



Jordan (SJFTA)

The Singapore-Jordan Free Trade Agreement (SJFTA) and the Singapore-Jordan Bilateral Investment Treaty (BIT) were concluded on 29 April 2004 and came into force on 22 August 2005.

The SJFTA is Singapore's first FTA with a country in the Middle East and Jordan's first FTA with a country in Asia. It aims to provide an institutional platform for increasing economic engagement between Singapore and Jordan. The SJFTA and the BIT form part of a broader Framework on Closer Economic Partnership between Singapore and Jordan, which also includes a Technical Support Agreement signed in October 2003 and a Memorandum of Understanding in Cultural and Tourism Cooperation signed during the Official Visit of then Prime Minister Goh Chok Tong to Jordan in February 2004. These agreements will serve to deepen and broaden our links with Jordan and the Middle East region.

Benefits to Singapore Exporters to Jordan

The FTA paves the way for the removal of tariffs on 100 per cent of Singapore goods currently exported to Jordan within 10 years from entry into force.

Currently, 48 per cent of Singapore goods enter Jordan duty-free. As a result of tariff elimination under the SJFTA, an additional 44.6 per cent of Singapore goods will enjoy an immediate cost advantage over other countries without an FTA with Jordan. The remaining 7.4 per cent of Singapore goods will reap the benefit of the FTA six years after the FTA comes into effect.

The tariff concessions will assist Singapore exporters with interest in Jordan as it covers all sectors of goods comprehensively, ranging from distinctively Singapore products such as instant noodles, three-in-one coffee mixes and orchids to chemicals and electrical products such as electric irons.

Singapore businesses exporting to Jordan can therefore benefit from reduced cost burdens resulting from tariff elimination. This, in turn, increases the competitiveness of Singapore's exports.

Trade in Goods

There are 12 rules based on WTO disciplines. Their objective is to promote freer flow of goods between the two countries by eradicating barriers to trade.

Specifically, these rules commit both countries to grant preferential tariff-free market access to an extensive range of products. They also provide for possible acceleration of tariff elimination or inclusion of additional products for tariff elimination in the future. In addition, both countries are obliged to ensure that any non-tariff measures, if applied, are transparent and do not distort trade.

Rules of Origin

The SJFTA Rules of Origin (ROO) were negotiated to make implementation simple for the exporters from both countries. All products, with the exception of textile and apparel goods, need only fulfil a general rule of origin of a relatively low threshold of 35 per cent local content. For textile and apparel goods, specific process rules apply.

For SJFTA, an originating good means a good that fulfils Article 3.12 and any of the following:

- Wholly obtained in the territory of a Party;
- Produced entirely in the territory of one or both of the Parties; or
- For goods:
 - a) other than goods subject to Article 3.3, fulfils a minimum of a local value content of 35 per cent, calculated using the following method:

$$LVC = \frac{AV - VNM \times 100}{AV}$$

where 'LVC' is the local value content expressed as a percentage; 'AV' is the appraised value; and 'VNM' is the value of non-originating materials that are acquired and used by the producer in the production of the good.

- b) subject to Article 3.3, satisfies the conditions set out in Article 3.3.

Hence, the minimum threshold for Local Value-Add required is 35 per cent based on the Free-On-Board (FOB) price calculation.

Customs Documentation

The SJFTA specifies a set of administrative procedures for the implementation of the ROO.

- Certificate of Origin (CO): When claiming preference tariff treatment, a Jordanian importer of a Singapore product has to produce a CO issued by the Singapore Customs to prove that the product is of Singapore origin. The CO is valid for a year from the date of issue.
- Origin Verification: Both Singapore and Jordan may request the certifying authorities of the exporting Party to assist in verifying the authenticity of a CO as well as the accuracy of any information contained within.

Advanced Ruling

Advanced rulings are provided for under the SJFTA, enabling Jordanian importers and Singapore exporters to obtain clarification as to whether their products can be considered originating in Singapore. This offers greater certainty for the businesses and helps them to better plan their production.

Trade in Services

These services ensure that service suppliers in Jordan and Singapore are guaranteed access into each other's markets. The key features are highlighted as follows:

- Market Access: Both countries may not restrict access into their markets by imposing quantitative restrictions (eg: numerical quotas on services suppliers that are allowed in the market).
- National Treatment: Ensures service suppliers from Singapore will be treated the same way as local service suppliers, that is, no discrimination.
- Domestic Regulation: Ensures that regulations governing provision of services are reasonable, impartial and objective.

Regardless of ownership and control criteria, companies with substantial business operations in Singapore will benefit from the SJFTA. Some examples of service related sectors that will benefit include:

- Computer and Related Services
- Convention Services
- Educational Services
- Research and Development Services
- Services Incidental to Manufacturing

Investment

Singapore-Jordan Bilateral Investment Treaty (BIT)

The BIT prescribes the general disciplines governing the investment regime in Jordan and Singapore for investors from both countries, and focuses on two key elements, comprising provisions on investment promotion and investment protection.

The key features highlighted are as follows:

- 1) Broad Range of Investment Instruments — The BIT covers a broad range of investment instruments, including both traditional investment instruments such as stocks and equities, as well as intellectual property rights, debt instruments and rights conferred by licenses and permits. Investments in the nature of both Foreign Direct Investment (FDI) and portfolio investments are covered.
- 2) Expropriation and Compensation — Both countries cannot unduly expropriate investments unless the expropriation is premised on public purposes as defined in the BIT. In the event that such expropriation occurs, the governments are required to afford compensation for the expropriated investment. Land expropriation will be governed by the domestic legislation of each country.
- 3) Free Transfers — Both countries will allow the investors to freely repatriate and transfer funds related to their investments (such as capital, profits, dividends and royalties) into and out of the host country.

Dispute Settlement

Singapore and Jordan have negotiated a comprehensive set of dispute settlement procedures to ensure that if differences arise as to the interpretation or the implementation of rights and obligations under the Agreement, a predictable, efficient and effective framework is in place to resolve the dispute as quickly as possible.

The Parties shall at all times endeavour to agree on the interpretation and application of this Agreement, and shall make every attempt possible to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

Any request for consultations shall be submitted in writing and shall give the reasons for the request, including identification of the measures at issue and an indication of the legal basis of the complaint.

The Parties shall provide each other with sufficient information as may be reasonably available to them to enable a full examination of how the measure might affect the operation of the Agreement and they shall treat as confidential any information exchanged.

If the Parties fail to resolve a dispute within 30 days of the commencement of consultations under Article 7.2, either Party may refer the matter to the Joint Committee, which shall convene and endeavour to resolve the dispute as it deems appropriate.

If a matter referred to the Joint Committee has not been resolved within a period of 45 days after the dispute was referred to it, or within such other period as the Joint Committee has specified, the complaining Party may make a written request to the other Party to appoint an arbitral tribunal, which should include a statement of the claim and the grounds on which it is based. Annex 7A provides further details on this area.