Distribution Services Sector: Wholesale Trade Services/Retailing Services Sub Sectors

Trade In Services Benchmarking Study

EnConsult

THE Envision Consulting Group

الرؤية للإستشارات الإقتصادية والإدارية

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List of Acronyms

ATV	Jordanian Company for Television Broadcasting
CCD	Companies Control Department
CEO	Chief Executive Officer
CPC	Central Product Classification
DMC	Dubai Media City
DOS	Department of Statistics
F2F	Face to Face
FMCG	Fast Moving Consumer Goods
GATS	General Agreement on Trade in Services
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GM	General Manager
IAA	International Advertising Association
IP	Intellectual Property
IT	Information Technology
JEDCO	Jordan Enterprise Development Corporation
JIB	Jordan Investment Board
MENA	Middle East and North Africa
MIT	Ministry of Industry and Trade
PARC	Pan Arab Research Center
SR	Self Regulation
SWOT	Strengths, Weaknesses, Opportunities, Threats
UAE	United Arab Emirates
UNstats	United Nations Statistics Division (UNSD)
VAT	Value Added Tax
WTO	World Trade Organization

1.0 Research

1.1 Previous research

The study of Amawi (1994)[1] on consolidation of the merchant class in Transjordan stresses the importance of establishing the "Middle East Supply Centre" located in Cairo and the "Import -Quota System" by UK during the World War II to secure food supply and to control smuggling. Through the quota given to Jordan, a number of merchants were given the opportunity to import. This policy led to building a hierarchy within the merchant class who acted as monopolists.

> The whole import of Jordan was just JD 1.4 million in 1940 with a share of 63.6 % of the foreign trade of the country. Since that time, the ratio of import to foreign trade has never been lower than (63.6%)[1]

During this time, merchants--mainly from Syria and Palestine--gained economic power and concentrated themselves in the main cities of Jordan. They have kept trade relations with their countries of origin since that time and transferred some small industries and handicrafts to Jordan. Through their power they easily controlled the chamber of commerce and have become the main wholesalers of Jordan up to this day.

Most recent studies concentrate on the regulation process of the trade sector and the impact of being a member of the WTO and the effects of agreements signed with EU, USA and Arab countries. A study by the Chamber of Commerce carried out by Saydam et al in 2005 analyzed the impact of the Jordan–EU Association Agreement, signed in November 1997 and put into force in 2002[2]. The aim of the agreement is to establish a Euro –Jordanian Free Trade Area after a transitional period of 12 years (2014). The agreement replaces a set of bilateral agreements with European individual countries and regulates trade in all commodities after a timetable and allocated customs. The study summarizes the trade balance with the EU for the time 1997 – 2004 and highlights the contra development of import from and export to EU countries. The researchers pointed out the obstacles that face Jordanian producers in exporting to EU countries. One of the relevant reasons is the lack of precise information how, where and when to export. Therefore, exports to the EU were higher in value before the agreement than after it.

The "Research Team" in the Chamber of Commerce carried out studies on different trade sub–sectors. Khatib, S. and Saydam, M. (2008) studied the import sector in Jordan. [3] They analyzed the development of the sector and the obstacles it faces. Import of commodities and market of import were also discussed. The effects of the trade agreements on volume, value and countries of import were documented.

Saydam, M. and Diab, A., in 2008, conducted a detailed study on textile and clothing trade enterprises. They revealed that around 7000 enterprises are distributed all over the country that employed 21,000 people in 2007. The main issues raised by the owners of the enterprises in the sector concentrated on the following:

- High transport costs from Aqaba to Amman
- Prohibition of pilgrims from Turkey and Palestine to enter Jordanian markets.

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[1] . Amawi,A. 1994, The consolidation of the Merchant Class in Transjordan during the Second World War . In: Rogan, E.L., and Tell, T.(Eds), Village, Steppe and State- The Social Origins of Modern Jordan. London and New York.

[2] . Saydam,M. 2005, The Impact of the Jordan- EU Association Agreement on trade of Jordan, Amman Chamber of Commerce.

[3] . Khatib, Ibid, P.6

- The high competition of the informal sector in large cities
- Sales are irregular
- Traffic stations are located far away from the markets, especially downtown. Passengers are seen as potential customers. In this regard the removal of Abdali (former bus station) was criticized.

Malhas, E. (2007)[4] focused his research on the furniture and carpet sector and discussed its achievements and problems. One of the main issued raised in the study is the prohibition against employing skilled workers from South Asia. The easy entry of new enterprises and low quality of the local products were analyzed.

Malhas etal conducted another study in 2005 on food trade enterprises. Similar studies have been carried out on QIZs, effect of bilateral trade agreements, among others.

1.2. Current research

The current research is based on data collected from the Department of Statistics, Ministry of Planning, Chamber of Industry, Ministry of Industry and Trade and Jordan Investment Board.

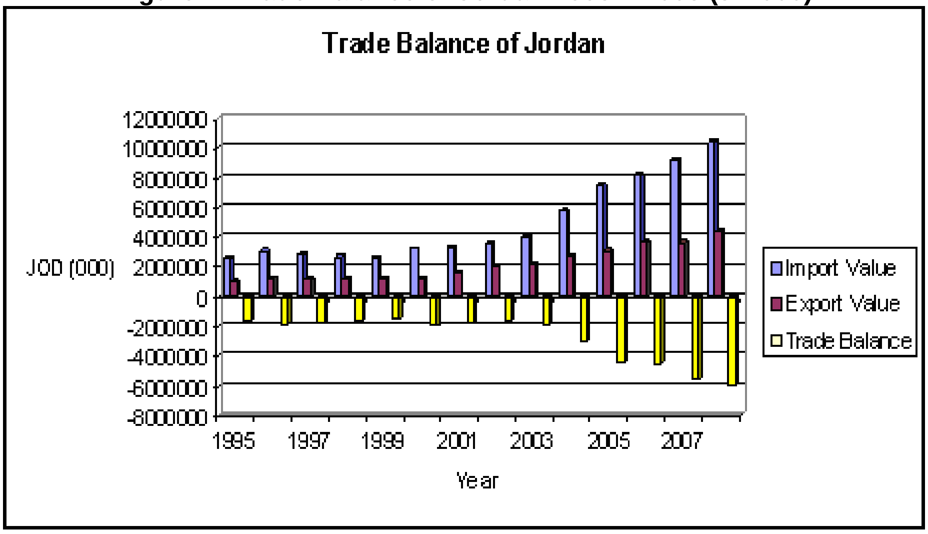
To gain qualitative information on the Wholesale and Retail services, in-depth interviews with 10 wholesalers and 20 retailers were undertaken. Furthermore, telephone interviews were utilized to garner specific pieces of information.

2.0 Sector Analysis

2.1 Sector Context

The limited natural resources (water and minerals), moderate level of industrialization, low labor productivity, low rate of active–to-total population and high unemployment rate (14%) forced the Kingdom to import to cover its needs. Imports value exceeds by far the exports; it reached around 1 billion JD in 1995 and jumped to JD 4.4 billion in 2008. Fig (1) shows the development of trade balance in Jordan for the years 1995 – 2008.

Figure 1: Trade Balance of Jordan 1995 – 2008 (JD 000)



Source: Department of statistics, Jordan's Trade and Information System, various years

4. Malhas, E. et al, 2007, Furniture and carpet sector in Jordan, Chamber of Commerce, Amman.

The negative trade balance has escalated rapidly in the last five years. It increased 16% for the years 1995-1996 and reached 23% for the years 2006 -2007.[5] Another development in trade is the continuous change in rank of the partner countries exporting to Jordan. In 1995 Jordan imported all of its oil consumption from Iraq and machinery from USA, Germany, Italy, UK and France. In 2000, Japan and China occupied the 5th and 6th rank respectively.

In general, the European countries were the leading export countries to Jordan. Last year, in 2008, Saudi Arabia replaced Iraq regarding oil import and China jumped to second place. Table (1) reflects this development. It reveals the importance of Saudi Arabia, Ukraine and India which together with China replaced the traditional export countries such as France and UK, which alludes to the deterioration of purchasing power of the JD—pegged to the US$ since late 1994. The relative price increase caused by the high exchange of Euro in the domestic Jordanian market, increase in the prices of oil and food commodities paralleled with the end of governmental subsidies to many items, such as fuel derivatives, turned consumption toward Chinese products--despite their presumed low quality since they are cheaper in absolute terms than European goods.

Table 1: Jordan's Main Trade Partners

No.	Top 10 Main Trade Partners	Import Value (in JD)
1	Saudi Arabia	2,473,107,971
2	China	961,576,149
3	Germany	635,791,574
4	USA	478,312,346
5	Ukraine	461,962,290
6	Egypt	454,928,025
7	Italy	335,002,865
8	Repub. of Korea	325,993,823
9	Japan	314,363,770
10	India	307,835,547

Source: DOS 2009

The share of Jordanian imports from EU decreased from 35.7 % in the year 2000 to 24.2 % in 2007 (Euro 2.6 billion)[6]. Jordanian exports to EU countries are a mere Euro 0.22 billion.

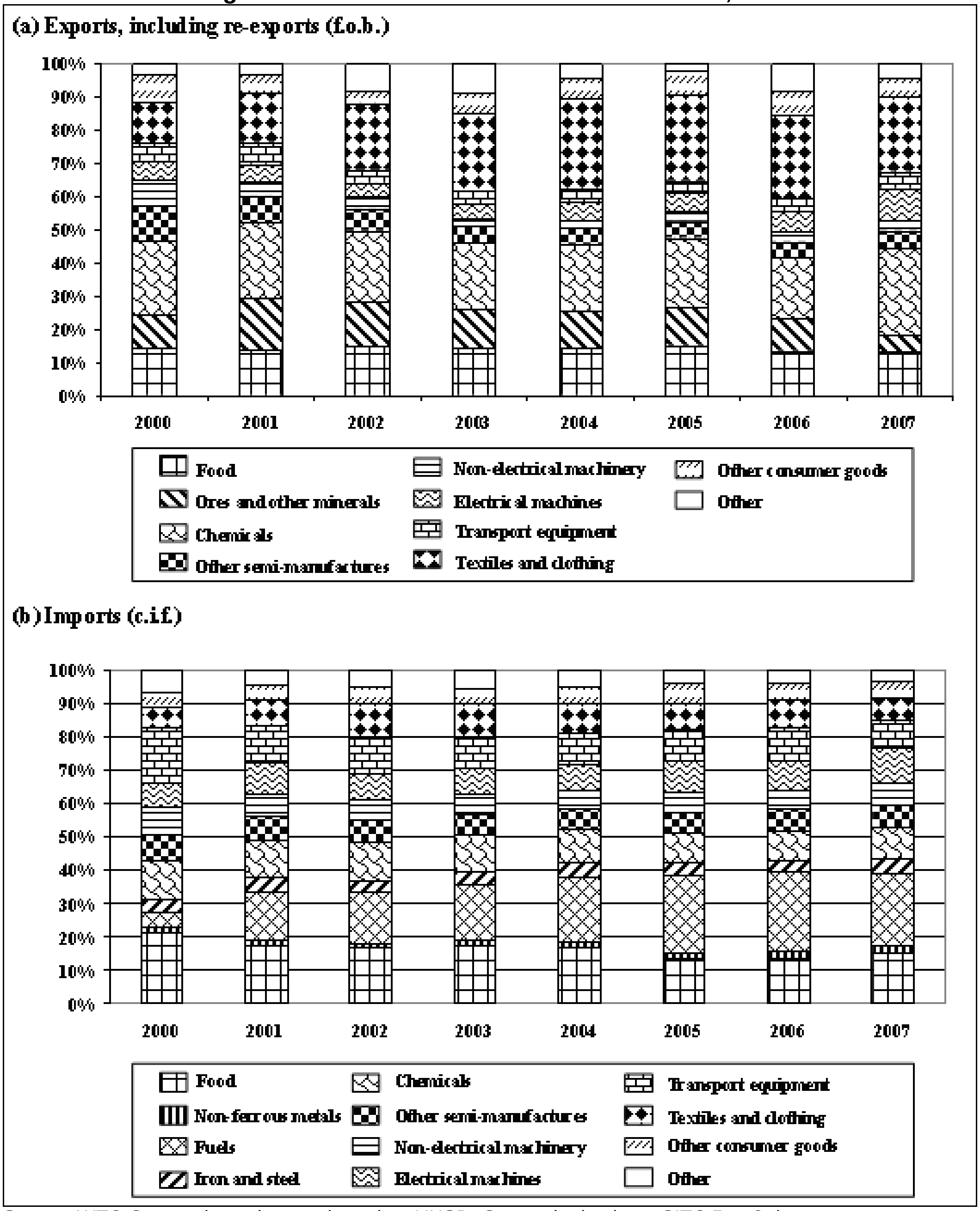
Since the Qualifying Industrial Zone (QIZ) agreement and later the US-Jordan Free Trade Agreement, Jordan has become a clothing exporter to the USA. In the year 2005, for example, the US goods trade deficit with Jordan amounted to US$ 623 million and increased to US$ 772 million in 2007. In other words, Jordan exported to USA around US$ 1.4 billion and imported $650 million in goods.

Figure 2 provides more details on the structure of the exported and imported goods for the recent period 2000 -2007. The structure of Jordanian imports and exports shows more diversity in the imported than the exported goods. Jordan exports mainly chemical products (phosphate, potash and Dead Sea products), which make out 26.3% of whole export value (2007). The export of vegetables, mainly tomatoes, is one of the traditionally exported goods to the region. Its share reached 14% in 2007.[7]

[6] European Commission – External Trade- Trade Issues, Jordan ec.europa.eu/trade/issues/bilateral/countries/jordan

[7] European Commission – External Trade- Trade Issues, Jordan ec.europa.eu/trade/issues/bilateral/countries/jordan

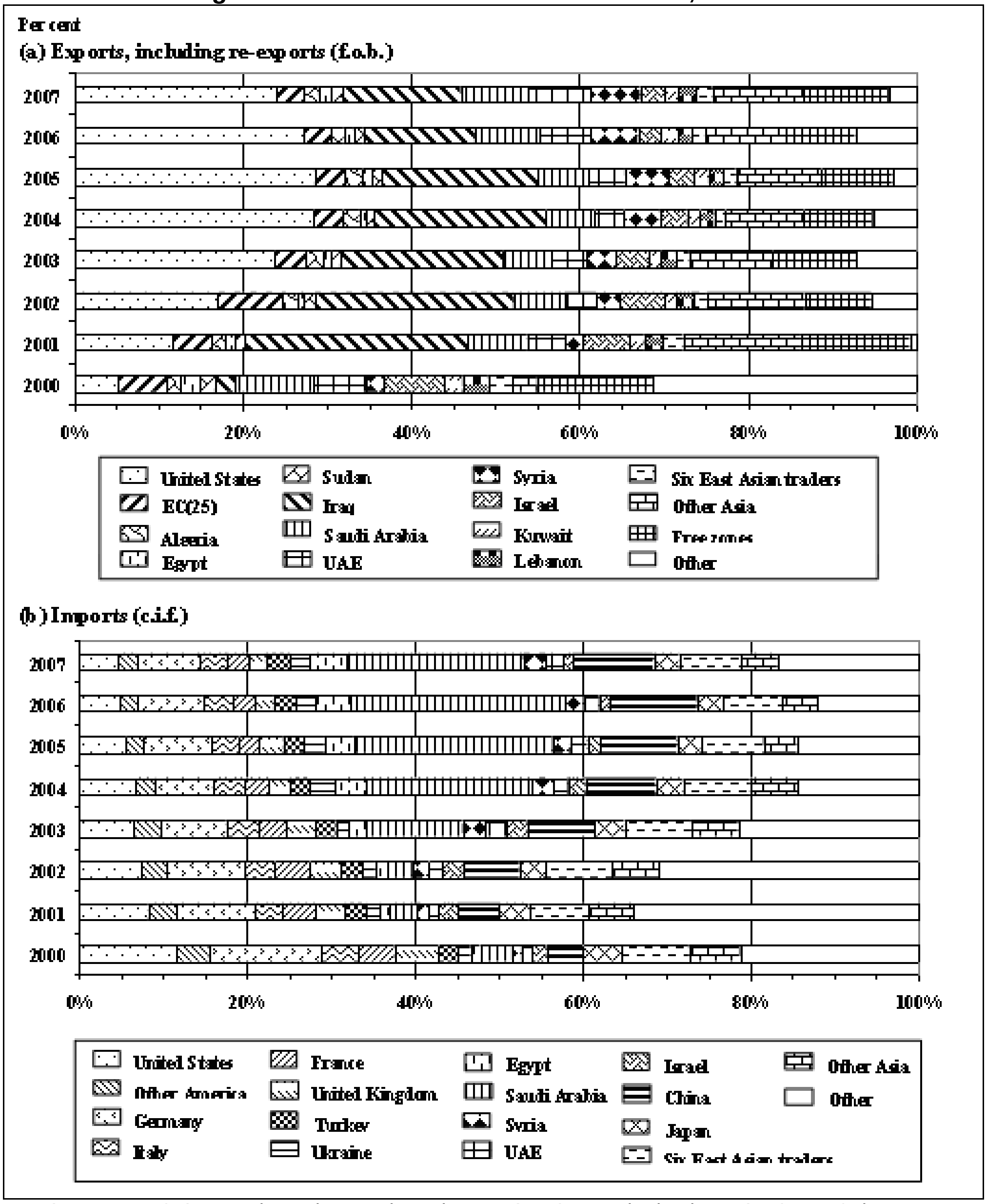
Figure 2: The structure of merchandise trade, 2000-07



Source: WTO Secretariat estimates, based on UNSD, Comtrade database SITC Rev.3 data

Merchandise relations differ due to export and import. Jordan is more involved in export with its region, mainly Iraq and Saudi Arabia (vegetables and industries), with South Asia (chemical products) and recently USA (textiles and clothing) as shown in Figure 3.

Figure 3: Direction of merchandise trade, 2007-07

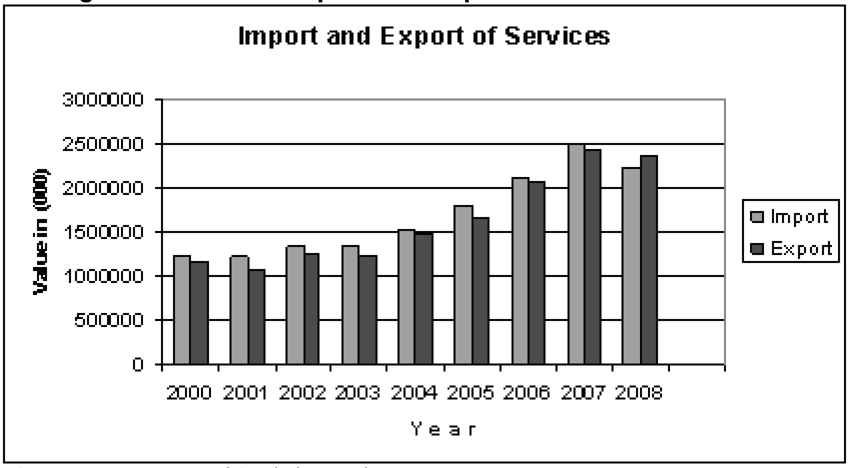


Source: WTO Secretariat estimates, based on UNSD, Comtrade database SITC Rev.3 data

As it will be stated later, USA represents a different case from the EU. The trade balance between Jordan and the USA is positive for the benefit of Jordan due to clothing exports from the QIZs and the FTA. Arab countries are gaining greater weight in exports and imports.

The Department of Statistics in Jordan has been publishing data on trade in services since 2000. A closer look at import and export data reveals an optimistic development. The balance of import and export is not in favor of Jordan but the gap is shrinking. It has become very narrow in the last years and even positive in the year 2008 in which, for the first time, the value of exported services exceeded imported services as shown in (Figure. 4).

Figure 4: Value of Import and Export of Services in Jordan



Source: Department of Statistics, various years

Trade in services could be promising if the actual trend remains. In the year 2000 Jordan imported services in value of JD 1.2 million and increased to JD 1.8 million in 2005 and to JD 2.2 million in 2008, an increase of 47.6% in the first period (2000 - 2005) and of 23.3 % in the second one (2005 – 2008). The export in both periods remained high, 42% (from JD 1.2 million in 2000 to JD 1.7 million in 2005 and JD 2.3 million in 2008)[8].

The Jordanian Department of Statistics classifies enterprises as large and small. Small enterprises are characterized as being those employing less than 5 people. The structure of businesses in Jordan (in all sectors) is characterized primarily as small family enterprises with 98.7% of all enterprises in Jordan being small and medium businesses. Their numbers increase during economic downturns, possibly to provide employment opportunities in small shops and groceries for the owners. Besides, there are large firms, which are in wholesale, especially in downtown, acting concomitantly as retailers. Utilizing unpublished data collected by the Department of Statistics, the number of employees working in the sector is given in Figure 5 below.

Figure 5: No. of Employees in Wholesale and Retail Services 1994 – 2006*

Source: DOS, unpublished data.

Enterprises with less than 5 employees were not considered in the surveys before 1999; therefore the figures are controversial

It is problematic to give an exact number of trade enterprises and their distribution in

Jordan. The department of statistics undertook 3 surveys: 1994, 1999 and 2006. In the survey of 1994, enterprises were classified in retail and wholesale and by sub-sector on governorate basis. Whole and retail enterprises numbered 72118. The share of the retail services were 94%. Due to the high density of the population in the main cities, the governorates of Amman, Irbid and Zarka have three quarters of all registered enterprises, 43%, 19% and 15%, respectively.

In 1999, a survey was undertaken in the Northern, Middle and Southern regions. The share of the retail enterprises remained relatively constant (94%) and the "Middle Region" (Eqleem Al Wasat) alone registered two thirds of all enterprises (67%) (see Figure 7). The survey of 2006 handled Aqaba, in addition to the three mentioned regions separately. The enterprises were classified in groups according to the number of employees as follows: (1- 4), (5 – 9), (10 – 19) and (19 and more). The results of the survey are in Table 2 below.

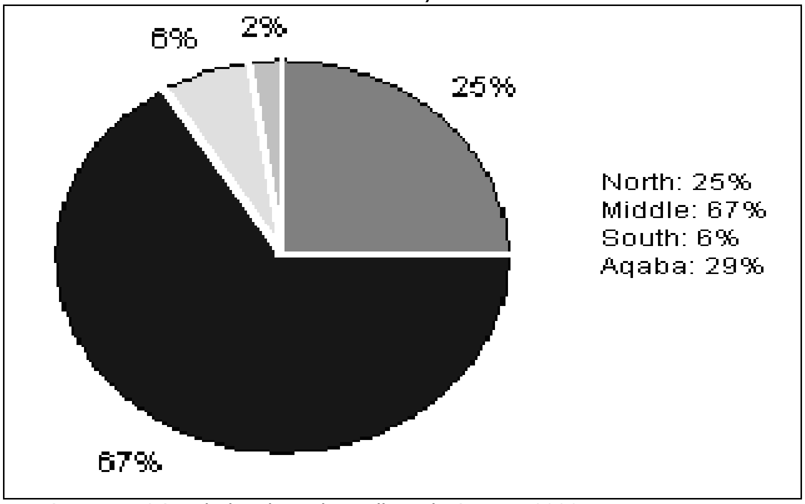
Table 2: Retail and whole trade enterprises 2006

Retail Trade employees	**North**	**Middle**	**South**
1 - 4	20, 974	53,114	7306
5 - 9	178	973	85
Wholesale			
1 -4	594	3969	183
5 -9	80	631	25
Total	21,826	58,687	7599

Source: DOS, Establishment survey, 2006

The whole country has 419 retail enterprises with 10 -19 employees and 83 with 19 and more employees. The number of whole trade enterprises with 10 - 19 employees was 527. The number of those with 19 and more employees was just 86. This means that the whole country has 1115 (1.2%) large enterprises (10 and more employees per enterprise) and 88132 small enterprises.

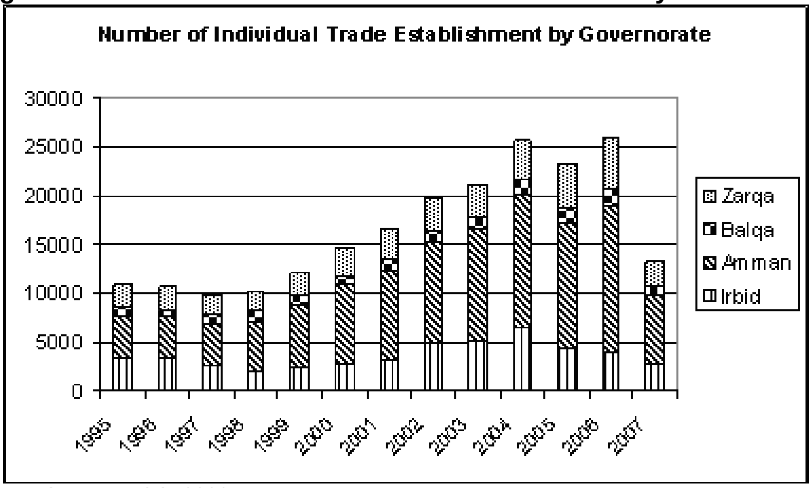
Figure 6: Distribution of Wholesale and Retail Trade Services, 2006



Source: DOS, Wholesale and Retail Trade Survey, 2006

Additional data provided by the Department of Statistics classified trade businesses in registered companies and individual establishments (small and large enterprises). In both classes, large cities dominate in terms of the number of enterprises and their capital (Figures 7, 8, 9 and10). Other cities are excluded from the graph since their number of enterprises and their capital are very small compared to large cities.

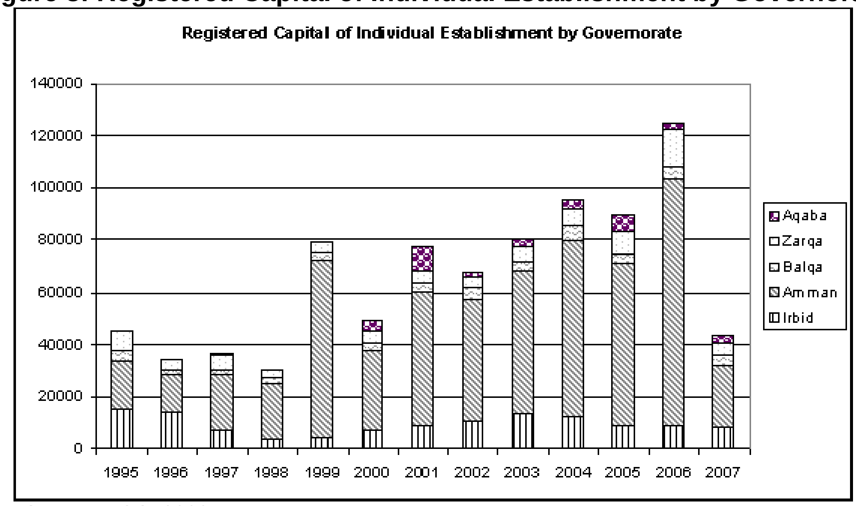
Figure 7: Number of Individual Trade Establishment by Governorate



Source: DOS, 2009

Individual establishments are classified usually as small enterprises, which normally cover the basic needs of the local population. Their distribution stands proportionally to the population size. Fig.8 shows the weight of the cities Amman, Irbid and Zarqa. The decline of the number of establishments is due to a delay in the registration process, especially in the last year (2007) and not to sudden closure. Amman, for instance, had the biggest number of establishments in 2006 (15,000), Zarqa 5260 and Irbid around 3400. Balqa and Mafraq had 1155 and 1865 respectively; the other governorates had less than 700 establishments. Registered capital complies with the number of establishments. The registered capital in Amman reached JD 95 million, while it counted JD 13 million in Zarqa and JD 8.7 million in Irbid. Capital registered in the other governorates was between 1 and 3 million JD (2006).

Figure 8: Registered Capital of Individual Establishment by Governorate

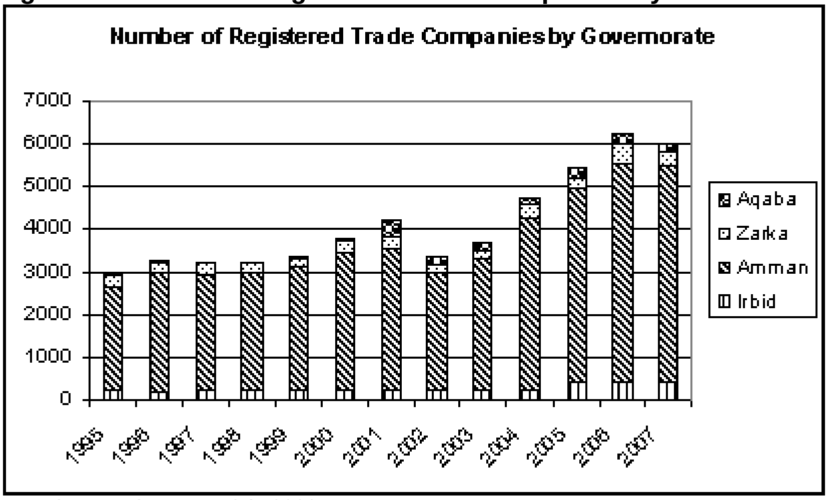


Source: DOS, 2009

The number of trade companies and their registered capital reveal the differences among the governorates. Amman had more than 5000 while the next largest provinces, Irbid and Zarqa had less than 500 (2006). In the other governorates they were less than 50 except in Aqaba (250).

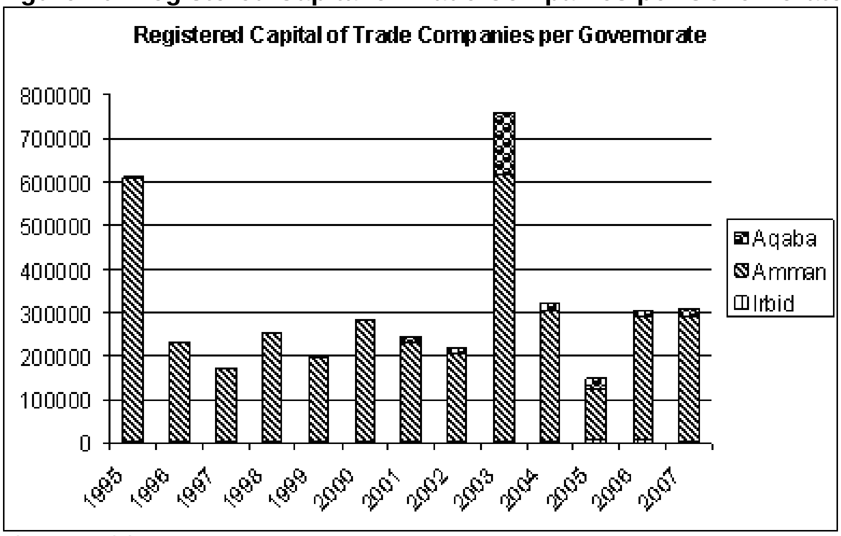
The same could be noted regarding registered capital. Amman dominates in terms of capital of establishments with JD 286.7 million while Irbid and Zarqa registered JD 5 and JD 4 million. Other governorates had less than JD 1 million except Aqaba (JD 15 million). Aqaba is turning into the second largest trade center the Kingdom despite its small population. This development is due to the designation of Aqaba as a Special Economic Zone (Aqaba Special Economic Zone – ASEZ).

Figure 9: Number of Registered Trade Companies by Governorate



Source: Source: DOS, 2009

Figure 10: Registered Capital of Trade Companies per Governorate



Source: DOS

2.2 Driving forces affecting the sector

Several forces are driving the sub sectors:

- Consolidation of the merchant class in Jordan with a well established network.
- Excellent infrastructure (Road network, 3 airports, Aqaba port)
- Liberal monetary system
- -Influx of tourists particularly from the Golf states in summer and immigrants from Iraq with a high purchasing power
- Spread of modern malls which represent a new trend for shopping clusters. These malls (Mecca Mall, Abdoun Mall, Amman Mall, City Mall, Plaza Mall, Cozmo, and Safeway) are not just shopping centers but also entertainment localities used for leisure.

2.2.1 Trends in the markets

Due to the increase of oil prices and the value of the Euro, living costs have become more expensive and the share of people living under the poverty line reaches 13% (income JD 39 monthly). New trends in the market could be noticed such as that Western goods are not as available in the market as in previous years. South East Asia, mainly China, South Korea and India have become the main suppliers of most imported commodities. Despite the low quality of Chinese and Korean goods, people cannot afford European or American commodities, especially after the depreciation of the JD versus the Euro. Furthermore, Arabic goods from Egypt, Saudi Arabia, Syria and UAE are gaining grounds vis European goods because of the improved quality of the products of the former and relatively lower prices.

2.2.2 Markets

Partners of Jordan in import and export have been analyzed (see p.5 ff). It is important to mention that trade with Arab countries makes up 40 % (JD 5442 million in 2007) of Jordanian trade. The second block of partners is the Asian Non-Arab countries (JD 3386.8 million or 24.8%) which are on the rise. The EU countries are the third important partner (JD 2492.8 equivalent to 18.2%).

Jordanian exports are limited to JD 3179.6 million or 23% of the whole of its foreign trade. The main countries for Jordanian export could be broken down in 4 groups:

1. Arab countries remain the main export markets for Jordanian goods (45%). Iraq and Saudi Arabia are the main countries of this group. They compromise 26.1% and 18.1% (out of JD 3179.6 million) of Arab markets respectively.

2. USA has a share of 27.5% of the Jordanian exports, of which 85% are clothes. Export to USA decreased from 31% in 2006 to 27.5 % in 2007. It is to be expect that the American market would decline due to the end of the Multi Fiber Arrangement (MFA) in 2005, closure of large textile industries in Jordan due to capital migration to Egypt, which recently signed its own QIZ agreement with the US, and the recent decline in growth in the US economy.

3. The Asian Non-Arab countries have a share of 9.7% of exports 2007. The main countries in this group are India (49%) and Israel (12.4%). India has become Jordan's trade partner through traditional exports of Jordanian phosphate and fertilizer.

4. The EU countries are less important for Jordanian exports but they are one of the main partners for import. Only 3.4% of the whole export value finds its way to EU countries. Even the "Jordan – EU Association Agreement" did not help promote exports to the EU. There is a broad opinion in the country that the trade with Europe is just a "one way street". [9]

The domestic market in Jordan is a mixed one. It consists of "modern" malls, shopping centers and supermarkets in addition to small traditional shops which are in many cases unspecialized. The wide mass of the people prefer to buy from the traditional markets located in down towns, weekly markets and from small unspecialized shops. Young people and foreigners living in large cities tend to

[10.] Saydam, M. " Jordanian Foreign trade in 2007 in comparison with the year 2006," Chamber of Commerce, 2007.

conduct their shopping in modern malls and specialized shopping centers. Some of them, like Safeway, C-Town, Cozmo, are franchises.

The most value added of trade in retail enterprises generated from the sale of motor vehicles and related services (repair) and the selling of spare parts. Trade with food, beverage and tobacco in specialized and non-specialized shops forms the second group of goods.

In the wholesale sector, trade in food, beverages and tobacco brings the highest value added (JD 136.6 million). Construction materials, hardware, plumbing and heating equipment are the second most important goods. Table 3 highlights the highest generators of value added.

Table 3: Traded Goods Predominate in Value Added (2006)

Economic Activity	**Gross Value Added (JD million)**
Retail Trade	
Sale of Motor Vehicles	141,5
Retail sale in non-specialized stores with food, beverages, or tobacco	70,7
Retail sale of food, beverages, and tobacco in specialized stores	66,8
Maintenance and Repair of Motor Vehicles	64,9
Other retail sale in specialized stores	56,3
Retail sale of household appliances, articles and equipment	54,8
Retail sale of textiles, clothing,, footwear and leather goods	53,6
Sale of Motor vehicle parts and accessories	44,9
Retail sale of communication equipment and accessories	28,7
Retail sale of automotive fuel	20,3
Wholesale	
Wholesale of food, beverages and tobacco	136,6
Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	74,4
Wholesale of electronic and tele-communications parts and equipment	65,2
Wholesale of computer peripheral equipment and software	33,4
Wholesale on a fee or contract basis	18,1
Wholesale of textiles, clothing and footwear	17,2
Wholesale of agricultural raw materials and live animals	7,1
Wholesale of other household goods	114,3

Source: DOS, Survey 2006.

Sale of automotive fuel as a part of the retail trade valued more than any sales in the sub-sector itself (JD 1,043 million) and outranked the most important wholesale items i.e. food , beverages and tobacco(JD 997 million). Sale of motor vehicles represents the second most important item in retail trade, while construction materials are the second ranked in terms of value in the wholesale market.

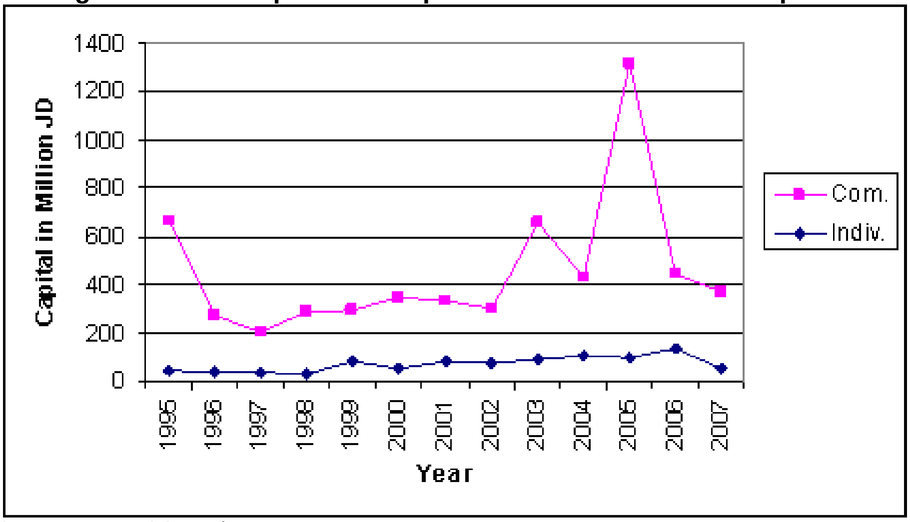
2.2.3 Investment trends

Parallel to the increase of the retail trade enterprises, trade companies are gaining more importance. The Department of Statistics differentiates between individual establishments (normally small scale enterprises) and trade companies.

The licenses of all trade enterprises must be renewed yearly by local municipalities. In case of a delay to license the business, it will be not registered. Therefore, the number of the trade enterprises is not sufficient.

The capital invested in individual trade services was around JD 46.5 million in 1995 and witnessed a slight increase after 2004. The emigration of Iraqis to Jordan (around 1 million) and the image of their influence activated the market tremendously. This is similar to what happened after the first Gulf War as the returnees from the Gulf started to invest in the trade sector, mainly in Amman.

Figure 11: Development of capital invested in Trade Enterprises



Source: www.DOS.gov.jo

More interesting is the capital per enterprise. In 1995 the average capital of an individual enterprise in trade business was JD 4190. It decreased to JD 3727 in 2005 and to JD 3120 in 2007. [10] The same is true for companies; the average capital per company was JD 205,000 in 1995, decreased to JD75,390 in 2000 , increased to JD 217,000 in 2005 and then went down to just JD 51,000 in 2007.

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

- Ministry of Industry and Trade
- Trade Directorate of the Ministry of Industry and Trade
- Chamber of Commerce
- Jordanian Institution for Standards and Metrology (JISM)
- Jordanian Food and Drug Administration,
- Bureau Veritas (BIVAC) on behalf of the Jordanian Institution of Standards and Metrology
- Aqaba Development Corporation
- The Aqaba Special Economic Zone
- Ministry and Agriculture
- Ministry of Environment
- Telecommunications Regulatory Commission
- Ministry of Health
- Qualifying Industrial Zone (QIZ)
- Jordan Enterprise Development Corporation
- Jordan Investment Board
- Ministry of Finance
- Jordan Customs Department
- Islamic Development Bank (IDB),
- Jordan Loan Guarantee Corporation
- Free Zones Corporation

[10] Calculated from the Dos Data

- Jordan Industrial Estates Corporation
- Jordan Consumer Protection
- Judicial Institute under the Ministry of Justice

3.0 General Business Environment

Trade is considered the oldest service in the country that is well-established and organized through consolidated institutions like the Chamber of Commerce. Moreover wholesalers have (directly or indirectly) a well-known lobby in the country.

Prior to liberalization of the market, the government interfered in the market heavily. It acted as a quasi "welfare state" with price ceilings, export and import permits, monopoly import licenses, and high customs duties. After 1990, Jordan became more outward-oriented and supported export promotion measures.

In 1994 Jordan, in cooperation with the Customs Cooperation Council in Brussels, applied the so-called "Harmonized Description/Coding System (HS) with the five-tier customs structure of 0, 5, 10, 20 and 30%. Alcoholic drinks, cars and tobacco remained an exception. They are subject to 50 – 180 % tariff rates. On the other hand, Jordan under the WTO agreement committed to reducing customs from 30% to 25% in 2005 and to 20% in 2010. Customs tariffs on vehicles, electrical appliances as well as certain agricultural products (tomatoes, cucumbers and olive oil) are bound at 30%. However, it has been a common practice in Jordan to levy a special tax on motor vehicles in place of the customs reduction to compensate the treasury for the loss in revenues due to WTO commitments; a practice that is not conducive to the development of a local car industry.

In 1996 when the structural reform program started, new measures were introduced. These measures are briefly provided below:

- The Jordanian government lowered the import tariff in the year 2000 on 3140 items to 30 % and to a maximum of 10 % for items used as industrial inputs.

- Simplifying of custom clearance. Jordan applies the so-called "Automated System of Customs Data Entry (ASYCUDA). Despite such measures, there are two comments: firstly, there is delay in clearance of imported items, and secondly custom officials are accused of being difficult to convince that imported machinery is equipment for industrial use.

- Jordan applies a Copyright Law since 1992 and its amendments (Law No 14 for 1998) to protect creative works including books, computer software and music works. Application of such laws is better than in the neighboring countries like Egypt and Lebanon while still insufficient.

- A recent study on software piracy in Jordan,[11] revealed that 74% of respondents admitted to using illegally copied software. Piracy is found higher among men (79%) than women (57%). Former studies revealed that piracy in 2004 was over 80%.[12] The informal sector in large cities violates such laws.

[11]- El Sheikh,A. et al, 2006, An Exploratory Study of Software Piracy in Jordan
[١٢]- El Sheikh, A. et al, 2004, Software Piracy: Possible Causes and Curse. In: Information Ethics: Privacy and Intellectual Property , Lee Freeman and A. Graham Peace (eds.),

- Jordan was a leading country in the region in introducing competition legislation. A Temporary Anti-Trust Law (No. 49) was enforced in 2002, and in 2004, became permanent as Competition Law No.33 for the Year 2004. To assure the application of the mentioned law, the Competition Directorate was established at the Ministry of Industry and Trade.

- Jordan became a member of the World Trade Organization (WTO) on 11th of April 2000 which means the application of trade–related legislative adjustments in different fields like customs, taxes, trade mark protection…etc. Accordingly, patents are protected through the Ministry of Trade and Industry for 20 years from the date of admittance into the Inventions Registry at the ministry.

- Jordan applies all measures related to rules of origin as stipulated in the Jordan-EU Association Agreement.

Jordanian business people enjoy various agreements, which eliminate trade barriers with the following countries:

USA: Free Trade Agreement (FTA) in 2001 that eliminates duties and trade barriers within 10 years for almost all exports and imports (except those items generating high customs revenues like alcohol, cigarettes and cars). Furthermore, the agreement includes further provisions such as:

- Intellectual property rights protection
- Rules of origin
- Trade and environment
- Trade and labor
- Electronic commerce
- Consultation and dispute settlement

In addition to the FTA, the Qualifying Industrial Zones (QIZ) Agreement, which was signed 1996, grants Jordanian products quota and duty free entry into the US market. Moreover, the EU-Jordan Association Agreement (AA) signed in 1997 included, among other things, free trade in industrial goods. Jordan joined the Pan Arab Free-Trade Area (PAFTA), which was known as "Greater Arab Free Trade Agreement (GAFTA)" which stipulates the full liberalization of trade among all signatories. Jordan also signed the "Aghadir Agreement" in 2004 which creates a Free Trade Area between the countries, Jordan, Egypt, Tunisia and Morocco. Trade with Morocco and Tunisia is limited, but the agreement could ease the accumulation of origin required to export duty free to EU countries. In addition to the liberalization of trade and the integration into the World economy, Jordan joined the World Trade Organization in 2000.

Bilateral investment treaties (45 in total) have been ratified. A close look at the date of the signature reveals that the majority of the treaties (25) have been signed after 2000, 16 of them in the 1990s and only three in the 1970s with Germany, France and GB.[13]

[13] WTO, Trade Policy Review, P. 20.

4.0 Legislative and Regulatory Environment

4.1 Measures related to domestic regulation

The liberalization of trade still has some restrictions. The above mentioned exception of some items from the applied tariff system is one of them. Furthermore, Jordan maintains a system with different import and export regulations. In some cases trade with specific products is prohibited. Plastic waste and diesel passenger cars are just two examples (Table 4). The main reasons given for the prohibition referred to public security and protection of the environment, which is consistent with WTO stipulations (SPS Agreement).

Table 4: Goods subject to import prohibition, 2008

Products
Plastic waste
Passenger cars, using other than benzene as fuel
Dumpers designed for off-highway use
Khat
Coral and similar materials
Chromium
Fireworks (certain kinds)
Toy guns with bead bullets, laser pens and laser medals
Holy water (Baptism water)
Additional installations on cars, including calling devices and flashers
Photo blocker spray
Alarm systems and high-light devices for cars, except when imported for the Ministry of Health, Armed forces, General Intelligence Department of Jordan, Public Security Directorate, the Jordanian Civil Defence, and Jordan Customs, and ambulances for private hospitals

Source: Cited in WTO document WT/TPR/S/206, P.33

The price control on some commodities is another kind of restrictions. The government of Jordan controls the price of the basic and strategic goods such as: wheat, barley, flour, liquid butane gas, all kinds of gasoline, fuel, kerosene, diesel fuel oil, water, electrical energy and pharmaceuticals (for human and for veterinary use). Although price controls have been removed, these products are either regulated through regulatory bodies or directly through the Ministry of Industry and Trade

Generally, there are three categories regulating foreign equity limitations (50%, 49% and no foreign ownership allowed).

The Retail and Wholesale sectors are subject to 50% foreign equity limitation. This category includes retail and wholesale trade, distribution of goods and services, importation and exportation, material supply and purchasing goods and other items for rental purposes (except financial and insurance companies). This category includes many services related to trade such as advertising, transport, brokers in services and clearances. Interviews with retailers and wholesalers for this study revealed that they see in such regulations a form of protectionism and security for the market, especially for strategic goods. Furthermore, trade in wheat, flour and oil is restricted.

Measures affecting imports

For other products, import licenses are restricted to few companies and in some cases just for one. Import of raw leather, for example, is restricted to the Jordan Tanning Company. Import of oil is restricted to the Jordan Petroleum Company. Moreover, the import of some products needs pre-import clearance. Such clearance is provided from different ministries or institutions. The Ministry of Agriculture is responsible for issuing approvals (similar to license procedures) to import specific agricultural products in general and during specific periods.

Trade in agricultural products, mainly with neighboring Arab Countries is restricted to the so-called "Agricultural Calendar," which means that import is allowed out-of-season of Jordanian agricultural production.

The applied MFN import duties on tomatoes and cucumbers are in the highest range (30%). Import tariffs on fruit are in the range of 10-35% with a simple average of 25.6%. Imports of oranges carry an MFN tariff of 35% from May to end of February. Imports of bananas, grapes and apples are subject to even higher compound duties. The aim of such high import tariff is to protect the Jordanian farmers, especially in water irrigated farming, who produce traditionally tomatoes and cucumbers.

Further import tariffs are: 5% on beef, lamb, and goat meat, with the exception of ground meat for hamburgers (21%); 22% on pork and 0-30% for poultry meat. Live bovine animals, sheep and goats are subject to compound duties.

In order to import and export of agricultural items a veterinary certificate issued in the country of origin must be submitted. Furthermore, imports of live animals or their products are subject to quarantine procedures. Jordan signed a mutual recognition agreement with Australia, New Zealand, Kuwait, Syria, Lebanon, Egypt, Algeria, Morocco, Sudan, and Yemen. In the case of import from or export to these countries, quarantine procedures are not required. In case of import of meat, a certificate that animals were slaughtered according to Islamic regulations (Halal), is required.

In general, products needing pre-import clearance are products that could harm the environment, safety, national security, public order and morals, and the conservation of natural resources. Therefore, wireless receivers, explosives, ammunitions, all kinds of medical drugs and alike are subject to clearance. Importers must obtain an "importer card", even by importers not eligible for the card (individual importers). Failure to present the card results in a 2.5% penalty fee. Subsequently, individual importers or companies importing for own use, who are not eligible for an importer card, always pay a 2.5% penalty.

Registered Jordanian firms, foreign companies registered in Jordan, as well as Jordanian sole proprietorships, may import and export for commercial purposes, if they are registered as importers/exporters with the Ministry of Industry and Trade. Otherwise they may import only for non-commercial purposes. A company's objectives can be amended to include import and export activities.

Companies in the import and export business are subject to a foreign equity limit of 50%. To become registered in the importers/exporters registry of the Ministry of Industry and Trade a professional license is required, which is issued to members of the Chamber of Commerce or Chamber of Industry and whose premises have been inspected and approved by the local municipality.

The issuing authority, however, retains the right to cancel an importer license under certain conditions, determined by the authority, or in emergency situations such as a disease outbreak in the country of origin. Additionally the Import and Export Law No. 21 of 2001 and its amended Temporary Law No. 18 of 2003 authorize the Council of Ministers to, completely or partially, prohibit the importation of any good, taking into consideration Jordan’s international commitments.

Despite liberalization of trade and the few restrictions, trade remains a domestic business. It is not easy to enter the market without understanding the culture. Trade in wholesale and in retail trade is subject to the so-called "bazaar economy" which is characterized by price negotiations and relational network. Just few modern supermarkets and malls in the large cities are different from the traditional trade business.

Therefore, the assessment of some factors affecting import and protection of investors in Jordan was negative. Jordan's rank was 101 in doing business and 113 in protecting investors (out of 181 countries) in 2009. Its rank was 94 and 110 respectively in the year 2008. Furthermore, 8.52 days are needed to obtain an import license (in Egypt 8.73, in Lebanon 9.05 days)[14].

Customs procedures

Jordan's 40 customs centers are divided into clearance centers, border centers and post centers. Commercial imports require the services of an authorized customs clearance agent. Since Jordan's accession to the WTO, customs reforms have concentrated on implementing WTO rules on customs valuation and rules of origin as well as the enforcement of intellectual property rights. It is noted that Jordan has no regulations concerning pre-shipment inspection.

Almost all customs centers are computerized and use UNCTAD’s ASYCUDA++ (Automated System for Customs Data) through which shipments are categorized into three levels of risk. Green (low risk) shipments are inspected for documentation purposes, while goods categorized as yellow (moderate risk) and red (high risk) are also inspected for compliance with technical standards. The Jordanian Institution of Standards and Metrology, the Jordanian Food and Drug Administration and the Ministry of Agriculture are involved in latter inspections. It is noted that materials and equipment used in the production of exports for ISO 9000 certified enterprises are cleared through the green channel. Furthermore, Jordan is a member of the World Customs Organization and is committed to the United Nations Convention Against Corruption (UNCAC).

Ten Jordanian companies enjoy duty exemption. Concessions were granted by the Government at the time of establishment; these are: The Jordan Petroleum Refinery Company, Arab Bridge Maritime Company, Arab Potash Company, Jordanian Electric Power Company (JEPCO), Irbid District Electricity Company (IDECO), and the Arab Company for Manufacturing White Cement (North East of Zaqa).

Following fees are levied upon import:

- 0.2% of the transaction value, with a minimum of JD 10 and maximum of JD 250 per declaration.
- Transit fees: JD 20 per transaction
- Re-export fees: JD 15 per transaction.

Measures affecting exports

The same professional license, when importing, is needed to be registered by the Ministry of Industry and Trade as an exporter. The exporter must provide professional license, which requires a registration in Jordan, membership of the Chamber of Commerce, or Chamber of Industry and his premises must have been inspected and approved by the local municipality.

[15.] World Bank Group 2009, enterprise survey 2007

The procedure of exporting requires the following:

- Customs declaration
- Commercial invoice
- Origin certificate: issued to registered companies by the Jordan Chamber of Industry, and examined and authenticated by the Industrial Development Directorate at the Ministry of Industry and Trade. For agricultural products, certificates of origin are issued by Jordan Chamber of Commerce
- Packing list
- Bill of lading
- Exporter card
- Technical conformity certificate.

The procedures for export require, in general, two weeks. That require On the other hand, a number of products need export licenses. These include exports of goods of Jordanian origin exceeding JD 1000 when exported to countries maintaining specific banking arrangements with the Kingdom such as Syria and Iraq. Dead Sea products do not need such a license. Other products must pay fees by export (scrap metals), which have a fee of JD 30 per ton.

To further encourage exports, net profits from exported goods are fully exempt from income tax. However, some products are excluded from this exemption: fertilizers, phosphate and potash.[15] Export fees on mining and quarrying products are as follows (Table 5).

Table 5: Fees on export of quarrying products (JD per tone)

Product	Rate
Raw material	
Crushed stones	0.3
Silica sand (class sand)	2.0
Blocks (marble, basalt)	2.5
Conglomerate	3.0
Blocks (granite, travertine)	3.0
Small items of marble	1.0
Crushed basalt	0.3
Trepoly, feldspar gypsum	0.5
Crushed marble and granite	0.5
Swelih sandstone	0.3
Clay, kaolin, bentonite	0.1
Dead Sea mud (packages of more than 2 kg)	50.0
Manufactured products	
Marble, basalt	2.5
Granite, conglomerate	3.0
Travertine	3.0
Building stones	2.0
Tuff, pozzolana, zeolite	1.0
Dead Sea mud (packages of less than 2 kg)	25.0

Source: WTO, Report on Jordan, 2008

There are also export fees collected by the Ministry of Agriculture on exported agricultural products. They are as follows (Table 6):

[15] Kanaan, T. and Kardoosh, M. 2005, Law-Makingfor Trade Liberalization and Investment Promotion in Jordan. Center for Development Research, Universitaet Bonn.

Table 6: Export Fees Collected by the Ministry of Agriculture (JD per Tonne)

Type of fee	Amount
Fumigation of consignments	2,000f/tonne
Inspection and checking	5-400f/tonne
Inspection of live animals:	
Bovines, camels and pigs	250 f/head
Horses	250 f/head
Sheep, goats and deer	50 f/head
Cats, dogs and wild animals	100 f/head
Birds	5-20 f/bird
Quarantine	
Bovines, camels and pigs	400 f/head
Horses	400 f/head
Sheep, goats and deer	100 f/head
Cats, dogs and wild animals	200 f/head
Birds	5-20 f/bird
Animal watering	
Camels, horses, bovines and big animals	150 f/head/day
Sheep, goats and small animals	15 f/head/day
Disinfection fees:	
Ships transporting less than 1,000 head	JD 4
Ships transporting 1,000-10,000 head	JD 8
Ships transporting. 10,000-30,000 head	JD 12
Ships transporting. 30,000-50,000 head	JD 18
Ships transporting more than 50,000 head	JD 24
Any other vehicles	JD 0.5 each

Source: WTO, Report on Jordan, 2008

As a form of promoting exports and domestic trade, the government provides tax exemption on the following:

1. Income tax on the profit generated from goods produced in the Jordan Free Zones and exported, entered transit trade or sold within the Free Zones.
2. Income tax exemption is extended to include the income of foreign employees. Their income is also exempted from social taxes.
3. Import and export of goods from or to free zones is exempted from custom taxes.
4. The products of the free zones are exempted from custom duties when offered for sale in the domestic market. The exemption is, however, limited to the cost of materials and manufacturing costs.
5. Exemption from licensing fees and urban property taxes for construction projects[16].

The Free Zone Corporation issues certificates of origin for exports of goods processed or produced in the free zones, with a local content of at least 40%[17].
However, the free zone import and export balance was positive since 2002 and turned negative in the years 2006 and 2007 (Fig. 12 Free zones of Jordan registered trade balance).

The Aqaba Special Economic Zone Authority (ASEZA) offers similar incentives as the free zones and a flat income tax of 5%. Foreign equity restrictions do not exist in ASEZA and enterprises can employ foreigners up to 70%.

[16]. Free Zones Corporation Law No. 32 of 1984.
[18]. WTO document WT/L/691, 27 July 2007.

Figure 12: Free Zones Import and Export (JD million)

Source WTO document WT/L/691, 27 July 2007, P. 46

Exemption of income taxes on these products would cause a large loss to government revenues. However, this exemption from income tax constitutes a violation of WTO commitments. Jordan requested upon its accession that this subsidy be extended, arguing that it was necessary because of the negative effects of the Gulf war 1991, which led to losing Iraq as a main trading partner. An extension was granted until the end of 2007, after which, a WTO meeting discussing the elimination of export subsidies for a number of members agreed to a final extension period of the export subsidy until the end of 2015[18]. The extension was conditional on annual approval by the SCM Committee, standstill, and other provisions Jordan committed to informing each beneficiary in 2008-09 that the subsidy will not be granted after 2015. The following table (Table 6) shows the change of the export subsidy's value (US$ million):

Table 7: Export Subsidy's Value in US$ for the period 2001 – 2006 (US$ million)

	Income tax exemptions (export subsidy)	Total exports benefiting from the export subsidy (1)	Total export value (2)	Coverage of the measure in % (1)/(2)
2001	8.9	593.6	1,700	33.9
2002	7.8	522.2	2,200	22.7
2003	8.3	552.4	3,000	17.4
2004	1.2	76.7	3,950	0.9
2005	1.1	70.8	4,300	0.6
2006	32.2	2,148.0	4,800	43.8

Source: WTO documents G/SCM/N/155/JOR, 17 July 2007

The legal authority for export promotion in Jordan is the Jordan Enterprise Development Corporation (JEDCO), which is the legal successor of the Jordan Export Development and Commercial Centers Corporation. It promotes Jordanian exports and enhances their competitiveness in the global markets. JEDCO is owned by the Ministry of Trade and Industry and works on a non-profit basis. Its scope of export promotion covers electronic promotion, participation in international fairs, market analysis and industrial research. Moreover, JEDCO acts as the local agent for the export finance and guarantee schemes of the Islamic Development Bank, the export credit guarantee scheme of the Inter-Arab Investment Guarantee Corporation and the Jordan Loan Guarantee Corporation.

The effectiveness of all regional and bilateral agreements can be noticed in the overall development in the Kingdom. The Free Trade Agreement between Jordan

[18] WTO document WT/L/691, 27 July 2007

and USA is one of the success stories in Jordan's trade history. For the first time the balance of trade between a developed country, USA, and a developing country, Jordan, is positive for the favor of Jordan. Exports to USA amounted to US$ 1.3 billion in 2007 and imports from USA reached $ 629.1 million in the same year. This constitutes an increase of 453% since the agreement's entry into force in 2001.
Other agreements, particularly with the EU did not affect the trade balance positively.

5.0 GATS/ Restrictiveness Measures

Modes of supply:
1) Cross-Border supply
2) Consumption abroad
3) Commercial presence
4) Presence of natural persons

Limitations on market access:

(4) Unbound except for measures concerning the entry and temporary stay of a natural person who falls in one of the following categories:

Business visitors

A natural person who stays in Jordan without acquiring remuneration from within Jordan and without engaging in making direct sales to the general public or supplying services, for the purposes of participating in business meetings, business contacts including negotiations for the sale of services and/or other similar activities including those to prepare for establishing a commercial presence in Jordan. Entry and stay shall be for a period of 90 days.

Intra-Corporate Transferees

Natural persons employed by a juridical entity of another member for a period of not less than one year and who seek temporary stay in order to render services to (i) the same juridical entity which is engaged in substantive business operation in Jordan or (ii) a juridical entity constituted in Jordan and engaged in substantive business operation in Jordan which is owned by or controlled by or affiliated with the aforementioned juridical entity.

Executives

Natural persons who are senior employees of a juridical entity, who are responsible for the entire or a substantial part of the entity’s operations in Jordan, receiving general supervision or direction principally from higher level executives, the board of directors or stock-holders of the business.

Managers

Natural persons, who direct the juridical entity, or department or sub-division of the juridical entity, supervise and control the work of supervisory, professional or managerial employees, have the authority to hire and fire or recommend hiring, firing, or other personnel actions and exercise discretionary authority over day-to-day operations at a senior level.

Specialists

Natural persons employed by a juridical entity and possessing knowledge at an advanced level of expertise and proprietary knowledge of a juridical entity product, service, research, equipment, techniques, or management.

Professionals

Natural persons seeking to engage, as part of services contract granted by a juridical entity engaged in substantive business in Jordan and obtained by a juridical entity of another Member, (other than entities providing services as defined by CPC 872) which has no commercial presence in Jordan in the activity at a professional level. The person must possess the necessary academic credentials and professional qualifications, which have been duly recognized, where appropriate by the professional association in Jordan. The commitment relates only to the service activity which is the subject of the contract.

Work permits for all categories are granted on the basis of an economic needs test, i.e. to candidates whose qualifications are not available in Jordanians or those who are seeking work in fields in which Jordanians are in short supply. Intra-corporate transferees who are executives, managers and specialists (as defined above) are presumed to meet the economic needs test requirements Temporary work and residency permits are required. Such permits are issued for a maximum period of one year, but are renewable.

Limitations on national treatment

Regarding subsidies, Modes (1), (2), (3) and (4) are Unbound.

Under Mode (3), foreign investments may not be less than JD 50,000. This does not apply to investments in public share-holding companies. All purchase of real estate by non-Jordanian firms must be related to the approved business activities and is subject to Cabinet authorization. Lease of real estate by non- Jordanian firms for more than three years is subject to Cabinet approval. All juridical entities are prohibited from engaging in real estate trading. Authorization for purchase or lease of state owned lands is restricted to Jordanian nationals.

Table 8: Restrictions on Wholesale and Retail Trade Sub Sectors

Sector or sub-sector	Limitations on market access	Limitations on national treatment
b) Wholesale Trade (except wholesale trade of firearms and pharmaceuticals) (CPC 622) (c) Retailing Services (except retail trade of pharmaceuticals) (CPC 631, 632, 6111, 6112, 6113, 6121) (d) Franchising (CPC 8922, 8923, 8929)	(1) None (2) None (3) Subject to 50% foreign equity limitation, except that service providers that are also registered as agents in Jordan are subject to the same limitations applicable to CPC 621. (4) Unbound, except as indicated in the horizontal section	(1) None (2) None (3) None (4) Unbound except as indicated in the horizontal section

Source: www.wto.org

6.0 Benchmarking

Services dominate the Jordanian economy. Trade is considered one of the most important sectors in the country and the ratio of merchandise imports and exports to GDP averaged 108% during the period 2004 – 2006. Jordan ranked 70th among the world's exporting countries and 53 rd among importers[19].

The importance of the trade sector called for an early organization of the sector on the local level and looking for regional and international partners. Wholesale and retail trade services employed 16.9 % of the Jordanian workforce in 2007.[20]

The development of trade sector is affected, inter alia, by Jordan's relations with the region and with the important players in the world economy. Jordan signed various treaties with different countries and became a member in the World Trade Organization.

Development of the legal framework and institutions contribute to foster the development of the trade sector. Through Investment Promotion Law Number 16 of 1995, the establishment of Qualifying Industrial Zones (QIZs) and the declaration of Aqaba as a Special Economic Zone (ASEZ), Jordan offers generous incentives to lure investors and to create new markets. Therefore, foreign direct investment (FDI) increased from JD 105.1 in 2001 to JD 1,348.8 million in 2007.[21]

Jordan continually eases trade procedures and lowers and/or eliminates tariffs. The simple average applied MFN tariff has been reduced from 14.7% in 2000 to 10.9% in 2008[22] (in Egypt 14.4% in 2007).[23]

In addition to these measures, Jordan still maintains restrictions on foreign equity, Jordanian nationality requirements and in some cases prohibits foreigners from entering some businesses (see above).

Jordan, in comparison to Syria, is more open and integrated in international trade. As mentioned above, Jordan signed investment treaties with 45 countries. Syria is the only Mediterranean country, in which an EU Association Agreement is not yet in force. Syria is also not a member of the WTO despite its application in 2001. Egypt has been a member in the WTO since 1995.

Despite openness, privatization and integration of the Jordanian trade, the trade balance deficit increased from JD 1,423 million in 2001 to JD 4,497.7 million in 2007[24]. Moreover, administrative hurdles facing starting a business remain unsolved. Jordan ranked 80th (total 178 countries) in the World Bank's Ease of Doing

[18] WTO Report, WT/TPR/S/206, Economic environment, P. 4

[19] Ministry of Labor, National Employment Policy, 2007
[20] UNCTAD (2007), World Investment Report 2007: Jordan, Geneva cited by WTO Report, 2008, P.8
[21] WTO Report, 2008 WT/TPR/S/206, Trade Policies and practices, P.34
[22] Trade policies Analyses Unit (TPAU), 2007
[23] WTO Report, 2008 WT/TPR/S/206, Economic environment, P.4
[24] WTO, Report on trade policy review, 2008, P. 18
[25] World Economic Forum, 2008, The Global Competitiveness Report 2008–2009, Geneva, Switzerland.

Business.[25] However, at the regional level, Jordan was ranked the 5th among Arab countries after Saudi Arabia, Kuwait, Oman and UAE. Jordan ranked 8th out of 141 economies for its inward FDI performance by the UNCTAD World Investment Report for 2007.[26]

The latest World Economic Forum report on Global competitiveness 2008 - 200927 applied an index (Global competitiveness index – GCI) reflecting the effects of 12 factors (Pillars) on the national competitiveness covering 134 countries on the global scale. Jordan ranked 48 with a score of 4.37 out of 7 (7 being the highest). The chosen factors for the measurement of competitiveness are strongly related to macro and micro economics of a given country and may determine - to some extent - the performance of the national economy. Jordan's position rank is in the first third of the world, which highlights the economic achievements of the country. For the benchmarking with other countries, which compete with Jordan, the following countries were considered (Table 9).

Table 9: Rank and Competitiveness index 2008 -2009 for selected countries

Country	Rank	Score
Egypt	81	3.98
Israel	23	4.97
Jordan	48	4.37
Saudi Arabia	27	4.72
Syria	78	3.99
Turkey	63	4.15
United Arab Emirates	31	4.68

Source: World Economic Forum, 2008, the Global Competitiveness Report

More relevant is the score of each factor. The stability of the macro economy and the well-developed infrastructure in the oil countries, UAE and Saudi Arabia, are the main pillars rendering these countries to the front and presents them as real competitors to Jordan. Israel's trade with Jordan is irrelevant or still in the initial phase but it could be another competitor to Jordan. Turkey, Syria and Egypt have lower ranks than Jordan but all of them are producers of agricultural and industrial products, and service providers.

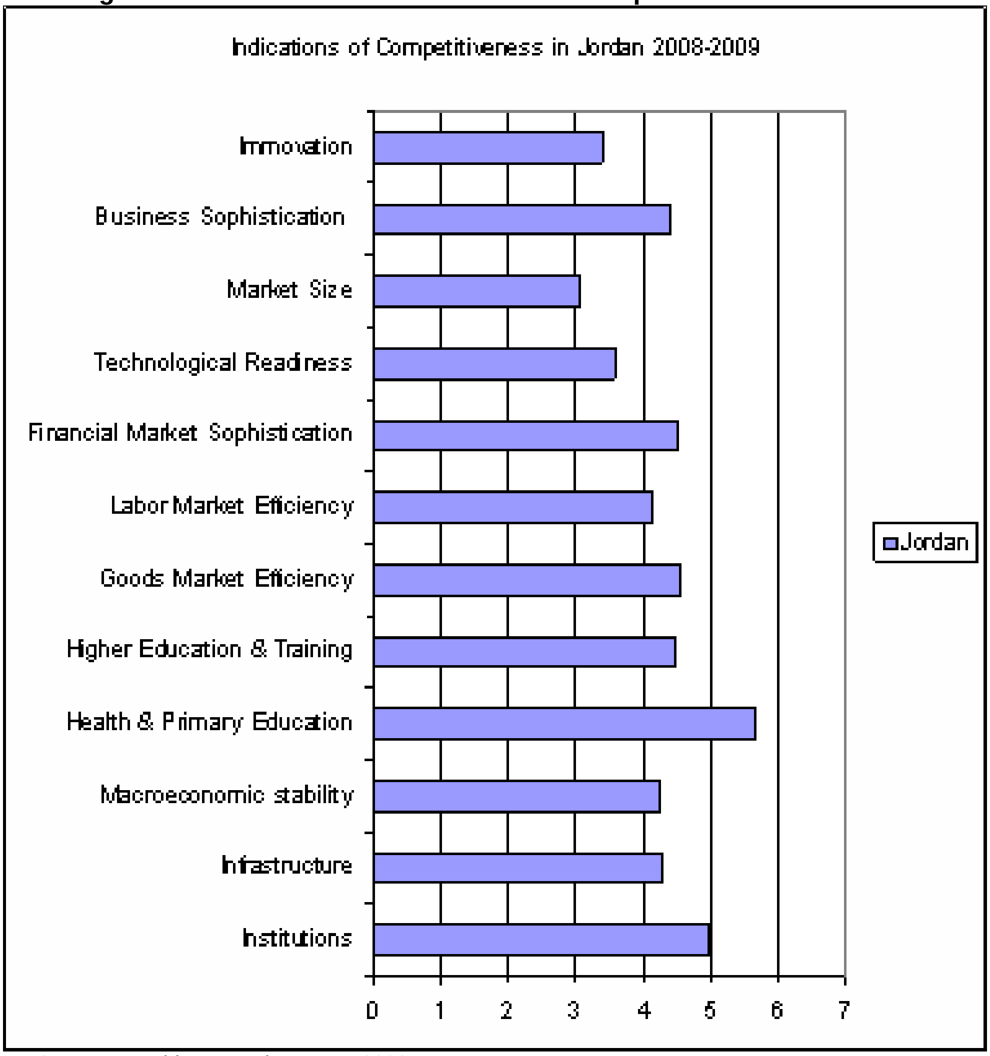
Table 10: Score of Competitiveness index 2008 -2009 for selected countries

	Overall Index - Score	Overall Index - Rank	Institutions	Infrastructure	Macroeconomic stability	Health & Primary Education	Higher Education & Training	Goods Market Efficiency	Labor Market Efficiency	FinancialMarket Sophistication	Technological Readiness	Market Size	Business Sophistication	Innovation
Jordan	4.37	48	4.98	4.3	4.24	5.67	4.46	4.55	4.13	4.51	3.59	3.08	4.41	3.4
Saudi Arabia	4.72	27	4.75	4.39	6.01	5.7	4.29	4.71	4.37	4.22	3.69	4.81	4.51	3.9
Syria	3.99	78	4.2	3.3	4.61	5.42	3.28	3.94	3.67	3.28	2.64	3.63	3.94	3
Turkey	4.15	63	3.72	3.54	4.79	5.33	3.87	4.38	3.57	4.11	5.53	5.16	4.23	3.2
UAE	4.68	31	5.37	5.66	5.72	5.93	4.48	4.94	4.88	4.77	4.63	4.14	4.76	3.4
Egypt	3.98	81	4.25	3.74	3.56	5.19	3.56	4	3.26	3.68	3.04	4.67	3.93	3.2
Israel	4.97	23	4.53	4.48	5.15	6.1	5.02	4.67	4.85	5.46	4.87	4.19	4.95	5.3

Source: World Economic Forum, 2008, The Global Competitiveness Report, 2008–2009

More significant is the weight of different sub-indexes through which the strength and weakness of the economy and its competitiveness in the country can be distinguished. The assessment of Jordan's institutions, health and primary education, market efficiency and financial markets were positive. On the other hand, Jordanian trade suffers from the limited size of the market, poor innovation and insufficient technology readiness (Fig. 13).

Figure 13: Assessment of Indicators of Competitiveness in Jordan



Source: World Economic Forum, 2008

Table 11: Business Environment in Jordan, Syria an Egypt

	Jordan (2006)	Syria (2003)	Egypt (2007)	Region	All countries
Regulations and Tax					
Senior Management Time Spent in Dealing With Requirements of Government Regulation (%)	6.67	10.31	00	11.85	7.67
Average number of visits or required meetings with tax officials	2.18	6.04	3.76	4.45	3.46
% of Firms Identifying Tax Rates as Major Constraint	52.77	62.54	49.51	48.44	36.69
%of Firms Identifying Tax Administration as Major Constraint	36.38	58.83	35.27	34.24	26.47
Permits and Licenses					
Days to Obtain Operating License	6.37	00	81.52	23.95	28.42
Days to Obtain Import License	2.95	00	102.86	29.26	19.41
% of Firms Identifying Business Licensing and Permits as Major Constraint	41.52	46.06	10.86	27.59	15.84
Corruption					
% of Firms Identifying Corruption as Major Constraint	40.69	57.55	59.29	49.27	34.00
Informality					
Number of Years firms operated without formal registration	00	00	16.15	5.47	1.27
Gender					
% of full Time Female Workers	15.96	3.24	14.74	17.75	26.93
Finance					
%of Firms Using Banks to Finance Investments	8.55	2.86	9.45	9.95	17.26
%of Firms Using Banks to Finance Expenses	18.34	5.71	11.26	26.88	27.17
%of Firms Identifying Access to Finance as a Major Constraint	25.20	27.11	25.03	32.88	30.72
Infrastructure					
Number of Power Outages in a Typical Month	2.61	00	8.65	4.44	10.79
Value Lost Due to Power Outages (%of Sales)	1.69	8.58	4.71	4.38	4.44
Delay in Obtaining an Electrical Connection (days)	47.11	61.79	148.62	55.36	30.01
Average number of Incidents of Water Insufficiency in a Typical Month	14.27	00	4.01	7.17	7.08
Delay in Obtaining a Water Connections (days)	31.14	74.66	117.10	56.25	34.67
Delay in Obtaining a Mainline Telephone Connection(days)	3.28	58.38	85.50	27.98	29.35
Innovation and Technology					
%of Firms with Internationally-Recognized Quality Certification	15.53	7.39	19.98	14.38	14.55
% of Firms Using Technology Licensed From Foreign Companies	19.99	10.82	8.05	15.70	13.41
%of Firms Using its Own Website	41.64	42.52	37.19	40.13	37.06
Trade					
Average Time to Clear Direct Exports Through Customs (days)	3.77	6.34	6.40	6.26	5.59
Average Time to Clear Imports from Customs (days	8.52	15.84	8.37	11.42	9.05
%of Exporter Firms	24.98	49.28	31.54	37.63	23.14
%of Firms that Use Material Inputs and/or Supplies of Foreign origin	63.07	59.17	49.18	67.34	60.15
%of Firms that Trade Identifying Customs &Trade Regulations as a Major Constraint	13.83	28.38	23.53	26.36	17.83
Workforce					
%of Firms Offering Formal Training	23.93	21.03	21.23	27.92	37.31
Average number of Permanent ,Full Time Employees	89.57	37.62	283.28	85.47	76.27
%of Firms Identifying labor Regulations as a Major Constraint	13.74	33.82	27.8	23.70	12.38

Source: World Bank Group, 2009, Enterprise Survey.

In comparison to the neighboring countries, Syria , Egypt and the whole region, Jordan positioned well in most measurement criteria. Deficits could be noticed in the following fields:

- Tax rates (identified as major constrain to business)
- Business licensing
- Water supplement

Jordan suffers from the low rate of exporter firms (just 25%) and from the dependency on using foreign material as input in the production, which causes unexpected price fluctuations in markets. The usage of banks to finance investments is very low; 8.55 of all surveyed enterprises. This aspect could be referred to the prevailing size of most enterprises in the country. The propensity to have a loan from a bank is very low for small businesses. Besides, small enterprises are not in a position to provide the required typical loan guarantees to banks.

7.0 SWOT Analysis

7.1 Strengths:

- Despite the application of protectionism in the Jordanian economy up to the end of 1980s, Jordan enjoys treaties and agreements with developed countries, mainly EU and USA. Parallel to privatization of the economy, the government of Jordan is very active in launching liberalization and integration with the world economy. Through World organizations and regional economic institutions, Jordan gains technical and logistic assistance. All these measures strengthen the organization of the sector.

- Jordan launched the Investment Promotion Law in 1995, which eases and fosters foreign investment in the country. The Law does not differentiate between Jordanian and foreign investors. The Law gives the right for foreign investors to transfer profits and repatriation of the foreign capital invested. In addition, non-Jordanians can own 100% of any project, except for specified sectors (see above).

- Jordan (relatively) protects intellectual property rights, patents and alike, which improves the environment for investments in the country.

- In addition, Jordan is a stable and secure country and a tourist destination (3,431,000 tourists in 2007) which enlarges the domestic market. Jordanians working abroad through their remittances and visits positively impact the trade sector, especially in summer time, a season for heightened economic activity. "We depend on Arabs from the Gulf, the Palestinians of 1948 (Israeli Arabs) and the Jordanians working abroad". This is the statement made most by retailers of clothing when interviewed.

- In the aforementioned WEF report[28] following strengths were stressed and ranked:

- Very safe and secure environment (Rank 14th)
- Low burden of government regulation (Rank 18th)

[28] World Economic Forum, 2008, The Global Competitiveness Report 2008–2009, Geneva, Switzerland

- Well-defined property rights (Rank 23 rd)
- Efficient government spending (Rank 26th)
- Fairly efficient legal framework (Rank 29th)
- In comparison to neighboring countries, Syria, Egypt and even Iraq, Jordan registered a high GDP growth rate and per capita income in recent years. The retail trade sector benefited from such development and stimulated investments in new retail trade forms such as malls.
- Exporters benefit from exemption of profits from income tax while importers benefit from the preferential tariff rates achieved through Jordan's membership in the WTO and Jordan's plethora of trade liberalization agreements and measures.
- All trade barriers between Jordan and USA are going to be phased out by 2010.
- Export revenues are exempted from income tax until 2015.
- Foreign and local investors are equally treated with some exceptions (publication of periodicals, printing and publishing).
- Ratio of merchandise trade to GDP averages 108% (2004-2006).
- Subsidy of exports through income tax exemption until 2015.
- Jordan is a gateway to the neighboring countries (for example Iraq).

7.2 Weaknesses

- In spite of an active private sector, advanced legislative system and access to large trade markets, red tape, complicated procedures and public-private distrust are the main impediments. The distrust, particularly in tax, duties, and customs and by clearance of income are the most severe problems that hamper the development of the trade sector.
- Consolidated large traders act more or less collusively, which adversely impacts efficiency and prevents market entry. Through their traditional networks and imports of large quantities, they can control the market, block entry to the market, and dictate prices.
- Despite the economic achievements in Jordan, poverty and unemployment rates are still high. The purchasing power is limited which, in the long run, affects trade negatively.
- In addition, the Jordanian market remains small vs. the neighboring countries, which limits scale and scope economies (Jordan population is less than 6 million inhabitants while Egypt's is 75 million, Syria's 19 million and Iraq 28.5 million; and, according to the World Bank database, Jordan is ranked fourth poorest Arab economy in terms of per capita income as measured in PPP).

- The above mentioned WEF report stated some weak aspects that affect the performance of the economy such as a weak and deteriorating macro-economic position (Rank 111th). Its rank is 11 positions lower than that of 2007, and a growing budget deficit and accompanying dept level stand as a threat.

- The size of the informal economy was estimated to employ 24% of the labor force according to a study by the ILO conducted in 2002. [29] Thus, businesses are unable to expand.

- Jordan depends fully on the import of oil, food and industrial inputs which causes prices to fluctuate with the exchange rates of foreign currencies and international market prices. Instability of market prices is, *inter alia*, a byproduct of the weak and narrow production base.

- Jordan remains to a large extent on foreign aid, remittances of Jordanians working abroad and tourism. The prevailing economic crisis threatens the future of such financial sources.

- There is a specific need to introduce a consumer protection legislation in order to improve quality and the sophistication of suppliers.

- Low capacity at the Competition Directorate, which enables some cartel like behavior to go undetected.

7.3 Opportunities

- Rising income will lead to expanded trade and growing internal market. Retail trade can utilize this for expansion.

- Benefit from the reconstruction of Iraq as Jordanian traders continue to be the gateway to Iraq in the near future.

- Enforcement of IPRs will further expand retailers' capacity to provide quality and value added products to consumers.

- Utilize best practices from Aqaba to grow the retail trade sector.

- Receive technical assistance from Jordan Enterprise as this organization expands to cover the upgrading and modernization of services.

- Improve the prospects for creating Jordanian franchises.

7.4Threats

- Decreased economic activity due to the global financial crisis.

- The possibility of rising oil prices again as the world economy adjusts and moves out of a global recession by 2011.

- Unstable regional conditions and the incidence of regional turmoil.

[29] Women and Men in the Informal Economy: A Statistical Picture, International Labour Office Geneva, 2002.

8.0 Opportunity Scan

The following represent opportunities that sub sectors can provide:

- The sector will expand and enable better employment opportunities, if it becomes more formalized.

- Jordan is developing its trade infrastructure very professionally. The whole development is built on liberalization, privatization and regional and global integration.

- The Kingdom should focus on becoming a regional centre for trade to serve the neighboring countries, especially Iraq and Syria by further improving infrastructure and improving the business environment.

- Jordan could benefit from the millions of tourists in expanding market size and from the return of Jordanians working abroad in the summer season by increasing value added activities to shoppers—events, entertainment, etc.

- Encourage strategies to better benefit from pilgrims from Turkey, Palestine and Central Asia who travel by road to Saudi Arabia. Such travelers are prevented from accessing commercial centers and are treated as transmitters; thus they contribute little to nothing to the economy.

- Traditional markets (Souqs and Bazaars) are favored by tourists and local communities; however, they remain non-existent in Jordan. The promotion of such markets would improve the trade sector.

- Encourage the creation of trade fairs in Jordan.

- Liberalize sale events and remove seasonal and coordination requirements in order to avail such opportunities for traders to create greater turnover.

- Develop as strategy that combines trade, investment and production into one promotional strategy that benefits the sectors from synergies and enhances potential. Examples are handicrafts, Dead Sea products, etc. which can be upgraded and motivated within this promotional strategy to benefit the economy.

9. 0 Constraints to development.

9.1 Constraints

Both in terms of sub sector growth and trade in services, the following represent constraints to the sub sectors:

- Low penetration of IT and internet
- Lack of good public transport networks that enable commuters to shop outside their locale.
- The need for a greater enforcement of IPR laws

Also, See SWOT analysis above.

9.2 Related policy factors

See SWOT analysis above.

9.3 Specific Recommendations

The large number of trade agreements between Jordan and other countries, custom regulations, investment promotion measures, Qualifying Industrial Zones (QIZ) and Aqaba Special Economic Zone regulations need good knowledge and awareness of all these agreement. Such knowledge would open new opportunities for newcomers in businesses and enhance the already existing ones. All in all, the transaction costs will be reasonable for a wide range of investors. For this purpose following recommendations are made:

1. Introducing new courses, dealing with agreements and regulations, at universities and to specialized institutions.

2. Providing courses for employees of the relevant ministries, and the Customs Department and other affected government entities to improve their knowledge of recent developments in agreements and their respective amendments.

3. Encourage entrepreneurship through training at schools and universities, focusing on financing and the ease of doing business. Courses and cooperation with international organizations and agencies could be the right way to foster creativity and new investors (ESCWA was active in this field in the 1990s).

4. Associations related to trade and the chambers of trade should make more efforts to achieve trust among the private sector, consumers and the public sector. Consumers complain of high prices and low quality and merchants complain of high customs and fees paid to the government. Income tax inspectors do not trust the merchants' book keeping and impose taxes "randomly," according to survey participants.

Annex 1: CPC Code

Wholesale and Retailing Services

Division: 63 - Retail trade services; repair services of personal and household goods

I. 631- Food retailing services

This Class is divided into the following Subclasses:

- 63101 - Retail sales of fruit and vegetables
- 63102 - Retail sales of dairy products and eggs
- 63103 - Retail sales of meat (incl. poultry) and meat products
- 63104 - Retail sales of fish and other seafoods
- 63105 - Retail sales of bread and flour confectionery
- 63106 - Retail sales of sugar confectionery
- 63107 - Retail sales of beverages not consumed on the spot
- 63108 - Retail sales of tobacco products
- 63109 - Specialized retail sales of food products n.e.c.

II. 632 - Non-food retailing services

This Group is divided into the following Classes:

- 6321 - Retail sales of pharmaceutical and medical goods and cosmetics
- 6322 - Retail sales of textiles, clothing, footwear and leather goods
- 6323 - Retail sales of household appliances, articles and equipment
- 6324 - Retail sales of hardware, paints, varnishes and lacquers, glass, construction materials and do-it-yourself materials and equipment
- 6325 - Retail sales of office equipment, books, newspapers and stationery and photographic, optical and precision equipment
- 6329 - Other specialized retail sales of non-food products

Division: 61 - Sale, maintenance and repair services of motor vehicles and motorcycles

III. 6111 - Sales of motor vehicles

- 61111 - Wholesale trade services of motor vehicles

  Wholesaling and commission agents' services of passenger motor cars, motor buses and motor coaches, motor lorries and trucks, over-the-road truck tractors, semi-trailers and trailers. (Goods classified in CPC/491, 492.)

- 61112 - Retail sales of motor vehicles

  Retailing services of passenger motor vehicles including specialized passenger motor vehicles (ambulances, caravans, microbuses, etc.), motor vehicles to negotiate unusual terrain and other passenger motor vehicles with motor-car type steering mechanisms; motor lorries and motor coaches and buses. (Goods classified in CPC 491.)

IV. 61130 - Sales of parts and accessories of motor vehicles

Wholesaling, commission agents' and retailing services of new or used parts and accessories of motor vehicles of a type described in the notes to subclass 61112. (Goods classified in CPC 431, 491, 492.)

V. 6121 - Sales of motorcycles and snowmobiles and related parts and accessories

- 61210 - Sales of motorcycles and snowmobiles and related parts and accessories

Annex 2: Questionnaire

Wholesales and Retailing Services

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%).

A. Market Access

Commercial presence

1. Are there policy restrictions to new entry (refer only to commercially-established[30] operators)?

Service type	Entry by any firm	If yes, total number of firms allowed	Entry by firms with foreign participation[31]	If yes, number of firms with foreign participation allowed
---	☐No☐Yes		☐No☐Yes	
---	☐No☐Yes		☐No☐Yes	
---	☐No☐Yes		☐No☐Yes	
---	☐No☐Yes		☐No☐Yes	
---	☐No☐Yes		☐No☐Yes	

[30] The term commercially-established refers to locally-established operators.
[31] This category also includes branches and subsidiaries of foreign suppliers.

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.

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

CROSS-BORDER SUPPLY

3. 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: ____

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

To prepare incumbent operator (s) for competition:	☐
Market is believed to sustain a limited number of operator (s)	☐
To protect the regulated rail industry 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 (%)
	☐No☐Yes		☐No☐Yes	
	☐No☐Yes		☐No☐Yes	
	☐No☐Yes		☐No☐Yes	
	☐No☐Yes		☐No☐Yes	
	☐No☐Yes		☐No☐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
	☐No☐Yes		
	☐No☐Yes		
	☐No☐Yes		
	☐No☐Yes		
	☐No☐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)	Name of company
	☐No☐Yes		
	☐No☐Yes		
	☐No☐Yes		
	☐No☐Yes		
	☐No☐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
	☐No☐Yes
	☐No☐Yes
	☐No☐Yes
	☐No☐Yes
	☐No☐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 National	International	Is the firm federal, state or provincial?
		☐ No ☐ Yes			
		☐ No ☐ Yes			
		☐ No ☐ Yes			
		☐ No ☐ Yes			
		☐ No ☐ Yes			
		☐ No ☐ Yes			

C. MARKET STRUCTURE

10. 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		
		☐ No ☐ Yes				
		☐ No ☐ Yes				
		☐ No ☐ Yes				
		☐ No ☐ Yes				
		☐ No ☐ Yes				
		☐ No ☐ Yes				

11. Do providers participate in informal cartel?

☐ No ☐ Yes If yes, please describe.

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

Services

13. 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?[32]	☐ No ☐ Yes	

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

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 … ☐ No ☐ Yes
On …. ☐ No ☐ Yes

b) If yes to a), please explain

c) If no to a) how are abuse of monopoly power (cartel) and/or predatory pricing dealt with?

d) Does the government or regulatory agency provide pricing guidelines tor some services?
Service… ☐ No ☐ Yes
Service … ☐ No ☐ Yes
etc

e) 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

a) Is registration in any register required in order to establish a new business?
☐ No ☐ Yes

b) 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:

a) are criteria other than technical and financial fitness and compliance with public safety requirements considered in decisions on entry of new operators?
b) does an authorisation to operate cover the entire country?
c) is the authorisation to operate limited in duration?
d) 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.

a) Do foreign firms have the same right to operate in the domestic market as domestic firms?
☐ No ☐ Yes

b) If no, are any of the following constraints in place:
i) complete prohibition ☐ No ☐ Yes
ii) limitations ☐ No ☐ Yes
iii) restrictions on the possibility for foreign firms to operate ☐ No ☐ Yes
iv) Others:

c) Do foreign companies have social obligations without adequate compensation?
☐ No ☐ Yes

d) Does the government provide subsidies to domestic companies?
i) Bus ☐ No ☐ Yes
ii) 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
a) ….
b) …..
c) …..
d)

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

19. Public consultation and transparency

a) 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

24. 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

25. 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

27. 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

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

Indicator	Value	Date	Comments

K. Innovations

29. Do ….companies adopt the following technological innovations?

Innovations	If yes, how many companies out of ten major ones adopt it?
☐ Technological ….related innovations.	

☐ Improved computer systems and administrative controls	
☐ Improved …. systems	
☐ Improved facilities	
☐ 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:____