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Today President Clinton and King Abdullah II witnessed the signing of an historic Free Trade Agreement (FTA) between the United States and the Hashemite Kingdom of Jordan. The agreement will eliminate duties and commercial barriers to bilateral trade in goods and services originating in the United States and Jordan. The agreement will benefit both countries by opening markets and creating new opportunities for businesses, working people and farmers in Jordan and the United States.

This agreement comes as a result of the impressive steps Jordan has taken under King Abdullah's leadership to modernize its economy and to open its markets to foreign investors. It also is a tribute to the courageous role Jordan has played over the past several years to promote stability and peace in the region.

This is only the fourth free trade agreement the United States has negotiated, after those with Israel, Canada and Mexico (NAFTA), and the first ever with an Arab state. It is also the first U.S. free trade agreement to include both labor and environment obligations in the body of the text.

The agreement's specific provisions are:

- ✦ **Tariff elimination.** The FTA will eliminate virtually all tariffs on industrial goods and farm products within ten years. The tariff reductions will occur in four stages: Current tariffs of less than five percent will be phased out in two years, those that are now between five and 10 percent will be eliminated within four years, those that are now between 10 and 20 percent will be eliminated within five years and those that are now more than 20 percent will be eliminated within 10 years.
- ✦ **Services.** The FTA will open the Jordanian services market to U.S. companies, giving American service providers full access to more than half of the Jordanian services sector and providing excellent opportunities in key sectors, including finance, telecommunications and courier services.
- ✦ **Intellectual Property Rights.** These provisions incorporate the most up-to-date international standards for copyright protection, including prospects for technology-based industries, copyright-based industries and pharmaceutical companies. In addition, Jordan has committed to ratify and implement the World Intellectual Property Organization's Copyright Treaty and 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 rights to make their works available online.
- ✦ **Electronic Commerce.** Jordan and the United States 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 have agreed to seek to avoid imposing customs duties on electronic transmissions — which constitute unnecessary barriers to market access for digitized products and impede the ability to deliver services through electronic means.
- ✦ **Labor Provisions.** For the first time in the text of a U.S. free trade agreement, the Jordan FTA includes key provisions that address the relationship between trade and labor in ensuring broad participation in the benefits of expanded trade. These provisions stipulate that each country will enforce its own labor laws and not lower labor standards to promote trade. Each side has agreed to settle disagreements on trade-related labor law enforcement through a dispute settlement process.

- ⌘ **Environmental Provisions.** For the first time in the body of a U.S. free trade agreement, the Jordan FTA includes provisions on trade and the environment. As in the case of labor, each country agrees to enforce its environmental laws effectively as they relate to trade. Each side has agreed to settle disagreements on trade-related environmental law enforcement through a dispute settlement process. The United States and Jordan have both conducted environmental reviews of the FTA and have also expanded environmental cooperation outside the scope of the FTA through a new U.S.-Jordanian Joint Forum on Technical Environmental Cooperation. This is the first agreement subject to environmental review under Executive Order 13141 -- requiring environmental review of all major new trade agreements.
- ⌘ **Consultation and Dispute Settlement.** The FTA provides for dispute settlement panels to issue legal interpretations of the FTA, if the countries have already consulted and failed to resolve the dispute. As in the U.S.-Israel FTA, the report of such panels is non-binding and the affected country is authorized to take appropriate measures after the termination of the dispute settlement process if the matter remains unresolved. In addition, the parties have agreed to unprecedented transparency provisions for any disputes that might arise between the United States and Jordan in the WTO.

Previous Agreements

The agreement builds on other U.S. initiatives in the region that are designed to encourage economic development and regional integration, including:

- ⌘ The 1996 extension of the U.S.-Israel Free Trade Agreement to areas administered by the Palestinian Authority.
- ⌘ The 1996 creation of Qualified Industrial Zones (QIZ), which are areas under joint Israeli and Jordanian control whose exports are eligible for duty-free treatment in the United States. The QIZ program was initiated by President Clinton in 1996.
- ⌘ The United States has also signed Trade and Investment Framework Agreements with Turkey (2000), Egypt (1999), Jordan (1999) and Morocco (1985).
- ⌘ The United States has encouraged membership in the World Trade Organization for nations in the region and facilitated the recent entries into the WTO of Jordan and Oman.