

EUROPEAN COMMUNITIES – JORDAN EURO-MEDITERRANEAN AGREEMENT

The following communication, dated 18 March 2004, is being circulated at the request of the Delegations of the European Communities and Jordan.

Communication from the Parties

I. BACKGROUND INFORMATION ON THE AGREEMENT

1. Membership And Dates Of Signature, Ratification And Entry Into Force

The Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part, was signed on 24 November 1997 and entered into force on 1 May 2002.

2. Type Of Agreement

The Agreement establishes an association between the Parties. It establishes a free-trade area over a transitional period lasting a maximum of 12 years starting from the date of entry into force of the Agreement.

The objectives of the Agreement are: to provide an appropriate framework for the political dialogue; establish the conditions for the gradual liberalisation of trade in goods, services and capital; to foster the development of balanced economic and social relations between the Parties through dialogue and co-operation; to improve living and employment conditions and enhance productivity and financial stability; to encourage co-operation with a view to the consolidation of peaceful coexistence and economic and political stability; to promote co-operation in others areas which are of reciprocal interest.

3. Scope

Industrial and agricultural products.

4. Trade Data

Jordan exports to the EU in 2002 amounted to €184 million. Jordan imports from the EU during the same period amounted to €1659 million. For the period January to September 2003, Jordan exports to the EU amounted to €113 million and Jordan imports from the EU amounted to €1063 million.¹

¹ Source for trade data: IMF.

II. TRADE PROVISIONS

1. Import Restrictions

1.1 Duties And Charges

Industrial products originating in Jordan are imported into the Community free of customs duties and charges having equivalent effect.

Customs duties and charges having equivalent effect applicable on import into Jordan of products originating in the Community other than those listed in Annexes 2 to 4 are abolished on entry into force of the Agreement.

Customs duties and charges having equivalent effect applicable on import into Jordan of products originating in the Community listed in Annex 2 are partially eliminated over a period of eight years beginning four years after entry into force of the Agreement.

Customs duties and charges having equivalent effect applicable on import into Jordan of products originating in the Community listed in list A of the Annex 3 are eliminated progressively over a period of four years after entry into force of the agreement.

Customs duties and charges having equivalent effect applicable on import into Jordan of products originating in the Community listed in list B of the Annex 3 are eliminated progressively over a period of twelve years beginning four years after entry into force of the Agreement.

The progressive elimination of customs duties and charges having equivalent effect does not apply to products listed in Annex 4. The arrangements to be applied to these products shall be re examined by the Association Council four years after the entry into force of the Agreement. At the time of that re-examination, the Association Council will establish a tariff dismantling timetable for all products listed in Annex 4.

1.2 Quantitative Restrictions

Quantitative restrictions on imports and measures having equivalent effect on trade between the Community and Jordan shall be abolished upon the entry into force of the Agreement.

No new quantitative restrictions on imports and measures having equivalent effect shall be introduced in trade between Jordan and the EC.

1.3 Common External Tariff

The Agreement does not include any provision for the establishment of a common external tariff.

2. Export Restrictions

The Agreement prohibits the application of customs duties or measures having equivalent effect on exports between the EC and Jordan. Quantitative restrictions on exports and measures having equivalent effect between Jordan and the EC are also prohibited.

3. Rules Of Origin

The definition of the concept of “originating products” is set out in Protocol 3 of the Agreement. Evidence of the originating status of products is furnished by the EUR.1 movement certificate. Cumulation of origin is foreseen in Protocol 3.

4. Standards

The Agreement provides that the Parties should aim at reducing differences in conformity assessment. Co-operation in that field should aim at increasing the application of Community rules.

5. Safeguards

Exceptional measures of limited duration which derogate from the tariff elimination schedule may be taken by Jordan in the form of an increase or reintroduction of customs duties. These measures may only concern infant industries or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce major social problems. These measures shall be applied for a period not exceeding five years unless a longer duration is authorised by the Association Committee. They shall cease to apply at the latest on the expiry of the maximum transitional period of 12 years.

The EC or Jordan may take appropriate measures, where the increase in imports of a product occurs in such quantities and under such conditions as to cause or threaten to cause:

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region.

In the selection of measures, priority shall be given to those which least disturb the functioning of the Agreement.

In the case of serious balance of payment difficulties, or threat thereof, the Community or Jordan may adopt for a limited period restrictions on current transactions, in accordance with the conditions established under the GATT and Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund. These restrictions may not go beyond what is strictly necessary to remedy the balance of payments situation.

6. Anti-Dumping And Countervailing Measures

If one of the Parties finds that dumping is taking place in its trade with the other Party, the EC or Jordan may take appropriate measures in accordance with the WTO Agreement on Implementation of Article VI of GATT 1994, its related internal legislation and respecting the information exchange procedures established by the Agreement. In the selection of measures, priority shall be given to those which least disturb the functioning of the Agreement.

7. Subsidies And State-Aid

Any public aid distorting or threatening to distort competition is incompatible with the proper functioning of the Agreement in so far as it affects trade between the Parties. The Association Council shall adopt within five years of the entry into force of the Agreement the necessary implementing rules.

During the first five year of the entry into force of the Agreement, any State-aid granted by Jordan is assessed taking into account the fact that Jordan is regarded as an area identical to those areas of the Community benefiting from aid for development.

The Member States and Jordan progressively adjust, without affecting commitments made under GATT, any state monopolies of a commercial character so as to ensure that, by the end of the fifth year following the entry into force of the Agreement, no discrimination exists regarding the conditions under which goods are procured and marketed between nationals of the Member States and of Jordan.

8. Sector-Specific Provisions

Agricultural products

- (a) Agricultural products originating in Jordan benefit on import into the EC from the provisions set out in Protocol 1.

For more than 250 tariff lines (8-digit tariff lines, notably fruit and vegetables) originating in Jordan customs duties are eliminated or reduced. For certain products where the customs tariff foresees the application of an *ad valorem* duty, rates of reduction apply only to the *ad valorem* duty. For certain products customs duties are eliminated within the limits of tariff quotas or in the framework of reference quantities.

- (b) Agricultural products originating in the Community benefit on import into Jordan from the provisions set out in Protocol 2. Jordan applies reduced customs duties to the Community for 105 tariff lines.

- (c) The Agreement specifies that the EC and Jordan will gradually implement a greater liberalisation of their trade in agricultural products. To this end, the Agreement provides that from 1 January 2002 the Community and Jordan will assess the situation of their trade in agricultural products with a view to determining the liberalisation measures to be applied by the Community and Jordan with effect from 1 January 2003. The European Commission received a negotiating mandate from the European Council for this purpose in July 2002. Negotiations are expected to start in the near future.

Processed Agricultural Products

The provisions on free movement of goods do not preclude the retention by the Community of an agricultural component on imports of certain processed agricultural products originating in Jordan. Similarly, Jordan may specify a separate agricultural component in the import duties in force on the import of certain processed agricultural products originating in the Community. The provisions of Title II of the Agreement applicable to agricultural products apply *mutatis mutandis* to these agricultural components.

III. GENERAL PROVISIONS OF THE AGREEMENT

1. Exceptions And Reservations

The Agreement does not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy, public security, the protection of health and life of humans, animals or plants, the protection of national treasures of artistic, historic or

archaeological value or the protection of intellectual and commercial property or rules relating to gold and silver.

3. Dispute Settlement Procedures

Either Party may refer to the Association Council any dispute relating to the application or interpretation of the Agreement: differences are settled by means of a decision. In the contrary case, either Party may notify the appointment of an arbitrator to the other Party, which must then appoint a second arbitrator within two months. The Association Council shall appoint a third arbitrator. The arbitrators' decisions are taken by majority vote.

4. Relation With Other Trade Agreements

The Agreement does not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade insofar as they do not have the effect of altering the trade arrangements provided for in the Agreement.

The Agreement provides for consultations between the Parties in the Association Committee concerning agreements establishing customs unions or free trade areas and, where appropriate, on other major issues related to their respective trade policies with third countries. In particular, in the event of EU Enlargement, such consultations should take place to ensure that account is taken of the mutual interests of the Community and Jordan stated in the Agreement.

5. Institutional Provisions

An Association Council, meeting at Ministerial level at least once a year, examines any significant issues arising in the framework of the Agreement; an Association Committee is responsible the implementation of the Agreement and areas for which the Association Council has delegated power to it.

6. Duration

The Agreement is concluded for an unlimited period. Either Party may denounce the Agreement by notifying the other Party. Six months after such notification the Agreement would cease to apply.

7. Previous Agreements

From its entry into force, the Association Agreement replaced the Co-operation Agreement between the European Community and the Hashemite Kingdom of Jordan and the Agreement between the Member States of the European Coal and Steel Community and the Hashemite Kingdom of Jordan signed on 18 January 1977.

IV. OTHER

Provisions On Right Of Establishment And Services

The Parties agree to widen the scope of the Agreement to cover the right of establishment of one Party's firms on the territory of the other and liberalisation of the provision of services by one Party's firms to consumers of services in the other. Both parties listed reservations receptively in annexes 5 and 6.

The Agreement also includes the cross-border supply of services which will allow progressively the supply of services by Community or Jordanian companies which are established in the territory of a party other than that of the person for whom the services are intended.

The Agreement specifies that the Association Council shall make the necessary recommendations for the implementation of this objective and further that the Council should make a first assessment of the achievement of this objective no later than five years after the Agreement enters into force.

Intellectual, Industrial And Commercial Property Rights

The Agreement commits the Parties to providing and ensuring adequate and effective protection of intellectual, industrial and commercial property rights in line with the highest international standards. To this end, the Agreement identifies a number of relevant multilateral conventions, to which Jordan should accede according to the provisions stipulated in annex 7 of the Agreement. In addition, the Parties confirm the importance they attach to the obligations arising from certain other relevant multilateral conventions, to which they are both already Party. If any difficulties arise in this area affecting trade, the Parties agree to consult bilaterally in order to resolve them.

Public Procurement

The Agreement sets as a common objective a reciprocal and gradual liberalisation of public procurement contracts and provides that the Association Council shall take the steps necessary to implement this objective.

Co-operation

The Agreement is not limited to the establishment of a free-trade area but also establishes a partnership between the two Parties with the objective of supporting Jordan's own efforts to achieve sustainable economic and social development. This co-operation is targeted at areas of activity affected by the process of liberalising Jordan's economy and more particularly by the liberalisation of trade between Jordan and the European Community.

This co-operation involves economic co-operation in a broad sense covering a large number of areas, for example social co-operation concerning Jordan workers, cultural co-operation as well as financial co-operation.
