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Global Agricultural Information Network

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Jordan

Exporter Guide

Market Overview and Guide to Jordanian Market Requirements

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Report Highlights:

This report provides updated information for U.S. exporters of food and agricultural products to Jordan. The report highlights best prospects for consumer-oriented food products.

According to the Central Bank of Jordan, Jordan's gross domestic product (GDP) grew 3.1 percent in 2014, is estimated to have grown 3.5 percent in 2015, and the World Bank projects 2.4 percent growth in 2016. Inflation was estimated at 2.8 percent in 2014 and the same for 2015. The International Monetary Fund (IMF) states that Jordan's economy is stable in what is a very challenging region.

Jordan's Customs Authority reports that the country's food imports in 2014 were valued at an estimated \$4 billion. For that year, imports of U.S. food and agricultural products were valued at close to \$234 million, a decrease of 10 percent from 2013 largely due to competitively-priced Black Sea wheat and corn. For 2016, US market share is expected to grow in food ingredients used in food processing and in value-added products for retail.

Post:

Amman

Disclaimer:

This report was prepared by the Foreign Agricultural Service office at U.S. Embassy, Amman, Jordan for exporters of U.S. food and agricultural products, as well as U.S. regulatory agencies. While care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation, or because clear and consistent information about these policies is unavailable. It is highly recommended that U.S. exporters verify the full set of certificate requirements with their foreign customers prior to the shipment of goods. Final import approval of any product is subject to the importing country's rules and regulations.

SECTION I: MARKET OVERVIEW

1. Economic, Political and Demographic Situation

The Hashemite Kingdom of Jordan is located in the heart of the Middle East. It is bounded on the north by Syria, on the east by Saudi Arabia and Iraq, on the south by Saudi Arabia and the Gulf of Aqaba, and on the west by Israel and the Palestinian Authority's West Bank. It covers an area of approximately 35,000 square miles.

Predominately Arab and Muslim, the population of Jordan today is nearly 8 million, with an influx of at least one million refugees from Syria in the last 2 years. Christians form the largest non-Muslim group, representing three percent of Jordan's population. Jordan is also host to large populations of registered Palestinian and Iraqi refugees. Its population is growing steadily at a rate of approximately 2.5 percent a year, becoming increasingly urbanized with more than 50 percent of the population living in the three main cities of Amman, Zarqa, and Irbid.

Since assuming the throne following his father's death in February of 1999, King Abdullah II has consolidated power and undertaken an aggressive economic reform program. Widespread political reforms progressed at a slow pace, until the Arab Spring's waves reached the shores of Jordan. In consequence, King Abdullah tasked his cabinet with a key undertaking: to proceed with political reforms while infusing a social dimension of economic reforms to improve the living conditions of Jordan's population.

As part of the reforms, the Government of Jordan (GOJ) amended 42 articles (one-third) of the constitution, established an Independent Electoral Commission that administered parliamentary elections in 2013 - international observers described them as free and transparent - and created a constitutional court. The King also launched the National Integrity Charter in December 2013, outlining a series of legislative, legal, and procedural reforms that strengthen public oversight, improve government services, and enhance transparency and the rule of law.

The United States enjoys a long history of cooperation with Jordan, since it first established diplomatic relations in 1949. The United States appreciates the special leadership role that Jordan plays in advancing peace and moderation in the region, as both countries share the mutual goals of a comprehensive and lasting peace in the Middle East, as well to an end of violent extremism that threatens global security. U.S. policy seeks to reinforce Jordan's commitment to peace, stability, and moderation by providing economic and military assistance and close political cooperation.

Besides Egypt, the Hashemite Kingdom of Jordan is the only other Arab country to have signed a peace agreement with Israel, and in 2001 it became the first Arab country to sign a free trade agreement with the United States.

The U.S.-Jordan Free Trade Agreement (FTA), which came into full effect in 2010, created certain advantages for U.S. exporters, who are able to sell high-quality products at attractive prices, as most tariff barriers have been eliminated. Because of the FTA, bilateral trade has surged exponentially over the past 13 years from \$ 15 million in 2001 to a record \$3.4 billion mark in 2014. However, due to a strong dollar and a slowing global economy, bilateral trade is slowed down in 2015, registering a total value of \$2.1 billion from January to October, a six percent decrease from the same period in 2014.

Table 1 –U.S. Trade in Goods with Jordan 2015

Month	Exports(USD)	Imports(USD)	Balance
January 2015	119.1	121.8	-2.6
February 2015	80.9	99.8	-18.9
March 2015	107.3	120.0	-12.7
April 2015	100.5	107.7	-7.2
May 2015	161.2	117.8	43.4
June 2015	134.1	110.1	23.9
July 2015	90.7	163.6	-72.9
August 2015	114.9	148.2	-33.3
September 2015	86.9	144.8	-57.9
October 2015	104.8	151.2	-46.4
TOTAL 2015	1,100.3	1,285.0	-184.7

With a moderate climate and historical sites such as the Dead Sea, Petra, and Wadi Rum, Jordan remains a prominent tourist destination in the Middle East; however, tourist numbers are down due to the regional unrest associated with the Syrian and Iraqi crises. The development of Jordan's sole port of Aqaba holds significant promise for tourist-related infrastructure projects including hotels, a convention center, a cruise ship terminal, and food and beverage outlets.

Main imports into Jordan include: mineral fuels and crude oil, industrial machinery, transportation equipment, food and agricultural products, textiles, manufactured goods such as rubber products, paper and cardboard, yarns, chemicals, clothing and footwear. The largest exporters to Jordan are: the European Union (20 percent), Saudi Arabia (20percent), China (11percent), United States (6percent), followed by Egypt, South Korea, Japan, and Turkey.

	2012 Actual	2013 Actual	2014 Actual	2015
Nominal GDP (\$ billions)	31	33.7	36.7	
Real GDP Growth	2.7	2.8	3.5	2.5
Consumer Price Inflation	4.1	5.6		
Imports of Goods (\$ billions FOB)	20.8	19.4		
Exports of Goods (\$ billions FOB)	6.7	7.9	-	
Consumer Price Index (% change)	4.8	5.9	3.2	
Public Sector Consumption (% real change)	3.0	2.6	2.2	
Unemployment Rate	6.8	6.8	6.7	
Exchange Rate (LCU/US\$)	0.708	0.708	0.708	

Source: The World Bank, and 2013 Jordan Economic Monitor

With a per capita gross domestic product (GDP) of about \$4,628 and a population of nearly 8 million, 70 percent of which is under the age of 30, Jordan has one of the smallest economies in the region. In recent years, Jordan's economic performance has suffered due to regional instability associated with the Arab Spring and the Iraqi and Syrian conflicts. Most economists believe that Jordan's economic growth will be modest in the short-term given its dependence on energy imports and the country's limited ability to generate enough revenue to offset these costs. Although the GoJ has attempted to limit its expenditures, the 2013 budget had a 24.7 percent increase in capital spending, positively contributing to economic activity.

2. U.S. Assistance to Jordan

The United States has provided economic and military assistance, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through FY2015 amounted to approximately \$15.83 billion. The United States has worked with Jordan to improve the lives of Jordanian citizens through an improved healthcare system, construction of infrastructure projects, strengthening its education system, and the provision of grants through U.S. food aid programs. Current focus areas include education, health, resource management and conservation, energy, poverty alleviation programs, and governance. A strong U.S. military assistance program is designed to meet Jordan's legitimate defense needs, including the preservation of its border integrity and regional stability.

In 2015, Jordan was a recipient of USDA's Food For Progress (FFPr) program. In May 2015, USDA Secretary Thomas Vilsack signed an agreement with Jordan's Ministry of Planning and International Cooperation (MOPIC) for wheat that will be delivered in the first half of 2016. The FFPr agreement

will provide Jordan with 100 thousand tons of wheat and funds generated from the local sale will be used in agricultural development projects.

3. Bilateral Economic Relations

The U.S.-Jordan Free Trade Agreement has strengthened the bilateral trade relationship by reducing tariff barriers for goods and services, protecting intellectual property, ensuring transparency, and requiring effective labor and environmental enforcement. The United States and Jordan have an "open skies" civil aviation agreement, a bilateral investment treaty, a science and technology cooperation agreement, and a memorandum of understanding on nuclear energy cooperation. Such agreements bolster efforts to help diversify Jordan's economy and promote growth.

4. Jordan's Membership in International Organizations

Jordan and the United States belong to a number of the same international organizations including the United Nations, International Monetary Fund, World Bank, and World Trade Organization. Jordan is also a partner to the Organization for Security and Cooperation in Europe.

AGRICULTURE IN THE ECONOMY

Jordan is a net food importing country, purchasing up to 95 percent of consumable items from abroad including 100 percent of its sugar, rice, powdered milk, tea, coffee, corn, and vegetable oil (excluding olive oil) needs. In addition, Jordan imports most of its fish, cheese, chickpeas, pasta, lentils, and poultry, beef, wheat, and barley.

In 2015, the agricultural sector consumed 65-75 percent of water resources, but accounted for less than 3.8 percent of GDP, while employing less than 15 percent of the labor force. Its key components are the horticultural sector, the poultry industry, and small-scale herding. Small-scale herders (sheep and goats) enjoy widespread political support due to their traditional place in Jordanian culture. Evidence of this support is seen in the government's failed attempts to withdraw subsidies on feed inputs, regardless of the increasing costs and inefficiencies.

1. Domestic Agricultural Policy Overview

Much of GOJ's domestic agricultural policy is focused on the management of its scarce and rapidly depleting water resources in an effort to support its traditional livestock owners and develop an export-oriented horticultural sector.

The other major policy is its wheat subsidy program to the Jordanian population, which fixes the price of bread at USD \$ 0.22 per kilogram. The subsidy cost increases if contributing factors like labor or fuel prices rise.

2. Agricultural Trading Environment

In April 2000, Jordan joined the World Trade Organization, further integrating itself into the global economy and laying the groundwork for the signing of the U.S.-Jordan Free Trade Agreement (FTA), which entered into force in 2001. The final phase-out of tariff reductions under the U.S.-Jordan FTA was completed on January 1, 2010, resulting in the elimination of duties on most products. Jordan has entered into several bilateral and multilateral trade agreements that include a regional Greater Arab Free Trade Agreement (GAFTA), EU Mediterranean Partnership, and most recently an FTA with Canada. The Jordan-US FTA and the Qualifying Industrial Zones (QIZ) agreements with the U.S. have been key drivers of export-led growth in its economy.

Total food and feed imports exceeded \$ 4 billion in 2014, with \$234million coming from the United States. Imports from the US have shrunk despite the growth of the food and agriculture bill, due to cheaper agricultural commodities coming from Black Sea origin, a weaker Euro, and financial incentives provided by the European suppliers to food traders. Jordan's agricultural exports to the United States grew to \$16 million in 2014 from \$10 million in 2013. Jordan's main agricultural exports are ethnic food preparations, oriental sweets, ethnic cheese, virgin olive oil, and herbs, mainly thyme. Jordan was recently granted U.S. market access for fresh strawberries, baby cucumbers, and green beans.

3. Sanitary and Phytosanitary (SPS) Issues and Regulatory Environment

Sanitary and phytosanitary (SPS) issues have usually been resolved following direct engagement with the Jordanian government, by usually agreeing to follow international standards, or through the implementation of a risk-based food safety inspection system. For example, Jordan accepts the World Organization for Animal Health (OIE) classification of the United States as a negligible-risk country for bovine spongiform encephalopathy (BSE), and follows OIE's guidelines when outbreaks of low-pathogenic avian influenza occur in the United States. Capacity-building programs, such as the Cochran and Borlaug Fellowship Programs and the State Department's International Visitors' Leadership Program, have played a key role in strengthening GOJ officials' technical and rulemaking capabilities.

Nonetheless, in 2015 the Ministry of Agriculture imposed an unjustified measure allegedly on SPS grounds that created a trade barrier for U.S. chicken leg quarters by limiting package size to 2.5 kg. This restriction was subsequently waived. Presently, Jordan bans onion imports.

There is no clear agricultural biotechnology framework. To date, no biotech crops have been approved for production in Jordan. The Ministry of Environment has issued regulations based on the Cartagena

Protocol, which entered into force in August 2009. These regulations cover trade in living modified organisms (LMOs), and do not include processed products that have biotech content.

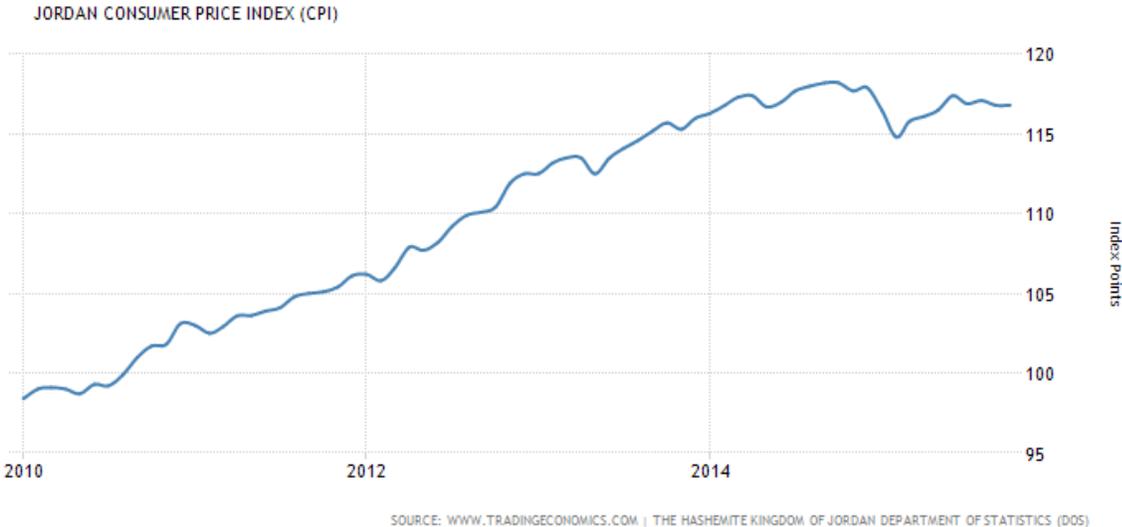
Standards for the labeling of pre-packaged foods are regulated by the Jordan Institution for Standards and Metrology (JISMO). The regulation is similar to the Codex general standard for labeling pre-packaged foods; however, it requires that food and feed importers label products that contain GMOs. But in reality, to date, no trade barriers have been imposed on any imported products containing GMOs.

4. Food Security

Food is readily available in Jordan, but the means with which to purchase it has been increasingly challenging with a slowing economy. The average Jordanian family spends approximately 40 percent of its income on food.

In October 2015, the Consumer Price Index (CPI) in Jordan remained unchanged at 116.80 Index Points from 116.80 September of 2015. Jordan’s CPI averaged 59.54 Index Points from 1976 until 2015, reaching an all-time high of 118.20 Index Points in September of 2014 (figure 1).

Figure 1: Jordan’s Consumer Price Index



The rise in the CPI was attributed mainly to higher transportation prices, which increased 11.4 percent in 2013, and to subsidy reforms in the form of increased electricity rates by 15 percent, impacting food prices and consumer purchasing power.

The GOJ has attempted to curb the impact of the increase in CPI by cutting duties and taxes on basic food items, calling on merchants to lower profit margins, and implementing a social safety net program that provides food access to lower income citizens. The GOJ has allocated \$300 million for bread

subsidies in the 2016 budget, maintaining the price of the subsidized “baladi bread” at a fixed price of \$ 0.22 per kilogram.

Conversely, as a food security strategy, the GOJ decided to raise the national strategic reserve of wheat from six to ten months of its consumption needs, and currently keeps a nine-month reserve that is equivalent to 810,000 MT of wheat and 450,000 MT of barley.

Agricultural Sector

1. Overview

Due to the shortage of water, agriculture has been declining as a component of the overall economy for years, accounting for 2.4 percent of GDP in 2015 while employing 15 percent of the labor force, though many agricultural workers hail from Egypt and Syria. The horticultural sector, the poultry industry, and small-scale herding are its major components.

2. Market Requirements

Top U.S. agricultural exports consist of corn, rice, soybean cake, processed and canned foods, condiments, vegetable oil, almonds, and poultry (mainly chicken leg quarters and carcasses). Under the FTA, tariffs between Jordan and the United States were phased out in 2010

In 2014, U.S. agricultural exports to Jordan were \$234 million, but with the increased competition from Black Sea suppliers, especially for the grain business, the United States has lost significant market share, being priced out in commodities such as wheat, corn as well as soybean meal. Nonetheless, U.S. exports of rice, poultry, beef and fish, dairy cattle, and high-value products are witnessing a steady increase.

Jordanian officials selectively impose sanitary and phytosanitary measures on meat and poultry import licenses. Advance approvals to import goods are required for specific food and agricultural goods. Officials at the ministries of Health and Agriculture are responsible for granting such licenses and approvals.

In addition to special requirements for certain agricultural products, Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry and Trade occasionally issues directives requiring import licenses for certain goods or categories of goods. For more information see the Jordan Country FAIR report.

The Jordan Food and Drug Administration (JFDA) is the lead government office on regulating incoming food consignments; the Jordan Standards and Metrology Organization (JSMO) performs the tests and drafts food standards. JSMO’s current product standards generally reflect existing U.S. standards;

however, JSMO is also working with EU agencies reviewing its standards. Occasionally, a problem appears when JSMO adopts EU standards, which are usually more restrictive than Codex or U.S. standards. JSMO has licensed several local laboratories to conduct conformity assessment of applicable standards.

U.S. exporters are strongly advised to review Jordanian standards that apply to their product(s) prior to shipment. GoJ authorities have a very low tolerance for food standard violations. The local agent or buyer is able to source the standard from JSMO for a nominal fee.

For the list of export certifications required by Jordan for importation and products covered, please refer to the “Restrictions and Prohibited Imports” section.

More details can be found through USDA FAS attaché reports at: www.fas.usda.gov

3. Jordan’s Market Characteristics

Jordan operates under a free market system since its establishment in 1945. As a result, consumers are sophisticated and have been exposed to a variety of ethnic foods and Western trends but are limited by their income.

The percentage of urban families is 83 percent. Over 35 percent of Jordanian families own a personal computer; 47 percent have access to the internet; 99.9 percent of households are connected to the electrical grid; 97 percent have potable water, and 98 percent have a mobile, phone, refrigerator and a washing machine.

Almost 47 thousand students graduate from universities each year and 4,500 with post graduate degrees.

There is a definite trend to large-scale and hypermarket retail, and this movement to bigger stores carrying more products shows no signs of abating.

4. Jordan’s Food and Agricultural Production

The agricultural sector accounts for \$1.4 billion or 2.4 percent of the national GDP, and it employs about 1.5 percent of the skilled labor force and 15 percent of the overall labor force. The sector hosts some 150,000 foreign (mainly Egyptian) guest workers. Despite its small footprint, agriculture accounts for 65-75 percent of Jordan’s total water consumption.

Less than 10 percent of Jordan’s land area of 89,200 km² is arable, and less than 5 percent is cultivated. The actual cultivated area totals around 290,000 ha, of which 130,000 ha are planted with olives and

fruit trees, 50,000 ha with vegetables and 110,000 ha with field crops. The fallow area is estimated at 90,000 ha. About 90 percent of the Kingdom receives less than 100 mm of rainfall annually and is used for grazing.

Horticulture accounts for half of local agricultural production. In 2014, total exports of vegetables were 766,000 MT. Fruit exports were 121,000 MT of fruits, a 5 percent increase from 2014 despite the myriad of challenges from harsh weather to border closings.

Jordan's is heavily reliant on imports, with self-sufficiency attained mostly in fruit and vegetables and fresh milk (table 2) with a 230 percent self-sufficiency index for tomatoes, and 100 percent for fresh milk. It relies heavily on imports to meet its needs in other key commodities and products with poultry at an 87 percent self-sufficiency index, dairy products 20-50 percent, 5 percent for barley and 2 percent for wheat, 1.5 percent for corn and zero percent for rice, sugar and vegetable oil (except for olive oil). Jordan exports fresh vegetables and fruits to markets as far away as Canada and Russia, however, most go to neighboring GCC countries.

	Commodity	Quantity [t]	Self Sufficiency%[2]
1	Tomatoes	616,427	231
2	Milk, whole fresh cow	240,685	100
3	Meat indigenous, chicken	191,770	87
4	Eggplants	177,692	159
5	Cucumbers and gherkins	155,938	201
6	Olives	155,640	100
7	Meat indigenous, sheep	2 million head*	35
8	Meat indigenous, cattle	0.266 million head	14

* 0.6 million heads exported to GCC to fetch high prices

Crop	Area Du=0.1 ha	Production(Metric Tons)
Tomatoes	154,338	869,138
Zucchini	33,754	78,653
Egg Plant	37,709	109,414
Cucumber	29,034	172,284

Potatoes	34,029	103,224
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5. Jordan's Imports of Food and Agricultural Products

The total value of agricultural and food imports were \$4 billion in 2014, out of which 17 percent came from the U.S. Its top imports by value are meat and processed foods that account for 25 percent of agricultural imports. U.S. suppliers have considerable market share to gain.

Table 5: Jordan's Top Agricultural Import Partners 2014¹

Country	Quantity in thousands of MT	Value in \$ Million
Saudi Arabia	355	366
Argentina	788	320
Brazil	214	226
USA	193	247
Romania	761	317
India	350	271
Australia	51	163
Egypt	201	173
Ukraine	536	187
United Arab Emirates	53	148
Syria	112	94
Thailand	81	105
Lebanon	90	60
Turkey	57	94
Russia	336	102
Netherlands	40	91

Table 6: Jordan Top Agricultural Imports in 2014²

Commodity	Quantity in Metric Tons or number	Value in million USD
Processed and prepared foods	603,000 MT	902
Meat (Bovine and Poultry)	153,000 MT	463
Fruit and Vegetables	423,000 MT	374
Wheat	950,000 MT	282

¹ JDoS

² Self-calculated JDoS

Barley	938,000 MT	257
Dairy	67,000 MT	242
Vegetable oils	157,000 MT	191
Rice	196,000 MT	187
		187
Live Animals	1.2 million head	
Corn	673,000 MT	187
Fish	15,000 MT	51

6. Jordan's Exports of Food and Agricultural Products

Jordan's agricultural and food exports are mainly focused on neighboring countries and those in the region which constitute Jordan's major export markets for fresh fruits and vegetables, processed meats, food preparations and live sheep.

Table 7: Jordan's Top Agricultural Export Partners 2014³

Country	Quantity in Thousand Tons	Value in Million USD
Iraq	366	374

³ JDoS self-calculated

Saudi Arabia	150	349
United Arab Emirates	173	244
Kuwait	135	125
Qatar	97	100
Syria	117	100
Bahrain	56	47
Egypt	21	20
Lebanon	23	30
Israel	14	18
Oman	40	31
Palestinian N.A.	34	20
Yemen	10	10

Table 8: Jordan Top Agricultural Exports⁴

Item	Quantity in Tons	\$
Fresh fruits and Vegetables	940,812	659,152,840
Preserved and processed food	124,314	172,748,531
Live animals	457,690	226,850,139
Processed meat	18,356	70,078,775
Dairy products	11,141	32,418,179
Meat	8,068	15,193,911
Eggs	16,333	5,968,593
Olive Oil	696	2,990,065
Thyme	1,334	2,259,811

7. U.S. Food and Agricultural Products' Trade Position in Jordan

The Government of Jordan dominates the trade of wheat by imposing a subsidy system that effectively hinders private sector imports. The Ministry of Industry and Trade buys wheat in the open market through competitive transparent tenders, and then heavily subsidizes the “baladi” bread. The tendering process is always focused on the lowest price making it difficult for U.S. origin wheat to compete. Black Sea grain suppliers dominate the market due to lower prices, freight costs, and smaller shipment sizes.

The U.S. rice industry has focused on the Jordanian market which has resulted in considerable market share. In addition, U.S. poultry parts suppliers dominate this product category.

⁴ JDoS

Jordan's Trade Agreements

Jordan's ascension to the World Trade Organization (WTO) took place in 2001; Jordan signed a free trade agreement (FTA) with the US in 2000. U.S. food and agricultural exporters benefited from the FTA, as imports have increased from \$105 million in the year 2000 to \$234 million in 2013.

The growing shift of U.S. exports from basic food commodities to high value supermarket items indicates that consumers in Jordan are willing to pay for high quality products, improving the competitiveness of American suppliers who have become more attentive to market demand.

Table 9: Advantages and Challenges for U.S. Suppliers

Advantages	Challenges
U.S.-Jordan FTA has contributed to the U.S. being one of Jordan's largest trading partners, with tariffs at zero for most food products.	Cost of freight is increasing faster than the GoJ budget can accommodate, and U.S. corn has lost its tariff advantage to competing suppliers.
GOJ officials' past participation in FAS Cochran programs offered positive exposure to the U.S. regulatory system.	EU standards are increasingly being adopted.
U.S. consumer products and brands in the market have a positive reputation.	Low purchasing power.
Jordan prefers U.S. quality rice. U.S. rice producers are considered to be a reliable source, having provided favorable credit to Jordanian customers during the food crisis in 2008.	Increased competition from other rice origins.
USDA's GSM-102 credit program may provide competitive financing opportunities for importers of U.S. food and agricultural products.	Limited use of GSM-102 due to lack of awareness about the program, limited relationships with U.S. banks extending terms under GSM-102. Also, no Jordanian banks currently approved in the program.
With a population of about 8 million, Jordan is a net food-importing country, 98 percent dependent on imports to meet consumption.	Jordan's free trade agreements with the EU, Canada and recently Turkey are increasing competition by diminishing tariffs.
There is a lot of potential for introducing new U.S. products to Jordan's young population.	Aggressive competition from neighboring regions, especially the EU and Black Sea.
Jordan is a transshipment point for goods moving to Iraq.	Limited market size reduces U.S. companies' incentives to devote resources to the market.
The market is growing due to the	Rumors of traders mixing American rice with cheap

increasing number of Syrian refugees entering the country.	low-quality rice from other sources can threaten the reputation of U.S. rice.
The Jordan Dinar has been pegged to the USD since 1995 at JD 1.0:1.41, making it cheaper for Jordanian consumers to buy quality U.S. food products.	Tourism industry is threatened by ongoing regional political tension, which could negatively affect trade in U.S. products.

EXPORTER BUSINESS TIPS

1. Marketing and Sales

Successful sales results in Jordan are hard to achieve without proper local partnerships. FAS in Jordan can help companies find such an agent or distributor.

2. Establishing an Office

Foreign companies and institutions can register and operate in Jordan through the Ministry of Industry and Trade (MOIT). It is wise to use a local attorney as a legal advisor to help in the process.

The Companies Law provides guidance for registering foreign companies and establishing regional and representative offices. Foreign companies can register as operating companies, non-operating companies, and offshore companies. More information can be found at www.mit.gov.jo/.

The Jordan Investment Board (JIB), which operates as a one-stop shop for potential investors, is located at <http://www.jib.jo/>

3. Franchising

Jordanians are enthusiastic about U.S. franchises and local investors are increasingly interested in franchising, especially in the service sector and the quick service restaurant industry. The Jordanian market, however, cannot absorb large numbers of a single franchise. U.S. retail and service franchises have significantly increased in the last several years. Examples of recent franchises include: TGI Fridays, Applebee's, and Ruby Tuesdays. Other franchises in the fast food industry, such as KFC, Pizza Hut, Ponderosa Steakhouse, McDonald's, and Burger King have been in the market for several years.

Several new malls have opened in the capital in recent years; others are under construction, and there are plans for outlet stores in the southern suburbs of Amman. These projects are expected to generate opportunities for additional retail franchises.

4. Direct Marketing

American companies can use a direct marketing approach for their products to end users in the government and private sectors in Jordan; however, in general, it is recommended to work through a

local representative. American companies can find competent local firms that are capable of organizing marketing campaigns for their products through a wide range of media.

5. Joint Ventures/Licensing

Joint ventures with Jordanian partners are one means of penetrating the local market. A joint venture is confined to the special relationship between partners, as specified in the joint venture agreement, and is essential in some services where foreign ownership/share of companies cannot exceed 50 percent.

For a list of restricted sectors, please consult:

tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_005590.asp.

6. Distribution and Sales Channels

There are several border crossings in Jordan, but goods generally arrive through the Port of Aqaba or Queen Alia International Airport. They are distributed to their final destinations by road. Local representation is very helpful in dealing with customs and customs clearance agents. Details on the customs clearance stages can be found on the Customs Department website at <http://www.customs.gov.jo/english/default.shtm>

Jordan's retail network is transitioning from traditional shops and markets to American-style malls and hyper-markets. Several large malls have opened in Amman and there are plans for outlet stores in southern Amman. On-line and mail ordering is popular. Marketing via internet is possible, but is still a nascent channel, as there is a low internet penetration rate in Jordan and consumers tend to consider internet shopping to be insecure.

7. Trade Promotion and Advertising

U.S.-style promotion is gaining popularity. There are a number of trade fair events where U.S. exporters can participate, and many Jordanian business people attend major regional fairs, such as those held in Dubai.

Advertisement in newspapers, radio, and business journals as a means to locate agents, distributors or buyers can also be done. Billboards and electronic screens are also available. Cell phones are ubiquitous in Jordan and an increasing number of notices and advertisements are sent via SMS.

Details on Jordanian newspapers can be viewed at www.onlinenewspapers.com/jordan.htm.

Magazines are more numerous and of better quality than before. They offer good access to the more affluent sector of society. There are a number of regional business magazines and sector-specific magazines distributed throughout the Middle East that can also offer useful advertising opportunities.

8. Pricing

Local importers base their pricing on the export price, freight costs, applicable import tariffs and taxes, the 16 percent sales tax (depending on the product), and profit margin. U.S. manufacturers and suppliers should, however, coordinate with local representatives before assigning a final price to a product. The Jordanian market is generally very price-sensitive. Products with higher prices than the competition will need vigorous marketing support and must be of demonstrably higher quality.

American companies and American food have additional advantages through the Free Trade Agreement that was signed in 2000. For more information, please visit <http://www.export.gov/FTA/jordan/index.asp>. Also, <http://www.customs.gov.jo/> provides additional info.

9. Due Diligence

U.S. companies interested in selling and or contracting with local agents should conduct due diligence prior to signing any contracts. In addition to the FAS office, the Embassy's Foreign Commercial Service is able to conduct confidential background checks on local companies via a fee-based service available through the U.S. Department of Commerce or directly through the Commercial Service office in the Embassy. Go to: <http://www.export.gov/> for more information.

TRADE REGULATIONS, CUSTOMS AND STANDARDS

1. Import Tariffs

Customs tariffs are based on the harmonized system coding practice. Tariff tables for different products and commodities can be found on the Customs Department website at www.customs.gov.jo.

Additional taxes may apply to some products; a complete description of these commodities is also available at the Customs Department website. Detailed lists of general and special sales taxes can be viewed at Jordan's Income and Sales Tax Department's website at <http://www.istd.gov.jo/ISTD/Arabic/AboutISTD/Homepage.html>

The Government of Jordan imposed a special tax on 12 luxury commodities with a value ranging between 5-25 percent as of February, 2013. For example, the government taxes dog and cat food at 20 percent.

The U.S. – Jordan FTA, which came into full force in January 2010, eliminated most duties and tariffs between the U.S. and Jordan. Details can be viewed at <https://ustr.gov/trade-agreements/free-trade-agreements/jordan-fta> and <http://www.state.gov/e/eb/tpp/bta/fta/c26474.htm>

2. Import Requirements and Documentation

Import licenses, valid for one year, are required for:

- non-commercial shipments exceeding JD 2,000 (\$2,820)
- biscuits of all types
- mineral water
- dried milk for industry use
- used tires, and
- items that require prior clearance from the respective authorities. These include live animals, fresh/chilled/frozen beef and beef products, frozen animal semen, and milk products under the purview of the Ministry of Agriculture, barley, rice, wheat, flour, sugar, and corn under the purview of the Ministry of Industry and Trade, medications and antibiotics, athletic food supplements, potassium bromide, food dyes, ice cream, and baby food under the Ministry of Health.

Items that do not need an import license may be subject to prior authorization by the appropriate government ministry.

Any imported agricultural or food product may be inspected and tested for human consumption. Virtually all prepared and mixed foods are tested at the border. The Jordan Food and Drug Administration (JFDA) has the authority to inspect food products at the retail and wholesale levels. A representative may enter any locality and collect samples for testing. If a product fails to meet technical requirements or is found unfit for human consumption, it is removed from the distribution channels and destroyed.

The Jordan Standards and Meteorology Organization (JSMO) regulates food additives for JFDA. Permissible additives and their concentrations are those approved by the *Codex Alimentarius* Commission. The technical standards for foods contain specific lists for food additives and their permissible levels of use. These standards should be consulted to make sure that any additives are permitted.

Goods entering the country under temporary entry status, bonded goods and goods benefiting from the investment promotion law are exempt from import licenses. For more information, go to Department of statistics [http://jorinfo.dos.gov.jo/tiis/\(S\(ftjbyod5me3w5pop1lhljvxe\)\)/Rep1_e.aspx](http://jorinfo.dos.gov.jo/tiis/(S(ftjbyod5me3w5pop1lhljvxe))/Rep1_e.aspx)

For shipments to Jordan, exporters are required to provide a certificate of origin, a commercial invoice, an airway bill, and a packing list. A customs declaration is also required, but only an authorized forwarding agent in Jordan can process the declaration, which must be filed electronically.

Regarding a U.S. Certificate of Origin for Exporting to Jordan, a general certificate of origin is acceptable and can be downloaded from the Trade Information Center's Web site http://www.export.gov/FTA/jordan/eg_main_017719.asp

Both the commercial invoice and the certificate of origin must be certified by the National U.S.-Arab Chamber of Commerce, and then legalized by the Jordanian Embassy or consulate. Please see the website of the National U.S.-Arab Chamber of Commerce, at <http://www.nusacc.org/>.

A list of the Jordanian consulates can be accessed at <http://www.jordanembassyus.org/new/consular/consulates.shtm>.

Invoices do not have to be written in Arabic, but the importer is required to provide an Arabic translation. Typically this requirement is met by having the importer hand-write the translation on the actual invoice. Exporters should be aware that commercial invoices for all shipments from the United States *must* bear a notarized affidavit. Jordanian Customs may request other documents related to the shipment as needed.

3. Labeling and Marking Requirements

Imported products must comply with labeling and marking requirements issued by JSMO; refer to www.jsmo.gov.jo It is strongly advised that the supplier asks his importer to provide him with an authentic copy of the latest Jordanian standard for the type of the product he would like to export to Jordan, failing to meet the Jordanian standard “ equitable to international standards” would lead to the rejection of the consignment to the country of origin.

Importers are responsible for informing foreign suppliers of any applicable labeling and marking requirements. All labels must either be in Arabic or have a stick-on label in Arabic. Nutritional labeling is mandatory for certain categories of food, including infant formula and food for dietary use. In general, the label should contain the name of the product, the manufacturer’s name and address, net weight, fortifying matter, lot number and best before date. A food shipment may be rejected based on ambiguous labeling content. For information on food labeling and packaging, contact JSMO and the Jordan Ministry of Health at www.moh.gov.jo

Export certificates are required by Government of Jordan for a number of food products. For more details see GAIN FAIRS report –Certification report. Alternatively, JFDA’s website offers plenty of information in this regard at www.jfda.jo.

Key contact:

Jordan Customs Department
P.O. Box 90, Amman, Jordan
Telephone: 962-6-462-3186/8; 462-4394/6
Fax: 962-6-464-7791
E-mail: customs@customs.gov.jo
Web-site: www.customs.gov.jo

Web Resources

- Ministry of Industry and Trade www.mit.gov.jo
- Ministry of Agriculture: www.moa.gov.jo
- Jordan Institution for Standards and Metrology: www.jsmo.gov.jo
- Jordan Food and Drug Administration: www.jfda.jo
- Jordan Customs Department: www.customs.gov.jo
- U.S. Foreign Agricultural Service www.fas.usda.gov
- FAOSTAT
http://faostat.fao.org/CountryProfiles/Country_Profile/Direct.aspx?lang=en&area=112
- Trade Information Center's Web site http://www.export.gov/FTA/jordan/eg_main_017719.asp
- National U.S. Arab Chamber of Commerce <http://www.nusacc.org/>
- Department of Statistics <http://jorinfo.dos.gov.jo/>