



Jordan – U.S. Free Trade Agreement (JUSFTA)

Fact Sheet, Last Update: June 2009

Overview

- The Hashemite Kingdom of Jordan and the United States of American signed the Jordan-US Free Trade Agreement on October 24, 2000. The agreement entered into force in December 17, 2001.
- The JUSFTA is the United States' third free trade agreement, following the US-Israel Free Trade Agreement and the North American Free Trade Agreement (NAFTA) with Canada and Mexico.
- The JUSFTA is the United States' **FIRST** agreement with an Arab country.
- The agreement aims at establishing a free trade area between both countries through liberalization of trade in goods and services and facilitating the movement of goods and normal persons. This includes equal commitments by both sides in relation to environmental protection, labor rights, intellectual property rights, electronic commerce, protection of emerging industries, and a mechanism for dispute settlement.
- The agreement provides for a gradual elimination of duties and removal of commercial barriers on trade in goods and services between Jordan and the US over a period of ten years, leading to a complete free trade area between the two countries starting January 1, 2010.

Liberalization of Trade in Goods

- Tariff elimination started on January 1, 2001 (the first year of implementation) and will lead to a free-tariff regime by the beginning of 2010.
- By January 1, 2005, three tariff categories' (A, B, and C) staged elimination were fully implemented, allowing for 96 percent of all consumer and industrial products listed in the US Harmonized Tariff Schedule for FTA imports from Jordan and over 60 percent of tariff numbers of the Jordanian Schedule for imports from the US to become duty-free.

| Category | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------|--|-------|---------|-------|---------|-------|--------|------|--------|------|
| A (4%) | (2%) | FREE | | | | | | | | |
| B (8%) | (6%) | (4%) | (2%) | FREE | | | | | | |
| C (15%) | (12%) | (9%) | (6%) | (3%) | FREE | | | | | |
| D (25%) | (22.5%) | (20%) | (17.5%) | (15%) | (12.5%) | (10%) | (7.5%) | (5%) | (2.5%) | FREE |
| E | bound under WTO | | | | | | | | | |
| F | NOT ELIGIBLE | | | | | | | | | FREE |
| G | duty-free status starting 2001 | | | | | | | | | |
| H, I, J, K, L,M | Special treatment, read U.S. and Jordan Staged Tariff Elimination Schedule | | | | | | | | | |

Note: Numbers in brackets are for illustration purposes only.

Liberalization of Trade in Services

Specific market-access commitments on all four modes of supply (cross border trade, consumption abroad, commercial presence, presence of natural persons) in various sectors: business, communications, engineering and construction, distribution, education, environment, finance, health, tourism, recreation, and transportation.

The FTA confirms the WTO commitments in services and measures have been taken to remove ownership restrictions for US investors in a number of Jordanian services, including agriculture-related services, courier and convention services.

E-Commerce

Jordan was the first US trading partner to sign a joint statement on electronic commerce with the US under a trade agreement. Encourages cooperation among both parties in order to permit e-commerce to be an engine of growth with potential to invigorate economies by enhancing productivity, streamlining distribution and revamping corporate structure.

Ensures that neither the US nor Jordan impose duties on electronic transmissions, nor impose unnecessary barriers on trade in digitized products, therefore facilitating further trade in Jordan's growing IT sector. This commitment encourages investment in new technologies and stimulates the innovative use of networks to deliver products and services.

Rules of Origin

Goods originating from Jordan or the US are eligible for preferential treatment provided they comply with the following requirements:

1. Meet the *country of origin* criteria:
 - a) Be a merchandise wholly the growth, product, or manufacture of one Party, or
 - b) Be a new or different article of commerce that has been grown, produced or manufactured in that Party;
2. Meet the *direct shipment* requirement and be exported into a Party directly from the other Party:
 - (i) Without passing through the territory of any intermediate country, or
 - (ii) If shipment is through the territory of an intermediate country, the articles in the shipment do not enter the commerce of that country and the invoices, bills of lading and other shipping documents show the other Party as the final destination.
3. Meet the 35 percent value content requirement whereby the sum of cost or value of materials and direct cost of processing operations must represent not less than 35

percent of the goods' appraised value at the time it enters a Party. For purposes of determining the 35 percent domestic content requirement, the cost or value of materials which are used in the production of an article in one Party and which are products of the other Party, may be counted in an amount up to 15 percent of the appraised value of the article. Such materials must in fact be products of the other Party under the country of origin criteria set forth in the agreement.

Trade - Related Intellectual Property Rights

- FTA provides protection for trademarks and geographical indications, copyrights, and patents, and specifically mentions the protection of software and pharmaceuticals, two categories of products whose copyrights and patents are especially prone to violation.
- As part of its trade commitments, Jordan ratified the World Intellectual Property Organization (WIPO) Copyright Treaty, which entered into effect in April 2004 and amended the Jordanian Copyright Law to include provisions of the WCT. The WIPO Phonograms and Performers Treaty (WPPT) was ratified and came into effect in May 2004. These treaties supplement the substantive standards for protection in the TRIPS Agreement and take into account the advent of the Internet. Jordan has signed the Patent Cooperation Treaty and the protocol relating to the Madrid Agreement Concerning the Registration of Marks, but ratification is still pending.

Environment & Labor

- Commitments to maintain high levels of environmental protection and to improve their environmental laws.
- Agreed on an environmental cooperation initiative, which establishes a US - Jordan Joint Forum on Environmental Cooperation for ongoing discussions on environmental priorities, and for identifying environmental quality and enforcement areas of initial focus.
- Reaffirmed their obligations as members of the International Labor Organization (ILO) and their commitments under the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up.

Dispute Settlement and Safeguarding Measures

- In case a dispute arises concerning the interpretation of the agreement, or a party considers that measures taken by the other party severely "distort the balance of trade benefits" accorded in the agreement, the parties are encouraged to resolve the matter through consultations. If these fail, the party can refer the matter to a dispute settlement panel. The report of such dispute settlement panels is non-binding, and the affected country is authorized to take appropriate measures if the parties are still unable to resolve a dispute once the panel has issued its recommendations.
- Safeguard measures - to ensure that if the implementation of the agreement leads to "a substantial cause of serious injury, or threat thereof" to a domestic industry, either country may temporarily suspend further tariff reductions on the affected goods. If either country decides to enact a safeguard measure, its duration cannot exceed four years or the 10-year transitional period, and no measure shall be maintained beyond the extent of time necessary to prevent or remedy a serious injury.

Joint Committee to administer the JUSFTA

- Composed of the Jordanian minister with primary responsibility for trade matters (MIT) and the U.S. Trade Representative, or their designees,
- Meet in regular session each year, and at any time agreed upon by the Parties.

- To provide a context for consultations on issues arising under the JUSFTA and also will serve as the first stage of dispute settlement.

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