financial and monetary activities, and enable the government to respond on the spot to any development. The government has recently announced that it would guarantee deposits at all banks operating in Jordan to unlimited amounts up to the end of next year.

Secretariat Report, page 68 paragraph 38

"In December 2004, the Government approved Jordan's Energy Master Plan, which seeks to diversity the energy mix and raise the share of domestic energy supplies to 39% of consumption by 2020".

Given that domestic crude oil and gas production contributed only to 4% to energy consumption in 2007, would Jordan please share with us what the major measures are in the Energy Master Plan to achieve the target of 39% domestic share by 2020?

Answer:

According to the national energy strategy, Jordan will maximize the share of local energy resources in total energy mix by maximizing the utilization of domestic resources such as oil shale and natural gas, generating electricity from nuclear energy, expanding the development of renewable energy projects by promoting renewable energy sources to share 7% in the primary energy mix in 2015, and 10% in 2020 and promoting energy conservation and awareness.

As for natural gas, Jordan is in the process of developing local sources of natural gas at Risha field.

The national energy strategy provides for promoting oil shale as a new source of energy which is expected to reach the share of 11% in the primary energy mix in 2015, and 14% in 2020. The government is currently engaged in oil shale development in Deep Reserves, Surface Reserves and Oil Shale Power Generation.

Secretariat Report, page 38 and 39: (viii) Government Procurement

Would the Delegation of Jordan please share with us its analysis, if any, on the possible impacts of joining the Agreement on Government Procurement on Jordanian economy and trade?

Answer:

Accession to the Agreement is expected to provide for additional market access for Jordanian producers but at the same time, domestic producers would be affected due to competition from foreign suppliers. An impact assessment study is currently conducted to evaluate the potential impact of acceding to the GPA on the Jordanian economy.

CANADA

Report by the Government of Korea (WT/TPR/G/204)

Part I. Introduction; Jordan's Reform Agenda: paragraph 2, page 4

Canada commends Jordan on making difficult but necessary economic reforms and encourages strong pursuit of political reforms, including establishing an independent electoral commission.

What steps has Jordan taken to ensure public input into the trade policy agenda?

Answer:

The government has undertaken several initiatives to enhance public-private partnership in policy formulation. Several national committees exist that comprise of representatives of public and private sector entities, and deal with issues related to multilateral, regional and bilateral trade negotiations, in addition to trade and transport facilitation and environment issues.

Moreover, the Prime Ministry provides access to the public through its website to provide comments on draft legislation prior to its adoption. Also, two pilot projects have been launched to establish a consultation mechanism on trade and environment issues, to be operated by the Ministry of Industry and Trade and the Ministry of Environment. The consultation mechanism aims at strengthening the dialogue between the government and the private sector and civil society in trade and economic policy formulation and related regulatory aspects.

Part II. Economic Environment; (3) Macroeconomic and Structural Policy Reforms: paragraph 19, page 7, and; Part III. Sector Performance and Policy; (4) Services: paragraph 38, page 110

Canada's policies towards Jordan support its priority objectives to improve the education system and reform the labour market. Canada is proud to support Jordan in its drive to modernize its education system. This reflects our confidence in the ability of the Jordanian government to see this process through.

What steps has Jordan taken to ensure that its trade policy supports continuing development of the education sector and reform of the labour market?

Answer:

Jordan is currently working on drafting a trade strategy. This strategy will take into consideration the results of several analytical reports and studies that were conducted to identify the strengths and weaknesses of the factors of production in Jordan and the competitiveness of the industrial sectors compared to other competitors in the region. Education and labour market characteristics were among the factors that have been deeply studied and incorporated within the draft strategy.

Jordan has liberalized the educational sector, aiming at improving its quality and competitiveness. One of the new policy's pillars calls for increasing support services, from which is education, to enhance its competitiveness and increase and diversify its exports. The liberalization of other services and industrial sectors also assisted in guiding the labour market towards efficient conditions, influenced by the private sector's reactions and developments.

Report by the Secretariat (WT/TPR/S/204)

Summary Observations; (4) Sectoral Policies: paragraph 16, page 10

Canada understands Jordan's difficult situation caused by its near-total reliance on energy imports, and that it is looking to develop nuclear energy capacity in order to lessen this dependence.

How does Jordan's trade policy address its energy needs, including the development of its nuclear, wind and solar energy capacity?

Answer:

The national energy strategy takes into consideration the socio- economic and all technological factors related to energy demand in the country. It aims at reducing energy risk for Jordan through diversifying energy supplies, increasing the share of local energy resources in the total energy mix, reducing the dependency on imported oil and enhancing environmental protection which will be achieved through maximizing the utilization of domestic resources, generating electricity from nuclear energy, expanding the development of renewable energy projects and promoting energy conservation and awareness. In addition, it will keep energy costs down through developing a viable energy sector and competitive industry structures which in turn will enhance economic growth and prosperity.

Summary Observations; (2) Institutional Framework, page vii, paragraph 6

In the Summary Observations of the Secretariat Report, page vii, paragraph 6, it notes that: "The Ministry [of Industry and Trade]'s Foreign Trade Policy and Relations Department has responsibility

for all matters relating to WTO, as well as regional and bilateral trade agreements between Jordan and other countries. The Department is also the WTO focal point and functions as Jordan's enquiry point for services; it is the notification authority for almost all WTO agreements, with the exception of notifications related to SPS measures. In areas such as agriculture, Jordan has faced difficulties in providing notifications in a timely manner."

Canada notes that all of Jordan's 2008 notifications provide 30 days or less for comments.

What measures or steps is Jordan putting in place to overcome these difficulties, in particular notification of draft trade-related measures at an early appropriate stage when amendments can still be introduced and comments taken into account (Articles 2.9.2 and 5.6.2) and alignment with the WTO/TBT Committee recommended 60-day comment period (G/TBT/1/Rev.9, page 18, paragraph vii(a))?

Answer:

According to the current law on Standards and Metrology 22/2000, all regulatory bodies have to notify the WTO focal point at the Ministry of Industry and Trade at the earliest possible stage of preparation on proposed technical regulations and conformity assessment procedures. In addition, the Law states that an appropriate time shall be provided to receive comments from the WTO members. Moreover, a comment period of 60 days is defined in the instructions for preparation of standards and technical regulations.

The period from the publication of a TBT measure and its entry into force is decided upon by the Jordan Institute for Standards and Metrology's (JISM) Board of Directors depending on the impact of the measure on the economic operators mainly traders and industrialists. The Board comprises of representatives of the private and public sectors that make sure there is a balance between consumer protection and provision of an appropriate and enough period for economic operators to adjust their situations according to the new measures. Therefore, the period varies from one month to six months except in urgent circumstances where immediate application of the measure is needed. In addition, transition periods are given in cases when the economic operators face difficulties in implementing technical regulations so as to accommodate changes in legislations.

To enhance Jordan's compliance with the recommended period for entry into force of TBT measures (6 months) JISM has to amend its instructions so as to define such a period, as the current Law provides rather a flexible period based on the Board's decision.

Canada notes in Jordan's TBT notifications that a short period (approximately 15 days in 2008, and none in 2007) is provided between the proposed adoption of the measure and its entry into force. Article 2.12 of the TBT Agreement obligates Members to provide a reasonable interval between the publication of measures and their entry into force. This period is understood within the WTO/TBT Committee, per the Ministerial Decision, as "normally a period of not less than 6 months, except when this would be ineffective in fulfilling the legitimate objectives pursued" (G/TBT/1/Rev.9, page 20, paragraph 6a).

Could Jordan explain whether processes are foreseen to enhance Jordan's compliance with WTO/TBT Article 2.12 and the Ministerial Decision?

Answer

Same Answer of question 4 above.

Part III. Trade and Investment Regimes; (4) Trade Agreements; (iii) Bilateral agreements: paragraph 21, page 17

The report notes that, under the Jordan-U.S. FTA (JUSFTA), Jordan "will gradually eliminate virtually all tariffs on goods, except tobacco." It is Canada's understanding that, in addition to

excluding tobacco from tariff elimination, Jordanian customs duties on beer, wines and spirits of HS Chapter 22 will be reduced to 44.5% of a 180% base tariff rate, rather than fully eliminated.

Can Jordan please outline its precise tariff liberalization obligations on beer, wines, and spirits under the JUSFTA?

Answer:

By 2010, all these items will be subject to an applied tariff rate of 81.9% , except for two items (HS: 220430000 , 220600000) which will be subject to an applied tariff rate of 22.751%.

Part II. Trade and Investment Regimes, Annex II.1: Aid for Trade; paragraphs 1 and 5, pages 21 and 22

The Canadian Enquiry Point notes Jordan's repeated mention of assistance in both Jordan's TPR Report (WT/TPR/G/206, pages 13 and 14) and the Secretariat's Report (WT/TPR/S/206, page x, paragraph 19; and pages 21-22, paragraphs 1-5). In particular, the Secretariat's Report (WT/TPR/S/206), on pages 21-22, states that:

"1. Jordan has benefited from a range of trade-related technical assistance activities since its accession to the WTO.² Nevertheless, it continues to face significant challenges in the context of the changing international environment coupled with a chronic water shortage and full dependency on imported energy... The authorities believe that past technical assistance activities, and further assistance in other areas could help Jordan achieve greater integration into the global economy..."

"5. There is a need for targeted technical assistance, which could be organized around a series of seminars/workshops and studies, in pertinent areas such as trade remedies, intellectual property, tariff and customs reforms, notification procedures, competition policy and trade facilitation. Other specific assistance is needed in the areas of TBT and SPS to upgrade the capacity of the regulatory bodies responsible for setting the measures in compliance with international requirements; testing facilities and laboratories in Aqaba; practical training on how to conduct an impact assessment of draft technical regulations; training on specific conformity assessment modules, such as supplier declaration and type approval; supporting the accreditation of the Amman Food Laboratory; supplementary laboratory equipment for JFDA; assistance in establishing a Food Information Management System (FIMS); as well as risk management, mutual recognition agreements, and the appropriate level of protection."

Canada also notes that there is an ongoing discussion in the WTO TBT Committee on members' experiences with technical assistance projects and suggests that information on Jordan's experience would make a valuable contribution to this discussion.

Given the breath of trade-related technical assistance (TRTA) Jordan has received, Canada would be interested in receiving information from Jordan on the results of the aid received thus far.

² Assistance was granted for regional trade agreements, trade facilitation; dispute settlement; trade and environment; agriculture; customs valuation; market analysis and development; training on negotiations; regional trade agreements; rules; sanitary and phytosanitary measures; services; tariff negotiations (non-agricultural market access); tariff reforms; technical barriers to trade; mainstreaming trade into development plans; trade promotion strategy design and implementation; trade-related aspects of intellectual property rights; trade and investment; trade and competition and transparency in government procurement. See Joint WTO/OECD TRTA/CB database, "Beneficiary Country: Jordan". Viewed at: http://tcbdb.wto.org/benef_country.aspx.

Answer:

As mentioned in the report Jordan has received a wide range of trade related technical assistance during the accession period to the WTO for the purposes of assisting Jordan in putting its legal framework technical capacities in compliance with the requirements of WTO agreements, noting that Jordan was not granted grace periods nor transitional periods for implementation, particularly TBT, SPS, Customs Valuation and TRIPs agreements. The past technical assistance activities have supported Jordan in the efforts to integrate in the world economy, through inter alia, upgrading some laboratories, simplifying customs procedures, upgrading TBT and SPS regulatory authorities, raising the public awareness of public and private institutions of the WTO principles. Trade related technical assistance has also contributed to the government's endeavours to enhance capacity of SME's.

However, Jordan continues to face significant challenges in the context of the changing international environment coupled with an increasing water shortage and full dependency on imported energy, and thus additional targeted technical assistance would help Jordan achieve greater integration for its economic sectors into the global economy and would enable Jordan to effectively participate in the multilateral trading system and realize its benefits.

Jordan's technical assistance priorities and needs are detailed in section V of Jordan's Report in document WT/TPR/G/206.

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, vii) Standards and other technical requirements: paragraphs 50, page 34

Mention is made in paragraph 50 that the Jordan Institution Standard and Metrology (JISM) acts as the TBT Enquiry Point and allusion is given in the Summary Observations of the Secretariat's Report (page vii, paragraph 6) that the Ministry is the notification authority.

- (a) Could Jordan confirm whether JISM is also the TBT notification authority pursuant to WTO/TBT Article 10.10 or whether it is another body?
- (b) Could Jordan explain how the authorities (e.g. WTO TBT Enquiry Point/Notification Authority) monitor the creation or modification of TBT technical regulations / conformity assessment procedures in its country in order to determine whether a WTO notification is required under the transparency obligations of the TBT Agreement?
- (c) And when a determination is made, what is the mechanism (e.g. interdepartmental/inter-ministerial collaboration) and timeline for the preparation of notifications?

Answer:

Jordan Institute for Standards and Metrology (JISM) acts as the TBT inquiry point while the TBT notification authority is the foreign trade policy and relations department at the Ministry of Industry and Trade.

Regulatory bodies are obliged to provide the Ministry of Industry and Trade with copies of draft new or amended technical regulations and conformity assessment procedures so as to notify the WTO Secretariat. Copies are also sent to JISM to be able to answer enquiries. In addition JISM maintains a database containing bibliographic information on draft as well as published standards, technical regulations and conformity assessment procedures. The basis for notification of technical regulations and conformity assessment procedures is their effect on trade and in case they are not based on international standards.

No impact assessment is performed on technical regulations and conformity assessment procedures to measure their significance to trade. Thus, all relevant technical regulations and conformity assessment procedures are notified to WTO if they are not based on international standards.

Electronic forms of notifications are filled by the regulatory bodies and sent electronically to the Ministry of Industry and Trade where they are forwarded to the WTO Secretariat. Thus notifications are prepared and sent within three days.

Paragraph 50 also notes that JISM prepares mandatory technical regulations and voluntary standards, issues conformity certificates, functions as an accreditation body and carries out market surveillance and enforcement activities.

Could Jordan clarify whether:

- (a) JISM's various functions and activities are managed independently in accordance with accepted principles of good governance?
- (b) JISM issues certificates of conformity for compliance with technical regulations and standards?
- (c) JISM is accredited as a conformity assessment body?
- (d) Conformity assessment programs are offered in areas in which JISM offers accreditation programs?

Answer:

- (a) *As JISM is the national standardization body it is responsible for the publication of Jordanian standards, however, as a governmental body it also has the power to issue technical regulations that either set safety requirements or are based on national standards. JISM also grants the quality marks and provides certificate of conformity to voluntary standards for export purposes. JISM does not provide certification in the regulatory areas, thus there is no conflict of interest with its market surveillance authorities. However, in case non conforming products that bear the quality mark are detected in the market, they are seized and withdrawn from the market and the certification department is notified so as to suspend the use of quality mark until the corrective actions are performed by the holder of the quality mark. The Accreditation Unit is directly connected to the Board of Directors, and the decisions for granting accreditation are taken by an independent accreditation committee. However, a new law (Jordan Accreditation Commission Law) to establish an independent accreditation body with the required integrity and impartiality is being discussed by the Legislative Bureau at the Prime Ministry and is expected to be forwarded soon to Parliament for discussion and approval.*
- (b) *JISM issues certificates of conformity to standards only.*
- (c) *The Certification Department at JISM is accredited by DAP (the German Accreditation Services) which is an MLA signatory to EA, IAF and ILAC.*
- (d) *Although national accreditation is granted to testing and calibration labs, yet JISM testing and certification services was granted accreditation from an independent Accreditation Body DAP (the German Accreditation Services). JISM also applies the policy taken by its Board that no application from JISM conformity assessment bodies can be accepted by the Accreditation Unit.*

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, vii) Standards and other technical requirements: paragraph 53, page 35

Paragraph 53 mentions that the JISM is one of the agencies responsible for implementing Jordan's risk-based border inspection system.

Could Jordan provide further details on the "risk based approach" it follows for border inspection?

Answer:

JISM risk based boarder inspection system incorporates criteria that determine the risk of each shipment taking into consideration the risk of the products, history of the importers and country of

origin/supplies. It is an electronic system that automatically modifies the risk classification of all factors based on detected non conformities.

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, (vii) Standards and other technical requirements: paragraph 54, page 35

According to paragraph 54 it appears that Jordan has adopted a large number of voluntary standards. Could Jordan please clarify what proportion of these standards are based on international standards?

Answer:

The proportion of voluntary standards based on international standards from the total number of standards is 45.5%, while the percentage of technical regulations based on international standards is 27.5%.

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, (vii) Standards and other technical requirements: paragraph 56, page 36

According to paragraph 56, Jordan has published 706 technical regulations. What proportions of Jordan's 706 mandatory technical regulations are based on international standards in accordance with Article 2.4 of the TBT Agreement?

Answer:

Same answer of question 11 above.

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports, (vii) Standards and other technical requirements: paragraph 58, page 36

Paragraph 58 notes that, "An independent accreditation body is to be established according to the draft accreditation law under consideration; and the scope of accreditation is to be expanded to include inspection and certification bodies. Pending the conclusion of mutual recognition agreements, all imports, including those accompanied by valid technical certificates of conformity issued by foreign bodies in exporting countries, are subject to the risk-based system of inspection". We encourage Jordan with its plan to establish an independent accreditation body and the goal of entering into mutual recognition agreements (MRA) with trading partners.

Could Jordan clarify if whether it plans to continue to subject imported products for retesting after an MRA has been concluded and explain the rationale for this approach which could constitute an unnecessary obstacle to trade?

Answer:

JISM is planning to sign an MRA agreement with the EU (ACAA) in addition to MRAs with some Arab countries. Once these MRAs are concluded, imported products coming from those trading partners and covered by these MRAs will enter the Jordanian market provided that they bear attestation to conformity, without any further retesting or re-inspection. However, the inspectors at borders and the market surveillance authorities have the right to take samples, and inspect and test products that are suspected to be unsafe.

Part III. Trade Policies and Practices by Measure; (2) Measures Directly Affecting Imports; (vii) Standards and Other Technical Requirements; (b) Sanitary and Phytosanitary (SPS) Measures: paragraph 63, page 37

Paragraph 63 describes Jordan's risk-based system for inspection of imported food consignments. Can Jordan please describe the process used for classifying imported food products as low, medium or high risk and explain how this process conforms with Articles 3.1 and 5.2 of the WTO SPS Agreement?

Annex C of the WTO SPS Agreement requires that:

- such procedures are undertaken and completed without undue delay and in no less favourable manner for imported products than for like domestic products;
- the same criteria should be used in the siting of facilities used in the procedures and the selection of samples of imported products as for domestic products so as to minimize the inconvenience to applicants, importers, exporters or their agents;

Can Jordan please explain how its risk categorization and related inspection regime is applied to locally produced food products and is in conformity with Annex C of the WTO SPS Agreement?

Answer:

The current risk-based system (RBS) for inspection of imported food relies heavily on the categorization of food according to its composition and food characteristics like PH, Water activity, etc.

Ready to eat food is categorized differently to raw food, and food processing is also taken into account.

Jordan Food and Drug Administration (JFDA) is currently reviewing the current RBS; country of origin, history of the product and other new parameters will be adopted in the modified RBS. The percentage of sampling for laboratory analysis will be decreased and the quality of physical check and documentary check will be improved through better training and supervision.

In reference to inspection regime applied to locally produced food products, food businesses are risk-categorized to allow for proportional inspection frequency. Because local food businesses and food production lines are amenable to direct inspection by JFDA, less emphasis is placed on sampling for laboratory analysis.

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 147, page 55

The Secretariat report states that, "the exclusions from patentability [included in Jordanian law] are in line with the provisions of the TRIPS Agreement".

Canada would appreciate if Jordan could provide more information on what are these exclusions from patentability.

Answer:

Jordanian patent law provides for the exclusion from patentability in Article 4, which states that:

"A patent shall not be granted in the following cases :

A .

- 1. The inventions whose exploitation is detrimental to public order or public morality .*
- 2. The inventions whose non-exploitation is necessary to protect the life and health of humans, animals and plants or to avoid severe damage to the environment .*

For implementing the provisions of items (1) and (2) of this paragraph, non-granting of protection shall not be provided for just because such patent exploitation is disallowed under other enforceable laws .

B. Discoveries, scientific theories and mathematical methods.

C. Diagnostic, therapeutic and surgical methods necessary for the treatment of humans or animals.

D. Plants and animals other than micro organisms .

E. Biological methods for the reproduction of plants and animals other than non-biological and microbiological methods. "

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 148, page 55

The Secretariat report states that compulsory licences can be issued if "there is a need to export to countries suffering from epidemic diseases and emergency", among others.

Canada understands from this statement that Jordan has implemented the August 30, 2003 WTO Decision, and would be grateful for further details on how their regime is operating.

Answer:

Article 22 of the Original Jordanian Patent Law was amended in 1/5/2007 by adding paragraph (d) which stipulates:

"d. If the exporting will be done to countries which suffer from pandemics or epidemic illnesses in compliance with the Kingdom's obligations under the World Trade Organization agreements and the decisions issued pursuant thereto."

In 16/6/2008 Jordan ratified the protocol related to this matter. No real cases have occurred in which Jordan needed to enforce a compulsory license in accordance with the amended law, but instructions will be issued to organize the exact procedure. Such instructions will be compliant with the details included in the Decision of the General Council of 30 August 2003.

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 150, page 56

The Secretariat report provides that one of the exceptions to the right of a patent holder is, "the use of the patent for research and development purposes".

Canada would be grateful if Jordan could further elaborate on the conditions under which the rights of a patent holder may be limited in these circumstances. .

Answer:

The Jordanian Patent Law doesn't specify the conditions under which the rights of a patent holder may be limited in the case of "the use of the patent for research and development purposes".

Part III. Trade Policies and Practices by Measure; (4) Measures Affecting Production and Trade; (iv) Intellectual Property Rights: paragraph 163, page 57

The Secretariat report states that Jordanian law recognizes "famous trademarks", whose reputation has transcended their country of origin and that are well known among Jordanian consumers. It goes on to note that such marks can be the subject of infringement action even if they are not officially registered in Jordan.

Canada would be grateful to find out whether there have been any successful cases against the infringement of a "famous trademark" in Jordan so far. .

Answer:

No cases were raised in Jordan regarding the infringement of a famous trademark.

Part IV. Trade Policies by Sector; (2) Agriculture and Related Activities: paragraphs 15 and 20, pages 63 and 64

Paragraph 15 and paragraph 20 indicate that despite being a water scarce country Jordan provides subsidies to irrigation water. Water shortage in Jordan is considered as chronic, but Jordan has no plan to eliminate water subsidies. Subsidizing irrigation water results in a price that is less than its true value. Experience from other countries shows that subsidizing the use of water to make it more accessible leads to water being treated as abundant which can exacerbate the conditions of water

scarcity. Farmers respond to low water prices by using amounts of water that exceed the capacity of resource stocks. Market-based incentives can allocate scarce water efficiently.
Given the chronic scarcity of water why does Jordan continue to subsidize water use in agriculture?

Answer:

*Despite its small contribution to the GDP, agriculture is a very important sector; it is the nucleus of income and development of the rural areas where approximately one-fifth of the Jordanian population resides. Beside its role in providing strategic food commodities for the local market, the sector also supports Jordan's exports to foreign markets. Maintaining a healthy and productive agricultural sector is a core political aim for both social and economic reasons.
Such subsidize are compliant with Jordan's commitments under WTO agreements.*

Are there plans to scale back water subsidies and replace them with more efficient market based-incentives?

Answer:

The water and irrigation strategy aims to reallocate a considerable amount of fresh water by treated waste water for agricultural use. Moreover, the Ministry of Water and Irrigation has taken several measures to conserve the valuable water resources through its Regulation No. (85) of 2002 (Underground Water Control Regulation). Such measures include the following:

- 1- Controlling water drilling licenses
- 2- Controlling miss use of water

Part IV. Trade Policy by Sectors; (4) Manufacturing; (ii) Selected Industries; (c) Pharmaceuticals: paragraph 71, page 76

The Secretariat report noted, "The pharmaceutical industry has been one of the main beneficiaries of export subsidies through income tax relief. These subsidies are due to be phased-out by 2015 at the latest (Chapter III(3)(iv))."

Could Jordan please further elaborate on their system of export subsidies and give further detail as to the phase-out program?

Answer:

Jordan export subsidy program is "The Partial or Total Exemption from Income Tax of Profits Generated from Exports under Law No. 57 of 1985, as amended". The program was established in 1995, exempting profits gained from exporting activities, except Potash & fertilizers exports, Phosphate exports; and Exports subject to Trade Protocols. Exemptions are granted through submitting official documents to the income tax department, verifying the amount of profit resulting of exports activities.

Rrecently on the 27th of July 2007, recognizing Jordan's economic and financial development needs, Jordan was granted the approval of extending the programme until the 31 of December 2015 to be subjected to annual review.

As for the phase out of the program, consultations with relevant government bodies and private sector organizations will be held. Beneficiaries will be re-informed of the expiry date of the programme. The government will be working on a plan in cooperation with the private sector, so as to devise alternative mechanism to enhance the competitiveness of the manufacturing sector so as to be able to accommodate the elimination of the program by 2015.

Part IV. Trade Policies by Sector, (5) Services, (iv) Tourism, paragraph 152, page 92

The Report states that prior Ministerial approval is required for establishing a hotel.

- a) What factors are taken into account in granting this approval?
- b) What criteria are used in assessing applications?

Answer:

The following criteria is taken into consideration in assessing applications:

- a) *Bonds registration*
- b) *Brand name*
- c) *Lease contract or land stake for hotel*
- d) *The ministry of tourism grants a conditional approval for 2 years and can be extended for another 2 years to provide the required classifications.*

As for travel agencies, the Report states that documentary requirements for prior approval include a non-objection letter from the Jordan Tourism and Travel Agents Society and a bank guarantee. What are the other key documentary requirements?

Answer:

Documents related to the following are required:

- *No criminal record certificate for applicant*
- *The registered capital of the applicant should be not less than fifty thousand JD'*
- *Appointing a manager*

In respect of tourist guides, approval is granted by the Tourism Committee.

- (a) What factors are taken into account by this Committee when approving applications?
- (b) What criteria are used?

Answer:

The applicant should satisfy the following:

- *No criminal record certificate*
- *Scientific certificate not less than high school*
- *Language test at Jordan University*
- *Training course for eight months.*

Part IV. Trade Policies by Sector, (5) Services, (b) Postal and courier services, paragraph 119, page 86

Canada notes that the Jordan Post Company has been designated for privatization. Is there a timeline for privatization?

Answer:

The privatization process for the Jordan Post company s scheduled to be completed during the 3rd Quarter of 2009.

Part VI. Trade Policies by Sector, (5) Services, (b) Postal and courier services, paragraph 120, page 86

- (a) Could Jordan please elaborate on its licensing system?
- (b) For instance how are international class licences differentiated from domestic class licenses?
- (c) Is it based on the type of service provided or rather the ownership/nationality of the companies providing the service?

Answer:

The main differences between the two licenses are in the license fees and nature and scope of their services:

- *The domestic license fees are 2000 JD while the international license fees are 20,000 JD.*
- *Domestic License allows for the transportation of private postal articles only in Jordan, while the international license allows for the transportation of private postal articles inside and outside Jordan.*

(d) Is there a limit on the number of licences available in either category?

Answer:

No, there is no limit on the number of licenses available in each category. Each application that is fully compliant with the requirements of the license will be given the requested license.

(e) What are the criteria for obtaining a license under either category?

Answer:

A- The requested criteria under either category are as follows:

- *The applicant should have registered his company (whether a Jordanian company or a foreign company operating in Jordan) in accordance with the Companies Law.*
- *The applicant should have one or more commercial mark registered in his name or he has the right to use or make use of, and the TRC shall endorse it as his private mail mark.*
- *None of the company founders or any of its managers have been convicted of any crime, felony or bankruptcy.*
- *The applicant should provide a written commitment to abide by the instructions issued by the Telecommunications Regulatory Commission (TRC).*

B - The license application should be presented to the TRC according to its formats for this purpose with all the documents that support the conditions mentioned in A.

Part IV. Trade Policies by Sector, (5) Services, (v) Professional services; (c) Architectural and engineering services, paragraph 159, page 94

This paragraph indicates that, "foreign engineering firms may only be engaged in projects where the required expertise is not available in Jordanian firms."

Who makes this determination and how is it made?

Answer:

The Professional Committee established by the Ministry of Labour is the responsible party for such determination. The Committee has representatives from the Ministry of Labour, Jordanian Engineers Association and other stakeholders.

Part IV. Trade Policies by Sector, (5) Services, (v) Professional services; (c) Architectural and engineering services, paragraph 160, page 94

This paragraph states that, "Engineers and engineering consulting offices are required to register with JEA and the association maintains a national register of all engineers licensed to operate in Jordan, including foreigners."

Could Jordan direct us to resources online or otherwise, in which procedures and requirements for a licensure of foreign services are given?

Answer:

Website of the Ministry of Public Works and Housing: www.mpwh.gov.jo

Website of the Jordanian Engineers Association: www.jea.org.jo

COMMENTS

Part II. Trade and Investment Regimes; (4) Trade Agreements; (iii) Bilateral Agreements: paragraph 20, page 16; and Report by Jordan, paragraph 57, page 12

Regarding the last sentence of the paragraph, "Jordan has begun negotiations for an FTA with Canada," and the sentence "bilateral preferential agreements and FTAs are being negotiated with Turkey, Canada and Mercosur", in document WT/TPR/G/206, Canada would note that Jordan and Canada concluded FTA negotiations on August 25, 2008.

EUROPEAN COMMUNITIES

SUMMARY OBSERVATIONS

(2) INSTITUTIONAL FRAMEWORK

WTO Secretariat's report, page viii, para.10

The WTO Secretariat's report outlines in detail Jordan's tariff escalation in different sectors. Does Jordan envisage any changes in the current tariff structure?

Answer:

Jordan is currently drafting a new Trade Strategy that provides for revisiting the current tariff structure in order to promote higher value added industries and address the issue of tariff escalation.

WTO Secretariat's report, page ix, para.11

The WTO Secretariat's report describes the customs procedure in Jordan, under which all importers are required to present an importer card for customs clearance purposes; or pay a penalty of 2.5% of the value of imports.

Could Jordan explain why individuals have to pay a penalty of 2.5% of the value of their imports if they are not eligible for the importer card?

Answer:

This undersized penalty is imposed to assist in regulating the trading process by encouraging importing through registered traders (importers) that are more experienced and familiar with related regulations and import requirements.

WTO Secretariat's report, page x, para.18

The WTO Secretariats' report outlines that "Jordan is pursuing a strategy of trade liberalization at the multilateral, regional, and bilateral levels. It has made great strides, following its accession to the WTO, in reforming its economy and liberalizing its trade regime. The economy has shown resilience in a challenging external environment but it is likely to remain vulnerable to surges in international prices for energy and food. These and other structural problems (including water shortage) are being addressed through a policy agenda in which privatization, investment, and trade liberalization have key roles".

Could Jordan elaborate further on how it intends to encourage sustainable development and core labour standards in the context of negotiations with third countries?

Answer:

Jordan places great emphasis on environmental and labour aspects in relation to trade liberalization. For instance, in 2000 Jordan signed a Free Trade Agreement with the United States, which includes

specific obligations concerning environment and labour. Recently, Jordan agreed, in principle, on an FTA to be signed with Canada that has attached parallel agreements on environment and labour. Also, Jordan is currently in the process of negotiating labour cooperation agreements with Bangladesh and the Philippines to regulate the flow of workers between these countries and Jordan. Jordan will continue to address issues related to environment, labour and sustainable development in its relations with third countries.

I. THE ECONOMIC ENVIRONMENT

(3) TRADE PERFORMANCE AND INVESTMENT

(ii) Investment

WTO Secretariat's report, page 8, para.17

The WTO Secretariat's report indicates that FDI has been constrained by, inter alia, administrative hurdles.

Could Jordan elaborate on whether it has plans to address these administrative burdens with the view of improving business and investment climate and if so, give details of these plans?

Answer

1- The Government recently undertook several reform measures to improve public administration in the country, including issuing a new Anti-Corruption Commission Law (2006); enacting the Diwan Al-Mathalem Law (2008) that establishes the Bureau of Grievances in Jordan; and finally ratifying the Financial Capability Disclosure Law (2006)

2- The Government continued structural reforms through implementing and executing several privatization transactions. Jordan commenced its privatization program. The program concentrated on national infrastructure and utilities, including transport, electricity, water and telecoms, and adopted a multi-track approach through facilitating capital sales, sales to strategic investors, concession agreements, and management contracts. Jordan's privatization has contributed to increase the efficiency and hence production levels of privatized firms, creating a competitive market where demand and supply can freely interplay, attracting foreign direct investments, allowing the private sector to participate in infrastructure investments.

3- Additional steps are being taken in this regard through the launching of the one-stop shop (OSS). The OSS provides services of registering and licensing the projects, as well as, issuing visas and permanent residency approvals for investors and foreign labour needed for the projects. All these services are provided within 14 working days.

4- The time needed to grant several licences and approvals was reduced. (24 – 48 hours)

5- The Government has unified taxes imposed on profits and properties.

6- The Ministry of Justice has issued 18 practices specialized in commercial issues.

7- The required capital for establishing a company was reduced from 30 thousands to 1000 JDs.

II TRADE AND INVESTMENT REGIMES

(4) Trade Agreements

(ii) Regional agreements

Agreement with Egypt, Morocco, and Tunisia

WTO Secretariat's report, page 16, para.19

The Report outlines that Jordan is a party to the Agadir Agreement, which entered into force on 6 July 2006.

Could Jordan elaborate on how it has benefited from the implementation of the Agreement so far?

Answer:

Trade statistics show an increase in trade volume between Jordan and Agadir members by 24% in 2007 compared to 2006. Studies are being conducted to identify potential sectors in Agadir members

such as garments and automobile industries that could contribute to industrial integration among Agadir members.

Could Jordan indicate whether and how does it intend to promote the Agreement among its private sector?

Answer:

Jordan has held several training workshops in cooperation with the Agadir Technical Unit for the private sector to increase the awareness on the Agreement, as well as similar regional workshops with other members. Furthermore, Jordan has published a comprehensive brochure about the Agreement and an export manual, which were later circulated to the business community.

**(iii) Bilateral agreements
WTO Secretariat's report, page 16, para.20**

The report states that Jordan is negotiating an FTA with Turkey. The negotiations began in June 2005 and the last round took place in December 2007. We recall that Turkey has established a customs union with the EC and is aligning itself with the EC commercial policy.

Could Jordan provide more detailed information on the current status of negotiations with Turkey, including the prospects of the next negotiating round?

Answer:

Since 2005, six rounds of negotiations have been concluded and currently both parties have reached a very advanced stage of negotiations for the establishment of an FTA. Differences in negotiation positions are pending only in relation to customs dismantling arrangements for certain industrial products and liberalization of the agricultural sector. The Government of Jordan looks forward to concluding the negotiations in the nearest future.

Could Jordan elaborate on its position concerning the expected scope and coverage of the Agreement, both in tariff lines and trade value figures?

Answer:

The Agreement will cover trade in industrial and agricultural goods. According to a recent impact assessment study that was conducted by a national consultant in cooperation with the chamber of Industry to evaluate the potential impact of the FTA, Jordanian exports to Turkey are expected to reach USD 32 million after signing the FTA. On the other hand, imports from Turkey are estimated to reach USD 638 million.

Could Jordan indicate the date by which negotiations with Turkey will conclude and the date by which the Agreement will come into force?

Answer:

Jordan looks forward to concluding the negotiations in the nearest future. The Agreement, after being concluded and signed, will enter into force after completion of domestic ratification procedures in both parties.

The WTO Secretariat's Report further states that Jordan has initiated negotiations for an FTA with Canada, yet according to other sources, these negotiations have already been concluded.

Could Jordan provide information on the state of play of negotiations with Canada?

Answer:

Jordan and Canada concluded the negotiations on the FTA in August 2008.

Could Jordan specify the scope and coverage of this Agreement, both in tariff lines and trade value figures?

Answer:

The agreement covers aspects related to dismantling customs tariffs on industrial and agricultural goods. It also covers aspects related to SPS, TBT, Trade Facilitation, Customs Procedures, Dispute Settlement, Rules of Origin as well as Labour and Environment.

Could Jordan furnish information on whether it intends to start any other FTA negotiations in the near future?

Answer:

Jordan is in the process to initiate negotiations with MERCOSUR and Pakistan.

(5) INVESTMENT FRAMEWORK
WTO Secretariat's Report, page 18 para. 28

Paragraph 28 outlines the regime applying to ownership and investment for non-nationals based on the Organizing Non-Jordanians' Investment By-Law No. 54 of 2000 and Jordan authorities have prepared a new draft regulation to replace the Regulation n° 54 of 2000. According to initial information this new draft will allow 100% foreign ownership in transport services, insurance agent services and travel agencies and tour operator services.

Could Jordan inform us when the above mentioned regulation will come into force?

Answer:

The draft regulation is currently under discussion at the Legislative Bureau at the Prime Ministry.

Could Jordan furnish information whether it intends to allow 100% foreign ownership in transport services, insurance agent services and travel agencies and tour operator services in the new law?

Answer:

The draft regulation is currently under discussion at the Legislative Bureau of the Prime Ministry.

Could Jordan give details on any plans to eliminate the limit of 50% on foreign equity in engineering services and construction contracts?

Answer

Jordan doesn't have such plans.

TRADE POLICIES AND PRACTICES BY MEASURE

INTRODUCTION

WTO Secretariat's Report, page 23 para. 1

The WTO Secretariat's Report notes that the applied MFN tariffs are generally within a range of 0-30%, with a peak of 180% on certain alcohol and alcoholic beverages and it is understood that the reasons for such peaks are cultural and religious.

Could Jordan elaborate on the reasons of its selective approach towards its trading partners as to the tariff dismantlement schedules for certain alcoholic beverages contained in bilateral FTAs?

Answer:

In principle, Jordan usually excludes alcohol and tobacco from tariff dismantlement for social and health reasons in the FTA's that Jordan is party to. In some FTA's Jordan granted limited reductions

in customs duties on alcohol and cigarettes. Such preference is granted depending on several factors such as the expected trade volume under such FTA's, and impact on government revenues.

WTO Secretariat's report, page 24-25, para. 12

The WTO Secretariat's report states that in 2007, 15% of the total consignments were cleared through the green, 41% through the yellow and 44% through the red channel respectively.

Could Jordan furnish information on any future performance targets for improved customs clearance procedures as regards percentage of consignments going through red, yellow and green channels?

Answer:

Jordan Customs launched the (Golden List) program, which qualifies companies to consign through green channel. Jordan Customs is currently working to expand this program to increase the number of the companies included in the golden list. Furthermore, Jordan Customs applies the (Tag and Track) system that facilitates the movement of imports between border points. (Details about the program are available on Jordan Customs' website: www.customs.gov.jo)

MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration and documentation

WTO Secretariat's Report, page 24 para. 6

The WTO Secretariat's Report notes that registration in the Importers/Exporters Registry precludes inspection and approval of the relevant premises by the local municipality.

Could Jordan indicate the rationale for this requirement?

Answer:

Registering in the Importer/Exporter Registry at the Ministry of Industry and Trade requires a municipal professional licence as a pre condition for registering. The professional licence provides the permission to carry out activities that are officially authorized to be undertaken in the registry.

(iii) Rules of Origin

WTO Secretariat's Report, page 25 para. 17

The legal framework for the application of non-preferential rules of origin is set out in Articles 24-26 of the 1998 Customs Law, as amended. The rules stipulate that, inter alia, goods must be wholly obtained in the exporting country, or undergo substantial transformation that results in a change of the six-digit tariff classification of the goods, or contain at least 40% domestic content (Article 24). A certificate of origin is required for imported products from all countries. The certificate should be issued by an authorized body in the exporting country.

Could Jordan explain why its non preferential rules of origin are stricter than the ones used in the context of preferential agreements? Why is a certificate of origin required for all non preferential imports?

Answer:

In general, rules of origin in the customs law are less stricter than those applied in preferential agreements. The certificate of origin is required for all non preferential imports due to the following reasons:

For the purposes of safeguards and antidumping measures.

In cases of failure in meeting the transaction value.

For statistical purposes.

For re-exporting procedures.

Could Jordan indicate for which purposes their non preferential rules of origin are applied?

Answer:

Same answer to question 19 above

WTO Secretariat's Report, page 25 para. 22

Paragraph 22 indicates that the Pan-Euromed rules of origin are applied to trade under the Jordan-EC Association Agreement, the Jordan-EFTA FTA, the Agadir Agreement, and Jordan-Israel Trade Agreement. The EC notes that this paragraph should be further clarified with the following text: The Pan-Euromed protocol allows for diagonal cumulation of origin among member countries, having concluded a Free Trade Agreement between them, including the pan-euro-med protocol on rules of origin.

Answer:

Jordan agrees with the clarification.

Tariffs and taxes

(e) Other duties, levies, and charges

WTO Secretariat's Report, page 32 para. 35

An import processing fee is levied at the rate of 0.2% of the transaction value, with a minimum of JD 10 and maximum of JD 250 per declaration. Transit fees are JD 20 per transaction; re-export fees are JD 15 per transaction. According to the Customs Law, these fees (services allowances) are to be paid to "eligible officers" in a manner determined by the Minister of Finance; the remaining sum is deposited in a special fund for the Customs Department, to be used for improving customs houses, establishing housing compounds and housing loans for customs officials, as well as improving their living, sport, cultural, and social standards (Article 161D).

Does Jordan intend to eliminate the import processing fees?

Answer:

The revenues of this fee are directed to the Customs Department and other involved government agencies as a return for the services they provide and is used to improve such services in terms of training, improving customs houses and other aspects.

WTO Secretariat's Report, page 32 para. 36-38

Paragraphs 36-38 outline the General Sales Tax and Special Tax systems.

Could Jordan provide more information on the rates and structure of the "special taxes" mentioned in paragraphs 36 and 38?

Answer:

Schedule (1): Goods Subject to the Special Tax (based on Regulation No. (80) of 2000)

ID	DESCRIPTION	CHARGEABLE UNIT	RATE OF SPECIAL TAX
1.	Cement of all kinds:		
	a) Imported and locally purchased by manufacturers of cement pipes and columns and manufacturers of cement mixtures, registered at the Department.	Ton	Zero
	b) Others	Ton	zero
2.	Construction and reinforcement iron bars	Ton	Zero
4.	Beer, including non-alcoholic beer	Liquid	1000 fils
5.	Ethyl alcohol, indented.	Litre	Zero
6.	Spirits and alcoholic beverages, including wines and other fermented beverages.	Litre	2000 fils

ID	DESCRIPTION	CHARGEABLE UNIT	RATE OF SPECIAL TAX
7.	<i>Tobacco and tobacco products:</i>		
	<i>a) Tombac:</i>		
	1) ordinary		2500 fils
	2) sweetened	Kg	2500 fils
	<i>b) cigarettes:</i>	Kg	
	1) put to home use		300 fils + 102% from value
		<i>Packet of 20 cigarettes value</i>	260 fils + 102% from the value
		<i>Packet of 20 cigarettes value</i>	
	2) supplied to the armed forces		10%
	<i>c) cigars</i>	value	
8.	<i>A) Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading No.87.02), including station wagons and racing cars, whether imported or locally produced not earlier than five years</i>	Value	35% (till 30 April 2007) 49% (during the period 01 May 2007 till 30 April 2008) 52%(during the period 01 May 2008 till 30 April 2009) 56% from 01 May 2009
			56% (till 30 April 2007) 73% (during the period 01 May 2007 till 30 April 2008) 76% (during the period 01 May 2008 till 30 April 2009) 81% from 01 May 2009
		Value	
			25%
			16%
	<i>B) Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading No.87.02), including station wagons and racing cars, whether imported or locally produced earlier than five years</i>	Value	Zero
		Value	
		Value	
	<i>C) Small vehicles, hand-driven only , specially designed for cripples or paralytics in both legs or in one leg and vehicles specially designed as ambulances and hearses</i>		
	<i>D) Motor vehicles for the transport of ten or more persons, including the driver, motor vehicles for the transport of goods, and special motor vehicles, produced five years or more earlier, which come under heading No. (8702, 8704, 8705) of Tariff Tables.</i>		
	<i>E) Motor vehicles that works, fully or partially, on electric batteries (Hybrid), regardless the cylinder capacity.</i>		

WTO Secretariat's report, page 35, para. 52

The WTO Secretariat's report states that the current Standards and Metrology Law is under review with the intention of incorporating provisions for market surveillance, to ensure compliance with product safety requirements.

Could Jordan provide information as to in which stage of review this law is? When are the amendments to the law expected to be adopted by the Parliament and enter into force?

Answer:

The draft Law is under discussion at the Legislative Bureau. After the approval of the Prime Ministry, the draft law will be submitted to the Parliament for its approval during its ordinary session.

(vii) Standards, and other technical requirements

(a) Technical barriers to trade (TBT)

WTO Secretariat's Report, page 36 para 57

The WTO Secretariat's Report indicates that Jordan is in the process of adopting six new technical regulations concerning product safety.

Could Jordan provide more detailed information as to in which stage of adoption these regulations are and when are they expected to enter into force?

Answer:

Two technical regulations concerning safety of toys and low voltage equipment have already entered into force since 20-10-2008. The technical regulation concerning safety of gas appliances is expected to enter into force before the end of 2009. The first draft of the technical regulation on pressure equipment is prepared and will be soon notified to the WTO Secretariat for a comment period of two months. Therefore it is expected that the pressure equipment technical regulation will enter into force by March 2009. The measuring instrument is being drafted and is expected to enter into force by mid of 2009. The technical regulation concerning general product safety will be published upon the approval of the amended Law on Standards and Metrology.

WTO Secretariat's Report, page 36 para. 58

The WTO Secretariat's report describes the Jordanian accreditation system of conformity assessment bodies, which operates under the umbrella of the JISM and ensures compliance with the ISO/IEC 17011 standard for accreditation bodies. Implementation of this ISO standard would allow for negotiation of mutual recognition agreements with foreign accreditation bodies. Yet currently, all imports are subject to the risk-based system of inspection (only testing and calibration laboratories, and medical laboratories are being accredited).

This Jordanian risk-based system of inspection can be very costly for exporters and importers.

Could Jordan inform us about the current status of the implementation of the ISO standard that would pave the way for the negotiation of mutual recognition agreements with foreign authorised laboratories?

Answer:

The ISO/IEC 17011 Standard is implemented by the Jordanian Accreditation Body; however the impartiality and integrity is not fully achieved, as the Draft Jordanian Accreditation Commission Law that will give the Jordanian Accreditation System the required independence is not yet approved. In addition the ISO/IEC 17040 Standard is used as a basis in the development of mutual recognition agreements

(b) Sanitary and phytosanitary (SPS) measures
WTO Secretariat's Report, page 37 para. 62

According to the WTO Secretariat report, "a new food law is under consideration".
Could Jordan provide information as to in which stage of preparation this law is? When is the new law expected to be adopted by the Parliament and enter into force?

Answer:

The draft of the new food law was discussed by the "Higher Committee of Food Control" in a series of sessions during August-October 2008, and a final draft was approved. The final draft will be presented to Jordan food and Drug Administration (JFDA) Board for approval by mid December to be afterwards submitted to the Cabinet; It is expected to be discussed and adopted by the Parliament shortly after that.

WTO Secretariat's Report, page 37 para. 65

The WTO Secretariat report notes that "shipments must also be accompanied by a certified laboratory analysis of the contents of the imported articles."
Could Jordan confirm that the laboratory analyses should not accompany all consignments of imported products and if laboratory analysis must accompany shipments, on what basis?

Answer:

Yes Jordan confirms the above.

WTO Secretariat's Report, page 37 para. 66

The WTO Secretariat report describes the Jordanian quarantine procedures, its exceptions and the basis for mutual recognition agreements.
Could Jordan clarify its policy on risk-based import restrictions related to BSE, acknowledging that import beef restrictions – for some EC countries – have already been lifted?

Answer:

Import beef restrictions – for some EC countries – have already been lifted since October 2008. Currently, Jordan allows the import of beef and other meat products from all EC countries according to relevant OIE regulations.

Could Jordan indicate when it will:

- (a) follow the World Organisation for Animal Health (OIE) BSE risk classification on the basis of which 25 EC countries belong (since May 2008) to either a "controlled" or "negligible" risk status, and*
- b) allow the import of beef and other meat products from all EC countries?*

This issue was discussed by the "BSE Committee" and a decision was taken in October 2008 to fully comply with the (OIE) BSE risk classification. Based on this decision Jordan will allow the import of beef and other meat products from all EC countries.

(viii) Government procurement
WTO Secretariat's Report, page 38 para. 71

The report outlines that Jordan intends to modify its procurement legislation, which will be the key element for the GPA accession.
In this respect, could Jordan inform about the state of play and the date of the actual adoption of this legislation?

Answer:

The new draft procurement legislation is under discussion at the Legislative Bureau at the Prime Ministry.

Could Jordan, furthermore, present details on the provisions contained in the draft procurement legislation?

Answer:

The new draft procurement legislation consists of 12 Chapters as follows:

- *Chapter I: Definitions and General Provisions: Consists of 34 Articles.*
- *Chapter II: Classification and Qualification of Contractors, Suppliers and Consultants: Consists of 24 Articles.*
- *Chapter III: Procurement Methods of Works, Supplies and Ordinary Services: Consists of 12 Articles.*
- *Chapter IV: Procurement Committees: Consists of 15 Articles.*
- *Chapter V: Procedures for Tendering and Opening and Evaluation of Offers: Consists of 61 Articles.*
- *Chapter VI: Monitoring Procurement Processes: Consists of 23 Articles.*
- *Chapter VII: Special Provisions: Consists of 3 Sections as follows:*
 - *Section 1: Works: Consists of 5 Articles.*
 - *Section 2: Supplies: Consists of 39 Articles.*
 - *Section 3: Procurement of Services: Consists of 38 Articles.*
- *Chapter VIII: Procuring Information and Communication Technology: Consists of 6 Articles.*
- *Chapter IX: Use of Information and Communication Technology Net and Systems in Government Procurement: Consists of 2 Articles.*
- *Chapter X: Participation of Small and Medium Enterprises in Procurement Transactions: Consists of 3 Articles.*
- *Chapter XI: The Higher Procurement Commission Monitoring and Objections: Consists of 2 Sections as follows:*
 - *Section 1: The Commission's Monitoring and Supervision: Consists of 6 Articles.*
 - *Section 2: Objections: Consists of 6 Articles.*
- *Chapter XII: Penalties and General Provisions: Consists of 2 Sections as follows:*
 - *Section 1: Penalties: Consists of 4 Articles.*
 - *Section 2: General Provisions: Consists of 8 Articles.*

In particular, will the new procurement legislation modify all current Acts on procurement, including those targeting sub-central government entities?

Answer:

The below Articles of the Draft Legislation address this issue:

Article (4) Scope of Application, states:

The provisions of this Regulation shall apply to all of the Government Institutions' Procured Items, with the exception of the following Procured Items:

1. *Security Procured Items of the Armed Forces;*
2. *Security Procured Items of the Public Security Directorate and the Civil Defense Directorate;*
3. *The Procurement processes relating to internal or external national security provided that such is specified by a decision of the Council of Ministers.*

Article (288) Cancellations, states:

Upon applying this Regulation, the following shall be cancelled:

1. *Regulations of Governmental Works Regulation No. (71) For the year 1986 and its amendments.*
2. *Supplies Act No. (32) For the year 1993 and its amendments.*
3. *Medicine and Medical Supplies regulation No. (91) For the year 2002 and its amendments.*
4. *Works and Supplies Regulations adopted by Governmental institutions, taking into consideration any exceptions mentioned in this regulation.*
5. *Any provision or rule under other legislations contravenes with this Regulations*

If so, will the legislation unify the procurement rules on all levels of procuring entities and establish one legal framework for procurement on all levels?

Answer:

Yes.

If not, which entities (government departments and corporations, municipalities, rural councils) will continue to follow a specific regime? What would be the main feature of the specific regime, in particular in respect to publications, qualifications of (foreign) bidders and tendering procedures?

WTO Secretariat's Report, page 38 para. 75 and para.79

This report details measures taken by Jordan to become GPA compliant.

Could Jordan indicate how it intends to render its procurement legislation GPA compliant regarding firstly, the pre-qualification/qualification of foreign suppliers (in all types of procurement) and secondly, regarding the requirements for participation of a Jordanian partner (local agent), both for the participation in tender procedures and for the execution (after sale service)?

Answer:

The Pre- qualification (for a certain Project or Tender, in light of its special nature, size or sophisticated nature) of foreign Contractors, Suppliers, Consultants, Service Providers and Information Technology Providers, is addressed in Chapter II of the new draft regulation, as follows:

Article (37) Prequalification for International Tenders

Where the Tender is offered internationally in accordance with the provisions of Article (87) of this Regulation or international tendering was intended, the Competent Procuring Entity shall select Contractors, Suppliers, Service Providers or information technology providers who are allowed to participate in the Tender or the Project Tenders on the basis of prequalification procedures mentioned in Article (41) or the provisions of qualifying Consultants according to the provisions of Section (3) of Chapter (VII) of this Regulation.

Article (87) Local or International Tendering

- A- *Tenders must be offered locally unless the agreements and protocols referred to in Article (5) of this Regulation stipulates tendering in other manners, including the international Tendering in accordance with the terms and provisions of such agreements and protocols.*
- B- *Subject to the provisions of Paragraph (A) of this Article, Procurement may be conducted through an International Tendering in any of the following cases, subject however to the provisions of the enacted Constructions Contractors Law and Engineers Association Law:*
- C- *If the local Contractors, Suppliers, or Consultants do not possess the conditions, specializations, and expertise required to implement the Procurement transactions of Supplies, Works or Ordinary Services. This shall be done by a decision by the Competent Minister upon a report by persons of competence and expertise.*
- D- *If it was not possible to obtain the Procured Items from local Bidders and upon exhaustion of all Procurement methods stipulated in this Regulation.*

E- Jordanian Bidders may participate in International Tendering.

Article (5) Procurement according to Agreements and Treaties

- A- To the extent that this Regulation conflicts with Procurement rules of a donor or funding agency, the application of which is mandatory pursuant to an obligation entered into by the Jordanian Government, the requirements of those rules shall prevail in the Procurement processes.*
- B- To the extent that this Regulation conflicts with Procurement rules according to trade protocols and agreements concluded between the Government of the Hashemite Kingdom of Jordan and Arab and foreign governments and entities and other international and regional entities or organization, the requirements of such protocols and agreements shall prevail in the Procurement processes.*

Article (41) Prequalification of Contractors, Suppliers, Consultants, Service Provider and information technology provider

- A- The procedures and criteria for prequalifying Contractors, Suppliers, Consultants Service Providers and information technology providers for a certain Project or Tender, in light of its special nature, size or sophisticated nature shall be regulated pursuant to instructions issued by the Commission for this purpose. These instructions shall be published in the Official Gazette.*
- B- The Procuring Committee shall examine prequalification requests, and it may form technical committees to examine such.*
- C- The Competent Minister shall grant the members of technical committees that examine prequalification requests and the secretary thereof awards in accordance with the instructions referred to in Paragraph (A) of Article (86) of this Regulation.*

Regarding the requirements for participation of a Jordanian partner (local agent), both for the participation in tender procedures and for the execution (after sale service)

Article (87) Local or International Tendering

- A- Tenders must be offered locally unless the agreements and protocols referred to in Article (5) (See above) of this Regulation stipulates tendering in other manners, including the international Tendering in accordance with the terms and provisions of such agreements and protocols.*
- B- Subject to the provisions of Paragraph (A) of this Article, Procurement may be conducted through an International Tendering in any of the following cases, subject however to the provisions of the enacted Constructions Contractors Law and Engineers Association Law:*
- C- If the local Contractors, Suppliers, or Consultants do not possess the conditions, specializations, and expertise required to implement the Procurement transactions of Supplies, Works or Ordinary Services. This shall be done by a decision by the Competent Minister upon a report by persons of competence and expertise.*
- D- If it was not possible to obtain the Procured Items from local Bidders and upon exhaustion of all Procurement methods stipulated in this Regulation.*
- E- Jordanian Bidders may participate in International Tendering.*

WTO Secretariat's Report, page 40 para. 82

The WTO Secretariat outlines the tender process for procuring goods and services.

Could Jordan indicate whether it intends to change the system of notification of bidders, so that the aggrieved bidder would be able to challenge the award decision in front of a review body (written notification)?

Answer:

Below are abstracts of the new draft legislation that address this issue: Chapter (11) of the draft regulation, Articles (271), (272), (273), (274), (275) and (276) of Section 2 under Chapter 11:

Section (2)

OBJECTIONS

Article (271) Right to object

- A) Any bidder who allegedly assume that he has suffered or may suffer any loss or has incurred any damage due to the procuring entity or the competent procurement entity carrying out any measure or issuing any decision in prejudice to obligations and responsibilities entrusted to it under the provisions of this regulation and the instructions issued pursuant thereto , may object to the invalidity of such measure or decision , subject to the provisions of Article (56) of this regulation .*
- B) Notwithstanding contents of para (A) of this Article, the competent procurement entity's decision to reject all offers or cancellation of the bid pursuant to the provisions of any of the two Articles (131) and (132) as the case; shall not be subject to objection.*

"Article (131) Rejection of Bids and Cancellation of the Tender

The Competent Procuring Entity shall be entitled to undertake any of the following without incurring any liability before the Bidders who have submitted Bids:

- A- Reject all Bids at any time prior to identifying the successful Bid.*
- B- Cancel the Bid at any time before signing the contract, if this achieves best interest.*

Article (132) Rejection of Bids

- A- The Committee shall reject a Bid in any of the following cases:*
 - 1- If the Bidder that submitted the Bid is not qualified.*
 - 2- If Bidder that submitted the Bid has submitted, or participated in, another Bid for the Procurement in question, in which case both tenders, shall be rejected.*
 - 3- If the Bidder that submitted the Bid does not conform to the Bidding Documents according to the provisions of Paragraph (C) of Article (123) of this Regulation;*
 - 4- If a Bid security was not provided, if such a security was required by the tender Bidding Documents;*
 - 5- In any other circumstance provided for in this Regulation, including the circumstances referred to in Paragraph (B) of Article (160) of this Regulation.*
- B- The Committee may reject any Bid if its prices are much less than the cost or current prices or prices estimated by the Procuring Entity, provided that, before doing so, the Committee shall request the Bidder concerned to provide clarification as to the basis of the Bid price. If the Committee decides to reject the Bid, it shall include in the Register of the Procurement Proceedings a detailed statement of the reasons for rejection."*

Article (272) Objection procedures.

- A) The objection request shall be submitted in writing and the reasons to the competent procurement entity within (7) days from the date of bidder's knew the causes of objection, or as from the date should have known such causes, or from the date of announcement on the bulletin board of the competent procurement entity, if objection has been submitted against any decision or measure taken prior signing the procurement contract.*
- B) Taking any essential decision in the objected procurement transaction shall be suspended for seven (7) days from the submission date of the objection by a decision taken by the chairman of the competent procurement entity or chairman of the commission, as the case, and any one of them may extent his decision for a period not exceeding (30) days from the date of submission of the objection.*
- C) Extension of the suspension period for taking any substantial decision in the procurement process , shall not be allowed if it has been confirmed to the chairman of the competent procurement entity or the chairman of the commission , that public interest considerations*

necessitate to proceed in the procurement process, provided such considerations be stated in the procurement procedures register .

- D) Any decisions by the competent procurement entity, objection committee, commission or court shall be recorded pursuant to the provisions of this regulation, and causes thereof, as well as relevant measures taken, in the procurement register.*

Article (273) Determination of objection.

- A) The procurement committee shall determine and decide regarding the objection within (7) days from the date of submission.*
- B) The bidder shall have the right to object in writing against the procurement committee decision issued concerning the objection submitted to it , within (5) days from the date being informed the committee decision as follows :-*

- 1- To the concerned Minister if the decision has been issued by the subsidiary or local procurement committee, and the Minister shall take decision concerning the objection, within (10) days from submitting thereof to him.*
- 2- To the objection committee formed in the commission pursuant to the provisions of para (A) of Article (274) of this regulation.*

Article (274) Objections Committee

- A) One or more committees to be formed in the commission and to be cited " Objection Committee " headed by the commission chairman or any high-caliber employee of the commission nominated by him , and the membership of the following :-*

- 1- One high-caliber employee of the commission to be nominated by its chairman.*
- 2- One high-caliber employee of the government tendering department , or employees of the general supplies department , as the case may be , nominated by the General Manager .*
- 3- Two members from the list referred to in Article (276) of this regulation, provided one shall be legal and the other technical.*

- B) The objection committee shall be entrusted determination of objections submitted to it, pursuant to the provisions of item (2) of para (B) of Article (273) of this regulation. Determination shall be within (10) days of the objection submission date and its resolution shall be contestable before the supreme court of justice.*
- C) The competent procurement entity must abide by the decision of the objection committee, and each measure inconsistent with its decision shall be null and void.*
- D) The commission shall ensure availability of secretariat service for the objections committee.*
- E) If the department is the challenged party, then the department representative in the objection committee shall not attend the committee meetings or vote therein, and the commission chairman shall nominate a high-caliber commission employee as a substitute member in the committee instead of the department representative.*
- F) The chairman and members of the objection committee mentioned in items (1 and 2) of para (A) of this Article as well as the secretary thereof shall be paid remuneration pursuant to the instructions referred to in para (A) of Article (86) of this regulation.*

Article (275) Reply to objections.

Unless objection is dismissed, the Minister or the objection committee may take any of the following measures concerning objections:-

- A) Declare the legal rules and regulations governing the objected measure and decision , and to direct the competent procurement entity to act in conformity with the provisions of this*

regulation as well as the instructions issued pursuant thereto , and the tender documents or procurement contract .

- B) Prevent the competent procurement entity from acting or proceed in acting contradictory to the provisions of this regulation, instructions issued pursuant thereto, tender documents or procurement contract.*
- C) Cancel, wholly pr partially, the competent procurement entity's unlawful act or decision, except the decision leading to the cancellation of the procurement contract.*
- D) Request the competent procurement entity to revise any unlawful decision issued by it or substitute the same by another decision, except the decision leading to the cancellation of the procurement contract.*

Article (276) Panel of Experts to consider the objections.

- A) By a decision of the Prime Minister upon recommendation by the commission chairman , a panel including between 20 to 25 legal and technical experts shall be selected , provided that members are not government employees , Membership of this panel shall be revised once every two years .*
- B) The panel of experts to consider objections shall include experts in the field of works, supplies, services as well as legal experts in the field of procurements.*
- C) The commission shall issue instructions necessary to identify persons to be mentioned in the panel for considering objections, as well as criterion for specifying their remuneration, and the party / parties to pay such remuneration.*

It is noted from the report that currently, the Jordanian law does not foresee a specific system of impartial and effective remedies for procurement disputes.

Could Jordan explain how the new legislation will address this?

Answer:

Please see answer to questions 34 above.

Will there be a uniform remedies system put in place, which will be applicable to all tender procedures, irrespective of the type of procurement and the level of the procuring entity?

Answer:

Please see answer to questions 34 above.

MEASURES DIRECTLY AFFECTING EXPORTS

(iii) Export prohibitions, restrictions, and licensing

WTO Secretariat's Report, page 43 para. 94 and page 44 para. 96

The WTO Secretariat's Report notes that the share of exports benefiting from the export subsidy in Jordan's total merchandise exports increased significantly in 2006 (from 70,8 million US\$ in 2005 to 2,148 billion US\$ in 2006.) The Report also notes that this subsidy has to be eliminated by the end of 2015.

Could Jordan indicate the reasons for such a significant increase of the share of exports benefiting from the subsidy?

Answer:

- *The above figure is in million and not in billion, accordingly, it should be read as follows (from 70.8 million US\$ in 2005 to 2,148 million US\$ in 2006), as shown in Jordan's new and full notifications submitted earlier.*
- *The main rationale for introducing the export subsidy programme was to offset the negative effects of the war on Iraq in 2003, and accordingly Jordan's export markets were extensively affected in the years 2004 and 2005. This explains the remarkably low*

export values in these years compared to 2006. In addition to the market access provided by FTA's, in particular GAFTA and USFTA.

- *Due to the cancellation of the Jordanian Iraqi Protocol in 2004, Jordanian manufacturers targeted new international markets, which resulted in more geographic diversification for Jordanian exports.*

Is there any data concerning the share of exports benefiting from this subsidy available for the year 2007?

Answer:

As indicated in Jordan's new and full notification for the year 2007 doc.G/SCM/N/177/JOR the total exports value benefiting from this subsidy is 533,965,829.45 US \$. This demonstrates that consistency in figures with the years 2001 - 2005 had come about again in the year 2007 as shown in the table below, and that the unanticipated increase in the year 2006 was no more than impairment state due to the associated economic conditions of exports in that year.

Export subsidies provided by Jordan in the form of income tax relief on profits generated from exports, US\$ million, 2001-07

	<i>Income tax relief (export subsidy)</i>	<i>Total exports benefiting from the export subsidy</i>	<i>Total export value</i>
2001	8.9	593.6	1,700
2002	7.8	522.2	2,200
2003	8.3	552.4	3,000
2004	1.2	76.7	3,950
2005	1.1	70.8	4,300
2006	32.2	2,148.0	4,800
2007	8.0	533.9	5,700

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(ii) Competition and pricing policies

WTO Secretariat's Report, page 50 para. 131

The report indicates price controls which can be applied to essential commodities.

Currently there is a price control imposed by the JFDA (Jordan Food and Drug Administration) on the Infant Milk Formula for Babies Age 0-12 months.

This price fixed by the JFDA has been very low for the last few years. As a consequence the only local manufacturer (joint venture) of infant milk formula has faced heavy losses because this fixed price is even below the cost production.

Infant Formulae is not subject to price control in more than 95% of countries. In Jordan this low price control policy is against foreign direct investment. Therefore, exporters are seriously considering stopping their sales in Jordan.

Even if Jordan authorities consider the Infant Milk Formula for Babies Age 0-12 months as a medicine and keep the registration process, would it be possible to remove or adjust this price control that is damaging the production system and the market?

Answer:

Infant Formula is priced in accordance with Drug & Pharmacy Law which is done through the pricing committee (assigned by the same law). Currently the law is under revision and one of the main changes is shifting the registration of the infant formulas to the Food Department at the Jordan Food and Drug Administration; this automatically implies their price exemption. The Law amendment is scheduled to be presented to and discussed by the current Parliament session

WTO Secretariat's report, page 56, para. 151

The WTO Secretariat's report states that industrial designs are protected by the Industrial Designs and Models Law No.14 of 2000. We note, however, that no procedures exist in Jordan for controls to be exercised by public authorities in the absence of a specific complaint by the rights-holder for a specific product. This might lead to significant trade in fake copy products.

Could Jordan elaborate as to whether and how it intends to give its public authorities the right to exercise control concerning industrial designs even in the absence of a specific complaint by the rights-holder for a specific product?

Answer:

Jordan is in the process of amending the Customs law No. 20 for the year 1998 with the view to give public authorities the right to exercise control concerning industrial designs.

IV. TRADE POLICIES BY SECTOR**(5) SERVICES****(ii) Telecommunications and postal services****(a) Telecommunications****WTO Secretariat's Report, page 84 para. 106**

The report notes that the fixed-line subsector in Jordan is not operating competitively, and there is a virtual monopoly amongst internet service providers who still face a virtual monopoly with respect to internet connectivity. The statement from the Ministry of Information and Communications Technology sets out the policy initiatives for telecom and information technology.

Could Jordan indicate what kind of measures it will take in order to promote competition in this sector?

Answer:

The Telecommunications Regulatory Commission (TRC) is motivated to open the fixed sub-sector to immediate opportunities for the private sector to innovate and invest, and, to bring existing national assets into play within the telecommunications market. In line with regulatory international best practice, and in the light of successful LLU deployments in other countries around the world, most notably in the European Union, where LLU has become an essential tool that will further stimulate competition in the ICT sectors, thereby helping to achieve sustainable economic development, the TRC believes that the introduction of Local Loop Unbundling regulation forms an important input to the quest by TRC to perform its obligations under the Telecommunications Law regarding stimulation of competition. The introduction of Local Loop unbundling services is essentially expected to promote more service-based competition and the Jordanian market to witness enhanced competition in all telecommunication services that rely on the incumbent local loop including voice, data communications and internet. Such competition will increase internet penetration, improve quality of service, increase investments and employment, add new services and consequently increase the total revenue of ICT sector.

In keeping with the above, the TRC released on March 6, 2008 the " Notice Requesting Comments on the Implementation of Local Loop Unbundling, Collocation and Infrastructure Sharing in Jordan" aimed at stimulating the industry, including current licensees and potential newcomers, into providing views and ideas on the proposal by the TRC to introduce regulation that will require designated operators who provide fixed telecommunication services in Jordan to offer Local Loop Unbundling and Infrastructure Sharing services and other operators to offer Infrastructure Sharing Services.

The TRC is currently in the process of establishing a regulatory regime for the introduction and realisation of Local Loop Unbundling and Infrastructure Sharing services in Jordan in the near future

WTO Secretariat's Report, page 84 para. 107

Could Jordan please provide more detailed information on government plans to ensure their regulatory activities are compliant with the Competition Law.

Answer:

- *The fixed Telecommunications sub-sector has been fully liberalized since 1/1/2005 and it is now fully open for competition.*
- *In December 2004, the new Integrated Licensing and Regulatory regime was established with the principle of a unified licensing framework supported by a body of regulation. This new regime eliminates any limitations on the number of licenses that will be issued or on the type and range of public services that may be provided, or on the types of associated networks used, except as required by considerations relating to normal network safeguards, security, use of scarce resources, and technical limitations.*
- *Following that the TRC transitioned the four Public Mobile Wireless Service providers; Zain, UMNIAH, XPress, Orange Mobile and Orange Fixed to the new Integrated Licensing Regime (Individual Licenses) and 23 existing class licensees to the new licensing regime (New Class Licenses), which expanded the scope of services they can provide thus allowing them to compete with the incumbent Jordan Telecom more than ever.*
- *16 new Individual Licenses and 34 new Class Licenses were awarded since 2005 to provide Public Telecommunication Services in Jordan.*
- *Currently, the total numbers of licensees for Public Telecommunication Services in Jordan is (77), classified as follows:*
 - *(22) Individual Licensees.*
 - *(55) Class Licensees.*
- *Thirteen ISPs are currently operating in Jordan.*
- *Internet service can now be provided through VSAT solution. Currently, one licensee is providing these services (Jordan Bell Telecom) and there is a request from other two licensees to provide this service in Jordan.*
- *Five Radio Spectrum Licenses for Fixed Broadband Wireless Access services (FBWA) were awarded through a competitive bidding process. Two Licenses have already started commercial offering of such services using WiMAX technology, the first Licensee (Umniah) has started on 21/11/2007, and the second one (wi-tribe) has started on 22/6/2008, where the other three Licensees are expected to launch their services in 2009.*
- *There are no restrictions or limitations on the establishment of alternative international telecommunication submarine gateway in Jordan in accordance with the prevailing licensing conditions. Currently, one licensee (Vital) start building its own Landing Station in Aqaba and this will be an alternative station to the one owned by Jordan Telecom Company. This is expected to result in the reduction of internet connectivity prices in Jordan.*

- *Lately, five Individual Licensee's in Jordan got the necessary approval from the TRC to provide international gateways access services with different capacity range from 155Mbps to 2-STM4 so the competition among the licensee's in the field of providing the international connectivity service will increase.*

Having achieved the basic liberalisation of the sector, through the developments mentioned above, the Statement of Government Policy 2007 On the Information & Communications Technology & Postal Sectors concentrated on promoting an environment to bring about effective competition.

Accordingly, the Government required the TRC to take all such steps as may be necessary in order to facilitate the rapid entry of new competitors into the ICT sector and the rapid introduction of new services by those entities, as well as by any existing licensee. The following steps were undertaken by TRC:

- *The TRC has issued Competition Safeguards Instructions and these instructions shall be strictly adhered to by all Licensees.*
- *The TRC has improved and simplified the licensing system by reducing the requirements of licensing.*
- *The TRC engaged in a Request for Concepts on Next Generation National Broadband Networks (NGNBN)" this consultation process ended early 2007 and aimed at stimulating the industry, into providing views and ideas that would lead to the realization of Next Generation National Broadband Networks in Jordan.*
- *The TRC issued Decision Regarding Mobile Virtual Network Operator on 29/7/2008. Two Individual licensees have already shown interest in providing such services in the Kingdom.*

(b) Postal and courier services
WTO Secretariat's Report, page 86 para. 119

The WTO Secretariat's Report describes Jordan's new legislation, which facilitates a privatisation of the postal industry.

Could Jordan provide more information on the nature of the postal regulatory authority established under the Temporary Post Services Law No. 5 of 2002 and the Postal Law No. 34 of 2007. In particular, could Jordan indicate if this regulatory authority is independent and give details on any possible review mechanism against decisions taken by it?

Answer:

The regulatory authority referred to under both laws is the Telecommunications Regulatory Commission (TRC) established by means of the Telecommunications Law No. 13 of 1995 and its amending temporary law No. 8 of 2002 which is an independent body financially and administratively, answerable to the Prime Minister, tasked with regulating the telecommunications and information technology sectors.

In fulfilment of the provisions of the Postal Services Law No. 34 of 2007, TRC also started to take responsibility for regulating the postal sector in the Kingdom and monitoring all postal service providers and their compliance with the law.

As stipulated in the Telecommunications Law, TRC performs its duties independently of the Ministry of Telecommunications and Information Technology, but in compliance with the general policy of the government.

In accordance with Postal Services Law No. 34 of 2007, TRC shall carry out the following tasks and authorities:

- *To set the bases that the public postal operator is committed to abide by, when determining the services remuneration it provides by virtue of the restrictive right granted to it under the provisions of article (12) of this law.*
- *To issue licenses to the private postal operator by virtue of a regime issued for this purpose, in which the bases and conditions of licensing are specified as well as the duties imposed by the Commission against that.*
- *To monitor the implementation of the public postal operator of the conditions of performance contract concluded with him, and to submit a report in that respect to the Minister within two months of the end of each financial year, and at any other time it deems fit, attached to it are its recommendations in this respect.*
- *To control the implementation of the provisions of this law, and to ascertain any breach of its provisions, and to take the appropriate measures in this respect.*
- *To regulate the postal services in the kingdom in accordance with the public policy approved by the Council of Ministers and to issue the related instructions.*

As for the matter of review mechanism, Article (60) of the Telecom Law stipulates the following:

- a) The specialized bodies in the Commission shall resolve the complaints submitted by Beneficiaries against Licensees, as well as the complaints submitted by Licensees against other Licensees.*
- b) The specialized Commissioner shall be responsible for concluding a settlement, drawing Up guidelines for negotiations between the disputants, or to resolve the dispute Himself or by means of one or more persons he appoints for this purpose. His decision Shall be implemented immediately upon issuance, and objections to the decision will be Permitted before the Board within thirty days of the date of issuance; otherwise the Decision will be considered final.*

Please note that all this information is available on TRC website: www.trc.gov.jo

It is mentioned that Jordan Post Company, currently fully government owned, has been designated for privatization.

Could Jordan update on recent developments since 2007?

Answer:

Since the year 2007, the Technical Committee of this project has been working on the Preparatory Work Program and has finalized the Business Plan for the Jordan Post Company. The Sales Strategy Report has been approved by both the Technical and Steering Committee and the needed decisions recommended in this report were submitted to the government for approval. The next phase of the project includes the issuance of the sale tender documents.

WTO Secretariat's Report, page 86 para. 121

The Ministry of Information and Communications Technology has promised further, in its 2007 policy statement, promised further liberalization of postal services.

Could Jordan provide an update on this programme?

Answer:

Jordan is working towards the gradual liberalization of postal services in terms of the reserved area given to the Jordan Post Company. The revised Postal law will take this matter into consideration.

(iii) Transport
WTO Secretariat's Report, page 87 para. 127

The WTO Secretariat Report states that on the one hand that there are no restrictions concerning the ownership of ships registered under the Jordanian flag, and yet on the other hand that there is a 50% foreign equity ceiling for maritime transport and ancillary services.

Could Jordan clarify the relevant restrictions for foreign shipping companies established in Jordan that operate Jordanian-flagged vessels?

Answer:

Limitations on maritime services sector are outlined in Jordan's Services Schedule under the GATS. However, Jordan is currently revising the Marine Transportation Strategy, including legislations and regulations related to foreign ownership.

(iv) Tourism
WTO Secretariat's Report, page 92 para. 151 and 152

According to the WTO Secretariat report, the Ministry of Tourism and Antiquities (MOTA) has instituted a licensing regime for regulatory tourist establishments and services.

Could Jordan give details on the licence's requirements and how fees mentioned in par. 152 are regulated?

Answer:

License requirements are as follows:

- *Bonds registration*
- *Brand name*
- *Lease contract or land stake for hotel*
- *The Ministry of Tourism and Antiquities grants a conditional approval for 2 years and can be extended for another 2 years to provide the required classifications.*

NOTE: 3,4,5 STAR HOTELS CAN TAKE APPROVAL FROM JORDAN INVESTMENT BOARD

(5) SERVICES
(i) Financial services
(a) Banking

The Report outlines the core principles of Jordan's banking law and mentions the Central Banks recent regulation.

Could Jordan please furnish information on its alignment with the Basel core principles on banking supervision and outline any plans to implement Basel 2 requirements?

Answer:

At the beginning of the year 2005 and for the purpose of early preparation for Basel II implementation, the Central Bank of Jordan (CBJ) formed a number of committees (steering committee, technical committee and five working groups), each group is specialized either in one of the risk types or in one of Basel II pillars.

The mentioned committees and working groups prepared a questionnaire to assess the readiness of the banking sector towards moving to the new accord. Based on the results of this questionnaire, the CBJ issued at the end of the year 2006 its plan for implementing the new accord, which consists of offering the standardized approach (SA) to calculate credit risk, the SA approach to calculate market

risk and the basic indicator approach (BI) to calculate the operational risk, taking into consideration that banks should move to the more advanced approaches by the end of the year 2012.

In Feb 2007, the CBJ issued a draft of Basel II regulations to be implemented in parallel with Basel I regulation during the year 2007 to deal with any problems the banks may face before the actual implementation of Basel II in 2008.

The CBJ issued the final version of Basel II regulations in March 2008 and according to these regulations banks are required to start the actual implementation at the end of the first quarter of the year 2008.

INDIA

The business environment remains somewhat inhibited by, inter alia, administrative hurdles, limitations on foreign participation in certain activities, such as road transport, and costly transport infrastructure and utilities. State ownership remains substantial (Para 3 of Secretariat Report refers). What are the steps taken by Jordan to further improve business environment?

Answer:

- *The Government recently undertook several reform measures to improve public administration in the country, including issuing a new Anti-Corruption Commission Law (2006); enacting the Diwan Al-Mathalem Law (2008) that establishes the Bureau of Grievances in Jordan; and finally ratifying the Financial Capability Disclosure Law (2006)*
- *The government established a One-Stop Shop (OSS) to provide for streamlined access to licensing and registration services for new projects. The OSS combines representatives located at the Jordan Investment Board (JIB) from most of the governmental agencies dealing with the registration and licensing of projects offering a full service assistance package that is needed to get a business set up and running in Jordan, including issuing visas and permanent residency approvals for investors and foreign labour needed for the projects. All these services are provided within 14 working days. Moreover, JIB currently provides long-term support for investments and concentrates on an aftercare service that assures the smooth implementation and operations of investment projects.*
- *The Government has unified taxes imposed on profits and properties.*
- *Eighteen practices specialized in commercial issues were issued by the Ministry of Justice.*
- *The required capital for establishing a company was reduced from 30,000 JD to 1000 JD.*

Para 8 of Secretariat Report states that Jordan liberalized its trade regime significantly during its WTO accession process. Its customs tariffs on all products, except electricity, are bound. The simple average of the final bound tariffs is 16.3%, with 23.9% for agricultural products (WTO definition) and 15.2% for non-agricultural goods. The imposition of ad valorem tariffs on two of these lines (HS items 961310000 and 961320100) creates a risk concerning compliance by Jordan with its tariff binding commitments on these products.

Is Jordan planning to reduce or eliminate this risk?

Answer:

The equivalent ad valorem tariffs on these two lines (which are the only lines with non-advalorem tariff out of total 6480 tariff lines) were calculated on the basis of the methodology in the WTO document (JOR(05)/166/Rev.). It should be noted that when calculating the simple average of the bound tariffs for non-agricultural goods, it remains at the same level of (15.2%), and accordingly the risk concerning compliance by Jordan with the tariff binding commitments is insignificant.

According Para 10 of Secretariat Report Reduction of the tariff rates and the number of bands would help to simplify Jordan's tariff structure and its complex incentives regime with five overlapping

schemes (Investment Promotion Law, industrial estates, development areas, free zones, and the ASEZ): some of the incentives are the consequence of the tariff structure. This would also contribute to better allocation of resources.

What plans Jordan has for simplifying its tariff structure?

Answer:

Jordan is currently drafting a new Trade Strategy that provides for revisiting the current tariff structure in order to simplify it.

As Para 11 of Secretariat Report Jordan has modernized its customs procedures through the introduction of UNCTAD's Automated System for Customs Data (ASYCUDA), combined with a risk-based inspection system. A relatively high share of import consignments is nonetheless inspected at the border.

What are the reasons for high share of import consignments inspected at the border?

Answer:

The inspection at the border is required before issuing the customs declaration; for which the ASYCUDA system is lodged. This kind of inspection is an x-ray general inspection for security requirements applied for all consignments entering Jordan's borders for the local consumption.

According to 14 of Secretariat Report - Overall, Jordan would benefit from accelerating reforms in the transport subsector because of its importance for competitiveness; its internal and regional trade takes place predominantly through the port of Aqaba, and by land transport. Does Jordan have any time bound plans for further accelerating in transport subsector?

Answer:

Transport sector has undergone restructuring through the establishment of the Transport Regulatory Commission, the Maritime Authority and the Jordanian Civil Aviation Commission, as well as restructuring the Ministry of Transport, to carry out its duties of planning and monitoring the performance of the sector. A Transport Strategy is currently being drafted which will provide for programs and work plans to implement restructuring plans for the sector.

Para 19 of Secretariat reports that Jordan would stand to gain from further dismantling its tariff and non-tariff barriers to trade.

What measures Jordan proposes to take to achieve and consolidate gains?

Answer:

Achieving a successful Doha Round would provide gains for all WTO members, particularly in market access areas related to tariff and non tariff barriers.

Para 28 of Secretariat reports that Under Article 7 of the by-law, non-Jordanian investment must be a minimum of JD 50,000, except in public shareholding companies.

Does Jordan plans to reduce this ceiling to attract non-Jordanian investments from the region and outside?

Answer:

There is no plan to reduce this ceiling. However, such minimum requirement did not impede the continuing high inflows of FDIs that increased from 424 million USD in 2002 to 3.3 billion USD in 2007. This is a strong sign of the irrelevant effect of this requirement on attracting foreign investments.

Para 126 of Secretariat report points out that shipping agents must have a general manager of Jordanian nationality.

What are the reasons for maintaining such a provision?

Answer:

Amending the regulations regarding the manager of the shipping agents will be studied and discussed with the relevant authorities.

Para 131 of Secretariat Report mentions that Foreign investment is prohibited in road passenger and freight transport services. Other road transport services are subject to a 50% foreign equity ceiling. Are there any plans envisaged by Jordan to further liberalise these prohibitions and enhancing foreign equity ceilings?

Answer:

The road transport is undergoing a restructuring process and this is it premature to set plans for liberalizing the sector at the time being.

Para 12. of Jordan's reports ... moreover, withstanding the temptation and political pressure to introduce price controls on basic foodstuff, the government instead lifted import duties and sales taxes on some basic food products, thus alleviating to some extent the pressure from rising import prices. Whereas Para 13. states that challenges resulted in additional burden on the budget which demonstrated a deficit of 5.5% of GDP in 2008. Further Para 62 states that with income from tariffs declining, the government has embarked on a fiscal reform program to maintain a sufficient degree of budgetary manoeuvrability. Broadening the tax base while reducing tax rates wherever possible and appropriate will be the course to follow. On the expenditure side, the abolishment of fuel subsidies accompanied by support for personal incomes has been a major, perhaps the most important step in this direction.

What are the specific measures Jordan is considering to curb the rising budget deficit?

Answer:

The recent debt buyback agreement with Paris Club members, which was executed in March 2008, has substantially reduced the debt service burden of the budget.

The government of Jordan is adopting the principle of self reliance coupled with improving the efficiency and management of domestic revenues, as well as promoting the principle of relying on own budget resources and reducing the dependence on foreign grants.

The government of Jordan continued its efforts to improve the performance of public finance and enhance the efficiency of the usage of public fund through introducing further corrective actions and measures at the financial and legislative levels with the intent of increasing domestic revenues, tax and non-tax revenues, and rationalizing public expenditures, particularly in the area of oil subsidy, so as to minimize economic distortions, enhance the investment environment and improve the competitiveness of national exports, thus expanding the level of national economic activity.

Para 37 of Jordan's Report informs that the Jordanian tourism industry operates in a very competitive environment in which the country is successfully promoted as a high yield niche destination. The sector is moving towards golden era, as more projects, infrastructure development and personnel training colleges are being invested. On the other hand, Para 14 of its report, inter alia, blames unstable economic and political situation in the region for unemployment and poverty.

Could Jordan please inform how the situation in the region has impacted on its economy in general and tourism sector in specific and what steps it plans to take to further improve attractiveness of this crucial sector to its economy?

Answer:

Periods of instability in the region have always been a challenge for Jordan to overcome; as such situations affect the local economy directly and indirectly. Besides its contribution to raising oil prices and insurance, transportation costs, political volatility in the Middle East has negative impacts on Jordanian exports as neighboring countries are considered among the main markets for Jordanian producers. Political risk also affects investors' decisions when seeking opportunities in the region. Further more, hosting hundreds of thousands of citizens from neighboring countries, seeking safety and stability in Jordan, creates additional pressure on the local economy. However, Jordan has attributed a secure and stable environment although surrounded with instability in the region.

Jordan depends intensely on workers' remittances, in particular from Jordanians working in the gulf countries. Hence, any economic slowdowns in these countries may affect the amount of the remittances.

Apparently, tourism is one of the first industries that are affected by political instability all over the world as demand on tourist destinations in unstable regions shrinks. Many tourists visit Jordan under regional tour programs; therefore, any political incident in a neighboring country will lead to canceling several tour programs that includes Jordan.

In general, Jordan has succeeded in minimizing negative effects of political instability in the region on the tourism sector. This is reflected in the increasing numbers of international arrivals, tourism receipts and tourist projects.
