

CHAPTER 2

National Treatment and Market Access for Goods

Article 2-1: Scope of Application

This Chapter applies to trade in goods of a Party, except as otherwise provided in this Agreement.

Section I – National Treatment

Article 2-2: National Treatment

1. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994 and to this end Article III of the GATT 1994 is incorporated into and made part of this Agreement.
2. Paragraph 1 does not apply to the measures set out in Annex 2-2. Each Party shall make available to the other Party any amendments to these measures.

Section II – Tariffs

Article 2-3: Tariff Elimination

1. Except as otherwise provided in this Agreement, neither Party may increase any existing customs duty, or adopt any customs duty, on an originating good.
2. Each Party shall eliminate its customs duties on originating goods in accordance with Annex 2-3, except as otherwise provided in this Agreement.

3. On the request of a Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules to Annex 2-3 or incorporating into a Schedule goods that are not subject to tariff elimination. An agreement between the Parties to accelerate the elimination of a customs duty on a good or to include a good in a Schedule shall supersede any duty rate or staging category determined pursuant to their Schedules for that good when approved by each Party in accordance with its applicable legal procedures.

4. For greater certainty, a Party may:

- (a) consistent with the WTO Agreement, modify its tariffs outside this Agreement on goods for which no tariff preference is claimed under this Agreement;
- (b) raise a customs duty to the level established in its Schedule to Annex 2-3 following a unilateral reduction; or
- (c) maintain or increase a customs duty as authorized by the Dispute Settlement Body of the WTO in a dispute between the Parties under the WTO Agreement.

5. For purposes of this Article: **duty-free** means free of customs duties.

Article 2-4: Goods Re-Entered after Repair or Alteration

1. Neither Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been exported from its territory to the territory of the other Party for repair or alteration, regardless of whether such repair or alteration could be performed in the territory of the Party from which the good was exported for repair or alteration.

2. Neither Party may apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of the other Party for repair or alteration.

3. For the purposes of this Article, repair or alteration includes the repair or alteration of parts or pieces of a good, but does not include an operation or process that either:

- (a) destroys the essential characteristics of a good or creates a new or commercially different good; or
- (b) transforms an unfinished good into a finished good.

4. Paragraph 1 does not cover goods imported in bond, into foreign trade zones, or in similar status that are exported for repair and are not re-imported in bond, into foreign trade zones, or in similar status.

Section III – Non-Tariff Measures

Article 2-5: Import and Export Restrictions

1. Except as otherwise provided in this Agreement, neither Party may adopt or maintain any prohibition or restriction on the importation of any good of the other Party or on the exportation or sale for export of any good destined for the territory of the other Party, except in accordance with Article XI of the GATT 1994, and to this end Article XI of the GATT 1994 is incorporated into and made a part of this Agreement.

2. In the event that a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, that Party may:

- (a) limit or prohibit the importation from the territory of the other Party of such good of that non-Party; or
- (b) require as a condition of export of such good of the Party to the territory of the other Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.

3. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good from a non-Party as contemplated by paragraph 2 of Article 2-6, on the request of the other Party, the Parties shall consult with a view to avoiding undue interference with or distortion of pricing, marketing, or distribution arrangements in the other Party.

4. Paragraphs 1 through 3 do not apply to the measures set out in Annex 2-2. Each Party shall make available to the other Party any amendments to the measures set out in its Annex 2-2.

5. For purposes of this Article:

consumed means:

- (a) actually consumed; or
- (b) further processed or manufactured so as to result in:
 - (i) a substantial change in value, form, or use of the good, or
 - (ii) the production of another good.

Article 2-6: Customs Valuation

The WTO Customs Valuation Agreement shall govern the customs valuation rules applied by the Parties to their reciprocal trade. The Parties may not make use in their reciprocal trade of options and reservations permitted under paragraphs 2, 3 and 4 of Annex III of the Customs Valuation Agreement.

Article 2-7: Technical Barriers to Trade

1. The rights and obligations of the Parties in respect of technical regulations, standards, and conformity assessment procedures shall be governed by the TBT Agreement.
2. Each Party shall ensure that transparency procedures regarding the development of technical regulations and conformity assessment procedures allow interested parties to participate at an early appropriate stage when amendments can still be introduced and comments taken into account, except where urgent problems of safety, health, environmental protection, or national security arise or threaten to arise.
3. Where a consultation process respecting the development of technical regulations and conformity assessment procedures is open to the public, each Party shall permit persons of the other Party to participate on terms no less favourable than those accorded to its own persons.
4. Each Party shall recommend to standardization bodies in its territory that they observe paragraph 2 with respect to their consultation processes for the development of standards and voluntary conformity assessment procedures.
5. Each Party shall allow a period of at least 60 days following its notification to the WTO's Central Registry of Notifications of proposed technical regulations and conformity assessment procedures, for the other Party to provide written comments, except where urgent problems of safety, health, environmental protection, or national security arise or threaten to arise.
6. Each Party shall, on request of the other Party, provide information regarding the objectives of, and rationale for, a technical regulation or conformity assessment procedure that the Party has adopted or is proposing to adopt.
7. Further to subparagraph 3(b) of Article 2-9, the Parties may discuss in the Committee on Trade in Goods and Rules of Origin any issue that a Party raises related to the development, adoption or application of standards, technical regulations, or conformity assessment procedures in the territory of the other Party.

8. Paragraphs 2 through 8 only apply to the national governments of the Parties. Each Party shall take such reasonable measures as may be available to it to ensure the compliance of sub-national governments with this Article, as appropriate.

9. Each Party shall designate a contact point, which shall be responsible for communications related to all matters pertaining to this Article with the relevant authorities in its territory.

10. This Article does not apply to purchasing specifications prepared by a governmental body for production or consumption requirements of a governmental body.

11. For purposes of this Article:

(a) **TBT Agreement** means the *Agreement on Technical Barriers to Trade*, which is part of the WTO Agreement; and

(b) “**technical regulation**”, “**conformity assessment procedure**” and “**standard**” have the meaning as defined in Annex 1 of the TBT Agreement.

Section IV – Institutional Provisions

Article 2-8: Committee on Trade in Goods and Rules of Origin

1. The Parties hereby establish a Committee on Trade in Goods and Rules of Origin, comprising representatives of each Party and headed by senior officials responsible for international trade matters of each Party.

2. The Committee shall meet on the request of a Party or the Commission to consider any matter arising under this Chapter, Chapter 4 (Rules of Origin), Chapter 5 (Customs Procedures), Chapter 6 (Trade Facilitation), Chapter 7 (Sanitary and Phytosanitary Measures), Chapter 8 (Emergency Action), or Chapter 9 (Monopolies and State Enterprises).

3. The Committee's functions shall include:
- (a) promoting trade in goods between the Parties, including through consultations on accelerating tariff elimination under this Agreement and other issues as appropriate;
 - (b) promptly addressing barriers to trade in goods between the Parties, especially those related to the application of non-tariff measures, and, if appropriate, referring such matters to the Commission for its consideration;
 - (c) recommending to the Commission any modification of or addition to this Chapter, Chapter 4 (Rules of Origin), Chapter 5 (Customs Procedures), Chapter 6 (Trade Facilitation), Chapter 7 (Sanitary and Phytosanitary Measures), Chapter 8 (Emergency Action), Chapter 9 (Monopolies and State Enterprises), or any other provision of this Agreement related to the Harmonized System; and
 - (d) considering any other matter referred to it by a Party relating to the implementation and administration by the Parties of this Chapter, Chapter 4 (Rules of Origin), Chapter 5 (Customs Procedures), Chapter 6 (Trade Facilitation), Chapter 7 (Sanitary and Phytosanitary Measures), Chapter 8 (Emergency Action) or Chapter 9 (Monopolies and State Enterprises).

ANNEX 2-2

Exceptions to Articles 2-2 and 2-6

Canadian Measures

Without prejudice to the rights of Jordan under the WTO Agreement, Articles 2-2 and 2-6 shall not apply to:

- (a) any measure, including that measure's continuation, prompt renewal or amendment, in respect of the following:
 - (i) the export of logs of all species;
 - (ii) the export of unprocessed fish pursuant to applicable provincial legislation;
 - (iii) the importation of any goods of the prohibited provisions of tariff items 9897.00.00, 9898.00.00, and 9899.00.00 referred to in the Schedule of the Customs Tariff;
 - (iv) Canadian excise duties on absolute alcohol used in manufacturing under the existing provisions of the *Excise Act, 2001*, S.C. 2002, c.22, as amended;
 - (v) measures by Canada relating to the use of ships in the coasting trade of Canada; and
 - (vi) the internal sale and distribution of wine and distilled spirits.
- (b) actions by Canada authorized by the Dispute Settlement Body of the WTO in a dispute between the Parties under the WTO Agreement.

Jordanian Measures

Without prejudice to the rights of Canada under the WTO Agreement, Articles 2-2 and 2-6 shall not apply to:

- (a) any good for which imports or exports are restricted or prohibited pursuant to the decision of the Council of Ministers, in accordance with the Import & Export Law No. 21 of the year 2001 and its amendments, provided that the restriction or prohibition is consistent with Articles 15-1 and 15-2;
- (b) actions by Jordan authorized by the Dispute Settlement Body of the WTO in a dispute between the Parties under the WTO Agreement.

ANNEX 2-3

Tariff Elimination

1. For Canada, customs duties shall be eliminated as of the date of entry into force of this Agreement in respect of products of Chapters 1 through 97 originating in Jordan, except as otherwise provided in Canada's Schedule to this Annex.
2. For Jordan, the following staging categories apply to the elimination of customs duties by Jordan, pursuant to paragraph 2 of Article 2-3:
 - (a) duties on originating goods provided for in the items in staging category A in Jordan's schedule shall be eliminated entirely and such goods shall be duty-free on the date of entry into force of this Agreement;
 - (b) duties on originating goods provided for in the items in staging category B in Jordan's schedule shall be removed in three equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free effective January 1 of Year 3;
 - (c) duties on originating goods provided for in the items in staging category C in Jordan's schedule shall be removed in five equal annual stages beginning on the date this Agreement enters into force, and such goods shall be duty-free effective January 1 of Year 5; and

(d) duties on originating goods provided for in the items in staging category D in Jordan's schedule shall be reduced in five equal annual stages of 10 percent from the base rate indicated in Jordan's Schedule beginning on the date of entry into force of this Agreement. If Jordan's applied most favoured nation customs duty rate on goods in staging category D is reduced below the base rate, then duties on those originating goods shall be further reduced proportionately. For greater clarity, the rate of duty as a percentage of the base rate or Jordan's applied most favoured nation customs duty rate, whichever is lower, shall be as follows:

I.	Date of entry into force of the Agreement	90%
II.	January 1 of Year 2	80%
III.	January 1 of Year 3	70%
IV.	January 1 of Year 4	60%
V.	January 1 of Year 5	50%

(e) duties on originating goods provided for in the items in staging category E in Jordan's schedule are exempt from tariff elimination.

3. The base rate of customs duty for an item shall be the most favoured nation customs duty rate applied on January 1, 2008.

4. Staged rates of customs duties shall be rounded down, except as set out in Jordan's Schedule to this Annex, at least to the nearest tenth of a percentage point, or, if the rate of duty is expressed in monetary units, at least to the nearest 0.001 of the official monetary unit of the Party.

Schedule of Canada

**(LIST OF PRODUCTS EXCLUDED FROM TARIFF ELIMINATION
ATTACHED AS A SEPARATE VOLUME)**

Schedule of Jordan

(TARIFF SCHEDULE ATTACHED AS A SEPARATE VOLUME)