

Jordan

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - Jordan

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|---|---|
| Sanctions: | None |
| FAFT list of AML Deficient Countries | No |
| Higher Risk Areas: | Non - Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions |
| Medium Risk Areas: | US Dept of State Money Laundering Assessment Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score) |
| <p>Major Investment Areas:</p> <p>Agriculture - products: citrus, tomatoes, cucumbers, olives, strawberries, stone fruits; sheep, poultry, dairy</p> <p>Industries: clothing, fertilizers, potash, phosphate mining, pharmaceuticals, petroleum refining, cement, inorganic chemicals, light manufacturing, tourism</p> <p>Exports - commodities: clothing, fertilizers, potash, phosphates, vegetables, pharmaceuticals</p> <p>Exports - partners: US 16.6%, Iraq 15.1%, Saudi Arabia 11%, India 10.5%, Indonesia 4.2% (2012)</p> <p>Imports - commodities: crude oil, machinery, transport equipment, iron, cereals</p> <p>Imports - partners: Saudi Arabia 23.6%, China 9.4%, US 6.7%, Italy 4.7%, Turkey 4.6% (2012)</p> | |

Investment Restrictions:

Jordan encourages foreign investment and to develop an outward-oriented, market-based, and globally competitive economy. In particular, banking, information and communication technology, pharmaceuticals, tourism, and services sectors have all experienced key reforms in recent years. Foreign and domestic investment laws grant specific incentives to industry, agriculture, tourism, hospitals, transportation, energy, and water distribution. Jordan is also uniquely poised geopolitically to host large scale investment focused on the reconstruction of Iraq and other regional markets.

Jordan's current investment laws treat foreign and local investors equally, with the following exceptions:

- Ownership of periodical publications is restricted to Jordanian citizens or entities wholly-owned by Jordanians.
- Foreigners are prohibited from wholly or partially owning investigation and security services, sports clubs (with the exception of health clubs), stone quarrying operations for construction purposes, customs clearance services, or land transportation services. The Cabinet, however, may approve foreign ownership of projects in these sectors upon the recommendation of the Investment Promotion Committee, comprised of senior officials from the Ministry of Industry and Trade, Income Tax Department, Customs Department, the private sector, and the Jordan Investment Board. To qualify for exemption, projects have to be deemed by the Prime Ministry as highly valuable to the national economy and must employ a large number of Jordanians.

Investors are limited to 50 percent ownership in a number of businesses and services, including printing/publishing companies and aircraft or maritime vessel maintenance and repair services.

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Section 1 - Background

Following World War I and the dissolution of the Ottoman Empire, the League of Nations awarded Britain the mandate to govern much of the Middle East. Britain demarcated a semi-autonomous region of Transjordan from Palestine in the early 1920s. The area gained its independence in 1946 and thereafter became The Hashemite Kingdom of Jordan. The country's long-time ruler, King HUSSEIN (1953-99), successfully navigated competing pressures from the major powers (US, USSR, and UK), various Arab states, Israel, and a large internal Palestinian population. Jordan lost the West Bank to Israel in the 1967 Six-Day War. King HUSSEIN in 1988 permanently relinquished Jordanian claims to the West Bank; in 1994 he signed a peace treaty with Israel. King ABDALLAH II, King HUSSEIN's eldest son, assumed the throne following his father's death in 1999. He implemented modest political and economic reforms, but in the wake of the "Arab Revolution" across the Middle East, Jordanians continue to press for further political liberalization, government reforms, and economic improvements.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Jordan is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Jordan was undertaken by the Financial Action Task Force (FATF) in 2011. According to that Evaluation, Jordan was deemed Compliant for 5 and Largely Compliant for 7 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2011):

Jordan is considered one of the advanced and stable economic systems in the Middle East, especially in the banking sector. The banking sector is characterized by a noticeable overall progress and the presence of a good level of awareness about the AML/CFT requirements. Crime rate is relatively low, even with existing activities of trafficking drugs and smuggling of antiques from Iraq. Jordan's economy is remarkably open to the international investment markets. These factors altogether create a degree of AML risk. As to the possibility of the presence of the financing of terrorism, some risks related to terrorism have existed, such as the formation of terrorist groups that feed terrorist activities in the region, in addition to the execution of some terrorist operations.

In general, and with some exceptions, Jordan has a legislative and supervisory framework that covers most of the sectors concerned with AML. The Jordanian AML system is among the new ones in the region, with the AML law issued in July 2007. The subject law has covered basic aspects of the legal framework needed for establishing a good AML system in Jordan. Regarding CFT, Jordan has criminalized this act in the Terrorism Prevention Law (TPL), regarded as a terrorist act. However, Jordan has not covered a sizeable number of obligations necessary to complete the combating system, including the inclusion of CFT within the jurisdiction of the AML Unit. In addition, it has failed to notice the obligations that should be imposed on financial and other institutions in this respect.

Moreover, one of the main remarks that can be highlighted in the Jordanian AML system is the non-issuance of all the legal instruments necessary for the completion of the legislative structure and sufficient basis for this system. To the date of the onsite visit and immediately thereafter, regulations that represent secondary legislations needed for complying with basic requirements mentioned in the 40+9 Recommendations for AML/CFT have not been issued.

In terms of regulation and supervision, a number of instructions for the various financial sectors addressing a reasonable part of the international requirements and standards have been issued. However, Jordan needs to increase the human and technical resources at many competent authorities that play a major role in the combating system, as the lack of such resources negatively affects the effectiveness of this system. On the other hand, the DNFBPs present in Jordan lack sufficient regulation in relation to AML/CFT. They also lack the necessary awareness of ML and TF risks on one side and of the possibility of being exploited for performing illicit transactions on the other side.

Extracted from IMF Report: Jordan Article IV Consultation (May 2012)

The authorities are to be commended for their ongoing efforts to strengthen Jordan's Anti Money Laundering (AML)/Combating Financing of Terrorism (CFT) framework. In November 2010, Jordan was recognized as the first MENA country to be in compliance with the recommendations of the Financial Action Task Force's (FATF) targeted review of its AML/CFT regime. The AML/CFT supervision of Jordanian financial transactions has been subsequently further strengthened, following amendments to the AML/CFT Law and the adoption of revised AML/CFT instructions covering banks, insurance companies, securities activities, and money exchangers. The Jordanian AML/CFT Unit has also requested technical assistance from the IMF in undertaking an assessment of their AML/CFT regime, with an eye to further enhancing its effectiveness.

US Department of State Money Laundering assessment (INCSR)

Jordan was deemed a Jurisdiction of Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The Hashemite Kingdom of Jordan is not a regional or offshore financial center, it has a well-developed financial sector with significant banking relationships in the Middle East. Incidents of reported money laundering are rare, but anecdotal reports indicate Jordan's real estate sector has been used to launder illicit funds.

Jordan's long and remote desert borders with Iraq, Israel, Saudi Arabia, Syria, and the West Bank make it susceptible to the smuggling of bulk cash, gold, fuel, narcotics, cigarettes, counterfeit goods, and other contraband. Smuggling endeavors tend to be small scale, and there is no discernible connection between black market goods and large scale crime, such as terrorism. Black market cigarettes are widely available, and there is little government effort to curb sales. Jordan Customs sometimes interdicts drivers smuggling cheaper gasoline from Saudi Arabia in false tanks. Border security is becoming more stringent, however, which may have an impact on smuggling. In 2015, ongoing concerns about spillover violence from

areas held by the Islamic State of Iraq and the Levant (ISIL) in Iraq and Syria prompted the closure of Jordan's land border crossings with Iraq and Syria.

There are six public free trade zones (FTZs) in Jordan: the Zarqa Free Zone, the Sahab Free Zone, the Queen Alia International Airport Free Zone, the Al-Karak Free Zone, the Al-Karama Free Zone, and the Aqaba Special Economic Zone (ASEZ). With the exception of Aqaba, these FTZs list their activities as trade. There are approximately 70 designated private FTZs, a number of which are related to the aviation or chemical and mining industries. FTZ activities vary from industrial, agricultural, pharmaceutical, or vocational to multi-purpose. With the exception of ASEZ, the Ministry of Finance monitors all FTZs, which are regulated by the Jordan Free Zones Corporation Law. The ASEZ Authority, a ministerial level authority, controls the port city of Aqaba.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES
KYC covered entities: Banks, exchange companies, and money transfer companies; securities brokers and investment and asset managers; credit and financial leasing companies; insurance companies, brokers, and intermediaries; financial management companies, postal services, and real estate and development entities; and traders of precious metals and stones

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 282: January 1, 2015 – November 10, 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: Banks, exchange companies, and money transfer companies; securities brokers and investment and asset managers; credit and financial leasing companies; insurance companies, brokers, and intermediaries; financial management companies, postal services, and real estate and development entities; and traders of precious metals and stones

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 0 in 2015
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Jordan is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The Anti-Money Laundering Unit (AMLU), Jordan's financial intelligence unit, continues to develop its capacity to address money laundering and terrorism financing. Prosecution of money laundering cases takes place in public courts. Although the number of suspicious transaction reports (STRs) increased by 48 percent in 2015 compared with 2014 because of additional caution taken by the banking sector and money exchange companies, no cases were prosecuted for money laundering in 2015. Successful prosecutions and convictions are one of the best indicators of the effectiveness of a country's AML/CFT regime.

Jordan should establish the necessary mechanisms to enable the seizure and forfeiture of assets. Jordanian law enforcement and customs authorities should raise their capacity to identify trade-based and other money laundering methodologies instead of relying on STRs to initiate money laundering investigations. The AMLU could then play a role in providing financial intelligence to buttress those investigations.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Jordan does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

EU White list of Equivalent Jurisdictions

Jordan is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Jordan is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2013:

Jordan is a transit country for opiates, cannabis, and synthetic drugs destined for markets in the Gulf states and Israel. There is no evidence that illicit drugs are produced within Jordan, and the country's domestic market for illegal drugs appears to be insignificant.

The Jordan Anti-Narcotics Department (JAND), which falls under the authority of the Public Security Directorate, is the country's primary counternarcotics enforcement agency. JAND officials maintain that internal drug distribution within Jordan is insignificant, and estimate that 85 percent of drugs entering the country are bound for further international markets. Heroin of Afghan origin enters Jordan from Syria on its way to markets in Israel. Cannabis originating from either Afghanistan or Lebanon enters the country from Lebanon, Syria and Iraq. Fenethylline (an amphetamine-type stimulant) enters from Syria for transshipment to Gulf states.

According to JAND, the number of people involved in drug cases fell by almost four percent between 2011 and 2012. In 2012, 4,713 people were arrested for drug possession and 732 were arrested for drug dealing. The majority of those arrested for drug-related crimes are foreign nationals.

As a result of more effective border interdiction operations, improved intelligence gathering, and stronger cooperation between Jordan and neighboring countries, the amount of opium and methamphetamine seized by JAND increased in 2012 from 2011. However, seizures decreased for hashish, marijuana, fenethylline, heroin, and cocaine. The majority of Jordan's drug seizures take place along the country's northern border with Syria. Airport seizures were rare in 2012; improved screening capabilities at Jordan's airports also appear to have deterred traffickers from attempting to smuggle drugs by air.

Cooperation between Jordan and neighboring countries has been critical to the success of Jordanian law enforcement operations. Jordan is one of the only countries in its region to have excellent working relations with all of its neighbors on counternarcotics, including Israel, as well as the United States. In 2012, Jordan and Israel conducted a large joint exercise targeting drug smuggling, and Jordan also partnered with Lebanon to conduct a controlled delivery exercise. JAND and the Public Security Directorate work closely with U.S. Immigration and Customs Enforcement, the Regional Security Office in U.S. Embassy Amman, and the U.S. Drug Enforcement Administration. In 2012, JAND officials took part in a Regional Targeting Conference to coordinate common action against top drug trafficking threats in the region and a seminar, organized by U.S. authorities, on the use of technical equipment to enhance and expand drug investigations.

US State Dept Trafficking in Persons Report 2016 (introduction):

Jordan is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Jordan is a source, destination, and transit country for adults and children subjected to forced labor and, to a lesser extent, sex trafficking. Jordan relies on foreign migrant workers in several industries, including construction, agriculture, textiles, and domestic work. Jordan's sponsorship system prevents foreign workers from switching employers or receiving adequate access to legal recourse in response to abuse. Some migrant workers from Egypt—the largest source of foreign labor in Jordan—experience forced labor in the construction, service, and agricultural sectors. There are an estimated 53,000 foreign female domestic workers in Jordan, primarily from Southeast Asia and East Africa; some are subjected to forced labor and experience withheld or non-payment of wages, confiscation of identity documents, restricted freedom of movement, long hours without rest, and verbal and physical abuse. Many of these workers are unable to return to their home countries, while some remain in Jordanian detention, due to pending criminal charges against them or due to their inability to pay overstay penalties or plane fare home. The publicized case of a recruitment agent's beating of a Bangladeshi domestic worker, which was caught on camera in December 2015, exemplifies the abuse suffered by some domestic workers in Jordan. Men and women from throughout Asia migrate to work in factories in Jordan's garment industry, where some workers experience withholding of passports, unsafe living conditions, verbal abuse, and restricted movement; in addition, workers in 47 percent of the factories in this industry pay unauthorized fees to recruitment agents in their country of origin, making them vulnerable to debt bondage.

Syrian refugees in Jordan are increasingly vulnerable to trafficking, in part due to their financial circumstances. Women and children—in particular—among the refugee population often work illegally and informally in the Jordanian economy, which puts them at risk of trafficking; however, the Jordanian government enacted new policy in March 2016 that allows Syrian refugees legal work permits. NGOs have observed an increase in child labor and potential forced child labor among Syrian refugee children working alongside their families in agriculture and service industries, as well as peddling goods and begging. In previous years, Jordanian law enforcement, NGOs, and the media reported instances of Syrian refugee women and girls sold into "temporary" or forced marriages to Jordanians and men from the Gulf for the purpose of forced prostitution; however, Jordanian officials did not report similar incidents in 2015. International organizations and NGOs reported an increase in early marriages among Syrian refugees in 2015, which may place girls at risk of sexual exploitation and forced labor. Syrian, Lebanese, North African, and Eastern European women may be forced into prostitution after migrating to Jordan to work in restaurants and nightclubs; some Jordanian women working in nightclubs may also be forced into prostitution. Some out-of-status domestic workers from Indonesia, the Philippines, Bangladesh, and Sri Lanka were reportedly forced into prostitution after fleeing their employers. Jordanian children employed within the country as mechanics, agricultural laborers, and beggars may be victims of forced labor. There are reports of organized child begging rings involving Jordanian and Syrian children. Some Jordanian girls are forced to drop out of school to perform domestic service in their families' homes; some of these girls are vulnerable to trafficking.

The Government of Jordan does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the year, the government continued robust efforts to investigate, prosecute, and convict trafficking offenders, including complicit officials and alleged offenders in the garment industry. Despite serious budget and resource constraints, the government sustained progress in its proactive identification, referral, and provision of protective services to victims. The government opened its first shelter dedicated solely to victims of all forms of trafficking, with a three-year operating budget of 750,000 Jordanian dinars (JD) (\$1,056,264) and ensured shelter staff was trained to provide appropriate care. The government also adopted a national victim referral mechanism—developed in consultation with civil society organizations—for authorities to systematically identify and refer victims to protection services. Nevertheless, authorities continued to lack screening procedures in detention facilities to identify trafficking victims among illegal foreign migrants who were arrested and imprisoned.

US State Dept Terrorism Report 2016

Overview: Jordan remained a committed partner on counterterrorism and countering violent extremism in 2016. As a regional leader in the Global Coalition to Defeat ISIS, Jordan played an important role in Coalition successes in degrading the terrorist group's territorial control and operational reach. Jordan faced a marked increase in terrorist threats, both domestically and along its borders. Jordanian security forces thwarted several plots and apprehended numerous violent extremists, but the year ended with the deadliest terrorist incident the country has witnessed in over a decade. Fourteen people were killed during a series of clashes between gunmen and security forces in and around the southern city of Karak on December 18. The dead included a Canadian tourist, two Jordanian civilians, seven security personnel, and four attackers. The incident began when the perpetrators attacked security personnel investigating reports of an explosion in their rented apartment, which was followed by a five-hour standoff at Karak Castle, a site popular with tourists. Security operations in the vicinity two days later led to a shootout between gunmen and Jordanian security forces, resulting in the death of four security personnel.

Attacks in 2016 predominantly targeted Jordan's security institutions: the Jordan Armed Forces (JAF), General Intelligence Directorate (GID), and Public Security Directorate (PSD). Jordan continued to be a target for terrorist groups, including ISIS and al-Qa'ida, for several reasons, including its proximity to regional conflicts in Iraq and Syria, the state's official rejection of Salafi-Jihadi interpretations of Islam, and its membership in the Defeat-ISIS Coalition.

Border security remains an overarching priority for the Government of Jordan, given fears that violence from the conflict in neighboring Syria will spill over into its territory. Government of Jordan concerns are amplified by the presence of ISIS-aligned group Jaysh Khalid bin Waleed (JKW) in southwest Syria, just miles from Jordan's border.

There are many Jordanian nationals among foreign terrorist fighters in Iraq and Syria. While the number of Jordanian foreign terrorist fighters traveling to Iraq and Syria declined in 2016 - consistent with global trends and as a result of Jordan's continued border security efforts - the threat of domestic radicalization remains.

Legislation, Law Enforcement, and Border Security: The State Security Court (SSC) is the primary legal apparatus with jurisdiction over crimes that touch on national security, including terrorism cases. Amendments to the SSC law, adopted in 2014, attempted to limit the court's jurisdiction to five crimes – treason, espionage, terrorism, drug-related offenses, and currency forgery, although the SSC jurisdiction was extended to a broad interpretation of these crimes. The amendments also placed civilian judges on the SSC bench, although all prosecutors remain military officers. During 2016 Jordanian authorities took legal action against numerous individuals accused of terrorism under Jordanian law. SSC verdicts related to terrorism are published almost daily in local media. Some of the more prominent cases follow:

- On July 13 the SSC filed charges against 21 suspected ISIS affiliates in connection with the pre-emptive March raid on an alleged ISIS safe house in Irbid. The defendants were charged with carrying out terrorist acts, using weapons that resulted in the death of a Jordanian soldier, possessing weapons and explosives, and “propagating ISIS ideology,” a charge often used for online activity.
- On August 4, the SCC sentenced to death the perpetrator of the June 6 attack on a GID sub-facility near Baqa'a that resulted in the death of five security personnel. A second defendant was charged with selling a weapon to the shooter and sentenced to one year in prison.
- On December 20, the SSC sentenced to death the man accused of murdering Jordanian journalist Nahed Hattar on September 25. The attacker was charged with carrying out a deadly terrorist attack, incitement, premeditated murder, and possession of an illegal firearm.
- The SSC prosecuted several individuals in 2016 for “propagating ISIS ideology.” Sentences for such cases typically last two to three years.

The Government of Jordan adopted its first counterterrorism law in 2006, in the wake of the 2005 Amman hotel bombings. This law was subsequently amended in 2014 in response to increasing threats to Jordan from violent extremist organizations operating domestically and across the border in Iraq and Syria. The new amendments enacted harsher sentences in terrorism cases and broadened the scope and definition of activities considered terrorism to facilitate the Government of Jordan's ability to prosecute material and ideological support for terrorism. Following passage of the 2014 amendments, Jordan's counterterrorism law broadly defined terrorism to include speech-related offenses deemed to “harm relations with a foreign state, undermine the regime, or expose Jordan to harmful acts.” Human Rights-focused NGOs criticized the law's implementation on the grounds it restricts freedom of expression and peaceful dissent against the government. Since the amendments came into effect in 2014, authorities have arrested several journalists and religious leaders for speech-related offenses.

GID is the primary government agency responsible for counterterrorism, and it operates with support from various elements within the JAF, PSD, and Gendarmerie. Although Jordan's civilian and military security agencies are more professional and effective than others in the region, increased terrorist threats strained their incident response capabilities and coordination mechanisms in 2016. The Government of Jordan is implementing measures to

improve interagency coordination among security agencies during responses to terrorism-related events. Notably, during the December attacks in Karak, the Government of Jordan activated the National Center for Security and Crisis Management under the direction of King Abdullah II; the facility served as the coordination hub for the GID, JAF, PSD, and Gendarmerie response to the incidents.

Jordan continued to reinforce its border defenses and surveillance capabilities in response to terrorist and criminal threats emanating from its 230 mile border with Syria and 112 mile border with Iraq. In 2016, the JAF maintained an increased presence along the borders with Syria and Iraq, and continued implementation of the Jordan Border Security Program to improve the JAF and Jordan Customs' surveillance and interdiction capabilities to deter, detect, and interdict terrorist and other illicit activity on the frontier and at ports of entry (POEs). Jordan conducts official screening of travelers at POEs, including at airports, and uses biometric systems in line with international standards. Jordan also routinely provides advanced passenger information to partner nations, and shares names with INTERPOL watchlists and databases. Jordanian authorities continued to use the U.S.-provided Personal Identification Secure Comparison and Evaluation System (PISCES) at unofficial border crossing sites along the Syrian border to complement the border screening system at official POEs. Jordan also participated in the Department of State's Antiterrorism Assistance program.

On March 1-2, Jordan's security services launched a preemptive raid on a suspected ISIS safe-house in the northern city of Irbid. The operation lasted more than 12 hours and resulted in the death of one JAF officer and seven suspected terrorists. Jordan's security services had previously arrested 13 individuals with suspected links to the cell and rounded up several more in the weeks following the raid.

Countering the Financing of Terrorism: Jordan is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a Financial Action Task Force (FATF)-style regional body, and also a member of the Coalition's Counter-ISIS Finance Group. Jordan's financial intelligence unit, the Anti Money Laundering and Counter Terrorist financing Unit (AMLU Jordan), has been a member of the Egmont Group of Financial Intelligence Units since 2012.

AMLU Jordan routinely receives and responds to requests for information from counterpart units. Under the obligations of the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions regime, other relevant resolutions regularly disseminate the names of designated individuals and entities to financial institutions. AMLU Jordan also monitors U.S. designations under executive order (E.O.) 13224, and shares this information internally with the Technical Committee. The number of suspicious transaction reports received by AMLU Jordan in 2016 nearly doubled from 2015 – a reflection of AMLU Jordan's efforts to educate currency exchangers, real estate developers, and commercial banks on identifying potentially suspicious transactions. AMLU Jordan transferred a number of cases for prosecution; however, information on prosecution outcomes was not available.

Jordan is not subject to international sanctions

Arab League

The Arab League (comprising 22 Arab member states), of which this country is a member, has approved imposing sanctions on Syria. These include: -

- * Cutting off transactions with the Syrian central bank
- * Halting funding by Arab governments for projects in Syria
- * A ban on senior Syrian officials travelling to other Arab countries
- * A freeze on assets related to President Bashar al-Assad's government

The declaration also calls on Arab central banks to monitor transfers to Syria, with the exception of remittances from Syrians abroad.

The Arab League has boycotted Israel in a systematic effort to isolate Israel economically in support of the Palestinians, however, the implementation of the boycott has varied over time among member states..

There are three tiers to the boycott. The primary boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary boycott prohibits individuals, as well as private and public sector firms and organizations, in member countries from engaging in business with any entity that does business in Israel. The Arab League maintains a blacklist of such firms. The tertiary boycott prohibits any entity in a member country from doing business with a company or individual that has business dealings with U.S. or other firms on the Arab League blacklist.

Bribery & Corruption

| Index | Rating (100-Good / 0-Bad) |
|--|---------------------------|
| Transparency International Corruption Index | 48 |
| World Governance Indicator – Control of Corruption | 64 |

Corruption is an obstacle for businesses operating or planning to invest in Jordan. A system of *wasta* (middlemen) is common throughout the country and is considered part of doing business, thus making transactions opaque and hindering competitiveness. Other obstacles to business include high levels of bureaucracy, red tape, and vague regulations. Jordan's Penal Code criminalizes corruption, including abuse of office, bribery, money laundering and extortion, but the government didn't implement the law effectively. Corrupt public officials are not systematically punished, and high-ranking civil servants are rarely prosecuted. Demands of facilitation payments and bribery may be encountered but are less frequent than in other Middle Eastern countries. **Information provided by GAN Integrity.**

US State Department

Jordanian law defines corruption as any act that violates official duties, all acts related to favoritism and nepotism that could deprive others from their legitimate rights, economic crimes, and misuse of power. The use of family, business and other personal connections to advance personal business interests is endemic and regarded by many Jordanians as simply part of the culture and part of doing business. In 2006, Parliament approved a Financial Disclosure Law which officially required public office holders and specified government officials to declare their assets. Parliament also enacted an Anti-Corruption Law in 2006 that created a commission to investigate allegations of corruption. Currently, the commission has referred a number of high profile corruption cases to the judiciary for investigation. In Transparency International's 2013 Corruption Perceptions Index, Jordan ranked 66 out of 177 countries.

Corruption and Government Transparency - Report by Global Security

Political Climate

Unlike other countries in the region, Jordan does not have a burdensome record of political violence and has generally been deemed as politically stable. However, in the wake of the Arab Spring that took place in mid-January 2011, Jordanians have voiced their discontent with government policies and high levels of corruption, which culminated in a call for its resignation. In an attempt to calm the growing unrest, Jordan's king, Abdullah II, dismissed Prime Minister Samir Rifai and his cabinet in February 2011, and designated Maruf Bakhit (who later resigned in October 2011) to form a new government. The new government is assigned

to quickly launch new reforms in order to ensure more effective and transparent policies. In a January 2011 article by Foreign Policy, however, critics point out that reforms and more transparent rule of law in Jordan will not be achieved through the overthrow of the government, but through the overthrow of the King himself. Parliamentary elections were held in Jordan in January 2013 but were marred by a persistent concern with vote buying, as reported by a February 2013 article by The Carter Centre. The King has tried to appease the discontent with corruption by arresting the former chief of intelligence service in connection with a graft investigation. The former chief was sentenced to 13 years and three months in jail for embezzlement, money laundering and abuse of office, as reported in a November 2012 article by The Telegraph.

Efforts that have been put into fighting corruption in Jordan include the formation of an independent Anti-Corruption Commission (ACC), drafting a law to combat corruption, and a public sector Code of Conduct signed in 2008. According to an April 2011 article by Al-Dostour, the Prime Minister of Jordan stated that the King had urged quick and concrete political, economic and social reform, amongst other things, and raising public employees' salaries to fight corrupt behaviour. December 2011 marked the country's hunt for corrupt public figures as a series of cases were investigated and a portion of public officials were arrested. Amongst others, the former Mayor of Amman was arrested for corruption, bribery and mismanagement, as was the former-general director of the state-owned National Resources Investment and Development Corporation and the Minister of Public Works and Housing. Nevertheless, the article points out that there remain limitations to Jordan's fight against corruption as tribal affiliations and people of influence are still immune from investigation. In addition, the article discredits the government's crackdown on corrupt public figures as they spend their prison sentence in a 'hotel for VIP inmates'. In another corruption case, an August 2011 article by Arab Times writes that a businessman named Khakled Shaheen received a 3-year prison sentence for bribing public officials to secure his own company an expansion project for the Jordan Petroleum Refinery Company worth USD 2.1 billion. The three public officials were later sentenced for abuse of office.

Societal interests in Jordan are generally not channelled through political parties, but through informal networks. Favouritism, cronyism, nepotism, and bribery, as is the use of influence or personal and business connections to gain favours, such as jobs or access to goods and services, are covered by a particular phenomenon known as *wasta*. Literally, *wasta* means the middleman; the connection linking two parties. According to a corruption study by Jordan Transparency Forum and the Centre for Strategic Studies at the University of Jordan, cited in two December 2009 articles, public trust in the government was recorded as very low as only 48% of the public considered governmental anti-corruption efforts to be effective; 87% believed that the *wasta* phenomenon would persist while 91.3% did not even consider *wasta* and favouritism to be corruption. This suggests perhaps that corrupt behaviour has become a norm embedded into daily life and that anti-corruption efforts will therefore not payoff overnight in Jordan.

Business and Corruption

Despite the absence of any significant natural resources, Jordan has succeeded in attracting foreign investments through economic reforms and has achieved solid economic growth rates. During the reign of Abdullah II, Jordan has generally developed into a competitive and market-based economy, and many steps have been taken to attract

foreign investors. The King, aware of the high costs of unrest, met in April 2011 with representatives of various economic sectors to listen to proposals in order to safeguard and improve Jordan's investment potential, according to an April 2011 article by The Jordan Times. The proposals include, for instance, reducing the cost of residential and commercial construction licenses, increasing the ownership of foreigners and facilitating residency measures and travel visas. The representatives have also suggested the establishment of a duty-free business zone. Foreign investors receive national treatment as far as the Heritage Foundation 2013 reports, but bureaucracy, red tape and the inconsistent enforcement of regulations seem to discourage new investors. According to the World Economic Forum Global Competitiveness Report 2012-2013, corruption is identified by companies to be relatively problematic in Jordan, but many other factors are considered to be larger constraints, such as inefficient government bureaucracy and tax rates, as well as access to financing and inadequately educated workforce.

Occurrences of public-private corruption have been reported in the Qualified Industrial Zones (QIZ), in the Aqaba special economic zone, as well as in relation to the misappropriation of government oil revenues. The government encourages foreign investment, but companies should note that the use of *wasta* to advance business interests is widespread in Jordan. The 'middleman' or *wasta* is considered to be the most important 'currency'; one that is considered even more effective than bribery. An article states that *wasta* is deeply embedded into society and a family obligation, which makes it difficult for officials to uphold the law. According to the US Department of State 2013, the use of family, business and other personal connections to advance personal business interests is endemic and regarded by many Jordanians as part of the culture and a way of conducting business in the country. At the same time, positions in the public sector are often assigned based on *wasta*, which leads to overstaffing and employment of unqualified staff, thus resulting in public services of poor quality and unnecessary and inefficient administrative procedures. The prevalence of *wasta* also has an impact on the development of the private sector in Jordan, as companies tend to invest money in social relations that will secure them better *wasta*, rather than in the quality of their products or services. The use of *wasta* has in part affected some foreign companies and companies operating in Jordan have reported hidden costs stemming from bureaucracy, red tape, vaguely formulated regulations, and conflicting jurisdictions. It is recommended that foreign investors therefore implement integrity systems and carry out extensive due diligence when exploring investment opportunities, looking for partners, and concluding purchase agreements.

Since 1999, Jordan has privatised many of its state holdings. A special committee, the Executive Privatisation Commission (EPC) under the supervision of the Higher Privatisation Council and headed by the prime minister, is in charge of selecting and assessing privatisation projects, preparing offers for interested parties, appraising submitted offers, etc. Jordan's privatisation programme has been praised by the World Bank for finding a good balance between effectiveness and transparency. According to the Bertelsmann Foundation 2012, the government has announced plans to liberalise the state-owned oil sector gradually leading up to 2015. As a first step towards the change, four private companies will be allowed to take over 25% of the market. The report notes that the privatisation process of this sector will end the 50-year long monopoly of the Jordan Petroleum Refinery Company (JPRC).

Regulatory Environment

Foreign and local investors are equal before the law. However, companies should note that there are some exceptions with regards to which domains foreign companies can invest in. These include activities pertaining to military and national security, as well as customs clearance services and land transportation. In some sectors and services, such as printing/publishing and maintenance of aircrafts or maritime vessels, foreign companies are only allowed 50% ownership. Jordan offers investment incentives in the form of exemptions on income tax and customs duties. The level of exemptions varies depending on the geographical area where investments are made, meaning that investments in the least developed areas receive the highest level of tax exemptions and vice-versa. More information can be found under the Investment Promotion Law of 1995. In a March 2011 article in Al-Dostour, the government prepared to give exemptions and tax incentives reaching up to 20 and 30 years in an effort to encourage investment and economic growth in Jordan. According to the US Department of State 2013, exemptions will be made in accordance with the value of the project as well as the number of Jordanians employed. It is also stated that an amount of JOD 50,000 (USD 70,000) is required in order for foreign investors to register in Jordan and explains that local and foreign investments are screened by the Jordan Investment Board's Incentives Committee and that the involvement of government officials in large projects helps to ensure overall governmental cooperation in project implementation. For more information on investment restrictions and incentives, see the US Department of State 2013.

According to the World Bank & IFC Doing Business 2013, Jordan is not ranked among the Arabic region's most efficient regulatory climates, but improvements have been made in relation to getting construction permits by extending the one-stop shop. Trading across borders has also eased as the government introduced X-ray scanners for risk management systems. Furthermore, the minimum capital requirement is no longer in place and licensing requirements have been simplified according to the Heritage Foundation 2013. Yet procedures for registering property, protecting investors and enforcing contracts remain relatively cumbersome. In addition, the US Department of State 2013 reports that the Jordanian government has been working towards making its procurement procedures, regulations and other services more transparent and accessible by promoting e-governance. The implementation of e-government has reportedly been slow, but company registration is now available online on the website of the Jordan Investment Board. Programs to register business, file complaints, and view tax records, existing and pending legislation, and traffic violations are now available online. In addition, a national call centre to answer government service-related questions was opened in 2008. Although numerous procedures have been streamlined, many remain non-transparent and, along with red tape and conflicting jurisdictions, continue to pose problems to foreign and local investors, as reported in the US Department of State 2013.

Private property is well defined and protected through sound legal processes, and there are no serious limitations to the acquisition, benefits and sale, or use of property. The acquisition of property by foreigners is based on the principle of reciprocity. However, some areas are subject to different provisions and procedures. Expropriation is not permitted unless it is deemed to be in the public interest, in which case fair compensation in convertible currency is then provided to the investor. With regards to the resolution of disputes, Jordanian law stipulates that companies can seek third party arbitration or an internationally recognised settlement of disputes. Jordan is member of the International Centre for the Settlement of Investment Disputes (ICSID) and of the New York Convention of 1958. While some observers have noted the lack of transparency in connection with the settlement of disputes, others

report that the judiciary has ruled to the advantage of foreign companies and that the judiciary is not significantly corrupt. Access the Lexadin World Law Guide for a collection of legislation in Jordan.

Section 3 - Economy

Jordan's economy is among the smallest in the Middle East, with insufficient supplies of water, oil, and other natural resources, underlying the government's heavy reliance on foreign assistance. Other economic challenges for the government include chronic high rates of poverty, unemployment and underemployment, budget and current account deficits, and government debt.

King ABDALLAH, during the first decade of the 2000s, implemented significant economic reforms, such as expanding foreign trade and privatizing state-owned companies that attracted foreign investment and contributed to average annual economic growth of 8% for 2004 through 2008. The global economic slowdown and regional turmoil contributed to slower growth from 2010 to 2014 - with growth averaging 2.8% per year - and hurt export-oriented sectors, construction, and tourism. Through 2014, Jordan's finances were strained by a series of natural gas pipeline attacks in Egypt, disrupting natural gas exports to Jordan, and led Jordan to rely on more expensive diesel imports, primarily from Saudi Arabia, to generate electricity.

To diversify its energy mix, Jordan has secured several contracts for liquefied natural gas and is currently exploring nuclear power generation, exploitation of abundant oil shale reserves and renewable technologies, as well as the import of Israeli offshore gas. In August 2015, Jordan completed a \$2.1 billion, three-year IMF Stand-By Arrangement, which the government had entered to help correct budgetary and balance of payments imbalances. Jordan plans to expand on its fiscal reform measures enacted over the previous few years with a follow-on IMF agreement in 2016 to boost government revenues, reduce the budget deficit, and manage its burgeoning debt, brought on in part by an influx of over 650,000 Syrian refugees since 2011, which put additional pressure on expenditures.

Agriculture - products:

citrus, tomatoes, cucumbers, olives, strawberries, stone fruits; sheep, poultry, dairy

Industries:

tourism, information technology, clothing, fertilizers, potash, phosphate mining, pharmaceuticals, petroleum refining, cement, inorganic chemicals, light manufacturing

Exports - commodities:

textiles, fertilizers, potash, phosphates, vegetables, pharmaceuticals

Exports - partners:

US 21%, Saudi Arabia 16.5%, Iraq 10.3%, India 8.7%, UAE 4.8%, Kuwait 4.4% (2015)

Imports - commodities:

crude oil, refined petroleum products, machinery, transport equipment, iron, cereals

Imports - partners:

Saudi Arabia 15.4%, China 12.8%, US 6.2%, Germany 4.7%, UAE 4.2% (2015)

Banking

The banking system is comprised of 24 commercial banks, of which 8 are branches of foreign banks and two are Islamic banks in addition to a number of specialized credit institutions. The Central Bank of Jordan (CBJ) is the banking system's regulatory authority. A revised banking law, which aims at improving the industry's efficiency, came into force in August 2000. The law protects depositors' interests, diminishes money market risk, guards against the concentration of lending, and includes articles on new banking practices (e-commerce and e-banking) and money laundering.

The central bank of Jordan has issued a number of recent circulars to implement money-laundering regulations that are consistent with the recommendations of the OECD's financial action task force. Jordan's parliament passed an anti-money laundering bill that became law in July 2007. The law criminalizes money laundering and specifies that any money or proceeds gained from any felony offense or crimes stated in international agreements to which Jordan is a party are subject to the provisions of the law. The law is also the legal basis for the creation of the Anti-Money Laundering Unit, Jordan's Financial Intelligence Unit. Jordan has no record of major money laundering incidents.

In addition, the CBJ set up a separate and independent deposit insurance corporation in late 2000 to insure deposits of up to JD 10,000 (\$14,000). The corporation also acts as the liquidator of banks as directed by the CBJ.

Some banks have started adopting modern banking practices such as automated check clearing and the use of magnetic check processors, unified reporting forms and electronic data-transmission networks. Some banks have also started phone banking and e-banking services. Credit facilities include loans, discounted bills, and overdraft facilities. Investment banks are not permitted to extend overdraft facilities. Due to rigid interest rates and the absence of a secondary market, the corporate bond market remains underdeveloped and continues to be overshadowed by traditional direct lending. Increasingly, however, some banks have started introducing new products and corporate bond issues.

Stock Exchange

The three key capital market institutions are the regulator, the Jordan Securities Commission (JSC); the exchange, the Amman Stock Exchange (ASE); and the custodian for all transaction contracts, clearings and settlement, the Securities Depository Center (SDC). The government passed the most recent securities law in 2002, which brought the law more in line with international best practices. The ASE suffers from intermittent liquidity problems, which have meant that the bourse remains prone to speculative movements. The ASE's market capitalization has grown and shrunk rapidly and repeatedly since 2003. Since 2008, the worldwide financial crisis and economic slowdown reduced the market capitalization nearly 40 percent from its record high in June 2008 of USD \$57 billion. The market continued with the downward trend in 2009 with its index losing a further 8.1%. Trading volume stood at

USD \$13.7 billion compared to USD \$28.7 billion in 2008, a 52% drop. Market capitalization dropped to USD \$31.9 billion compared to USD \$35.9 at year end 2008, a decline of 11%.

Section 4 - Investment Climate

Executive Summary

Jordan is a Middle East country located on desert plateaus in southwest Asia. Since King Abdullah II's 1999 ascension to the throne, Jordan has taken steps to encourage foreign investment and to develop an outward-oriented, market-based, and globally competitive economy. In particular, banking, information and communication technology, pharmaceuticals, tourism, and services sectors have all experienced key reforms in recent years. Foreign and domestic investment laws grant specific incentives to industry, agriculture, tourism, hospitals, transportation, energy, and water distribution. Jordan is also uniquely poised geopolitically to host large scale investment focused on the reconstruction of Iraq, Syria and other regional markets.

Jordan's economy improved in 2015, despite ongoing challenges both domestically and in the region. The government pursued economic reform measures as part of its International Monetary Fund (IMF) Stand-by Arrangement program, which concluded in July. Central Bank foreign reserves, remained stable in at the end of 2015 around USD 14 billion compared to year end 2014, a 15 percent increase from its USD 12 billion level at the end of 2013. GDP grew at a rate of 2.5percent, slightly lower than the 3.1 percent growth rate in 2014. Jordan's fiscal position was burdened 2011-2014 by the loss of Egyptian natural gas, resulting in the import of costlier fuels and significant debt. However, helped with lower international oil prices and contracted liquefied natural gas deliveries that begin in July 2015, the government was able to close its near-term financing gap with savings from reform measures, loans, and foreign assistance.

Despite cabinet changes, the prime minister has remained in place since the fall of 2012, helping guide the country through difficult economic reform efforts. In 2014, Jordan moved forward on a number of legislative reforms, including the new Income Tax Law, Public Private Partnership Law and Investment Law. Yet economic growth has been slow due to the regional security environment, the 2015 closure of Jordan's borders with Iraq and Syria, and the influx of refugees, particularly from Syria. Notwithstanding the regional environment, the general investment outlook for Jordan remains favorable and in several sectors, advantageous.

Table 1

| Measure | Year | Index or Rank | Website Address |
|---|------|---------------|--|
| TI Corruption Perceptions index | 2015 | 45 of 168 | transparency.org/cpi2014/results |
| World Bank's Doing Business Report "Ease of Doing Business" | 2016 | 113of 189 | doingbusiness.org/rankings |

| | | | |
|--|------|-------------|--|
| Global Innovation Index | 2015 | 75 of 141 | globalinnovationindex.org/content/page/data-analysis |
| U.S. FDI in partner country (\$M USD) stock positions) | 2012 | D* | BEA |
| World Bank GNI per capita | 2014 | USD \$5,160 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

* "(D)" indicates that the data in the cell have been suppressed to avoid the disclosure of data of individual companies.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Jordan is largely open to foreign investment. Jordan acceded to the World Trade Organization (WTO) in April 2000. In addition, the U.S.-Jordan Free Trade Area Agreement (FTA) was signed in October of 2000, and fully implemented in January 2010. The United States and Jordan signed a Bilateral Investment Treaty in 1997 that went into force in 2003.

Other Investment Policy Reviews

Jordan has been a World Trade Organization (WTO) member since 2000. WTO conducted Jordan's second Trade Policy Review in November 2015.

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

In 2012, the United States and Jordan agreed to Statements of Principles for International Investment and for Information and Communication Technology Services, and a Trade and Investment Partnership Bilateral Action Plan, each of which is designed to increase transparency, openness, and governmental and private sector cooperation. The two parties also began discussions on a Customs Administration and Trade Facilitation Agreement. The government of Jordan underwent an investment policy review by the Organization for Economic Cooperation and Development (OECD) and in November 2013 subscribed to the OECD Declaration on International Investment and Multinational Enterprises.

<http://www.oecd.org/countries/jordan/jordan-investment-policy.htm>

Laws/Regulations on Foreign Direct Investment

With respect to ownership and participation in Jordan's major economic sectors, there is no systematic or legal discrimination against foreign participation other than the restrictions outlined in the governing regulations. In fact, many Jordanian businesses actively seek engagement with foreign partners as a way to increase their competitiveness and access other international markets. The government's efforts have made Jordan's official investment climate welcoming; however, some large U.S. investors have reported hidden costs, due to bureaucratic red tape, vague regulations, and conflicting jurisdictions.

Business Registration

Businesses in Jordan need to register with the Ministry of Trade, Industry and Supplies, Chambers of Commerce or Industry depending on the type of business they are in, open a bank account, obtain a tax identification number and register for VAT. They also need to obtain a vocational license from the municipality, receive a health inspection, and register with the Social Security Corporation. The World Bank Group in their Doing Business report mapped out the registration requirements in Jordan and provided a detailed summary of procedures, time, cost and legal requirements to incorporate and register a new firm in Jordan. The report compared regulations relevant to the life cycle of a small- to medium-sized domestic business in 188 economies. The most recent round of data collection was completed in June 2015 and Jordan ranked 88 out of 188. The following link provides detailed requirements for registering a business in Jordan.

<http://www.doingbusiness.org/data/exploreeconomies/jordan/starting-a-business/>

The newly established "Investment Window" at the Jordan Investment Commission serves as a comprehensive investment center for investors. The window provides its services to both local and foreign investors, particularly those in the agricultural sector, medical, tourism, industrial, ICT-BPO and energy sectors. Following is a link to the Jordan Investment Commission website for further details on the services they provide to investors: <http://www.jic.gov.jo>.

Central Bank of Jordan defines small companies as those nonpublic shareholding companies with assets or sales volume less than JD one million (\$1.4 million) that employ 20 employees or less. They should not be in the brokerage or insurance business. Medium companies are defined as those with assets or sales between JD one million and JD 3 million employing between 21 to 100 employees.

Industrial Promotion

The Executive Privatization Commission was replaced by the Public Private Partnership Unit at the Minister of Finance (PPP Unit) upon the passage of the Public Private Partnership Law in September 2014. The law aims to encourage the participation of the private sector in the Kingdom's economic development and provide a legislative environment for joint projects between the two sides. Jordan is also seeking investors for a passenger and cargo rail network, and a large scale water desalination plant, among others. In 2012, Jordan passed a Renewable Energy and Energy Efficiency Law to encourage investments in this vital sector. A draft Energy and Minerals Law is currently under parliamentary review; this law aims to open the hydrocarbon sector to local and foreign investors.

Limits on Foreign Control and Right to Private Ownership and Establishment

Jordan's current investment law treats foreign and local investors equally. Regulations governing foreign ownership include the following exceptions:

- Ownership of periodical publications is restricted to Jordanian citizens or entities wholly-owned by Jordanians.
- Foreigners are prohibited from wholly or partially owning investigation and security services, sports clubs (exception: health clubs), stone quarrying operations for construction purposes, customs clearance services, or land transportation services.

The Cabinet, however, may approve foreign ownership of projects in these sectors upon the recommendation of the Investment Council, which is comprised of the Prime Minister, ministers with economic portfolios, and representatives from the private sector. To qualify for the exemption, projects have to be categorized as being highly valuable to the national economy and must employ a large number of Jordanians.

- Investors are limited to 50 percent ownership in a number of businesses and services, including printing/publishing companies and aircraft or maritime vessel maintenance and repair services. The most up-to-date listing of limitations on investments is available in the FTA Annex 3.1 and may be found at <http://www.ustr.gov/trade-agreements/free-trade-agreements/jordan-fta/final-text>.

Investment and property laws allow domestic and foreign entities to establish businesses that engage in remunerative activities. Foreign companies may open regional and branch offices; branch offices may carry out full business activities, while regional offices may serve as liaisons between head offices and Jordanian or regional clients. The Ministry of Industry and Trade manages the government's policy on the setting up of regional and branch offices.

Foreign firms may not import goods without appointing an agent registered in Jordan; the agent may be a branch office or a wholly-owned subsidiary of the foreign firm. The agent's connection to the foreign company must be direct, without a sub-agent or intermediary. The Commercial Agents and Intermediaries Law govern contractual agreements between foreign firms and commercial agents. Private foreign entities, whether licensed under sole foreign ownership or as a joint venture, compete on an equal basis with local companies.

Foreign nationals and firms are permitted to own or lease property in Jordan for investment purposes and are allowed one residence for personal use, provided that their home country permits reciprocal property ownership rights for Jordanians. Depending on the size and location of the property, the Lands and Surveys Department, the Ministry of Finance, or the Cabinet are the authorities that approve foreign ownership of land and property, which must be developed within five years after the date of approval.

Privatization Program

Over the last fifteen years, the Jordanian government has engaged in a wide-scale privatization program, including in the telecom, energy and transportation, sectors. The few remaining government assets not privatized, including Jordan Silos and Supply Company, elicit little private sector interest. The majority of future projects in Jordan are expected to be public-private partnerships (PPP) rather than pure privatization deals.

Screening of FDI

Local and foreign investments are screened by the Jordan Investment Commission (JIC). In 2014 a new investment law was passed which consolidated three entities – the Jordan Investment Board and the two entities that oversee investment zones, the Jordanian Development Zones Commission and the Free Zones Corporation. They became a new entity called the Jordan Investment Commission. This law incorporates a statement of investors'

rights and a legal framework for the newly established Investment Window, which is located at the Investment Commission's headquarters.

The new law requires new governing regulations for a number of investment aspects. Currently, thirteen new sets of regulations are under different stages of review and approval by the government. The government approved 8 out of the 13 sets of regulations most importantly the regulations governing the operations of the Investment Window, Investment Incentives, tax sales system, custom procedures and registration in the development zones. They are available on the following link: <http://www.jic.gov.jo/Contents/Legal.aspx>.

Competition Law

A newly-drafted Competition Law which will update the 2004 Competition Law is currently under parliamentary review. The new law aims to strengthen the local economic environment and attract foreign investment by providing incentives to improve market competitiveness, protect small and medium enterprises from restrictive anticompetitive practices, and give consumers access to high quality products at competitive prices. The Competition Directorate at the Ministry of Industry and Trade conducts market research, examines complaints, and reports violators to the judicial system.

2. Conversion and Transfer Policies

Foreign Exchange

The Jordanian Dinar (JOD) is fully convertible for all commercial and capital transactions. Since 1995, the JOD has been pegged to the U.S. dollar at an exchange rate of approximately JOD 1 to USD 1.41.

The Central Bank of Jordan (CBJ) supervises and licenses currency exchange businesses. These entities are exempt from paying commissions on exchange transactions and therefore enjoy a competitive edge over banks.

Other foreign exchange regulations include the following:

- Non-residents and residents (who must pay a commission) are allowed to open bank accounts in foreign currencies. These accounts are exempted from all transfer-related commission fees charged by the CBJ.
- Banks are permitted to purchase unlimited amounts of foreign currency from their clients in exchange for JODs on a forward basis. Banks are permitted to sell foreign currencies in exchange for JODs on a forward basis for the purpose of covering the value of imports.
- There is no restriction on the amount of foreign currency that residents may hold in bank accounts, and there is no ceiling on the amount residents may transfer abroad. Banks do not require prior CBJ approval for a transfer of funds, including investment-related transfers. However, stricter measures are now in place to monitor wire transfers in accordance with Jordan's efforts to deter illicit cash flows.

Remittance Policies

Jordan's liberal foreign exchange law entitles foreigners to remit abroad all returns, profits, and proceeds arising from the liquidation of investment projects. Non-Jordanian workers are permitted to transfer their salaries and compensation abroad.

Jordan is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body. Its most recent mutual evaluation can be found at: http://www.menafatf.org/images/UploadFiles/MER_Hashemite_Kingdom_of_Jordan.pdf

3. Expropriation and Compensation

Article 11 of the Jordanian Constitution stipulates that expropriations are prohibited unless deemed in the public interest. In cases of expropriation, the law also mandates the provision of fair compensation to the investor in convertible currency.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Jordan has a mixed legal system based on civil law, Sharia Law (Islamic Law) and customary law. The Constitution establishes the judiciary as one of three separate and independent branches of government. Jordanian commercial laws do not make a distinction between Jordanian and non-Jordanian investors. Rulings by U.S. courts or other international arbitration committees, however, can be upheld through the successful filing in a local domestic court of a motion called Enforcement of Ruling. Plaintiffs complain of backlogs and subsequent delays in legal proceedings.

The following laws and regulations currently govern investments in Jordan: the Companies Law, Public Private Partnership Law number 31 of 2014 and the Investment Law 30 of 2014 with its subsequent implementing regulations and Regulating Non-Jordanian Investments Regulation.

Bankruptcy

The Commercial Code, Civil Code, and Companies Law collectively govern bankruptcy and insolvency proceedings. A temporary bankruptcy law was enacted in 2002 and remains in effect. A new Insolvency and Bankruptcy draft law is currently pending Parliamentary review.

Investment Disputes

Investment disputes are dealt with as any other commercial or civil dispute in the Jordanian judicial system. Large investment agreements with the Jordanian government as a party contain a dispute resolution clause that would refer cases to arbitration in Jordan.

International Arbitration

Under domestic law, foreign investors may seek third party arbitration as a means of settling disputes. Jordan abides by WTO dispute settlement mechanisms, and dispute settlement mechanisms under the U.S.-Jordan FTA are consistent with WTO commitments. Article IX of the United States-Jordan Bilateral Investment Treaty (BIT) establishes procedures for dispute settlements between Jordanians and U.S. persons.

ICSID Convention and New York Convention

Since 1972, Jordan has been a contracting state to the International Centre for Settlement of Investment Disputes (ICSID convention) only a small number of cases between foreign investors and the Jordanian government have been brought before ICSID tribunals. Jordan is also a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York convention).

Duration of Dispute Resolution – Local Courts

On average, it takes three to four years for cases that go through the local court system to reach a verdict. Cases settled through arbitration take between 12 to 18 months. The main challenge regarding litigation cases is being able to conduct proper process of service upon all concerned parties. Another challenge is the lack of specialized investment and commercial courts limiting the judges' capacity to review cases.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Investment and commercial laws in Jordan do not contain any trade-restrictive investment measures and have generally been in compliance with the WTO's Trade-Related Investment Measures (TRIMS). Investment incentives take the form of income tax and customs duties exemptions, which are granted to both Jordanian and foreign investors.

The country is divided into three development areas: Zones A, B, and C. Investments in Zone C, the least developed areas of Jordan, receive the highest level of incentives while those in Zone A receive the lowest level. All agricultural, maritime, transport and railway investments are classified as Zone C, irrespective of location. Hotel and tourism-related projects along the Dead Sea coast, leisure and recreational compounds, and convention and exhibition centers receive Zone A designations. Qualifying Industrial Zones (QIZs) are zoned according to their geographical location unless granted an exemption. The three-zone classification scheme does not apply to nature reserves and environmental protection areas.

Investment Incentives

Under the current Investment Law Number 30 2014, the Council of Ministers, upon the recommendation of the Investment Council, may offer a number of investment incentives in accordance with the law and governing regulations for projects outside the Development and Free Zones. The Investment Council and Investment Commission can offer some types of exemptions for projects in the following sectors:

1. Agriculture and Livestock.
2. Hospitals and specialized medical centers.
3. Hotel and touristic facilities.
4. Touristic entertainment and recreation cities.
5. Contact and communication centers.
6. Scientific research centers and medical laboratories.

7. Technical and media production.

These incentives include customs exemptions, refunding of the general tax for production inputs, or zero sales tax. Automatic exemptions are also granted for specific services whether purchased locally or imported. The Income and Sales Tax Department will refund the general tax levied within thirty (30) days from submitting a written request in accordance with the terms and conditions determined by the Regulations Governing Investment Incentives number 33 of 2015.

A number of non-automatic exemptions will be granted for production requirements and assets of economic, industrial or handicrafts activities of dual-use. Such exemptions are subject to administrative procedures and approvals obtained from the Technical Committee and are also governed by the above regulation.

Investments in special economic zones and development zones will receive a minimum of 30 percent income tax waiver depending on the zone. Additional incentives are provided for projects under the Industrial Estate Corporation, and the Aqaba Special Economic Zone. For further details please visit:

- Jordan Investment Commission (<http://www.jic.gov.jo/>)
- Jordan Industrial Estate Corporation (<http://www.jiec.com>)
- Aqaba Special Economic Zone (<http://www.aqabazone.com/>)

Net profits generated from most export revenues are exempt from income tax. Exceptions include fertilizer, phosphate, and potash exports, in addition to exports governed by specific trade protocols and foreign debt repayment schemes. Jordan extended this regime to December 31, 2018, although it is in violation of its WTO obligations.

Research and Development

The Royal Scientific Society (RSS) is the largest applied research institution and technical support service provider in Jordan and is a regional leader in the fields of science & technology.

RSS provides expert testing services through more than twenty-five specialized locally & internationally accredited laboratories and they pride themselves in offering both the public and private sectors a unique scientific resource and a wide range of project expertise.

RSS has no restrictions to partnering with local and international organizations.

Performance Requirements

Jordan does not mandate local employment, but encourages hiring Jordanians. Jordan has a well-educated and trained labor force of the 1.8 million people, of which approximately 350,000 are registered foreign workers. Unofficial indicators speculate that unregistered foreign workers are nearly double this number. Most foreign laborers are employed in construction, agriculture, and domestic housekeeping sectors. Approximately 35,000 also work in the QIZs as textile workers. The Ministry of Labor regulates foreign worker licensing, licensing fees, prohibited sectors, and employer liability. Along with the Ministry of Interior, the

Ministry of Labor is responsible for approving the hiring of professional foreign workers by private businesses.

Data Storage

Jordan does not follow forced localization policy, nor does it have requirements for foreign IT providers to turn over source code or provide access to surveillance.

6. Protection of Property Rights

Real Property

Interest in real property is recognized and enforced once it is recorded in legal registries. The legal system facilitates and protects the acquisition and disposition of property rights.

Intellectual Property Rights

Jordan has passed several laws in compliance with international commitments to the protection of intellectual property rights (IPR). Laws consistent with Trade Related Aspects of Intellectual Property Rights (TRIPS) now protect trade secrets, plant varieties, and semiconductor chip designs. The Ministry of Culture's National Library Department is responsible for registering copyrights, and patents are registered with the Registrar of Patents and Trademarks at the Ministry of Industry and Trade. Jordan is a signatory to the Patent Cooperation Treaty and the Madrid Protocol, and accordingly, amended its patent and trademark laws in 2007 to enable ratification of the agreements. Jordan is a signatory to World Intellectual Property Organization treaties on both copyrights and on performances and phonographs, and it has been developing updated laws for copyrights, trademark standards, and customs regulations to meet international standards. Jordanian firms are able to seek joint ventures and licensing agreements with multinational partners.

Jordan's record on IPR enforcement has improved in recent years, but more effective enforcement mechanisms and legal procedures are still needed. As a result, the government's record on IPR protection remains mixed. A large portion of videos and software sold in the marketplace continues to consist of pirated goods. Enforcement action against audio/video and software piracy is growing in frequency and improving in its targeting capability, resulting in the first jail sentence in 2007 for software piracy in Jordan. Since 2000, 5,619 violations of Jordan's current copyright law were referred to the judiciary, including 460 cases in 2014 and 361 cases in 2015. Additionally, 75 trademark violation cases were referred to court in 2015.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

Embassy point of contact:

Ms. Shaden al Majali
Economic Analyst
Telephone: +962 (6) 5906317
e-mail: MajaliSA@state.gov

List of Attorneys

The Embassy maintains a list of local attorneys who are familiar with Jordanian law. Following is a link to the list: [List of Attorneys](#)

7. Transparency of the Regulatory System

Legal, regulatory and accounting policies, applicable to both domestic and foreign investors, are transparent and promote competition. However, historically red tape and opaque procedures, particularly at the local government level, presented problems for foreign and domestic investors. There is not a policy of public comment on draft legislation, although the executive branch does consult with the legislative branch.

The government is gradually implementing policies to improve competition and foster transparency. These reforms aim to change an existing system influenced in the past by family affiliations and business ties. The Jordan Investment Commission (JIC), with its newly established Investment Window, promises to streamline the investment process.

For further details: please contact:

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8. Efficient Capital Markets and Portfolio Investment

There are three key capital market institutions: the regulator, Jordan Securities Commission (JSC); the exchange, Amman Stock Exchange (ASE); and the custodian for all transaction contracts, clearings, and settlements, Securities Depository Center (SDC). The 2002 Securities Law brought the law in line with international best practices. In 2011, the ASE modernized its technical infrastructure, enhancing the dissemination of information. It launched the Internet Trading Service in 2010, providing an opportunity for investors to engage in securities trading regardless of geographic location. Investors, both foreign and domestic, are permitted to open margin accounts and to engage in short-selling. Commercial banks hold securities for their clients in a sub-account format.

In spite of recent reforms and technological advances, the ASE suffers from intermittent liquidity problems and decreased trading activity. The bourse remains prone to speculative movements. The ASE's market capitalization has grown and shrunk rapidly and repeatedly since 2003. The ASE price index lost 1.85% percent in 2015 reaching 2,136 at year end. Trading volume increased by 13.6 percent to 2.5 billion from 2.2 billion shares in 2014. The number of listed companies stood at 228 at the end of 2015 compared to 236 at the end of 2014. The market capitalization of listed shares at the ASE amounted to USD 25.4 billion, equaling 66.4 percent of GDP.

Money and Banking System, Hostile Takeovers

Due to strict regulations on lending, particularly mortgage lending, and limited integration with global financial markets, Jordanian banks were reasonably resilient to international shocks. The banking sector's indicators remain strong; banks continue to be profitable and well-capitalized, and deposits are still the major funding base. Liquidity ratios and provisioning remain high, non-performing loan ratios modestly decreased over the past couple of years. The CBJ in December 2010 directed Jordanian banks to maintain a minimum JOD 100 million in capital and raised the requirement for foreign banks to JOD 50 million. Jordan does not distinguish between investment banks and commercial banks. Jordan has 25 banks in total, including commercial banks, Islamic banks, and foreign bank branches.

Banks in Jordan offer loans, discounted bills, and overdraft facilities. The CBJ permits banks to extend loans and credit facilities in foreign currency, but only for exporting purposes. In such cases, it requires debt repayment to be in the same foreign currency. A number of banks have offshore mutual funds to avoid Jordanian taxes.

The Banking Law protects depositors' interests, diminishes money market risk, guards against the concentration of lending, and includes articles on electronic banking practices and money laundering. The Credit Information Law was passed as a temporary law in 2010 laying the groundwork for the establishment of a credit bureau. In 2015, the Central Bank of Jordan selected CRIF as a strategic partner on this project. CRIF recently launched their operations in Jordan and are expected to start issuing reports in the second half of 2016.

The CBJ set up an independent Deposit Insurance Corporation (DIC) in 2000 that initially insured deposits up to JOD 10,000 (USD 14,000). DIC currently insures deposits up to JOD 50,000 (USD 71,000) and is expected to maintain the guarantee for the foreseeable future. The DIC also acts as the liquidator of banks as directed by the CBJ. The CBJ established a credit bureau for bounced checks in 2001 which requires banks to report the names of account holders with bounced checks. Following the report of one bounced check, the CBJ circulates the names of the account holders to all banks with recommendations to carefully evaluate the account holders' access to banking services.

The Central Bank of Jordan (CBJ) conducts regular government debt auctions of differing maturities on behalf of the Ministry of Finance. Treasury auctions traditionally take place on a monthly or biweekly basis, depending on maturity. The government issues development bonds as necessary. Treasury bonds to the tune of USD 5 billion and Treasury bills valued USD 70 million were issued in the local market in 2015.

Foreign investors are allowed to participate in auctions and to purchase government securities through banks. Over the past few years, Jordan has successfully issued several Sovereign Eurobonds, independently and with U.S. loan guarantees, as well as domestic bonds in dollar as of November 2015 total outstanding amount was \$5.4 billion

The corporate bond market remains underdeveloped and continues to be overshadowed by traditional direct lending, primarily due to the absence of proper mechanisms for corporate debt creation. A few banks, however, are introducing new products and facilitating corporate bond issuances.

In 2010, Jordan amended its existing Anti-Money Laundering Law to comply with Middle East/North Africa Financial Action Task Force (MENAFATF) standards. Among other things, the

2010 amendments extended the range of predicate offenses to include certain crimes that would otherwise qualify as misdemeanors, whether those offenses are committed in Jordan or abroad. The amendments also created a legal framework to address terrorist financing. As such, the law was renamed the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Law, and the existing financial intelligence unit renamed the AML/CFT Unit. The CBJ as well as other financial sector regulators are implementing the AML/CFT Law further through the issuance of circulars and other regulations under their own authority.

There are a number of internationally-recognized accounting and auditing firms in Jordan. The government's accounting and auditing regulations are consistent with international standards and are internationally recognized.

9. Competition from State-Owned Enterprises

A number of State-owned enterprises (SOEs) exist in Jordan, such as the National Electrical Power Company (NEPCO), the National Food Security Company, and the Yarmouk Water Company. These companies exercise delegated governmental powers and operate in fields that are not yet open for investment, such as managing the transmission and distribution of electrical power. The government supports these companies as necessary. As an example, the government has issued and guaranteed corporate bonds for NEPCO since 2011 to ensure continuous power supply for the country.

SOEs compete under largely equal terms with private enterprises with respect to access to markets, credit, and other business operations. The laws do not provide preferential treatment to SOEs and they are held accountable by their Board of Directors, typically chaired by the sector-relevant Minister and the Audit Bureau.

Jordan is not a party to the Government Procurement Agreement.

OECD Guidelines on Corporate Governance of SOEs

The government of Jordan underwent an investment policy review by the Organization for Economic Cooperation and Development (OECD) and in November 2013 subscribed to the OECD Declaration on International Investment and Multinational Enterprises.

Sovereign Wealth Funds

Jordan does not have a sovereign wealth fund (SWF).

10. Responsible Business Conduct

There is general awareness of responsible business conduct among both manufacturers and consumers in Jordan, with many local and multinational companies voluntarily developing and adopting corporate social responsibility (CSR) programs. CSR efforts focus on improving infrastructure in adjoining communities or providing better access to educational opportunities.

The government of Jordan underwent an investment policy review by the Organization for Economic Cooperation and Development (OECD) and in November 2013 subscribed to the OECD Declaration on International Investment and Multinational Enterprises.

11. Political Violence

While Jordan does not have a history of politically motivated violence, the threat of terrorism remains high in Jordan. Transnational terrorist groups, as well as less sophisticated local elements, have the capability to plan and implement attacks in Jordan and have carried out a number of atrocities over the last fifteen years. The Jordanian security forces, however, have demonstrated high levels of professionalism in maintaining public security, containing numerous demonstrations, and preventing terrorist attacks.

Jordan has not been immune from the tumult of region wide Arab Spring protests, and the potential for politically-motivated violence remains. Violent extremist groups in Syria and Iraq, including the Islamic State of Iraq and the Levant (ISIL) and Jabhat al-Nusra continue to pose a threat. The potential for terrorist activity was heightened as Jordan took an active role in the coalition against ISIL. Visitors should consult current State Department public announcements at www.travel.state.gov before traveling to Jordan.

12. Corruption

Jordanian law defines corruption as any act that violates official duties, all acts related to favoritism and nepotism that could deprive others from their legitimate rights, economic crimes, and misuse of power. The use of family, business and other personal connections to advance personal business interests is endemic and regarded by many Jordanians as simply part of the culture and part of doing business. In 2006, Parliament approved a Financial Disclosure Law which officially required public office holders and specified government officials to declare their assets. Parliament also enacted an Anti-Corruption Law in 2006 that created the Anti-Corruption Commission (ACC) to investigate allegations of corruption. In 2014, the commission referred 75 cases to the judiciary and secured 3 convictions. In Transparency International's 2015 Corruption Perceptions Index, Jordan ranked 45 out of 168 countries.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Jordan signed the UN Anti-Corruption Convention in 2003, which was ratified in 2005.

Jordan is not a party to the OECD Convention on Combatting Bribery.

Resources to Report Corruption

H.E. Dr. Muhammad al-Allaf
Chairman
Anti-Corruption Commission Board
P.O. Box 5000, Amman, 11953, Jordan
+962 6 550 3150

Contact at "watchdog" organization:

Mr. Tharwat Abzakh
Acting Director
Rasheed Coalition
P.O. Box 582662, Amman, 111585, Jordan

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13. Bilateral Investment Agreements

In addition to the United States, Jordan signed bilateral investment treaties with several countries including the European Union, Singapore and Canada. Jordan's bilateral investment treaty with the United States came into effect in 2003. The agreement provides reciprocal protection of Jordanian and U.S. individual and corporate investments

The U.S. Congress enacted the Qualifying Industrial Zone (QIZ) initiative in 1996 to support the Middle East peace process. Goods produced in the 13 designated QIZs in Jordan can be imported into the United States tariff and quota free under the agreement if 35 percent of the product's content comes from the QIZ, Israel, and the West Bank/Gaza. Of that 35 percent, a minimum 11.7 percent of value must be added in the QIZ, eight percent in Israel, and 15.3 percent in a Jordanian QIZ, Israel, or the West Bank/Gaza. The QIZs have attracted over USD 1 billion dollars in capital investments, generated around USD 9.2 billion dollars in exports to the U.S. between 2006 and 2013, and currently employ more than 47,000 workers; about one-quarter of whom are Jordanians. The bulk of QIZ exports continue to be garments.

The U.S.-Jordan FTA, which entered into force in 2001 and came into full effect in January 2010, does not supersede or eliminate the QIZ initiative. Nevertheless, exports under QIZ requirements considerably shrank as exporters took advantage of the FTA's broader mandate. FTA rules of origin simply require 35 percent Jordanian content without other restrictions. Jordan's exports to the United States increased by 800 percent from 2001 to 2015 under the FTA to USD 2.6 billion.

While the U.S. remains one of Jordan's top trading partners, Jordan maintains an active trade relationship with neighboring countries and has been actively pursuing enhanced trade arrangements globally. Jordan is a member of the Greater Arab Free Trade Area (GAFTA), which has been in force since 1998. The GAFTA reached full trade liberalization of goods in 2005 through full exemption of customs duties and charges for all 17 Arab member states, with the exception of gradual reductions for Sudan and Yemen. Jordan has also signed trade preference agreements and bilateral free trade agreements with various Arab neighbors, including Egypt, Syria, Morocco, Tunisia, the UAE, Algeria, Lebanon, the Palestinian Authority, Kuwait, Sudan, and Bahrain.

An economic association agreement between Jordan and the European Union (EU) entered into force in 2002 to establish free trade over a twelve-year period. This agreement calls for the free movement of capital as well as cooperation on development and political issues. Jordan also signed a Free Trade Area Agreement in 2001 with the European Free Trade Association (EFTA) states (Iceland, Liechtenstein, Norway and Switzerland); this agreement completed the transitional period in 2014.

With respect to other agreements, Jordan signed a Free Trade Agreement with Singapore in 2004. In addition to enhancing bilateral trade ties, the agreement aimed to create new export opportunities for Jordanian products worldwide through the possibility of diagonal accumulation of origin with countries that have concluded free trade agreements with both Jordan and Singapore. That same year, Jordan completed the Agadir trade agreement with

Egypt, Morocco, and Tunisia, and upgraded its trade agreement with Israel to take advantage of accumulation of content provisions in the European Union's Pan Euro-Mediterranean trade rules of origin. Jordan signed a Free Trade Agreement with Canada in 2009 which came into effect in October 2012. The FTA with Canada eliminates all non-agricultural tariffs and most agricultural tariffs. A similar agreement with Turkey was also signed in November 2009 and entered into effect on March 1, 2011. Jordan has also signed with Iraq a number of Memoranda of Understanding for bilateral cooperation in various sectors such as education, health, energy, transportation, and trade. The two countries have established a special free zone area at the Iraqi border to serve as a hub for industry and trade between the two countries.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

Jordan's 2014 investment law merged the Development and Free Zones Commission (DFZC) into the newly formed Jordan Investment Commission, an independent governmental body responsible for creating, regulating, and monitoring Jordan's free trade zones, industrial estates and the five development zones. The Investment Commission's mission is to increase foreign direct investment (FDI) through the enhancement of the investment environments inside these zones. The President of the Commission and the administrative team supervise and centrally approve investment-related matters within the guidelines set by the Investment Council and approved by the government. The Investment Commission can expedite the provision of government services and provide a number of investment incentives, tax and customs exemptions. The five development areas are the King Hussein Bin Talal Development Area (KHBTD) in Ma'raq, the Ma'an Development Area, the Irbid Development Area (IDA), the Dead Sea Development Zone, and the Jabal Ajloun Development Zone.

The Aqaba Special Economic Zone (ASEZ) is an independent economic zone not governed by the Investment Commission or the articles in the Investment Law 30/2014 governing investments in free zones or development zones. It offers special tax exemptions, a flat five percent income tax, and facilitates customs handling at Aqaba Port. In recent years, ASEZ has attracted projects mainly in hotel and property development valued at over USD 8 billion. The government continues to implement development projects aimed at attracting commerce and tourism through the Port of Aqaba. The Aqaba New Port project, initiated in 2010 with completion expected in late 2017 includes relocating the current port 20 km south, adding four new terminals, and expanding ship berthing, marine services, and capacity, including for energy resources such as natural gas, phosphates, and propane. In early 2014, Jordan announced a new public-private partnership committee tasked with enhancing Aqaba's investment climate.

As part of Jordan's efforts to foster economic development and enhance its investment climate, the government has created geographically demarcated industrial estates, free zones, and special economic zones. The semi-governmental Jordan Industrial Estates Corporation (JIEC) currently owns six public industrial estates in Irbid, Karak, Aqaba, Amman, Ma'an and Muwaqar. In early 2014, Jordan announced plans for a new industrial site in Balqa governorate to help fulfil a government goal of establishing industrial sites in each Jordanian governorate. There are also several privately-run industrial parks in Jordan, including al-Mushatta, al-Tajamouat, al-Dulayl, Cyber City, al-Qastal, Jordan Gateway, and al-Hallabat. These estates provide basic infrastructure networks for a wide variety of manufacturing

activities, reducing the cost of utilities and providing cost-effective land and factory buildings. Investors in the estates will continue to receive their incentives until the current contracts expire and will also receive various exemptions, including a two-year exemption on income and social services taxes, complete exemptions from building and land taxes, and exemptions or reductions on most municipalities' fees.

Jordan also has public free zones in Zarqa, Sahab, Karak, Karama, and Queen Alia Airport that are run by the publicly-owned Free Zone Corporation (FZC). Over 30 private free zones have also been designated and are administered by private companies under the FZC's supervision. The free zones are outside of the jurisdiction of Jordan Customs, and provide a duty and tax-free environment for the storage of goods transiting Jordan.

Both nationals and foreign investors have few restrictions in trade, services, and industrial projects in free zones. Industrial projects must be related to one of the following industries:

- New industries that depend on advanced technology;
- Industries that require locally available raw material and/or locally manufactured parts;
- Industries that complement domestic industries;
- Industries that enhance labor skills and promote technical know-how; or,
- Industries that provide consumer goods and that contribute to reducing market dependency on imported goods.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

| | Host Country Statistical source | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|--|------------------------------------|---------------------|--|---------------------|---|
| Economic Data | Year | Amount | Year | Amount | |
| Host Country Gross Domestic Product (GDP) (\$M USD) | 2014 | USD 35.9 billion | 2014 | USD 35.8 billion | www.worldbank.org/en/country |
| Foreign Direct Investment | Host Country Statistical source | | USG or international statistical source | | USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other |
| U.S. FDI in partner country (\$M) | N/A | N/A | 2014 | USD 249 million | http://bea.gov/international/factsheet/factsheet.cfm?Area=505 |

| | | | | | |
|--|-----|-----|------|--------|---|
| USD, stock positions) | | | | | |
| Host country's FDI in the United States (\$M USD, stock positions) | N/A | N/A | 2014 | USD-76 | http://bea.gov/international/factsheet/factsheet.cfm?Area=505 |
| Total inbound stock of FDI as % host GDP | N/A | N/A | N/A | N/A | N/A |

Table 3: Sources and Destination of FDI

Jordan does not maintain official detailed statistics of FDI but aggregate tracked by the Central Bank of Jordan give an indication of the overall volume. In 2015, total FDI reached \$ 1,277 million.

Table 4: Sources of Portfolio Investment

| | | | | | | | | |
|--|-----|------|-------------------|-----|------|-----------------------|-----|------|
| Portfolio Investment Assets | | | | | | | | |
| Top Five Partners (Millions, US Dollars) | | | | | | | | |
| Total | | | Equity Securities | | | Total Debt Securities | | |
| All Countries | 622 | 100% | All Countries | 135 | 100% | All Countries | 488 | 100% |

The above table shows portfolio investments in Jordan according to Central Bank of Jordan statistics at the end of 2015. Central Bank of Jordan does not maintain a breakdown by country.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Mixed legal system of civil law and Islamic religious law; judicial review of legislative acts in a specially provided High Tribunal

International organization participation:

ABEDA, AFESD, AMF, CAEU, CD, CICA, EBRD, FAO, G-11, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAS, MIGA, MINUSTAH, MONUSCO, NAM, OIC, OPCW, OSCE (partner), PCA, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMIL, UNMISS, UNOCI, UNRWA, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There are no exchange control rules in Jordan

Treaty and non-treaty withholding tax rates

For further information - <http://www.jordan.gov.jo>

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

| | Lower Risk | Medium Risk | Higher Risk |
|---|-----------------------------------|---------------------------------------|-----------------------------------|
| FATF List of Countries identified with strategic AML deficiencies | Not Listed | AML Deficient but Committed | High Risk |
| Compliance with FATF 40 + 9 recommendations | >69% Compliant or Fully Compliant | 35 – 69% Compliant or Fully Compliant | <35% Compliant or Fully Compliant |
| US Dept of State Money Laundering assessment (INCSR) | Monitored | Concern | Primary Concern |
| INCSR - Weakness in Government Legislation | <2 | 2-4 | 5-20 |
| US Sec of State supporter of / Safe Haven for International Terrorism | No | Safe Haven for Terrorism | State Supporter of Terrorism |
| EU White list equivalent jurisdictions | Yes | | No |
| International Sanctions UN Sanctions / US Sanctions / EU Sanctions | None | Arab League / Other | UN , EU or US |
| Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network | >69% | 35 – 69% | <35% |
| World government Indicators (Average) | >69% | 35 – 69% | <35% |
| Failed States Index (Average) | >69% | 35 – 69% | <35% |
| Offshore Finance Centre | No | | Yes |

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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