

## **Minutes of Meeting**

### **Mercosur- Jordan FTA Exploratory Discussions** **Amman, October 13, 2008**

Pursuant to Article (2) of the Framework Agreement between Mercosur and Jordan, both parties held exploratory meeting in Amman on October 13<sup>th</sup>, 2008 to exchange views on enhancing bilateral economic relations through the potential FTA, as well as to set the future agenda of the FTA negotiations.

The Mercosur delegation was headed by H.E. Ambassador Evandro Didonet, Director of Department of International Negotiations from Ministry of External Relations of the Federative Republic of Brazil.

The Jordanian delegation was headed by H.E. Dr. Montaser Oklah, Secretary General of the Ministry of Industry and Trade of the Hashemite Kingdom of Jordan.

The members of the Jordanian and Mercosur delegations are listed in Annexes 1 and 2 respectively.

The discussion commenced with opening remarks by the Heads of both delegations reiterating their willingness to further strengthen economic relations between the two parties, considering the potential benefits of the proposed FTA to their respective economies. They also expressed their desire to initiate FTA negotiations at the earliest occasion with the view to conclude a Free Trade Agreement between the two parties in the nearest future.

The Jordanian and Mercosur delegations exchanged information on the parties' current economic developments and their foreign trade relations, followed by a review of trade and investment relations between both parties.

#### 1- Overview of the General FTA Policy:

Both parties presented an overview of their general FTA policy and perspectives for the FTA.

#### 2- Main Concepts and Structure of the FTA

Both parties discussed their perspectives and proposals regarding the main principles and modalities of the FTA for Jordan (attached in annex 1) and for Mercosur (annex 2).

Both parties agreed that the negotiations of the FTA will be undertaken based on the following:

##### a. The FTA will include chapters that cover:

- Trade in goods.
- Rules of origin
- Preferential Safeguards
- Dispute Settlement.

- Customs Cooperation
- b. The parties will reaffirm their commitments under WTO in relation to: IPR, antidumping, subsidies, safeguard measures, TBT and the SPS.
  - c. Both parties agreed upon the principle of asymmetry between the parties in terms of tariff dismantling, taking into account the smaller economies (Jordan, Paraguay and Uruguay).
- 3- Both Parties will revert with respect to the remaining issues and proposals in Annex 1 and 2.
  - 4- Both parties agreed on adopting as a general rule a flat rate of local content for rules of origin, without excluding the possibility of additional rules.
  - 5- On products of free zones, both parties agreed that the preferential treatment under the FTA applies to the products produced in these zones if they comply with the FTA rules of origin requirements
  - 6- Both sides exchanged electronic files including applied tariffs, export and import data.
  - 7- Mercosur will provide a proposed text of the FTA by the 15<sup>th</sup> December, 2008.
  - 8- The parties will exchange tariff offers tentatively by the end of February 2009.
  - 9- The first round of negotiations will take place tentatively in April, 2009 in Paraguay.

Done in two original copies in English and signed in Amman on October 13<sup>th</sup>, 2008.

**For the Mercosur Delegation**

**For the Government of  
the Hashemite Kingdom of Jordan**

**Ambassador Evandro Didonet,  
Director of Department of International  
Negotiations  
Ministry of External Relations of the**

**Dr. Montaser Oklah  
Secretary General  
Ministry of Industry and Trade**



**Annex 1**  
**Jordan's proposals for the Main Principles**  
**and Modalities of the FTA**

- The Agreement will cover trade in industrial and agricultural goods.
- Trade in Services: the agreement will reaffirm the parties' commitments under the WTO, and will provide for future consultations to liberalize services.
- Goods originating in Jordan and exported into Mercosur member states will be exempted from the custom duties as of the date of entry into force of the agreement.
- Transitional period (at least 12 years) for tariffs elimination on goods originating in Mercosur member states and exported into Jordan.
- List of sensitive products for both parties to be excluded from the tariff elimination including alcohol and tobacco for social and health reasons.
- Bilateral Rules of Origin:
  - Value added with local content of 40%
  - Diagonal accumulation with FTA partners
- Regarding trade related issues, both parties reaffirm their commitments under the WTO Agreements on;
  - IPR
  - Safeguards measures and trade remedies
  - SPS
  - TBT
- Bilateral safeguard measures.
- The FTA includes a provision on economic and technical cooperation.

**Annex 2**  
**PROPOSAL OF MODALITIES (Mercosur)**

In order to implement the Framework Agreement signed between MERCOSUR and the Hashemite Kingdom of Jordan in June 2008, MERCOSUR and Jordan agree to start negotiations aimed at establishing a Free Trade Area.

The negotiation of a Free Trade Agreement (FTA) should be undertaken on the following basis:

- i. The Agreement will have the following chapters, all based on WTO instruments: trade in goods, rules of origin, preferential safeguards, TBT, SPS, dispute settlement and customs cooperation, as well as two annexes with the lists of concessions of Mercosur and Jordan, respectively.
- ii. The chapter on TBT will include provisions on international standards, mutual recognition agreements, international cooperation and transparency.
- iii. The chapter on SPS will include provisions on multilateral obligations, transparency, regionalisation and consultations on specific trade concerns.
- iv. The chapter on Dispute Settlement will include the following provisions concerning trade disputes that arise from the Agreement: consultations, intervention of the Joint Committee (which may submit the matter to a group of experts) and establishment of an ad hoc arbitration tribunal.
- v. The chapter on customs cooperation will include provisions on the conditions for the exchange of information, the protection of confidentiality as well as the procedures for the requests of information to be exchanged between the parties.
- vi. The chapter on preferential safeguards will include provisions on the conditions for the application of safeguard measures on preferential imports only.
- vii. To start negotiations, each side should present at a date to be settled electronic files of applied tariffs, bound tariffs, import and export data, and relevant foreign trade regulations.
- viii. Trade in Goods
  - (a) Compatibility with GATT Article XXIV
  - (b) Offers should cover actual and potential exports
  - (c) Coverage flexibility reflecting sensitive products of each side

(d) Basic tariff-elimination schedule: 4 categories within a 10-year timeframe, with gradual liberalization according to the following table:

Category	Date of entry into force	2nd year	3rd year	4th year	5th year	6th year	7th year	8th year	9th year	10th year
A	100%									
B	25%	50%	75%	100%						
C	12,50%	25%	37,50%	50%	62,50%	75%	87,50%	100%		
D	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

- ix. Treatment of free zones.
- x. In order to enjoy the preferences established on the tariff-elimination schedule, in the case the product to be traded is not wholly obtained in the signatory parties:
- (a) the production process should result in a tariff change of the non-originating materials from a four-digit heading of the Harmonized Coding System into another four-digit heading, or
  - (b) the CIF value of all non-originating materials used in its manufacture should not exceed 40 % of the FOB price..
  - (c) without prejudice to (a) and (b), the signatory parties may establish specific rules of origin.
  - (d) mechanisms of customs control.
- xi. Special and differential treatment for Paraguay.