

# Showcasing New Trade and Business Opportunities for Jordan and the EU

The meeting showcased the “EU Rules of Origin Initiative” that aims to mitigate the effects of the Syrian refugee crisis on the Jordanian economy. Thanks to the initiative launched last year Jordanian exporters benefit now from an extra flexibility as it comes to the use of foreign components. This helps them take better advantage of the tariff-free access to the EU market under the EU-Jordan Association Agreement.

European Commissioner for Trade Cecilia Malmström said: *“We have come a long way in less than a year in taking forward our initiative aimed at supporting the Jordanian economy and mitigating the effects of the Syrian refugee crisis, by making it easier for products from Jordan to get into the EU market. Today’s event highlighted the business and investment opportunities that our initiative has helped to create. I look forward to continue working with Jordanian authorities to maximise the impact of that initiative.”*

EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes Hahn said: *“The EU is doing its utmost to support its partner and neighbour Jordan in addressing the consequences of the Syrian refugee crisis. We remain committed to working with the Jordanian government to step up its efforts in guaranteeing an improved business climate as well as with the Jordanian private sector to ease access to credit, business services and international expertise.”*

Today’s meeting brings together prominent political and business representatives from the EU and Jordan. It builds upon outcomes of the earlier conferences related to the Syrian refugee crises held in [Brussels](#) in April this year and in London in February 2016. Those meetings resulted in a strong international commitment to strengthen Jordan’s resilience and economic development. In the result, the EU reviewed the rules of origin protocol of the EU-Jordan Association Agreement and complemented the change with financial and technical assistance.

## **EU-Jordan Rules of Origin Agreement**

In July 2016, the EU and Jordan agreed on a simplification of the rules of origin applicable in their bilateral trade. This allows producers in Jordan to use an alternative set of rules of origin for exports to the EU, provided that production takes place in one of the 18 geographic zones in Jordan and includes the creation of jobs for Syrian refugees. The new scheme applies to 52 different product categories including textiles and garments, engineering and electrical products, chemical products, plastic products, and furniture and wood products. This initiative is already opening up new opportunities for trade with the EU, and its use should now be accelerated.

The meeting brings together high profile actors from the EU and Jordan to explore the possibilities generated by the revised Rules of Origin Agreement

and efforts to enhance the investment climate in Jordan for business and investment in industrial sectors. It includes a panel discussion with EU and Jordanian business representatives. The meeting is part of a longer-term EU engagement to support private sector development and investment and trade opportunities for Jordanian stakeholders.

## **Background**

As a result of the prolonged civil conflict in neighbouring Syria, Jordan is currently hosting over 1.3 million Syrians, including over 658,000 refugees registered by UNHCR. This influx has caused a major economic shock and has undermined the country's resilience. The Syrian Crisis and wider instability in the region have disrupted Jordan's traditional trade patterns and affected inward investment. The EU has been assisting Jordan in its efforts to deal with this crisis. In this regard, the rules of origin initiative is only one element of the EU's support to Jordan and is complemented by EU's financial support to areas such as private sector development and business climate reforms, support to SMEs and start-ups, or vocational training initiatives.

## ***Rules of Origin***

Rules of origin are the technical criteria which determine whether a specific product qualifies for duty free or other preferential treatment under a given trade agreement.

The agreed simplification under the EU-Jordan rules of origin agreement covers a wide range of manufactured products and includes items that Jordan currently exports in small volumes to the EU and others where there is currently no trade. The alternative rules of origin now available for Jordanian exports to the EU are similar to those applied by the EU to imports from Least-Developed Countries under the EU's "Everything But Arms" initiative – however, with an additional condition that Jordanian producers must have a workforce comprising of 15% Syrian refugees, rising to 25% after three years, and that production must take place in one of the 18 specific zones identified in the agreement.

A mid-term review in 2020 will consider whether any changes should be made in light of experience.

## ***EU-Jordan Association Agreement and Trade Relations***

The EU's Association Agreement with Jordan entered into force on 1 May 2002. It progressively established a Free Trade Area between the EU and Jordan over a period of 12 years. In addition, an agreement on further liberalisation of agricultural products entered into force in 2007.

In 2016, the EU was Jordan's most important trading partner with total trade in goods amounting to €4.4 billion. The structure of Jordan's exports is currently concentrated in a limited number of sectors, such as clothing, phosphates and phosphate-based fertilizers, chemicals, machinery and transport equipment.

In the spirit of the revised European Neighbourhood Policy, the EU and Jordan

agreed in December 2016 on EU-Jordan [Partnership Priorities](#) and a [Compact](#), confirming an ambitious agenda for cooperation across different domains. The revised rules of origin mechanism and corresponding cooperation between the EU and Jordan on trade and economic cooperation are an integral part of the Compact.

### **For More Information**

EU assistance to Jordan:

[https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/jordan\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/jordan_en)

EU-Jordan trade relations:

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/jordan/>

EU Delegation to Jordan: [https://eeas.europa.eu/delegations/jordan\\_en](https://eeas.europa.eu/delegations/jordan_en)