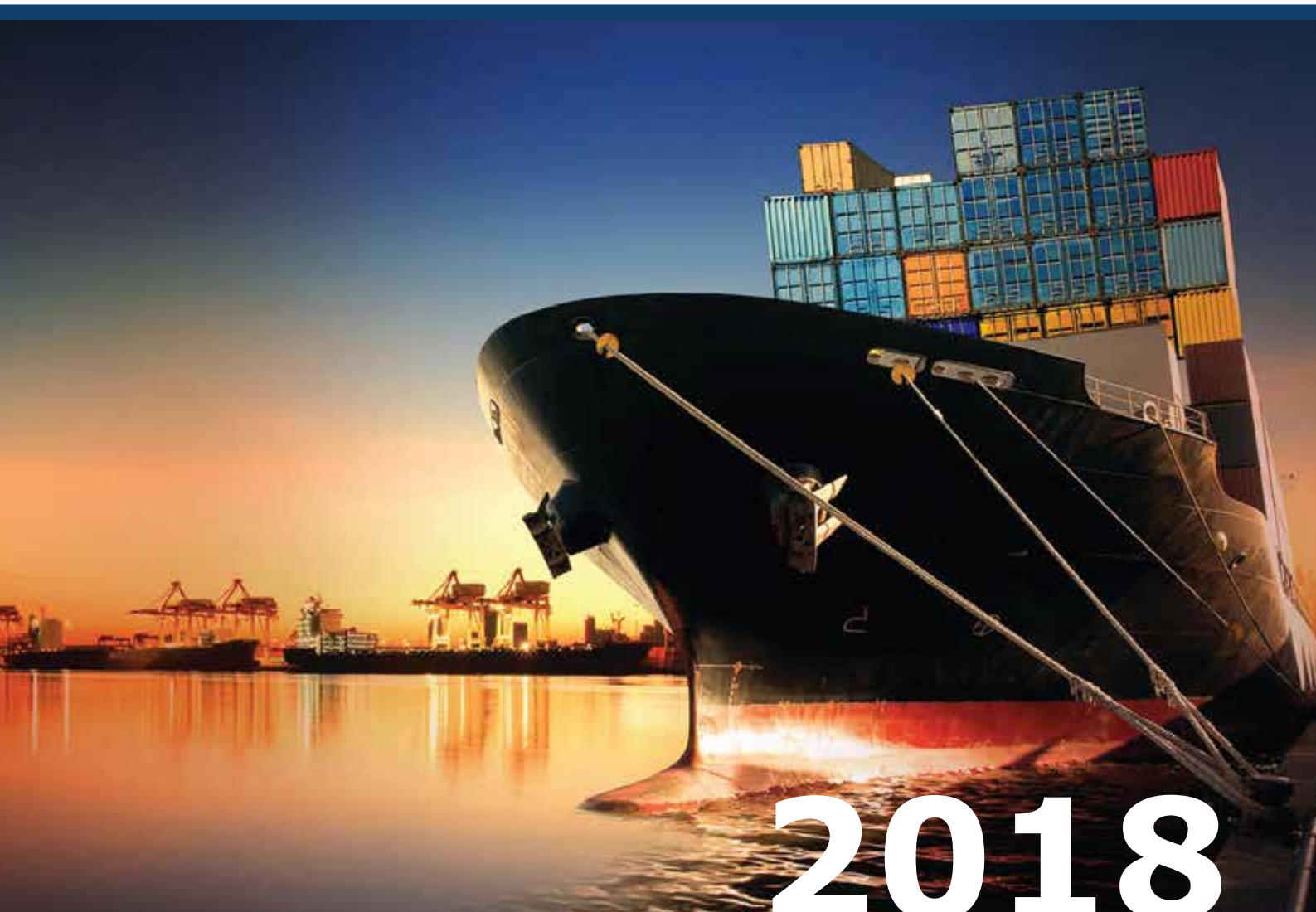




The American Chamber
of Commerce in Jordan

GUIDE TO **EXPORTING GOODS** TO THE U.S.



2018

Developed By:



U.S. - Jordan
Free Trade Agreement Unit



USAID
FROM THE AMERICAN PEOPLE



INVESTMENT
CONSULTING ASSOCIATES

EXPORTING GOODS GUIDE 2018


Disclaimer

"This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The content expressed herein does not necessarily reflect the views of USAID or the United States Government."

FOREWORD

I am delighted to present to you the "trade guides" on doing business between USA and Jordan. The guides are the result of handwork by our good staff at AmCham and our associates, to whom we are truly thankful.

I trust that you will find them useful and appreciate your feedback which will help us to achieve continuous improvement on future releases.



Mohammed S. Bataineh

1	Introduction	5
	1.1 JORDAN – UNITED STATES TRADE RELATIONS	7
	1.2 PROCESS OF EXPORTING GOODS	13
	1.3 EXPORTERS	29
	1.4 BUYERS & CONSUMERS	37
	1.4.1 Direct Selling	37
	1.4.2 Indirect Selling	42
	CHECKLIST	44
	USEFUL SOURCES	45
2	Shipping	47
	2.1 GENERAL UNDERSTANDING	49
	2.2 FAST-MOVING CONSUMER GOODS & HANDICRAFTS	55
	CHECKLIST	58
	USEFUL SOURCES	59
3	Customs, Border Control & Entry	61
	3.1 GENERAL UNDERSTANDING	63
	3.2 FAST-MOVING CONSUMER GOODS & HANDICRAFTS	66
	CHECKLIST	68
	USEFUL SOURCES	69
4	Marking & Labels	71
	4.1 GENERAL	73
	4.2 FAST-MOVING CONSUMER GOODS & HANDICRAFTS	79
	CHECKLIST	84
	USEFUL SOURCES	85
	About The Tijara Coalition	71

0

1

INTRODUCTION

1 Introduction

The United States (US) and Jordan established diplomatic relations as early as January 31st, 1949, which paved the way for a solid and strong relationship of bilateral trade and investment. This was further reinforced by the signing of the Qualified Industrial Zones (QIZs) Arrangement in 1996 and the Bilateral Investment Treaty (BIT) in 1997 as well as the Free Trade Agreement (FTA), which was signed between the US and Jordan in 2000, making Jordan the first Arab country to sign a FTA with the US.¹ This favorable framework consolidated further in the 21st century.

1.1 Jordan – United States Trade Relations

The top reasons to export to the US include:

1. Single most **prosperous consumer market** in terms of economic size and purchasing power. The country is the third-largest country in the world in both population and size. The US provides a considerable market for nearly every product or service given the diversity and wealth of its 327 million consumers.² All states except Wyoming and Vermont are larger than Jordan's economy of \$38,65 billion in 2016.³ This large consumer market requires a considerable scale, volume, and supply.
2. Advantageous **favorable access to the US market** for Jordanian-based companies due to the QIZ Arrangement, BIT, and FTA – both for exporters as well as investors. This presents Jordanian businesses with greater opportunities to do business with the US and puts them at a competitive advantage vis-à-vis firms from other Arab countries. The agreements enable Jordanian firms who are able to sell high-quality products at more attractive prices, as tariff barriers on the majority of goods traded between the Jordan and the US have been eliminated.
3. Competitive and **investor-friendly business environment**. The US ranks high on international rankings that measure the ease of doing business and competitiveness of economies. For instance, the US ranks 6th out of 190 countries on the World Bank's Doing Business Index⁴ and 2nd out of 137 countries on the World Economic Forum's Global Competitiveness Index.⁵ The US' favorable business environment is driven by economic and political stability, strong innovation, business sophistication, continuous strive for liberalization and deregulation, readily available financing and equity, efficient labor market, highly educated and well-trained workforce, and stable financial market in combination with well-established marketing, supply, logistic, and distribution channels. Government regulation is generally lower compared to many other countries while the US historically has a welcoming policy towards investors.

These reasons make the US a very attractive market for Jordanian businesses, both for trade as well as investment.

1 Jordan Economic & Commerce Bureau (2018), "Jordan-US Economic Relations," available at http://www.jordanecb.org/public/English.aspx?Lang=1&Page_Id=1372&Menu_ID=31

2 US Census Bureau (2018), "U.S. and World Population Clock," available at <https://www.census.gov/popclock/>

3 The World Bank (2018), "World Bank Open Data," available at <https://data.worldbank.org/country/jordan>

4 The World Bank (2018), "World Bank Doing Business Index – US," available at <http://www.doingbusiness.org/data/exploreeconomies/united-states>

5 World Economic Forum (2018), "Global Competitiveness Index – US," available at <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

Introduction

States	50
Capital	Washington D.C.
Largest City	New York City
Area	9,147,593 km ²
Population (2017)	325,719,178
Arab Ancestry¹ (2013)	1,367,916
GDP (2017)	\$19.38 trillion
Median Income (2016)	\$55,322

Currency	Dollar (\$)
Languages	English, Spanish
Time Zones	UTC-5/-6/-7/-8

Country Code	001 or +1
ISO 3166 Code	US
Internet Code	.us



Demographics



Economy²

Households (2012-2016)	117.7 mln
Unemployment Rate (2017)	4.1%
Labor Force	160.6 mln
Persons >65 years (2016)	15.2%
Persons <18 years (2016)	22.8%

Real Estate	15.3%
Finance & Insurance	8.7%
Healthcare	8.4%
Professional/Scientific Services	8.1%
Durable Goods Manufacturing	7.2%



Key Imports³



Key Exports

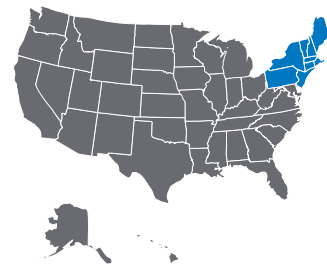
Passenger Cars	7.0%
Crude Oil	5.8%
Cell phones & Household Goods	4.7%
Other Vehicles Parts/Accessories	4.4%
Pharmaceutical Preparations	4.3%
Telecommunications equipment	3.3%
Computers	2.9%
Computer Accessories	2.7%
Semiconductors	2.7%
Industrial Machines	2.3%

Other Vehicles Parts/Accessories	3.8%
Other Industrial Machines	3.6%
Other Petroleum	3.6%
Civilian Aircraft	3.6%
Passenger Cars	3.5%
Semiconductors	3.2%
Pharmaceutical Preparations	3.1%
Electric Apparatus	2.8%
Engines-Civilian Aircraft	2.8%
Telecommunications Equipment	2.5%

Sources: US Census (2018), Bureau of Labor Statistics (2018), US Bureau of Economic Analysis (2018), and AAI (2015)

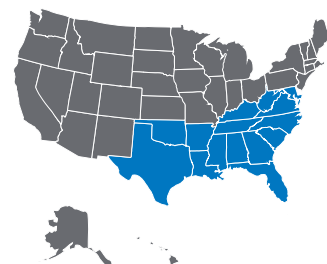
The US comprises 50 states, the capital city of Washington District of Columbia (DC), and various overseas territories including Puerto Rico, the US Virgin Islands, and areas of the Pacific Ocean. However, the regions and states that make up the US cannot be perceived as one single and homogenous market. States develop and implement their own regulations on doing business (e.g. registration and tax incentives) while consumer behavior, preferences, demographics, and culture differ across the US. Given this complexity in combination with the vast size of the US market, it is important to further segmentize the US market in order to optimize exports, become highly targeted, and identify the best mode to reach the right consumer. It should be noted the transfer of goods, money, and people between these regions and states is free.

Northeast



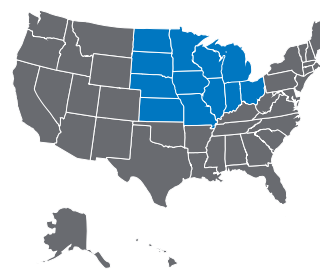
States	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont		
Area	419,357 km ²	Median Household Income (2016)	\$64,974
Population (2016)	56,209,510 (254,062 Arab ancestry)	Per Capita Income (2016)	\$35,758
Description	The Northeast is home to a number of prestigious educational institutions and universities, making it a hub for media, culture, technology, and medical institutions while New York City hosts a large cluster of companies active in the financial services and insurance.		

South



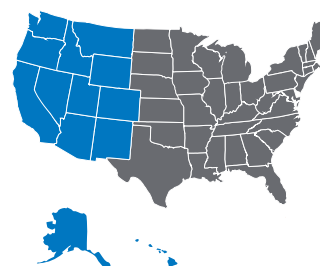
States	Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington DC, West Virginia,		
Area	2,249,495 km ²	Median Household Income (2016)	\$52,678
Population (2016)	122,319,574 (300,281 Arab ancestry)	Per Capita Income (2016)	\$28,865
Description	Part of the South region is focused on public and Government services in the capital while corporate-friendly Delaware, Atlanta, Austin, Dallas, Houston, Miami, and Virginia have developed into centers of commerce and tourism. The petroleum sector is present in Texas.		

Midwest



States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin		
Area	1,943,880 km ²	Median Household Income (2016)	\$55,712
Population (2016)	67,941,431 (392,144 Arab ancestry)	Per Capita Income (2016)	\$30,293
Description	Warehousing, logistics, and manufacturing have long been the key sectors in the Midwest. The region still functions as transportation hub with a focus on (advanced) manufacturing and agriculture given its central location in the US.		

West



States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming		
Area	4,535,284 km ²	Median Household Income (2016)	\$63,202
Population (2016)	76,657,000 (412,429 Arab ancestry)	Per Capita Income (2016)	\$32,086
Description	Silicon Valley and Seattle are world-leading centers for advanced manufacturing, electronics, and information & communication technologies while the film, media, and tourism industries are strongly represented in Arizona, Los Angeles, and Nevada.		

Source: Census Reporter (2016) and AAI (2015)

The US remains by far the largest export market for Jordanian companies as a quarter of all Jordanian exports are directed towards the US, thereby representing a considerably larger share than Jordanian exports to regional markets such as Saudi Arabia (14.2%), Iraq (6.8%), the United Arab Emirates (5.6%), and Kuwait (5.1%).⁶

Trade in goods between the US and Jordan has accelerated over the last 20 years, up from \$428 million in 1997 to \$3.37 billion in 2017⁷. The surge in exports from Jordan to the US

⁶ CIA World Fact Book (2016), "Exports – Partners," available at <https://www.cia.gov/library/publications/the-world-factbook/fields/2050.html>

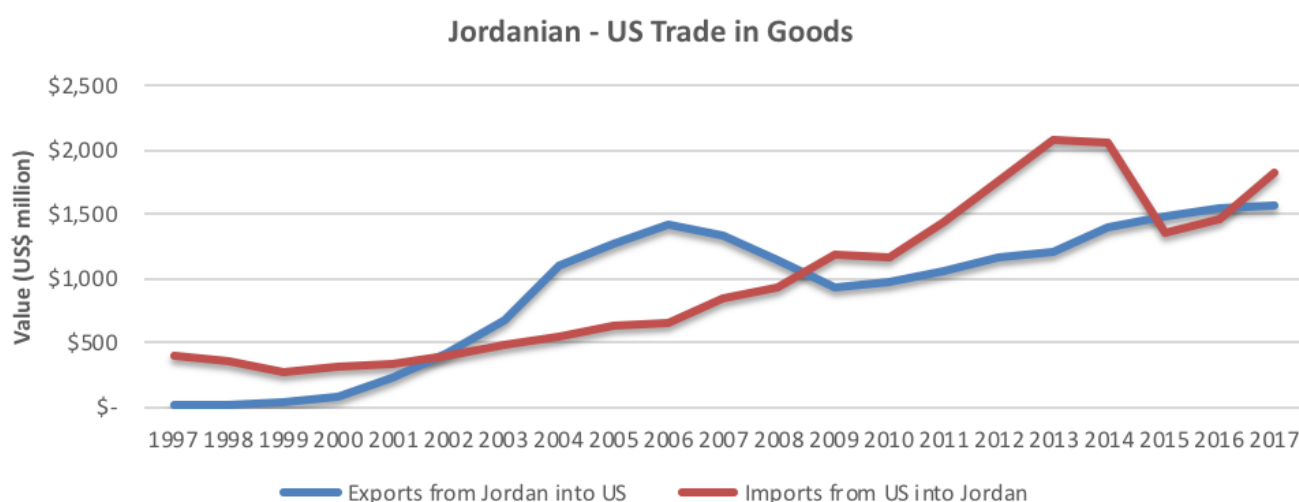
⁷ US Census Bureau (2018), "Trade in Goods with Jordan," available at <https://www.census.gov/foreign-trade/balance/>

from the early 21st century onwards is driven by US - Jordan Free Trade Agreement (FTA) which entered into force in December 2001 and which eventually lead to a record-high trade surplus of \$772 million in 2006. Despite a slowdown of exports from Jordan to the US from 2006 to 2009, exports have picked up again and amounted up to \$1.56 billion in 2017.

The majority of goods and products exported from Jordan to the US concerns knitted and crocheted articles of apparel and clothing accessories, of which the exported value equalled \$953.8 million in 2016. This is followed by articles of apparel and clothing accessories which are not knitted or crocheted (value of \$336.0 million in 2016), natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof (value of \$121.8 million in 2016), and pharmaceutical products (value of \$40.0 million in 2016).⁸

Goods and products which experienced the strongest growth rates between 2012 and 2016 include vehicles other than railway or tramway rolling stock, and parts and accessories thereof (+162%), cocoa and cocoa preparations (+157%), electrical machinery and equipment and parts thereof; sound and television recorders and reproducers (+121%), tanning or dyeing extracts (+108%), and articles of iron or steel (+84%).⁹

Figure 1.1 Jordanian – US trade in goods (1997-2017)



Source: US Census Bureau (2018)

c5110.html

8 International Trade Center (2018), "Trade Map," available at <https://www.trademap.org/Index.aspx>

9 International Trade Center (2018), "Trade Map," available at <https://www.trademap.org/Index.aspx>



Source: University of Texas Libraries (2002)

Three vehicles that have boosted trade between Jordan and the US to unprecedented levels include the Bilateral Investment Treaty (BIT), Qualifying Industrial Zones (QIZs) Arrangement, and the Free Trade Agreement (FTA).

Qualifying Industrial Zones Arrangement

The US Congress enabled the establishment of Qualifying Industrial Zones (QIZs) in Jordan in 1996 with the objective to further increase market access of Jordanian companies to the US market. Products manufactured within these QIZs qualify for duty-free as well as quota-free access to the US, assuming a certain level of local content:

1. 35% Jordanian content, of which:
 - a. 11.7% must come from a Jordanian QIZ.
 - b. 8% from Israel (7% for high-tech goods).
 - c. The remainder of the minimum may be fulfilled by content from a Jordan QIZ, Israel, US, or West Bank/Gaza.
2. 20% Jordanian content complemented by 15% US content.

The benefits provided by the QIZ arrangement was particularly important for Jordanian products for which tariffs had not yet been phased out under the US - Jordan FTA. Under the QIZ arrangement, these goods would enjoy immediate elimination of tariffs and quotas and would require a lower level of Jordanian inputs. The first QIZ was created in Irbid in November 1997 while another 12 QIZs have been established throughout Jordan subsequently. QIZ products still account for more than half of Jordanian exports to the US though the QIZ share is declining relative to total products shipped under the FTA.¹⁰

Source: Office of Textiles and Apparel (2018)

¹⁰ Office of the United States Trade Representative (2018), "Jordan Free Trade Agreement," available at <https://ustr.gov/trade-agreements/free-trade-agreements/jordan-fta>

Bilateral Investment Treaty

The Bilateral Investment Treaty (BIT) between Jordan and the US was signed in 1997 and entered into force in 2003. The agreement provides reciprocal protection of Jordanian and US individual and corporate investments and is in compliance with highest international investment protection standards as well as with US principal objectives in bilateral treaty negotiations. BIT protects investors from performance requirements, restrictions on transfers, and arbitrary expropriation and specifies regulations with regards to entry, stay and employment, dispute settlement, legal rights, taxation, benefits, and compensation for political circumstance damages.

Source: AmCham-Jordan (2009)

Free Trade Agreement

The bilateral Free Trade Agreement (FTA) between Jordan and the US entered into force in December 2001 with full phasing-out of duties completed by January 2010. The FTA eliminates virtually all tariffs and reduces trade barriers. The FTA furthermore provides cutting-edge protection for intellectual property (IP) and ensures regulatory transparency, further liberalizing, simplifying, and encouraging bilateral trade. The US - Jordan FTA rules of origin require that Jordanian exports to the US must have 35% Jordanian content in order to qualify for the FTA duty benefits. This implies no less than 35% of the customs value of the imported product must be attributed to Jordanian origin materials and/or Jordanian direct costs of processing.¹¹ Certain conditions apply to commerce traded through this FTA:

1. The Merchandise Processing Fee (MPF)¹² is still levied on commerce exported to the US.
2. Commerce may not enter a 3rd country except for non-retail sale where the importation is the result of the original transaction while commerce may not undergo further production in a 3rd country.

^{11,12}Source: US Customs & Border Protection (2015)

1.2 Process of Exporting Goods

The process of exporting should not be underestimated, certainly not when it comes to the enormous, diverse, and complex US market. Exporters need to be prepared as exports require a considerable degree of planning, processes, compliance, and logistics. Exporting can turn into a costly and time-consuming process without a careful export planning.

The process of exporting can be separated into five subsequent steps that any exporter needs to carefully consider and complete before initiating exports.¹³ These five steps, that ensure your business is export-ready, include:

1. **Conduct Export Planning** – Evaluate the motivations to export and investigate the market for exports.
2. **Identify Export Opportunities** – Evaluate the most profitable market in order to target potential consumers for your good(s) and/or product(s) based on accurate market intelligence and data.

¹¹ If this product also has US content, up to 15% of the US content can count toward the requirement of 35% Jordanian content

¹² The MPF is an ad valorem fee of 0.3464% of the value of the merchandise being imported into the US, not including duty, freight, and insurance charges, with a minimum amount of \$25 and a maximum amount of \$485

¹³ US Department of Commerce (2018), "Export Education," available at <https://www.export.gov/article?id=Export-Education>

3. **Select the Market Entry Strategy** – Determine the best option to enter the US market according to your particular good(s) and/or product(s) and target market.
4. **Create an Export Development Plan & Obtain Exporting Finance** – Define the company’s exporting goals, objectives, milestones, challenges, and status in order to obtain export financing assistance and ensure legal compliance.
5. **Make the Export Sale** – Assess the most favourable method to distribute, price, and promote your good(s) and/or product(s) to consumers in the identified target market.

Step 1 – Export Planning

As mentioned, the US is open for Jordanian exports, as trade in goods between the US and Jordan accelerated over the last 20 years, up from \$428 million in 1997 to \$3.37 billion in 2017. The US-Jordan Free Trade Agreement (FTA) considerably reduced duties and simplified customs procedures, expanding the access of Jordanian companies to the more than 327 million affluent US consumers. The market potential of the US for Jordanian exports is plentiful.

Reasons why companies still do not engage in exporting, however, relate to fear and risks. Companies may still perceive exporting their product(s) and/or good(s) to the US as risky, time-consuming, and complicated while exporting requires a considerable amount of resources and time, particularly for small companies. The secret to successfully exporting and mitigating fear and risks is to carefully consider whether your company should be engaged in exporting and, if so, how to define your company’s competitive position to determine the best way forward in order to make new export sales.

Exporting should be considered as part of your company’s strategy to achieve sustainable and profitable growth:

- Expand your bottom line in terms of profitability and consumer base.
- Optimize your business cycles to adjust for seasonal differences.
- Acquire global management and intercultural expertise.
- Rationalize your internal production by fully exploiting production capabilities.
- Defend your position in the Jordanian domestic market.
- Increase your competitiveness in all markets due to exposure to new and innovative business models.
- Increase the value of your intellectual property.
- Increase the value of your business.

The following table presents typical factors that determine whether your business is ready for exporting. These factors could be used as a checklist to diagnose your reasons for exporting to the US, thereby balancing advantages and disadvantages.

Table 1.1 Factors in favour of global exports and US exports

Factor	Application to Global Exports	Application to US Exports
Demand	Competitors are increasing their global market shares as more than 7.6 billion consumers are located outside of Jordan.	With 327 million consumers and a 48 states with a GDP larger than that of Jordan, it provides Jordanian companies an export opportunity that can't be ignored.
Access	Exporting is now available for even the smallest businesses through internet, improved logistics channels, free trade agreements, and e-commerce.	The US - Jordan FTA provides Jordanian businesses direct export access to the US market through streamlined customs procedures and reduced or eliminated tariffs. This puts Jordanian business at a unique competitive advantage.
Profitability	Exporters, on average, improve their profitability as sales grow faster, more jobs are created, and employees earn more than in non-exporting firms.	The favourable combination of high demand and strong accessibility makes it relatively cost-competitive for Jordanian businesses to export to the US, thereby improving their profitability.
Competitive Advantage	Companies engaged in exporting are exposed to new and innovative business practices, ranging from expertise, knowledge, skills, production techniques, and capabilities to business models and marketing.	The US' business environment, high quality, innovative goods and services, customer service, and sound business practices are well-renowned, supporting Jordanian companies to be exposed to these best practices, eventually improving their competitive advantage .
Risk Mitigation	Companies that export are spreading their risks as they are not solely dependent on the domestic Jordanian market and seasonal fluctuations.	The US is one of the least risky foreign markets to do business due to its political and economic stability as it ranks high on many international rankings for doing business and competitiveness.
Export Assistance	Jordan's diplomatic network of 44 embassies and 11 consulates around the world provide Jordanian businesses looking to export with support.	AmCham-Jordan, the Jordan Investment Commission (JIC), as well as the Jordan Embassy in Washington D.C. and Honorary Consulates in California, Illinois, and Michigan can provide Jordanian business with export assistance.

Source: US Department of Commerce (2018)

Step 2 – Export Opportunities

Once a business has decided exporting suits the business' strategy, the next step is to conduct careful research and gather market intelligence to identify the most profitable market(s) for companies' product(s) and/or good(s). A company needs to understand its export market so it can optimize and target its efforts.

A business should consider the following issues when identifying its export opportunities:

- 1. Prioritize and segmentize export markets.** It is vital not to choose too many export (or foreign) markets. A maximum of three foreign markets is a rule of thumb for small companies. However, given the complexity and vastness of the US market, it is advised to prioritize and segmentize within the US market (e.g. regions, states, or even cities). The US market is often perceived as one single market but should be viewed as a heterogeneous and very diverse market in terms of consumer tastes, preferences, and behaviour. Focusing on regional or geographic clusters (e.g. population with Arab ancestry) can also be more cost-effective than choosing markets scattered around the US.
- 2. Test with one market.** A good practice is to test with one export market (e.g. region, state, or city) before expanding exporting operations into other secondary markets.
- 3. Collect market intelligence.** It is vital to conduct proper research and have a sound understanding of the US market and its consumers. This requires businesses to get customized market research (e.g. order a customized market research report) or access publically available trade and country reports, market surveys, trade statistics, and resources. AmCham-Jordan's Doing Business in the US Guide may be valuable. Market intelligence and research should be used to find markets with the largest and fastest growing potential for your good(s) and/or product(s) after which export markets you intend to pursue can be defined and narrowed. This should also include an assessment of existing competitors present in your intended export market – both domestic and foreign competitors. Sources to contact include local chambers of commerce, world trade centers, or clubs and trade associations but also personal interviews with private and government officials and experts (e.g. Jordanian companies already exporting to the US).

Tip 1.1

Various sources of market intelligence and market research exist. This is a combination of publically available as well as paid-for sources (e.g. registration, one-off free, or subscription).

- **Multilateral Organizations.** Multilateral organizations like Development Banks, the World Trade Organization (WTO), and the Organization for Economic Cooperation and Development (OECD) may provide studies and reports on issues related to trade.
 - o The WTO's Trade Policy Review of the US is a good example in this context.
 - o The OECD promotes Member Countries (trade) policies and produces country-by-country reports that can be searched for and ordered online.

- International Trade Center (ITC) Market Access Map. The ITC's Market Access Map is an online tool that enables users to retrieve information on customs, market requirements, advanced comparative analyses of multiple products, and country analyses though free of charge registration and/or subscription may be required for certain pieces of data.
- International Trade Center (ITC) Trade Map. The ITC's Trade Map complements the Market Access Map as it provides statistics and data on trade between countries.
- USA Trade® Online. This online tool provides users access to US import and export data though a small subscription is required.
- TradeStats Express™. Quarterly data on US merchandise exports, imports, trade balances, and state-level exports are available through this tool, which is published by the US Department of Commerce International Trade Administration.
- US Census Bureau. This unit tracks US data on a wide number of topics, including population, economy, business, business, international trade, and employment.
- US Bureau of Economic Analysis (BEA). This US Department of Commerce division provides economic accounts on a variety of levels, including international, national, regional, and industry.
- US Bureau of Labor Statistics (BLS). This division under the umbrella of the US Department of Labor offers statistics focus on the labor market and employment in the US and across the states.
- American Chambers of Commerce. AmCham-Jordan's Doing Business Guide may provide further information on items such as starting up a business, running a business, finance, taxation, incentives, immigration, and legal liability.
- Jordan Investment Commission is mandated with oversight of national exhibitions and trade shows as well as supporting Jordanian companies in participating in foreign trade shows and exhibitions.
- Jordan Development Enterprise Corporation (JEDCO). JEDCO provides assistance to Jordanian-based businesses.
- International consultants. International consultants supporting companies with market entry into the US could be a source of customized market intelligence though frequently charge high rates for their services.¹⁴

Source: *Investment Consulting Associates – ICA (2018)*

¹⁴ US Department of Commerce (2018), "Customized Market Research," available at <https://www.export.gov/article?id=Customized-Market-Research>

Rules of Origin

A number of conditions must be met in order for a product or good to qualify for the benefits of a Free Trade Agreement (FTA). Typically, these include:

- The product(s) or good(s) must be made in the FTA territory (i.e. Jordan or US).
- The product(s) or good(s) must meet the appropriate FTA Rule of Origin pertaining to specific products.
- The product(s) or good(s) must be documented as originating from a FTA partner country via appropriate certifications or information provided to the importer or its representative broker.

A product or good traded under such an agreement needs to originate from any of the FTA partner countries or must contain a percentage of domestic inputs and components.¹⁵ These specifications are called "Rules of Origin" (RoO) and also apply to the US – Jordan FTA. In fact, every FTA specifies its own Rules of Origin that determine how exported goods shipped to a country, or a region may qualify for duty-free or reduced-duty benefits. Hence, it is vital for Jordanian exporters to understand the rules of origin of the US – Jordan FTA and how this impacts their export potential.

Most often, rules of origin determining the country of origin can be very simple if a product is manufactured and assembled primarily in one partner country (i.e. Jordan). However, when a finished product includes components that originate from many countries, determining origin and applicable rules of origin can be more complex. Each FTA contains a specific chapter on Rules of Origin procedures and lists all product-specific Rules of Origin according to HS tariff classification system. This also applies to the US – Jordan FTA. The US - Jordan FTA Rules of Origin require that Jordanian exports to the US must have 35% Jordanian content in order to qualify for the FTA duty benefits. This implies no less than 35% of the customs value of the imported product must be attributed to Jordanian origin materials and/or Jordanian direct costs of processing.¹⁶

Qualifying a product for duty benefits under the US – Jordan FTA requires the following steps to be taken:

1. Obtain the product's and/or good's corresponding HS tariff classification number.
2. Determine the duty (tariff) rate as per the US – Jordan FTA based on the HS tariff classification number:
 - a. General notes.
 - b. HS tariff classification numbers 1 to 27.
 - c. HS tariff classification numbers 28 to 49.
 - d. HS tariff classification numbers 50 to 69.
 - e. HS tariff classification numbers 70 to 98.
3. Identify the specific Rules of Origin of the US – Jordan FTA for the final product.
4. Determine whether the foreign content meets the applicable Rules of Origin.

¹⁵ US Department of Commerce (2018), "Rules of Origin," available at <https://www.export.gov/article?id=Rules-of-Origin>
¹⁶ If this product also has US content, up to 15% of the US content can count toward the requirement of 35% Jordanian content.

5. Obtain a certification of origin from one of the Jordanian Chambers of Industry or the Amman Chambers of Commerce.
6. Legalize the certification of origin for the product with the Jordan Ministry of Industry, Trade, and Supplies or one of its affiliate offices.
7. Retain information about how the product was qualified in case of a customs audit.

Finally, Jordan also benefits from the general system of preferences. This is an agreement among members of the World Trade Organization (WTO) where industrialized countries like the US and members of the European Union grant preferential duty treatment in the form of reduced duties (i.e. below most-favorable nation rates) to emerging countries. Jordan is one of the beneficiaries of this general system of preferences. However, the benefits of the FTA between the US and Jordan mostly outweigh this general system of preferences as the US – Jordan FTA features elimination of duties rather than a reduction of duties under the general system of preferences.

Source: US Department of Commerce (2018)

Step 3 – Market Entry Strategy

The identified export opportunities and market research conducted in the previous step pave the way for the development of a market entry strategy. This strategy should reflect how the business addresses specific considerations for the targeted export market(s). The business should become aware as to what it takes to actually make an export sale to the target market and how the business should prepare accordingly.¹⁷

A business should consider the following issue when developing a market entry strategy:

- What are regulations and licenses that apply to the exporting company's product(s) and/or good(s)?
- Does the product(s) and/or good(s) need to be tailored or modified to specific consumer preferences, industry standards, trade barriers, market environment, or regulatory environment of the target market(s)?
- What steps need to be taken to actually export into the US?
- Are there certain risks, obstacles, or challenges associated with doing business in the target markets for which the business should prepare?
- What are the pros and cons of exporting?

This requires market research from the previous step to be leveraged in order to learn about the target market's industry standards, consumer preferences, and trade environment. Moreover, Jordanian regulations regarding export requirement must be followed too.

Based on these considerations, the exporting business needs to define which market entry strategy or "sales channel" will best support the successful introduction of its good(s) and/

¹⁷ US Department of Commerce (2018), "Export Education," available at <https://www.export.gov/article?id=Export-Education>

or product(s) into the target market(s). The most common market entry strategies and corresponding considerations are summarized in the table below.¹⁸

Table 1.2 Market entry strategies

Strategy	Description	Considerations
Local Representation	Using a US-based agent, representative, distributor, or dealer to conduct direct export sales.	<ul style="list-style-type: none"> • Good approach to test the market on a short-term basis without too much risk. • Time-consuming to find the appropriate partner(s) and conduct due diligence through a US lawyer. • Availability of local representation depends on whether the business is planning to sell to specific US states or the entire country. • Important to ensure a good contract with the local representation through non-binding summaries of key terms (NB-SOTs) or letter of intent.
Local Branch or Subsidiary	Establishing and using a US subsidiary or trading company to conduct direct export sales.	<ul style="list-style-type: none"> • Ensuring own control and ownership while showing long-term commitment to the US market. • Very resource-intensive and time-consuming to set up a local branch or subsidiary. • Location of the branch or subsidiary is vital to successful export operations so it is suggested to engage a US lawyer or accountant to identify the best location and taxation package.
Joint Venture or Strategic Alliance	Exporters, on average, improve their profitability as sales grow faster, more jobs are created, and employees earn more than in non-exporting firms.	<ul style="list-style-type: none"> • Time-consuming to find the appropriate partner(s) and conduct due diligence through a US lawyer. • Availability of local partner depends on whether the business is planning to sell to specific US states or the entire country. • Important to ensure a good contract with the local representation through non-binding summaries of key terms (NB-SOTs) or letter of intent.

¹⁸ UK Department for International Trade (2016), "Exporting to the USA," available at <https://www.gov.uk/guidance/exporting-to-the-usa>

Online Selling	Sell your product(s) and/or good(s) through your own website or an online marketplace.	<ul style="list-style-type: none"> • Relatively cheap market entry strategy as little resources are involved and risks are relatively low. • Dependent on logistics to transport product(s) and/or good(s) from Jordan to the US. • The website needs to be adapted to support US electronic payments/ credit cards, US addresses and zip codes.
Licensing & Franchising	Granting an independent US company the use of your asset or intellectual property.	<ul style="list-style-type: none"> • Good approach to test the market on a short-term basis without too much risk. • Time-consuming to find the appropriate local licensee partner(s) and conduct due diligence through a US lawyer. • Availability of local partner depends on whether the business is planning to sell to specific US states or the entire country. • The company's intellectual property (IP) should be protected before an agreement with a local licensee partner is negotiated. • Important to ensure a good contract with the local licensee partner through non-binding summaries of key terms (NB-SOTs), protecting the company's rights in any trademark and stipulating its choice of tribunal and law.
Virtual Presence	Using a virtual office or staff who represent the exporting company's interests (e.g. '1-800' toll-free phone number or US mailing address through post office box services).	<ul style="list-style-type: none"> • Good approach to test the market on a short-term basis without too much risk. • Relatively cheap market entry strategy as little resources are involved and risks are relatively low. • Dependent on logistics to transport product(s) and/or good(s) from Jordan to the US. • Facilities need to be adapted to support US electronic payments/ credit cards, US addresses and zip codes.

Sales Consultants	Hiring sales consultants (e.g. marketing consulting firm, contract sales force, or marketing organization) to identify leads in the US market.	<ul style="list-style-type: none"> • Good approach to test the market on a short-term basis without too much risk. • Relatively cheap market entry strategy as little resources are involved and risks are relatively low. • Dependent on logistics to transport product(s) and/or good(s) from Jordan to the US. • Time-consuming to find the appropriate sales consultant(s) and conduct due diligence through. • Availability of local sales consultant(s) depends on whether the business is planning to sell to specific US states or the entire country.
Acquisition	Obtaining direct access to the US market by acquiring an existing independent local company (e.g. competitor or supplier).	<ul style="list-style-type: none"> • Ensuring instant presence and direct own control and ownership while showing long-term commitment to the US market. • Very resource-intensive and time-consuming to acquire a local company. • Location of the local company is vital to successful export operations.

Source: US Department of Commerce (2018)

Step 4 – Export Development Plan & Export Financing

An export development plan fits both internal as well as external purposes. On the one hand, it may support the exporting company defining its present status and internal export goals and commitments while, on the other hand, the export development plan can be used to seek export financing assistance (e.g. bank loans). A well-defined export development plan assists the exporting company with focusing its efforts, anticipating on future objectives, gathering relevant data and statistics, and identifying potential obstacles and challenges the company needs to anticipate on.

The point-of-departure for creating an export development plan is to basically “audit” the exporting company to assess how exports will impact the company’s strategic and financial position as well as practical operations. This requires the exporting company to consider operational and management issues related to exporting, approaches to exporting (i.e. selected market entry strategy), sales and distribution channels, and other important considerations. The export development plan may therefore overlap your regular business or sales plan but should not be longer than a few pages.

Once the company has more experience with exporting, the export development plan can be expanded and become more complete and comprehensive. In fact, the export development plan is flexible and dynamic and should be adjusted based on proper monitoring and evaluation of plan objectives. The pre-defined objectives should be compared with actual results to gauge the success of different export strategies. A very detailed export development plan is only recommended for companies that intend to export directly (i.e. selling to an end-user in the US) while companies exporting through third parties may create much simpler export development plans.

Tip 1.2

It is important to be aware of the key elements of an export development plan, which, in turn, determines data, statistics, and information the exporting company is required to collect in order to start writing the export development plan. There is no “one-size-fits-all” export development plan though some of the most common pieces of information include:

- Introduction to Product(s) and/or Good(s)
- Pricing Considerations
- Promotion
- Management Issues
- Operational Issues
- Experience
- HR Capacity
- Production
- Financial Capacity

The US Department of Commerce provides an example template and outline based on these pieces of information.

Source: US Department of Commerce (2018)

Once the exporting company has identified its financing needs, it may look to secure export financing by means of its export development plan. Typical export financing options may be available through:

- **Capital Bank Jordan.** Establish as the Jordan Export & Finance Bank, the Capital Bank Jordan offers specialized trade finance programmes to support Jordanian companies with international trade. Main shareholders of the Capital Bank include Jordan’s Social Security Corporation and the World Bank’s International Finance Corporation (IFC).
 - o Letters of Credit – Provides Letters of Credit, which are the most common arrangement used by global banks for settling international commercial transactions.
 - o Letters of Guarantees – Provides Letters of Guarantee as a customized bank guarantee for specific purposes.

o Bills for Collection – Offers Bills for Collection to clients who do not require the full protection of a Letter of Credit, but seek enhanced protection when transacting their business in open account terms.

o Export Loans – Provides loans to Jordanian companies looking to export in order to gain the liquidity they need to carry out export transactions at competitive rates, and with flexible terms.¹⁹

• **Multilateral Development Banks.** These together provide a combined total of almost \$50 billion in loans, grants, and investments to the public and private sectors for economic and social development in developing markets. The most applicable to Jordan is the World Bank.

• **US Export-Import Bank.** The main focus of the US Export-Import bank is to support US exporters but several programs also exist for international buyers that therefore may be of relevance to Jordanian businesses engaged in importing from and exporting to the US.

o Loan Guarantee Program – Provides term financing to creditworthy international buyers, both private and public sector, for purchases of US goods and services.

o Direct Loan Program – Provides fixed-rate loans to creditworthy international buyers, both private and public sector, for purchases of US goods and services.

o Finance Lease Guarantee Program – Provides lease financing to creditworthy international buyers as an alternative to traditional installment loans.

o Credit Insurance – Allows US exporters to offer competitive open account terms to foreign buyers while minimizing the risk of non-payment. When foreign accounts receivable are insured, lenders are more willing to increase the exporter's borrowing capacity and offer more attractive financing terms.²⁰

Step 5 – Export Sale

Making the final export sale is dependent upon a wide variety of considerations. The exporting company needs to evaluate the most effective way in terms of shipping, customs, border protection, entry, and marking and labeling in order to ensure its good(s) and/or product(s) reach potential customers in the target market(s) in an efficient way and in full compliance with both Jordanian and US regulatory environments. Such strategic matters include:

• **Shipping.** It is important to have the right certificate of origin place that is required as per the US – Jordan FTA. Besides the certificate of origin, other documentation may be required to ensure export compliance with Jordanian regulations as well as shipping compliance. This also includes compliance with multilateral standards and certifications such as Sanitary and Phytosanitary Measures and Technical Barriers to Trade as explained in the box below. Please refer to Section 2 for more detailed information on shipping requirements and procedures.

¹⁹ Capital Bank Jordan (2018), "Trade Finance," available at <http://www.capitalbank.jo/corporate/trade-finance>

²⁰ US Department of Commerce (2018), "Export Financing," available at <https://www.export.gov/article?id=Export-Financing>

• **Customs, Border Protection, and Entry.** Products and goods should be prepared in a certain manner to ensure efficient customs and border clearance and entry to the US market. Please refer to Section 3 for more detailed information on customs, border protection, and entry requirements and procedures.

• **Marking and Labeling.** When shipping a product overseas as part of a commercial transaction, the exporter must be aware of packing and labelling requirements. Please refer to Section 4 for more detailed information on marking and labeling requirements and procedures.²¹

Sanitary and Phytosanitary Measures and Technical Barriers to Trade

Two important forms of trade measures that impact the access of Jordanian companies to the US market include Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) measures. Both are regulated on a global level by the World Trade Organization (WTO).

SPS Measures

According to the WTO, SPS measures are defined as "Any measure applied:

- (a) To protect animal or plant life or health within the territory of the Member from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms;
- (b) To protect human or animal life or health within the territory of the Member from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs;
- (c) To protect human life or health within the territory of the Member from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or
- (d) To prevent or limit other damage within the territory of the Member from the entry, establishment or spread of pests.

Sanitary or phytosanitary measures include all relevant laws, decrees, regulations, requirements and procedures including, inter alia, end product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labeling requirements directly related to food safety."

The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) entered into force with the establishment of the WTO on 1 January 1995.²⁴ It concerns the application of food safety and animal and plant health regulations. The US Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) regulates the entry of certain foreign agricultural products into the US and implements the WTO SPS Agreement.

²¹ World Trade Organization (2018), "SPS Gateway," available at https://www.wto.org/english/tratop_e/sps_e/sps_e.htm

Useful Resources

- The general text of the SPS Agreement can be found on the website of the WTO.
- A further understanding of the SPS Agreement can be found on the website of the WTO.
- The WTO's Integrated Trade Intelligence Portal (I-TIP) provides comprehensive information on non-tariff measures (NTMs) applied by WTO members in merchandise trade, including SPS measures. The US has currently 661 SPS measures in force and 2,280 SPS measures initiated that apply to all WTO members and 1 SPS S measure that applies only to Jordan. These 2,941 SPS measures can be examined closer. To use this tool, select:
 - (a) "A – Sanitary and Phytosanitary – Emergency" and "A – Sanitary and Phytosanitary – Regular under "Measure / Notification"
 - (b) "United States of America" under "Member(s) imposing the measure"
 - (c) "Jordan" under "Partner(s) affected by the measure"
- The WTO's Sanitary and Phytosanitary Information Management System enables users to retrieve SPS notifications per WTO member. Include the United States of America as "Notifying Member" to obtain information on US notifications.
- APHIS provides a general manual on the procedures with regards to importing food and agricultural products into the US.
- USDA provides a list of eligible countries and the types of products eligible to export (i.e. meat, poultry or egg products) to the U.S. from each country.

TBT Measures

TBT measures typically include product standards, testing requirements, and other technical requirements.²² TBT measures have emerged as a policy measure to protect domestic companies and compensate for abolished tariffs and duties, and are therefore considered a key concern impeding global trade. US Trade Representative (USTR) actively seeks the prevention and removal of technical barriers to trade.

The TBT Agreement is closely linked with the SPS Agreement. Member countries of the WTO are required under the Agreement on TBT Agreement to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Both the US and Jordan are members of the WTO.

Useful Resources

- The general text of the TBT Agreement can be found on the website of the WTO.
- A further understanding of the TBT Agreement can be found on the website of the WTO.
- The WTO's Integrated Trade Intelligence Portal (I-TIP) provides comprehensive information on non-tariff measures (NTMs) applied by WTO members in merchandise trade, including TBT measures. The US has currently 519 TBT measures in force and 1,004 TBT measures initiated that apply to all WTO members. These 1,523 TBT measures can be examined closer. To use this tool, select:
 - (a) "B – Technical barriers to Trade – Regular" under "Measure / Notification"
 - (b) "United States of America" under "Member(s) imposing the measure"
 - (c) "Jordan" under "Partner(s) affected by the measure"
- The WTO's Technical Barriers to Trade Information Management System enables users to retrieve TBT notifications per WTO member. Include the United States of America as "Notifying Member" to obtain information on US notifications.

Source: World Trade Organization (2018)

²² World Trade Organization (2018), "TBT Gateway," available at https://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm

Finally, other more practical matters that need to be decided on before the export sale can be made, include pricing and payment.

• **Pricing.** Taking into account the tariffs and import fees related to product(s) and/or good(s) are extremely important when setting the price for product(s) and/or good(s) to be exported. This requires market intelligence on tariffs and the US – Jordan FTA collected under Step 2. Normally, the exporting company needs to decide on the currency exchange rate. An unfixed exchange rate implies prices in US dollar may fluctuate according to the currency exchange rate. However, the Jordanian dinar is pegged to the US dollar.

• **Payment.** Another important aspect to consider is international methods of payment.²³ The most common methods of payment are summarized in the table below. If there is any dispute regarding the payment, an exporting company will need to go through the US legal system for resolution. This generally takes place in the US state specified in the contract and abides by state laws.²⁴

• **Bank Account.** In order to receive a payment, it may be necessary to open a bank account in the US. This may be complicated as foreign companies do not have a credit record. It is advised contact a local branch and inquire about options for opening a US account.

• **Money Transfer.** There is no restrictions in the US as to moving capital in and out the country. Sums over a certain amount, however, may be flagged by the exporting company's bank. A Currency Transaction Report is normally filed by the bank to the Financial Crimes Enforcement Network (FinCEN) for the transfer a sum of over \$10,000.²⁵

• **Insurance.** Jordanian insurance companies may not cover your requirements due to the extent of US litigation and the complex liability law. Nevertheless, you consider a US insurer or broker even if you don't have a physical US presence.

Table 1.2 Market entry strategies

Method of Payment	Description	Considerations
Cash-in-Advance	Receiving payment through wire transfers and credit cards before product or good is transported.	<ul style="list-style-type: none"> • Avoidance of credit risk as payment is received in advance. • Small export transactions can be performed through internet escrow services. • Least attractive option for the buyer as it creates unfavorable cash flow. • Concern product or good may not be sent if payment is made in advance.

²³ US Department of Commerce (2018), "How to Get Paid," available at <https://www.export.gov/article?id=How-to-Get-Paid>

²⁴ UK Department for International Trade (2016), "Exporting to the USA," available at <https://www.gov.uk/guidance/exporting-to-the-usa>

²⁵ Ibid

Letter of Credit	Commitment by a bank on behalf of the buyer that payment will be made to the exporter, thereby assuming conditions and terms in the Letter of Credit will be met.	<ul style="list-style-type: none"> • One of most secure methods of payments, particularly when reliable credit information about a foreign buyer is difficult to obtain, but is compensated by the creditworthiness of the buyer's foreign bank. • Protects the buyer since no payment obligation arises until the goods have been shipped as promised. • Verification through the presentation of all required documents is required.
Documentary Collection	Exporter entrusts the collection of the payment for a sale to its bank (remitting bank), which, in turn, sends the documents that its buyer needs to the importer's bank (collecting bank) along with instructions to release the paperwork to the buyer for payment.	<ul style="list-style-type: none"> • Prime method of payment used for ocean shipping and are generally less expensive than Letters of Credit. • Protects the buyer since the buyer pays the face amount either at sight (document-against-payment) or on a specified date (document-against-acceptance). • No verification process involved and limited recourse in the event of non-payment.
Open Account	Products or goods are shipped and delivered before payment is due (30, 60, or 90 days).	<ul style="list-style-type: none"> • Most advantageous options to the importer with regards to cash flow and cost but highest risk for exporter. • Exporters reluctant to extend open account options may lose a sale to their competitors due to fierce competition. • Exporters can offer competitive open account terms while substantially mitigating the risk of non-payment by using one or more of the appropriate trade-finance techniques and seeking extra protection using export-credit insurance.
Consignment	Variation of open account method of payment where payment is sent to the exporter only after the products or goods have been sold by the foreign distributor to the end customer.	<ul style="list-style-type: none"> • Increases exporter's competitiveness as the payment is based on a contractual arrangement in which the foreign distributor receives, manages, and sells the goods for the exporter who retains title to the goods until they are sold. • Reduces the direct costs of storing and managing inventory. • Very risky as the exporter is not guaranteed any payment, and its goods are in a foreign country in the hands of an independent distributor or agent. Key is to partner with a reputable and trustworthy foreign distributor or a third-party logistics provider while having appropriate insurance in place.

Source: US Department of Commerce (2018)

1.3 Exporters

Understanding the competitive position of Jordanian exporters requires performing the following analyses:

1. **Evaluating the US trade balance.** This will illustrate for which product(s) and good(s) demand in the US is currently high as a negative trade balance shows the US is importing more of these product(s) and good(s) than it domestically produces, which is an indicator of export opportunities.
2. **Evaluating Jordan's trade balance.** This will illustrate the current supply of Jordanian product(s) and good(s) to the global market as a positive trade balance indicates product(s) and good(s) Jordanian businesses have a competitive advantage given the positive export track record of these product(s) and good(s).
3. **Evaluating the Jordan – US trade balance.** Integrating the findings of the previous analyses identifies to what extent Jordanian businesses are missing out on US export opportunities and demand (identified in Step 1), thereby leveraging competitive advantages Jordan has in specific product(s) and/or good(s) (identified in Step 2).

Matching the results of the previous analyses gives a first impression of the export potential of the US market for Jordanian companies as it looks to match US demand, current Jordanian supply, and Jordan's competitive industries. In fact, this approach forms the blue-print to any initial market research that Jordanian export companies should undertake and customize according to their market(s), product(s) and good(s).

Step 1. US Trade Balance

On the whole, the US largest trade deficit exists for electrical machinery and equipment and parts thereof (e.g. sound recorders and reproducers, televisions) as it recorded a negative trade balance of \$182.5 billion in 2017. Despite a total exports of \$174.2 billion of American-produced electrical machinery and equipment and parts therefore, the US imported for \$356.8 billion of similar foreign products. This indicates a high demand for this particular type of goods, which is only partly supplied for by the domestic industries.

Another category of commodities with a strong negative trade balance concerns commodities with a high degree of imports but with a low degree of exports. This points to the absence of a real domestic industry cluster for these commodities. This is particularly true for a number of (fast-moving) consumer goods and handicrafts, including:

- Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings.
- Articles of apparel and clothing accessories - knitted or crocheted.
- Articles of apparel and clothing accessories - not knitted or crocheted
- Footwear, gaiters and the like; parts of such articles.
- Toys, games and sports requisites; parts and accessories thereof.

- Beverages, spirits and vinegar.
- Rubber and articles thereof.
- Other made-up textile articles; sets; worn clothing and worn textile articles; rags.
- Fish and crustaceans, molluscs and other aquatic invertebrates.
- Articles of leather; saddlery and harness; travel goods, handbags and similar containers.
- Wood and articles of wood; wood charcoal.

This indicates export potential exists particularly for these commodities.

Table 1.4 Top-20 commodities with a negative US trade balance (2017)

Product(s) or Good(s)	Imports		Exports		Balance
	Value (\$ million)	Relative (%)	Value (\$ million)	Relative (%)	Value (\$ million)
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, televisions	356,783	14.8%	174,246	11.3%	-182,537
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	294,588	12.2%	130,096	8.4%	-164,491
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	349,105	14.5%	201,653	13.0%	-147,451
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral	204,233	8.5%	138,014	8.9%	-66,219
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings;	67,229	2.8%	10,774	0.7%	-56,454
Commodities not elsewhere specified	91,287	3.8%	44,654	2.9%	-46,632
Pharmaceutical products	96,429	4.0%	45,052	2.9%	-51,376
Articles of apparel and clothing accessories, knitted or crocheted	45,784	1.9%	2,671	0.2%	-43,112
Articles of apparel and clothing accessories, not knitted or crocheted	37,834	1.6%	2,283	0.1%	-35,551
Footwear, gaiters and the like; parts of such articles	26,625	1.1%	1,429	0.1%	-25,196

Toys, games and sports requisites; parts and accessories thereof	32,728	1.4%	6,895	0.4%	-25,833
Articles of iron or steel	39,115	1.6%	18,407	1.2%	-20,707
Beverages, spirits and vinegar	24,692	1.0%	8,348	0.5%	-16,343
Rubber and articles thereof	27,965	1.2%	13,402	0.9%	-14,562
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	15,459	0.6%	2,130	0.1%	-13,329
Iron and steel	28,842	1.2%	16,068	1.0%	-12,773
Fish and crustaceans, molluscs and other aquatic invertebrates	17,904	0.7%	5,383	0.3%	-12,520
Articles of leather; saddlery and harness; travel goods, handbags and similar containers	13,499	0.6%	1,548	0.1%	-11,951
Wood and articles of wood; wood charcoal	21,149	0.9%	9,744	0.6%	-11,405
Organic chemicals	46,092	1.9%	36,167	2.3%	-9,924

Source: International Trade Centre Trade Map (2018)

Step 2. Jordan Trade Balance

The next step is to evaluate the export potential of products and goods in which Jordanian businesses enjoy a competitive advantage.

The commodity that enjoys the largest trade surplus in Jordan is knitted or crocheted articles of apparel and clothing accessories, which is not entirely surprising as this commodity represents about 18% of all Jordanian exports. Jordan exported a total of \$1.36 billion of this commodity in 2016 while it only imported \$326 million of knitted or crocheted articles of apparel and clothing accessories from abroad.

Jordan has quite a strong competitive advantages in a number of industries related to natural resources. This includes Salt; Sulphur; earths and stone; plastering materials, lime and cement, tin, nickel, and lead. These natural resources and raw materials are followed by a number of (fast moving) consumer goods, including chemicals and processed foods, and handicrafts, including:

- Fertilizers.
- Edible vegetables and certain roots and tubers.
- Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals.
- Pharmaceutical products.
- Raw hides and skins (other than fur skins) and leather.
- Fur skins and artificial fur; manufactures thereof.

In addition, a number of commodities are of interest. Despite a (nearly) negative trade balance which is recorded for these commodities, a considerable base seems to exist in Jordan. For instance, Jordan exported a total of \$630,000 worth of works of art, collectors' pieces and antiques, though it also imported \$582,000 worth of works of arts. The value of \$630,000 still indicates the presence of a competitive domestic handicrafts sector. This is also the case for a number of other commodities:

- Products of animal origin, not elsewhere specified or included (\$133,000 worth of exports in 2016).
- Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television (\$356 million worth of exports in 2016).
- Plastics and articles thereof (\$255 million worth of exports in 2016).
- Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof (\$241 million worth of exports in 2016).
- Natural or cultured pearls, precious or semi-precious stones, precious metals (\$209 million worth of exports in 2016).
- Edible fruit and nuts; peel of citrus fruit or melons (\$158 million worth of exports in 2016).
- Paper and paperboard; articles of paper pulp, of paper or of paperboard (\$150 million worth of exports in 2016).
- Soap, organic surface-active agents, washing preparations, lubricating preparations (\$100 million worth of exports in 2016).
- Miscellaneous edible preparations (\$80 million worth of exports in 2016).
- Articles of apparel and clothing accessories, not knitted or crocheted (\$74 million worth of exports in 2016).
- Tobacco and manufactured tobacco substitutes (\$58 million worth of exports in 2016).
- Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings (\$45 million worth of exports in 2016).
- Coffee, tea, maté and spices (\$43 million worth of exports in 2016).
- Beverages, spirits and vinegar (\$41 million worth of exports in 2016).
- Wood and articles of wood; wood charcoal (\$10 million worth of exports in 2016).
- Footwear, gaiters and the like; parts of such articles (\$5 million worth of exports in 2016).
- Toys, games and sports requisites; parts and accessories thereof (\$2 million worth of exports in 2016).

Table 1.5 Top-20 commodities with a positive Jordan trade balance (2016)

Product(s) or Good(s)	Imports		Exports		Balance
	Value (\$ million)	Relative (%)	Value (\$ million)	Relative (%)	Value (\$ million)
Articles of apparel and clothing accessories, knitted or crocheted	326,419	1.7%	1,356,514	18.1%	1,030,095
Fertilizers	47,158	0.2%	611,838	8.1%	564,680
Salt; Sulphur; earths and stone; plastering materials, lime and cement	40,708	0.2%	489,529	6.5%	448,821
Edible vegetables and certain roots and tubers	119,792	0.6%	406,326	5.4%	286,534
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals	70,920	0.4%	317,861	4.2%	246,941
Aircraft, spacecraft, and parts thereof	209,251	1.1%	406,235	5.4%	196,984
Pharmaceutical products	589,330	3.1%	719,534	9.6%	130,204
Lead and articles thereof	638	0.0%	12,442	0.2%	11,804
Raw hides and skins (other than fur skins) and leather	560	0.0%	4,757	0.1%	4,197
Fur skins and artificial fur; manufactures thereof	144	0.0%	1,361	0.0%	1,217
Works of art, collectors' pieces and antiques	582	0.0%	631	0.0%	49
Tin and articles thereof	152	0.0%	158	0.0%	6
Silk	63	0.0%	0	0.0%	-63
Cork and articles of cork	120	0.0%	11	0.0%	-109
Nickel and articles thereof	217	0.0%	96	0.0%	-121
Vegetable plaiting materials; vegetable products not elsewhere specified or included	170	0.0%	2	0.0%	-168
Manufactures of straw, of esparto or of other plaiting materials; basket ware and wickerwork	212	0.0%	0	0.0%	-212
Ships, boats and floating structures	277	0.0%	2	0.0%	-275
Other base metals; cermet; articles thereof	355	0.0%	18	0.0%	-337
Products of animal origin, not elsewhere specified or included	566	0.0%	133	0.0%	-433

Source: International Trade Centre Trade Map (2018)

Step 3. Jordan - US Trade Balance

Finally, it is key to identify goods in which Jordanian businesses enjoy a competitive advantage (Step 2) matches with the US export opportunities and demand (Step 1) and to what extent the current supply from Jordan meets demand from the US.

Six products and goods exported from Jordan to the US enjoy a trade surplus – though a considerable one. The current exports from Jordan to the US are primarily focused on apparel and clothing accessories – knitted or crocheted or not knitted or crocheted. Combined, these sectors represent more than 80% of Jordan’s exports to the US, leading to a trade surplus of \$1.26 billion.

A handicrafts sector which has a particular competitive advantages in Jordan – US exports concerns the natural or cultured pearls, precious or semi-precious stones, precious metals. With an absolute export value of \$119 million, representing 7.7% of Jordanian exports to the US, it enjoys a positive trade balance of nearly \$117 million.

Other fast moving consumer goods that enjoy a positive trade balance, indicating export readiness for Jordanian businesses, include tobacco and manufactured tobacco substitutes (trade surplus of \$2.7 million in 2016) and coffee, tea, maté and spices (trade surplus of \$830,000 million in 2016). While these trade surpluses seem to be marginal, they may be considerable for small- and medium-sized companies exporting consumer goods like tobacco, coffee, tea, and spices.

Table 1.6 Top commodities with a positive Jordan - US trade balance (2016)

Product(s) or Good(s)	Imports		Exports		Balance
	Value (\$ million)	Relative (%)	Value (\$ million)	Relative (%)	Value (\$ million)
Table 1.6 Top commodities with a positive Jordan - US trade balance (2016)	1,815	0.1%	1,194,749	76.7%	1,192,934
Fertilizers	2,404	0.2%	119,401	7.7%	116,997
Salt; Sulphur; earths and stone; plastering materials, lime and cement	1,046	0.1%	67,145	4.3%	66,099
Edible vegetables and certain roots and tubers	2,446	0.2%	5,146	0.3%	2,700
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals	1,117	0.1%	1,947	0.1%	830
Aircraft, spacecraft, and parts thereof	2,543	0.2%	2,562	0.2%	19

Source: International Trade Centre Trade Map (2018)

Synopsis

Integrating the findings of the previous steps results in the matrix below. This matrix plots the competitiveness of a number of Jordanian fast-moving consumer goods and handicrafts. It plots the global export competitiveness (Step 2) and the US export competitiveness (Step 3) for the goods and products for which there is a high demand in the US (Step 1). The four quadrants determine the export-readiness of Jordanian goods and products:

- **Strong US Export Competitiveness & Strong Global Export Competitiveness** – These products and goods enjoy the highest export-readiness as their export competitiveness on both a global and US level is already high. This may be challenged, however, as the export may gradually become saturated due to the high export supply from Jordan. This is the case for two products and goods.

- **Strong US Export Competitiveness & Modest Global Export Competitiveness** – These products and goods enjoy a considerable degree of export-readiness as their export competitiveness on a US level is already high. This may indicate these products and goods enjoy a competitive advantages specific to the US and not so much on a global level. Challenges, however, may relate to exclusive dependency on the US market (requiring spreading risks) and market saturation. This is the case for Jordanian articles of apparel and clothing accessories that are not knitted or crocheted.

- **Modest US Export Competitiveness & Strong Global Export Competitiveness** – These products and goods enjoy a considerable degree of export-readiness as their export competitiveness on a global level is already high. This may indicate US export potential as this market has not been accessed and penetrated yet though certain tariffs and non-tariff measures may be in place that prevent these products and goods to become ready to be exported to the US. This is the case for Jordanian pharmaceutical products.

- **Modest US Export Competitiveness & Modest Global Export Competitiveness** – These products and goods enjoy a modest degree of export-readiness as their export competitiveness on both a global and US level is modest. However, opportunities exist to improve the export readiness of these products and goods as there is already a considerable value of existing exports of these goods and products from Jordan though the trade balances for these product and goods are negative. Improving the production scale of these products and goods may increase their export potential for the US market given the fact considerable demand exists in the US market for these products and goods. This is the case for seven Jordanian products and goods.

Table 1.7 Overview of export-readiness of Jordanian products and goods with high US demand

		US Export Competitiveness	
		Modest	Strong
Global Export Competitiveness	Strong	<ul style="list-style-type: none"> • Pharmaceutical products 	<ul style="list-style-type: none"> • Articles of apparel and clothing accessories, knitted or crocheted • Natural or cultured pearls, precious or semi-precious stones, precious metals
	Modest	<ul style="list-style-type: none"> • Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television • Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof • Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings • Footwear, gaiters and the like; parts of such articles • Toys, games and sports requisites; parts and accessories thereof • Beverages, spirits and vinegar • Wood and articles of wood; wood charcoal 	<ul style="list-style-type: none"> • Articles of apparel and clothing accessories, not knitted or crocheted

Source: Investment Consulting Associates – ICA (2018)

The current exports from Jordan to the US are primarily focused on apparel. Finally, a number of Jordan products and goods enjoy a high export competitiveness while this does not match with a high demand in the US. As such, further research should be conducted as to obtain a better understanding of the exact demand in the US and/or whether tariffs and non-tariff measures are in place that restrict the import of these products and goods into the US. This is the case for the following goods and products:

- Fertilizers.
- Edible vegetables and certain roots and tubers.
- Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals.
- Aircraft, spacecraft, and parts thereof.
- Raw hides and skins (other than fur skins) and leather
- Fur skins and artificial fur; manufactures thereof
- Works of art, collectors' pieces and antiques

- Natural or cultured pearls, precious or semi-precious stones, precious metals.
- Coffee, tea, maté and spices.
- Preparations of cereals, flour, starch or milk; pastrycooks' products.

It should be noted these identified sectors have been identified based on their market potential, not on their market access. Tariffs and non-tariff measures may be in place on the US side that prevent certain Jordanian products and goods from entering the US market, hence the current low rates of market penetration. This undermines the need for further market intelligence and research on behalf of the Jordanian exporter.

1.4 Buyers & Consumers

Once the competitive position of Jordanian exporters and the US market demand for their products and goods has been identified, it is necessary to get a better picture of who these consumers are and how they can be reached. The first step is to find an appropriate buyer or representative. This depends on the market entry strategy or sales channel selected as explained in Section 1.2.

The most common methods to reaching US consumers and buyers depends on whether the Jordanian exporting company prefers to undertake direct selling or indirect selling. The choice depends on desired level of involvement in the exporting process, which, in turn, is based on the company's level of resources, size of the company, tolerance for risk, opportunity costs, nature of the product(s) or good(s), previous export experience and expertise, and business conditions in the US.²⁶ It should be noted a hybrid mode is also an option, whereby the Jordanian company sells directly through its own website but indirectly through e-commerce platforms, agents, or intermediaries.

1.4.1 Direct Selling

Grants the Jordanian exporter more control over the export process and establishes a closer relationship with US buyers and consumers. This method is, however, the most complex and risky as the Jordanian company is responsible for the entire exporting process, from market research and planning to foreign distribution and payment collections. A lot of resources are involved in order to plan, manage, and execute the exporting process and should therefore be considered as a long-term approach. As a direct exporter, you'll normally select the markets you wish to penetrate, choose the best channels of distribution for each market, and then make specific connections with overseas buyers in order to sell your product. These channels include sales representatives, agents, distributors, retailers, and end-users and are further detailed in the table below.²⁷

²⁶ US Department of Commerce (2018), "Approaches to Exporting," available at <https://www.export.gov/article?id=Approaches-to-Exporting>

²⁷ US Department of Commerce (2018), "Direct Exporting," available at <https://www.export.gov/article?id=Direct-Exporting>

Table 1.8 Channels of direct selling

Distribution Channel	Description	Considerations
Sales Representative	On-site representative using the exporting company's marketing materials to present to potential buyers.	<ul style="list-style-type: none"> • Sales representative typically works for a commission and assumes no risk or responsibility. • Sales representative may or may not operate on an exclusive. • Requires clearly defined contract covering territory, terms of sale, method of compensation, reasons and procedures for terminating the agreement, and other details.
Agent or Representative	A representative who enjoys the authority to make commitments on behalf of the exporting company.	<ul style="list-style-type: none"> • Sales representative typically works for a commission and assumes no risk or responsibility. • Sales representative may or may not operate on an exclusive. • Requires clearly defined contract covering territory, terms of sale, method of compensation, reasons and procedures for terminating the agreement, the legal authority to obligate the exporting company, and other details.
Distributor	A merchant who purchases goods from the Jordanian exporter (often at a discount) and resells them for a profit in the US.	<ul style="list-style-type: none"> • A distributor generally provides support and service for the product, relieving the exporting company of those responsibilities. • End-users typically do not buy directly from a distributor but from a retailer or dealer. • Requires clearly defined contract covering the terms and length of association between the exporting company and the foreign distributor.
Retailer	A merchant who purchases goods from the Jordanian exporter (often at a discount) and resells them directly to end-users.	<ul style="list-style-type: none"> • Requires traveling to directly contact foreign retailers or directly mailing catalogs, brochures, or other marketing materials.
End-User	Final consumers of the product(s) and/ or good(s) such as US Government institutions, businesses, or final consumers.	<ul style="list-style-type: none"> • The exporting company is responsible for shipping, payment collection, and product servicing unless other arrangements are made. • Requires marketing materials and website adapted to US standards to enable online sales.

Source: US Department of Commerce (2018)

Meeting Representatives & Buyers

If the exporting company chooses to use foreign representatives, various options exist to meet foreign representatives (and/or buyers) during major foreign trade shows or trade shows, events, and incoming trade missions hosted within the Kingdom of Jordan. Another, less-time consuming option concerns e-commerce platforms. Ultimately, company representatives may need to travel to the US to identify, evaluate, and sign up US representatives. Nevertheless, exporting companies can save time by first conducting background research on the US market. It is important to remember the success of these options depends on the nature of the product(s) and/or good(s) as some of them may be more difficult to sell in the US unless potential overseas partners have an opportunity to examine the items in person and engage with product representatives.

- Trade Fairs – Trade fairs are events that are organized for and attend by companies from a certain industry or sector that attend the trade fair to exhibit and display their products and goods. In that sense, trade fairs function as a direct marketplace where sellers and buyers can meet. It may also be advisable to attend trade fairs that do not necessarily take place in the US. Useful resources include:

- o m+a ExpoDatabase.
- o Absolute Exhibits 2017-2018 Trade Show Calendar.

- Trade Missions – These can be both inbound trade missions consisting of a delegation of US Government officials, businesses, and other representatives that visit Jordan in order to look for trade and investment opportunities in the context of international politics. Vice-versa, Jordanian trade missions to the US are frequently organized. It may be worthwhile for Jordanian exporting companies to attend these trade missions, not only to engage with potential buyers and representatives in the US but also to get familiar with exporting procedures by networking with diplomats, trade officials, and other Government officials (e.g. US Customs and Border Protection). Trade missions are typically more specialized and customized than trade fairs as they frequently feature briefings, roundtables, site visits, one-on-one meetings with pre-screened participants, and matchmaking sessions. Useful resources include:

- o AmCham-Jordan.
- o Jordan Investment Commission.

Tip 1.3

One of the largest events for international business directed towards the US is the SelectUSA Investment Summit, which is an annual event organized in Washington, DC. Though not necessary aimed at incoming exporters, it may be worthwhile to attend this event as it is specifically geared towards foreign businesses looking to do business in the US. In addition, it provides potential exporting companies with first-hand knowledge and insights into the most dynamic US industries and which key opportunities for growth and success they offer. Economic developers and federal, state, and local investment and trade promotion agencies attend this event, enabling potential exporters to meet with officials and diplomats who may support their endeavors.

Source: SelectUSA (2018)

Evaluating & Selecting a Representative or Buyer

The next step once a foreign representative or buyer has been identified is to evaluate and select whether this partner is equipped to act as intermediary or representative.²⁸ It is vital to pay attention to the following criteria:

- **Size of Sales Force** – Number of salespeople, short- and long-term objectives, and expansion.
- **Sales Record** – Track record, growth, ambitions, and trends.
- **Territorial Analysis** – Markets covered, branch offices, plans to open additional offices.
- **Product Mix** – Number of product lines, compatibility with exporters' product line(s), conflict of interest, and representation of competitors.
- **Facilities and Equipment** – Adequate warehouse and distribution facilities, stock control, communication facilities, and facilitative to exporters' product line(s).
- **Marketing Policies** – Number of sales staff, quality of sales staff, and monitoring sales performance.
- **Customer Profile** – Type of customers served, key accounts, and compatibility with exporters' customers.
- **Promotion and Intelligence** – Market research, social media, promotional materials, marketing budget, and professionalism of marketing efforts.

The exporting company should evaluate for each of these principles to what extent the principles of the representative or buyer are compatible with the exporting company's principles. This may require to perform additional investigation into the representatives':

- Current status and track record (including background on principal officers).
- Approaches to introducing new products into the sales territory
- References of banks and trade partners.
- Data on whether the exporting firms' special requirements can be met.

This can be investigated by directly meeting the potential representative or buyer or schedule several conference calls.

Negotiating an Agreement with a Representative or Buyer

A foreign sales agreement should be negotiated when the exporting company has decided on the buyer or representative. From the perspective of the buyer or representative, key components of this sales agreement should include the exporting company's pricing structure, product profit potential, terms of payment, product regulation, the amount of support provided by the exporting company (e.g. sales aids, promotional materials, and advertising), training for the sales and service staff, and the exporting company's ability to deliver as per agreed on agreements.

²⁸ US Department of Commerce (2018), "Choosing a Foreign Representative," available at <https://www.export.gov/article?id=Choosing-a-Foreign-Representative>

The exporting company, on the other hand, may look to include certain provisions that specify the actions of the US buyer or representative. This could include business dealings with competing companies, conflicts of interest, confidentiality, exclusiveness, and performance requirements to monitor and measure the sales performance of the buyer or representative. This highlights the need for mechanisms that should feature in the sales agreement that protect the exporting company's interests in case the representative or buyer proves less than satisfactory with regards its sales performance or services delivery. An escape clause should define what constitutes a "just cause" for ending the agreement and the term in which this should be notified. Such escape clauses and other provisions should be in compliance with US legal requirements, which requires obtaining qualified legal counsel in preparing the contract.²⁹

Tip 1.4

When negotiating and drafting a sales agreement, a few considerations are relevant to exporting companies that require further attention.

- **Accountability.** The US buyer or representative should be hold accountable in the agreement. This requires defining and including performance requirements (e.g. minimum sales volume and expected rate of increase).
- **Termination.** The agreement should cover mechanisms that stipulate on which reasons and when the agreement can be ended. This should protect the exporting company in terms of under-performance of the US buyer or representative and typically includes an escape clause.
- **Legal Jurisdiction.** The laws of the buyer's or representative's country may take precedence. This means US laws should be applied. The agreement should define what laws apply to the sales agreement. Frequently used sources for the resolution of contract disputes include the United Nations Convention on Contracts for the International Sale of Goods (UNCISG) and the International Court of Arbitration of the International Chamber of Commerce.

The International Chamber of Commerce also provides useful guidelines for drafting a sales agreement.

Source: US Department of Commerce (2018)

Keeping a Representative or Buyer

Managing and keeping a representative or buyer may be challenging. For instance, buyers and representatives may drop foreign exporting companies and exchange them for domestic supplier in case of fluctuations in domestic demand, fuel prices, shipping costs, and currency exchange rates. Though the latter may not be applicable to Jordanian exporters given the Jordanian dinar which is pegged to the US dollar, they may face uncertainties.

This requires keeping a good relationship with the US representative or buyer. This could be achieved by a number of strategies:

- Showing the exporting company's value to and appreciation of the US representative or buyer.

²⁹ US Department of Commerce (2018), "Negotiating Agreements," available at <https://www.export.gov/article?id=Direct-Exporting>

- Providing the US representative or buyer with a certain discount, larger stock, or a trimmed margin.
- Incorporating a degree of flexibility in terms of payment terms.
- Optimize and diversify the exporting company's supply chains to anticipate on fluctuations of transportation, shipping, and fuel prices.

1.4.2 Indirect Selling

Control over the export process is with another party, granting the Jordanian exporter access to the US buyers and consumers without the potential complexities and risks associated with direct exporting. These risks and complexities lie with an independent export intermediary, such as a wholesaler, an export management company (EMC), or an export trading company (ETC), that has the responsibility for finding overseas buyers, shipping products, and getting paid. Alternatively, an agent may be engaged on a commission basis to find US buyers. Recently, distributors and online marketplaces (e.g. eBay, Amazon, and Alibaba) have also become involved in providing indirect export services, as they may store and distribute exporters' products in foreign countries – for a fee. These different indirect selling channels are summarized below but the most common methods include:

1. Passively filling orders from Jordanian buyers, who then export the product to the US. In this method, another Jordanian company has decided that the product or good in question meets US demand, whereby this other Jordanian company assumes all risks and complexities related to exporting the product.
2. Seeking out domestic buyers who represent foreign end-users or customers. Jordanian and foreign enterprises, general contractors, foreign trading companies, foreign Government agencies, foreign distributors, retailers, and others in present in Jordan may purchase for export. In this case, the other Jordanian party is still responsible for exporting the product or good
3. Exporting through intermediaries. This approach involves contracting intermediaries and representatives such as EMCs, ETCs, international trade consultants, commission agents, and other intermediaries (e.g. distributors and online marketplaces) that are capable of finding US buyers. The advantage is Jordanian exporters retain a considerable control over the exporting process while simultaneously learning more about foreign technologies, practices, consumers, and competitors.

Table 1.9 Channels of indirect selling

Distribution Channel	Description	Considerations
Buying Agent or Conforming House	Companies representing US firms looking to buy product(s) and good(s) of Jordanian exporters.	<ul style="list-style-type: none"> • Buying agents seek the lowest price and work on a commission-basis for the US firms they represent. • May represent US Government agencies or quasi-governmental firms empowered to locate and purchase desired goods and products.
Export Management Company	A company soliciting and carrying out business on behalf of producers it represents or on its own account, acting as the export department for Jordanian firms.	<ul style="list-style-type: none"> • EMCs are paid a commission, salary, or retainer plus commission. • EMCs are typically specialized on a geographic and industry basis with a well-established network and immediate access. • Using EMCs leads to a loss of control over the sales process. • Close communication and contract negotiation is required.
Export Trading Company	A company facilitating the export of Jordanian goods and products in the US acting as the export department for Jordanian firms.	<ul style="list-style-type: none"> • ETCs are paid a commission, salary, or retainer plus commission. • ETCs are typically specialized on a geographic and industry basis with a well-established network and immediate access. • Using ETCs leads to a loss of control over the sales process. • Close communication and contract negotiation is required.
Export Agent, Export Merchant, or Export Remarketers	A merchant who directly purchases goods and/or products from the Jordanian exporter, packs and labels them on their own account, and resells them for a profit in the US.	<ul style="list-style-type: none"> • Risks are assumed by the export agent. • Enables the Jordanian company to export without the efforts involved in marketing and distribution. • Using export agents leads to a loss of control over the marketing, promotion, and pricing process, which may have an adverse effect on future sales.
Piggyback Marketing	A structure where a secondary firm's product or good is distributed by another manufacturer (e.g. Jordanian company has a contract with an US buyer to provide a wide range of products or goods to the US market as the US buyer does not produce the goods or products the Jordanian company produces).	<ul style="list-style-type: none"> • Enables the Jordanian company to export without incurring the marketing and distribution costs associated with exporting. • Requires product lines to be complementary and appeal to the same group of consumers.

Source: US Department of Commerce (2018)

Checklist

- Do you see the US as part of a wider approach to enter the North American market?
- What are the strengths and weakness for your product or good?
- Do you know if there is demand for your product or good?
- Do you have the right market expertise in terms of consumer attitudes, buying habits, and styling nuances?
- Do you know your business' competitive advantage in the US?
- Are your competitors already operating in the US?
- Can you supply the desired scale, volume, and supply to the US market?
- Have you segmented the US market and/or identified your niche market?
- Do you know how to best reach potential customers in your segmented and/or identified niche markets?
- Have you conducted proper export planning and evaluated your motivations to export?
- Have you evaluated the most profitable export opportunities based on accurate market intelligence?
- Have you determined the most appropriate market entry strategy to penetrate the US market?
- Have you created an export development plan in order to obtain exporting finance?
- Have you made arrangements in terms of logistics, payment, insurance, distribution, and pricing to make the export sale?
- Have you decided whether you will be exporting directly or indirectly?
- Have you decided which channels of (in)direct selling you will use to market your product(s) and/or good(s) in the US?
- Have you decided what types of intermediaries, representatives, brokers, wholesalers, dealers, or distributors you will use to bring your product(s) and/or good(s) to the US market?

Useful Sources

AAI (2015), "Arab American Populations In 50 States," available at <http://www.aaiusa.org/state-profiles>

AmCham-Jordan (2009), "Jordan – U.S. Bilateral Investment Treaty (BIT)," available at <http://www.amchamma.org/Jordan/Bilateral%20Investment%20Treaty.pdf>

Capital Bank Jordan (2018), "Trade Finance," available at <http://www.capitalbank.jo/corporate/trade-finance>

CIA World Fact Book (2016), "Exports – Partners," available at <https://www.cia.gov/library/publications/the-world-factbook/fields/2050.html>

International Trade Center (2018), "Trade Map," available at <https://www.trademap.org/Index.aspx>

Jordan Economic & Commerce Bureau (2018), "Jordan-US Economic Relations," available at http://www.jordanecb.org/public/English.aspx?Lang=1&Page_Id=1372&Menu_ID=31

Office of Textiles and Apparel (2018), "Qualifying Industrial Zone (QIZ)," available at <http://web.ita.doc.gov/tacgi/fta.nsf/6b2bbf77ad031a928525737d0053e0b1/5ce31ab4d9c-7268585257497004b6324?OpenDocument>

Office of the United States Trade Representative (2018), "Jordan Free Trade Agreement," available at <https://ustr.gov/trade-agreements/free-trade-agreements/jordan-fta>

UK Department for International Trade (2016), "Exporting to the USA," available at <https://www.gov.uk/guidance/exporting-to-the-usa>

University of Texas Libraries (2002), "Perry-Castañeda Library Map Collection," available at <https://legacy.lib.utexas.edu/maps>

US Census Bureau (2018), "Trade in Goods with Jordan," available at <https://www.census.gov/foreign-trade/balance/c5110.html>

US Census Bureau (2018), "U.S. and World Population Clock," available at <https://www.census.gov/popclock>

US Customs & Border Protection (2015), "Jordan FTA Summary," available at <https://www.cbp.gov/sites/default/files/documents/JOFTA%20Sum%20Page.pdf>

US Department of Commerce (2018), "Approaches to Exporting," available at <https://www.export.gov/article?id=Approaches-to-Exporting>

US Department of Commerce (2018), "Choosing a Foreign Representative," available at <https://www.export.gov/article?id=Choosing-a-Foreign-Representative>

US Department of Commerce (2018), "Customized Market Research," available at <https://www.export.gov/article?id=Customized-Market-Research>

US Department of Commerce (2018), "Direct Exporting," available at <https://www.export.gov/article?id=Direct-Exporting>

US Department of Commerce (2018), "Export Education," available at <https://www.export.gov/article?id=Export-Education>

US Department of Commerce (2018), "Export Financing," available at <https://www.export.gov/article?id=Export-Financing>

US Department of Commerce (2018), "How to Get Paid," available at <https://www.export.gov/article?id=How-to-Get-Paid>

US Department of Commerce (2018), "Negotiating Agreements," available at <https://www.export.gov/article?id=Direct-Exporting>

US Department of Commerce (2018), "Rules of Origin," available at <https://www.export.gov/article?id=Rules-of-Origin>

SelectUSA (2018), "SelectUSA Investment Summit," available at <https://www.selectusa.gov/selectusa-summit>

The World Bank (2018), "World Bank Open Data," available at <https://data.worldbank.org/country/jordan>

The World Bank (2018), "World Bank Doing Business Index – US," available at <http://www.doingbusiness.org/data/exploreeconomies/united-states>

World Economic Forum (2018), "Global Competitiveness Index – US," available at <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

World Trade Organization (2018), "SPS Gateway," available at https://www.wto.org/english/tratop_e/sps_e/sps_e.htm

World Trade Organization (2018), "TBT Gateway," available at https://www.wto.org/english/tratop_e/tbt_e/tbt_e.htm

02 SHIPPING

2 Shipping

The process of shipping has become normative for any business that wants to expand its consumer base. In today's economy, it has become much more regulated and streamlined on what can be traded throughout the world, as well as how to trade from one country to another.

2.1 General Understanding

Before shipping any product or good to the US, it is vital for Jordanian exporting companies to understand the complex product liability law as well as the extent of US litigation and anticipate on potential risks by implementing precautionary measures that minimize product liability risk. To minimize product liability risk, any exporting company should:

- Evaluate US government requirements, voluntary standards, and industry practices for its product(s) and/or good(s).
- Assess the company's existing internal processes for product development and safety, incident reporting, and investigation and response.³⁰

In addition, an exporting company could consider implementing precautionary measures³¹ such as:

- Implement quality control procedures and measures.
- Be responsive to field complaints and administer clear documentation as proof of your response(s).
- Conduct regular audits of product literature to ensure clear instructions about safety.
- Engage in effective risk management practices to manage safety and health compliance.
- Conduct document retention and staff training around product design, manufacture, marketing, and field experience.
- Obtain product liability insurance. This may be done through an US insurer or broker even if the exporting company does not have a physical US presence. Many non-US insurance companies do not offer insurance covering product liability.

Once the company has a good understanding of the product liability exposure, it can initiate shipping exported products and goods through the Jordan – US FTA. As mentioned before, the Jordan – US FTA came into force in 2001. What this agreement presents, is the ability for either country to import or export goods from one another without any tariffs or trade quotas. This was done to aid local markets within each country have more ease in expanding their businesses. So, the overall cost of shipping between the countries has generally lowered.³²

The US does not require an importing license. However, there is an exchange permit that is required. In the absence of a registered exchange permit, the product cannot enter the US

³⁰ UK Department for International Trade (2016), "Exporting to the USA," available at <https://www.gov.uk/guidance/exporting-to-the-usa>

³¹ Ibid

³² International Trade Administration (2018), "Free Trade Agreements," available at <https://www.trade.gov/fta/>

and the supplier will not get paid even though the product has already been sent. Exporting companies are advised to consult with the Jordan Ministry of Industry, Trade, and Supplies and inquire about the permit.³³

According to the US Department of Commerce, the documentary requirements for goods shipped under the US – Jordan FTA are identical to requirements for goods shipped outside the FTA³⁴ and include:

- **Certificates of Origin** – As mentioned before, this document may be required to qualify for the preferential duty treatment under the US – Jordan FTA. This document must be issued by the relevant authority in the exporter’s local area (i.e. Jordan).³⁵ Hence, it may be required to get this document notarized by the local chamber of commerce and legalized with the Jordan Ministry of Industry, Trade, and Supplies. For certain Middle Eastern countries, the National US - Arab Chamber of Commerce may also provide such services. It is strongly advised to check with the relevant authorities or US-based importers and intermediaries in advance whether these conditions apply.

- **Certifications of Shipments** – Based on the type of product being shipped, specific certifications must be granted, including:

- o Certificate of Free Sale - Certificate of free sale may be issued for biologics, food, drugs, medical devices, and veterinary medicine.³⁶

- o Halal Certificate - Required by most countries in the Middle East. This certificate states that the fresh or frozen meat or poultry products were slaughtered in accordance with Islamic law. Certification by an appropriate chamber and legalization by the consulate of the destination country is usually required.³⁷

- o Pre-shipment Inspection: Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry and Trade occasionally issues directives requiring import licenses for certain goods or categories of goods.³⁸

- **Export Shipping Documents** – A number of documents that need to be prepared prior to shipping good(s) and product(s), including:

- o Commercial Invoice – A bill for the goods that is being shipped between the buyer and the seller. The Government uses these documents to control imports. It describes its form, content, number of copies, language to be used, and other characteristics.

- o Bill of Lading – A contract between the owner of the goods and the carrier. For vessels, there are two types: a straight bill of lading, which is non-negotiable, and

³³ United States Court of International Trade (2018), “Rules and Forms” available at https://www.cit.uscourts.gov/Rules/Index_Rules_Forms.html

³⁴ US Department of Commerce (2016), “U.S.-Jordan Free Trade Agreement - Documentation Requirements,” available at https://2016.export.gov/FTA/jordan/eg_main_017717.asp

³⁵ US Department of Commerce (2018), “Certificates of Origin,” available at <https://www.export.gov/article?id=Certificates-of-Origin>

³⁶ US Department of Commerce (2018), “Documentation for Export Compliance,” available at <https://www.export.gov/article?id=U-S-Compliance-related-Documents>

³⁷ Ibid

³⁸ United States Trade Representative (2018), “Jordan,” available at https://ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file748_15482.pdf

a negotiable or shipper's order bill of lading. The latter can be bought, sold, or traded while the goods are in transit. The customer usually needs an original as proof of ownership to take possession of the goods.³⁹

- **Shipping and Export Compliance** – There are some documents as well as certain processes to go through to confirm your packages are compliant.

US importers under the Jordan FTA should be prepared to submit to CBP a certification or declaration as specified in 19 Code of Federal Regulations §10.704 showing how the good meets the requirements of the US – Jordan FTA. This is the responsibility, however, of the US importer.⁴⁰

Tip 2.1

Certain key associations or agents can support facilitating the shipping process.

- **Freight Forwarding** - A consultant for "door-to-door" support in the shipping process.⁴¹
- **Shipper's Association** - This is a non-profit transportation membership cooperative that arranges for the domestic or international shipment of members' cargo. Associations will contract for the physical movement of the cargo with motor carriers, railroads, ocean carriers, air carriers, and others. The ability to aggregate cargo and ship the collective membership cargo at favorable volume rates is the key to the existence of the modern day Shippers' Association.⁴²

Source: US Department of Commerce (2018)

In order to ship specific goods into the US, there is a procedure that should be followed. However, specific steps have variations to how they can be completed. The general steps are as follows:

Step 1

Research the way in which the business would like to send the goods. There are a few different methods to ship goods. Either option has varying costs and travel time. In the US, the way the most efficient choice is made is by either contacting the nearest (i.e. geographically to the business) international shipping sales representative or going online to find the cheapest service provider. Different service providers in the US are US Postal Service (USPS), FedEx, UPS, or DSL.

Tip 2.2

Some websites are available that have the ability to conduct a comparison of services and costs of various service providers.

³⁹ US Department of Commerce (2018), "Transaction-Related Documents," available at <https://www.export.gov/article?id=Transaction-Related-Documents>

⁴⁰ US Customs and Border Protection (2018), "Jordan Free Trade Agreement (JOFTA)," available at <https://www.cbp.gov/trade/free-trade-agreements/Jordan>

⁴¹ US Department of Commerce (2018), "Freight Forwarder," available at <https://www.export.gov/article?id=Freight-Forwarder-What-is-a-FF>

⁴² US Department of Commerce (2018), "What is a Shippers Association," available at <https://www.export.gov/article?id=What-is-a-Shippers-Association>

Step 2

Specific products may need to be transported in specific ways. For example, the US has regulations imposed by the Food and Drug Administration (FDA) about how certain products need to be preserved and entered into the country. The table below provides a categorization of FDA specific products.

Table 2.1 Food and Drug Administration requirements

FD Flag	Is it regulated?	Example
FD1	May or may not be regulated by FDA: If regulated by FDA, submit entry information; if not regulated by FDA, disclaim.	Certain chemicals used in manufacturing drug products vs. industrial use; safety goggles for medical use vs. non-medical use.
FD2	Regulated by FDA, but is not food: Submit entry information.	Medical devices, drugs, tobacco, and cosmetics.
FD3	May or may not be a food product: If yes, submit Prior Notice (PN) and entry information; if no, disclaim.	Salt used for flavoring food vs salt used for treating road surfaces.
FD4	Food product: Submit Prior Notice (PN) and entry information.	Fish and seafood, live food animals, dairy products, shell eggs, fruits, vegetables, food and feed ingredients, food and feed additives, infant formula, beverages (including alcoholic beverages and bottled water), bakery goods, snack foods, candy, canned foods, and dietary supplements and dietary ingredients.

Source: *The US Food and Drug Administration (2018)*

The requirements regarding certifications and labelling will be discussed later in Section 4. However, a notification to possible higher shipping costs on these items is warranted.⁴³

Step 3

Once the shipping cost is defined, the next question to be answered is whether the customer or the business will be covering the shipping cost. Tacking extra profit onto the shipping cost could possibly deter customers from purchasing the good or product. However, no business wants to lose money from paying the shipping cost. Many businesses have decided that the customer should pay for just the shipping cost of the item and nothing extra. Yet, if the company has funds available to pay for the shipping, they may chip in to aid the consumer and maintain the positive customer relationship.

Step 4

Another concern relates to how the company will go about dealing with exchanges or returns of shipped goods or products. This step is unnecessary if the exporting company does not offer return or has not formulated an exchange policy. However, if the exporting business will be accepting returns or exchanges, figuring out which party will cover the cost of shipping is imperative.

⁴³ US Food and Drug Administration (2018), "Entry Submission Process" available at <https://www.fda.gov/ForIndustry/ImportProgram/EntryProcess/EntrySubmissionProcess/default.htm>

Step 5

Exporting companies should not forget to factor in handling fees. This includes packing materials as well as labor costs to physically pack the materials.⁴⁴

Step 6

Once the exporting company has chosen a service, the next step is to go online and start entering information into the site, such as the ship to address and description of the product the package. After this, the package will be prepped to be shipped.⁴⁵

Shipping Commercial Samples

Samples may be used by companies to present their products and goods to potential representatives, buyers, or customers. Many business travelers take samples, prototypes, and promotional materials to events such as trade shows and exhibitions. Exporting companies and business travelers have various options as their disposal as to shipping commercial samples into the US.

1. Payment of Regular Duties and Taxes – The first option is to pay regular duties and/or taxes that are applicable to the commercial sample(s) upon arrival into the US. This enables the business traveler to release the sample(s) (possibly to the authorized importer), which, in turn, permits the business traveler to move the commercial sample(s) freely within the US and to have these either being sold or exported at the business travelers' convenience. Items classified under subheading 9811.00.6000 of the US Harmonized Tariff Schedule (HTS) and which are intended for use in connection with the solicitation of orders and are valued not over \$1 each, are not subject to quota or visa requirements and may be entered into the US free of duty. One key condition, however, is that these items are \ must be accompanied by a commercial invoice which contains the statement "Mutilated Samples of No Commercial Value" and must be sufficiently mutilated so as to render them unfit for sale (e.g. marked, torn, perforated, and/or otherwise treated).

2. Temporary Importation Under Bond – Commercial samples that are exclusively used with the purpose of taking orders for merchandise and/or trade may be eligible for admittance into the US without the payment of duty under the so-called Temporary Importation Under Bond (TIB). TIB is available under the condition that the shipped commercial samples are not sold in the US and that they are (re-)exported or destroyed within one year from their date of importation. The validity of the TIB can be extended for a total of three years, after which time the importer becomes liable for liquidated damages in the amount of the bond. Goods eligible for TIB are those listed under subheadings 9813.00.05 through 9813.00.75 of the US HTS.

⁴⁴ Entrepreneur (2018), "Shipping 101," available at <https://www.entrepreneur.com/slideshow/300361#1>

⁴⁵ UPS (2018), "How to Ship Internationally," available at <https://www.ups.com/us/en/help-center/shipping-support/how-to-ship-internationally.page>

3. Admission Temporaire - Temporary Admission & TECRO/AIT Carnet Carnet – The Admission Temporaire - Temporary Admission (ATA) and TECRO/AIT Carnet documents are internationally recognized customs document which enables exporting companies to temporary export merchandise duty free into the US. The Carnet documents replace usual customs documents required for entry and serves as a guarantee against the payment of duties which may become due if the merchandise is not re-exported. The validity of an ATA Carnet document is one year but enables the exporting company and/or business traveler to make as many visits as desired. The ATA Carnet document may also be used for moving goods within the US as prescribed in the regulations under 19 C.F.R. Part 114. The US Council for International Business has been designated by the Customs and Border Protection Control (CBP) as the issuing and guaranteeing organization for the US.

4. Prototype – A fourth option is to import prototypes exclusively for development, testing, product evaluation, or quality control purposes. These items must be classified as 9817.85.01 according to the US Harmonized Tariff Schedule (HTS). “Prototypes” are defined as models of articles that:

- a. are either in the preproduction, production, or postproduction stage and are to be used exclusively for development, testing, product evaluation, or quality control purposes; and
- b. in the case of originals or models of articles that are either in the production or postproduction stage, are associated with a design change from current production (including a refinement, advancement, improvement, development, or quality control in either the product itself or the means for producing the product).

Prototypes may be imported only in limited noncommercial quantities in accordance with industry practice.

The US Department of Homeland Security has developed a guide on the importation of commercial samples.

Source: World Trade Organization (2018)

2.2 Fast-Moving Consumer Goods & Handicrafts

Different shipping requirements exist for FMCGs and handicrafts within different states. One source of aid to make this process more efficient is to contact a customs broker. This broker will confirm that all your documents are processed and approved.

Exporting under a Private Label

Many small firms that don't have the resources to export their products and goods – particularly fast-moving consumer goods and handicrafts such as food and cosmetics – use exporting under a private label as a means to obtain market access, realize product differentiation, and capitalize on export opportunities. This means products and goods manufactured or provided by one company are for offer under another company's brand. Private label brands can increase the export volume of these small firms though it also influences and creates more competition with companies directly exporting from Jordan to the US. Therefore, a firm must balance and analyze the fixed and variable costs of trade with an emphasis on direct and intermediated exports.

Trade costs play an important role in the choice whether to export under a private label. It is assumed that an increase in variable costs favors direct exporters to expand the range of products they export as an increase in variable costs favors higher brand exposure. On the other hand, research shows that the more fixed costs of trade rise, the more likely the number of private label exporters will increase while the number of direct exporters decreases. This is related to the fact that many smaller exporting companies can't bear the increased fixed costs and opt for exporting under a private label.

Companies exporting under a private label must be ready to ship a high volume of various goods and products that can be purchased by consumers in the US at pricing comparable with wholesale levels. Other issues small exporting companies should consider before engaging in exporting through a private label include:

- To what degree are my products or goods exposed to trade shocks?
- How does data from private label vendors compare with wholesalers?
- What are the emerging markets in which private labels can compete?

Some advice exists as to shipping fragile articles. The table below suggests different types of materials that could be used in the package.⁴⁷

⁴⁶ Desjardin (2017), "Private Label Cosmetics in Export: Variety vs. Quantity," available at <https://www.desjardin.fr/en/blog/private-label-cosmetics-in-export-variety-vs.-quantity>

⁴⁷ International Moving (2018), "Shipping Fragile Items Overseas," available at <http://www.internationalmoving.com/overseas-shipping-guides/shipping-fragile-items-overseas.html>

Table 2.2 Packaging materials

Material	Purpose(s)
Air Bag	Used primarily as void-fill materials for lightweight items and not recommended for items with sharp corners or edges. Extreme hot or cold temperatures may affect the ability of air bags to provide adequate product protection.
Bubble Wrap	Designed to protect and cushion lightweight items. Used in multiple wraps and layers to ensure that the item is completely protected, especially on corners and edges.
Corrugated Liners and Inserts	May be added to the package to increase strength and improve package performance.
Crumpled Kraft Paper	Used primarily as a void-fill material for light-to-medium weight, non-fragile items and items that are suitable for such packing materials. The paper must be tightly crumpled and at least two inches of paper must be placed between the contents and the outer box.
Engineered Foam Enclosures	Materials may include expanded polystyrene, polyethylene, polypropylene or co-polymers and the should be pre-engineered for specific products.
Foam-in-Place/Foam-in-Bag	A foam, sprayed into the box or mixed in packets, that expands and forms a protective mold around contents. It must be properly used, with even foam distribution around the contents. Because this material is offered in varying densities, it is important to select the most appropriate foam to meet the requirements of the product.
Polystyrene Packing Peanuts	Used primarily as void-fill materials for lightweight items. Overfill the box with loose fill, gently close the flaps and seal the box securely for the best results. Do not use with flat or narrow products that may move to the edge or bottom of the carton in transit. A minimum of two inches of cushioning should be used around the contents due to shifting and settling properties of the peanuts. The peanuts cause static electricity and may damage electronic items so anti-static peanuts should be used with electronic items.

Source: *International Moving (2018)*

California

California has curated shipping regulations that aid in the preservation of the current environment within itself. There are a few key regulations – mostly concerning truck transportation – that should be taken into consideration:

- **Foreign Freight Entry Requirements** – In order to ensure that your freight is flow freely into the country, there are various documents that comply with the U.S. Customs and Border Protection. The documents are as follows: Bill of lading, U.S. customs invoice, Commercial invoice, Packing list and NAFTA Certificate of Origin. There may be an added permit or license on imported pharmaceuticals or cosmetics depending on whether or not they are FDA import compliant.

• **Legal Load Limits** – Certain dimensions exist as to freight that will not be allowed to exceed. The measurements are as follows:

- o Longer than 19.8 meters (65 feet for semitrailers) or 22.86 meters (75 feet for doubles)
- o Higher than 4.27 meters (14 feet)
- o Wider than 2.6 meters (102 inches)

• **Travel Restrictions for Oversized Freight** – If the freight is considered oversized (more than 3.05 meters or 10 feet) a restriction applies to the times the freight is allowed to be moved into the country and around California. Los Angeles, Sacramento, San Diego, and San Francisco are the four cities that hold this type of restriction.⁴⁸

- o Los Angeles: 6-9 a.m. and 3-6 p.m.
- o Sacramento: 7-9 a.m. and 4-6 p.m.
- o San Diego: 7-9 a.m. and 4-6 p.m.
- o San Francisco: 7-9 a.m. and 4-6 p.m.

Illinois

There are no specific state-level shipping regulations. Illinois complies with the federal-level shipping and importation regulations.

Michigan

There are no specific state-level shipping regulations. Michigan complies with the federal-level shipping and importation regulations.⁴⁹

New York

There are no specific state-level shipping regulations. New York complies with the federal-level shipping and importation regulations.

⁴⁸ ArcBest (2017), "California Shipping Regulations," available at <https://arcb.com/blog/california-shipping-regulations>

⁴⁹ International Moving (2018), "International Moving Guides," available at <https://www.internationalmoving.com/overseas-shipping-guides/default.html>

Checklist

- Have you completed a Certificate of Origin?
- Have you completed all necessary Certificates of Shipment?
- Have you completed all necessary Export Shipping Documents?
- Have you contacted a Freight Forwarding broker or the Shipper's Association?
- Have you decided which method of shipping you will use? (Plane, Boat, etc)
- Do you know which shipping company you will use?
- Have you confirmed whether or not your shipment is FDA approved?
- Have you confirmed how returning and exchange processes will be regulated and priced?
- Based on the state, are you complying with state-level regulations?
- Do you have the proper packing materials?

Useful Sources

ArcBest (2017), "California Shipping Regulations," available at <https://arcb.com/blog/california-shipping-regulations>

Desjardin (2017), "Private Label Cosmetics in Export: Variety vs. Quantity," available at <https://www.desjardin.fr/en/blog/private-label-cosmetics-in-export-variety-vs.-quantity>

Entrepreneur (2018), "Shipping 101," available at <https://www.entrepreneur.com/slideshow/300361#1>

International Moving (2018), "International Moving Guides," available at <https://www.internationalmoving.com/overseas-shipping-guides/default.html>

International Moving (2018), "Shipping Fragile Items Overseas," available at <http://www.internationalmoving.com/overseas-shipping-guides/shipping-fragile-items-overseas.html>

International Trade Administration (2018), "Free Trade Agreements," available at <https://www.trade.gov/fta/>

UK Department for International Trade (2016), "Exporting to the USA," available at <https://www.gov.uk/guidance/exporting-to-the-usa>

UPS (2018), "How to Ship Internationally," available at <https://www.ups.com/us/en/help-center/shipping-support/how-to-ship-internationally.page>

United States Court of International Trade (2018), "Rules and Forms" available at https://www.cit.uscourts.gov/Rules/Index_Rules_Forms.html

United States Trade Representative (2018), "Jordan," available at https://ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file748_15482.pdf

US Customs and Border Protection (2018), "Jordan Free Trade Agreement (JOFTA)," available at <https://www.cbp.gov/trade/free-trade-agreements/Jordan>

US Department of Commerce (2018), "Certificates of Origin," available at <https://www.export.gov/article?id=Certificates-of-Origin>

US Department of Commerce (2018), "Documentation for Export Compliance," available at <https://www.export.gov/article?id=U-S-Compliance-related-Documents>

US Department of Commerce (2018), "Freight Forwarder," available at <https://www.export.gov/article?id=Freight-Forwarder-What-is-a-FF>

US Department of Commerce (2018), "Transaction-Related Documents," available at <https://www.export.gov/article?id=Transaction-Related-Documents>

US Department of Commerce (2018), "What is a Shippers Association," available at <https://www.export.gov/article?id=What-is-a-Shippers-Association>

US Department of Commerce (2016), "U.S.-Jordan Free Trade Agreement - Documentation Requirements," available at https://2016.export.gov/FTA/jordan/eg_main_017717.asp

US Food and Drug Administration (2018), "Entry Submission Process" available at <https://www.fda.gov/ForIndustry/ImportProgram/EntryProcess/EntrySubmissionProcess/default.htm>

03 CUSTOMS, BORDER CONTROL & ENTRY

3 Customs, Border Control & Entry

The principle agency that allows the entry of goods into the United States is the US Customs and Border Control (CBP). CBP's mission is to protect and facilitate international trade. The agency realizes this mission by assessing and collecting duties, taxes, and fees incident to international traffic and trade. There are multiple CBP field offices stationed throughout the US. These field offices provide managerial oversight and operational assistance to 324 ports of entry around the country.⁵⁰

3.1 General Understanding

Procedures

The first part of the process is to prepare the products and goods for exportation. There must be compliance between the products features and the product boundaries or laws with the country the product is being imported into. For example, cars produced abroad must be modified in order to comply with the specific road and manufacturing laws of the US if the foreign company desires to export and sell the vehicle within the US. The way in which this requirement is satisfied, is by contacting the US Commercial Service officer located in Jordan.⁵¹

Once the shipment reaches the US, the importer of records (the owner, purchaser, or licensed customs broker designated by the owner, purchaser, or consignee) will then file the entry documents. For the documents needed at the US port of entry, please refer to Section 2. The importer of records are responsible to arrange for examination and release of goods only once the importer of records completes the entry process. If the goods are regulated by the Food and Drug Administration (FDA), the importer will have the goods sent to the nearest FDA district offices to be examined and released.

Unless merchandise arrives directly at the port where the exporting companies wishes to enter the US, the exporting company may be charged additional fees by the carrier for transportation to that port unless other arrangements have been made. Under some circumstances, products or goods may be released through the local port of entry, even if they arrive at a different US port from a foreign country. Prior to the goods' arrival, arrangements for entry must be made at the CBP port of entry where the exporting company intends to file duties and documentation.

Depending on the reasoning for the product or good to be imported, differentiations exists with regards to the entry process once the product or good reaches the US.

1. Entry for Consumption – Documents must be filed by the port director with 15 days of the product reaching the US. These files include:

- Entry Manifest (CBP Form 7533) or Application and Special Permit for Immediate Delivery (CBP Form 3461) or other form of merchandise release required by the port director.

⁵⁰ US Customs and Border Protection (2006), "Importing into the United States" A Guide for Commercial Importers," available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

⁵¹ US Department of Commerce (2018), "Make the Export Sale: Preparing Your Product for Export," available at <https://www.export.gov/article?id=Preparing-your-product-for-export>

- Evidence of right to make entry.
- Commercial invoice or a pro forma invoice when the commercial invoice cannot be produced.
- Packing lists, if appropriate.
- Other documents necessary to determine merchandise admissibility.

2. Entry for Warehouse – If the exporter or importer intends to delay the release of the package, merchandise can be placed in the bonded CBP warehouse. Products and goods may stay in the bonded warehouse for up to five years after date of importation. At any point within the five years there is a desire to withdraw the goods, this can be completed after the proper duty payment.

Following presentation of the entry, the shipment may be examined, or examination may be waived. The shipment is then released if no legal or regulatory violations have occurred. Entry summary documentation is filed, and estimated duties are deposited within ten working days of the entry of the merchandise at a designated

customhouse. Entry summary documentation consists of:

- Return of the entry package to the importer, broker, or authorized agent after merchandise is permitted release.
- Entry summary (CBP Form 7501).
- Other invoices and documents necessary to assess duties, collect statistics, or determine that all import requirements have been satisfied. This paper documentation can be reduced or eliminated by using features of the ABI.⁵²

Requirements

• **Informed Compliance** – CBP’s responsibility includes confirming what is required for importers to have their foreign merchandise and articles entered and released through a port of entry. A compliance audit, which is also known as the Compliance Risk Assessment, may be conducted by the CBP. CBP will examine multiple facets of the company’s business as well as their activities with regards to importing goods into the US. By law, CBP is required to give advance notice that they will conduct this audit. Once the assessment has been concluded, the CBP may request a closing conference. If there are major regulation issues, they may not request a conference. The “Importer Audit” or “Compliance Assessment Team Kit” (CAT Kit) is in charge of this Compliance Risk Assessment. Aspects that may be examined include:

- Record keeping.
- Merchandise classification and trade statistics.
- Merchandise quantities.

⁵² US Customs and Border Protection (2006), “Importing into the United States” A Guide for Commercial Importers,” available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

- Antidumping/countervailing duty operations.
- Quota conformity.
- Merchandise value.
- Warehouse or foreign trade zone operations.
- Merchandise transshipment.
- Special trade programs.⁵³

• **Invoices** – Each document is required to be in the English language. In addition, each document shall state in adequate detail what merchandise is contained in each individual package. Each separate shipment is required to have a separate invoice.

- Commercial Invoices – This invoice involves the following information:
 - ◇ The destination port of entry.
 - ◇ The specific details of how, when, and to whom the goods will be sold to.
 - ◇ A detailed description of the merchandise within the package.
 - ◇ The quantities in weight and measurement.
 - ◇ The purchase price of each item if they will be sold after release.
 - ◇ The kind of currency, (must be converted into US Dollars).
 - ◇ All charges upon the merchandise, itemized by name and amount including freight, insurance, commission, cases, containers, coverings, and cost of packing; and, if not included above, all charges, costs, and expenses incurred in bringing the merchandise from alongside the carrier at the port of exportation in the country of exportation and placing it alongside the carrier at the first U.S. port of entry. The cost of packing, cases, containers, and inland freight to the port of exportation need not be itemized by amount if included in the invoice price and so identified. Where the required information does not appear on the invoice as originally prepared, it shall be shown on an attachment to the invoice.
 - ◇ The country of origin.
- Pro Forma Invoice – A Pro forma Invoice must be filed if the commercial invoice is not filed by the time the merchandise has entered the imported country. This must be filed within the first 120 days of the goods entering the US. The exporter is not responsible for filling out this form, however, the exporter must be aware that an invoice must be filed in order for the goods to be released into the country. The information required for this form is less extensive than the commercial invoice, yet the information must be sufficient for classification, examination and appraisal purposes.⁵⁴

⁵³ US Customs and Border Protection (2006), "Importing into the United States" A Guide for Commercial Importers," available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

⁵⁴ US Customs and Border Protection (2006), "Importing into the United States: A Guide for Commercial Importers," available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

- **Assessment of Duty** – Duties will either be waived or reduced given the Jordan – US FTA. To confirm goods and products are within the scope of the FTA, goods and products must comply with three elements:

- The good or product is manufactured within the FTA countries.
- The good or product qualifies under the Rules of Origin of the FTA.
- The good or product is shipped directly from the country of the origin to the importation country.⁵⁵

- **Classification and Value** – This is the description of the good and its tangible value. These must be accurate in order to have the product or good entering into the US in that particular value. It is the responsibility of the exporter to accurately value the product or good, after which it is the customs broker’s responsibility to confirm the accurate pricing.

- **Marking** – Both the container as well as the article within the container must have the same labeling or else it is not compliant and cannot be released. This will be further explained in Section 4.

Costs and Fees

- **CBP Fees and Merchandising Processing Fee** – These two fees are currently combined. Companies from both Jordan and the US are required to pay this fee when doing trade with one another. It is not exempt with the Jordan - US FTA. Merchandise entered is subject to a minimum fee of \$25 per entry and a maximum fee of \$485 per entry. It is based on 0.21% ad valorem.⁵⁶

- **Shipping Costs** – The best means to accurately determine the cost of shipping the goods overseas is through the shipping calculator of various international shipping companies. The rates will vary based on the weight and the method with which the business will be shipping the goods.

3.2 Fast-Moving Consumer Goods & Handicrafts

Special customs, border control, and entry requirements exist for certain FMCGs and handicrafts:

- **Processed Meat** – Processed meat is subject to USDA regulations and must be inspected by the Food Safety and Inspection Service (FSIS) of that department and by CBP’s Agriculture Program and Liaison Office. For this product to be imported, it is also required that manufacturers and shippers register the facilities from which they export food and food products to the US with the Food and Drug Administration (FDA). Manufacturers and shippers must also provide the FDA with prior notification (PN) for any food shipment. Failure to provide the PN will result in refusal of the food importation. The product can then either be held in a warehouse, exported, or destroyed.⁵⁷ It seems

⁵⁵ Ibid

⁵⁶ Ibid

⁵⁷ US Customs and Border Protection (2006), “Importing into the United States: A Guide for Commercial Importers,” available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

at this moment, however, Jordan is not recognized as eligible to export to US as there is establishments certified to export meat, poultry or processed egg products to the US.

- USDA Eligible Foreign Establishments.
- USDA Countries/Products Eligible for Export to the United States.

• **Dairy Products** – Dairy products are subject to requirements set by the USDA’s Animal and Plant Health Inspection Service (APHIS) and the FDA while quota restrictions for milk, cheese, ice cream, and butter are administered by both the CBP and the USDA’s Foreign Agricultural Service (FAS).⁵⁸ FAS runs the Dairy Import Licensing Program, which enables companies to export dairy products at a low tariff rate.⁵⁹ This low-tier rate applies to dairy product imports up to a specified quantity. A higher tariff rate, called the high-tier rate, applies to any imports in excess of that amount, for which no license is required. Importing companies must apply annually for a license under the Dairy Import Licensing Program between September 1st and October 15th. As such, it is advised for Jordanian companies to consult a US-based importing company registered under the Dairy Import Licensing Program to verify whether Jordanian dairy products are eligible for exporting into the US.

- Regulations on dairy tariff-rate import quota licensing.
- Current listing of dairy license recipients.

• **Drugs and Cosmetics** – The importation of food, drugs, devices, and cosmetics into the US is governed by provisions of the Federal Food, Drug, and Cosmetic Act (FFDCA). The FDA of the Department of Health and Human Services (DHHS) administers this Act. Imported products regulated by the FDA are subject to inspection at the time of entry. Shipments found not to comply with its laws and regulations are subject to refusal. These shipments must be brought into compliance, destroyed, or re-exported. At the FDA’s discretion, an importer may be permitted to bring a nonconforming importation into compliance if it is possible to do so. Any sorting, reprocessing, or relabeling must be supervised by the FDA at the importer’s expense.⁶⁰

The importation process, customs, markings, and entry all goes through the CBP. The CBP is at the federal level and therefore, no state level processes are used in importation.⁶¹

⁵⁸ US Customs and Border Protection (2018), “Regulations for importing dairy products for commercial use,” available at [https://help.cbp.gov/app/answers/detail/a_id/206/~regulations-for-importing-dairy-products-for-commercial-use](https://help.cbp.gov/app/answers/detail/a_id/206/~/regulations-for-importing-dairy-products-for-commercial-use)

⁵⁹ US Department of Agriculture Foreign Agricultural Service (2018), “Dairy Import Licensing Program,” available at <https://www.fas.usda.gov/programs/dairy-import-licensing-program>

⁶⁰ US Customs and Border Protection (2006), “Importing into the United States: A Guide for Commercial Importers,” available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

⁶¹ US Customs and Border Protection (2006), “Importing into the United States: A Guide for Commercial Importers,” available at <https://www.cbp.gov/sites/default/files/documents/Importing%20into%20the%20U.S.pdf>

Checklist

- Are all products adapted to United States regulations (if appropriate)?
- Have you obtained a Custom's Broker that will be at the appropriate port of entry?
- Has a responsible, knowledgeable individual within your organization reviewed your CBP documentation to assure that it is full, complete and accurate?
- Are identical transactions or merchandise handled differently at different ports or CBP offices within the same port? If so, have you brought this fact to CBP officials' attention?
- Have you completed the Commercial Invoice?
- Are there special invoices that need to be completed? If so, have they been filed?
- Do the goods conform to the Rules of Origin?
- Have you given the correct, tangible value to the goods?
- Are all markings completed and placed in the correct, conspicuous positions?
- Do all products comply with FDA regulations?
- Have you calculated the shipping costs?
- Have you calculated the customs and merchandising processing fee?

Useful Sources

US Customs and Border Protection (2018), "Regulations for importing dairy products for commercial use," available at [https://help.cbp.gov/app/answers/detail/a_id/206/~regulations-for-importing-dairy-products-for-commercial-use](https://help.cbp.gov/app/answers/detail/a_id/206/~/regulations-for-importing-dairy-products-for-commercial-use)

US Customs and Border Protection (2006), "Importing into the United States: A Guide for Commercial Importers," available at <https://www.cbp.gov/sites/default/files/documents/Importing20%into20%the20%U.S.pdf>

US Department of Agriculture Foreign Agricultural Service (2018), "Dairy Import Licensing Program," available at <https://www.fas.usda.gov/programs/dairy-import-licensing-program>

US Department of Commerce (2018), "Make the Export Sale: Preparing Your Product for Export," available at <https://www.export.gov/article?id=Preparing-your-product-for-export>

Small Business Association (2018), "Hire and manage employees," available at <https://www.sba.gov/business-guide/manage/hire-manage-employees-benefits-contractors>

Small Business Administration (2018), "Open a business bank account," available at <https://www.sba.gov/business-guide/launch/open-business-bank-account-fees-benefits>

04 MARKETING & LABELS

4 Marking & Labels

As mentioned in Section 1, when shipping a product overseas as part of a commercial transaction, the exporter must be aware of packing and labelling requirements. Marking and labelling are typically a pre-requisite for smooth and efficient exporting as it provides essential information for the shippers and other officials involved in handling products and goods, which are required for transit across the US border. In addition to marking and labelling, the process of standardization ensures the exporting company's products and/or goods meet US requirements, simplifying the market access for Jordanian exporting companies. The purpose of this Section is to provide further details on marking and labeling requirements and standardization procedures for products that are exported into the US.

4.1 General

Before any company gets engaged in shipping any goods across the US border, it is suggested to find out whether there are any US-specified requirements related to the sale of products and/or goods in the US in terms of country of origin, standardization, and labelling and marking. These requirements may be contained in Government laws and/or regulations at the federal, state and/or local levels.

Step 1 – Country of Origin

Any product or good has to be legibly marked with the English name of the country of origin – regardless whether it is exported through the US – Jordan FTA as mentioned in Section 1.2. The ultimate objective of the country of origin label is to inform the ultimate purchaser where the product or good has been manufactured. The marking of imported articles and containers is stipulated in 19 US Code § 1304.

Various scenarios exist as to the ultimate purchaser and the trajectory of the imported article and, hence, the labelled country of origin.

Table 4.1 Different scenarios of country of origin labels

Distribution Channel	Description	Country of Origin Label
Jordan to US	If Jordan is the country of manufacture, production, or growth of the article that is directly shipped to ultimate purchaser in the US .	Jordan
Jordan to Country X to US	If the further work or material added to an article in Country X constitutes a substantial transformation. A substantial transformation occurs if a new article with a different name, character, and use is created with the article imported from Jordan incorporated in this new article. ⁶²	Country X

⁶² For an article considered to be a textile or apparel product different rules apply. The country of origin is determined by the general rules set forth in 19 CFR Part 102.21. For purposes of determining whether a textile or apparel product is from Israel, the general rules in 19 CFR 12.130 apply.

Jordan to US to Country X	If the ultimate purchaser is a US manufacture who uses the Jordanian good and/or product in a substantial transformation of the imported article. Different marking rules apply under the North American Free Trade Association (NAFTA).	US
Jordan to US to Country X	If an imported article from Jordan is to be combined with another article in the US but which will retain its identity and will not undergo a change in origin.	Jordan

Source: US Customs and Border Protection Control (2018)

Three variations exist for the country of origin label: ⁶³

- **“Made in”** – Only required if the name of any locality other than the country of origin appears on the article or its container and may mislead or deceive the ultimate purchaser. The marking “made in [country of origin]” must appear in close proximity to, and in comparable size letters of, the other locality to avoid possible confusion.
- **“Assembled in”** – Indication that the country of origin of an article is the country in which the article was finally assembled. “Assembled in” may be followed by the statement “from components of [the name of the country or countries of origin of all the components].”
- **“Printed in”** – Indication for printed material in which country it was printed.⁶⁴

Specifications of the Country of Origin Label

A number of guidelines exist as to the label for the country of origin:

- **Size** – It is important the country of origin marking is easily legible and of an adequate size.
- **Location** – The marking should be located in a place where it is visible. This implies it does not have to be the most conspicuous place on the product but it must be visible with a casual handling of the article. Markings must not be covered or concealed and have to be visible without disassembling the article or removing parts.
- **Permanency** – Marking the country of origin should be as indelibly and permanently as the nature of the good or product will permit. This also implies marking should remain on the article during handling.
- **Abbreviations** – Abbreviations may only be used when they unmistakably indicate the name of a country (e.g. “Gt. Britain” for “Great Britain”). However, it is preferred to spell out the country’s full name as it may reduce potential confusion.

⁶³ US Customs and Border Protection Control (2018), “Marking of Country of Origin on U.S. Imports,” available at <https://www.cbp.gov/trade/rulings/informed-compliance-publications/markings-country-origin-us-imports>

⁶⁴ The Canadian Trade Commissioner Service (2015), “Exporting to the United States - A Guide for Canadian Businesses - 2012-2013 Edition,” available at <http://tradecommissioner.gc.ca/world-monde/141457.aspx?lang=eng>

- **Spelling** – Variations on spelling which still clearly indicate the name of the country may be used (e.g. “Italie” for “Italy”).
- **Forms** – The most preferred form of country of origin marking is when the label becomes incorporated into the article itself. Examples include branding, stenciling, stamping, printing, molding, and similar methods. Making must be of a form that can withstand handling, which induces actions where the article can be (partly) defaced, destroyed, removed, altered, obliterated, or obscured only by a deliberate act. Tags and adhesive labels can be used as a form to label the country of origin but must remain on the article until it reaches the ultimate purchaser. Such labels frequently become loose due to weather, unsatisfactory adhesive, or other conditions, implying the importer may be subject to the expense of remarking the merchandise.
- **Special Marking** – For certain products, special marking requirements exist. This includes:
 - o Marking by die-stamping, cast-in-mold lettering, etching (acid or electrolytic), engraving, or by means of metal plates which bear the prescribed marking and which are securely attached to the article in a conspicuous place by welding, screws, or rivets.⁶⁵
 - o Special marking requirements for watches, clocks, watch cases, and clock cases.

Source: US Customs and Border Protection Control (2018)

On the other hand, a number of products and goods are exempted from the country of origin marking as stipulated in 19 US Code § 1304. This concerns:

- Products and/or goods which are incapable of being marked and/or which are in a crude substance.
- Products and/or goods which cannot be marked prior to shipment to the US without injury to the article or except at an expense economically prohibitive of its importation.
- When the container of an product and/or good reasonably indicates the article’s origin (i.e. the marked container reaches the ultimate purchaser unopened).
- Products and/or goods which are imported for use by the importer and are not intended for sale in its imported or any other form.
- Products and/or goods which are to be processed in the US by the importer, or for his account, in such a manner that any marking would be permanently concealed, obliterated, or destroyed;
- When the ultimate purchaser, by reason of the article’s character or by reason of the circumstances of its importation, necessarily must know the country of origin of such products and/or goods even though it is not marked to indicate its origin.

⁶⁵ Knives, forks, steels, cleavers, clippers, shears, scissors, safety razors, blades for safety razors, surgical instruments, dental instruments, scientific and laboratory instruments, pliers, pincers, nippers and hinged hand-tools for holding and splicing wire, vacuum containers and parts of the earlier mentioned articles as well as Pipes and pipe fittings of iron, steel or stainless steel, Compressed gas cylinders designed for use in the transport and storage of compressed gases, and manhole rings or frames, covers, and assemblies thereof.

- Products and/or goods which are produced more than 20 years prior to its shipment into the US.
- Products and/or goods which are valued at not more than \$200 that are passed without the filing of a customs entry.
- Products and/or goods which are imported into US Foreign Trade Zones (FTZs) or a bonded warehouse.

Certain sanctions and penalties apply in the case imported products and/or goods are not properly marked with the country of origin:

- Additional duties and/or destroyed under supervision of the US Customs and Border Protection Control prior to liquidation of the entry.
- Prosecution and criminal penalties.

Step 2 – Standardization

A good approach for exporting companies to verify whether they meet with US standards is to conduct a conformity assessment.⁶⁶ This helps to ensure that products and goods are in compliance with the required US standards and that these characteristics are consistent from product to product and from good to good. Activities that are typically conducted as part of a conformity assessment include sampling, testing, inspection, certification, and quality and environmental system assessment and registration as well as the accreditation of the competence of those activities by a third party and recognition (usually by a Government agency) of an accreditation program's capability.

On the side of Jordan, a number of organizations and institutions may be involved in testing Jordanian products and goods for conformity with US and other international standards. The Jordan Institution for Standards and Metrology Committee (JISM) is responsible for the standardization of products in Jordan.⁶⁷ Any product or good, whether manufactured in Jordan or imported, has to follow the Jordanian national standards which, for the greater part, are in compliance with international standards. If there are no national standards for a specific product, this has to match the corresponding international standards. The JISM is a member of the International Organization for Standardization (ISO), which is an international standard-setting body composed of representatives from various national standards organizations (e.g. JISM).

On the side of the US, the Department of Commerce is mandated with the task to ensure the recognition and use of internationally recognized standards – both in the US and abroad.⁶⁸ The US Department of Commerce works with other US and foreign Government agencies to mitigate any issues relating to foreign standards and market access, including:

- The American National Standards Institute (ANSI) – A private, non-profit organization that registers and coordinates the US voluntary standardization and conformity assessment system.

⁶⁶ The Canadian Trade Commissioner Service (2015), "Exporting to the United States - A Guide for Canadian Businesses - 2012-2013 Edition," available at <http://tradecommissioner.gc.ca/world-monde/141457.aspx?lang=eng>

⁶⁷ Groupe Société Générale Import-Export Solutions (2018), "Jordan: Regulations and Customs," available at <https://import-export.societegenerale.fr/en/country/jordan/regulations-standards>

⁶⁸ The Canadian Trade Commissioner Service (2015), "Exporting to the United States - A Guide for Canadian Businesses - 2012-2013 Edition," available at <http://tradecommissioner.gc.ca/world-monde/141457.aspx?lang=eng>

- The National Institute of Standards and Technology (NIST) – A non-regulatory federal agency under the umbrella of the US Department of Commerce’s Technology Administration that develops and promotes measurement, standards, and technology to improve US productivity and facilitate trade.

Step 3 – Marking & Labelling

Federal marking and labelling requirements are implemented and monitored by a number of key authorities and institutions. Similar to country of origin labels and standardization, if products and/or goods do not comply with them, exports may not be allowed to cross the border. A number of federal laws regulate marking and labelling of products:

- Fair Packaging and Labelling Act (FPLA).
- Federal Food, Drug, and Cosmetic Act (FD&C Act).
- Nutrition Labelling and Education Act (NLEA).
- Dietary Supplement Health and Education Act (DSHEA).
- Food Allergen Labelling and Consumer Protection Act (FALCPA).
- Patient Protection and Affordable Care Act.
- Toxic Substances Control Act.
- Federal Insecticide, Fungicide and Rodenticide Act (FIFRA).

It is advised to check with the appropriate agency for specific information about a product or good and the marking and labelling it requires.⁶⁹

- **Federal Trade Commission (FTC)** – The FTC is a federal agency with the prime mandate to protect consumers and promote competition. It provides information on the FPLA, which requires the FTC and the Food and Drug Administration (FDA) to issue regulations that require all “consumer commodities” to be labelled to disclose net contents, identity of commodity, and name and place of business of the product's manufacturer, packer, or distributor.⁷⁰

- **Food and Drug Administration (FDA)** – The FDA administers the FPLA with respect to foods, drugs, cosmetics, and medical devices. As such, the FDA has authority over labelling food, dietary supplements, cosmetics, drugs (both prescription and over-the-counter), medical devices, devices that emit radiation, animal foods, drugs and cosmetics. The FDA provides a food labelling guide for the food industry.

- **United States Department of Agriculture (USDA)** – The Food Safety and Inspection Service (FSIS) of USDA is responsible for ensuring that the US commercial food supply is safe, wholesome, and correctly packaged and labelled. The FSIS provides an overview of labelling and label approval related to the products it supervises. FSIS pre-approval is required for meat, poultry, and eggs.

⁶⁹ The Canadian Trade Commissioner Service (2015), “Exporting to the United States - A Guide for Canadian Businesses - 2012-2013 Edition,” available at <http://tradecommissioner.gc.ca/world-monde/141457.aspx?lang=eng>

⁷⁰ Many products that are exempt from the FPLA nevertheless fall within the purview of the Weights and Measures laws of the individual states.

- **United States Department of Agriculture (USDA)** – The USDA is also responsible for the National Organic Program (NOP), which supervises requirements for organic labelling.
- **Bureau of Alcohol, Tobacco and Firearms (ATF)** – The responsibility of the ATF is to ensure all alcoholic beverages sold in the US are labelled in compliance with regulations. This requires exporting companies to apply to get the label approved. This can be done through the Alcohol Labelling and Formulation Division (ALFD).
- **Environmental Protection Agency (EPA)** – Any product that contains chemicals as per the Toxic Substances Control Act that are imported into the US may require special labelling. This is also applicable to any pesticide, fungicide, rodenticide or anti-microbial agent which is subject to the FIFRA.
- **Consumer Products Safety Commission (CPSC)** – The CPSC has the mandate to monitor adequate labelling of various hazardous substances and articles as well as flammable products.
- **Department of Labor (DOL)** – The Occupational Health and Safety Administration (OSHA), which operates under the DOL, has issued labelling requirements for hazardous products.

Tip 4.1

The FDA requires five mandatory statements, of which the nutrition labelling statement is just one. Small businesses may be exempted from the NLEA requirement (i.e. nutrition labelling) but still need to comply with the four remaining mandatory statements.

Source: The Canadian Trade Commissioner Service (2015)

4.2 Fast-Moving Consumer Goods & Handicrafts

This section discusses the marking and label requirements that exist specifically for the FMCGs and handicrafts as well as variations on these sectors that may exist per state.

Step 1 – Country of Origin

Certain products and/or goods imported in substantial quantities are exempted from the country of origin marking. The table below provides an overview for products and goods in the FMCG and Handicrafts sectors.

Table 4.2 Products and/or goods exempted from country of origin marking

FMCG	Handicrafts
<ul style="list-style-type: none"> • Certain coffee and tea products. • Certain spice products. • Chemicals, drugs, medicinal and similar substances, when imported in capsules, pills, tablets, lozenges, or troches. • Cigars and cigarettes. • Eggs. • Livestock. • Natural products, such as vegetables, fruits, nuts, berries, and live or dead animals, fish, and birds, all the foregoing which are in their natural state or not advanced in any manner further than is necessary for their safe transportation. • Sugar, maple. 	<ul style="list-style-type: none"> • Articles entered in good faith as antiques and rejected an unauthentic. • Arts, work of. • Feathers. • Flowers, artificial, except bunches, and cut. • Glass, cut to shape and size for use in clocks, hand, pocket, and purse mirrors, and other glass of similar shapes and sizes, not including lenses or watch crystals. • Hides, raw. • Leather, except finished. • Lumber and timbers, sawed. • Natural products, such as vegetables, fruits, nuts, berries, and live or dead animals, fish, and birds, all the foregoing which are in their natural state or not advanced in any manner further than is necessary for their safe transportation. • Nets, bottle, wire. • Paper, newsprint, stencil, and stock. • Plants, shrubs and other nursery stock. • Ribbon. • Silk scarves and silk fabric. • Skins, fur, dressed or dyed, and raw fur. • Sponges. • Tides, not over one inch in greatest dimension. • Wicking, candle.

Source: US Customs and Border Protection Control (2018)

Please note that, for articles which are not required to be marked with the country of origin, the immediate container has to be marked with the country of origin.

Step 2 – Standardization

Standardization requirements and procedures are mostly regulated on a federal level and apply to all products and goods. However, specific standards relate to Sanitary and Phytosanitary (SPS) measures, which affect Jordanian exporters in the (processed) food sector. These companies should take the SPS standards as explained in the box below into account.

Standards and the Sanitary and Phytosanitary (SPS) Measures

As mentioned in Section 1.2, a particular class of standards concerns the Sanitary and Phytosanitary (SPS) Measures. These standards constitute a major part of the trade regime facing Jordanian exporters of agricultural, food, and other natural resource products to the US. All Jordanian exporters shipping these types of products and/or goods are required to meet these standards, which are specified in the World Trade Organization (WTO) Agreement on Sanitary and Phytosanitary Measures (SPS Agreement).

The purpose of the SPS Agreement is to encourage countries to implement commonly-agreed-on international standards and regulations while simultaneously recognizing each other's testing procedures and standards, so that domestically produced goods don't receive an unfair advantage in a country's domestic marketplace and receive equal market access. The WTO requires all member countries to set up a so-called "enquiry point" to support exports with understanding and keeping up with the standards that apply to their particular market, product(s), and/or good(s). In Jordan, this is the Jordan Standards and Metrology Organization (JSMO).

Useful Resources

- Contact details of Jordan's enquiry point on SPS standards: JSMO.
- The general text of the SPS Agreement can be found on the website of the WTO.
- A further understanding of the SPS Agreement can be found on the website of the WTO.
- The WTO's Integrated Trade Intelligence Portal (I-TIP) provides comprehensive information on non-tariff measures (NTMs) applied by WTO members in merchandise trade, including SPS measures. The US has currently 661 SPS measures in force and 2,280 SPS measures initiated that apply to all WTO members and 1 SPS measure that applies only to Jordan. These 2,941 SPS measures can be examined closer. To use this tool, select:
 - (a) "A – Sanitary and Phytosanitary – Emergency" and "A – Sanitary and Phytosanitary – Regular under "Measure / Notification"
 - (b) "United States of America" under "Member(s) imposing the measure"
 - (c) "Jordan" under "Partner(s) affected by the measure"
 Press "Search" to retrieve your queries.
- The WTO's Sanitary and Phytosanitary Information Management System enables users to retrieve SPS notifications per WTO member. Include the United States of America as "Notifying Member" to obtain information on US notifications. L
- APHIS provides a general manual on the procedures with regards to importing food and agricultural products into the US.
- USDA provides a list of eligible countries and the types of products eligible to export (i.e. meat, poultry or egg products) to the U.S. from each country.

Source: *The Canadian Trade Commissioner Service (2015)*

Step 3 – Marking & Labelling

In addition to the country of origin marking, certain products and goods are subject to additional labelling requirements. Examples include clothing and textiles, must have labels indicating fabric content and washing instructions, tobacco (the Surgeon General’s Warning Statement), food, pharmaceuticals, and automobiles.⁷¹ The table below lists the most relevant FMCG and handicrafts products and goods for which specific marking and labelling requirements exist. It is advised to consult with the responsible regulatory authority or agency to verify exact rules and regulations for marking and labelling.

Table 4.3 Products and/or goods with specific marking and labelling requirements

Product, Good, and/or Nature	Applicable Law(s)	Responsible Regulatory Authority
Allergens	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Apparel	Textile Fiber Products Identification Act Care Labeling Rule	Federal Trade Commission
Biotechnology	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Cheese	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Chemicals	Insecticide, Fungicide & Rodenticide Act	Occupational Safety & Health Administration
Cosmetics	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Detergents	Safety Alert	Consumer Product Safety Commission
Drugs	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Eggs	Federal Food, Drug, and Cosmetic Act	Food Safety & Inspection Service
Fish	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Frozen Desert	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Fur	Fur Products Labeling Act	Federal Trade Commission
Gluten	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Halal	Federal Food, Drug, and Cosmetic Act	Food Safety & Inspection Service
Honey	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Ice Cream	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration

⁷¹ The Canadian Trade Commissioner Service (2015), "Exporting to the United States - A Guide for Canadian Businesses - 2012-2013 Edition," available at <http://tradecommissioner.gc.ca/world-monde/141457.aspx?lang=eng>

Juice	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Leather	Fair Packaging and Labeling Act	Federal Trade Commission
Meat	Federal Food, Drug, and Cosmetic Act	Food Safety & Inspection Service
Medical Devices	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Milk & Cream	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Natural	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Organic	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Pharmaceuticals	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Poultry	Federal Food, Drug, and Cosmetic Act	Food Safety & Inspection Service
Raw Fruits	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Refrigeration	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Textile	Textile Fiber Products Identification Act Care Labeling Rule	Federal Trade Commission
Tobacco	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Vegetables	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Whole Grains	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration
Wool	Textile Fiber Products Identification Act Care Labeling Rule	Federal Trade Commission
Yoghurt	Federal Food, Drug, and Cosmetic Act	Food & Drug Administration

Source: Consumer Product Safety Commission (2018), Federal Trade Commission, (2018), Food & Drug Administration (2018), Food Safety & Inspection Service (2018), and Occupational Safety & Health Administration (2018)

As mentioned, the federal Fair Packaging and Labelling Act (FPLA) stipulates federal requirements concerning labels and marking for certain products and goods. However, many products that are exempt from the FPLA nevertheless fall within the purview of the Weights and Measures laws of the individual states.⁷²

⁷² Federal Trade Commission (2018), "Fair Packaging and Labeling Act," available at <https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-packaging-labeling-act>

California

- There are no specific processes within this state. However, the Illinois Weights and Measures Act (Division 5 of the Business and Professions Code) should be checked for any specific requirements.
- The Division of Measurement Standards (DMS) of the California Department of Food and Agriculture (CDFA) is responsible for enforcing weights and measurements laws.

Illinois

- There are no specific processes within this state. However, the Illinois Weights and Measures Act (225 ILCS 470) should be checked for any specific requirements.
- The Illinois Department of Agriculture (IDA) runs a Weights and Measures Program.

Michigan

- There are no specific processes within this state. However, the Michigan Weights and Measures Act (Public Act No. 283) should be checked for any specific requirements.
- The Michigan Department of Agriculture (MDA) runs a Weights and Measures Program.

New York

- There are no specific processes within this state. However, the New York Weights and Measures Act (Article 16 of the Agriculture and Markets Law and Related Sections) should be checked for any specific requirements.
- The Bureau of Weights and Measures (BWM) of the New York Department of Agriculture and Markets (DAM) runs Device and Package Inspection Programs.

Tip 4.2

The food industry is one of the most strictly regulated industries when it comes to labelling requirements. Certain label information, such as the responsible firm's name and address and ingredient

declaration, is required. Other label information, such as health claims and nutrient content claims,

are voluntary. The Food and Drug Branch of the California Department of Public Health (CDPH) developed a useful guidance document on the different labels and specifications.

Checklist

- Is your good exempt from the Country of Origin marking?
- Do you have the physical materials to create a finalized label?
- Have you looked over the Scenario Chart for Country of Origin?
- Did you mark either "Made in", "Assembled in" or "Printed in" at the beginning of the label?
- Have you legibly marked the package's Country of Origin in English?
- Did you write in all the relevant specifications for the label? If you are not sure, contact the specific agency that is an expert in your specific product's labeling.
- Did you want to conduct a conformity assessment?
- Have you confirmed with The Jordan Institution for Standards and Metrology Committee (JISM) as well as The US Department of Commerce, that your product is regulated to American Standards?
- Have you looked over the Sanitary and Phytosanitary (SPS) standards?
- Is your product subject to additional marking and labeling?

Useful Sources

Federal Trade Commission (2018), "Fair Packaging and Labeling Act," available at <https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-packaging-labeling-act>

Groupe Société Générale Import-Export Solutions (2018), "Jordan: Regulations and Customs," available at <https://import-export.societegenerale.fr/en/country/jordan/regulations-standards>

The Canadian Trade Commissioner Service (2015), "Exporting to the United States - A Guide for Canadian Businesses - 2012-2013 Edition," available at <http://tradecommissioner.gc.ca/world-monde/141457.aspx?lang=eng>

US Customs and Border Protection Control (2018), "Marking of Country of Origin on U.S. Imports," available at <https://www.cbp.gov/trade/rulings/informed-compliance-publications/markings-country-origin-us-imports>

About The Tijara Coalition

Established in 2001, the Tijara Coalition is an alliance of key Jordanian business chambers and associations together with government agencies dedicated to promoting

bilateral trade and investment through enhancing the opportunities of the U.S.-Jordan Free Trade Agreement (JUSFTA).

The successful conclusion of its 2004-2007 Tijara Strategy was instrumental in supporting the implementation of JUSFTA.

In 2008, Members decided to revamp "Tijara" to give it a more focused agenda within the following areas of activities:

- Serve as a platform for dialogue and exchange of ideas.
- Conduct broad-based awareness and information campaigns.
- Represent the interests and concerns of Tijara members through effective advocacy.
- Establish linkages with U.S. based trade and investment institutions.
- Facilitate the development and delivery of capacity building activities.

Over the past years, the coalition was dormant, due to; the smooth progressive implementation of the JUSFTA.

At the same time, Jordan's trade liberalization policy of entering into both bilateral and regional free trade arrangements with key trading partners, including the EU and Canada, next to the GAFTA, contributed to focusing business's export efforts on neighboring markets, as well as to lack of specific resources being dedicated to support the initiative's growth activities.

Today, the continued regional unrest and the spillover effect that has had on Jordan's traditional export markets of Iraq, Syria, Yemen and Libya, has placed urgency on the businesses community and government to act to better utilize the potentials and opportunities available to them as a result of the unique economic relations between Jordan and the U.S. supported by the free trade and investment treaties.

With support from the USAID Jordan Competiveness Program, the Tijara Coalition was relaunched in 2017, under the patronage of the Minister of Industry, Trade and Supply and the Chargé d'Affaires of the | U.S. Embassy in Jordan.

Tijara Coalition sets the platform for joint work to unlock the benefits embodied within the legal instruments in force between the two trading partners, with a view to creating a competitive and enabling environment that encourages two-way investments, exports and employment generation.



**The American Chamber
of Commerce in Jordan**

AmCham-Jordan is a member of the United States Chamber of Commerce. Established in 1999 as a voluntary not-for-profit member-based organization that contributes to economic development through the promotion of US-Jordan trade and investment development, policy advocacy, human resources development and business community outreach.



**U.S. - Jordan
Free Trade Agreement Unit**

Based at AmCham-Jordan, the **Free Trade Agreement (FTA) Unit** was established in 2017 with support from the United States Agency for International Development's (USAID) Jordan Competitiveness Program (JCP). The FTA Unit services as Secretariat to the National Tijara Coalition serving Jordanian and American businesses to better understand and utilize the trade and investment opportunities made available under the JUSFTA and the BIT.