

International trade in goods and services in Jordan: overview

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A Q&A guide to international trade in goods and services in Jordan.

This Q&A covers key matters relating to the regulation of international trade in Jordan, including recent trends, trade agreements, trade negotiations, rules relating to the supply of services, imports and exports requirements, trade remedies, and international trade restrictions.

To compare answers across multiple jurisdictions, visit the international trade in goods and services [Country Q&A tool](#).

This Q&A is part of the International Trade and Commercial Transactions Global Guide. For a full list of jurisdictional Q&As visit www.practicallaw.com/internationaltrade-guide.

Recent trends

1. What are the recent trends affecting the regulation of international trade in your jurisdiction?

Jordan is continuing to experience an economic downturn due to the unstable political situation in the Middle East especially in neighboring Iraq and Syria where Jordanian exports are facing profound market entry barriers. To boost the economy, the Jordanian government has recently introduced stimulus 'bundles' which provide reductions of duties on real estate sale-related transactions, sales tax reductions on multiple consumer commodities, and reductions of duties on the sale of vehicles.

The government also introduced two regulations (programs) to subsidise the domestic industry; the Industrial Activities Stimulations Regulation and the Regulation on Income Tax Stimulations for the Industrial Sector. Under the Industrial Activities Stimulations Regulation, domestic industries will be entitled to receive direct financial payments from the government amounting to 3% of the value of their exported goods each year and an additional 5% of the value of exported goods if the volume of such exports exceeded exported quantities in the previous year.

As for the Income Tax Simulation Regulation, the domestic industry will enjoy a reduction in income tax by approximately 2% of applied rates if the concerned industry increases the number of Jordanian employees by at least 1% each year.

After the cancellation of the Jordan–Turkey Free Trade Agreement in November 2018, Jordan has recently signed an economic 'framework' agreement with Turkey for a joint economic committee with the objective of bolstering ties, increasing bilateral trade and boosting economic relations.

The Jordanian government has recently applied quantitative restrictions on aluminium imports (a monthly cap of 175 tons from all countries).

Jordan is currently investigating a safeguards petition filed by the Jordanian Potato Chips industry against like imports, on the basis that the increase in the import of potato chips had caused serious injury to the industry. The industry requested the government to impose safeguards measures on imports in the form of a specific surcharge.

In its recent World Monetary Outlook, the International Monetary Fund (IMF) has projected that the Jordanian economy will grow by 2.2% in 2020.

Trade agreements

2. Is your jurisdiction a member of the World Trade Organization (WTO)? What are the main international, regional or bilateral trade agreements to which your country is a party?

Jordan has been a member of the WTO since April 2000. In addition, Jordan is currently a party to the following six main free trade agreements:

- The Greater Arab Free Trade Agreement (GAFTA).
- Bilateral agreements with Canada, the European Free Trade Association (EFTA), the EU, Singapore, and the US.

Jordan is in the process of negotiating bilateral agreements with Kenya and Mexico.

A database of free trade agreements can be found on the Foreign Trade Policy Directorate website: www.mit.gov.jo.

Trade negotiations

3. What are the authorities responsible for negotiating trade agreements? How long does it usually take to conclude a trade deal with your country?

The Jordanian authorities involved in negotiating free trade agreements are usually the:

- Ministry of Industry and Trade.
- Ministry of Agriculture.
- Standards and Metrology Department
- Ministry of Planning.
- Customs Department.

The time frame for concluding a free trade agreement is normally one to two years. For example, free trade negotiations with Turkey were concluded in one year, while WTO accession negotiations were concluded in two years.

4. Does your country apply interim rules during trade negotiations?

Jordan does not apply interim rules during trade negotiations, but applies WTO rules while negotiating a free trade agreement with a WTO member.

Supply of services

5. Is your jurisdiction a party to international agreements on cross-border trade in services? Is your jurisdiction taking part in the negotiations of the Trade in Services Agreement (TiSA)?

Jordan is a party to international agreements on cross-border trade in services provisions, including the:

- WTO General Agreement on Trade in Services (GATS).
- Great Arab Free Trade Area (GAFTA).
- Bilateral free trade agreements with the EU, US, Canada, and Singapore.

Jordan is among the 23 members negotiating the Trade in Services Agreement (TISA).

A database of free trade agreements can be found on the Foreign Trade Policy Directorate website: www.mit.gov.jo.

6. What domestic legislation and international rules apply to the supply of financial services, legal services and retail sales in your jurisdiction? What are the main requirements that suppliers must comply with?

Financial services

Regulatory framework. The main laws and regulations relating to the financial services sector are the:

- Central Bank Law (No 23 of 1971).
- Banking Law (No 28 of 2000).
- Securities Law (No 18 of 2017).
- Licensing of Financial Services Regulation (No 17 of 2018).
- Investment Law (No 30 of 2014).
- Companies Law (No 22 of 1997).
- Credit Information Law (No 15 of 2010).
- Electronic Transaction Law (No 15 of 2015).
- Electronic Payment and Transfer Law (No 111 of 2017).
- Foreign Investment Regulation (No 77 of 2016).
- Law Ratifying the Accession of Jordan to the World Trade Organization (No 4 of 2000).
- Foreign Currency Surveillance Law (No 95 of 1966).
- Money Exchange Business Law (No 44 of 2015).
- Insurance Regulatory Act (No 33 of 1999) and its amendments.

Main requirements. Jordan has made substantial GATS commitments in key financial services areas concerning investment banking, insurance services and banking. There are no restrictions on full foreign ownership of insurance companies and banks incorporated in Jordan, or on foreign insurance companies and banks establishing subsidiaries and branches in Jordan. No financial services were excluded from the commitments.

The main requirements to set up and operate a bank in Jordan are as follows:

- The bank must be:
 - a public shareholding company in Jordan;
 - a branch or subsidiary of a foreign bank; or
 - an offshore company.
- Bank licensing must be granted in a decision issued by the Central Bank.
- The incorporators' committee must present an application for bank licensing on the form designated by the Central Bank with the requested information and documents.
- After the issuance of the Central Bank's preliminary approval of the licensing application, the incorporators' committee must confirm the following:
 - minimum amount of the bank's authorised capital and the amount earmarked for subscription;
 - full payment of subscribed capital; and
 - compliance with any other requirements as specified by the Banking Law.
- A foreign bank must submit an application for licensing for one or more of its branches to operate in Jordan in accordance with the orders of the Central Bank. For this, the foreign bank must:
 - be licensed to accept deposits in its home country;
 - have a good reputation and a strong financial position; and
 - have the approval of the competent authority in the country of its head office to operate in Jordan.

(Banking Law.)

The main requirements to set up and operate an insurance company are as follows:

- The insurer must be:
 - a Jordanian public shareholding company;
 - a branch or subsidiary of a foreign insurance company registered in Jordan under the Companies Act;
or
 - an offshore company.
- Approval of the Board of Directors of the Insurance Commission.
- Compliance with the required minimum capital determined by the relevant regulation issued under the Insurance Regulatory Act.

(Insurance Regulatory Act.)

The main requirements to set up and operate a money exchange business in Jordan are as follows:

- Prior approval of the Board of Directors of the Central Bank of Jordan.
- Submission of an application for business licensing on the form designated by the Central Bank's board, accompanied by the requested documents and requirements.
- Compliance with the final approval requirements determined by the Central Bank's Board for gaining the licence.

(Money Exchange Business Law.)

Legal services

Regulatory framework. The Jordanian Bar Association regulates the legal profession in Jordan under the Jordanian Lawyers Bar Association Law (No 11 of 1971).

Main requirements. Foreign advisory legal services can provide legal consulting services on foreign laws only. Representation in Jordanian courts is exclusive to licensed Jordanian lawyers.

Retail sales

Regulatory framework. The main relevant legislation is the:

- Companies Law.
- Law Ratifying the Accession of Jordan to the World Trade Organization.

Main requirements. The main requirement for a retail sales company is registration of the company with an equity share not exceeding 50% of the total shares of the company.

7. Are there restrictions on market access for specific services sectors?

The following sectors are subject to specific restrictions under Jordanian law:

- **Agency services.** Access is restricted to Jordanian natural persons and to Jordanian general partnerships with majority ownership by Jordanians and limited liability.
- **Settlement and clearing services for financial assets including securities, derivative products and other negotiable instruments.** Access is restricted to the Depository Center at the Amman Bourse for securities, and to the Central Bank of Jordan for all other financial instruments.

- **Advisory and other auxiliary financial services.** This includes credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy. Access is restricted to:
 - financial services companies constituted in Jordan in the form of a public shareholding company, limited liability company or limited partnership in shares company; and
 - banks.
- **Air catering services.** Exclusivity is currently granted to the national carrier. However, once exclusivity is lifted, access will be subject to a 50% limitation on foreign equity and to other limitations on legal form. The number of service providers may be restricted.
- **Travel agencies and tour operator services.** These services can only be provided by Jordanian natural persons or legal entities with a maximum of 50% foreign equity. The service provider must be a specialised tourist firm and its director must be a Jordanian national.
- **Shipping agents.** Access is restricted to Jordanian natural persons or legal entities.
- **Freight forwarding services.** Access is restricted to Jordanian natural persons or legal entities. The director must be a Jordanian national.

Imports

Customs authority

8. What is the authority responsible for enforcing customs laws and regulations?

The Jordan Customs Department is the competent authority in Jordan enforcing customs law and regulations. See website: www.customs.gov.jo/en/index.aspx.

The Customs Department can impose administrative penalties on offenders, while the Customs Court has the authority to impose criminal sanctions under the Customs Law (No 20 of 1998).

Import duties, tariffs and rates

9. What are the main customs import tariffs and duties?

General tariffs and rates

The general tariff applied in Jordan is 30%.

Preferential tariffs

There are preferential tariffs for countries with which Jordan has a bilateral free trade agreement (*see Question 2*).

Non-tariff barriers to imports

10. Are there non-tariff barriers to imports into your jurisdiction?

Imports generally receive an automatic import licence. However, some imports are subject to non-automatic licensing for reasons of public safety, health and environment, protection of national resources, or to implement UN Security Council resolutions, under the Import and Export Law (No 21 of 2001).

Quotas can only be applied under trade remedy legislation and the WTO rules as reflected in the local legislation. Jordan does not have tariff quotas, except under the Jordan-Turkey free trade agreement for certain agricultural products. The Jordan-Turkey free trade agreement will be terminated at the end of 2018.

The domestic industry has a 15% price privilege over imported goods in governmental tenders, under a decision issued by the Council of Ministers in 2013.

11. Can customs decisions and import restrictions be challenged?

Under Article 80 of the Customs Law, affected parties can file administrative appeals against decisions pertaining to the value of goods, their origin, standards or tariffs classification, to a dispute settlement committee established within the Customs Directorate. The committee reviews the dispute and recommends proper measures to the Customs General Director. The decisions of the Customs General Director can be appealed to the Customs Court of First Instance.

Affected parties can challenge any customs decision by filing a lawsuit before the Customs Court of First Instance. The Customs Court has jurisdiction to review any violation of the Customs Law, free trade agreements, Standards and Metrology Law, Investment Law and Sales Tax Law (No 6 of 1994).

The judgments of the Customs Court of First Instance can be appealed to the Customs Appellate Court. The judgments of the Customs Appellate Court can be appealed to the Cassation Court.

Trade remedies

Regulatory framework

12. What are the main regulations on trade remedies? What are the authorities responsible for investigating and deciding on trade remedies?

Regulatory framework

The main laws and regulations governing trade remedy investigations and measures in Jordan are the:

- National Production Protection Law (No 21 of 2004).
- National Production Protection Regulation (No 55 of 2000).
- Anti-dumping and Subsidies Regulation (No 26 of 2003).

These laws and regulations were derived from the related WTO agreements, which have precedence over national laws in the Jordanian legal system.

Regulatory authority

The National Production Protection Directorate (NPPD) is the competent authority in Jordan investigating trade remedy complaints (anti-dumping, subsidies and countervailing measures, and safeguards). The NPPD is not an independent governmental body, but a directorate within the Ministry of Industry and Trade that investigates trade remedy petitions and recommends proper measures to the Minister of Industry and Trade.

Investigations and enforcement

13. What are the requirements and procedure to start trade remedies investigations?

Under the National Production Protection Law, a trade remedy petition must be filed by the whole of a domestic industry for a specific product, or a major proportion of it, for the petition to be considered to have been submitted by or on behalf of the domestic industry. The NPPD is also entitled to initiate investigations itself if there is concrete evidence that imports into the market are increasing, or being sold at dumped or subsidised prices, causing or threatening injury to a domestic industry producing similar products.

The applicants for a safeguards petition must represent at least 25% of the whole domestic industry to initiate the investigation. For anti-dumping and countervailing measures petitions, initiation requires both:

- Domestic producers whose production represents more than 50% of the total national production of the product to express a view.
- At least 25% of the industry to support the petition.

The domestic industry can be represented by any relevant industrial union and/or chambers for the purposes of filing safeguards, anti-dumping and countervailing measures petitions.

Foreign importers, exporting companies and the government of the exporting countries can participate in the investigation on request, within deadlines set by the NPPD.

Appeals

14. Is there a right of appeal against the authority's decision? What is the applicable procedure?

Under the National Production Protection Law, only final decisions (determinations) can be appealed before the Administrative Court. An affected party can file a lawsuit before the Administrative Court within 60 days of the issuance date. The judgments of the Administrative Court can be appealed to the Higher Administrative Court.

Appeals before the Administrative Court usually succeed if there is a significant procedural violation committed by the relevant administrative institution in establishing the decision or determination.

Exports

Regulatory framework

15. What are the main requirements to export goods from your jurisdiction? What are the authorities responsible for enforcing export regulations and controls?

Enterprises (both local and foreign) must register at the Ministry of Industry and Trade, and obtain a certificate of registration to export from Jordan. The natural and legal persons of these enterprises must be members of the Chamber of Commerce or Chamber of Industry in Jordan, and their premises must be inspected and approved by the local municipality. The Chambers of Commerce or Industry do not typically refuse membership of any enterprise if the registration requirement is met.

Export prohibitions and licensing arrangements for all products are typically handled by the Ministry of Industry and Trade, except for agricultural products, which are arranged by the Ministry of Agriculture. These controls are enforced by the Customs Directorate.

16. Are certain categories of goods subject to specific export quotas, restraints or other controls?

A number of products are subject to export fees. Export fees are collected on mining and quarrying products by the Natural Resources Authority, and on agricultural products by the Ministry of Agriculture

Export prohibitions, restrictions, and licensing are regulated under the Import and Export Law (as amended by a Temporary Law (No 18 of 2003)). Export licences are typically issued by the Ministry of Industry and Trade.

There are separate controls imposed on specific products such as wheat flour and dual-use materials. For example, wheat flour and other wheat products are subject to export licensing arrangements to ensure that consumer subsidies granted to these products are reimbursed by exporters when the products are exported.

Some controls are also imposed to fulfil international obligations, such as controls on nuclear weapons, chemical products and endangered species. Jordan is a contracting party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora 1973 (CITES), and a signatory to the Chemical Weapons Convention 1992 and the Treaty on the Non-proliferation of Nuclear Weapons 1968.

Penalties

17. What are the consequences of non-compliance with export regulations?

Penalties for violating export controls vary according to the type of control. Violations of export prohibitions are subject to criminal liabilities under the Customs Law, where the penalty is a fine of between JOD50 and JOD1000. If the violation is repeated, the violator can face imprisonment of between one month and three years.

Fees violations are subject to different fines regulated under the different laws relating to export fee payments for each product concerned.

International trade restrictions

Trade sanctions

18. Are there specific restrictions on trade with certain jurisdictions?

A safeguards measure has been applied on imports of aluminium in the form of a specific surcharge at JOD400 per imported ton. The measure was applied in May 2017 for a period of three years and will be gradually liberalised during its duration.

The Jordanian government has recently prohibited the importation of Portland cement from Saudi Arabia.

19. What is the authority responsible for imposing trade restrictions?

Trade restrictions (tariff increases, quotas and import licensing) are applied against industrial and agricultural commodities by the Ministry of Industry and Trade and Ministry of Agriculture (*Ministry of Industry and Trade Law (No 18 of 1998)*; *Agriculture Law (No 13 of 2015)*; *National Production Protection Law*; *Import and Export Law*; *Law Ratifying the Accession of Jordan to the World Trade Organization*).

Sanctions and embargoes fall under the jurisdiction of the Central Bank of Jordan and Anti-Money Laundering and Counter Terrorist Financing Unit, which is associated with the Governor of the Central Bank of Jordan (*Central Bank Law and Anti-Money Laundering and Counter Terrorist Financing Law (No 46 of 2007)*).

20. What are the consequences of non-compliance with trade restrictions?

Companies or persons who do not comply with trade restrictions are subject to penalties and fines under various laws, including the Customs Law and the Ministry of Industry and Trade Law.

21. Are businesses subject to specific compliance requirements? What practical steps should a business take to ensure compliance with trade restrictions?

Businesses in Jordan are not subject to compliance requirements.

Foreign trade barriers

22. What is the procedure for local exporters to complain against foreign trade barriers contrary to the WTO or other trade agreements?

There is no specific office or procedure for complaining about foreign trade barriers under the WTO or free trade agreements. However, in practice, complaints are usually started by an application to the Ministry of Industry and Trade, which examines the complaint and conducts the necessary communications with the concerned agencies in the relevant foreign countries through Jordanian embassies, delegations and commercial attaches.

Developments and reform

23. Are there impending developments or proposals for reform affecting international trade in goods and services?

There are no current developments or proposals for reform.

Contributor profile

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Professional qualifications. Jordanian Licensed Lawyer

Areas of practice. Commercial law; WTO; trade remedies; intellectual property; anti-trust; corporate regulation.

Non-professional qualifications. LLB, University of Jordan; LLM in commercial law, University of Aberdeen

Recent transactions

- Represented industrial and trading companies in trade remedy and competition cases in Jordan and the region.
- Provided corporate services to national and multinational companies.
- Reviewed trade remedy policies and legislation for the Ministry of Commerce and Industry in Saudi Arabia.
- Involved in drafting legislation for different governmental institutions in Jordan and the region.
- Senior lecturer and trainer on WTO, trade remedies and competition law and has written numerous publications on these areas of laws.

Languages. Arabic, English

Professional associations/memberships. Jordanian Bar Association (JBA); International Bar Association; Strategic Alliance of WTO and Trade Remedies (SAWTR); Global Trade Law Advisors (GTLA); Board Member of the Jordanian Military Credit Fund.

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