

In Brief: Jordan - U.S Economic Relations

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Trade

Jordan-US Free Trade Agreement

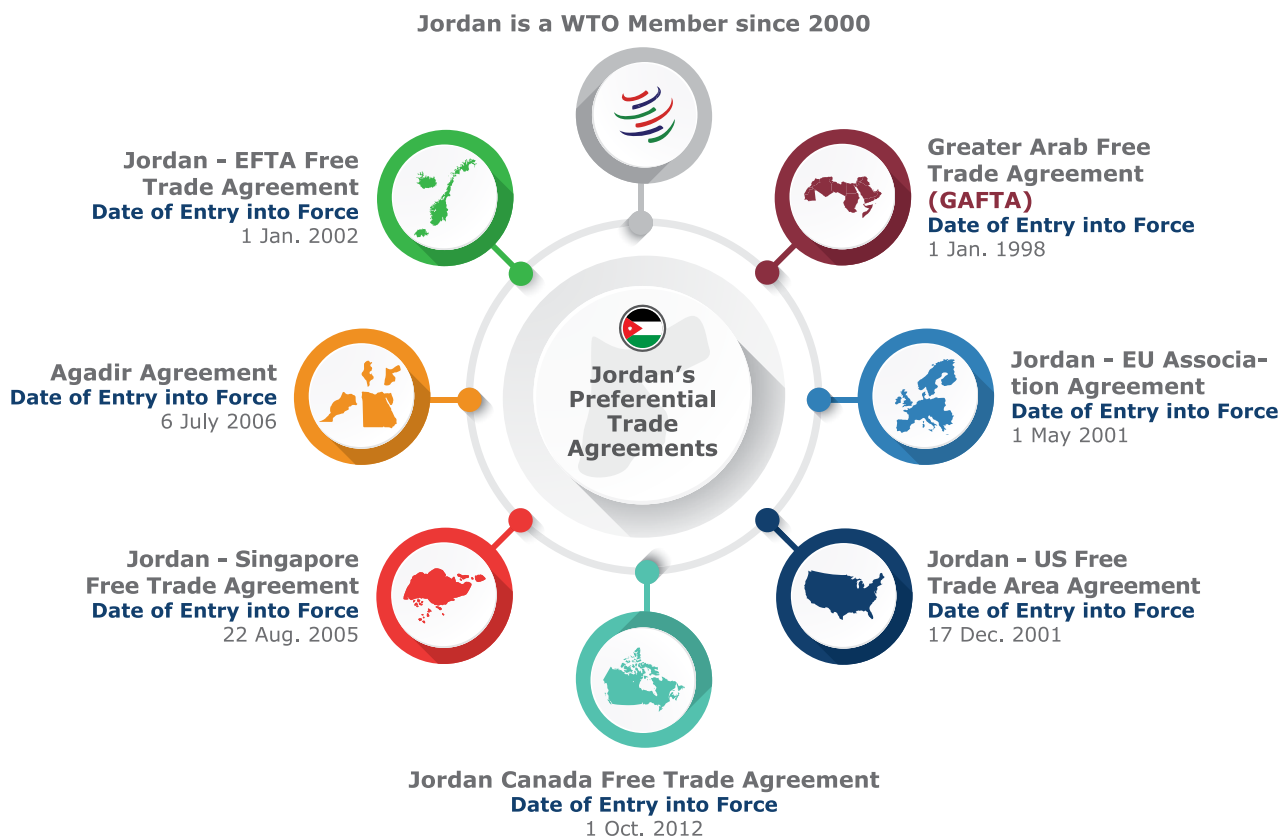
The Jordan-US Free Trade Agreement (JUSFTA) was signed on October 24, 2000 and entered into force on December 17, 2001.

It was Jordan's third free trade agreement and as such it was in line with a long-standing national policy to open up foreign markets to Jordanian products on preferential basis to help bolster economic growth through exports. The table on the right lists Jordan's preferential trade arrangements.

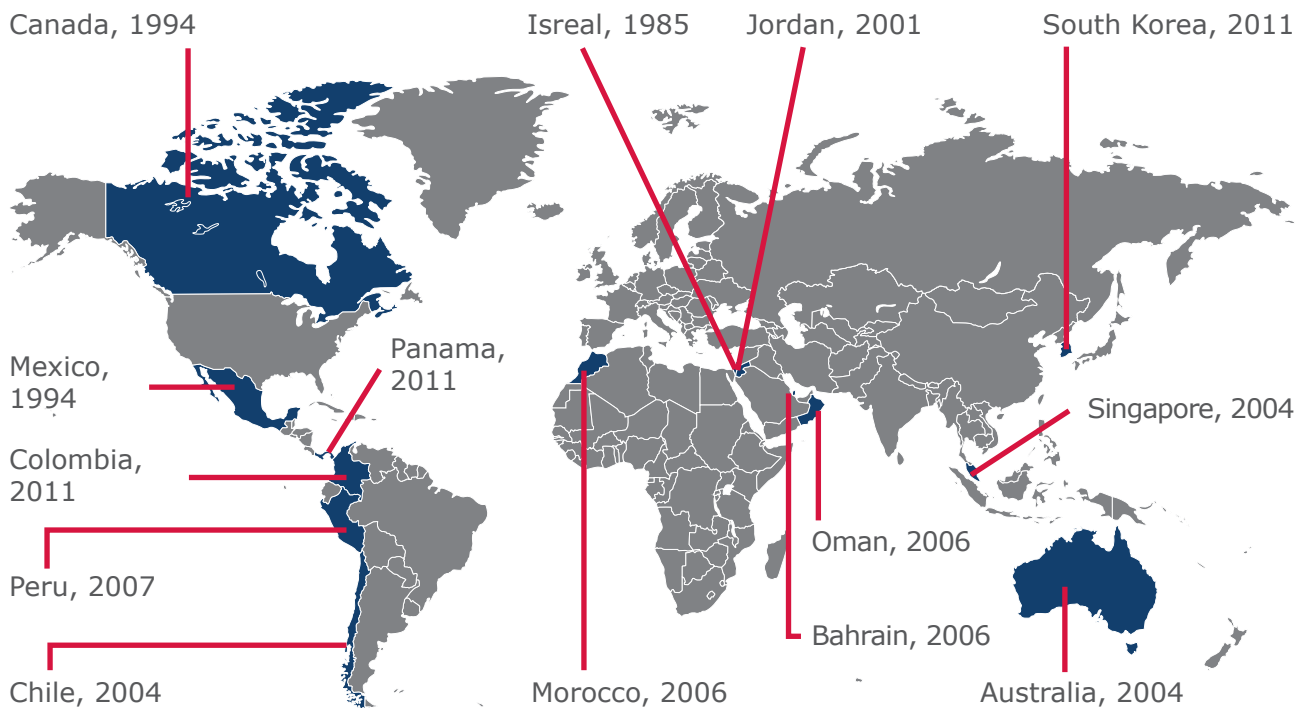
The JUSFTA was the US's third free trade agreement, and the first ever with an Arab state. The picture below provides an overview of the current US preferential trade arrangements. The FTA reflects the US's position to support peace and economic reform in Jordan.

The JUSFTA is the corner stone of the U.S.-Jordan economic relations that included; the **Qualifying Industrial Zones (QIZs) program** established by Congress in 1996, allowing products to enter the United States duty-free if manufactured in Israel, Jordan, Egypt, or the West Bank and Gaza. Jordan also benefits from the **US's General System of Preferences**. Next to a **Bilateral investment treaty (BIT)**.

Both the US and Jordan are members of the World Trade Organization (WTO). Jordan became a WTO member in 2000 with support from the USA.



Countries that have free-trade agreements with the United States, and the year they were approved



Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, 2005

JUAFTA Scope & Coverage

The JUSFTA achieves significant and extensive liberalization across a wide spectrum of trade issues.

- In trade in goods the JUSFTA contained a phased tariff reduction that resulted in a complete elimination of duties on nearly all products by 2010, thus eliminating all tariff and non-tariff barriers to bilateral trade in virtually all industrial goods and agricultural products.
- The JUSFTA is Jordan's only FTA with commitments in trade in services significantly liberalizing bilateral trade in services across a wide range of services sectors.
- The JUSFTA is the first trade agreement to include provisions addressing electronic commerce where both countries agreed to seek to avoid imposing customs duties on electronic transmissions, imposing unnecessary barriers to market access for digitized products, and impeding the ability to deliver services through electronic means.
- The JUSFTA contains provisions on intellectual property rights (IPR) and trade-related environmental and labor provisions.
- In addition to process for the interpretation of the agreement and process for the resolution of disputes. The JUSFTA does not contain specific provisions on government procurement.
- The central oversight body for this Agreement is the United States-Jordan Joint Committee last meeting was in 2016 and the committee is expected to meet again in 14/7/2019.
- Amcham-Jordan will hold two round table meetings on 'services' and 'standards' followed with an executive lunch with the business community on 15/7/2018.

Jordan – US Trade Flow

Goods

Top 10 Jordanian Goods Exports to United States of America

Product Code	Product Label	Value \$ thousand in 2016	Value \$ thousand in 2017	Value \$ thousand in 2018
Total	All products	1,558,302	1,603,242	1,770,840
'61	Articles of apparel and clothing accessories, knitted or crocheted	1194749	1303450	1442478
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	119401	124346	105990
'62	Articles of apparel and clothing accessories, not knitted or crocheted	67145	59379	79913
'30	Pharmaceutical products	37147	34244	41806
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	17483	19467	33048
'88	Aircraft, spacecraft, and parts thereof	85131	29089	32510
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	5232	3668	5732
'24	Tobacco and manufactured tobacco substitutes	5146	3936	3140
'17	Sugars and sugar confectionery	862	2405	2406
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1883	3507	2381

Sources: ITC calculations based on UN COMTRADE statistics. / <https://www.trademap.org> - 2019

Top 10 Jordan's Good imports from United States of America

Product Code	Product Label	Value \$ thousand in 2016	Value \$ thousand in 2017	Value \$ thousand in 2018
Total	All products	1,459,137	1,920,886	1,606,400
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	350290	476945	556105
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	68118	216175	228541
'88	Aircraft, spacecraft, and parts thereof	328048	473250	117540
'93	Arms and ammunition; parts and accessories thereof	29562	67482	95351
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	64382	56884	83094
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	77349	76524	75337
'10	Cereals	122744	149581	67621
'08	Edible fruit and nuts; peel of citrus fruit or melons	50734	57138	58400
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	60544	45188	56622
'99	Commodities not elsewhere specified	57007	63609	43040

Sources: ITC Calculations Based on UN COMTRADE Statistics.
[HTTPS://WWW.TRADEMAP.ORG](https://www.trademap.org) - 2019

Services

Due to the absence of data on trade in services it is difficult to provide a detailed statistic on trade in services trade with the US. The estimates available from the website of the Office of US Trade Representative (2019), indicates that US Trade in services with Jordan (exports and imports) totaled an estimated \$1.4 billion in 2017



(latest data available). Services exports were \$760 million; services imports were \$666 million. The U.S. services trade surplus with Jordan was \$94 million in 2017 (latest data available). U.S. exports of services to Jordan were an estimated \$760 million in 2017 (latest data available), 8.0% (\$56 million) more than 2016, and 82.7% greater than 2007 levels. Leading services exports from the U.S. to Jordan were in the travel, transport, and maintenance and repair services sectors.

Jordan's export of services to the US are estimated at \$666 million in 2017 (latest data available), 11.9% (\$71 million) more than 2016, and 114% greater than 2007 levels. Leading services imports from Jordan to the U.S. were in the transport, travel, and technical and other services sectors.

Trade Balance

The US is Jordan's most important trading partner accounting for 21% of Jordan's global trade in 2016 mainly composed of Apparel (81%). Due to industry taking advantage of the tariff free & quota free access to the US market and simple origin rules afforded to Jordan first under the QIZ and then under the FTA which caused artificial diversion in production to Jordan in this footloose industry.

The Jordan-US goods trade for the period 1997-2016 demonstrates dynamic growth between both countries in favor of Jordan. Jordan's exports to the US grew by an average of 1.48% during 1997-2016, while imports grew by an average of 1.08% for the same period. Moreover, the year 2016 registered the largest value of exports to the US reaching US\$ 1.56 billion.

The U.S. trade balance with Jordan shifted from a goods trade surplus of \$234 million in 2017 to a goods trade deficit of \$207 million in 2018. The United States has a services trade surplus of an estimated \$94 million with Jordan in 2017 (latest data available), down 13.8% from 2016.

Year	US Exports to Jordan	US imports from Jordan	Trade Balance
2018	1,606.5	1,813.5	-207.0
2017	1,920.9	1,687.3	233.6
2017	1,459.1	1,554.7	-95.6
2010	1,172.2	974.1	198.1
2000	316.9	73.3	243.6
1992	257.7	18.1	239.6

Source: <https://www.census.gov/foreign-trade/balance/c5110.html>



Investment

Jordan and the US have a separate **Bilateral Investment Treaty**. This agreement was signed on 2 July 1997; it came into force on 12 June 2003.

The USJBIT contains the **basic elements of investment protection**. Investment by either party's nationals in the territory of the other party receives the better of national treatment or most-favored-nation (MFN) treatment both while they are being established and thereafter, subject to certain specified exceptions. Specified performance requirements may not be imposed upon or enforced against investments. Expropriation is permitted only in accordance with customary international law standards. Parties are obligated to permit the transfer, in a freely usable currency of all funds related to an investment, subject to exceptions for specified purposes. Investment disputes with the host government may be brought before a binding international arbitration as an alternative to domestic courts.

According to the Office of US Trade Representative (2019), U.S. foreign direct investment (FDI) in Jordan (stock) was \$232 million in 2017 (latest data available), a 11.0% increase from 2016. There is no information on the distribution of U.S. FDI in Jordan. No data on Jordan's FDI in the U.S. are available. There is no information on the distribution of Jordan FDI in the U.S. Sales of services in Jordan by majority U.S.-owned affiliates were \$56 million in 2016 (latest data available), while sales of services in the United States by majority Jordan-owned firms were \$3 million.

An independent review by AmCham-Jordan in 2017 estimates that the value of US registered capital in Jordanian companies, excluding public shareholding companies- has reached JD 40.68 million invested in 387 companies for the period 1998-2016. The services sector attracted JD 27.4 million of total US investments; the manufacturing sector JD 12.4 million, the mining sector JD 610 thousand, the agricultural sector JD 250 thousand.

US investments in the manufacturing sector were mostly concentrated in strategic asset investments such as the Jordan Bromine Company; the Processing industry such as the Middle East Company for Construction and Development and the apparel industry; the electronic and electric industry such as Engineering and Electromechanical Technology Company; and the repair and installation of Machinery such as the International Trading Company for Hydraulics and Industrial Equipment.

In the services sector, US investments were mostly concentrated in financial services such as Partners for Micro Financing; telecommunications such as the Blue Zone East Company; water treatment (BOT) such as As-Samra (WWTP); and tourism such as Business Tourism Company.

The mining and agricultural sector attracted minimal investments; the largest investment was in the extraction of crude oil.



US investments in the Jordanian Capital market averaged JD 840.4 million per year (2005-2016) accounting for only 3.9 percent of the average annual investment in the Jordanian Capital Market. However, holding companies established in the financial services sector were able to attract US corporate investors to invest in the Jordanian Capital market such as the American Life Insurance Company and Philips Electronics North America Corporation Master Retirement Trust who have invested in Al-Mutarabetah Holding Company.

In 2012, the United States and Jordan agreed to Statements of Principles for International Investment and for Information and Communication Technology Services, and a Trade and Investment Partnership Bilateral Action Plan, each of which is designed to increase transparency, openness, and governmental and private sector cooperation. The two parties also began discussions on a Customs Administration and Trade Facilitation Agreement.

Double Taxation Agreement

Jordan **does not have a double taxation agreement with the United States.**





**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.