



For Immediate Release
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Overview

U.S.-Jordan Free Trade Agreement (FTA)

The Jordan Free Trade Agreement (FTA) was signed on October 24, 2000. It will take effect as America's third free trade agreement, and the first ever with an Arab state. The FTA is the capstone of growing U.S. - Jordanian collaboration in economic relations, which began with close bilateral cooperation on Jordan's accession to the World Trade Organization (WTO) and was followed by the conclusion of a trade and investment framework agreement and a bilateral investment treaty. The FTA serves as an example for Jordan's neighbors of the benefits of peace and economic reform.

The Jordan FTA achieves significant and extensive liberalization across a wide spectrum of trade issues. It will eliminate all tariff and non-tariff barriers to bilateral trade in virtually all industrial goods and agricultural products within ten years.

The FTA is the first trade agreement to include substantive provisions addressing electronic commerce, a step that should help advance a global free trade agenda in a sector critical to American high technology and multimedia companies. Both countries agreed to seek to avoid imposing customs duties on electronic transmissions, imposing unnecessary barriers to market access for digitized products, and impeding the ability to deliver services through electronic means. These provisions also tie in with commitments in the services area that, taken together, aim at encouraging investment in new technologies and stimulating the innovative uses of networks to deliver products and services. The agreement will significantly liberalize bilateral trade in services across a wide range of services sectors.

The FTA's provisions on intellectual property rights (IPR) build on the strong IPR commitments Jordan made in acceding to the WTO. The FTA incorporates the most up-to-date international standards for copyright protection, as well as data exclusivity for pharmaceuticals and stepped-up commitments on enforcement. Among other things, Jordan has undertaken to ratify and implement the World Intellectual Property Organization's (WIPO) Copyright Treaty and WIPO 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 right to make their creative works available online, as well as Jordanian adherence to new WIPO treaties on copyright protection in the internet.

The agreement also contains trade-related environmental and labor provisions. These provisions will not require either country to adopt any new labor or environmental laws, and each country retains the right to set its own labor and environmental standards and to change those standards. As part of the agreement, the two countries affirm the importance of not waiving or derogating from their labor or environmental laws in order to encourage trade, and commit to effective enforcement of their domestic labor and environmental laws.

The Jordan FTA places a premium on cooperative resolution of disputes. The Governments of the United States and Jordan exchanged letters in July 2001 acknowledging that few, if any, differences are expected to arise in how we interpret this Agreement, given the strong and cooperative relations between our countries. In the very unlikely event that differences arise, the Governments agreed in the letters that they expect to resolve such situations through consultations and other cooperative means, rather than through formal dispute settlement procedures.

The Jordan FTA creates a multi-step, transparent dispute settlement process. Any dispute that cannot be resolved through consultation may be referred to a panel of independent experts for a non-binding opinion. If a dispute cannot be settled after panel proceedings are completed, the FTA authorizes the affected party to take any appropriate and commensurate measure, without specifying the form that this action should take. However, the party taking the action may not act in a manner that is inconsistent with its WTO obligations. Because the

United States already has a Bilateral Investment Treaty with Jordan, the FTA does not include an investment provision.

Jordan's Trade Profile

Jordan became a member of the World Trade Organization in April 2000. In 2000, U.S. exports to Jordan were \$306 million. Jordanian exports to the United States in 2000 were \$73 million. Jordan has a population of roughly 5 million and is bordered by Iraq, Israel, Saudi Arabia and Syria.

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