

# In Brief: Jordan - U.S. Economic Relations



Issued 2023

**Jordan and the United States** have long enjoyed strong relations built on friendship and cooperation, a core element of which is the economic partnership that has supported Jordan's sustainable economic development and job creation and resulted in over 20% of Jordan's global goods exports going to the U.S.

Today, **the U.S. is Jordan's No. 1 trading partner, and Jordan is the U.S.'s 66th largest goods trading partner (2019 figures)**. The U.S. is Jordan's single largest provider of bilateral assistance, helping diversify Jordan's economy and promoting growth.

Jordan and the United States have a Free Trade Agreement; a Bilateral Investment Treaty; a Science and Technology Cooperation Agreement; an "Open Skies" Civil Aviation Agreement, and a memorandum of understanding on Nuclear Energy Cooperation. Jordan and the United States belong to many of the same international organizations, including the United Nations, International Monetary Fund, World Bank, and World Trade Organization.

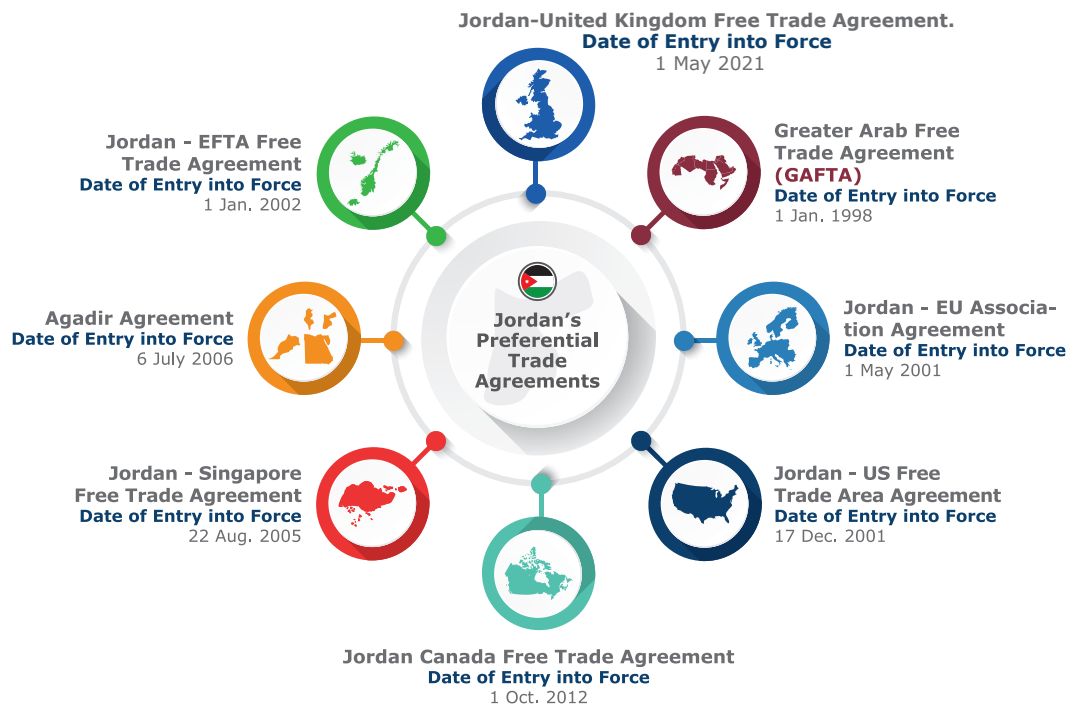
**AmCham-Jordan** believes in more Jordan-U.S. business through targeting private sector led actions to capture untapped trade and investment opportunities that exist between the two countries.

## Trade

### Jordan-U.S. Free Trade Agreement

**The Jordan-U.S. 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 JUSFTA was the U.S.'s third free trade agreement, and the first ever with an Arab state, and reflects the U.S.'s position to support peace and economic reform in Jordan.

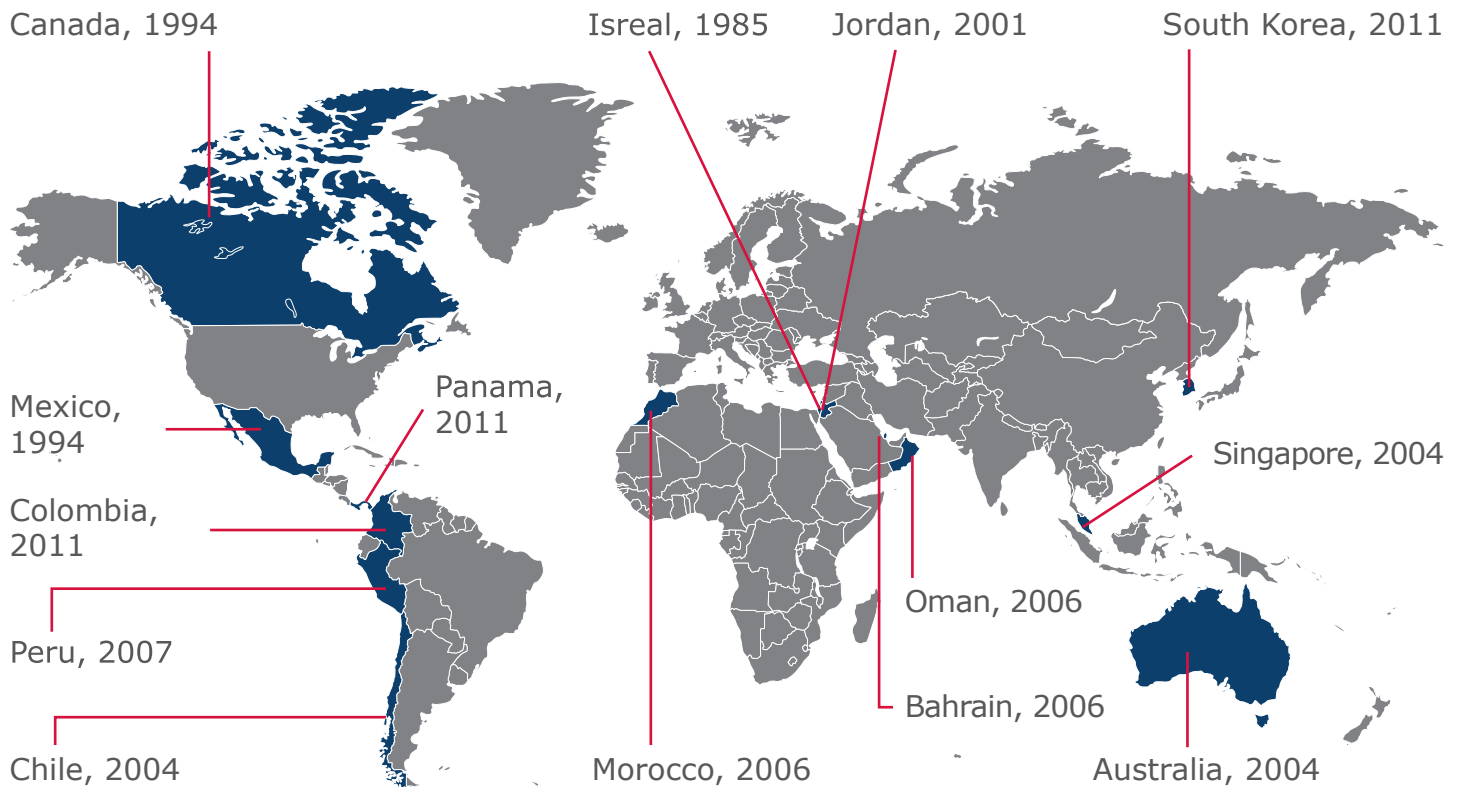
Figure (2) U.S. has 15 free-trade agreements in force with 20 countries

<b>United States Free Trade Agreement</b>	<b>Date of Entry into Force</b>
<b>United States - Dominican Republic - Central America Free Trade Agreement (CAFTA-DR)</b> Costa Rica Dominican Republic Guatemala Nicaragua Honduras El Salvador	1 Jan. 2009 1 Mar. 2007 1 July 2006 1 Apr. 2006 1 Apr. 2006 1 Mar. 2006
<b>United States - Republic of Korea</b>	
<b>United States - Australia</b>	1 Jan. 2005
<b>United States - Bahrain</b>	1 Aug. 2006
<b>United States - Chile</b>	1 Jan. 2004
<b>United States - Colombia</b>	15 May 2012
<b>United States - Israel</b>	1 Sept. 1985
<b>United States - Jordan</b>	17 Dec. 2001
<b>United States - South Korea</b>	15 Mar. 2012
<b>United States - Morocco</b>	1 Jan. 2006
<b>United States - Oman</b>	1 Jan. 2009
<b>United States - Panama</b>	31 Oct. 2012
<b>United States - Peru</b>	1 Feb. 2009
<b>United States - Singapore</b>	1 Jan. 2004
<b>United States - Mexico - Canada Agreement (USMCA/CUSMA/T-MEC)</b>	1 Jan. 1994

Note - On 17 October 2019 the United States and Japan reached a trade agreement regarding market access for certain agricultural and industrial goods, with plans to pursue subsequent negotiations for an expanded free trade agreement. Next to ongoing negotiation on the Transatlantic Trade and Investment Partnership (T-TIP) with the European Union.

The JUSFTA is the corner stone of the Jordan-U.S. economic relations.

Jordanian products can also benefit from the **U.S.'s General System of Preferences** and the **Qualifying Industrial Zones (QIZs) Program**.



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

## **JUSFTA Scope & Coverage**

The JUSFTA achieved 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 includes 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 processes for the interpretation of the agreement and the resolution of disputes.
- The central oversight body for this Agreement is the United States-Jordan Joint Committee which last met on 7th July 2019 in Amman.

## Jordan - U.S. Trade Flow

### Goods

#### Top 10 Jordanian Goods Exports to United States of America

Product Code	Product Label	Value \$ thousand in 2018	Value \$ thousand in 2019	Value \$ thousand in 2020
<b>Total</b>	<b>All products</b>	<b>1,768,378</b>	<b>1,967,154</b>	<b>1,756,509</b>
'61	Articles of apparel and clothing accessories, knitted or crocheted	1440455	1602738	1373921
'30	Pharmaceutical products	41746	50241	69622
'62	Articles of apparel and clothing accessories, not knitted or crocheted	79813	101603	58232
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	22	39202	54273
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	105844	36976	52819
'31	Fertilisers	0	0	50754
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	33003	39110	28103
'88	Aircraft, spacecraft, and parts thereof	32464	38757	15760
'76	Aluminium and articles thereof	283	94	7990
'09	Coffee, tea, maté and spices	2262	2233	3629

Sources: ITC TradeMap 2022. Calculations Based on UN COMTRADE Statistics.

## Top 10 Jordan's Good Imports from United States of America

Product Code	Product Label	Value \$ thousand in 2018	Value \$ thousand in 2019	Value \$ thousand in 2020
<b>Total</b>	<b>All products</b>	<b>1,581,427</b>	<b>1,492,356</b>	<b>1,318,933</b>
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	554931	457875	456310
'87	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	204661	213077	197624
'88	Aircraft, spacecraft, and parts thereof	117540	115903	125395
'10	Cereals	66701	74366	75477
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	75375	72021	67770
'08	Edible fruit and nuts; peel of citrus fruit or melons	58674	74806	60631
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	56622	55401	48592
'93	Arms and ammunition; parts and accessories thereof	95329	68003	35884
'99	Commodities not elsewhere specified	43040	86872	35660
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	83087	45572	28899

Sources: ITC TradeMap 2022. Calculations Based on UN COMTRADE Statistics.

## Services

Available estimates on trade in services between Jordan and the U.S. shows that Jordan's services exports reached \$654 million in 2019, 8.0% (\$57 million) less than in 2018, but 66.4% greater than 2009 levels. Leading services export being in the travel, transport, and technical and other services sectors. While U.S. exports of services to Jordan were an estimated \$757 million in 2019, 7.2% (\$59 million) less than 2018, but 60.0% greater than 2009 levels. Leading services exports from the U.S. to Jordan were in the travel, transport, and maintenance and repair services sectors. (Office of U.S. Trade Representative (2022)).

## Trade Balance

The JUSFTA has helped diversify the Jordanian economy while growing bilateral trade between Jordan and the United States by over 800 percent since 2000. The U.S. is Jordan's most important trading partner accounting for 21% of Jordan's global trade in 2020 mainly composed of Apparel (80%). In addition to foodstuff, engineering industries, Dead Sea cosmetics, and jewelry.

In the first quarter of 2022, Jordan's trade balance with the U.S. recorded a surplus amounting to about JD105 million, increased by six percent, reaching about JD365 million, compared with the same period in 2021, which amounted to JD344 million. Similarly, the value of U.S. imports to Jordan also increased in the first quarter of 2022, reaching about JD260 million, compared with JD245 million in the same period in 2021. (DOS, 2022)

### *Jordan – U.S. Trade in Goods balance for selected year*

Year	Jordan Exports to the U.S.	U.S. Exports to Jordan	Trade Balance for Jordan
2021	2,743.9	1,203.2	1,540.7
2016	1,554.7	1,459.0	95.8
2011	1,060.5	1,449.7	-389.2
2006	1,422.1	650.3	771.7
2001*	229.2	339.0	-109.8
2000	73.3	316.9	-243.6
1995	28.9	335.3	-306.4
1992	18.1	257.7	-239.6

*\*Year of entry into force of the JUSFTA*

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

Latest available data shows that Jordan- U.S. trade in services (exports and imports) totaled an estimated \$1.4 billion in 2019. Jordan services exports were \$654 million and import from the U.S. were \$757 million. The U.S. services trade surplus with Jordan was \$103 million in 2019. (Office of U.S. Trade Representative (2022)).

## Investment

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

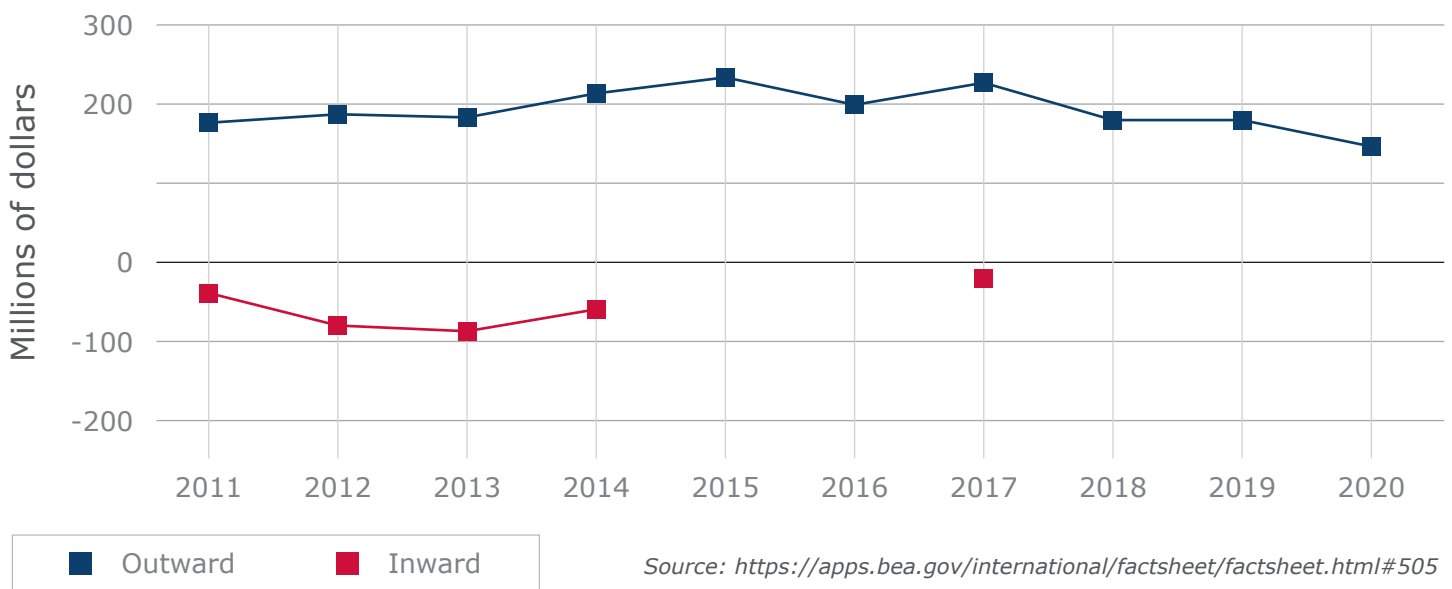
The BIT contains the basic elements of investment protection. Investment by either party's nationals in the territory of the other party receives the better of national treatment or most-favored-nation (MFN) treatment both while they are being established and thereafter, subject to certain specified 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.

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. In 2013 Jordan’s adherence to the OECD Declaration on International Investment and Multinational Enterprises.

### U.S. Direct Investment Position with Jordan

In 2020, the U.S. direct investment position in Jordan (outward) was \$156.0 million, a decrease of 12.8% from 2019.



U.S. foreign direct investment (FDI) in Jordan (stock) was \$179 million in 2019, a 0.6% decrease from 2018 (latest data available).

Sales of services in Jordan by majority U.S.-owned affiliates were \$56 million in 2017 (latest data available), while sales of services in the United States by majority Jordan-owned firms were \$2 million (down by 1 million from 2016)

AmCham-Jordan research estimates that the value of U.S. 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 U.S. investments; the manufacturing sector JD 12.4 million, the mining sector JD 610 thousand, the agricultural sector JD 250 thousand.

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, U.S. 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.

U.S. 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 U.S. 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.

## Double Taxation Agreement

Jordan & the United States do not have a double taxation agreement.



**The American Chamber of Commerce in Jordan**

A leading Jordanian Association the **American Chamber of Commerce in Jordan (AmCham-Jordan)** is a voluntary non-for-profit member-based organization established in 1999. With over 250 members from top Jordanian companies and U.S. companies operating in Jordan, AmCham-Jordan has been working for more than 20 years to contribute to Jordan's sustainable economic development through the promotion of Jordan-U.S. trade & investment relations, policy & advocacy, human resources development and business community outreach. AmCham-Jordan is affiliated with the United States Chamber of Commerce in Washington, D.C. and was the 2018-2021 Chair of the AmCham MENA Regional Council.



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

**Jordan-U.S. Free Trade Agreement Unit** was established in 2017 with support from the United States Agency for International Development's (USAID), to provide specialized technical advisory services to Jordanian and American businesses to better understand and utilize the trade and investment opportunities made available under the JUSFTA and the BIT. The JUSFTA Unit also serves as Secretariat to the National Tijara Coalition, Jordan's oldest public private dialogue platform.

