

THE U.S. - JORDAN FREE TRADE AGREEMENT FACT SHEET

The U.S.-Jordan Free Trade Agreement (FTA), signed on October 24, 2000, will eliminate duties and commercial barriers to bilateral trade in goods and services originating in the United States and Jordan. The FTA also includes, for the first time ever in the text of a trade agreement, separate sets of substantive provisions addressing trade and the environment, trade and labor, and electronic commerce. Other provisions address intellectual property rights protection, balance of payments, rules of origin, safeguards and procedural matters such as consultations and dispute settlement. Because the United States already has a Bilateral Investment Treaty with Jordan, the FTA does not include an investment chapter.

The Free Trade Agreement has seven major sections:

Tariff Elimination: The FTA will eliminate tariffs on virtually all trade between the two countries within 10 years. The tariff reductions are in four stages: Current tariffs of less than 5 percent will be phased out in two years; those that are now between 5 and 10 percent will be eliminated in four years, those between 10 and 20 percent will be gone in five years, and those that are now more than 20 percent will be eliminated in 10 years.

Services: Jordan already enjoys near complete access to the U.S. services market. The FTA will open the Jordanian services market to U.S. companies. Specific liberalization has been achieved in many key sectors, including energy distribution, convention services, printing and publishing, courier services, audiovisual, education, environmental, financial, health services, tourism, and transport services.

Intellectual property rights: These provisions incorporate the most up-to-date international standards for copyright protection. Among other things, Jordan has undertaken to ratify and implement the World Intellectual Property Organization's (WIPO) Copyright Treaty and WIPO Performances and Phonograms Treaty within two years. These two treaties, sometimes referred to as the "Internet Treaties," establish several critical elements for the protection of copyrighted works in a digital network environment, including creators' exclusive right to make their creative works available online.

Electronic commerce: For the first time in a free trade agreement, Jordan and the U.S. have each committed to promoting a liberalized trade environment for electronic commerce that should encourage investment in new technologies and stimulate the innovative uses of networks to deliver products and services. 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.

Labor provisions: For the first time in a U.S. trade agreement, rather than in a side agreement, the Jordan FTA includes in the body of the agreement key provisions that reconfirm that free trade and the

protection of the rights of workers can go hand in hand. These provisions reaffirm the parties' support for the core labor standards adopted in the 1998 International Labor Organization's Declaration on Fundamental Principles and Rights at Work. The countries also reaffirmed their belief that it is inappropriate to lower standards to encourage trade, and agreed in principle to strive to improve their labor standards. Each side agreed to enforce its own existing labor laws and to settle disagreements on enforcement of these laws through a dispute settlement process.

Environmental provisions: Again, for the first time in the body of a free trade agreement, the Jordan FTA includes a separate set of substantive provisions on trade and the environment. Specifically, each country agreed to avoid relaxing environmental laws to encourage trade. The United States and Jordan affirmed their belief in the principle of sustainable development, and agreed to strive to maintain high levels of environmental protection and to improve their environmental laws. Each side also agreed to a provision on effective enforcement of its environmental laws, and to settle disagreements on enforcement of these laws through a dispute settlement process. Both countries are conducting environmental reviews, which were extremely useful in developing some of the provisions of the agreement.

The United States and Jordan also agreed on an environmental cooperation initiative, which establishes a U.S.-Jordanian Joint Forum on Environmental Technical Cooperation for ongoing discussion of environmental priorities, and identifies environmental quality and enforcement as areas of initial focus. The environmental elements of the FTA package also include language on transparency and public input, and on environmental exceptions. Finally, the FTA includes a "win/win" initiative -- an initiative that is good for both business and the environment by eliminating tariffs on a number of environmental goods and technologies and liberalizing Jordanian restrictions on certain environmental services.

Consultation and dispute settlement: The United States envisions most questions on the interpretation of the agreement or compliance with the agreement being settled by either informal or formal government-to-government contacts. The FTA provides for dispute settlement panels to issue legal interpretations of the FTA, but only if the countries have first consulted and failed to resolve the dispute. The process includes strong provisions on transparency. As in the Israel FTA, the report of such dispute settlement panels is non-binding, and the affected country is authorized to take appropriate measures if the parties are still unable to resolve a dispute once a panel has issued its recommendations.

Background:

Jordan's Trade Profile: Jordan became a member of the World Trade Organization in April 2000. In 1999, U.S. exports to Jordan were \$276 million. Top U.S. exports to Jordan in 1999 were wheat (\$26 million), aircraft parts (\$25 million), rice (\$14 million) and corn (\$10 million). Jordanian exports to the United States in 1999 were \$11 million, jewelry with precious metals (\$4 million), and men's and boys' suits (\$1 million).