

JORDAN: COMPANY PERSPECTIVES

AN ITC SERIES ON
NON-TARIFF MEASURES



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An ITC Series on Non-Tariff Measures

About the paper

More than two-thirds of Jordanian companies face difficulties with non-tariff measures when exporting or importing.

Inconsistent application of regulations creates major obstacles for Jordanian exporters. The problems caused by conformity assessment requirements and procedures are a key source of concern.

This report recommends strengthening officials' capacity, increasing assistance to the private sector and deepening the dialogue with Saudi Arabia to facilitate transit and direct trade.

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For more information, contact: Ursula Hermelink (hermelink@intracen.org)

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Abdellatif Benzakri and Cristian Ugarte (ITC) launched, implemented and monitored the survey. Ursula Hermelink (ITC) participated in the launch and managed ITC's overall NTM Programme. IPSOS Jordan conducted interviews by telephone and face to face.

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Acronyms

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

CoO	Certificate of origin
EU	European Union
GAFTA	Greater Arab Free Trade Area
GDP	Gross domestic product
HS	Harmonized System
ITC	International Trade Centre
JFDA	Jordan Food and Drug Administration
JSMO	Jordan Standards and Metrology Organization
LAS	League of Arab States
MFN	Most-favoured nation
MITS	Ministry of Industry, Trade and Supply
NTM	Non-tariff measure
OECD	Organisation for Economic Co-operation and Development
PO	Procedural obstacle
RSS	Royal Scientific Society
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

Executive summary

Understanding non-tariff measures is a key to better international trade

Economic liberalization and tariff reduction across the world mean non-tariff measures (NTMs) have become a major impediment to trade. These measures are imposed to protect human, animal or plant health, to ensure product quality and to inform consumers about content or the production process. NTMs particularly concern exporters and importers in developing and least developed countries, who struggle with complex requirements.

The International Trade Centre (ITC) business survey shows that burdensome NTMs affect 64% of Jordanian companies when they export or import. Pre-shipment inspections, the way officials apply regulations, high fees and charges, and rules of origin are the main obstacles that affect Jordanian businesses at their border, as well as in destination markets.

Enterprises that primarily import or export agricultural products are more affected than those in manufacturing. Large exporters face NTMs more frequently than small ones, although the share of such measures is relatively lower because it is spread out among all their trading operations.

Procedures impede compliance with most of the NTMs

About 88% of the NTMs that hinder companies in Jordan are due to procedural obstacles rather than overly strict regulations. Exporters in other surveyed developing countries perceive such delays as the sole burden in 60% of the NTM cases.

This difference means Jordanian companies consider themselves to be more 'export-ready', which suggests improvements should be sought in the field rather than through revised regulations.

Exporters cite lack of capacity, high fees, rules of origin

Officials fail to apply regulations coherently and systematically, which causes a third of the obstacles that exporters face. Some exporting companies believe that government agencies lack capacity and resources.

Jordanian exporters complain that agencies charge too much for services, certificates and testing. They also report problems tied to recognition of Jordanian documents and certificates: partner countries often reject exporters' certificates of origin or documents certifying that their products conform.

More than a third of the NTMs that partner countries apply to Jordanian exports involve rules of origin and related certificates of origin. They often require different documents from multiple agencies and charge high fees. Jordanian traders report that the officials who issue certificates often lack knowledge and expertise about the procedures, which delays the processing of demands for documents.

Lack of testing and certification facilities adds to exporters' costs

Companies report inadequate facilities for testing and certification. Some tests take longer than expected because the number of laboratories is limited and reaching them can be difficult. Technical problems at facilities also cause delays. Machines may be unavailable because broken equipment can't be repaired quickly enough. Restricted testing hours at some laboratories also create bottlenecks.

Foreign regulations aren't applied transparently

Officials in partner countries, notably Saudi Arabia and Iraq, do not systematically recognize Jordanian testing certificates. Exporters want greater transparency about mandatory requirements and consistent decisions by customs officials.

Difficulties accessing Arab states' markets

Members of the League of Arab States are responsible for 93% of the NTMs that Jordanian traders face, though only about 53% of Jordanian exports are destined for this region. The Greater Arab Free Trade Area (GAFTA) remains a challenging destination for Jordanian exporters.

Saudi Arabia, which plays a central role as a destination for Jordanian products and as a transit country, is harder to access than the United States. Saudi Arabia bought 16% of Jordan's exports in 2015, but accounted for 33% of the NTMs. The United States buys 20% of exports, but is responsible for just 2% of the NTMs, which indicates that its free trade agreement with Jordan is functioning efficiently.

Classification and valuation of imports lack inconsistency

The survey found that Jordan Customs calculates the value of goods inconsistently. Customs officials do not recognize invoices and they base valuations on their personal assessments. Companies report that Jordanian customs officials use different methods to evaluate goods and to determine their codes in the Harmonized System (HS) classification. This results in unpredictable tariffs, a lack of transparency and additional delays.

Difficulties with the business environment

Traders also struggle with the general business environment, particularly administrative burdens. More than 70% of the companies surveyed complain about delays and 60% say insufficient human resources and officials' inconsistent behaviour lead to inefficiencies.

Complex clearance mechanisms also obstruct trade. Almost half of the traders report that informal payments remain an issue and many say the transport system, especially air transportation, is inadequate. Some called for better electronic or computerized procedures and more e-procedures. The general business environment hinders traders' efforts to comply with NTMs. Questions about the business environment were only asked of companies that participated in the face-to-face interviews.

The way forward

The survey finds that border clearance controls are a major challenge to trade. There are several ways to help exporters and importers cope with trade barriers and to support greater export development.

Stakeholders proposed creating a national assessment centre to oversee, coordinate and unify all requirements – particularly when testing goods in government-run laboratories – and to simplify the steps related to export and import.

The Government of Jordan should upgrade public laboratories and attract investment to modernize facilities. Laboratory officials' roles should be expanded and assessment teams taught advanced skills. The Government should also offer in-depth technical assistance to companies so they know more about the planning process before they trade.

Deeper discussions between the authorities in Jordan and Saudi Arabia on land trade facilitation would ease cross-border procedures and improve transparency.

Communication channels between the private and public sectors must be optimized to save time and money and to increase transparency. Public agencies must accelerate work to set up a single window that will be a 'one-stop shop' for traders.

Jordan Customs should improve and clarify how import duties are calculated to improve consistency and to give traders more understanding about the valuation process.

ITC survey on non-tariff measures

ITC's NTM programme seeks to understand how official regulations hinder cross-border trade and to propose solutions to tackle these barriers. Understanding traders' concerns about NTMs, procedures that cause delays and trade-related business environments can help define national strategies to overcome the identified obstacles. The results presented in this report are based on a business survey implemented by ITC, in collaboration with the Ministry of Industry, Trade and Supply.

The NTM surveys cover all major export sectors and importing partners. They allow companies to report the most onerous NTMs and how they affect their businesses. Exporters and importers encounter obstacles every day. Because they know the challenges they face, a business perspective on NTMs is indispensable.

INTRODUCTION TO NON-TARIFF MEASURES

Defining non-tariff measures

Non-tariff measures (NTMs) are defined as ‘policy measures, other than customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both’.¹ The concept of NTMs is neutral and does not imply a direction of impact.²

Being ‘defined by what they are not’,³ NTMs comprise a myriad of policies other than tariff duties. NTMs are complex legal texts specific to the product and applying country. They are more difficult to quantify or compare than tariffs.

Given that legitimate reasons, including the protection of human, animal and plant health may lead to NTMs, this report avoids making judgements on intentions and the term NTM is used. By design, the survey only captures NTMs that cause major difficulties for trading companies. NTMs analysed in this report refer to ‘burdensome NTMs’. Because obstacles to trade are complex, understanding their terminology and classification are important.

The diversity of NTMs requires a classification system. ITC’s NTM surveys are based on the international classification developed by the Multi-Agency Support Team, incorporating minor adaptations to the ITC NTM survey approach.⁴

Procedural obstacles and trade-related business environment

Procedural obstacles (POs) refer to practical challenges directly related to the implementation of NTMs. For instance, problems caused by the lack of adequate testing facilities to comply with technical measures or excessive paperwork in the administration of licences. Inefficiencies in the trade-related business environment may have similar effects, but are unrelated to specific NTMs. Examples include delays and costs due to poor infrastructure or inconsistent behaviour of officials at customs or ports.

A business perspective is imperative

The ITC NTM Programme, launched in 2010, incorporates large-scale company surveys on NTMs, POs and trade-related business environment inefficiencies. The NTM surveys evaluate all major export sectors and all major importing partners.

The NTM surveys also allow companies to report their most burdensome NTMs and how they impact their businesses. Exporters and importers face NTMs and other obstacles every day. Because they know the challenges they face, a business perspective on NTMs is indispensable. At government level, understanding companies’ key concerns regarding NTMs, POs and trade-related business environments can help define national strategies to overcome obstacles to trade.

The full survey methodology is documented in ITC’s technical paper, *The Invisible Barriers to Trade – How Businesses Experience Non-Tariff Measures (2015)*.⁵

¹ Multi-Agency Support Team (2009).

² The term ‘non-tariff barrier’ implies a negative impact on trade. The Multi-Agency Support Team and the Group of Eminent Persons on Non-Tariff Barriers proposed that non-tariff barriers to trade be a subset of NTMs with a ‘protectionist or discriminatory intent’.

³ Deardorff and Stern (1998).

⁴ For further details on the Multi-Agency Support Team NTM classification, see Appendix II.

⁵ www.ntmsurvey.org/publications/itc-series-on-ntms/

CHAPTER 1 TRADE OVERVIEW



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Jordan: Country overview

Economic indicators

The Hashemite Kingdom of Jordan shares its borders with Syria to the north, Iraq to the east, Saudi Arabia to the east and south, and the State of Palestine and Israel to the west. Aqaba, the only coastal city, is on the Red Sea. Jordan's location affects its trade patterns and encourages the need for an economic reform (see further details below under points 2 and 3).

Jordan's economy grew steadily from 2009–2015. Gross domestic product (GDP) averaged 2.7% growth over this period, reaching \$37.5 billion in 2015 (Figure 1). With GDP per capita of \$4,100 in 2015,⁶ Jordan is classified as an upper middle-income country. The inflation rate in this period averaged 2.8%, with the highest at 5% in 2010 and deflation of 0.9% in 2015 (Figure 1).



Source: The World Bank (2015), World Data Bank.

⁶ The World Bank (2015), World Data Bank

The farming sector represents 4.2% of Jordan's economy today. Agriculture contributed more than 10% of GDP in the 1960s, but narrowed to record low share of 2.3% in 2001. Agricultural production has multiplied by almost 10 times in the past 15 years. The industry and services sectors account for 29.6% and 66.2% of GDP, respectively.

Jordan benefits from large-scale investments by the Gulf countries that reached \$3.5 billion in 2006.⁷ Foreign direct investment has declined since then due to the international economic crisis and regional instability. Foreign direct investment inward flow reached \$2.2 billion and then decreased on annual basis, reaching \$1.5 billion in 2016 according to the United National Conference on Trade and Development (UNCTAD).

The country's population grew by 87% over a decade and reached 9.5 million in 2015, of which 6.6 million are Jordanians.⁸ Jordan's young and skilled population is one of its assets: 70% are under age 30. Political stability and skilled labour mean Jordan is a gateway for trade and business.

Trade patterns

Jordan is a member of the both World Trade Organization (WTO) and the Organization of Islamic Conference. Strong trade relations, supported by preferential rate agreements, were in place until the 2008 global economic crisis. Political turmoil, mainly in Iraq and Syria, has disrupted regional and international trade.

Transport is a vital sector in the economy, contributing 10% of GDP. Jordan's location – with its 90,000 km² of land, road network and connections with neighbouring countries – makes transport strategic in trading. Jordan is considered a regional transport hub between Gulf markets and eastern nations, and to Turkey, Europe and Iraq. The transport sector contributes to economic growth, and the Government has an ambitious plan for its development.

Aqaba, administered by the Aqaba Special Economic Zone Authority, is a low-tax, duty-free city. Aqaba Port's importance has grown due to restrictions at Jordan's land borders with Syria and Iraq. Despite the higher costs, Western markets and North Africa are accessed by sea rather than by land.

Turmoil in Iraq and Syria has caused substantial losses in Jordan, according to the Jordan Truck Owners Association. Before 2003, 400 trucks laden with commodities entered Iraq every day, and a similar number crossed into Syria daily before its crisis. The Karameh-Tureibil border crossing between Jordan and Iraq, the gateway for Jordanian products to reach Iraqi and European markets, was closed in 2015. More than 6,000 trucks of the 17,000-truck fleet are "almost idle" today.

Exports

Table 1 Export sectors: shares and evolution

Sector	Export values in 2015 (in 000 USD)	Export shares in 2015	Annualized growth rate (2009–2015)
Agricultural products	1,559,934	21.8%	7.0%
Chemicals	2,275,337	31.8%	3.8%
Computer, telecom, electronic components	286,619	4.0%	-2.4%
Fabrics, clothing and leather	1,504,931	21.1%	8.6%
Metal and other basic manufacturing	397,668	5.6%	-1.3%
Miscellaneous manufacturing	929,064	13.0%	1.4%
Transport equipment	190,193	2.7%	-4.8%
Total	7,143,746	100.0%	4.0%

Source: ITC, Trade Map, 2016.

⁷ UNCTAD Stat, <http://unctadstat.unctad.org>

⁸ Jordan Department of Statistics.

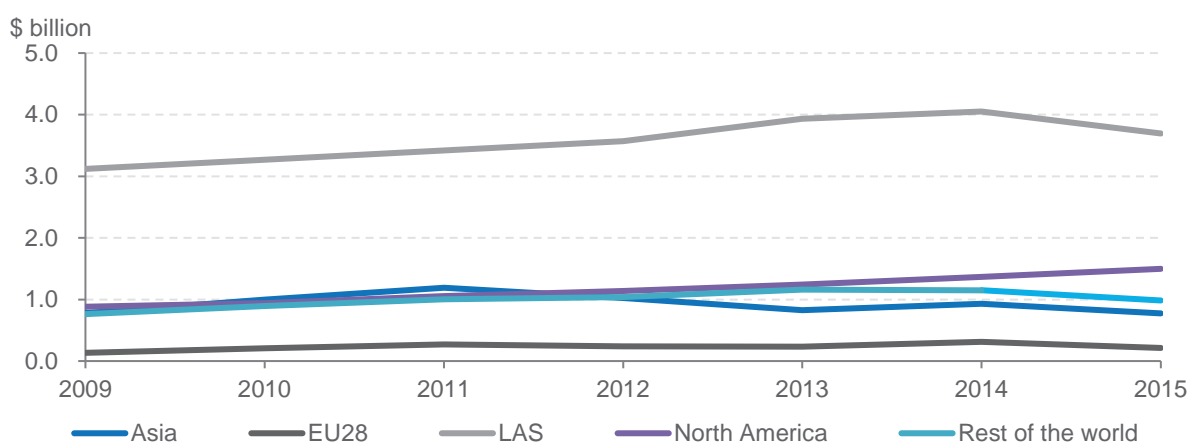
The main export sectors in Jordan are processed and unprocessed agricultural goods, chemicals and clothing (Table 1).

Raw agricultural products such as fresh fruits, vegetables and live sheep, together with processed goods including prepared foods, comprised 21.8% of Jordan exports in 2015. Chemicals such as medicaments and fertilisers represented 31.9% of exports that year. About 70% of chemical sales are exports destined mainly for Arab countries like Saudi Arabia or Algeria.

Special garments, t-shirts and tracksuits represent the biggest share in Jordan’s textile and garment industry, which represented 21.1% of annual exports. This is due mainly to the free trade agreement with the United States for exports from the Qualifying Industrial Zones – industrial parks that house manufacturing operations.

These three sectors enjoyed the highest export growth rate from 2009–2015. The annualized growth rate (Table 1) shows how much each sector evolved on average during the considered period.

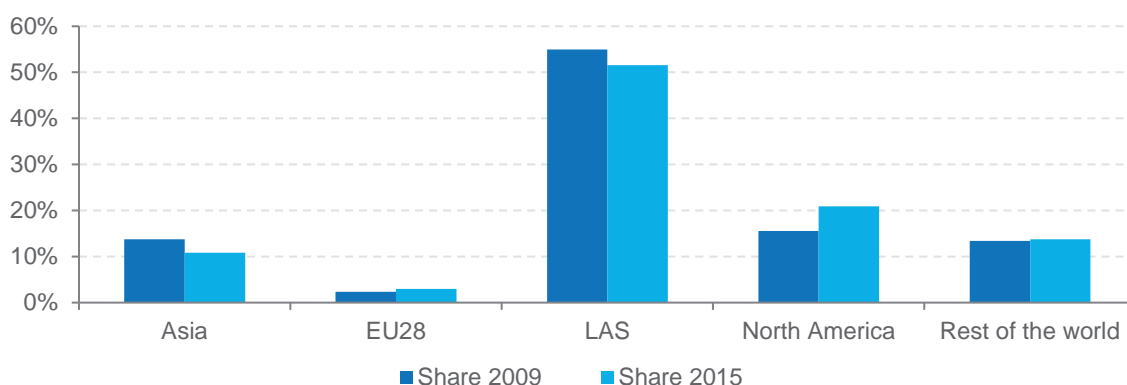
Figure 2 Evolution of export values



Source: ITC, Trade Map, 2016.

Exports to members of the League of Arab States (LAS) grew until 2014 (Figure 2), when the political situation in neighbouring countries deteriorated. Exports to Iraq decreased 41% in 2015 and to Syria, 38%. Increased trade with Saudi Arabia and Kuwait partially compensated for declines in exports to other Middle Eastern countries.

Figure 3 Evolution of export shares



Source: ITC, Trade Map, 2016.

Trade with North America – mainly the United States – increased from 2009–2015 while trade with the LAS tapered off (Figure 3).

Although trade with the European Union (EU) remains quite low, at just 3%, Jordanian companies – encouraged by the Government – are trying to diversify their partners and see the EU as a destination with potential. Jordan’s authorities point to the challenging requirements and standards imposed by European markets, especially on rules of origin.

In July 2016, Jordan extended an agreement to relax the rules of origin for 52 product groups of Jordanian exports to the EU manufactured in the 18 development zones.⁹ The main objectives are to attract more investment in the industrial sector, increase exports to Europe, create jobs for Jordanian and Syrian workers after the Syrian crisis, and integrate more Syrian refugees in the labour force.

Imports

Table 2 Import sectors: shares and evolution

Sector	Import values in 2015 (in 000 USD)	Import shares in 2015	Annualized growth rate (2009–2015)
Fresh food and raw agro-based products	2,021,014	12.9%	11.0%
Processed food and agro-based products	1,939,301	12.4%	6.1%
Wood, wood products and paper	583,698	3.7%	3.0%
Yarn, fabrics and textiles	845,118	5.4%	8.5%
Chemicals	2,259,276	14.5%	6.0%
Leather and leather products	108,416	0.7%	10.2%
Metal and other basic manufacturing	1,784,656	11.4%	2.7%
Non-electric machinery	1,413,792	9.1%	6.2%
Computer, telecom, consumer electronics	792,990	5.1%	3.7%
Electronic components	601,744	3.9%	4.2%
Transport equipment	1,894,770	12.1%	2.9%
Clothing	454,371	2.9%	7.3%
Miscellaneous manufacturing	917,561	5.9%	6.0%
Total	15,616,707	100.0%	5.6%

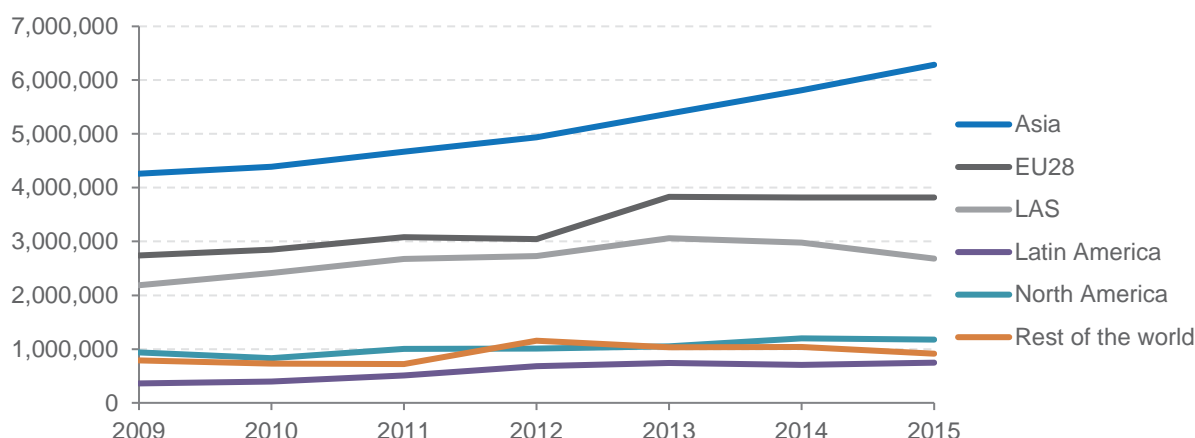
Source: ITC, Trade Map, 2016.

Jordanian imports topped \$15 billion in 2015, with raw and processed food making up almost \$4 billion of the total. Imports of foods such as cereals, live animals, sugar and food preparations grew in the six-year period to represent a bigger share of overall imports. Imports of chemicals including polyethylene and medicaments were worth almost \$2.3 billion, followed by vehicles and transport equipment at \$1.9 billion.

Beyond the survey scope, it is worth mentioning that Jordan imports 97% of its energy and fuel. Costs for imported energy fell 40.6% to \$3.7 billion in 2015 and constituted about 17.8% of total imports.

⁹ http://europa.eu/rapid/press-release_IP-16-2570_en.htm

Figure 4 Imports per partner region



Source: ITC, Trade Map, 2016.

Jordan continues to import large quantities of high-value goods from Asia (Figure 4). Imports of products such as electronics, garments and metals from Asia – China in particular – amounted to \$6.2 billion and made up 40% of total imports in 2015.

Trade agreements and tariffs

Trade agreements

Jordan’s foreign trade policy is based on economic openness and integration into the rapidly globalizing world economy. Economic partnerships are considered necessary to achieve mutual interests and fair dividends.

Today, Jordan is at the forefront of the liberal Middle Eastern countries that gained wide respect and recognition for their reforms and economic endeavours. The country has established a network of free trade agreements with major economic blocs worldwide, offering a gateway to more than a billion consumers.

Table 3 Jordan’s main trade agreements

Agreement	Dated of Signature	Date of Entry into Force
Greater Arab Free Trade Area	19/02/1997	01/01/1998
United States free trade agreement	24/10/2000	17/12/2001
EU association agreement – Barcelona Declaration	24/11/1997	01/05/2002
Singapore free trade agreement	16/05/2004	22/08/2005
Agadir Agreement (Egypt, Jordan, Morocco and Tunisia)	25/02/2004	06/09/2006
Turkey free trade agreement	01/12/2009	01/03/2011
Canada free trade agreement	28/06/2009	01/10/2012
European free trade agreement	21/06/2001	01/09/2002
Jordan-EU simplified rules of origin	19/07/2016	19/07/2016

Source: ITC, Market Access Map, 2016.

The United States and Jordan signed a free trade agreement in 2000 that entered into force in 2001. It gives products manufactured in Jordan’s Qualifying Industrial Zones duty-free access to the US market. Jordanian exports to the US, especially of garments and textiles, grew markedly as a result.

Jordan negotiated its most recent trade deal with the EU to ease rules of origin for a decade, through 2026. The initiative allows Jordanian goods to contain more than 70% of non-local materials. Rules of origin were relaxed for exports that are manufactured in 18 designated development zones and industrial areas and estates in Jordan, including for 52 product groups in industrial goods. This allows most Jordanian products to enter the EU market.

Trade policy reviews, mandated in the WTO agreements, are an exercise to examine and evaluate member countries' trade and related policies. The latest review of Jordan took place in November 2015¹⁰ and found: "Jordan has been affected by severe exogenous shocks that have led to large numbers of refugees fleeing to Jordan, disrupted trade routes, and affected inward investment. Despite these problems, Jordan has maintained an open economy with the value of trade in goods and services (imports and exports) greater than GDP, the economy has grown and reforms to improve the trade and investment climate have continued."

Tariffs and preferences

Table 4 Applied tariffs and preferences

Major markets	Diversification 95% trade in no. of		Average MFN rate of traded tariff lines		Preferential margin	Duty-free imports	
	HS 2- digit	HS 6- digit	Simple (in %)	Weighted (in %)	Weighted (in %)	Share of tariff lines (in %)	Value share (in %)
Agricultural products							
1. Saudi Arabia	16	42	5.7	1.9	1.9	100	100
2. United Arab Emirates	12	31	6.6	45.7	45.7	100	100
3. Israel	6	11	12.9	12.9	9.6	76.9	62.0
4. Kuwait	15	42	3.8	1.9	1.9	100	100
5. Qatar	13	39	5.4	1.1	1.1	100	100
Manufactured products							
1. United States	6	36	6.4	23.1	23.1	100	100
2. India	5	9	8.4	5.7	0	3.5	1.1
3. Saudi Arabia	29	127	4.7	3.5	3.5	100	100
4. European Union	30	87	4.4	3.7	3.7	100	100
5. Israel	18	43	4.9	1.2	1	78.6	98.2

Source: WTO, World Tariffs Profiles, 2016.

The exports of Jordan are quite diversified with its main partners as the number of different products needed to reach 95% of the bilateral trade is high. When exporting to Israel, however, the diversification index shows the trade is more concentrated on a limited number of products: 11 different HS6 represent 95% of the exports to this destination, whereas for Saudi Arabia for example, 95% of the trade is covered with the 42 biggest exported products to that destination.

Saudi Arabia applies a preferential zero percent rate to Jordanian agricultural and manufactured imports. GAFTA allows Jordan to benefit from the same duty-free conditions when exporting to other Arab countries such as the United Arab Emirates, Kuwait and Qatar.

¹⁰ https://www.wto.org/english/tratop_e/tpr_e/tp425_e.htm

National trade and development strategies

Trade promotion and facilitation

The Government's priorities are to implement the Jordan Compact, develop fast-track infrastructure and identify and agree on flagship investment deals. The Jordan Compact provides the country with \$1.8 billion in grants and loans from the EU as well as preferential trade terms for certain products from Jordanian businesses employing at least 15% Syrian refugees. In exchange, Jordan will expand educational and economic access for Syrian refugees in the country.

National development framework and Vision 2025

Vision 2025 is a national strategy to structure economic and social work under the noble principle of rule of law and equal opportunity. The plan aims to increase participatory policymaking, achieve fiscal sustainability and strengthen institutions. It targets a 7.5% growth rate and a reduction in poverty and unemployment by 8% and 9%, respectively, by 2026. Stakeholders include the Jordanian Government, the private sector and civil societies.

Figure 5 Vision 2025: national vision and strategy goals



Source: Jordan Relunched, www.jorelaunched.jo, 2015.

Jordan's ranking on rule of law under the World Bank's worldwide governance indicators has improved in recent years, rising to 68 in 2015 from 82 in 2009. However, the ease of doing business in the country fell to 118 in 2017 from 101 in 2009. Despite this drop in ranking, the country still shows a high level of resilience, considering political developments in the region that, as described previously, affected trade patterns and reduced income. Jordan improved its ranking by 15 positions to 103 in 2018, which could be seen as promising progress given the context in which the country operates.

CHAPTER 2 SURVEY METHODOLOGY AND IMPLEMENTATION IN JORDAN



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Survey implementation and sampling

Timeline and principal counterparts

The NTM survey began in April 2015 following a request by the Ministry of Industry, Trade and Supply (MITS). ITC selected Ipsos Jordan to carry out interviews and collect information from commercial firms. Before data were captured, the ITC team provided a one-week training and technical guidance on NTMs and the survey methodology to 10 staff members of Ipsos Jordan. Telephone and face-to-face interviews with Jordanian companies took place until July 2016.

MITS was a partner throughout the process, offering local guidance and support. ITC and the ministry jointly organized several meetings with local stakeholders. A national roundtable was held in Amman on 29 November 2016 to validate the survey results, promote dialogue on burdensome NTMs and procedural obstacles, and formulate recommendations for policy action. The workshop agenda and a list of participating stakeholders are in Appendix IV and V.

Survey process

The first step was to identify local companies that had traded internationally in the previous 12 months. ITC compiled registers of exporters and importers from MITS, multiple chambers of commerce and industry, and from a list of active companies registered in the Aqaba Special Economic Zone Authority. This resulted in a register of some 6,000 firms that included the names of company contacts and the main sector of activity. This information was used to define the stratified random sampling to be applied in Jordan to determine how many interviews should be conducted in each sector. Following this process ensured the quality and the precision of the results.

The local research company first interviewed companies to capture basic information and then conducted face-to-face interviews with those facing NTMs.

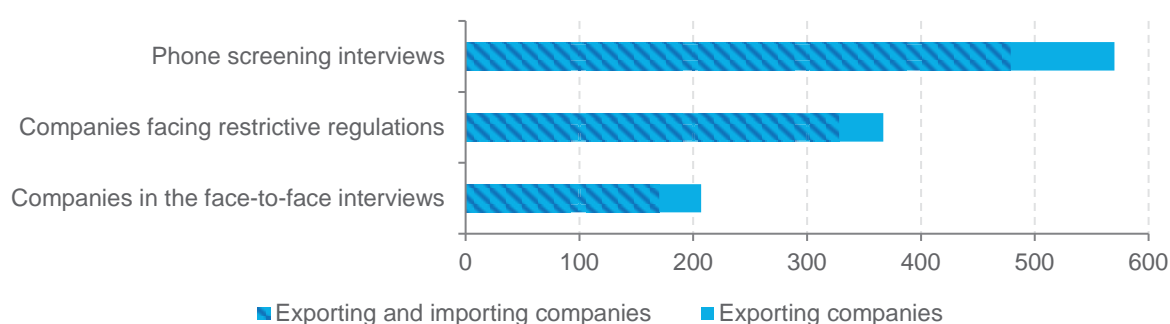
Survey design and scope

ITC designed the NTM survey to cover all sectors in Jordan. Smaller industries were not excluded, but were merged and counted as new, larger sectors. This implies that these new sectors will reach a precision similar to others. However, even if these smaller industries are included, it is not recommended to draw conclusions only based on this small subset, as the precision of the results will not be sufficient.

The survey aimed to single out the specific NTMs that affect exports, so all companies interviewed were active exporters. NTMs related to imports were identified as well when businesses were active in both exporting and importing, but the sample did not include interviews with companies that only import. Eighty-four percent of interviewed companies were exporting and importing, while 16% were exporting only.

The survey did not include businesses involved in cross-border trade in services such as tourism, banking, finance, telecommunications or business process outsourcing.¹¹

Figure 6 Overview of surveyed companies



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Phone interviews

Phone interviews are referred to as phone screening in this report. A total of 570 registered companies were approached for a phone screening. Most (479 firms) have both exporting and importing activities and 91 are only exporting. Of the total, 367 companies, or 64%, said they had been affected by restrictive regulations when they imported or exported in the past year.

Each phone screening takes an average of six to eight minutes to identify a company’s main export and primary trading partner, and to determine whether it faces burdensome regulations. The data gathered at company level included the number of employees and destination/origin market, as well as gender-related information (firm management, ownership and employment), abiding by ITC’s gender-related rules and regulations.

Face-to-face interviews

Ipsos then met with companies that faced burdensome NTMs and were willing to share their experiences. The confidential interviews, which captured specific details, were carried out according to the standard ITC questionnaire that had been localised and translated in Arabic. The interviewees were mainly directors and people in charge of the import-export process.

More than half of the companies that reported facing restrictive regulations (56%) participated in the second part of the survey, leading to 207 face-to-face interviews. These took an average of 40–60 minutes each. The questions addressed all traded products and partner countries; burdensome regulations (description, official name, category of NTM, implementing body and applying country);

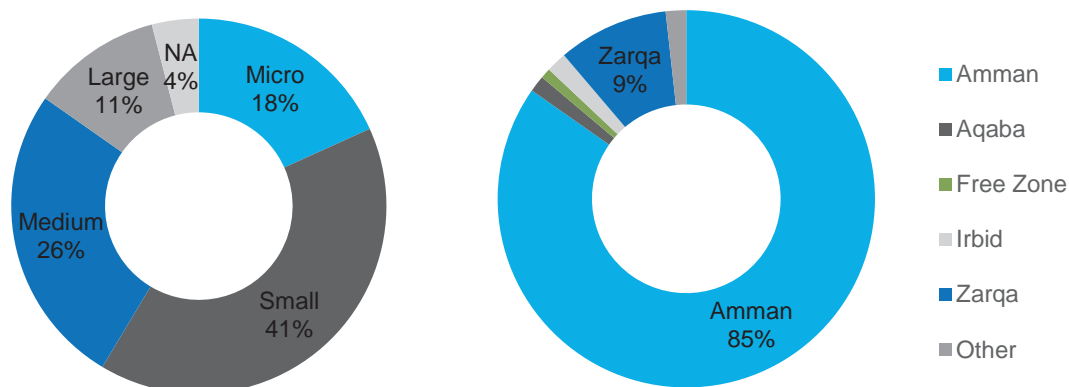
¹¹ A survey on trade in services requires a different methodology which is under consideration and may be developed soon.

related obstacles (description, category of obstacles, implementing agency and location); and recommendation to overcome the obstacles.

Company profiles

Size and location of participating companies

Figure 7 Company size and location



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Most of the 570 companies that were interviewed by telephone were small businesses (230 or 41%), followed by 149 medium-sized firms (26%) as shown in Figure 7. There were 104 representatives from micro enterprises and 64 from large companies. The following size classification is used in the report: micro enterprises have five or fewer employees; small enterprises have six to 20; medium-sized enterprises have 21 to 100, and large enterprises have 101 employees or more.

Eighty-five percent of interviewed companies are in the capital, Amman Governorate, and 9% are in Zarqa. The survey took into consideration the geographical distribution of companies across the country and efforts were made to interview businesses in different areas. The results reflect the centralisation and concentration of headquarters in Amman.

Main partner regions

A clear majority of exporting companies named Arab states as their main export destination. A company derives the lion's share of its sales from the main destination, though it could also export to other trade partners. This distribution does not precisely reflect the value of trade or the importance of the main destination relative to others, but rather serves only to identify exporters' main partners.

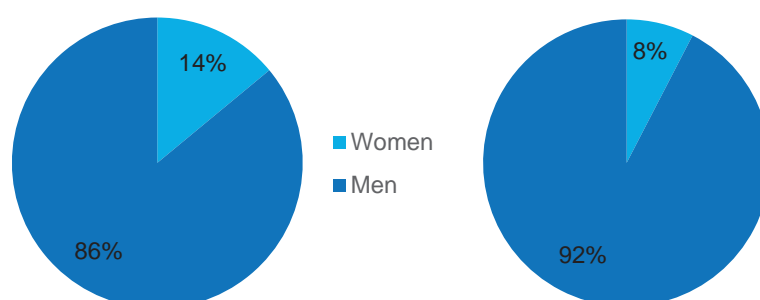
Importers have a more diversified basket of partners than exporters. Asia, and China in particular, is the main supplier of 39% of Jordanian importers, followed by Europe (about a third) and the LAS (17%).

Women as workers and managers

The fact that 43% of Jordanian companies employ only men implies a low share of female workers per company. On average, 14% of all employees are women (Figure 8). The biggest enterprises have the most female workers, and 32% of these companies employ more women than men. This share drops to 9% for medium-sized firms and 4% and 2% for small and micro companies, respectively.

Few women are in top management positions at these trading companies; only 8% are owned and/or managed by a woman.

Figure 8 Shares of female employees and managers/owners



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Captured data and method of evaluation

Product and partner identification

Companies that wanted to participate in face-to-face interviews provided a list of their products using the Harmonized System at the six-digit level and the destination country (for exports) or country of origin (for imports). Each pair of product and partner country is referred to as ‘product-partner trade flow’.

For each product-partner trade flow, companies were asked to provide additional information about the NTMs they faced. This enabled the interviews to categorize the described NTMs and related procedural obstacles following the classification in Appendix II. The final step of data analysis is to calculate frequency and coverage statistics, taking account of product and sector, the main NTM category – technical or quality-control measures, for example – and company characteristics mentioned above.

Quantifying NTMs and POs: the case definition

Most frequency and coverage statistics are defined by ‘cases’ that reflect the least aggregated category of the analysis. Each representative interviewed in person faced at least one burdensome NTM. A case is then counted by the type of NTM, who imposed it, the product affected and the company reporting the measure. If, for example, a company reports that one partner country applies the same NTM to three of its products, this is recorded as three separate cases. If two firms report that they face the same issue, this is counted as two separate cases. This counting system makes the individual cases the most disaggregated in the analysis of the NTM surveys.

Case counting also took into consideration whether the exporting or importing country applied the NTM. When several importing countries apply the same type of measure on Jordanian goods, each case is recorded separately because the detail and the specifics of the NTM are presumed to vary between markets. But such cases are counted as one when the reported NTM is imposed locally.

PO cases follow the same counting system. Problems related to the business environment are calculated at the company level and are listed separately, even though sometimes they were closely related to NTM statistics. For example, pre-shipment requirements may cause unexpected delays. Although POs are directly related to a given NTM, inefficiencies in the business environment occur irrespective of the NTMs.

CHAPTER 3 THE COMPANY PERSPECTIVE



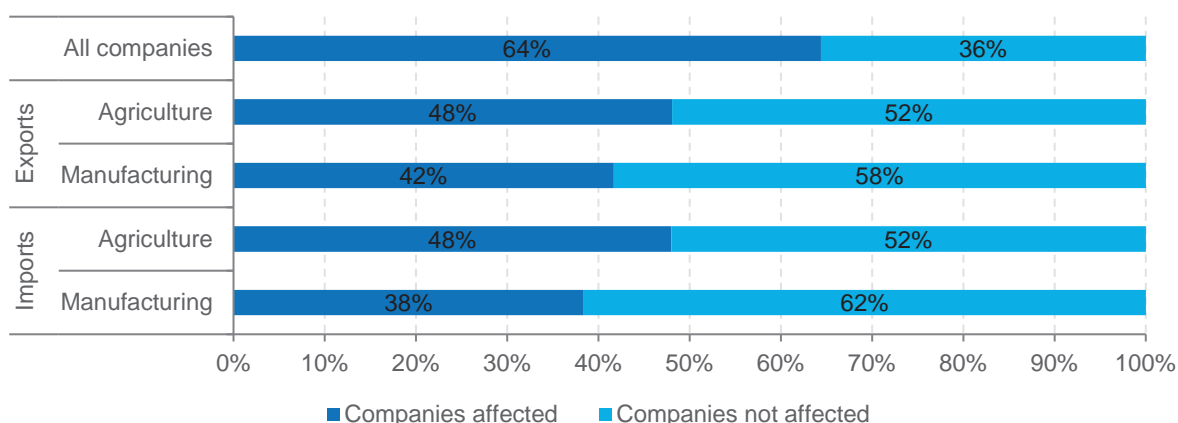
Results of the initial phone screening indicate that NTMs affect the trading operations of 367 companies. This chapter covers companies' perspectives about the major obstacles they face, based on their own experiences.

Most companies in Jordan say NTMs impede trade

Burdensome NTMs affect 64% of Jordanian enterprises (Figure 9) when they export or import. This means such measures impede trade in Jordan more than in other countries (48% on average), including other surveyed Arab states. A company is considered affected if at least one of its products faced an obstacle during cross-border trade in the 12 months preceding the survey (cf. Appendix I for details).

Companies mainly active in exporting or importing agricultural products are more affected (48% in both trade flows) than those in the manufacturing sectors (42% and 38%, respectively). These sectoral differences are less pronounced in Jordan than in other countries that were surveyed.

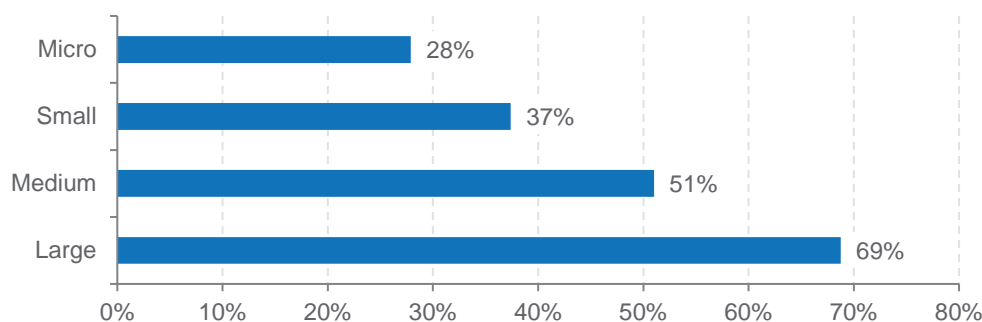
Figure 9 Breakdown of companies affected by NTMs



Source: ITC, NTM Business survey in Jordan, 2015–2016.

NTMs affect large exporters in Jordan more frequently than small ones (Figure 10). Bigger companies export more products and ship to more destinations, so it is logical that they face a greater number of NTMs.

Figure 10 Affectedness based on exporter size



Source: ITC, NTM Business survey in Jordan, 2015–2016.

The number of product-partner trade flows¹² is linked to a company's size. Micro companies report 2.8 product-partner flows on average while larger firms report 4.3. Table 5 is based on information collected during the face-to-face interviews, when a company, products and partners are identified.

Table 5 Average number of product-partner trade flows per size

Company size	Average number of product-partner trade flows
Micro	2.8
Small	3.1
Medium	3.1
Large	4.3
Total	3.3

Source: ITC, NTM Business survey in Jordan, 2015–2016.

The magnitude of the impact of NTMs varies depending on the number of product-partner trade flows; exporters with the fewest have more difficulties coping with regulations. On average, about half of the trading operations of exporters with seven or more product-partner flows are affected (Table 6). On the other hand, NTMs affect more than 80% of the trading operations of a company with three or fewer product-partner flows.

Table 6 Share of affected product-partner flows

Number of product-partner trade flows	Average share of affected flows
1-3	82%
4-6	67%
7-more	50%
All companies	75%

Source: ITC, NTM Business survey in Jordan, 2015–2016.

This result indicates that bigger companies either tend to diversify destinations for their goods or acquire experience to manage the regulations and their trading operations more efficiently.

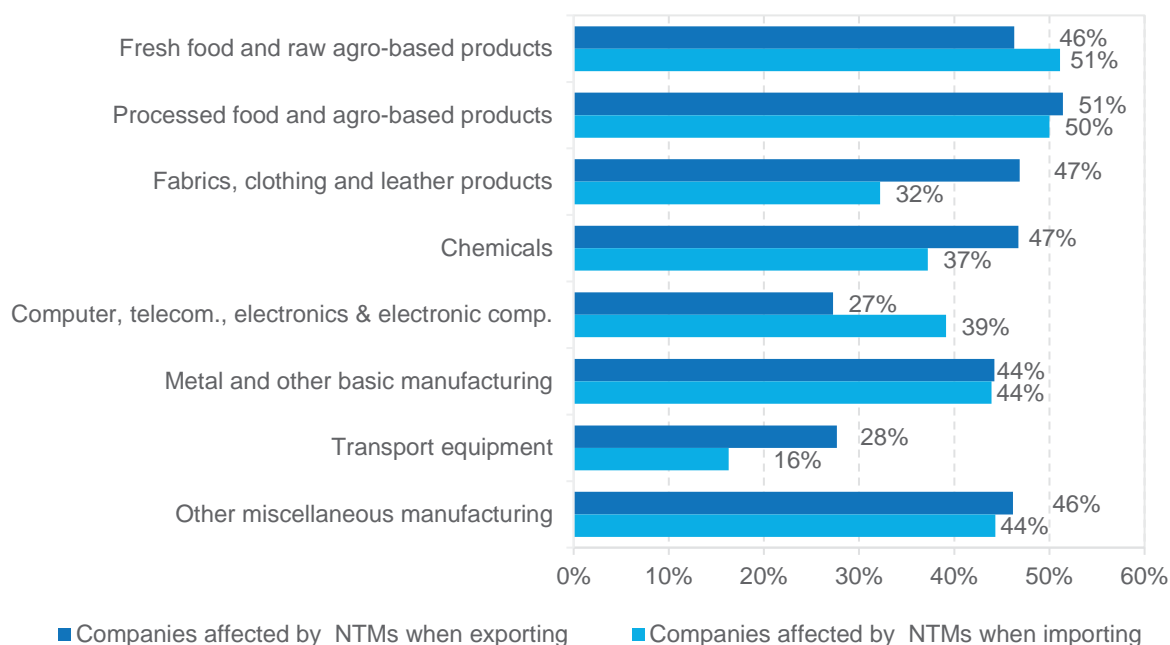
¹² A company exporting three different products to two different partners will have $3 \times 2 =$ six product-partner trade flows.

Small differences between agriculture and manufacturing also emerge when specific sectors are examined (Figure 11). Companies are probably affected similarly across sectors because they face cross-cutting issues rather than sector-specific problems. This means that, regardless of the sector, companies will follow similar procedures to comply with requirements and will face similar difficulties. This finding is confirmed by the low share (2%) of technical requirements (Table 7). These NTMs, directly linked to the traded product, represent a very small share of all reported burdensome regulations.

Processed food is the most affected export sector, with 51% of the companies reporting onerous NTMs. Foods that fall into this category include prepared or processed bovine meat, sauces and sweets. The sector covering information technology equipment and electronic components is the least affected (27%), though it is quite small in terms of export value (\$300 million in 2015).

In terms of imports, the biggest impact is felt in the fresh food and processed food sectors (50%). Processed vegetables used for animal feed and flavouring by the food and drink industries are affected more than other imports. NTMs have little impact on imports of vehicle or transport equipment (16%).

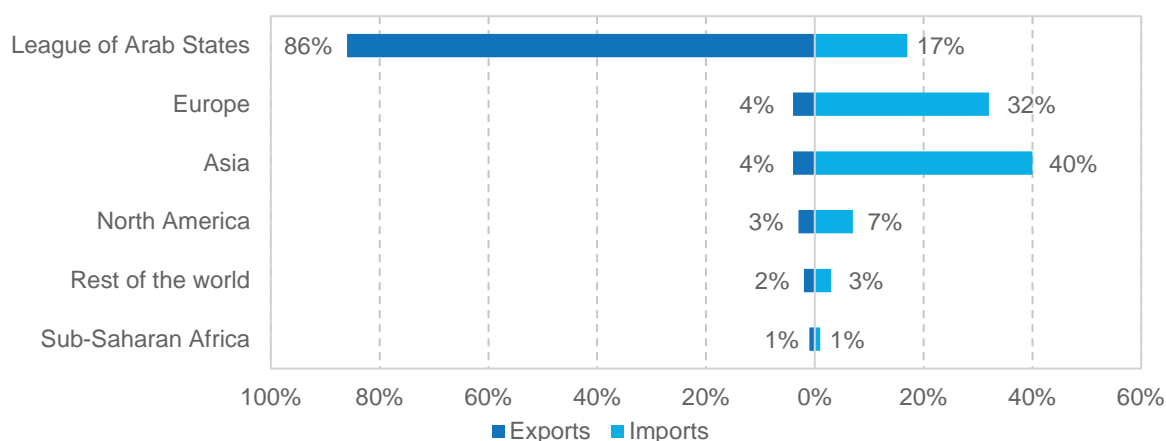
Figure 11 Affectedness per sector



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Most companies (86%) consider Arab states as their main export partners in terms of value (Figure 12), though total trade to this region accounts for just 51% of Jordanian exports. Only 4% or fewer of the exporters see other regions of the world – such as the EU, Asia and North America – as their most important destinations.

Figure 12 Main exporting and importing partner regions



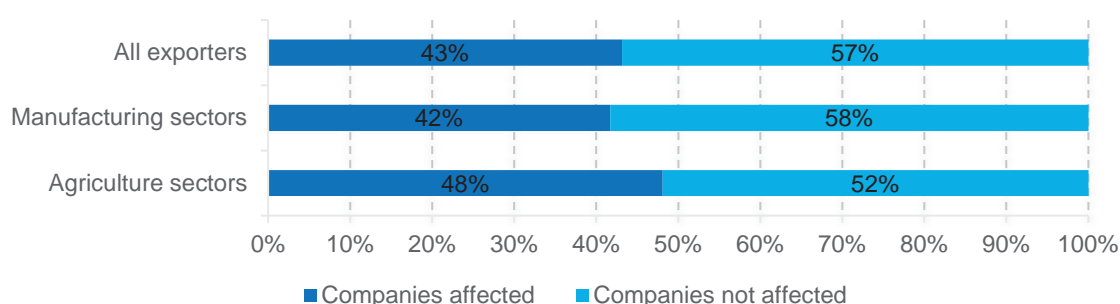
Source: ITC, NTM Business survey in Jordan, 2015–2016.

Asia and Europe are the chief suppliers of goods to Jordan, with respectively 40% and 32% of importers identifying these regions as their main partners. The Arab states are the main suppliers for 17% of the companies.

Agricultural exports face most NTMs

NTMs hinder 43% of Jordanian exporters. This share varies slightly between sectors: NTMs affect 42% of exporters in manufacturing and 48% in agriculture.

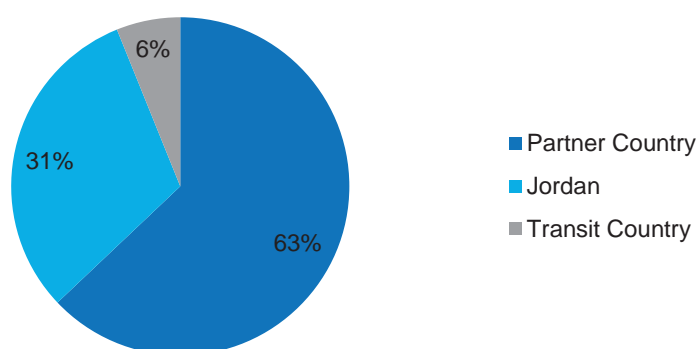
Figure 13 Affectedness when exporting



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Partner countries and transit countries apply most NTMs on exports (69%), with Jordanian authorities imposing the remainder. This proportion is similar to what has been observed in other surveyed countries, where domestic authorities apply about a quarter of the burdensome regulations.

Figure 14 Country applying regulations on exports



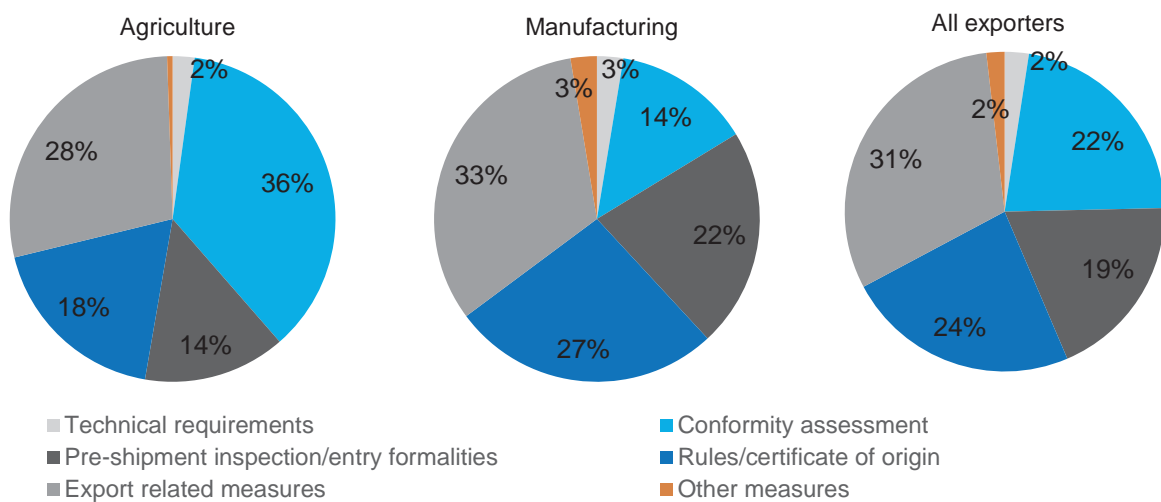
Source: ITC, NTM Business survey in Jordan, 2015–2016.

The type of NTMs companies face varies according to industry, as some requirements are more relevant to certain sectors than others (Figure 15). Conformity assessment regulations are the most burdensome measures for exporters of agricultural goods, accounting for more than a third of all NTMs. They are less predominant in manufacturing (14%).

In general, companies across all sectors reported few technical requirements. This can be seen as a sign that Jordanian goods are export-ready in terms of quality. If technical requirements are not an issue for exporters, this means they can meet the minimum standards imposed by trading partners. This NTM represents 2% of all reported agricultural cases and 3% of manufacturing cases. This shows that the quality of Jordanian products is not an issue, but proving quality through conformity assessments is a problem.

Exporters of manufactured goods report more NTMs related to rules and certificates of origin than those in the agricultural sector. Rules of origin are often more straightforward when it comes to food products than in manufacturing.

Figure 15 Type of NTMs per sector



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Rules of origin challenge many exporters

Partner markets' NTMs are the source of 63% of all burdensome regulations, rules of origin and related certificate of origin identified as the biggest obstacles (23% of NTM cases). Certification and testing requirements under the conformity assessment follow, at 11% and 10%, respectively.

Table 7 The most challenging NTMs

Origin of the NTMs	NTM Chapter	Measure Category Code	Share of NTM cases
Partner	Technical requirements		2.4%
	Conformity assessment	Product certification	11.0%
		Testing	10.2%
	Pre-shipment inspection and other entry formalities	Pre-shipment inspection	8.8%
		Other pre-shipment inspection and other entry formalities	4.5%
	Rules of origin and related certificate of origin	Rules of origin and related certificate of origin	23.4%
Other measures		2.6%	
Transit	Pre-shipment inspection and other entry formalities	Pre-shipment inspection	5.3%
	Other measures		0.8%
Jordan	Export related regulations	Export inspection	4.3%
		Certification	5.3%
		Tax refund	4.1%
		Export taxes and charges	3.9%
		Other export related measures	13.4%
Total		100%	

Source: ITC, NTM Business survey in Jordan, 2015–2016.

Of the 309 reported NTMs that partner countries impose on Jordanian exporters, 115 involve rules of origin and related certificates of origin. Related obstacles include the large number of required documents and high fees and charges to certify or regulate agriculture products. One-third of burdensome NTMs applied by partners are conformity assessments and about 21% are pre-shipment inspections and other entry formalities.

For example, companies say that exporting agricultural products to the State of Palestine and Saudi Arabia is time-consuming and costly because of the way their authorities inspect the goods and handle samples. This affects the quality of the exports and leads to higher costs for traders.

Transit regulations account for 6% of reported NTMs. These are primarily Saudi regulations when exporters sell to companies in Gulf countries (including Saudi Arabia as a final destination). Many of these NTMs are pre-shipment inspections, i.e. controls by Saudi Customs and the way assessments are carried out lead to partial loss of the shipments.

When it comes to domestic regulations, 30% of NTM cases pertain to export-related regulations categorized into inspection, certification, value-added tax refund, and export taxes.

Certificate of origin for each copy of invoice is required for local use only [...] this is costly and time consuming.

Exporter of office furniture

Required tests take a long time to be finalised and laboratories are limited, which delays the exporting process, and this affects agriculture products' quality.

Exporter of vegetables

Lack of care by customs staff in country and transit markets with poor refrigerating facilities affects the quality and price of exported agriculture products.

Exporter of fruits

Table 8 Share of trade, NTMs and affectedness per destination

Region	Destination	Jordan exports		Surveyed companies exporting to this destination	Share of affected companies to this destination	NTMs applied by this destination	Share in total reported NTM cases (%)
		Value in 2015 (in 000 USD)	Share (in %)				
League of Arab States	Saudi Arabia	1,155,385	16	113	60	101	32.6
	Iraq	747,560	10	97	57	75	24.3
	United Arab Emirates	368,527	5	47	45	27	8.7
	Kuwait	306,579	4	40	35	16	5.2
	State of Palestine	133,524	2	29	38	13	4.2
	Egypt	107,965	2	20	40	12	3.9
	Qatar	157,714	2	30	27	11	3.6
	Other LAS countries	709,734	10	99	26	31	10.0
North America	United States of America	1,442,742	20	20	35	7	2.3
	Canada	54,351	1	7	14	1	0.3
	Asia	762,628	11	20	15	4	1.3
	EU28	213,738	3	30	20	7	2.3
	Rest of the World	983,299	14	17	24	4	1.3
	Total	7,143,746	100			309	100.0

Source: ITC, NTM Business survey in Jordan, 2015–2016.

Arab markets are often difficult to access

Arab markets remain challenging for Jordanian exporters, even though GAFTA came into existence in 1997. Countries in the League of Arab States are the source of 93% of all NTMs that Jordanian traders face, even though only 53% of Jordanian exports are destined for this region.

The main destinations for Jordanian exports, which were worth \$7.1 billion in 2015¹³, are the League of Arab States (primarily Saudi Arabia, Iraq, United Arab Emirates, Kuwait and Qatar) and the United States. These two export destinations account for 51% and 20% of the export value, respectively.

Each copy of the certificates of origin requires to be stamped by the Iraqi Embassy in Amman, this is costly and time consuming.

Exporter of metal tubes

[...] when exporting to Saudi Arabia, the classification is not always right which leads to a new set of testing which required additional payments and time delays [...]

Exporter of perfumes

Figure 16 compares the share of exports channelled to the main exporting markets with the share of NTMs they face during the exporting process. It shows that Saudi Arabia, which bought 16% of Jordanian exports in 2015, is more difficult to access than the United States, which bought 20%. However, Saudi Arabia applied 33% of NTMs while the United States imposed only 2%. Similar conclusions can be made by analysing other LAS members. For example, Iraq accounts for 10% (\$700

¹³ See www.TradeMap.org for more details.

million) of Jordanian exports, but is responsible for 24% of the difficulties related to NTMs applied by partners.

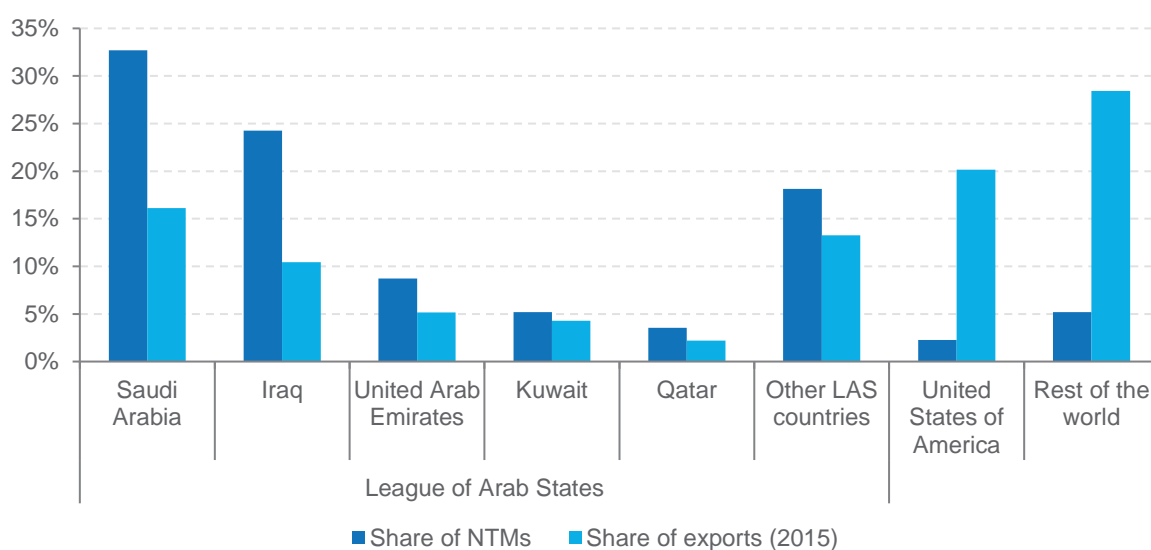
Jordanian companies encounter few burdensome regulations when exporting to the United States – a key market for their goods – and they face minimal problems in their trade relations with the country. This indicates that implementation of the Jordan-United States Free Trade Agreement meets exporters' expectations.

[...] when exporting to Saudi Arabia, we need to prepare rules of origin certificates for every individual unit separately despite having a rules of origin certificate from Jordan that includes all parts. But this is not recognized [...]

Exporter of technical units

Commercial relations with the EU28 are limited in terms of value, representing only 3% of Jordanian exports (Table 8). The survey found that a limited number of companies export to the EU – a total of 30¹⁴ – and they reported that the EU accounted for only 2% of the NTMs applied by trade partners.

Figure 16 Arab states account for 51% of exports, but 93% of partners' NTMs



Source: ITC, NTM Business survey in Jordan, 2015–2016.

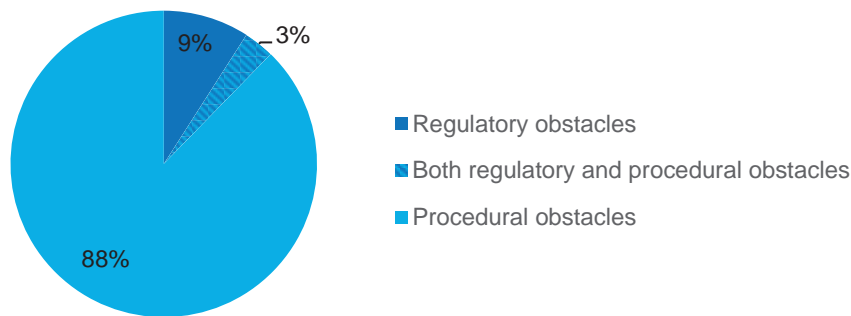
Steps to comply with NTMs cause most problems for exporters

In 88% of the reported cases (Figure 17), the NTMs are seen as onerous because of related procedures. This means that when exporters ensure that their products satisfy all requirements, the burden is due to the process of proving compliance, not overly strict regulations.

To comply with a specific regulation, companies must respect production criteria or follow certain steps or procedures. Such steps can take place at home in domestic agencies or in partner countries, and partner, transit or domestic (Jordanian) authorities can apply these measures. It is worth mentioning that procedural obstacles do not necessarily occur in the country applying the NTM; for example, a foreign regulation may cause domestic POs. Many Jordanian companies believe these procedures are the source of most trade impediments.

¹⁴ A company exporting to two EU countries will be counted twice.

Figure 17 Why are NTMs burdensome?

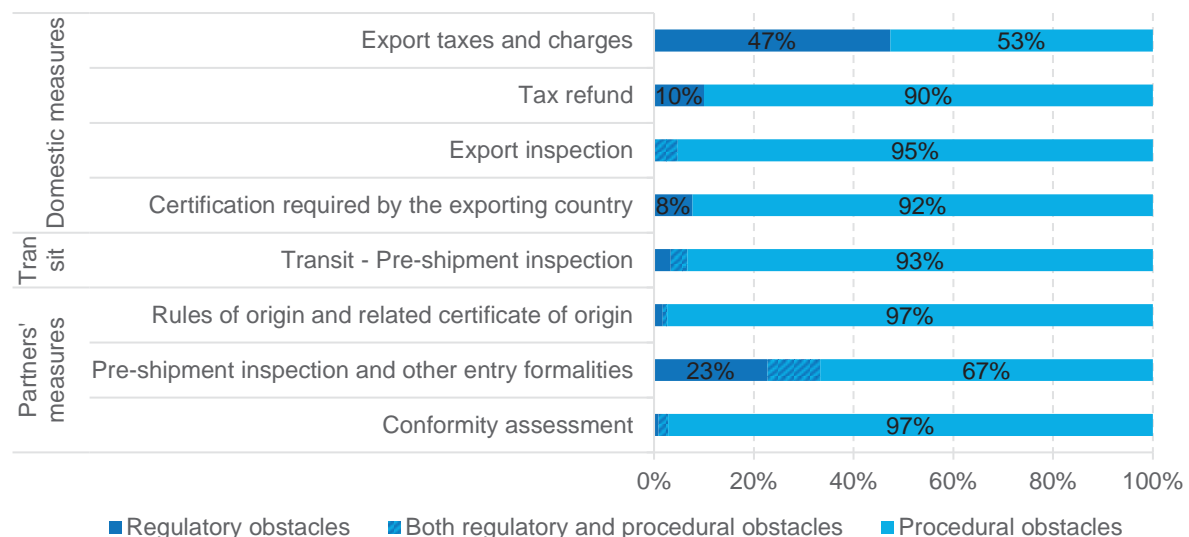


Source: ITC, NTM Business survey in Jordan, 2015–2016.

In other developing countries where ITC carried out NTM surveys, exporters see procedural obstacles as the main burden in around 60% of the cases. This difference means Jordan companies consider themselves to be more “export-ready”, which suggests searching for improvements in the field rather than by modifying regulations.

Most NTMs, regardless of the authority requiring them, are considered difficult because of the different steps to comply with them, as shown in Figure 18, not because the regulations are too strict.

Figure 18 Why do companies perceive a specific NTM as an obstacle?



Source: ITC, NTM Business survey in Jordan, 2015–2016.

In 97% of the cases when the rules of origin – one of the most frequently reported regulations – were perceived as a barrier, it was due to the procedures to be undertaken to fulfil the requirements. This is also true vis-à-vis other measures. For example, companies consider conformity assessments to be difficult because 97% of them are linked to procedural obstacles.

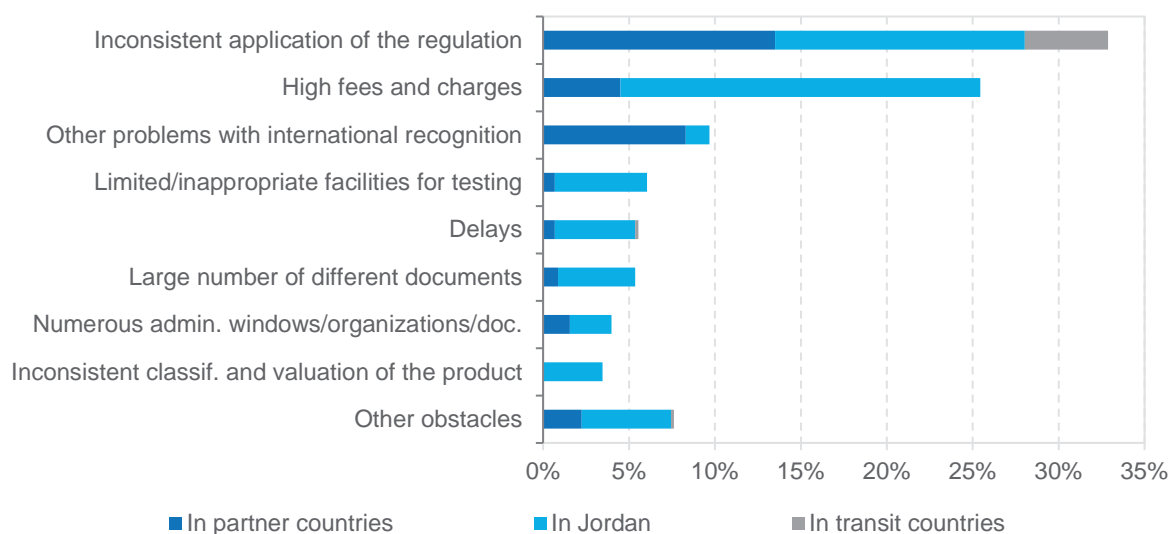
The survey found that 23% of pre-shipment inspections are perceived as overly strict. This means the regulations themselves, not only the related procedures, are challenging for Jordanian exporters.

Export taxes and charges are somewhat different. Exporters must pay a certain amount, and it is this payment that is perceived as an impediment in almost half of the cases.

Companies report that only 9% of the regulations are so rigorous or difficult to comply with that they become obstacles themselves. Such regulations in Jordan often include those requiring the payment of taxes or fees, as well as those imposing tough constraints on exporters, such as transport conditions (refrigerated containers and mandatory use of pallets, for instance).

The remaining 3% of the cases concern NTMs that combine complex or difficult requirements with a cumbersome process. Action is needed both at the policy level and on the ground to address these.

Figure 19 Procedural obstacles occur not only at home but also in partner countries



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Jordanian regulations account for 31% of all NTM-related trade obstacles for exporters, but two-thirds of the POs occur in the country. This comes as no surprise, because regardless of which authority applies the regulation, companies sometimes must follow the process of compliance in Jordan, hence following the Jordanian procedures. For example, when a country wants to guarantee the safety of imported food, they will ask the exporter to make the required tests in Jordan and to confirm compliance by showing a certificate issued by Jordanian authorities. The most common obstacle – incoherent and unsystematic application of the rules both in Jordan and in partner countries – covers about 33% of all PO cases (Figure 19). Exporters attribute this problem to a lack of capacity among officials working in government agencies or a lack of resources within these agencies. These factors could cause officials to perform their duties and deliver their services less competently than exporters expect.

High fees and charges are frequently imposed (21% in Jordan and 4% in partner countries). Agencies usually charge money to deliver their services and certificates and exporters must also pay to have their goods tested. This can be expensive, as exporters are sometimes charged what they consider excessive amounts, and the bills can become considerable when multiple samples must be tested. Testing fees take a bigger toll on small firms than on larger ones, which can mitigate the impact through economies of scale.

Problems with international recognition (10%) primarily involve foreign agencies, which evaluate the required certificates. Exporters’ expenses can rise markedly when certificates are not recognized, as they may have to retake similar tests in the partner country’s facilities, which adds to costs and means delays, as well as storage fees and partial loss of production during the handling process.

Table 9 Jordanian agencies with export regulations

	High fees and charges	NTMs, not applied in-line with exporters understanding	Lack of testing facilities	Delays	Large number of different documents	Products not classified, valued in line with exporters' understanding	Numerous admin. windows / organizations involved, redundant doc.	Other problems with international recognition	Other obstacles
Royal Scientific Society	Red	Yellow	Orange	Yellow	White	White	White	Yellow	Green
Amman Chambers of Commerce and Industry	Orange	Orange	Green	Yellow	Orange	Green	Orange	Green	Yellow
Jordan Customs	Green	Orange	Green	Green	White	Orange	Green	White	Orange
Jordan Food and Drug Administration	Orange	Yellow	White	White	Green	Yellow	White	White	Green
Multiple agencies (Iraqi embassy, CC&I, MFA, RSS)	Orange	White	White	White	Orange	White	Yellow	White	White
Jordan Standards and Metrology Organization	Yellow	Yellow	Green	Yellow	White	Yellow	White	Green	Green
Income and Sales Tax Department	White	Orange	White	Yellow	White	White	White	White	Green
Other chambers of commerce and industry	Orange	Yellow	White	White	White	White	White	White	Green
Public Laboratory	Yellow	Yellow	Yellow	Green	White	White	White	Green	White
Ministry of Agriculture	Yellow	White	White	Yellow	White	White	White	Green	Yellow
Ministry of Industry, Trade and Supply	Yellow	Green	Yellow	White	Yellow	White	White	White	White
Other public institutions	Green	Yellow	White	White	White	White	White	White	Yellow

Source: ITC, NTM Business survey in Jordan, 2015–2016.

Note: The different intensities of red, yellow and green indicate how frequently a procedural obstacle occurs at a particular public institution. Red indicates highest frequency while green indicates the lowest frequency. Blank cells indicate non-occurrence of such combinations.

The survey methodology makes it possible to distinguish between the government agencies that are the main players in the trading process. While all Jordanian exporters must deal with the domestic customs authorities, it is worth noting that, contrary to surveys carried out in other countries, customs in Jordan does not appear as a major impediment. The most common procedural difficulties involving Jordanian customs are related to the way regulations are applied and how products are classified.

The Royal Scientific Society (RSS) is the target of many complaints, with exporters saying more higher-quality testing facilities are needed and fees should be cut. The Jordan Food and Drug Administration (JFDA) and the Jordan Standards and Metrology Organization (JSMO) provide testing facilities for certain types of products. Exporters say their fees are excessive and that regulations are applied inconsistently.

Exporters report that the Amman Chambers of Commerce and Industry ask for too many documents, charge too much money for their services and apply regulations erratically, leading to delays.

Box 1 Jordanian laboratories address traders' complaints

Before discussing the survey results at the stakeholders' meeting, public agencies involved in the trading process were contacted to gain a better understanding of the challenges reported by Jordan traders.

Royal Scientific Society: RSS is an implementing agency to whatever is required from MITS and the Jordan Standards and Metrology Organization. RSS is only a testing facility for both the private and public sectors. The agency has specialized laboratories and produces reports. It can find either that the product is safe to enter the market or must be returned to its country of origin. RSS reporting cycles follow international standards and its fees are within globally recognized limits. Traders complaining about time and cost are unaware of the level of detail and time required for testing. Traders are also expected to follow and satisfy all requirements of importing markets and to meet standards, or their goods will be returned. RSS says the failure of traders to anticipate possible negative testing results adds to their frustration and discontent.

Jordan Food and Drug Administration: JFDA says the process for pharmaceuticals is straightforward: invoices are paid prior to shipping and all documentation should be cleared before processing the goods. Laboratory tests take one to two weeks for medical supplies, though additional testing may be required. In particular, first-time importers of medical devices could take more time. Exporters pay just 10 Jordanian dinars to have invoices stamped. No tests are required when exporting, and little time is needed to issue export licences. Lab results are provided on the same day as the tests and testing fees are just 20% of the value, which JFDA says is the lowest in the region. Jordan imports most of its food, so extreme care must be taken when examining agricultural imports. All updates on local regulations are circulated and updated on the website, JFDA says.

Jordan Standards and Metrology Organisation: JSMO conducts tests to protect consumers. The agency is responsible for a specific range of products, including food, oil, detergents and olive oil. JSMO does not test imported raw materials, but only the final product. MITS determines the percentage of the value added.

Trade-related business environment adds to traders' woes

The general business environment compounds the challenges traders face when complying with NTMs. Along with burdens stemming from government-imposed regulations, Jordan has certain characteristics that influence the way traders carry out their business. The NTM survey covers a broad range of these, from administrative burdens to transport, infrastructure and legal issues.

Administrative burdens are the primary concern of traders (Figure 20), affecting more than 60% of the surveyed companies. More than 70% reported that delays – which are also a procedural obstacle linked to several NTMs – were the biggest problem. This situation has not improved over the past five years, according to 40% of the companies, and for 25%, it has gotten worse. Such perceptions underscore that considerable efforts must be made to tackle this problem.

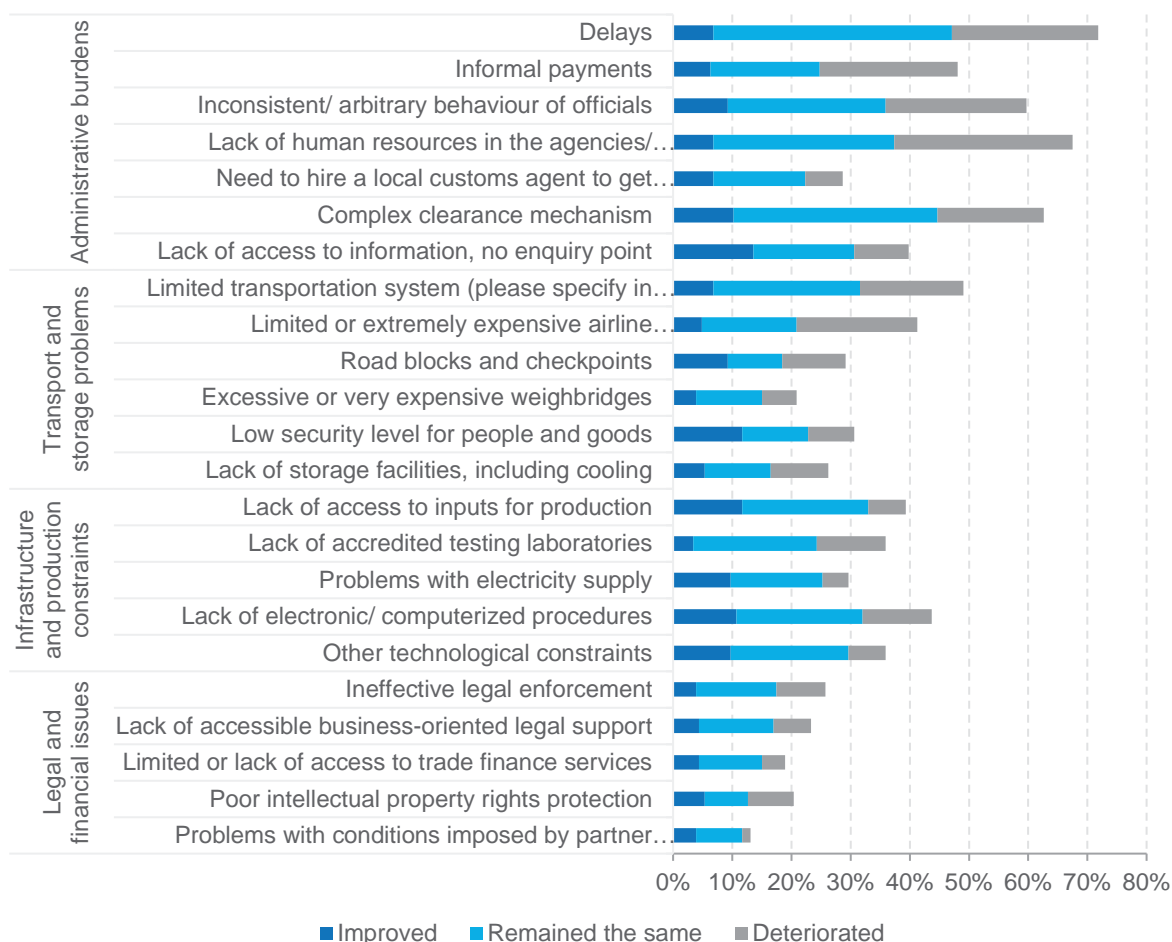
Traders' second-biggest concern is the lack of human resources in agencies involved in the business process. Overall, 67% of Jordanian companies mentioned this issue and 30% said the situation was getting worse – more than any other issue. This reflects traders' complaints about how regulations are applied – they report that the way regulations are implemented, rather than the regulations themselves, creates obstacles. Perceptions by the private sector that public agencies lack human resources might explain why traders consider administrative procedures to be overly cumbersome. Furthermore, 60% of companies believe that agency officials apply regulations subjectively.

Almost half of the surveyed companies brought up informal payments, with most saying the situation had not changed or even deteriorated during the past five years. Such difficulties with agency officials affect companies' efficiency and prevent them from realizing their full potential. As the Organisation for Economic Co-operation and Development (OECD) says: “[M]ost importantly, informal payments undermine public trust in the government, thereby diminishing its ability to fulfil its core task of providing adequate public services and a conducive environment for private sector development”.¹⁵ To combat this situation, Jordan set up a legal and institutional framework. The establishment of the Jordanian

¹⁵ Issues paper on corruption and economic growth, OECD, 2015.

Anti-Corruption Commission and the active role of educational and media bodies have reduced the spread of corruption.

Figure 20 Main challenges in the business environment and their evolution



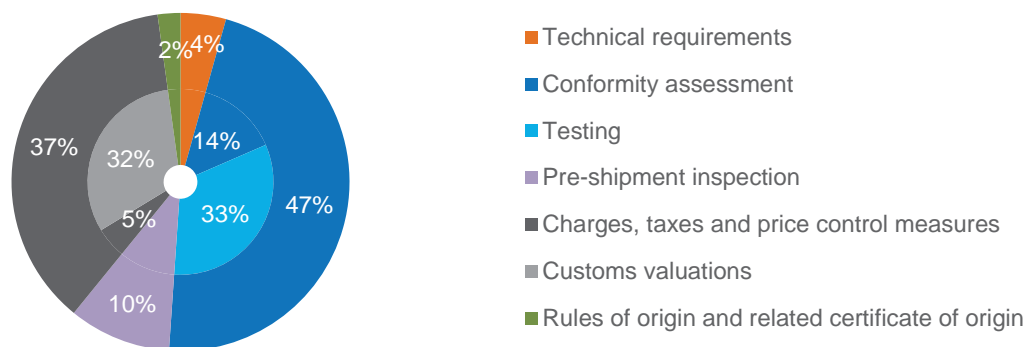
Source: ITC, NTM Business survey in Jordan, 2015–2016.

Burdensome non-tariff measures and other import obstacles

Jordan has made important reforms to liberalize trade in recent years, and the Government continues to improve the trade and investment climate. Provided they meet certain criteria, designated companies operating in the Qualifying Industrial Zones enjoy quota- and duty-free access to particular markets. They also benefit from special import provisions for their inputs.

Few partner-country regulations affect importers (their counterparts typically deal with such procedures) so it is not surprising that Jordanian importers complained only about domestic regulations. They reported 92 NTM cases, almost half of which involved conformity assessment and 37% of which involved charges, taxes and price-control measures (Figure 21). Roughly, 33% of the reported cases concern testing and 32% involve customs valuations. Together, these comprise almost two thirds of all import cases, followed by NTMs linked to labelling, product certification, taxes and rules of origin.

Figure 21 NTMs that affect importers

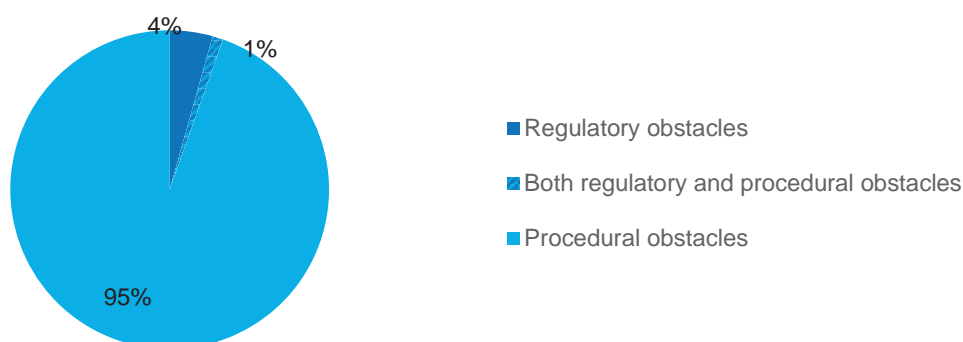


Source: ITC, NTM Business survey in Jordan, 2015–2016.

Why are NTMs perceived as obstacles?

Like exporters, Jordanian importers overwhelmingly believe that most NTMs are burdensome because of the procedures that must be followed to comply with these measures (Figure 22). This means regulations in Jordan are not themselves too difficult or a source of complication. Importers attribute 95% of NTMs to the associated POs.

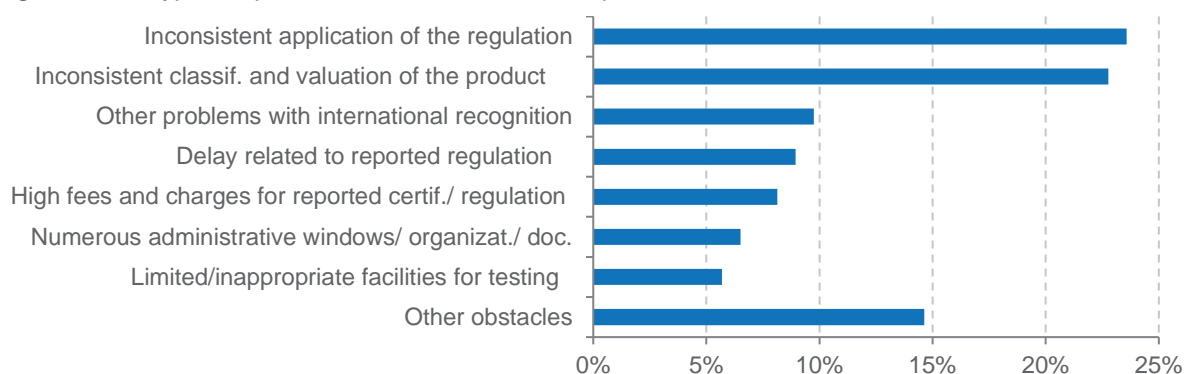
Figure 22 Reasons NTMs hinder imports



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Figure 23 illustrates the types of procedural obstacles that importers encounter. In particular, importers complained about the way the authorities apply regulations and inconsistency in classifying and valuing goods. Problems with international recognition, delays caused by certain rules and high fees follow.

Figure 23 Types of procedures that encumber importers

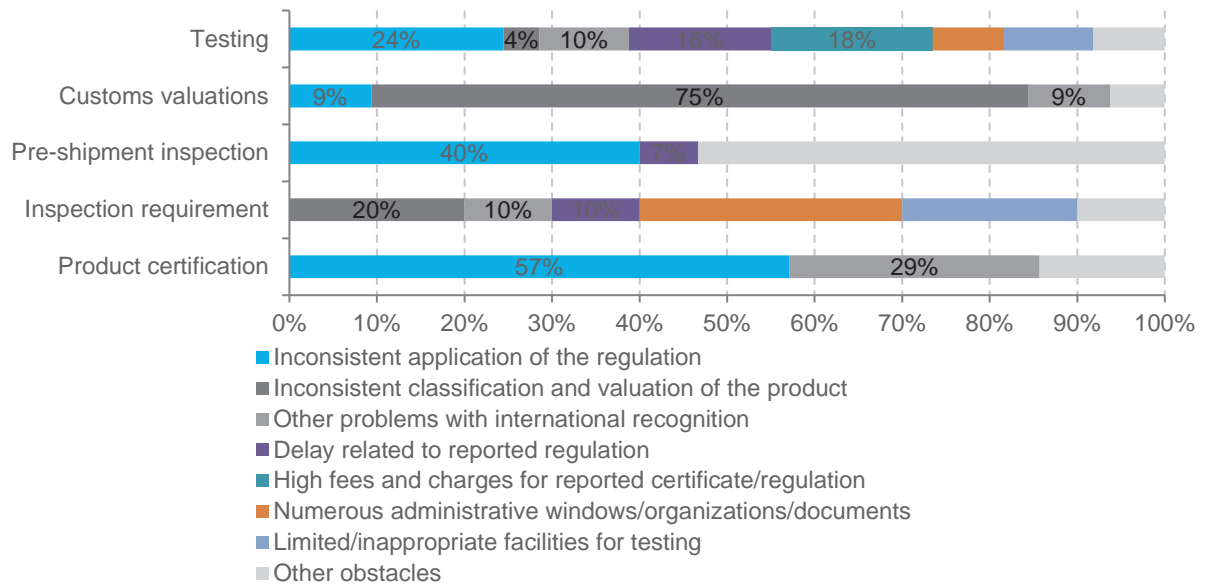


Source: ITC, NTM Business survey in Jordan, 2015–2016.

Looking more specifically at each measure (Figure 24), many complaints about testing pertain to the fees and the time needed to complete testing. Importers also reported that their understanding of the regulations often differed from how the rules were applied by national laboratories, which made the trading process stressful.

Importers also complain that when their goods reach customs, valuations are often much higher than the actual costs. As a result, traders must pay higher taxes and the market costs increase.

Figure 24 Breakdown of procedural obstacles



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Where do procedural obstacles occur?

There are only Jordanian agencies responsible for procedural obstacles when importing. This results from regulations that are only domestic. Almost half of the importers referred to POs at Jordan Customs, followed by JSMO with a 23% share and JFDA with an 11% share.

Table 10 shows the main local agencies mentioned in relation to import regulations. The classifications and valuations made by Jordan Customs are not in line with importers’ understanding and subject to inconsistencies. This obstacle varies between agencies, with the lowest frequency occurring at the Jordan Standards and Metrology Organization, the Jordan Food and Drug Administration and the Royal Scientific Society.

Table 10 Jordanian agencies linked to POs that obstruct importers

	Inconsistent application of the regulation	Inconsistent classification and valuation of the product	Other problems with international recognition	Delay related to reported regulation	High fees and charges for reported certificate/regulation	Numerous administrative windows/organizations/documents	Limited/inappropriate facilities for testing	Other obstacles
Jordan Customs	Orange	Red	Orange	Orange				Orange
Jordan Standards and Metrology Organization	Orange	Green		Orange		Orange	Green	Orange
Jordan Food and Drug Administration	Orange	Green	Yellow		Yellow		Yellow	
Royal Scientific Society	Yellow	Green			Orange		Green	
Multiple agencies (Jordan FDA, SMO)	Yellow				Yellow			
Ministry of Health	Green			Green			Green	
Aqaba Port								Green
Income and Sales Tax Department					Green			
Jordan Atomic Energy Commission							Green	
Jordan Telecommunications Regulatory Commission			Green					
Ministry of Agriculture								Green
Multiple Public Laboratories						Green		

Source: ITC, NTM Business survey in Jordan, 2015–2016.

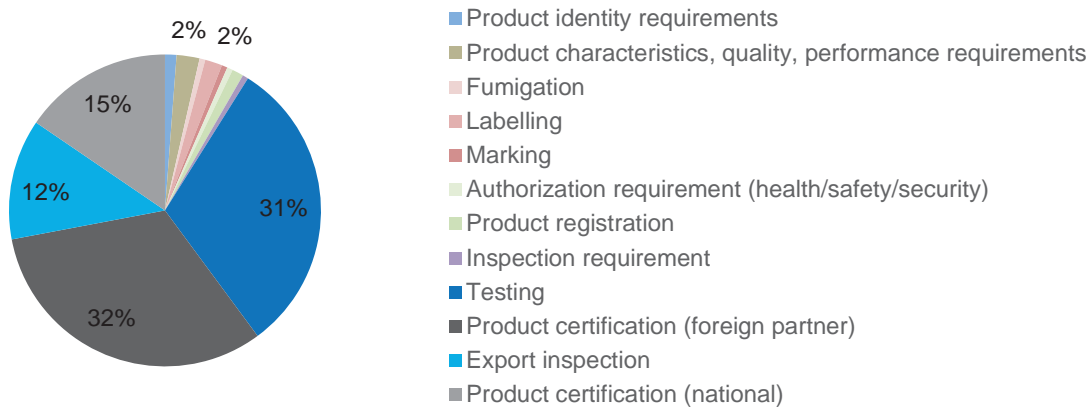
Note: The different intensities of red, yellow and green indicate how frequently a procedural obstacle occurs at a particular institution. Red indicates the highest frequency while green indicates the lowest. Blank cells indicate no occurrence.

Zoom on specific issues

The biggest technical burden: testing and certification

A product must go through a predefined process to assess whether it satisfies the required regulations. This process may include testing and/or certification that can be imposed and verified by Jordan when the product is exported or by the partner when the product enters its market. When goods are imported, Jordanian agencies must carry out tests – usually for legitimate reasons, such as guaranteeing food safety or consumers’ security.

Figure 25 Technical burdensome NTMs

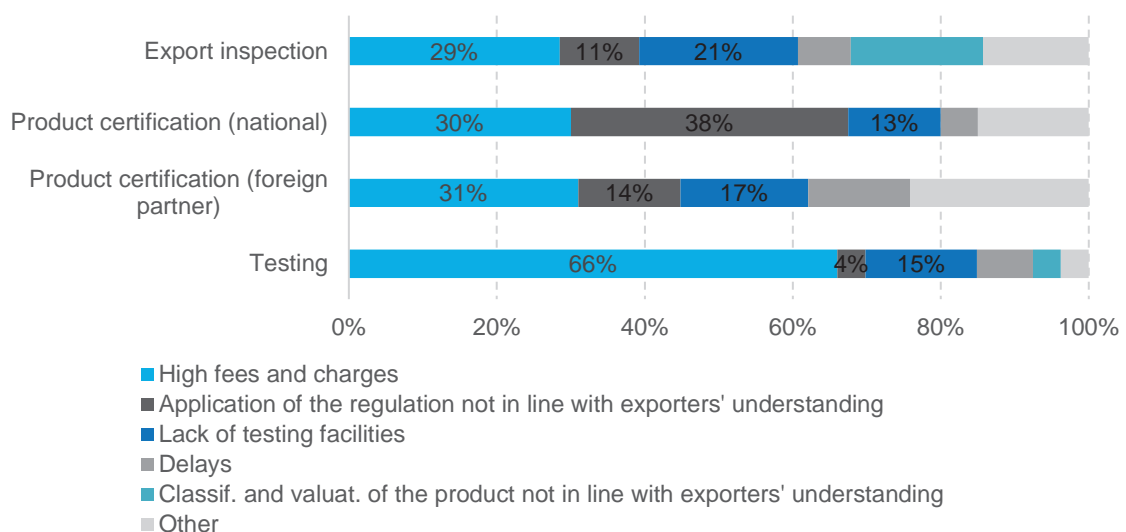


Source: ITC, NTM Business survey in Jordan, 2015–2016.

Testing and certification regulations are among the most burdensome. Whether imposed by Jordan or foreign authorities, they account for more than 90% of all technical regulations, which are measures specifically related to each product (Figure 25).

The main obstacle related to testing (31% of the technical NTMs) is the procedure that must be followed to comply. Exporters complain in particular about the fees that laboratories charge to carry out their duties. Figure 26 shows that expensive testing is clearly the primary obstacle. This underscores that exporters do not see the testing specifications as an impediment, but that they consider their products ready to be shipped, provided the test fees are paid. Testing is straightforward, but costly.

Figure 26 Procedural obstacles that occur in Jordan



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Better facilities and procedures are needed

Companies reported inadequate facilities for both testing and certifications. For each NTM, this represents 15%–21% of the related procedural obstacles. Traders shared personal experiences highlighting that Jordan lacks certain testing facilities. For example, when electrical breakers are imported, the local authorities reject the attached documentation that illustrates the technical specifications.

When testing imported citrus from Turkey at JSMO, the lack of resources implies delays of up to seven days. The products remain in the trucks, which damages them, and we need to pay penalties.

Importer of citrus

As a result, the product must be tested at JSMO labs, which can take six months or more because the testing process is complicated and requires spacious labs. JSMO is not fully equipped to carry out comprehensive tests, which leads to delays in re-exporting and higher fees for traders.

Companies noted that some tests took more time than expected due to the limited number of facilities and difficulty accessing them. In addition, technical issues within the laboratories can cause delays. There are few alternatives when machines are unavailable due to breakdowns or because testing times are limited. For instance, the government veterinary laboratory carries out tests only once a week, and this creates a bottleneck (for meat exporters in this particular case).

Compliance takes time and money

Traders reported many difficulties related to cost and delays. Fees and charges are the main problem, followed by the time spent to comply with the regulations.

Accurately estimating how long compliance takes is problematic, because traders' answers varied from a day to two weeks. It is equally difficult to determine the precise fees, which were reported at 10–500 Jordanian dinars.

When testing paints to be exported to Iraq, several tests are carried out by the RSS, for example, to check the level of lead. Testing each type of paint costs 100–150 Jordanian dinars.

Exporter of paints

Companies exporting to Gulf countries described their difficulties when their fruits and vegetables are tested for maximum residue limit – the highest level of pesticide residue that is legally tolerated in food products. Partner countries impose limits that exporters meet only after a time-consuming and costly process. Companies said they must test each type and pay about 80 Jordanian dinars per type of fruit or vegetable. Fees especially affect smaller exporters, because they don't depend on the size of the shipment. Importers also mentioned high test costs, with some reporting that fees reached several hundred dinars.

The Jordanian certificate for exported canned tuna is not recognized at the Iraqi customs, which implies three to four days' delay due to the lack of efficiency of Iraqi officials, the payment of new and costly tests in Iraq, and logistics expenses.

Exporter of canned tuna

A common complaint among exporters is that tests cause delays of two to 10 days. Importers reported similar problems. Goods must be stored in warehouses, adding extra costs that can become very high. Such delays can lead to the loss of perishable products and importers feel they have little room to control what is happening.

Penalties are another consequence of delays. Companies have commitments with business partners, and they are often subject to penalties if they fail to meet the terms of the contract.

Delays involving imports can also slow production. When imports used as inputs are held up, producers may have to put the production process on hold. In some cases, companies cannot afford to wait for the imports and they decide to abandon the shipment. This means they pay twice for inputs, which often cost more locally than when imported. This may seem like an extreme decision, but it often is the best choice they have.

Lack of transparency and misunderstanding of conformity assessment procedures

The authorities in Iraq and Saudi Arabia do not systematically recognize Jordanian testing certificates (Figure 27). This has direct consequences on trade with all Gulf countries, because goods shipped by land transit through Saudi Arabia.

The question of consistency of the regulations refers to knowledge about the procedures and the way regulations are applied. Exporters say that measures are applied in a way that does not strictly follow the rules. This leads to unexpected problems, as traders are unable to plan their operations accordingly. It also causes commercial partnerships to deteriorate as traders may lose trust after such experiences.

RSS certificate is not recognized by Iraqi customs when exporting iron bars, so they require a new test following their own standards, which produces the same results.

Exporter of iron bars

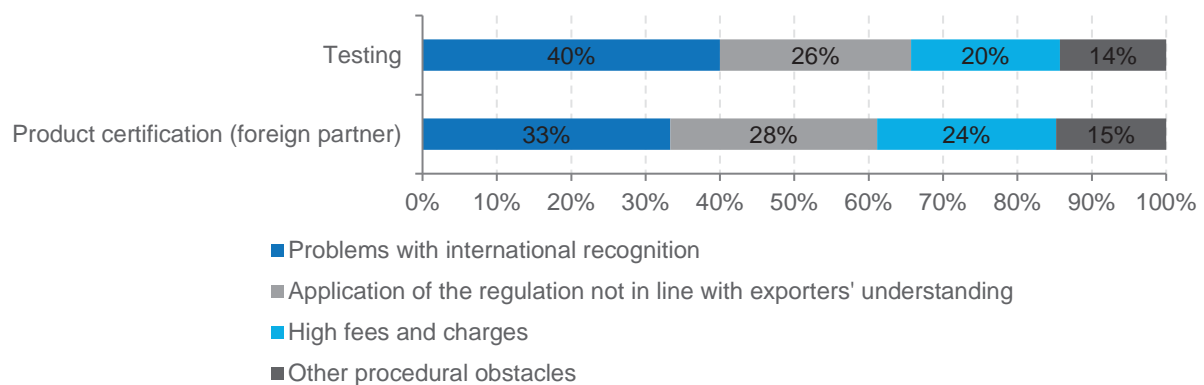
It appears that officials tend to spend too much time interpreting NTMs instead of behaving consistently. For example, when iron bars are exported to Iraq, the Iraqi authorities ask for tests in their own laboratories that ultimately produce the same results as those conducted at RSS laboratories in Jordan.

Iraq and Saudi Arabia sometimes accept tests performed in Jordan, but the way regulations are applied often varies. Exporters undergo the same process and bring the same documents about the same product, but the final decisions of customs officials often differ. Exporters don't understand why this is the case and would like greater transparency about mandatory requirements and more consistency by customs officials.

The same situation occurs for other certifications. For example, some customs officials in Kuwait and Saudi Arabia demand to verify the Halal certificate of Jordanian meat. But this document is not systematically required, so traders become lost between the regulations and their experiences at the borders.

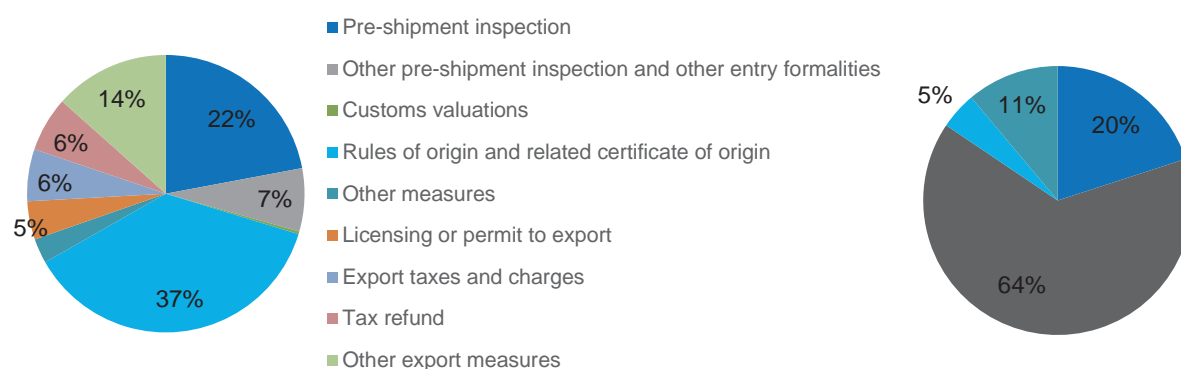
Additionally, some Halal certificates are accepted and others are rejected, even though all were provided the very same way. This confuses Jordanian traders, who feel that customs officials apply regulations arbitrarily when deciding what products can be cleared. Goods that are not approved must be sent back to Jordan, which means added transportation costs and less profit when the items are sold on the local market.

Figure 27 Procedural obstacles that occur abroad



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Figure 28 Non-technical NTMs affecting exports and imports



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Complex and lengthy delivery of certificate of origin

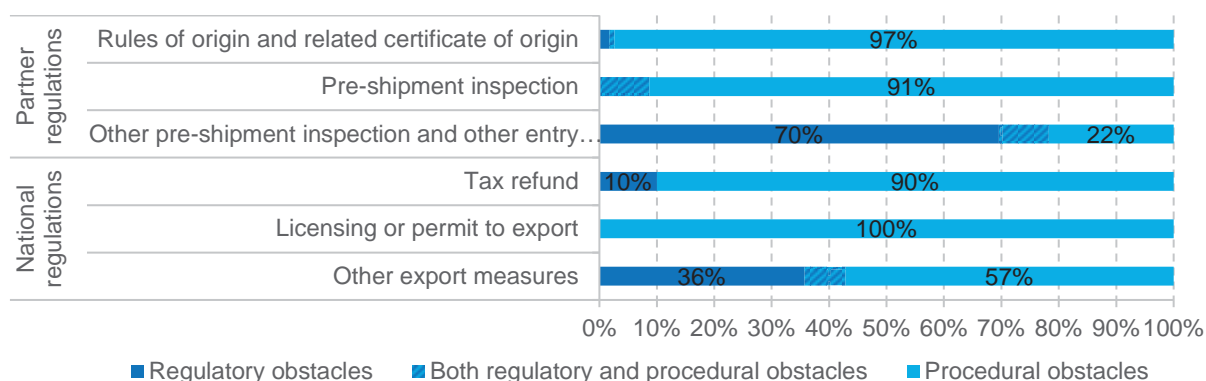
Jordan has signed several free trade agreements with individual countries as well as regions (Chapter 1). To benefit from these agreements, Jordanian exporters must comply with each regulation in the partner country and provide the necessary guarantees proving the Jordanian origin of the product and/or that it contains the necessary level of value added.

A country’s customs authority is probably its most important agency in trade facilitation. The mandate to collect revenue and ensure the safety and quality of imported goods meet national standards needs to be reconciled with private sector needs for efficient processes. The survey highlights that business concerns mainly pertain to procedural issues that could be eliminated without compromising customs authorities primary goals.

Among non-technical measures (Figure 28), burdensome NTMs related to rules of origin accounted for 37% of the cases Jordanian exporters faced. As seen in Figure 29, the overwhelming majority of problems related to certificates of origin are not caused by the conditions to comply with a regulation. In fact, 97% of the difficulties that exporters face are due solely to the process of proving compliance. In other words, producers in Jordan have the skills and capability to meet their partners’ requirements, but the process to certify it creates obstacles.

Importers’ biggest concern is valuation of products, followed by inspections before goods can enter the country (Figure 28).

Figure 29 Reasons non-technical NTMs are problematic



Source: ITC, NTM Business survey in Jordan, 2015–2016.

Too many agencies involved in issuing CoO

To obtain a certificate of origin, an exporter must collect all the necessary documentation through multiple windows. Repeating this cumbersome process inevitably implies higher costs and means more time is needed to complete the procedures.

For example, exporters hoping to benefit from Jordan's trade agreement with Iraq must deal with several agencies, each of which requires certain documents. This procedure involves the Iraqi embassy in Amman, the Chamber of Commerce and Industry and the Ministry of Foreign Affairs. The chamber produces the certificate, which must be stamped by both the Iraqi embassy and the ministry. Certification for each document costs between 20 and 40 dinars, which must be paid for each shipment. Exports complain about this, because these fixed costs can become significant for frequent and/or small traders.

Iraqi Customs requests the certificate of origin and all invoices to be certified by the Iraqi embassy, the Jordan Ministry of Foreign Affairs and the Chamber of Commerce and Industry. The certification for each document costs 32 Jordanian dinars.

Exporter of electrical equipment

Procedures are not followed as exporters anticipate

Even though the regulations specify what exporters must do to satisfy the conditions, their experiences often differ from their expectations. In some cases, this has to do with the way agency employees interact with the traders. Exporters say the officials who deliver certificates lack knowledge and expertise about the procedures, which means added delays to process demands for documents.

When exporting clothing to the US, I need to wait four days to obtain the CoO from the chamber of commerce. However, I am not given a reason for this delay and it implies the payment of penalties.

Exporter of clothes

The contents of document may also not be perfectly adapted to the requirements of the importing country. Different destinations require different information in the certificate, and not taking this into account will result in customs officials rejecting the certificate. This procedural obstacle represents 18% of the issues related to the rules of origin.

Box 2 Public-private sectors discussions on certificates of origin

Jordanian importers and exporters believe that their procedures should be facilitated to ease their trading operations, especially when it involves their national agencies. These agencies agree, and both parties believe they are doing their best. Representatives of public agencies in Jordan dispute the accuracy of the private sector's claims. All stakeholders discussed this point during the workshop and it is reflected in the suggested recommendations (see Chapter 4).

Officials advised traders to prepare better, starting by having an efficient plan that considers the minimum and maximum number of days needed to obtain a CoO. This involves making early inquiries to avoid any disappointments by buyers. On the other hand, traders asked official organizations to review existing procedures and to upgrade the capacity of officials to avoid arbitrary behaviour. As this is a shared responsibility, companies need to raise their own awareness and keep up to speed on updates. This involves chambers of commerce and industry, foreign ministries, the Ministry of Industry, Trade and Supply and the Royal Scientific Society, as well as the Iraqi and Saudi embassies in Jordan.

Inconsistent customs clearance and inspections in Saudi Arabia

Saudi Arabia borders Jordan and, as one of the major trading partner with an export share of 16.2% in 2015, is a frequent destination for Jordanian goods. The main route is from Al Omari border crossing in Jordan to Al Hadithah in the north of Saudi Arabia. This is also the route used to ship products to neighbouring countries in the Gulf region, like United Arab Emirates, Qatar and Oman.

Although Saudi Arabia is only crossed as a transit country in such cases, regulations apply to products that pass through. Saudi Arabia plays central role in Jordan trade, so most firms must interact with Saudi officials, particularly with customs authorities. This means that any changes to Saudi regulations or inspections directly affect Jordanian traders' planning process and eventually have financial implications.

Unexpected checks of exports in transit through Saudi Arabia

Jordanian exporters are especially concerned about inspections carried out by Saudi customs officials on vegetables or manufactured goods that are shipped to Gulf countries through Saudi Arabia. They say such shipments should not be checked because they are not intended to enter the country.

When exporting fruit and vegetables to Kuwait through Saudi Arabia, customs officials from KSA inspect the goods in an improper way: lack of care for the goods and from 6:00 to 15:00, then the temperature damages our products.

Exporter of fruits and vegetables

These inspections are carried out for security reasons to ensure that there are no unauthorized products or to search for undeclared goods. Following these inspections, the goods face the same procedures as those destined for Saudi Arabia.

In these cases, the same obstacles arise: mishandling of goods, damage to containers and their contents, and extra delays, among others.

Saudi customs officials should inspect goods more carefully

Jordanian exports are damaged because Saudi customs officers are not careful when carrying out inspections. Traders believe customs officials could improve their handling procedures to limit the losses caused by their inspections.

When products are exported to or via Saudi Arabia, customs officers handle the shipments under inappropriate conditions, exporters say. Fragile and perishable goods suffer from these conditions such as extensive stay in high temperature in the middle of the day.

Packaging is also affected, and sometimes goods must be repacked right after the inspection to be in acceptable condition for the client. When packages are seriously damaged, clients may refuse the shipments, which are then sent back to Jordan. This happens, for example, to coffee bags: they are opened at the border in a way that does not allow for easy resealing, so they are unusable. Exporters say limited efforts could lead to substantial improvements.

Pallets used to transport the goods are also treated with little care. The handling equipment that is used damages the pallets, which adds extra costs.

New Saudi regulation on the use of pallets

A new regulation in Saudi Arabia requires the use of pallets for imports such as fabrics, plastic tubes and toilet paper. This law has a direct financial consequence for exporters. One pallet costs about 5 Jordanian dinars and each shipment may contain 20–25 pallets, so the transport price of each shipment increases by 100–125 dinars.

When exporting wooden furniture to KSA, a new law imposes the use of pallets, which reduces the load capacity of the trucks. As a consequence, my transport costs are higher.

Exporter of wooden furniture

The new measure also affects the loading capacity. Exporters can load more products into trucks if they do not have to use pallets. Reducing trucks' capacity means costlier transportation. Some exporters are forced to make multiple trips, which also reduces their profit margin.

Jordanian exporters only learned of this new regulation when they reached the Saudi border. Most were unable to enter the country, because their shipments did not comply with the requirements. They had to reload everything using pallets. Exporters complained about the law itself as well as the way information about it was disseminated. Details about the new measure should have been widely shared because it affects everyone and would enable traders to be better prepared, they said.

Other trade rules

Overly strict laws regulating refrigerated trucks and containers

Jordan has too few refrigerated trucks and containers, firms reported. They understand why refrigerated transport is mandated, but finding it in Jordan can be difficult. The private companies that provide this service have limited resources and capacity. Most problems arise during high season, because

seasonal fruits and vegetables ripen around the same time, which boosts demand for refrigerated vehicles. Exporters that cannot access containers on the formal market must turn to the informal sector to find a solution. This alternative is unsustainable and does not guarantee the level of service needed for refrigerated transport. It also means extra costs compared to low season and additional time spent on finding refrigerated transportation. Avoiding these extra steps to ship goods would make the trading process more efficient.

Laws that prevent empty trucks and containers – whether refrigerated or not – from entering the country add to this problem. If empty trucks were allowed, companies would enjoy more flexibility and it would be easier to meet demand for this sort of transportation. Jordanian officials justify this policy based on public security grounds.

Refrigerated containers arrive fully loaded with goods, so entering the country is not an issue. But these containers must return to where they originated; that is, they cannot be sent to another destination, as is the case with containers that begin their journey in Jordan.

Jordan Customs values imports inconsistently

The value of products arriving at Jordan Customs is not calculated in a consistent manner. Importers provide documents and invoices to prove the value of their shipments, but customs officials use different methods to appraise the goods. Companies reported that invoices were not recognized and valuations were based on the personal assessment of the officials leading the procedure. This led to multiple valuations for the same imported goods. Importers do not understand the applied methodology and want a better explanation about the rules used to evaluate their products.

Instead of following invoices, customs officials assess the value of some imports from the European Union based on normal EU prices. Jordanian companies say this fails to reflect discounts they obtained so they could sell the goods in Middle Eastern markets. Customs officials may also use values found on the Internet, which can differ markedly from the negotiated prices shown in invoices.

The valuation process may also be subject to negotiations. When importers see that the value of certain goods is significantly higher than what they anticipated, they sometimes manage to get it lowered. Although they still pay more duties than planned, the amount is less than it would have been had they not negotiated a lower valuation.

The valuation process may take several days, and additional delays typically mean storage costs and delivery penalties.

High fees for X-ray inspections

Some companies believe the fees for inspections that use an X-ray machine are excessive. Jordan Customs checks exports, regardless of their destination. The cost per truck ranges from 10–30 dinars, according to surveyed companies. This adds up quickly, as every truck in shipments of dozen of trucks is inspected, and the final fee can reach 1,000–2,000 dinars.

CHAPTER 4 CONCLUSIONS AND POLICY OPTIONS



The impact of non-tariff measures on international trade and market access is a major concern, particularly in developing and least developed countries. While many of the perceived NTMs are applied for legitimate reasons, the business sector sees them as barriers. They hinder trade flows by adding costs and causing delays, which affects competition and ultimately economic growth. MITS and ITC undertook this challenging exercise to identify, assess and measure the impact of NTMs in Jordan.

To better understand NTMs faced by traders in Jordan and to facilitate targeted capacity building and the formulation of national trade policies, the NTM survey focused on the effects of NTMs from a private sector perspective, highlighting the main measures and obstacles faced in the compliance process. The survey includes an analysis of the NTMs and procedural obstacles that obstruct Jordan-based exporters and importers.

The project also brought together relevant stakeholders to formulate recommendations and policy options for Government consideration in its decision-making process. The national stakeholder meeting took place in Amman on 29 November 2016 with representatives from public agencies, the Government and the private sector. The conclusions and policy options presented here reflect the recommendations proposed during this meeting.

Public-private dialogue produces proposals and policy options

The NTM survey seeks to identify obstacles to trade confronting the business community in Jordan and to liaise with national stakeholders to formulate concrete, realistic proposals and policy options. The main objective of ITC's project on NTMs is to consult with national stakeholders and agree on policy options. Discussions with experts and representatives of Jordanian institutions complemented the analysis of the survey data.

ITC, in close collaboration with the Ministry of Industry, Trade and Supply's Foreign Trade Policy Department, organized the national roundtable on NTMs in November 2016. Representatives of relevant government ministries and organizations, chambers of commerce and industry, trade associations, academia and the private sector participated to the event (see Appendices V and VI for the agenda and the list of participating agencies in the stakeholder meeting).

The roundtable enabled participants to describe and discuss regulatory and procedural obstacles as experienced by Jordanian exporters and importers. The meeting aimed to identify solutions to mitigate these obstacles, taking public and private sector perspectives into account; define concrete priority actions and develop a roadmap to implement them; and inform current and planned trade initiatives and dialogue on NTMs among stakeholders. Based on the meeting and discussions, the following section covers the main conclusions and Appendix I summarizes the major recommendations.

Set up a national assessment centre

The private sector sees conformity assessment – including testing undertaken by the RSS, JSMO and JFDA laboratories – as a major challenge. It was identified as one of the primary NTMs in the survey. The proposed national assessment centre would oversee, coordinate and unify all requirements and facilitate measures and procedures related to exporting and importing. The centre would also aim to be officially regulated and act as an accredited body for the private sector for all required assessments throughout the trading process. Both the private sector and public sector welcomed this function as a way to avoid surprises when goods, especially locally manufactured products, are exported.

Upgrade government-run laboratories and capacity building of the implementing teams

Several stakeholders urged the Government to attract investment to upgrade government-run laboratories, especially those testing foods and pharmaceuticals. They insisted on the laboratories located near the Aqaba port and land-entry points. There was a call to modernize laboratories so they can carry out all required in-depth tests and satisfy the requirements of partner markets to avoid any returns. This would facilitate the testing process and ease traders' burden.

Communication between the implementing teams and the private sector representatives was challenging at times. Companies say laboratories need more efficient procedures and greater capacity to facilitate traders' constraints, and to apply regulations more rigorously. Stakeholders recommended developing laboratories officers' capacity and teaching teams higher levels of skills.

The Trade and Facilitation Committee, led by the Ministry of Transport, made similar recommendations. Following the committee's suggestions, a request was made to leverage technological advances, particularly ICT applications, at the laboratories so they operate more efficiently.

Provide in-depth and detailed technical assistance to Jordan-based firms

The survey found that traders lack a comprehensive understanding about assessment, certification and testing procedures. This was reflected in the feedback they provided about NTMs.

Public sector stakeholders disputed some private sector perceptions. Each stakeholder uses its own system to disseminate messages and communicate about new and amended legislation. The creation of a single, stakeholder-owned reference guide listing measures required for exporting and importing was recommended. This reference would follow a standard format and would involve:

- Publishing all required and approved standards for trade. Developing an effective marketing campaign to promote the guide and ensure that all local and foreign companies interested in doing business in and with Jordan could access it. Cooperating with different media outlets to make sure information, including about new or amended regulations, is disseminated.
- Increasing local companies' awareness and knowledge about the planning process before they trade. This could be done by setting up a consultation process that seeks input from all relevant stakeholders, including the private sector. This would give all parties greater involvement and encourage more engagement among stakeholders.

Unify assessment tracks and share success stories

Stakeholders recommended sharing success stories and best practices from members of the 'golden lists' compiled by Jordan Customs and JSMO, and learning from their experiences. These golden lists "give preferred operator status to companies that demonstrate low risk as well as a strong compliance

history with customs requirements”¹⁶. These success stories could be advertised and shared through advertising and different communications channels such as leaflets, e-mail campaigns, circulars or social media. This would help companies to better grasp the reasons behind their experiences with NTMs and to identify any shortcomings they face in the trading process.

Harmonizing the golden lists and the assessment tracks of Jordan Customs and JSMO was proposed as a way to reduce processing time and to improve efficiency. This could ultimately increase the number of listed companies.

This recommendation is linked to the above-mentioned point on providing in-depth technical advice and training.

Extend work schedules and add flexibility

Jordan relies on just one seaport and fewer land routes because of recent political developments. Most fresh vegetables and fruit are exported to the region by land. Such goods are classified as sensitive products because serious delivery delays affect quality. Therefore, the private and public sectors agreed to extend work schedules at customs checkpoints.

One way forward could be introducing multiple-shift and part-time systems to increase productivity and save time and costs caused by working-hour restrictions, especially during the high season. The private sector said a plan should be formulated to cover for absences during weekends, public holidays and in the busy season. Talks with regional counterparts, especially transit countries, were recommended to discuss how to ensure continuity during long public holidays, when border delays damage sensitive products and cost traders money.

Accelerate work on the national single window for trade

Work continues on a single-window initiative that will be a one-stop shop for traders. Representatives of public entities involved in the export and import process, such as inquiries, certifications, taxes and other services, are working to make this initiative a reality. The system will save time and costs for traders in their dealings with government authorities for obtaining the relevant clearances and permits to move their cargo. A single portal will especially benefit traders outside of Amman, as many cannot afford to spend more than one or two working days in the capital. The single window could also provide information about new or changed regulations that could affect trading, especially when more than one organisation is involved.

This initiative is supported by the Trade and Facilitation Committee and aligns with its suggestions to modernize business operations and adopt more advanced ways to manage cross-border activities, such as clearing shipments before they arrive.

Promote the Partnership Council to upgrade private sector-stakeholder communications

Representatives from the private and public sectors agreed that existing communication channels could be developed and improved to be more efficient. This would save time and costs while making the system more transparent.

This is among the goals of the Jordan Economic Growth Plan 2018–2022, issued this year by the National Economic Council, and Jordan’s National Export Strategy 2014–2019 to access new markets and benefit from free trade agreements.

Participants in the stakeholders meeting recommended raising the awareness of the local companies, organizing workshops across the Kingdom through the Chambers of Commerce and Industry, creating a hotline and e-mail inbox for inquiries, and sharing success stories and lessons learned. This would apply to all newly ratified regulations, instructions and all official announcements.

¹⁶ USAID-JORDAN FISCAL REFORM BRIDGE ACTIVITY (JFRBA)

Following the stakeholders meeting, this Partnership Council was established at Jordan Customs with the membership of all relevant stakeholders. The focus should be now on promoting this structure and empowering it to improve communication and increase transparency.

Suggested actions include:

- Scoping existing communication channels between exporting and importing companies and stakeholders;
- Assessing the level of communications efficiency, access, speed and clarity;
- Becoming a lead in tackling non-tariff measures and ensuring best practices on a regional level by addressing all gaps in the trading systems identified by the private and public sectors to create a healthier trading system.

The public sector and relevant stakeholders are keen to stay up to speed about all challenges faced by the private sector, especially when a new trade agreement is signed or government-to-government negotiations take place.

Build on efforts to improve trading at Saudi border

Geopolitical developments in the region mean traders face more difficulty accessing the western and eastern markets that import Jordanian products by land. About 60% of the borders are closed, affecting Jordanian goods as well as re-exported products. Traders rely on Jordan's port in the special economic zone of Aqaba to access western markets. The only way to access the Gulf markets is through Saudi Arabia, which plays a central role as a final destination for Jordanian good and as a transit country.

Government-to-government discussions to facilitate land trade are vital. The Jordanian Government should hold deeper discussions with Saudi Arabia to ease cross-border procedures and improve the transparency of regulations applied on the Saudi side so Jordanian traders can avoid delays and extra costs caused by unexpected requirements.

Extend the EU-Jordan agreement to include agricultural products

In July 2016, within the framework of the 10th European Union–Jordan Association Committee, the rules of origin were relaxed to increase exports to EU markets, especially after some markets were lost because of political developments in the region. The text includes 52 product groups including furniture, toys, textiles, garments, aluminium, copper, organic and non-organic chemicals, wood, fibres, soap and fertilizer, to name few. These products must be manufactured in the special economic zones and the benefits will be granted for 10 years, with a review after five years.

The text excludes agricultural and processed food products. Jordanian companies that export farm goods are keen to benefit from the relaxed regulations and have called for discussions. Stakeholders, including MITS, say value would be added if the trade deal covered processed food products.

Improve the transparency of rules regulating customs valuation when importing

Jordan Customs should improve and clarify the way import duties are calculated. Importers need greater consistency and better understanding of the rules that govern the valuation process so they can be fully prepared. This will also help them set budgets and will guarantee that customs valuations reflect the margin gained through business negotiations.

Matrix of recommendations

Primary burdensome NTMs and POs	Obstacles facing trading private sector	Affected sectors, agencies and markets	Recommended actions
<p>Conformity assessment procedures (exports): technical compliance and expense</p>			
<p>How to improve the conformity of exported products? How to overcome the lack of recognition of Jordanian's certificates in international markets? How to make local conformity assessment procedures more efficient and less expensive? How to ensure businesses have better access to product standards and conformity assessment procedures?</p>			
<p>Testing and certification requirements (standards related to sanitary and phytosanitary issues and technical barriers to trade) in Jordan and in partner countries.</p>	<p>Limited access to testing facilities for some exporters</p>	<p>Ministry of Industry, Trade and Supply</p>	<p>Set up an official "National Assessment Centre".</p>
	<p>Delays of two to 10 days and high costs of up to 10% of the value.</p>	<p>Ministry of Agriculture</p>	<p>Provide in-depth and detailed technical assistance to Jordan-based companies on required measures needed to perform competitive export and import transactions.</p>
	<p>Testing imports takes three to four days, but can reach 10–15 days, which increases storage costs in warehouses and leads to penalties.</p>	<p>Jordan Customs</p>	<p>Attract investment to upgrade government-run laboratories.</p>
	<p>Problem of recognition of Jordanian testing certificates when exporting to neighbouring markets.</p>	<p>Jordan Standards and Metrology Organisation</p>	<p>Look into the current working-hour patterns and introduce multiple-shift and part-time systems.</p>
<p>Product certification required by partner countries.</p>	<p>Lack of testing and modernize facilities.</p>	<p>Jordan Food and Drug Administration Royal Scientific Society Jordan Veterinary laboratory Jordan Environmental Laboratory</p>	<p>Accelerate the implementation of the National Single Window for Trade Initiative.</p>

Customs clearance, rules of origin and other trade rules (exports and imports)			
How to improve the transparency of trade procedures? What are the roles and responsibilities of each institution involved in issuing trade documents, in particular certificates of origin? How to simplify the procedures for granting these documents? How to improve transparency on regulations governing such procedures, including the eligibility criteria for companies, costs and time?			
Rules of origin and certificates of origin	Intervention of multiple agencies with high costs and delays; three to 10 days. National institutions do not apply procedures to grant the CoO according to exporters' expectations. Exports unexpectedly checked while in transit through or going to neighbouring markets in inappropriate conditions.	Ministry of Industry, Trade and Supply Ministry of Foreign Affairs	Promote the "Partnership Council" between Jordan Customs and representatives from the private sector and the Chambers of Commerce and Industry. Upgrade communication between the private sector and all relevant stakeholders.
Custom clearance and inspections by neighbouring markets	Lack of care of neighbouring markets' customs officials, especially for fresh agriculture products, which leads to loss of production and increased costs.	Jordan Customs Royal Scientific Society	Continue the negotiation efforts with partner markets on trade facilitation. Share success stories of Jordan-based companies listed in the golden lists.
Other trade rules	New regulation imposes the use of pallets for shipments to neighbouring markets. Lack of necessary refrigerated trucks and containers in Jordan. Empty trucks and containers are forbidden to enter the country. Containers must automatically return to where originated. Export inspections fees for X-ray are perceived as too high. Customs valuation differs from importers' calculations.	Jordan Chamber of Industry Jordan Chamber of Commerce Saudi Arabian embassy in Jordan Saudi Arabia Customs Iraqi embassy in Jordan	Look into unifying the assessment tracks of Jordan Customs and the Jordan Standards and Metrology Organization. Establish an electronic connection between the Chambers of Commerce and Industry and Jordan Customs. Continue to organize regular workshops and training on exporting, licensing and international trade. Look into revising the Euro-Med deal to include agricultural products.

APPENDICES

Appendix I Non-tariff measures surveys: global methodology

Non-tariff measure surveys

Since 2010,¹⁷ ITC has completed large-scale company-level surveys on burdensome non-tariff measures and related trade obstacles (NTM Surveys hereafter) in over 35 developing and least-developed countries on all continents.¹⁸ The main objective of the NTM Surveys is to capture how businesses perceive burdensome NTMs and other obstacles to trade at a detailed level – by product and partner country.

All surveys are based on a global methodology consisting of a core part and a country-specific part. The core part of the NTM Survey methodology described in this appendix is identical in all survey countries, which enables cross-country analyses and comparison. The country-specific part of the survey allows flexibility in addressing the requirements and needs of each participating country. The country-specific aspects and the particularities of the survey implementation in Jordan are covered in Chapter 2 of this report.

The growing role of non-tariff measures in trade

Over several decades, trade liberalization has been used as a development tool based on evidence that benefits accrue to countries actively engaged in world trade. Multilateral, regional and bilateral trade negotiations as well as non-reciprocal concessions have led to a remarkable reduction in global, average tariff protection. With favourable market access conditions, international trade has soared to previously unseen levels, raising overall welfare and standards of living.

The misuse of NTMs may undermine the impact of falling tariffs. The sound use of NTMs to ensure consumer health, protect the environment and safeguard national security is legitimate. However, evidence suggests that countries are resorting to NTMs as alternative mechanisms to protect domestic industries. NTMs have been negotiated within the General Agreement on Tariffs and Trade and at the World Trade Organization (WTO) since the Tokyo Round (1973–1979) and are increasingly dealt with in regional and bilateral trade agreements. Many practitioners consider they have surpassed tariffs in their trade-impeding effect.

NTMs particularly impact exporters and importers in developing and least developed countries (LDCs) that struggle with complex requirements. Firms in these countries often have inadequate domestic trade-related infrastructure and face administrative obstacles. NTMs that would not normally be considered very restrictive can represent major burdens in LDCs. In addition, the lack of export support services and insufficient access to information on NTMs impede the international competitiveness of firms. As a result, both NTMs applied by partner countries as well

as domestic burdens have an impact on market access and keep firms from seizing the trade opportunities created by globalization.

An overview of previous research and evaluation

In the literature, different methods have been used to evaluate the effects of NTMs. An early approach employed a concept of incidence with NTM coverage ratios. Such studies rely on extensive databases mapping NTMs per product and applying country. The largest database of official government-reported NTMs used to be the Trade Analysis and Information System published by the United Nations Conference on Trade and Development (UNCTAD), but data has been incomplete and updates irregularly.

In a multi-agency effort, ITC, UNCTAD and the World Bank are collecting data for a global NTM database with a focus on technical barriers to trade and sanitary and phytosanitary standards. The ITC Market Access Map features information on NTMs. However, as complete as the database may be, it reveals little about the impact of NTMs on the business sector nor does it provide information about related POs.

Scope and coverage of the non-tariff measure (NTM) surveys

The objective of the NTM surveys require a representative sample allowing for the extrapolation of the survey result to the country level. To achieve this objective, the NTM survey covers at least 90% of the total export value of each participating country (excluding minerals and arms). The economy is divided into 13 sectors, and all sectors with more than a 2% share in total exports are included in the survey.

The NTM Survey sectors are defined as follows:

1. Fresh food and raw agro-based products
2. Processed food and agro-based products
3. Wood, wood products and paper
4. Yarn, fabrics and textiles
5. Chemicals
6. Leather
7. Metal and other basic manufacturing
8. Non-electric machinery
9. Computers, telecommunications and consumer electronics
10. Electronic components
11. Transport equipment
12. Clothing
13. Miscellaneous manufacturing

¹⁷The work started in 2006, when the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) established the Group of Eminent Persons on Non-Tariff Barriers. The main purpose of the group was to discuss the definition, classification, collection and quantification of non-tariff barriers – to identify data requirements, and consequently advance understanding of NTMs and their impact on trade. To carry out the technical work of the group, a Multi-Agency Support Team (MAST) was set up. Since then, ITC is advancing the work on NTMs in three directions. First, ITC has contributed to the international classification of non-tariff measures (NTM classification) that was finalized in November 2009 and updated in 2012. Second, ITC undertakes NTM Surveys in developing countries using the NTM classification. Third, ITC, UNCTAD and

the World Bank jointly collect and catalogue official regulations on NTMs applied by importing markets (developed and developing). This provides a complete picture of NTMs as official regulations serve as a baseline for the analysis, and the surveys identify the impact of the measures on enterprises and consequently on international trade.

¹⁸Pilot NTM Surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. The pilot surveys provided a wealth of materials allowing for the significant improvement to both the NTMs classification and the NTM survey methodology. Since then, ITC has implemented NTM Surveys based on the new methodology in 35 developing and least developed countries.

Companies trading arms and minerals are excluded. The export of minerals is generally not subject to trade barriers due to a high demand and the specificities of trade undertaken by large multinational companies. The export of arms is outside of the scope of ITC activities.

The NTM Surveys cover companies exporting and importing goods. Companies trading services are excluded, as a survey on NTMs in services would require a different approach and methodology. The NTM Survey includes companies specialized in the export-import process and services, such as agents, brokers, and forwarding companies (referred to collectively as 'trading agents'). These companies can be viewed as service companies because they provide trade logistics services. The answers provided by trading agents are in most cases analysed separately from the answers of the companies that export their own products.

The NTM Surveys cover legally registered companies of all sizes and types of ownership. Depending on country size and geography, one to four geographic regions with high concentrations of economic activities (high number of firms) are included in the sample.

Two-step approach

The representatives of the surveyed companies, generally export/import specialists or senior-level managers, are asked to report trade-related problems experienced by their companies in the preceding year that represent a serious impediment for their operations. To identify companies that experience burdensome NTMs, the survey process consists of telephone interviews with all companies in the sample (Step 1) and face-to-face interviews undertaken with the companies that reported difficulties with NTMs during the telephone interviews (Step 2).

Step 1: Telephone interviews

The first step includes short telephone interviews. Interviewers asked respondents to identify the main sector of activity of their companies and the direction of trade (export or import). The respondents are then asked whether their companies have experienced burdensome NTMs. If a company does not report any issues with NTMs, the interview is terminated. Companies that report difficulties with NTMs are invited to participate in an in-depth face-to-face interview.

Step 2: Face-to-face interviews

The second-step interviews are required to obtain all the details of burdensome NTMs and other obstacles at the product and partner country level. These interviews are conducted face-to-face due to the complexity of the issues related to NTMs. Face-to-face interactions with experienced interviewers helps to ensure that respondents from companies correctly understand the purpose and the coverage of the survey, and accurately classify their responses in accordance with predefined categories.

The questionnaire used to structure face-to-face interviews consists of three main parts. The first part covers the characteristics of the companies: number of employees, turnover and share of exports in total sales, whether the company exports its own products or represents a trading agent providing export services to domestic producers.

The second part is dedicated to exporting and importing activities of the company, with all trade products and partner countries recorded. During this process, the interviewer also identifies all products affected by burdensome regulations and countries applying these regulations.

During the third part of the interview, each problem is recorded in detail. A trained interviewer helps respondents identify the relevant government-imposed regulations, affected products, the

partner country exporting or importing these products, and the country applying the regulation (partner, transit or home country).

Each burdensome measure (regulation) is classified according to the NTM classification, an international taxonomy of NTMs, consisting of over 200 specific measures grouped into 16 categories (see Appendix II). The NTM classification is the core of the survey, making it possible to apply a uniform and systematic approach to recording and analysing burdensome NTMs in countries with idiosyncratic trade policies and approaches to NTMs.

The face-to-face questionnaire captures the type of burdensome NTMs and the nature of the problem (so-called POs explaining why the measures represent an impediment), the place where each obstacle takes place, and the agencies involved, if any. For example, an importing country can require the fumigation of containers (NTM applied by the partner country), but fumigation facilities are expensive in the exporting country, resulting in a significant increase in export costs for the company (POs located in the home country). The companies can also report generic problems unrelated to any regulation, but affecting their exports or imports, such as corruption and lack of or inadequate export infrastructure. These issues are referred to as problems related to business environment (see Appendix III).

Partnering with a local survey company

A local partner selected through a competitive bidding procedure carries out the telephone interviews and face-to-face interviews. The partner is usually a company specializing in surveys. Generally, the NTM Surveys are undertaken in local languages. The telephone interviews are recorded either by a Computer Assisted Telephone Interview system, computer spread sheets or on paper. The face-to-face interviews are initially captured using paper-based interviewer-led questionnaires that are then digitalized by the partner company using a spread sheet-based system developed by ITC.

Open-ended discussions

During the surveys of companies and preparation of the report, open-ended discussions are held with national experts and stakeholders, for example trade support institutions and sector/export associations. These discussions provide further insights, quality checks and validation of the NTM Survey results. The participants review the main findings of the NTM Survey and help to explain the reasons for the prevalence of the issues and propose possible solutions.

Confidentiality

The NTM Survey is confidential. Confidentiality of the data is paramount to ensure the greatest degree of participation, integrity and confidence in the quality of the data. The paper-based and electronically captured data is transmitted to ITC at the end of the survey.

Sampling technique

The selection of companies for the phone screen interviews of the NTM Survey is based on the stratified random sampling. In a stratified random sample, all population units are first clustered into homogeneous groups ('strata'), according to predefined characteristics, chosen to be related to the major variables being studied. In the NTM Surveys, companies are stratified by sector, as the type and incidence of NTMs are often product-specific. Then simple random samples are selected within each sector.

The NTM Surveys aim to be representative at the country level. A sufficiently large number of enterprises should be interviewed within each export sector to ensure that the share of enterprises experiencing burdensome NTMs is estimated correctly and can be extrapolated to the entire sector. To achieve this objective, a

sample size for the telephone interviews with exporting companies is determined independently for each *export sector*.¹⁹

For importing companies, the sample size is defined at the country level. The sample size for importing companies can be smaller than the sample size for exporters, mainly for two reasons. First, the interviewed exporting companies are often import intermediaries and provide reports on their experiences with NTMs as both exporters and importers. Second, problems experienced by importing companies are generally linked to domestic regulations required by their home country. Even with a small sample size for importing companies, the effort is made to obtain a representative sample by import sectors and the size of the companies.

Exporting companies have difficulties with both domestic regulations and regulations applied by partner countries that import their products. Although the sample size is not stratified by company export destinations, a large sample size permits a good selection of reports related to various export markets (regulations applied by partner countries). By design, large trading partners are mentioned more often during the survey because it is more likely that the randomly selected company would be exporting to one of the major importing countries.

The sample size for face-to-face interviews depends on the results of the telephone interviews.

Average sample size

The number of successfully completed telephone interviews can range from 150 to 1,000, with subsequent 150 to 300 face-to-face interviews with exporting and importing companies. The number of telephone interviews is mainly driven by the size and the structure of the economy, availability and quality of the business register and the response rate. The sample size for the face-to-face interviews depends on the number of affected companies and their willingness to participate.

Survey data analysis

The analysis of the survey data consists of constructing frequency and coverage statistics along several dimensions, including product and sector, NTMs and their main NTM categories (for example, technical measures, quantity control measures), and various characteristics of the surveyed companies (for example, size and degree of foreign ownership).

The frequency and coverage statistics are based on ‘cases’. A case is the most disaggregated data unit of the NTM Survey. By construction, each company participating in a face-to-face interview reports at least one case of burdensome NTMs, and, if relevant, related POs and problems with the trade-related business environment.

Each case of each company consists of one NTM (a government-mandated regulation, for example a sanitary and phytosanitary certificate), one product affected by this NTM, and partner country applying the reported NTM. For example, if there are three

products affected by the same NTM applied by the same partner country and reported by one company, the results would include three cases. If two different companies report the same problem, it would be counted as two cases.

The scenario where several partner countries apply the same type of measure is recorded as several cases. The details of each case (e.g. the name of the government regulations and its strictness) can vary, as regulations mandated by different countries are likely to differ. However, if the home country of the interviewed companies applies an NTM to a product exported by a company to several countries, the scenario will be recorded as a single NTM case. When an interviewed company both exports and imports, and reports cases related to both activities, it is included in the analysis twice – once for the analysis of exports and once for the analysis of imports. The distinction is summarized in the Table below.

Dimensions of an NTM case

Dimensions	Country applying	
	Home country (where survey is conducted)	Partner countries (where goods are exported to or imported from) and transit countries
Reporting company	X	X
Affected product (HS 6-digit code or national tariff line)	X	X
Applied NTM (measure-level code from the NTM classification)	X	X
Trade flow (export or import)	X	X
Partner country applying the measure		X

Cases of POs and problems with the business environment are counted in the same way as NTM cases. The statistics are provided separately from NTMs, even though in certain instances they are closely related. For example, delays can be caused by the pre-shipment inspection requirements. As many of the POs and problems with the business environment are not product specific, the statistics are constructed along two dimensions: type of obstacles and country where they occur, as well as agencies involved.

¹⁹The sample size depends on the number of exporting companies per sector and on the assumptions regarding the share of exporting companies that are affected by NTMs in the actual population of this sector. The calculation of a sample size will be based on the equation below (developed by Cochran, 1963) to yield a representative sample for proportions in large populations (based on the assumption of normal distribution).

$$n_o = \frac{t^2 * p(1 - p)}{d^2}$$

Where

n_o : Sample size for large populations

t: t-value for selected margin of error (d). In the case of the NTM Survey 95% confidence interval is accepted, so t-value is 1.96.

p: The estimated proportion of an attribute that is present in the population. In the case of the NTM Survey, it is a proportion of companies that experience burdensome NTMs. As this proportion is not known prior to the survey, the most conservative estimate leading to a large sample size is employed, that is p=0.5.

d: Acceptable margin of error for the proportion being estimated. In other words, a margin of error that the researcher is willing to accept. In the case of NTM Survey d=0.1.

Source: Cochran, W. G. 1963. *Sampling Techniques*, 2nd Ed., New York: John Wiley and Sons, Inc.

Enhancing local capacities

The NTM Surveys enhance national capacities by transmitting skills and knowledge to a local partner company. ITC guides and supports the local survey company and experts on NTM Survey implementation.

Before the start of the NTM Survey, the local partner company, including project managers and interviewers are fully trained on the different aspects of the NTMs, the international NTM classification and the ITC NTM Survey methodology. ITC representatives stay in the country for the launch of the survey and initial interviews, and remain in contact with the local partner during the entire duration of the survey, usually around six months, to ensure a high quality of survey implementation. ITC experts closely follow the work of the partner company and provide regular feedback on the quality of the captured data (including classification of NTMs) and the general development of the survey, which helps the local partner to overcome any possible problems.

ITC also helps to construct a business register (list of exporting and importing companies with contact details), which remains at the disposal of the survey company and national stakeholders. The business register is a critical part of any company-level survey, but unfortunately it is often unavailable, even in the advanced developing countries.

ITC invests much time, effort and resources into constructing a national business register of exporting and importing companies. The initial information is obtained with the help of national authorities and other stakeholders (for example, sectoral associations). In cases where it is not available from government sources or a sectoral association, ITC purchases information from third companies, and in certain cases digitalizes it from paper sources. The information from various sources is then processed and merged into a comprehensive list of exporting and importing companies.

Upon completion of the NTM Survey, the local partner company is fully capable of independently implementing a follow-up survey or other company-level surveys as it is equipped with the business register and trained on the survey methodology as well as trade and NTM-related issues.

Caveats

The utmost effort is made to ensure the representativeness and the high quality of the NTM Survey results, yet several caveats must be kept in mind.

First, the NTM Surveys generate perception data, as the respondents are asked to report burdensome regulations representing a serious impediment to their exports or imports. The respondents may have different scales for judging what constitutes an impediment. The differences may further intensify when the results of the surveys are compared across countries, stemming from cultural, political, social, economic and linguistic differences. Some inconsistency may be possible among interviewers. For example, these are related to matching reported measures against the codes of the NTM classification due to the complex and idiosyncratic nature of NTMs.

Second, in many countries a systematic business register covering all sectors is not available or incomplete. As a result, it may be difficult to ensure random sampling within each sector and a sufficient rate of participation in smaller sectors. Whenever this is the case, the NTM Survey limitations are explicitly provided in the corresponding report.

Finally, certain NTM issues are not likely to be known by the exporting and importing companies. For example, exporters may not know the demand-side constraints behind the borders. An example is 'buy domestic' campaigns. The scope of the NTM Survey is limited to legally operating companies and does not include unrecorded trade, for example shuttle traders.

Following up on the ITC Non-Tariff Measure Survey

The findings of each ITC NTM Survey are presented and discussed at a stakeholder workshop. The workshop brings together government officials, experts, companies, donors, non-governmental organizations (NGOs) and academics. It fosters a dialogue on NTM issues and helps identify possible solutions to the problems experienced by exporting and importing companies.

The NTM Survey results serve as a diagnostic tool for identifying and solving predominant problems. These problems can be addressed at the national or international level. The NTM Survey findings can also serve as a basis for designing projects to address the challenges identified and for supporting fundraising activities.

Appendix II Non-tariff measures classification

Importing countries are very idiosyncratic in the ways they apply non-tariff measures (NTMs). This called for an international taxonomy of NTMs, which was prepared by the Multi-Agency Support Team, a group of technical experts from eight international organizations, including the Food and Agricultural Organization of the United Nations, the International Monetary Fund, ITC, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the World Bank and WTO. It was finalized in November 2009 and updated in 2012. It is used to collect, classify, analyse and disseminate information on NTMs received from official sources such as government regulations. For the purpose of the large-scale company surveys on NTMs, ITC uses a simplified version of this international classification.

The NTM classification for surveys differentiates measures according to 16 chapters (denoted by alphabetical letters, see below), each comprising subchapters (denoted by two letters) and the individual measures (denoted by two letters and a number). The following sketches the content of each of the 16 chapters.

Chapter A, on technical regulations, refers to product-related requirements. They are legally binding and set by the importing country. They define the product characteristics, technical specifications of a product or the production process and post-production treatment and comprise the applicable administrative provisions, with which compliance is mandatory. Technical requirements include sanitary and phytosanitary measures, which are generally implemented to protect human, animal and plant life, and health.

Chapter B, on conformity assessment, refers to measures determining whether a product or a process complies with the technical requirements specified under Chapter A. Conformity assessments include control, inspection and approval procedures – such as testing, inspection, certification and traceability – which confirm and control that a product fulfils the technical requirements and mandatory standards imposed by the importing country, for example to safeguard the health and safety of consumers.

Chapter C, on pre-shipment inspection and other formalities, refers to the practice of checking, consigning, monitoring and controlling the shipment of goods before or at entry into the destination country.

Chapter D, on charges, taxes and other para-tariff measures, refers to measures other than tariffs that increase the cost of imports in a similar manner, i.e. by a fixed percentage or by a fixed amount. They are also known as para-tariff measures. Customs surcharges and general sales taxes are examples.

Chapter E, on licences, quotas, prohibitions and other quantity control measures, includes measures that restrain the quantity of goods that can be imported, regardless of whether they come from different sources or from one specific supplier. These measures can take the form of restrictive licensing, fixing of a predetermined quota or through prohibitions.

Chapter F, on finance measures, refers to measures that are intended to regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in the same manner as tariff measures.

Chapter G, on price control measures, includes measures implemented to control the prices of imported articles in order to: support the domestic price of certain products when the import price of these goods is lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; and counteract the damage resulting from the occurrence of 'unfair' foreign trade practices.

Chapter H, on anti-competitive measures, refers to measures that are intended to grant exclusive or special preferences or privileges to one or more limited groups of economic operators.

Chapter I, on trade-related investment measures, refers to measures that restrict investment by requesting local content, or requesting that investment be related to export to balance imports.

Chapter J, on distribution restrictions, refers to restrictive measures related to the internal distribution of imported products.

Chapter K, on restrictions on post-sales services, refers to measures restricting the provision of post-sales services in the importing country by producers of exported goods.

Chapter L, on subsidies, includes measures related to financial contributions by a government or government body to a production structure, be it a particular industry or company, such as direct or potential transfer of funds (e.g. grants, loans, equity infusions), payments to a funding mechanism and income or price support.

Chapter M, on government procurement restrictions, refers to measures controlling the purchase of goods by government agencies, generally by preferring national providers.

Chapter N, on intellectual property, refers to measures related to intellectual property rights in trade. Intellectual property legislation covers patents, trademarks, industrial designs, layout designs of integrated circuits, copyright, geographical indications and trade secrets.

Chapter O, on rules of origin, covers laws, regulations and administrative determinations of general application applied by the governments of importing countries to determine the country of origin of goods.

Chapter P, on export-related measures, encompasses all measures that countries apply to their exports. It includes export taxes, export quotas or export prohibitions, among others.

The structure of the NTM classification for ITC surveys

A to O. Import related measures

Measures imposed by the country importing the goods. From the perspective of an exporter, these are the measures applied by the destination country of your product. From the perspective of an importer, these are the measures applied by your own country on the goods that you import.

Technical measures	A. Technical requirements	
	B. Conformity assessment	
Non-technical measures	C. Pre-shipment inspection and other entry formalities	
	D. Charges, taxes and other para-tariff measures	
	E. Quantity control measures (e.g. licences, quotas, prohibitions)	
	F. Finance measures	
	G. Price control measures	
	H. Anti-competitive measures	L. Subsidies
	I. Trade-related investment measures	M. Government procurement restrictions
	J. Distribution restrictions	N. Intellectual property
	K. Restriction on post-sales services	O. Rules of origin and related certificate of origin

P. Export related measures

Measures imposed by the country exporting the goods. From the perspective of an exporter, these are the measures imposed by your own country on the goods you export from your country. From the perspective of an importer, these measures are imposed by the country of origin on the goods you import from this country.

Source: International Trade Centre, NTM classification adapted for ITC surveys, January 2012 (unpublished document).

Appendix III Procedural obstacles

Following is a list of POs related to compliance with non-tariff measures and to an inefficient trade-related business environment and infrastructure.

A	Administrative burdens related to regulations	<p>A1. Large number of different documents</p> <p>A2. Documentation is difficult to fill out</p> <p>A3. Difficulties with translation of documents from or into other languages</p> <p>A4. Numerous administrative windows/organizations involved, redundant documents</p>
B	Information/transparency issues	<p>B1. Information on selected regulation is not adequately published and disseminated</p> <p>B2. No due notice for changes in selected regulation and related procedures</p> <p>B3. Selected regulation changes frequently</p> <p>B4. Requirements and processes differ from information published</p>
C	Discriminating behaviour of officials	<p>C1. Arbitrary behaviour of officials regarding classification and valuation of the reported product</p> <p>C2. Arbitrary behaviour of officials with regards to the reported regulation</p>
D	Time constraints	<p>D1. Delay related to reported regulation</p> <p>D2. Deadlines set for completion of requirements are too short</p>
E	Informal or unusually high payment	<p>E1. Unusually high fees and charges for reported certificate/regulation</p> <p>E2. Informal payment, e.g. bribes for reported certificate/regulation</p>
F	Lack of sector-specific facilities	<p>F1. Limited/inappropriate facilities for testing</p> <p>F2. Limited/inappropriate facilities for sector-specific transport and storage, e.g. cold storage, refrigerated trucks</p> <p>F3. Other limited/inappropriate facilities, related to reported certificate/regulation</p>
G	Lack of recognition/accreditations	<p>G1. Facilities lacking international accreditation/recognition</p> <p>G2. Other problems with international recognition, e.g. lack of recognition of national certificates</p>
H	Other	<p>H1. Other procedural obstacles, please specify</p>

Appendix IV Agencies interviewed prior to the national roundtable

مناقشة تقرير مركز التجارة الدولي حول العوائق الغير تعريفية التي تواجه القطاع الخاص "ITC NTMs Report"		
<u>Program of the Exploratory Visit to discuss the International Trade Center Report on NON-Tariff Measures in Jordan</u>	<u>برنامج الزيارة الاستطلاعية لمناقشة تقرير مركز التجارة الدولي حول العوائق غير التعريفية التي تواجه القطاع الخاص في الاردن</u>	
<u>سيتم عقد الزيارة خلال الفترة 24-30/10/2016 ضمن الأوقات والتواريخ المقترحة التالية:</u>		
الاثنين 2016/10/24 Monday , October 24, 2014		
Royal Scientific Society	10.30-9.30	الجمعية العلمية الملكية
Jordan Food and Drug Administration	11.00-11.45	المؤسسة العامة للغذاء والدواء
Jordan Standards and Metrology Organisation	1-12.15	مؤسسة المواصفات والمقاييس.
الخميس 2016/10/27 Thursday 27 October		
Jordan Customs	9.30-10.30	الجمارك الاردنية
Income and Sales Tax Department	11.45-11	ضريبة الدخل والمبيعات
Jordan Chamber of Industry	1-12.15	غرفة صناعة الأردن
Jordan Chamber of Commerce	2.15-1.30	غرفة تجارة الاردن
Ministry of Transportation	3.30-2.45	وزارة النقل
الاحد 2016/10/30 Sunday, October 30,2016		
Ministry of Agriculture	10.30-9.30	وزارة الزراعة
Jordan Exporters Association	11.45-11	جمعية المصدرين الأردنيين
JEDCO	1-12.15	المؤسسة الأردنية لتطوير المشاريع الاقتصادية
اجتماعات وزارة الصناعة والتجارة والتموين MITS Meeting		
Trade Directorate	1.45-1.15	مديرية التجارة
Industrial Development Directorate	2.30-1.45	مديرية التنمية الصناعية
Foreign Trade Policy Directorate	3.30-2.30	مديرية السياسات التجارية الخارجية

Appendix V Agenda of stakeholder meeting

29.11.2016
HOTEL SHERATON, AMMAN, JORDAN

NATIONAL ROUNDTABLE ON NON-TARIFF MEASURES

- 08:30 Registration**
- 09:00 Welcome and opening remarks**
Ministry of Industry, Trade and Supply
International Trade Centre (ITC)
- Session 1 Background and overview of results**
The ITC will outline the survey implementation and key findings. It will present the companies' perceptions of NTMs and the challenges they represent to trade.

Session chairman: Representative of the Ministry of Industry, Trade and Supply
- 09:30 The ITC Programme on NTMs and the implementation of its survey in Jordan**
Speaker: Mr. Abdellatif Benzakri, Associate Market Analyst, ITC
- 10:00 General results of the survey: companies' perception of NTMs**
Speaker: Mr. Mathieu Loridan, Market Analyst, ITC
- 10:30 Coffee Break**
- 11:00 Main trade barriers affecting Jordan's exports and imports**
Speaker: Ms. Suha Batarseh, ITC
 Mr. Abdellatif Benzakri, ITC

Discussants: Representatives of the Royal Scientific Society
 Representatives of the Amman Chamber of Commerce and Chamber of Industry
- Floor Discussions**
Summary by Session Chair
- 12:00 Lunch**
- Session 2 Thematic round tables**
Participants will be invited to share their views and experiences on NTM-related barriers and policy options to address them in the two selected themes. Each focus group will establish a roadmap with priority actions to overcome the identified obstacles.
- 13:00 Round tables**

Round table 1: Conformity Assessment procedures

How to improve the conformity of exported products? How to overcome the lack of recognition of Jordanian's certificates in international markets? How to make local conformity assessment procedures more efficient and less expensive? How to ensure businesses have better access to product standards and conformity assessment procedures?

Moderator: Private sector representative

Round table 2: Customs Clearance, Rules of Origin and other trade rules

How to improve the transparency of trade procedures? How to streamline border clearance procedures? What are the roles and responsibilities of each institution involved in issuing of trade documents in particular certificates of origin? How to simplify the procedures for granting these documents? How to improve transparency on regulations governing such procedures including the eligibility criteria for companies, costs and time?

Moderator: Private sector representative

15:00 Coffee Break

Session 3 Recommendations and conclusion

The rapporteurs of the round tables will present the main findings and recommendations defined in each theme. The presentations will be complemented by ITC's view on overcoming non-tariff obstacles and followed by an open discussion with key institutions in order to validate a roadmap.

Session chairman: Representative of the Ministry of Industry, Trade and Supply

15:30 Summary of round table discussions

Moderators from the RTDs

16:00 Overcoming challenges related to NTMs

Speakers: Representative of the Ministry of Industry, Trade and Supply
Mr. Abdellatif Benzakri, ITC

Floor Discussions

Summary by Session Chair

16:30 Concluding Remarks and Closing

Ministry of Industry, Trade and Supply
International Trade Centre (ITC)

Appendix VI Participating agencies

Private sector

Chamber of commerce
Chamber of industry

Jordanian Businessmen Association
Jordan Exporters Association

Government

Ministry of Agriculture
Ministry of Finance

Ministry of Industry and Trade and Supply
Ministry of Transport

Public and governmental agencies

Aqaba Special Economic Zone Authority
Customs
Jordan Enterprise Development Corporation

Jordan Food and Drug Administration
Jordan Standards and Metrology Organization
Royal Scientific Society of Jordan

Universities and academics

Al Al-Bayt University
Center for Strategic Studies
German Jordanian University
Hashemite University

Jordan University of Science and Technology
Mutah university
Yarmouk University

Other

Ipsos

ITC

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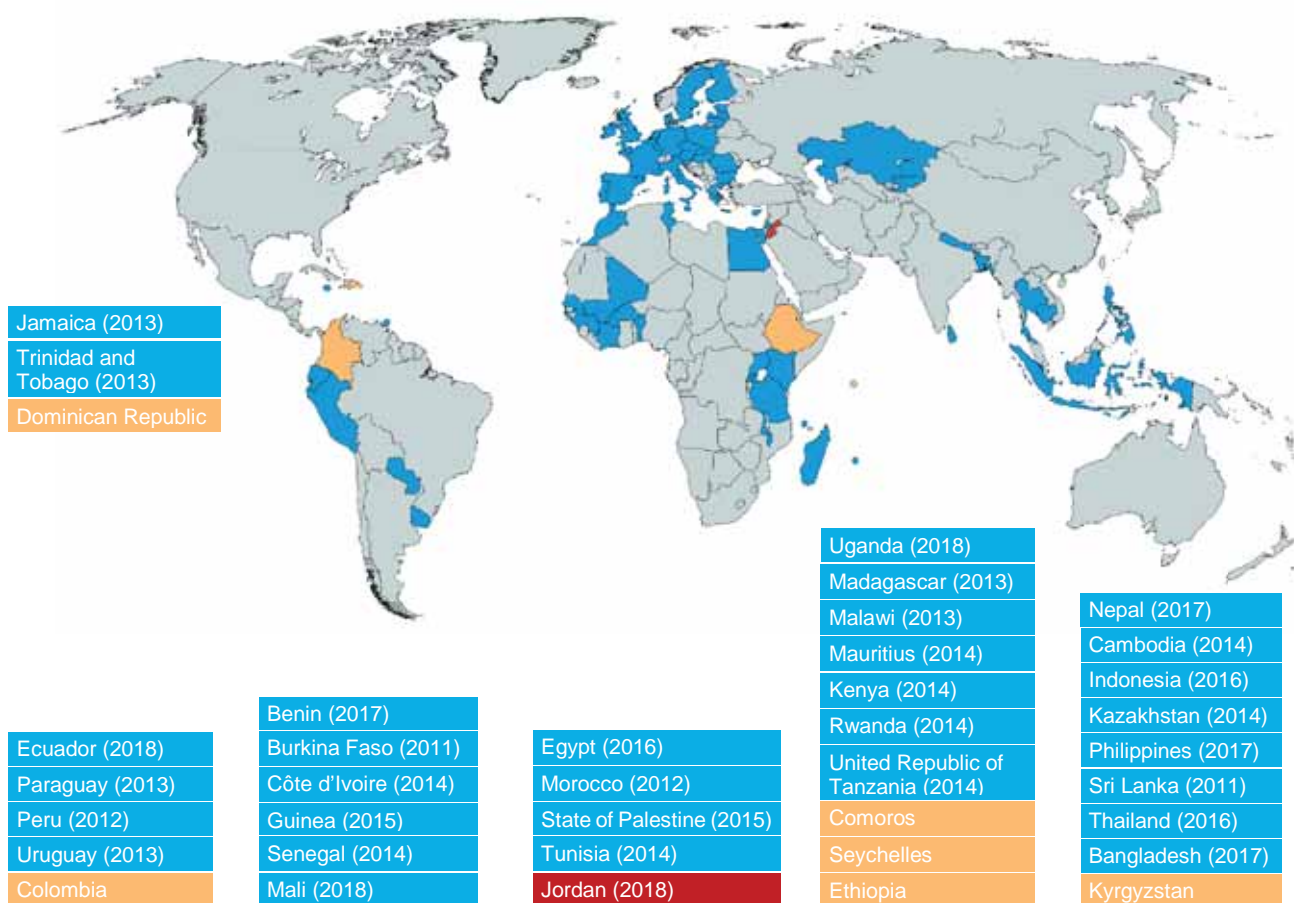
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ITC SERIES ON NON-TARIFF MEASURES

Available reports

- Navigating Non-Tariff Measures: Insights from a Business Survey in the European Union (2016)
- Making regional integration work – Company perspectives on non-tariff measures in Arab States (2015)
- How businesses experience non-tariff measures: Survey-based evidence from developing countries (2015)
- Non-Tariff Measures and the fight against malaria: Obstacles to trade in anti-malaria commodities (2011)

Country reports



The reports are accessible free of charge at ITC publications page:

www.intracen.org/ntm/publications/

NTM Survey results are also available online at:

www.ntmsurvey.org.

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Street address
International Trade Centre
54-56 Rue de Montbrillant
1202 Geneva, Switzerland

P: +41 22 730 0111
F: +41 22 733 4439
E: itcreg@intracen.org
www.intracen.org

Postal address
International Trade Centre
Palais des Nations
1211 Geneva 10, Switzerland

The International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations.