

Communication Services Sector: Courier Services Sub Sector

Trade In Services Benchmarking Study

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List of Acronyms

B2B	Business to Business
CA	Council of Administration
CAGR	Compound Annualized Growth Rate
CEP	Courier, Express and Parcel
CPC	Central Product Classification
DOS	Department of Statistics
FTA	Free Trade Agreement
GATS	General Agreement on the Trade in Services
GDP	Gross Domestic Product
GPS	Geographic Positioning System
JPC	Jordan Post Company
MENA	Middle East and North Africa
MoICT	Ministry of Information and Communications Technology
POC	Postal Operations Council
SWOT	Strengths, Weaknesses, Opportunities, Threats
TRC	Telecommunications Regulatory Commission
UAE	United Arab Emirates
UPU	Universal Postal Union
VAT	Value Added Tax
WTO	World Trade Organization

1.0 Research

1.1 Previous Research

No previous studies conducted on the Courier sub sector was found in the course of our research.

1.2 Current Research

1.2.1 Methodology

Primary and secondary research methodologies were utilized for data collection throughout the study. Face to face and telephone interviews were conducted as primary research techniques. Internet research (online), desk research and field visits for collection of various publications were also utilized for secondary data collection.

Face to Face and Telephone Interviews

Face-to-Face and Telephone Interviews were conducted with sub sector participants All information outlined in the report was based on findings attained from discussions with industry experts, in addition to desk research.

Secondary Research:

Secondary research techniques, such as online research, desk research and field visits, were also utilized for data collection specifically information pertaining to the regulatory environment.

The regulating body for the courier sector is the Telecommunications Regulatory Commission (TRC); most of the information in this report was gathered from the TRC website and through telephone calls with the TRC postal officers. During the primary research process it was advised by DHL to contact the TRC for required information for this report

1.2.2 Courier Services Sector Defined-Group 7512

Courier services included as part of the report herein include, and as per the terms of reference include¹:

1. Multi-modal courier services

Collection, transport and delivery services, whether for domestic or foreign destinations, for letters, parcels and packages, as rendered by courier and using one or more modes of transport, other than those provided by the national postal administration. These services can be provided using either self-owned or public transport media

This subclass does not include: Messenger delivery services

2. Other courier services

Other courier services for goods, not elsewhere classified, e.g./trucking or transfer services without storage, for freight.

¹ Source: UNStats CPCprov: <http://unstats.un.org/unsd/cr/registry/regcs.asp?Cl=9&Lq=1&Co=7512>

2.0 Sector Analysis

2.1 Sector Context

The /courier postal sub sector in Jordan is positioned to grow and evolve with the marketplace, and to continue to contribute to the economic development of the Kingdom, as it is the heart of traditional communications. Faced with the emergence of new and effective communication alternatives, it continues to demonstrate resilience and flexibility. Jordan is strongly positioned to satisfy current and future user needs, as communication has evolved from personal correspondence into transactions i.e. statements and payments, and will continue to evolve into information in the form of direct mail, culminating with fulfillment and, most critically, customer relationship management. This indicates that the sector in Jordan is still undergoing development.

According to figures published by the Ministry of Information and Communications Technology, MoICT, the estimated expenditure on postal services was US\$70 million annually in 2005. Although later figures are not available, authorities had expected a 15% Compound Annualized Growth Rate (CAGR) between the years 2006-2008. The growth is expected to reach 20% CARG, however this growth depends on the growth of direct mail service development, which falls under the advertising industry which has been growing at remarkable rates. The more companies rely on direct mail services, the higher the need for courier services as they go hand in hand.²

Jordan is creating a substantial investment opportunity through the privatization of Jordan Post Company (JPC) by attracting a strategic investor. The Government of Jordan decided in 1999 to restructure the Jordanian postal services with the main objective of raising its efficiency and reliability and the privatization of the company is expected to be completed during the first quarter of 2009³. JPC has the lead share of the mail market with about 40.8%, and enjoys monopoly rights over 500 gram and below mail. With the largest network in Jordan, JPC is suited to provide bundled services that include delivery services, tax collection, logistics, and e-commerce.

More opportunities are available as the country's e-government services are introduced. This strategic move will drive the development of enhanced services, and will increase the scale and scope of the postal sector not only in Jordan, but in the region and will position the country to serve neighboring countries.

Although the privatization of the JPC might sound as a threat to the private postal providers, according to sector experts that were interviewed for this study, privatization will not have a major affect on international service providers as they do not rely heavily on operating in the domestic market. However one of the main advantages associated with operating the JPC is the great exposure received in terms of branding, as JPC will be rebranded under the name of the winning bidder; this in turn will affect domestic service providers in terms of market share. Respondents also see that the privatization will be key to the sector and will improve the services; the competition is welcomed for the sector to do better and improve.

The courier sub sector is characterized by strong private sector involvement in domestic and international express and door-to-door services.⁴ The main changes

² <http://www.moict.gov.jo/MoICT/downloads/Invest%20in%20ICT%20in%20Jordan.pdf>

³ <http://www.londonstockexchange.com/NR/rdonlyres/AFF1EB84-712E-4AB8-9895-EED93AB3F6EF/0/PrivatizationandPPP.pdf>

⁴ <http://www.moict.gov.jo/MoICT/Strategic%20Plan%20-%20Printed%20Format.pdf%20.pdf>

that has taken place over the last few years is that the public postal operators were growing, as they had a higher percentage of all postal shipments distributed in the sub sector: 81% of all shipments were for the public sector and 19% were through private sector companies.

The following table also indicates that most domestic shipments are being catered by the private sector companies due to the timely and reliable services that they offer, however, international shipments are being catered by the public sector mainly due to the offering of more competitive prices.

The percentage of employment in the public postal operator (from the total number of employees in the Postal Sector) has dropped from 68% in 2006 to 56% in 2007, however, the percentage of employees working in the private postal operators increased from 32% in 2006 to 44% in 2007.

The percentage of domestic postal shipments distributed by the private postal operators to total number of domestic postal shipments distributed in the sector increased from 12% to 37% between 2006 and 2007, on the other hand domestic postal shipments by the public sector postal operators decreased from 88% to 63%.

Table 1: Post and courier main indicators

Percentages and Indicators of the Postal Sector	2006	2007
• Percentage of employment employees in the public postal operator from the total number of employees in the Postal Sector	68%	56%
• Percentage of employees working in the Private postal operators from the total number of employees in the Postal Sector	32%	44%
• Percentage of all postal shipments distributed by the Public Postal Operator to Total number of Postal shipments distributed in the sector	77%	81%
• Percentage of Postal shipments distributed by the Private Postal operators to total number of Postal shipments distributed in the sector	23%	19%
• Percentage of the domestic postal shipments distributed by the public Postal Operator to Total number of domestic postal shipments distributed in the sector	88%	63%
• Percentage of the domestic postal shipments distributed by the Private Postal Operators to Total number of domestic postal shipments distributed in the sector	12%	37%
• Percentage of the international postal shipments distributed by the public Postal Operator to Total number of international postal shipments distributed in the sector	66%	97%
• Percentage of the international postal shipments distributed by the Private Postal Operators to Total number of international postal shipments distributed in the sector	34%	3%
• Per capita share of Postal shipments	5.02	8.00

Source: www.trc.gov

Given the nature of the sector, and the means of service delivery which is highly dependent on established relations, the courier sub sector is one that is heavy reliant on the presence of either partners or branches in many countries that the deliveries can be made.

Although some local Jordanian companies do not have license to operate internationally, they opt for partnering with the multinational companies to serve a larger target (higher coverage).

The Department of Statistics (DOS) offers figures on the employees operating in different industries, segmented by age, gender. The Courier Sector falls under “Transport, Storage and Communications Industry” as defined by DOS; no separate information exists on this sector.

Table 2: Jordanian Employed Persons, Ages 15+ by Gender and Main Current Industry, 2006 (Percentage Distribution)

Main Current Industry	Total
Total	41,478
Percent	100
Agriculture, Hunting & Forestry	3.1
Fishing	0.0
Mining and Quarrying	0.8
Manufacturing	11.2
Electricity, Gas & Water Supplies	1.7
Construction	6.3
Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles, Personal & Household Goods	17.4
Hotels & Restaurants	2.6
<i>Transport, Storage & Communications</i>	<i>9.5</i>
Financial Intermediation	2.0
Real Estate, Renting & Business Activities	3.9
Public Administration & Defense, Compulsory Social Security	18.6
Education	11.8
Health & Social Work	4.8
Other Community, Social & Personal Service Activities	5.7
Private Households with Employed Persons	0.3
Extra-Territorial Organizations and Bodies	0.3

Source: Department of Statistics/ Employment and Unemployment Survey- Statistical Yearbook 2006

According to the TRC, the number of employees working in the postal sector in Jordan has risen between the years 2006-2007; approximately 3257 employees are employed in the Public and Private Postal Operators in comparison to the 2463 that were employed in 2006. (No figures were found for 2008)

Table 3: Number of Employees in the Postal Sector

Number of Employees in the Postal Sector	2006	2007
Number of Employees of the Public Postal Operator	1670	1809
Number of Employees of the Private Postal operators	793	1448
Total number of Employees	2463	3257

Source: www.trc.gov.jo

The courier sub sector is a growing sub sector and according to Faraj Bassil; ARAMEX, there is room for even more companies to open and operate on a local

level as there is more room for competition in the market. The increase of number of employees over the years is due to the increase of companies that are operating in the sector and the growth of existing companies.

The maximum annual average wage for employees in the sector varies. No publicly official figures are available. However, throughout the course of the research, several industry experts were asked to estimate the average wage for employees working within the sector. Different positions were provided in order to get more accurate estimates. The following displays a list of some wages:

Table 4: Monthly Wage of Positions in the sub sector

Positions in Courier Sub Sector	Total Monthly Wage (JD)
Top Management	1,350 - 5,000
Middle Management	550 – 1000
Lower Management (Couriers/Customer Services)	250-400

Source: Stakeholder interviews

2.1.1 Courier Companies in Jordan

According to the Telecommunications Regulatory Commission (TRC) there are 20 private postal operators, of which 14 are domestic service providers and 6 are international providers. The following table includes a listing of the 20 companies that are registered with the TRC.

The six companies that have a licence to operate internationally also operate nationally- these are the first six companies listed below and are demarcated by italics below. They are: *ARAMEX, UPS, DHL, TNT, FedEx, and Sky Net*. The rest of the firms are licensed to operate nationally only. Only one of the 20 companies operating in the sector has its official location as outside of Amman in Zarqa.

Table 5: Courier Companies Operating in Jordan

Name	Number	Website	Mail
Aramex International Company Limited	Tel: +962 6 5358855 Fax: +962 6 5337733	www.aramex.com	P.O. Box: 3371 Amman 11181
International Tourist Travel Services (UPS)	Tel: +962 6 5601313 Fax: + 962 6 5604197	www.ups.com	P.O. Box: 9673 Amman 11191
DHL Operations B.V. Jordan Services Company Limited Liability Company	Tel: +962 6 5800800 Fax: +962 6 5827705	www.DHL.com	
TNT Express Worldwide Company	Tel: +962 6 5931966 Fax: +962 6 5930880	www.TNT.com	P.O. Box: 35202 Amman 11180
FedEx Express	Tel: +962 6 5511460 Fax: +962 6 5531232	www.fedex.com	P.O. Box: 925326 Amman 11110
Global Logistics Fright Services (Sky Net)	Tel: +962 6 5662836 Fax: +962 6 5662830	www.skynet.com	P.O. Box: 6702 Amman 11118
D&C (s.a.i), offshore Company	Tel: +962 6 5806000 Fax: +962 6 5818384	www.danc.com	P.O. Box: 142731 Amman 11844
Al Rewad Transport Services Company (PIONEX)	Tel: + 962 6 5691001 Fax: +962 6 5355051	www.pionex.net	P.O. Box: 942399 Amman 11194
Al-Izze Express & Logistic	Tel: +962 6 5669933 Fax: +962 6 5659599	info@alizzi.net	P.O. Box: 940740 Amman 11194
Mirsal Transport & Delivery Services L.L.C	Tel: +962 6 5777000 Fax: +962 6 5514862	www.mirsalcom.com	P.O. Box: 928403 Amman 11190
WASSEL for Distribution & Logistics Services Company	Tel: +962 6 5885130 Fax: +962 6 5885129	www.wassellogistics.com	P.O. Box: 3870 Amman 11821
Ousama Hijazeen & Partner	Tel: +962 6 5105514 Fax: +962 6 5105513		P.O.Box: 6718 Amman 11118
Jordan Express Tourist Transport (Jett)	Tel: +962 6 5664146 Fax: +962 6 5605005	www.jett.com.jo	P.O.Box: 9098 Amman 11191
PETRA Express	Tel: +962 6 ٤٢٠٦٨٨٦ Fax: +962 6 ٤٤٠٠٧٧٠	www.petraexpress.com	
Bareed	Tel: +962 6 5850677 Fax: +962 6 5850667		P.O. Box: 18017 Amman 11195
Kamal Doleh and Partners Company	Tel: +962 5 3937846 Fax: +962 5 3937846		P.O. Box: 3797 Zarqa 13111
Trans Post	Tel: +962 6 5549555 Fax: +962 6 5548110	www.transpostjo.com	P.O. Box 3610 Amman 11953
TRUST International Transport P.L.C	Tel: +962 6 5813422 Fax: +962 6 5813449	info@trusttransport.com	P.O. Box: 143024 Amman 11814
Sijal for Trade Services	Tel/Fax: +962 6 5605566		P.O. Box: 922367 Amman 11192
Direct Domestic Services (Saif International Company for Distribution)	Tel: +962 6 ٥٥٣٦٢٢٣ Fax: +962 6 ٥٥٢٠٧٦٥		P.O. Box: ٨٥٠٢٢٥ Amman ١١١٨٥

Source: www.trc.gov.jo

2.1.2 List of the characteristics of most prominent commercially-established companies operating in Jordan

The following table includes the most prominent commercially established courier companies operating in the courier sector in Jordan⁵. Other companies in the sector, not mentioned in the list below, are all national companies offering domestic services (according to the TRC). However, according to findings, some local companies partner with international service providers to cater to their customers, but are large enough to compete with international service providers such as Aramex and DHL.

Table 6: Characteristic of prominent sub sector firms

Name	Type of Agency	Year first offered services	Have Branch Abroad	Market share	Local/ Int'l	Owners of capital & respective shares	General Manager/ Representative
Aramex International Company Limited	Courier	1982	Yes	80%	Int'l	Fadi Ghandour, Jordanian (١٠٢٠٠٠٠) ARAMEX Intl. Ltd. Bermuda (1,470,000)	Fadi Ghandour
DHL Operations B.V. Jordan Services Company Limited Liability Company	Courier	1980	Yes		Int'l	Deutsche post Intl. 100%	Daniel Azzouni
TNT Express Worldwide Company	Courier	1984	Yes		Int'l	TNT Express Worldwide N. V Holland (65,700) & Basem Mohammad Abdelqader (68,381)	Kamal Abdel Fatah
FedEx Express ⁶	Courier	1993	Yes	10% Local	Int'l	Bessem Dajani, Jordanian (50%) Falcons express company, Jordanian (50%)	Bassem Dajani
International Tourist Travel Services (UPS)	Courier	1982	Yes		Int'l	Mohammed Imam, Jordanian (95,000) Zaid Imam, Jordanian (5,000)	Mohammed Imam
PIONEX , Al Rewad Transport Services Company	Courier	2003	No		Local	Ma'moun Miri'i, Jordanian, (٣٦.٦٦٦) Abdelnasser Mohammed Abdallah, Jordanian (١٨.٣٣٤) Post services company, Kuwaiti (١١.٠٠٠) Ahmad Hanandeh, Jordanian (٥٥.٠٠٠)	Nabil Salameh

Source: Primary Research, In-depth Interviews
Ministry of Industry and Trade, Company Control Department

The most prominent courier companies according to the above list are the companies that operate internationally; in addition to PIONEX which on a national level is the second biggest after ARAMEX.

According to respondents there are no official market share figures for the above mentioned companies but ARAMEX has the biggest market share of 80% for local

⁵ According to Sales and Marketing Manager at FedEx and General Manager-Jordan at Aramex, the list includes the names of the biggest companies operating in Jordan

⁶ FedEx is represented in Jordan by a nominated Service Contractor Falcon Express

and international packages followed by DHL, TNT, FedEx and UPS who mainly operate internationally.

2.2 Driving Forces affecting the sector

2.2.1 Trends in the market

The market for courier and express services is defined as the business sub sector that supplies the need for rapid collection and delivery of documents and packages, including the services provided by the national post. Items covered by this definition include mail, parcels and other items with a high value-to-weight ratio and a time-sensitive delivery requirement.⁷

Many courier firms used to rely on the demand for the rapid delivery of important documents as a large source of their work. Modern communication technology (email, video conferencing and fax machines) has reduced this demand in recent years. As a result, some firms have been forced to look elsewhere for work and have often turned their attention towards delivering more bulky packages. This sector of the market is growing, with internet shopping and mail order leading to more goods being delivered straight to customers' homes. Increasingly, goods ordered over the internet or by mail order are expected to arrive within one or two days and courier firms are usually chosen to deliver them.

Even if sub sector growth rates - like those in the 1990s - are no longer double digits, the courier, express and parcel (CEP) sector is continuing to grow. This rise is related to the positive development of Internet retailing and the reduction of warehouse space as a result of supply-chain optimization and the expansion of just-in-time production. In addition, the demand for fast CEP services is rising, driven by

Just-in-time production is a demand pull system. Purchases of materials and output depend on actual customer demand. Inventories are reduced greatly or eliminated, a few suppliers must reliably deliver small amounts on a frequent basis, plant layouts must become more efficient, a zero defects policy is established, and workers must be able to perform multiple tasks, including continuous monitoring of quality.

globalization and the integration of markets. But, CEP services are also affected by macroeconomic factors. An economic slowdown could also slowdown the CEP sector.⁸

According to interviews conducted with entrepreneurs operating in the sector, all of the top courier firms (listed as most prominent agencies in Jordan) utilize various technological software, internet and computer systems for productivity. The following systems are used by the big companies, which have enhanced the services offered and increased output, such as:

- Online shipment tracking systems
- Online reservation
- SMS shipment tracking
- Scanners/ Geographic Positioning System (GPS)
- Customer relations management system

⁷http://www.reportbuyer.com/transport_travel/logistics_shipping/courier_express_services.html

⁸https://www.dhl-discoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

2.2.2 Markets (National, International)

The table below delineates the various services provided by the sector. Pricing of services varies according to weight and destination.

Table 7: Courier Services

Service	Price (JD)	Comments
Mail Documents	<i>Depends on weight and destination (see appendix for sample pricing of companies)</i>	Services may include: Proof of Delivery Registered Mail Delivery by Hand Fragile Parcel Delivery Advert Mail Publication Distribution Customer Clearance
Local Mail Document		
International Mail Document		
Express Local Mail Documents		
Express International Mail Document		
Parcels/ Packages (non-mail)		
Local Parcels/ Packages		
International Parcels/ Packages		
Express Parcels/ Packages		
Express International Parcels/ Packages		

Interviews with experts indicated that mail documents were more widely utilized on a national and international level. Express mail was also created to service the needs of mail documents which needed to be delivered urgently.

2.2.3 Investment Trends

For most CEP service providers, the share of B2B, Business to Business (which involves the exchange of goods, services and information among companies) customers is amounts to approximately 90 percent of their business at the moment. Business customers are primarily interested in services provided from a single source. They frequently want integrated, all-around service with a continuous transport chain from door to door.⁹

Placing the focus on private customers creates major opportunities as well as new challenges for CEP service providers. For instance, service to private customers generally involves delivering one package per stop. Furthermore, routes that previously concentrated on commercial areas have to be expanded to other places like residential neighborhoods. Another factor affecting this trend is that private customers are more difficult to reach - this means that, under certain circumstances, an attempted delivery must be made several times, resulting in higher costs. For this reason, innovative solutions like the national introduction of parcel stations are required. Such options allow round-the-clock pick-up.¹⁰

With the expansion of e-commerce, business with private customers is expected to continue to expand. Current estimates show that every fourth parcel results from Internet retailing. Returns management is also becoming increasingly important as a result of the consumer-goods service and internet retailing provided to private customers; if a package is "returned," the recipient sends the goods back to the retailer. Reasons for the return can include product defects or customer dissatisfaction with the goods.¹¹

⁹ https://www.dhl-discoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

¹⁰ http://www.dhldiscoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

¹¹ https://www.dhl-discoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

The trend of globalization and faster shipments faces a challenge created by growing security inspections that can slow the speed-conscious CEP sector. Almost every parcel bound for the United States is x-rayed before it may be transported any farther - certain parcels must even be stored for 24 hours. To retain their time edge over providers of traditional services, CEP companies have developed a close working relationship with customs officials.¹²

CEP companies try to develop a competitive edge by creating product differentiation, focusing on the customer and offering new value-added services such as proactive shipment information provided by text message or e-mail.¹³ However, as with other service providers, a problem that all CEP (courier, express and parcel) providers face is their services' strong link to the state of the economy. Shipping volume rises and falls tremendously as the economy climbs and dips.¹⁴

2.2.4 Implications of trends

CEP is a high potential market, the growth of which is directly related to the global GDP. The rising level of global trade coupled with industrialization has made CEP services of greater importance to the majority of industries. In addition to the factors mentioned, reduced product life cycles, growing quality awareness among consumers and the need for companies to maintain the quality standards across their global operations have proved to be the main drivers for CEP market growth.

Globally, the CEP industry is growing at different paces. On one hand, there is the matured market of the US, while on the other; there are markets which are still underdeveloped. The Asian market holds tremendous growth potential. With China becoming a WTO member and opening its markets for foreign companies and India picking up the pace, the Asian region is set to grab the limelight in the near future. Middle East is another promising market, where Dubai proves to be a central point for Asia and African trade. Markets in Asia are mainly flourishing on the back of the intra-Asian trade, and especially due to the growing trade between India and China¹⁵.

DHL, UPS, FedEx and TNT are the four major global players that operate in Jordan. The networks of these companies, including air, sea, rail and road, work as the lifeline of the services provided by these companies and further fuel their respective growth. The main target of all these companies is to strengthen their networks through their international alliances, agreements, strategic acquisitions and by exploring newer markets. The recent steps of these players signal towards their expansion strategy in the Chinese market.¹⁶

2.3 Identification of stakeholders in the sector who could be included in the establishment of longer working groups

Following are the stakeholders who could be included in the establishment of longer term working groups.

¹² https://www.dhl-discoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

¹³ https://www.dhl-discoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

¹⁴ https://www.dhl-discoverlogistics.com/cms/en/course/services/cep/cep_future.jsp

¹⁵ <http://www.the-infoshop.com/study/koan74671-global-cep.html>

¹⁶ <http://www.the-infoshop.com/study/koan74671-global-cep.html>

Table 8: Potential working group members

Category	Organization
International Licence Holders	Country Manager, UPS ARAMEX FedEx
Local Licence Holders	PIONEX
Regulatory Body	Telecommunication Regulatory Commission (TRC)

The above were selected according to their experience, international and national presence and activities in addition to the TRC, the regulating body for all legal and registration issues.

3.0 General Business Environment

3.1 General Business Environment

Like all countries, Jordan has worked on simplifying the framework of conditions for doing business in the country, especially the administrative procedures relating to company registration, including legal, institutional, procedural, and information dissemination adjustments. Efforts have been made over the period of years, to assess registration processes and the accompanied procedures in Jordan with the aim of reducing the bureaucratic barriers that face investors¹⁷.

3.1.1 Informal Cartels

Cartels are illegal in Jordan and no informal cartels exist in the courier sector according to industry participants. Prices are set by each company separately and the Telecommunications Regulatory Commission does not influence/ or interfere in pricing; the Jordan Post Company, JPC, has the lead share of the mail market with about 40.8%, and enjoys monopoly rights over 500 grams mail.

3.2 Effect of the general environment on the development of the sector

The general business environment for courier services is supportive of the main players in the sector or those wishing to enter. Registration procedures and regulations are clear and available easily as there is a regulatory body for this sector that provides all necessary information. The market for courier services has been fully opened to competition; there is no 51% foreign equity limitation in the sector which encourages international investments. The Telecommunications Regulatory Commission has no limits on the number of courier licenses to be granted.

The sector is affected by some organizations that have an influence on the courier sector such as the civil aviation bodies that govern entry and exit and the Customs Department. Respondents mentioned that the regulations should be eased, specifically those that are related to customs. It was mentioned that customs staff do not understand how to handle express mail and the importance of delivery on time.

¹⁷ MED BEST Process in Jordan Country Report- Ministry of Planning and International Cooperation Jordan- August 2004

3.3 Effect of business environment on investment

There are no restrictions or barriers to increase domestic investment in the courier sector. The market for courier services has been fully opened to competition from abroad; there is no 51% foreign equity limitation on the sector which encourages international investments.

4.0 Legislative and Regulatory Environment

4.1 Measure related to domestic regulation

4.1.1 Regulatory bodies

The regulating body for this sector is the **Telecommunications Regulatory Commission (TRC)**

The TRC was established by means of the Telecommunications Law No. 13 of 1995, and its amending temporary law No. 8 of 2002 as an independent jurisdictional body tasked with regulating the telecommunications and information technology sectors. In fulfilment of the provisions of the Postal Services Law No. 34 of 2007, the TRC started to take responsibility for regulating the postal sector in the Kingdom and monitoring all postal service providers and their compliance with the law.

The TRC answers to the Prime Minister and is a financially and administratively independent juridical personality, and, in such capacity, it is entitled to own and dispose of movable and immovable property necessary to achieve its objectives, enter into contracts with third parties, and take all legal actions, including the right to litigate, and appoint the civil public prosecutor or any other attorney as its representative in judicial proceedings¹⁸. The Commission has its independent budget, which, with its final accounts, are agreed by the Board and approved by the Council of Ministers.

According to TRC's 2007 annual report, the TRC employs 43 technical and economic professionals are employed¹⁹. According to TRC the number of employees does not affect the number of licensing that are issued as there is no limit or restriction on the number of licenses to be granted.

4.1.2 Price regulation

According to the respondents interviewed for this study, there are no price related restrictions on the sector and every company prices its services differently. Moreover, the TRC does not provide pricing guidelines for the courier sector.

- The only regulation that TRC imposes is on deliveries that weigh 500 grams and less, these deliveries are restricted to Jordan Post.
- A private postal service provider can deliver such mail that weigh 500 grams and less if price is not less than 5 times as much as that which is offered by the Jordan Post²⁰.

According to respondents the restriction on deliveries that weigh 500 grams was implemented to protect the Jordan Post; other companies are required by regulation to charge five times the amount Jordan Post charges on these deliveries. Respondents are

¹⁸ http://www.trc.gov.jo/index.php?option=com_content&task=view&id=16&Itemid=138&lang=english

¹⁹ <http://www.trc.gov.jo/images/stories/pdf/en2007.pdf?lang=english>

²⁰ http://www.trc.gov.jo/images/stories/pdf/Postal_Law.pdf

against protecting the Jordan Post and wish to have this restriction removed as it does not promote fair competition and improved services.

4.1.3 Measures related to professional qualification

No measures are required.

4.2 Regulation of entry of new business

Conditions for entry: The main conditions new courier sub sector entrants must fulfil include:

1. Registration as a Jordanian or a foreign operating company according to the applicable Jordanian company law.
2. The new entrant must have one or more trade marks registered in its name, which is recognized by the TRC as the company's official postal mark.
3. Company managers and founders must have no prior criminal convictions (related to personal honor and general public behavior) or have been convicted with bankruptcy
4. Submit a written pledge to TRC committing to all instructions it issue
5. Submit the license application to TRC attaching documents that prove the above mentioned conditions²¹.

Registration Requirements for all businesses:

As per item 1 above, to start a business in Jordan, irrespective of the sector, the following requirements must be met. Jordan's business license and tax requirements for small, start-up businesses are expensive and time-consuming. The World Bank's annual "Doing Business" survey for 2009 ranks Jordan 131 among 181 economies for starting a business.

The requirements for starting a limited liability company are given below in Table 9.

²¹ http://www.trc.gov.jo/index.php?option=com_content&task=view&id=330&lang=arabic and http://www.trc.gov.jo/images/stories/pdf/Instructions_for_licensing_private_postal_operators_2004.pdf?lang=english

Table 9: Starting a Business in Jordan²² Limited Liability Company

	Procedure	Time to complete	Cost to complete
1	Execute the company's formation contract and the memorandum and articles of association.	1 day	JOD 800
2	File registration application with the Ministry of Industry and Trade	1 day	no charge
3	Open bank account; deposit 50% of the capital	1 day	JD8, charges for issuing a certificate evidencing the depositing the 50% of the Capital.
4	Finalize the registration of the company; obtain registration certificate	1 day	JD 5 (Filing Fee), + JD 2 (Registration Certificate Fee), + 0.03% of Share Capital (Stamp Duty), + 0.02% of Share Capital (Registration Fee), + JD 15 (Fee For Publication in the Official Gazette).
5*	Register for corporate tax, salary withholding tax, and VAT	1 day (simultaneous with previous procedure)	no charge
6*	Register with the chamber of industry or chamber of commerce	1 day (simultaneous with previous procedure)	JOD 164
7	Obtain a vocational license from the municipality	8 days	JOD 200
8*	Inspection by municipality on safety and health	1 day (simultaneously with previous procedure)	no charge
9*	Register for social security	1 day (simultaneous with previous procedure)	no charge
10*	File general assembly first meeting and board of directors' minutes of meeting	1 day (simultaneous with previous procedure)	JD 30-50 (depending on whether the company would be managed by a General Manager or a Board of Directors (BOD)).

Source: Doing Business Report, World Bank, 2008

Beyond the 10 steps list above, an entrant into the CEP sector must follow the TRC licensing procedure which is provided below in Table 10.

Transfer of Authorization: Issued licenses are not transferable and cannot be waived without the previous approval of the TRC. Transferring the class of the license from one class to another can be obtained by the approval of the TRC's board of commissioners

According to respondents it is important to obtain an approval for transfer of authorization from the TRC's board of commissioners to control the sector and to stay in accordance with international standards and to maintain the quality of service.

²² <http://www.doingbusiness.org/ExploreTopics/StartingBusiness/Details.aspx?economyid=99#1>

Table 10: Obtaining a license from the TRC

No.	Procedure	Cost
1	Submit a complete application form	JOD 100
2	The complete application is submitted to the TRC board of commissioners within 15 days from the date the application was submitted Approval or rejection of license is issued within 30 days from the date received by the board	
3	If application is rejected, a. The applicant is informed of this decision in writing within 7 days from the date the decision was taken b. the applicant has the right to object on this decision within 15 days from the date he was informed c. the board takes a decision within 7 days from the date it receives the objection	
4	If approval is granted, a. the applicant is informed within 7 days from the date the decision was taken b. the annual fees for the license and bank guarantee must be paid by the applicant within 7 days for one year and is renewed automatically for another c. The license is granted within 10 days from the date the applicant pays the bank guarantee	Bank guarantee: Domestic Class: JOD 2,000 International Class: JOD 20,000 Annual Fee: Domestic class: JOD 1,000 annually International class: JOD 10,000 annually

Source: www.trc.gov

Other Registrations: Licenses are issued by the following bodies. The table below displays the type of approval/registration required by each body. All registrations are required for all sectors, except the sixth license which is the TRC license given above in Table 10.

Table 11: Licenses required for operation in the Courier sub sector

	Body/ Entity	Requirement	Frequency
1	Ministry of Industry & Trade/ Companies Control Department ²³	Company Registration Application Payment of Fees	Upon Registration One Time (<i>for all sectors</i>)
2	Ministry of finance/ Income & Sales Tax Department	Registration and Certification	Upon Registration One Time (<i>for all sectors</i>)
3	Ministry of Industry and Trade	Company Registration Certificate	Upon Registration (<i>for all sectors</i>)
4	Greater Amman Municipality	Application and Certification Annual	Renewal Annually (<i>for all sectors</i>)
5	Amman Chamber of Commerce	Company Registration Certificate Annual	Renewal Annually (<i>for all sectors</i>)
6	Telecommunications Regulatory Commission	License to operate as a private postal service provider	Renewal every 5 years (<i>for courier sector</i>)

²³ The Companies Control Department belongs to the Ministry of Industry and Trade. It is one of the governmental departments that submit the services for investment enterprises

5.0 GATS/Restrictiveness Measures

5.1 GATS commitments on the sector/sub sector

Jordan made no commitments on postal services under the GATS. The market for courier services has been fully opened to competition in Jordan's services schedule. A foreign equity limitation under Mode 3 (51%) was phased out in January 2004.²⁴

Table 12: Sub Sector Specific Commitments Courier Services

SECTOR SPECIFIC COMMITMENTS				
Modes of supply :	1) Cross-border supply		2) Consumption abroad	
	3) Commercial presence		4) Presence of natural persons	
Sector or Sub-sector		Limitations on Market Access		Limitations on National Treatment
02. Communication Services				
B. Courier services (CPC 7512)	1)	None	1)	None
	2)	None	2)	None
	3)	Subject to 51% foreign equity limitation. Starting no later than 1 January 2004, 100% foreign equity will be permitted. – phased out	3)	None
	4)	Unbound, except as indicated in the horizontal section	4)	Unbound, except as indicated in the horizontal section

Source: WTO Services Database

5.2 Analysis of legislative and administrative restrictions sub sector according to the WTO/GATS four modes of supply

5.2.1 Bilateral Agreements

Currently, there are no bilateral agreements encompassing the courier sector in Jordan. There are no constraints on the number of foreign companies that can enter or operate in the Jordanian market.

According to feedback from respondents, Jordan has an Open Sky Agreement with the US and Europe. Open Skies agreements can be either bilateral or multilateral. Open Skies agreements set liberal ground rules for international aviation markets and minimize government intervention. Provisions apply to passenger, all-cargo and combination air transportation and encompass both scheduled and charter services. Key provisions include:

1. Free Market Competition

No restrictions on international route rights; number of designated airlines; capacity; frequencies; or types of aircraft.

²⁴ <http://tsdb.wto.org/simplesearch.aspx>

2. Pricing Determined by Market Forces

A fare can be disallowed only if both governments concur -- "double-disapproval pricing" -- and only for certain, specified reasons intended to ensure competition.

3. Fair and Equal Opportunity to Compete

For example:

- All carriers -- designated and non-designated -- of both countries may establish sales offices in the other country, and convert earnings and remit them in hard currency promptly and without restrictions. Designated carriers are free to provide their own ground-handling services -- "self handling" -- or choose among competing providers. Airlines and cargo consolidators may arrange ground transport of air cargo and are guaranteed access to customs services.
- User charges are non-discriminatory and based on costs.

4. Cooperative Marketing Arrangements

Designated airlines may enter into code-sharing or leasing arrangements with airlines of either country, or with those of third countries, subject to usual regulations. An optional provision authorizes code-sharing between airlines and surface transportation companies.

5. Provisions for Dispute Settlement and Consultation

Model text includes procedures for resolving differences that arise under the agreement.

6. Liberal Charter Arrangement

Carriers may choose to operate under the charter regulations of either country.

7. Safety and Security

Each government agrees to observe high standards of aviation safety and security, and to render assistance to the other in certain circumstances.

8. Optional 7th Freedom All-Cargo Rights

Provides authority for an airline of one country to operate all-cargo services between the other country and a third country, via flights that are not linked to its homeland.²⁵

Open skies agreements lead to expanded demand for international aviation service and create new business for international air carriers. In addition, Open Skies agreements promote increased travel and trade, productivity, high-quality job opportunities and economic growth. They do this by reducing government interference in the commercial decisions of air carriers, freeing them to provide affordable, convenient and efficient air service for consumer.²⁶

5.3 Other restrictiveness measures if applicable

The courier sector is an open sector; there are no restrictions on full foreign ownership which makes the sector attractive for foreign investors

²⁵ <http://www.state.gov/e/eeb/tra/c661.htm>

²⁶ <http://www.state.gov/e/eeb/tra/ata/>

- There are no restrictions on cross-border entry of foreign service providers to the Jordanian market.
- There are no policy restrictions to new entry, in terms of number of firms, total number of firms allowed, and entry by firms with foreign participation.
- Private ownership in the provision of services through commercial establishment is allowed.
- There are no foreign equity limitations in the courier sector
- There are no limitations on distribution of private equity.
- The Jordanian government holds equity stakes in the Jordan Post which is the national business company in the postal services.

6.0 Benchmarking

6.1 Benchmarking against International Standards

Most of the multinational firms, and big names within the courier sector, have branches in almost all countries in the Middle East, and in Jordan as well. Therefore, the standards applied are the same as the ones applied in the West for these carriers.

Services provided by all international companies mentioned in this report include the following:

1. Document and non-document delivery
2. Freight services
3. Logistics
4. Cash collection
5. Door to door delivery
6. 24 and 48 hour delivery

Services they differ in:

1. Valuable parcel delivery: DHL, TNT and UPS are the only providers
2. Timed delivery: DHL and ARAMEX are the only providers
3. Acting as local agents for clients: DHL and ARAMEX are the only providers
4. Handling exhibitions: ARAMEX is the only provider
5. Direct marketing: DHL is the only provider
6. Clinical equipment delivery: TNT is the only provider
7. Dangerous – Safe delivery: TBT is the only provider
8. Address correction: UPS is the only provider
9. Archive services: TNT is the only provider

Table 13 shows a comparison of services provided by all the companies mentioned in this report including PIONEX

Table 13: Comparison of courier services

	DHL	Aramex	TNT	FedEX	UPS	PIONEX
Urgent document Delivery	Yes	Yes	Yes	Yes	Yes	Yes
Valuable parcel delivery	Yes	N/A	Yes	N/A	Yes	N/A
Fragile parcel delivery	Yes	Yes	Yes	N/A	Yes	N/A
Insured deliveries (POD-Proof on delivery)	Yes	Yes	Yes	Yes	Yes	Yes
Cash collection from destination and upon delivery	Yes	Yes	Yes	N/A	N/A	Yes
Returned product Delivery	Yes	Yes	Yes	Yes	N/A	Yes
Same day delivery Domestic	Yes	Yes	Yes	N/A	N/A	Yes
24hour delivery Domestic	Yes	Yes	Yes	N/A	Yes	Yes
48 hour delivery International	Yes	Yes	Yes	N/A	Yes	Yes
Door to door delivery (forwarding, clearance an documentation)	Yes	Yes	Yes	Yes	N/A	Yes
Door to airport	N/A	Yes	N/A	Yes	N/A	Yes
Airport to airport	N/A	Yes	N/A	N/A	N/A	Yes
Timed deliveries	9am & 12am	Yes	N/A	N/A	N/A	Yes
Acting as local agents (clearing documentation and forwarding)	Yes	Yes	N/A	Yes	N/A	N/A
Any weight freight	Yes	Yes	Yes	Yes	Yes	
Handling exhibitions	N/A	Yes	N/A	N/A	N/A	N/A
Establishing mailbox in foreign countries	N/A	UK & US	N/A	N/A	N/A	N/A
Catalogue shopping	N/A	Yes	N/A	N/A	N/A	N/A
Controlling flow of Material	Yes	Yes	Yes	Yes	Yes	Yes
Tracking shipments	Yes	Yes	Yes	Yes	Yes	Yes
Direct marketing	N/A	N/A	Helps the client launch the market with new product or service	N/A	N/A	N/A
Clinical equipment Delivery	N/A	N/A	Specialize d in sending clinical equipment	N/A	N/A	N/A
Transshipment	N/A	N/A	N/A	Yes	N/A	Yes
Outsourcing services	N/A	N/A	Yes	N/A	N/A	N/A
Declared value charge	N/A	N/A	N/A	N/A	Yes	N/A
Archive and records Services	N/A	N/A	Yes	N/A	N/A	N/A
Address correction	N/A	N/A	N/A	N/A	Yes	N/A
Dangerous - Safe delivery	N/A	N/A	Yes	N/A	N/A	N/A

Source: Stakeholder interviews

6.2 Benchmarking competition from neighbouring countries

According to several industry experts interviewed, existing companies present in each country in the Middle East region do not directly compete with one another- for example it would not be financially or logistically feasible to utilize the services of a company based in Dubai to send a delivery domestically in Jordan or vice versa.

The following reasons further explain the relationship between the courier sector and its players in different countries:

1. Many of the larger multinational companies have established partnerships (and branches in most cases) in various countries in the MENA region, therefore allowing them to cooperate in the handling of accounts rather than competing against each other to attain them. Moreover, many regional and multinational companies partner with local companies, and therefore utilize the services of the branches of the same company should they require to send parcels to more than one market.
2. Multinational companies (clients) prefer to deal with companies that have branches in most, if not all, of the key markets in which they operate.

“Globally, the CEP industry is growing at different paces. On one hand, there is the matured market of the US, while on the other; there are markets which are still underdeveloped. The Asian market holds tremendous growth potential. With China becoming a WTO member and opening its markets for foreign companies and India picking up the pace, the Asian region is set to grab the limelight in the near future. Middle East is another promising market, where Dubai proves to be a central point for Asia and African trade. Markets in Asia are mainly flourishing on the back of the intra-Asian trade, and especially due to the growing trade between India and China”²⁷

Dubai can be selected as the most successful country in the region in terms of its courier sub sector and therefore Jordan is benchmarked against it for the purpose of this study.

6.1.1 Competitive strengths

UAE:

1. Dubai proves to be a central point for Asia and African trade. Markets in Asia are mainly flourishing on the back of the intra-Asian trade, and especially due to the growing trade between India and China”²⁸.
2. Sustainability Planning- As the UAE has a reputation of being a modern and progressive nation devoted to contributing to global issues, companies operating in Dubai are currently investing heavily in enhancing the quality of its courier services by complying with international standards- thus allowing them to be more competitive on a global scale.
3. The United Arab Emirates was elected at the 24th Universal Postal Union (UPU) Congress to two important councils for 2009-2012, marking a significant victory for the Emirates Post Group delegation. The UAE is now the member of the 40-member Council of Administration (CA) and the 40-

²⁷ Global Courier, Express & Parcel (CEP) Market- <http://www.the-infoshop.com/study/koan74671-global-cep.html>

²⁸ Global Courier, Express & Parcel (CEP) Market- <http://www.the-infoshop.com/study/koan74671-global-cep.html>

member Postal Operations Council (POC). The UAE was already a member of the CA for the past four years. The Council of Administration's role is to ensure continuity of the UPU's work between Congresses, supervise its activities and study regulatory, administrative, legislative and legal issues. The Council approves the biennial budget and the accounts of the Union. The Postal Operations Council deals with technical and operational issues. It promotes the introduction of new postal products and makes recommendations to member countries concerning standards for technological, operational or other processes. Its agenda includes helping postal services to modernize and upgrade their products²⁹.

4. The industry level in Dubai is sophisticated, Dubai stands out as being very different, competition is tough, but most importantly professional³⁰. Dubai is known around the world for the excellent business environment it offers. Rules and regulations for conducting business from Dubai are among the most liberal and attractive in the region.
5. Courier companies in the UAE successfully recruited the most experienced and qualified industry experts from countries in the region. Given that Dubai became the hub for the headquarters of multinational companies, courier companies were able to secure large accounts and therefore hire internationally renowned experts in the industry to run their operations. The standard of living, facilities, higher salaries, and modern lifestyle helped in attracting these foreign workers to Dubai.
6. Supporting facilities: The UAE, being an advanced hub in the MENA region, has advanced and developed facilities that cater for courier services providers (such as road infrastructure and cargo facilities).
7. Business freedom: The overall freedom to start, operate, and close a business is limited by the UAE's regulatory environment. Starting a business takes less than half the world average of 38 days, Obtaining a business license takes less than the world average of 225 days.
8. Fiscal Freedom: The UAE has no income tax and no federal-level corporate tax, but there are different corporate tax rates in some Emirates. There is no general sales tax or value-added tax, but authorities are considering implementing the latter. Property transfers are subject to taxation³¹.
9. Labor Freedom: The UAE's relatively flexible employment regulations facilitate overall employment and productivity growth. The non-salary cost of employing a worker is moderate, but dismissing a redundant employee is relatively costly. Regulations related to the number of work hours are not rigid. There is no minimum wage³².

Jordan

1. Fairly Flexible Labour Regulations: Jordan's relatively flexible labour regulations facilitate employment and productivity growth. The non-salary cost of employing a worker is moderate, but dismissing a redundant employee is not easy. Regulations on the number of work hours are not rigid. Labour laws treat foreigners and locals alike (as of 2008).

²⁹ "UAE set to wield considerable influence in Postal Policies" www.uaeinteract.com

³⁰ "DUBAI HAS IDEAL OPPORTUNITY TO SHOW OFF ADVERTISING TALENTS"- BY MAEY AL SHOUSH, STAFF REPORTER, IAA WORLD CONGRESS

³¹ "2009 Index of Economic Freedom"- The Heritage Foundation and Wall Street Journal. www.heritage.org

³² "2009 Index of Economic Freedom"- The Heritage Foundation and Wall Street Journal. www.heritage.org

2. **Business Freedom:** The overall freedom to start, operate, and close a business is unbolted by Jordan's regulatory environment. Starting a business takes an average of 14 days, compared to the world average of 38 days.
3. **Investment Freedom:** Foreign and domestic investments receive almost equal treatment. There is no formal screening, but there are minimum capital requirements. Additionally, foreign investments may not exceed 49 percent in the advertising sector. In terms of Dubai, this is a major advantage over the UAE.
4. The minimum capital required in establishing a company is relatively low: The minimum capital required for establishing a limited liability company is 1,000 JOD- which is significantly low compared to the previous fee required to be paid (30,000 JOD).
5. According to GATS, there are no major restrictive measures on the sector.

6.1.2 Competitive Weaknesses

UAE:

1. **Investment Freedom:** Foreign investors do not receive national treatment. Except for companies in the free zones, at least 51 percent of a business must be owned by a UAE national. Company bylaws often prohibit foreign ownership. Distribution of goods must be conducted through an Emirati partner, although 'liberalized goods' may be imported without the agent's approval. There are no controls or requirements on current transfers, access to foreign exchange, or repatriation of profits³³.

2. **Limits to business freedom:** Minimum capital requirement remains costly. Bankruptcy proceedings are lengthy and cumbersome³⁴.

Jordan

1. **Moderate Tax Rates:** Jordan has moderate tax rates, but still higher than Dubai and other regional countries. Both the top income tax rate and the top corporate tax rate are 25 percent. Other taxes include a value-added tax (VAT) and a tax on interest paid to non-residents.

³³ "2009 Index of Economic Freedom"- The Heritage Foundation and Wall Street Journal. www.heritage.org

³⁴ "2009 Index of Economic Freedom"- The Heritage Foundation and Wall Street Journal. www.heritage.org

7.0 SWOT Analysis

7.1 Swot Analysis

7.1.1 Strengths	7.1.2 Weaknesses
<ul style="list-style-type: none"> • Clear regulations; a regulating body is available • Labor Freedom • Security in Jordan • Business Freedom • Moderate Inflation Rates • Investment Freedom • 	<ul style="list-style-type: none"> • There is no association for the sector to set standards • Monopoly over packages that weigh less than 500 grams by Jordan post • Prices are affected by international fuel prices • Moderate Tax Rates • Custom clearance issues • Strong link to the state of the economy • The trend of globalization and faster shipments • Private customers are more difficult to reach resulting in higher costs. • Staff turnover
7.1.3 Opportunities	7.1.4 Threats
<ul style="list-style-type: none"> • DHL is losing business which is an opportunity for other companies • New Market/ Room for expansion • Advancements in Technology (from supporting business services) • The improvement/development of Jordan's infrastructure can lead to more professional service delivery methods. 	<ul style="list-style-type: none"> • Global economic crisis • Modern Communication technology is replacing more traditional courier services.

7.1.1 Strengths:

- **Labor Freedom:** Jordan's relatively flexible labour regulations facilitate employment and productivity growth. The non-salary cost of employing a worker is moderate, but dismissing a redundant employee is not easy. Regulations on the number of work hours are not rigid.
- **Security in Jordan:** Many people and companies have moved to Jordan.
- **Business Freedom:** The overall freedom to start, operate, and close a business is restricted by Jordan's regulatory environment. Starting a business takes an average of 14 days, compared to the world average of 38 days. Obtaining a business license requires less than the world average of 18 procedures and 225 days.
- **Moderate Inflation Rates:** Inflation is moderate, averaging 5.4 percent between 2005 and 2007. Most controls have been eliminated, but the government influences the prices of fuel products through subsidies and sets prices for electricity, telecommunications, and water.
- **Investment Freedom:** Foreign and domestic investments receive equal treatment. There is no formal screening, but there are minimum capital requirements. Additionally, foreign investments exceed 50 percent in the courier sector.

7.1.2 Weaknesses

- **Custom clearance issues:** there is a need to train customs officers on the meaning of express service and the importance of time for such deliveries.
- **Strong link to the state of the economy,** shipping volume rises and falls tremendously as the economy climbs and dips

- **Moderate Tax Rates:** Jordan has moderate tax rates, but still higher than Dubai and other regional countries. Both the top income tax rate and the top corporate tax rate are 25 percent. Other taxes include a value-added tax (VAT) and a tax on interest paid to non-residents
- **The trend of globalization and faster shipments** faces a challenge created by growing security inspections that can slow the speed-conscious CEP (courier, express and parcel) sector. Just about every parcel bound for the United States is x-rayed before it may be transported any farther - certain parcels must even be stored for 24 hours. To retain their time edge over providers of traditional services, CEP companies have developed a close working relationship with customs officials.
- **Private customers are more difficult to reach** - this means that, under certain circumstances, an attempted delivery must be made several times, resulting in higher costs. For this reason, innovative solutions like the national introduction of parcel stations are required. Such options allow round-the-clock pick-up.
- **Staff turnover is high** in the courier sector, employees move from one company to another in the same sector (competitors)

7.1.3 Opportunities:

- **New Market/ Room for expansion**
Individual CEP (courier, express and parcel) companies try to develop competitive edges by creating differentiation, focusing on the customer and offering new value-added services. One part of this approach is tapping new markets and conquering market niches. This results in increased customer service and individualized production for customers. Innovations like package shops, parcel stations and delivery on Saturdays are used in an attempt to increasingly address customers' needs.
- **Advancements in Technology** (from supporting business services)
- The **improvement/development of Jordan's infrastructure** can lead to more professional service delivery methods.

7.1.4 Threats:

- **Global economic crisis**
- **Modern Communication technology is replacing more traditional courier services.** Many courier firms used to rely on the demand for the rapid delivery of important documents as a large source of their work. Modern communication technology (email, video conferencing and fax machines) has reduced this demand in recent years. This sector of the market is growing, with internet shopping and mail order leading to more goods being delivered straight to customers' homes. Increasingly, goods ordered over the internet or by mail order are expected to arrive within one or two days and courier firms are usually chosen to deliver them.

8.0 Opportunity scan

8.1 Identify sectors, sub sectors or clusters with employment generation potential and potential to increase national income

The privatization of the Jordan Post is expected to increase the productivity and competitiveness, introduce new management systems, technology and experiences which will improve the income and the level of services and lower the prices in the competition. In addition it will ease the financial burden on the public treasury by stopping its commitment to provide financial assistance and loans. The privatization is also expected to provide new job opportunities.

8.2 Investment prospects, joint ventures and export potential should be identified and considered

The courier, express and parcel sector is continuing to grow. This rise is related to the positive development of Internet retailing and the reduction of warehouse space as a result of supply-chain optimization and the expansion of just-in-time production. In addition, the demand for fast CEP services is rising, driven by globalization and the integration of markets. But, CEP services are also affected by macroeconomic factors. An economic slowdown could apply the brakes to the CEP sector.

According to some respondent, there is a potential for big companies to come if the political environment is enhanced / stabilized. An opportunity according to respondents could be developing a free zone area to break bulk the consolidated service.

As for getting more international courier companies to open in the country; all of the big players are already here (according to industry experts).

8.3. Potential for inward investment (mode 3)

An opportunity, according to survey respondents, could be developing a free zone area to break bulk the consolidated service. The free zone could act as a hub for the West Bank, north of Saudi, west of Iraq and Syria.

Jordan is creating a substantial investment opportunity through the privatization of Jordan Post Company (JPC) and by attracting a strategic investor. The Government of Jordan decided in 1999 to restructure the Jordanian postal services with the main objective of raising its efficiency and reliability, the privatization of the company is expected to be completed during the first quarter of 2009.

9.0 Constraints to development

9.1 Constraints

- There is no association for the sector to set standards
- Monopoly over packages that weigh less than 500 grams by Jordan post
- Prices are affected by international fuel prices
- Moderate Tax Rates: Jordan has moderate tax rates. Both the top income tax rate and the top corporate tax rate are 25 percent. Other taxes include a value-added tax (VAT) and a tax on interest paid to non-residents
- Custom clearance issues: there is a need to train customs officers on the meaning of express service and the importance of time for such deliveries.
- Strong link to the state of the economy, shipping volume rises and falls tremendously as the economy climbs and dips
- The trend of globalization and faster shipments faces a challenge created by growing security inspections that can slow the speed-conscious CEP (courier, express and parcel) sector. Just about every parcel bound for the United States is x-rayed before it may be transported any farther - certain parcels must even be stored for 24 hours. To retain their time edge over providers of traditional services, CEP companies have developed a close working relationship with customs officials.
- Private customers are more difficult to reach - this means that, under certain circumstances, an attempted delivery must be made several times, resulting in higher costs. For this reason, innovative solutions like the national introduction of parcel stations are required. Such options allow round-the-clock pick-up.

Key issues associated with the development of the sector are recognized to be:

- The imperative to transform the business of JPC into one that is commercially viable and which may compete fairly in a free market environment.
- The promotion of the use of street and building addressing to further enable home and business 'doorstep' delivery.
- The extent of the universal postal service obligation, and its funding. .
- Enhancing the quality of all postal services available in the market. .
- Continued investment by the private sector that builds upon the success of the development of international postal hubs in Jordan.
- Capacity to regulate the sector.

9.2 Related policy factors

- JPC has the lead share of the mail market with about 40.8%, and enjoys monopoly rights over 500 grams mail.
- Customs procedures and regulations

9.3 Specific recommendations for remedial action

- Ease of regulations of entities that work influences the courier sector (customs, civil aviation, bodies that govern entry and exit)
- Train and educate staff of above mentioned entities on what the courier (express) service is and the importance of time.
- Developing guiding principles for the sector to assist them in work and to maintain international standards; could be done through establishing a business organization or a union to cater for the needs of the sector. Such an organization could be established through an initiative from the private sector with help from international donors or associations.

Annex 1: CPC Code

Courier Services CPCprov code 7512

7512 - Courier services

This Class is divided into the following Subclasses:

I. 75121 - Multi-modal courier services³⁵

This subclass includes: collection, transport and delivery services, whether for domestic or foreign destinations, for letters, parcels and packages, as rendered by courier and using one or more modes of transport, other than those provided by the national postal administration. These services can be provided using either self-owned or public transport media.

This subclass does not include: messenger delivery services, cf. 64340"

II. 75129 - Other courier services

Other courier services for goods, not elsewhere classified, e.g./trucking or transfer services without storage, for freight.

³⁵The definition is taken from CPC Version 1.0 and 1.1 Subclass: 68120 – Courier services. CPC Prov, which is used in this study had the following exclusion, *Courier services for mail by air are classified in subclass 73210 (Mail transportation by air)*, which is eliminated under Version 1.0 and 1.1 and is more in keeping with the purpose of the study.

Annex 2: Questionnaire

Courier Services Sub Sector

Note: Unless specified, please give information for the latest year available and indicate which year. If insufficient space is provided, please attach additional information on separate sheets.

Please report all monetary values in their reported currencies.

Within this section of the questionnaire, two concepts will be frequently encountered: **commercial presence** and **cross-border supply**. They are alternative modes of supply and are defined by the WTO in the context of the GATS schedules of commitments. To avoid confusion, a preliminary discussion of the two concepts is necessary. Foreign suppliers provide services according to the “cross-border” mode if they operate from their own country without establishing a local branch or subsidiary or acquiring shares in a firm located in the country to which the service is destined. The “commercial presence” mode of supply means exactly the contrary, i.e. the foreign firms establish locally in the country where they want to supply the service and open a branch, subsidiary or participate to the capital of a local firm (the share can go up to 100%).

Market Access

Commercial presence

1. Are there policy restrictions to new entry (refer only to commercially-established ³⁶ operators)?		
Service type	Entry by any firm	If yes, total number of firms allowed
		Entry by firms with foreign participation ³⁷
		If yes, number of firms with foreign participation allowed
---	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes
---	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes
---	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes

³⁶ The term commercially-established refers to locally-established operators.

³⁷ This category also includes branches and subsidiaries of foreign suppliers.

---	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes
---	<input type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Yes

2. If entry is restricted, what are the reasons provided by the government?

Use the definitions below to fill in the table:

1—To give incumbent operators time to prepare for competition. If so, please specify time given.

2—To increase government revenue from privatization or license fees

3—Exclusive rights believed necessary to attract (strategic) investment. If so, please specify time given

4—It is believed that market can sustain only a limited number of operators

5—Strategic activity reserved to the state.

6—To protect the industry.

Service (Give reasons for each service or sub-sector)	Reasons						
	1	2	3	4	5	6	Other (describe in brief)
--							
--							
--							
--							
--							

CROSS-BORDER SUPPLY

Are there restrictions on cross-border entry of foreign service providers on the ----- market?

No Yes

If yes, what are the instruments used to implement restrictions?

Bilateral agreements specifically related to the sector or agreements where the sector is mentioned therein

Other: _____

If entry is restricted, what are the reasons provided by the government?			
To prepare incumbent operator (s) for competition:	<input type="checkbox"/>		
Market is believed to sustain a limited number of operator (s)	<input type="checkbox"/>		
To protect the regulated rail industry	<input type="checkbox"/>		
Others (explain)			
5.	Bilateral	Agreements
Type of bilateral agreements	Number of signed bilateral agreements	Number of operational agreements	

Others (please elaborate)			
6. Please fill in the following information referring to clauses in <u>operational</u> bilateral agreements:			
a) Tariff clauses in bilateral agreements			
			Total number of bilateral road agreements
--			
--			
Other mechanism of setting tariffs (please describe in brief)			
b) Capacity clauses imposed on foreign companies			
			Total number of bilateral agreements
No capacity constraints			
Capacity constraints			

c) Number of foreign companies	
	Total number of bilateral agreements
No number constraints	
Number constraints	
d) Modes of delivery specification for the foreign companies	
	Total number of bilateral agreements
Routes not specified	
Routes specified	

B. Ownership

7. Is private ownership in the provision of services through commercial establishment allowed?				
Services	Existing operators	Maximum private equity permitted (%)	New entrants	Maximum private equity permitted (%)
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes		<input type="checkbox"/> No <input type="checkbox"/> Yes	

8. Does government (national, state or provincial) hold equity stakes in a national business company?			
Services	Government equity participation	Equity participation (%)	Name of company
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		
	<input type="checkbox"/> No <input type="checkbox"/> Yes		

	<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes	
8.1 If yes, are there any statutory or other legal limits to the number or proportion of shares that can be acquired by foreign investors in those companies?		
Services	Foreign equity participation	Foreign Equity participation (% or number)
	<input type="checkbox"/> No <input type="checkbox"/> Yes	Name of company
	<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes	
	<input type="checkbox"/> No <input type="checkbox"/> Yes	
8.2 If yes, are there any legal constraints to the sale of the equity held by the government in publicly controlled companies?		
		Legal constraints
		<input type="checkbox"/> No <input type="checkbox"/> Yes
		<input type="checkbox"/> No <input type="checkbox"/> Yes
		<input type="checkbox"/> No <input type="checkbox"/> Yes
		<input type="checkbox"/> No <input type="checkbox"/> Yes
		<input type="checkbox"/> No <input type="checkbox"/> Yes

9. Is owner-operators allowed in the in any of the service markets?

Name	Year first offered services	Designated to provide international services	Market share		Is the firm federal, state or provincial?
			National	International	
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			
		<input type="checkbox"/> No <input type="checkbox"/> Yes			

C. Market Structure

Please list below the characteristics of all commercially-established companies operating in Jordan.

Name	Year company first offered services	Designated to provide international services	Market share		Is the firm federal, state or provincial?	Owners of capital and their respective shares (domestic/foreign)
			National	International		
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				
		<input type="checkbox"/> No <input type="checkbox"/> Yes				

Do providers participate in informal cartel?

No Yes If yes, please describe.

Please indicate the total number of foreign companies providing services cross-border:

Services

Please list the characteristics of the 6 most important commercially-established operators for the following services:

Name of firm	Year of service commencement	Market share	Owners of capital and their respective shares (domestic/foreign)

--	--	--	--

D. Regulation

14. Institutional status of sector regulator		
		For providers
When was the regulator established?		
Is the regulator an institutionally independent agency? ³⁸		<input type="checkbox"/> No <input type="checkbox"/> Yes
How is the sector regulator financed?		
License and other fees (%)		
State budget (%)		
Other _____ (%)		
How many technical and economic professionals are employed?		
15. What are the main requirements of companies to operate in the sector?		
Type of service	Requirements	
16. Price regulation		
a) Does the government or regulatory agency regulate tariffs?		
On ... <input type="checkbox"/> No <input type="checkbox"/> Yes		
On <input type="checkbox"/> No <input type="checkbox"/> Yes		
b) If yes to a), please explain		
If no to a) how are abuse of monopoly power (cartel) and/or predatory pricing dealt with?		

³⁸ "Institutionally independent" means that the regulator is not part of the ministry and is not linked to the operating entity.

Does the government or regulatory agency provide pricing guidelines for some services?

Service... No Yes

Service ... No Yes

etc

Are professional bodies or representative of trade and commercial interests involved in specifying or enforcing pricing guidelines or regulations?

On service tariff No Yes
 On service No Yes

17. Regulation on entry of new business

17.1 Licenses

a) If the number of providers is not restricted by policy, specify the main conditions new entrants must fulfill

Service	Payment of license or permit fee (indicate amount in local currency)	Obtainment of concession, or franchise by a level of government	Other (describe in brief)

b) If the number of providers is limited by policy, through what mechanism are licenses or concessions allocated?

Service	Competitive tender	First come, first served	Public hearings	Other discretionary mechanism	Other (describe in brief)

c) Who does issue license?

Service	Government	Regulatory agency	Other (describe in brief)

d) Does the regulator, through licenses or otherwise, have any power to limit industry capacity?
 No Yes

If the answer is "No", are any of the following constraints in place?

a) complete prohibition

b) limitations

c) domestic requirements for government (public procurement)

d) restrictions on foreign firms

e) other (please specify) _____

17.2 Registration

Is registration in any register required in order to establish a new business?

No Yes

In order to operate nationally, does an operator need to notify any level of government or regulatory agency and wait for approval before the operator start business? No Yes

If establishing a business in national services is subject to either of the procedures in a) or b) of the previous question, please answer the following questions:

are criteria other than technical and financial fitness and compliance with public safety requirements considered in decisions on entry of new operators?

does an authorisation to operate cover the entire country?

is the authorisation to operate limited in duration?

are authorisations to operate transferable?

17.3 Do above entry regulations apply to an owner-operator? No Yes

17.4 Does an authorization (license, permit, concession or franchise) to operate extent to the entire territory of the country? No Yes

17.5 Is the authorization transferable? No Yes

17.6 What is the average amount of time that the responsible agency may take to reach a decision about a complete authorization? _____

17.7 How many agencies are involved in examining the authorization?

18. Discrimination between foreign companies and domestic ones.

Do foreign firms have the same right to operate in the domestic market as domestic firms?

No Yes

If no, are any of the following constraints in place:

complete prohibition No Yes

limitations No Yes

restrictions on the possibility for foreign firms to operate

No Yes

Others:

Do foreign companies have social obligations without adequate compensation?

No Yes

Does the government provide subsidies to domestic companies?

Bus No Yes

Truck No Yes

e) Are there any regulations setting conditions for operation periods?

f) Do regulations prevent or constrain any value added services: specify below

....

....

....

d)

g) Within the last five years, have laws or regulations removed restrictions on certain services:

...

b)

Public consultation and transparency

Which of the following are consulted in advance of regulatory decisions?

Service providers

Consumer groups

User industries

Other: _____

b) How are laws and regulatory decisions made public?

Published on the regulator's website

Published in an official gazette

Other: _____

E. Past and Future Changes in Policy

22. Please indicate major changes in market access policies, ownership rules, and regulation since 1990. (e.g., domestic liberalization, implementation of free trade agreements, joining of regional trade agreements, privatization etc.) Please attach copies of laws and regulations, if possible.

Area of policy change (market access, ownership or regulation)	Year of change	Description of change

23. Please indicate announced or anticipated changes in the same areas.

Area of policy change (market access, ownership or regulation)	Anticipated date	Description of change

F. Regional Integration Agreements

Please indicate if there are any preferential arrangements affecting services, and list the preferential measures.

Name of agreement	Partner country(s) in agreement	Date of entry into force	Preferential measures

G. Employment

Main indicators (for the years 1990-2007).

How many people are employed by the main national companies?

How many people are directly employed in the provision of services? _____

What share of the total labor force is directly employed in the provision of services? _____

What share of workers is employed by foreign-owned operators providing ...

services? _____

What is the annual average wage in this sector? _____

If available, please attach time series data on these employment indicators them separately. If time-series data from 1990 to 2005 is not available, please collect indicators for the years 1990, 1995, 2000 and 2005.

H. Investment

26. Investment indicators (for the years 1990-2005)			
Service	Total amount of investment	Total amount of foreign direct investment	Total stock of foreign direct investment
If time-series data from 1990 to 2005 is not available, please collect indicators for the years 1990, 1995, 2000, 2005 and 2007.			

I. Prices

Please fill in the table below. If time series data are available, please attach them separately (preferably electronically).

Service	Price (in local currency)	Date	Comments

J. Quality and Access to Services

Please fill in the following indicators of quality and access to services.

Indicator	Value	Date	Comments

K. Innovations

Docompanies adopt the following technological innovations?

Innovations	If yes, how many companies out of ten major ones adopt it?
<input type="checkbox"/> Technologicalrelated innovations.	
<input type="checkbox"/> Improved computer systems and administrative controls	
<input type="checkbox"/> Improved systems	
<input type="checkbox"/> Improved facilities	
<input type="checkbox"/> Internet	

Please, provide the name and contact information of the respondent of this questionnaire, or of a specialist from whom we can obtain clarifications if necessary.

Name _____

Telephone _____

Fax _____

E-mail address: _____