

## FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND JORDAN

### SUMMARY

The Free Trade Agreement between the EFTA States and Jordan was signed in Vaduz, Liechtenstein, on 21 June 2001. It is expected that the Agreement will enter into force in the second half of 2002. (link: Article 40). The Agreement covers trade in industrial products as well as fish and marine products and processed agricultural products. The transitional period ends in 2014 (12 years after entry into force of the Agreement). In addition, bilateral agricultural agreements between the individual EFTA countries and Jordan have been concluded which form part of the instruments creating the free trade area.

Among the objectives of the Agreement (link: Objectives, Article 1) are to promote, through the expansion of reciprocal trade, the harmonious development of economic relations between the Parties. By 2014, virtually all customs duties on trade in industrial goods and fish and other marine products will be eliminated. The Agreement includes provisions relating to the elimination of customs duties and other trade barriers as well as other trade-related disciplines such as rules of competition, protection of intellectual property, public procurement, state monopolies, state aid, and payments and transfers. Under the Agreement, a Joint Committee is established which supervises the Agreement.

### NAVIGATING THE AGREEMENT

The Agreement consists of a total of 41 Articles, 7 Annexes, 4 Protocols, and one Record of Understanding (link: table of contents).

- **General provisions**
- **Trade in Goods**
- **Public Procurement**
- **Intellectual Property**
- **Competition**
- **State Aid**
- **Dispute settlement**
- **Institutional Provisions**
- **Final clauses**

## **TRADE IN GOODS**

Bilateral trade in goods between the EFTA States and Jordan in 2001 amounted to 28.1 million USD (EFTA exports amounting to 27.7 million USD, whereas Jordan's exports to the EFTA States represented 0.4 million USD ([link: EFTA trade statistics/Jordan](#))).

### ***Rules of Origin***

The rules of origin for industrial goods ([link: Protocol B](#)) concerning the definition of the concept of originating products and the methods for administrative co-operation, are based on the European layout, maintaining the general structure and the substance of the European standard rules. The specific list rules ([link: Annex II to Protocol B](#)) are also based on the current pan-European model.

### ***Industrial Goods***

The Agreement provides for effective market access for industrial goods in terms of tariffs and rules of origin, creating EFTA and EU parity for EFTA exports to Jordan. By 2014 (12 years after entry into force), all industrial goods originating in the EFTA States will enjoy duty free access into Jordan ([link: Article 5 and Annex III](#)).

### ***Fish and marine products***

The Agreement covers trade in all fish and other marine products ([link: Annex II](#)). The EFTA States grant duty free access on imports of all Jordanian fish products as of entry into force of the Agreement. By 2005 (3 years after entry into force), the remaining Jordanian tariffs on certain fish products will be brought down to zero.

### ***Agricultural products***

Trade in processed agricultural products is covered in a Protocol under the main Agreement ([link: Protocol A](#)). The Protocol grants concessions for products such as sugar confectionary, pasta, prepared foods, sauces and preparations, soups, waters etc.

Trade in basic agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State (Iceland ([link: Agricultural Agreement between Iceland and Jordan](#)), Norway ([link: Agricultural Agreement between Norway and Jordan](#)) and Switzerland/Liechtenstein ([link: Agricultural Agreement between Switzerland and Jordan](#)) and Jordan. These agreements form part of the instruments establishing the free trade area.

They provide for substantial concessions on both sides, while taking into account the respective sensitivities. Each agreement contains specific rules of origin, generally based on the "wholly-obtained" criteria.

## **PUBLIC PROCUREMENT**

The Article on public procurement (link: Article 16) contains a review clause with a view to further liberalize public procurement markets on the basis of non-discrimination and reciprocity.

## **INTELLECTUAL PROPERTY**

The provisions on protection of intellectual property rights (link: Article 17 and Annex VI) covers, inter alia, patents, trademarks and copyright and geographical indications.

The level of protection in certain areas goes beyond what is stipulated under the WTO Agreement on Trade Related aspects of Intellectual Property, taking into account the principles of most favoured nation treatment and of national treatment.

## **COMPETITION**

Regarding competition (link: Article 18), the agreement includes provisions on co-operation and exchange of information in the Joint Committee meeting with the aim of ensuring that the benefits of the Agreement are not frustrated by private anti- competitive behaviour.

## **STATE AID**

The Agreement contains comprehensive and specific rules governing the granting of state aid by public authorities of the partner countries (link: Article 19). The objective of these provisions is to ensure that aid granted by the authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the agreement. The rights and obligations of the Parties relating to state aid and countervailing measures shall, as a general rule, be governed by Article XVI of the GATT 1994 and the WTO Agreement on Subsidies and Countervailing Measures. The Parties shall ensure transparency of state aid measures by exchanging their annual notifications to the WTO.

## **INSTITUTIONAL ISSUES: JOINT COMMITTEE AND DISPUTE SETTLEMENT**

A Joint Committee comprising the EFTA States and Jordan supervises the implementation of the free trade agreement (link: Articles 29 and 30).

Consultations are the fundamental mechanism of dispute settlement between the FTA partners. The Agreement implies that the Parties are to endeavour to solve any differences between them on the interpretation and application of the agreement by direct consultations, and, if need be, through consultations in the Joint Committee. For cases where the consultations do not lead to a satisfactory solution, the Parties may revert to arbitration (link: Article 31). Annex VII (link: Annex VII) governs the constitution and functioning of the tribunal.