METHODOLOGY FOR A NATIONAL TRADE AND ENTERPRISE STRATEGY

Final Report

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METHODOLOGY FOR A NATIONAL TRADE AND ENTEPRISE STRATEGY

FINAL REPORT

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND QUALITY (SABEQ)

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1.0 Introduction

This report is Result 1 of the TOR with General Objectives as follows: a national trade and enterprise strategy is now necessary to convert the findings and recommendations of the National Agenda into a strategy that directs government actions on trade and enterprise policy.

The USAID's Sustainable Achievement of Business Expansion and Quality (SABEQ) program has been requested by the Minister of Industry and Trade to prepare a methodology for the preparation for the full National Trade and Enterprise Strategy which will be written in the second and third quarters of 2007.

Over the last nearly 6 years and in-line with His Majesty's broad vision Jordan has developed an array of impressive frameworks, strategies and agendas which have explained how to plot advancement of the country's economy. Documents reviewed by the writer include:

- AMIR Program, A Sustainable Trade and Investment Strategy for Jordan - Accelerating Domestic Growth While Integrating Globally (2002)
- AMIR Program, "A Sustainable Institutional Framework for Investment Promotion and Enterprise Development in Jordan" (2002)
- AMIR Program, The JEDCO Export Promotion Strategy 2004 – 2006 combined
- The National Agenda
- AMIR Program, "Jordan Enterprise Corporate Strategy and Operational Plan" March 2006
- AMIR Program, "Operational Due Diligence of EJEP and JEDCO" August 2006
- Kuluna AlOrdun (We Are All Jordan)
- UNDP Jordan, Jordan: Trade Policy Review and Analysis. Mission draft report 30/11/2006

These reports and others have combined the energies and wisdom of a wide range of public and private citizens and consultants, who came together with a commitment to improve the performance of the Jordanian economy as it moves to confront the challenges and embrace the opportunities of the 21st century. However this goodwill did not of itself guarantee an implementation process.

It should be noted that these reports have delivered important and often new mechanisms to support development of the economic framework: many of these mechanisms will be used as we move forward.

2.0 Background

The UNDP recently delivered a draft report entitled "Trade Strategy for Jordan – Trade Policy Review and Analysis" authored by Walid Mehalaine and Ahmed Farouk Ghoneim. Their "Recommendations Related to the Design of a Trade Policy Document" provides objective insights that are useful background to this Strategy Methodology. A brief summary follows, with the full text provided in Annex I.

- Consultation: there should be a clearer and a more transparent mechanism for its drafting where stakeholders from the Jordanian society should be invited and consulted in its drafting.

- Transparency: is of paramount importance to ensure the adherence of different stakeholders to the policy once it is ready and to strengthen the relationship between the private sector and the government.
- Determining clear objectives, targets and milestones: the document should have clear objectives as alleviation of poverty, reaching world class level in some exports, etc. Milestones in terms of numerical figures should be set as benchmarks. The criteria for choosing the sectors/products and markets should be set clear which might necessitate undertaking an academic exercise in terms of identifying the selected products and markets. The policy should be set for five years to ensure some kind of stability in the policy.
- Ensure commitment of different ministries: this might necessitate issuing of a Prime Ministerial Decree or even a Royal Decree that keep all ministers committed to the trade policy once it is formulated.
- Link with other policies: the trade policy should identify in broader terms its link with other policies including investment, industrial, competition, and labor policy.
- Monitoring system: trade policy will be worthless if no mechanism is established to follow up on its implementation……benchmarking the targets identified against the results achieved and pointing out reasons for success or failure to meet such targets.
- Export strategy should be an integral part of the policy: Jordan is in need of an export strategy that guides the different stakeholders. This export strategy should be an integral built-in element of the trade policy adopted. The exports strategy should include issues related to sectors and markets targeted besides information on standards, laws and regulations of major export markets.

3.0 Interview results with a sample of stakeholders – principles for the Strategy

In the preparation of this report the writer met with many public and private sector opinion builders; see Annex II for a complete list.

The shared views from these individuals can be summarised in the following 10 principles for the composition and implementation of the Strategy:

1. There is no need for yet another national strategy - even one as important as this covering trade, enterprise and eventually investment – unless the roadmap[1] for implementation has been agreed by the key public and private stakeholders.

   The reason for this is best summed up by the JABA's recent survey "What Business Says About the Business Environment in Jordan": Participants indicated that the government is making real efforts in improving the business environment by institutionalising reforms. Changes have been positive but slow…..there are problems with implementation and enforcement of laws and regulations[2].

2. All decisions must relate to the needs of the market place. That is either the internal market for institutions or for the target export market for the private sector. In other words decisions should not be taken because they are perceived by all to be 'a good idea'; all actions should be based on identified client needs. This is a golden rule that should not be broken.

3. A process of consultation should be a key part of the strategy composition and implementation. It should be recognised from the outset that each stakeholder's degree of involvement will necessarily vary depending upon each phase or step of the Strategy: this will

[1] A set of guidelines, instructions, or explanations indicating what will be developed and when.

[2] Report of Focus Group Survey – Prepared by AmCham Jordan, Market Entry & Investment Assistance Center Jan '07

require the delivery of measurable outputs by all partners – these will need to be specified during the Strategy composition phase.

4. There is no need to reinvent the wheel. Use the work already undertaken by the Investment Task Force which emphasised the role of enterprise development institutions including JAED; use the National Agenda's economic strategies and distil the sector development approaches with those of JV2020, Phase II. If stakeholders feel it necessary the economic and social targets set out in the National Agenda could be adopted as background or secondary targets. In order to include additional sectors a JV2020 Phase III could be initiated.

5. Use SABEQ as a 'third party' to build capacity amongst Government economic ministry and department stakeholders. Most importantly SABEQ is ready to use its private sector mandate to enable productive-sector strategies and use this process to deliver long-term sustainability with willing partners in public and private sector institutions.

6. Strategy implementation is not about a single institution of Government or the private sector. It will need the involvement of all economic-related ministries and departments working with private sector business associations and chambers to achieve commonly agreed goals, within a defined timeframe, with strict monitoring and evaluation. The key stakeholder categories are as follows:

   - The Government: Council of Ministers; MOIT and their institutions; the economic Ministries and departments through the Prime Ministry; support from HM with the Royal Court receiving regular briefings; the Enterprise development institutions

   - The Private Sector represented by actors with specific and defined role that are selected from: relevant sector business associations, Jordan Chamber of Industry, the Young Entrepreneurs Association and others.

   - USAID: political and budgetary support. It is worth referring to the Independent Evaluation Office Announces Release of Report on the Evaluation of IMF Support to Jordan, 1989–2004 which noted: structural conditionality can have significant value added in terms of encouraging and monitoring progress on reforms……timetables need to be designed carefully, taking account of the political economy situation, especially when legislative action is involved.

   - SABEQ: use its private sector mandate to enable the implementation of productive-sector strategies and use this process to deliver implementation and long-term sustainability

7. The composition and implementation process should employ quantifiable KPI's delivered within a given period of time, proposed as 2012. This coincides with the National Agenda's proposed Focus 2007 – 2012 as well as covering most of the current program period for SABEQ. The KPI's will measure the performance of the multiple stakeholders, using agreed milestones which are closely monitored and evaluated. In addition to building capacity in enterprises, SABEQ can provide capacity building in both public and private institutions where reliable partners present sustainable objectives.

8. The process of building a strategy should be based upon commercial principles. In other words this is not merely about going through a process – the KPI's will reflect the expansion of business through increases in exports, investment and new and more productive employment. Other agreed measurable outputs can also be used.

9. It is important not to plan for major results in the short-term. In other words it needs to be agreed from the outset that the two-stage approach adopted by the National Agenda will not work simply because Jordan does not possess surplus export-ready production seeking new markets.

The Fruit and Veg sector's submission to the JV2020 assumed that Jordan has surplus production ready for export today. This is a major assumption, which in the view of the President, Jordan Exporters and Processors for Fruit & Vegetables (JEBA), is false.

This reality should remind us that the generalized lack of export readiness – of enterprises and the physical, regulatory and policy infrastructure of different sectors – will have to be resolved first, before exciting increases in exports can be generated.

10. Jordan's comparative advantage cannot sustain low cost high-volume production. The best example of this – garment production in the QIZ's – has helped to distort understanding of where this lies. It is necessary to agree that Jordan can use reasonably priced workforce that possesses medium-to-high skills, to deliver products and services which fill market niches.

    An example from the garments sector: both public and private stakeholders are beginning to use realistic language about moving towards a future that embraces product and skill developments. This will reflect itself in decisions to target markets and segments that will buy a value added product which is produced (ideally) by well trained Jordanian workers with higher skills and productivity.

If SABEQ accept that these ten principles should underlie the composition and implementation stages of the Strategy they will need to be presented and agreed from the outset. Step 1 should be to organise a workshop to seek agreement from key stakeholders.

4.0 Background to the trade policy environment

4.1 Review of current Jordanian trade policies

1. Overview of GoJ strategic trade policy thrusts as set out in the National Agenda, JV2020, All of Us Jordan (Kuluna AlUrdon)

The National Agenda helped to lay "the foundation for an institutional decision-making process for all matters related to investment and enterprise development in Jordan."

The National Agenda and the JV2020 used a quantitative methodology for performance evaluation of selected productive-sectors adopting target export sales over set periods of time.

The National Agenda went a stage further and sought to frame quantitative analyses within the context of macroeconomic targets of economic growth, fiscal discipline, and employment.

Whilst the JV2020 also set out quantitative targets for 10 sectors, they also identified specific public and private impediments to the development of each sector. It also singled out cross-cutting issues needing attention from the Government.

The National Agenda's recommendations indicated the need for a "packaged approach" in implementing initiatives - individual solutions will not do.

Summary of National Agenda principles:

- Develop trade and global integration through International Trade Agreements
- Maximize benefits from trade and other agreements to access existing and new markets
- Enhance trade financing (export guarantee, export credit) and cover more international trade tools (e.g. Purchase Order vs. the traditional Letter of Credit)
- Enforce trade agreements with neighboring markets (Gulf, Iraq, Palestine) and develop new agreements with high-potential international markets
- Secure involvement of the private sector in drafting and negotiating trade agreements, primarily through the JAED framework

The latest in this on-going series of guides to Government and civil society is the 'All of Us Jordan' (Kuluna AlOrdun) has a third section which provides an Action Plan on Economic Reforms. A selection from this has been provided that is considered of direct guidance to this Strategy. (Although of great importance banking recommendations have not been recorded.)

No. 5 Develop and update the tax system to achieve justice and equality……. and support the treasury with additional resources without affecting the competitive capabilities of the national exports.

No. 19 Establish a national center for competitiveness

No. 20 Create mechanisms that contribute to maximizing benefit from bilateral and multi-party trade agreements to contribute to reaching new markets and expanding existing markets. This includes building the institutional capabilities of the relevant private sector institutions to determine the means that can be used to maximize the benefits from these agreements and reduce their negative impacts.

No. 21 Give priority to the sector of strategic services export, which includes tourism, health services, education services and information technology, and financial services.

No. 22 Work to achieve more diversity in goods and geography for national exports…… focusing on the exports that are more dynamic at the expense of traditional exports.

No. 29 Prepare an early alarm system in the economic field to follow-up the economic developments at the local, regional and international levels.

No. 39 Reaffirm the recommendations of the National Agenda, especially those related to implementing Institutional Framework of Investment: Activate laws regulating the investment institutions and allocating the necessary human and financial resources. Provide information on the work of the Jordanian Commission for the Development of the Investment Environment and the Economic Activities (?).

No. 40 Review the laws related to investment and the institutional framework based on the best practices, and with wide participation from the private sector, based on the following: focus on the investment clusters and investment sectors; enhance the participation of the private sector, especially in matters related to the computerization of investment entities. Clear definition of the duties of the entities responsible for investment development (and merge the projects for industry development and export support, like the projects JUMP, NAFES and EJEP with the Jordanian Institution for Economic Project Development).

No. 41 Expediting the government's issuing of the investment policy provided for in the Investment Law, so that it defines its trends and policies.

No. 42 In the field of programs and projects. Create the necessary programs to elevate the productivity and treats its problems, and stress the quality of the product, as well as provide the components that should contribute to increasing productivity in the economy, which should attract additional foreign investment, and this requires another study of the total capital formation components and educational system outcomes, including the Vocational Training Institute. Stress the importance of the social responsibility of the private sector to develop the local communities, especially training.

No. 44 Focus on the service sectors and enhance their competitiveness in the series of economic value and source of national exports with high added values.

No. 45 Recognize the tourism sector as an export industry.

No. 46 Support the agricultural sector dependent on Jordanian workers and the export sector specifically, and adopt the supporting policies and procedures for it.

No. 47 Support the transformational industries and those with added values.

No. 48 Evaluate the performance of economic sectors in view of the foreign trade agreements.

No. 51 Create the methods that guarantee providing the necessary infrastructure to attract private investment to the Kingdom's various governorates, and guarantee the provision of the necessary workers for targeted economic activities in these areas.

No. 53 Refrain from increasing fees for attracting foreign workers, except after a study in which production parties participate on the effects of replacing foreign workers with national workers, in a manner that does not affect the competitiveness of the productive sectors.

2. Summary of key GoJ policies affecting competitiveness:, regional development; vocational training

MIT trade policies

In relation to national trade and investment policies Jordan presents a dichotomy between industrial policy espoused by the MIT and a cluster-based policy that is promoted by the MOP. The National Agenda focused upon export-oriented sectors which facilitate the development of sustainable industry clusters. JV2020 similarly focused upon productive-sectors embracing commodity production, agriculture and the delivery of traded services.

Whilst the MIT website acknowledges the role of the industrial sector as it "Provides the majority of new jobs and produces much of the creativity and in innovation that fuels economic progress". Another MIT 'one-liner' does not provide compelling arguments as to why Jordan is "very attractive for foreign investment".

GoJ policies on competition

Jordan Competition Law number (33) for the year 2004 "aims to establish the principle of market mechanisms and freedom of prices in accordance with regulatory controls for free competition that is designed to enhance economic activity in the Kingdom, protect consumer interests and the integrity of commercial transactions, safeguard competition, and prohibit alliances and anti-competitive practices. The policy also aims to prohibit the abuse of the dominant position and to control economic concentration operations in order to ensure that competition is not weakened in a specific sector."

Intellectual Property Rights

In July 2006, the Council of Ministers agreed to set up an autonomous body for intellectual property rights in Jordan. Jordan is a signatory to the Paris, Berne, and the TRIPS Agreement of the WTO. Nine laws were amended between 1999 and 2005 to comply with the TRIPS Agreement. Amendments to the Trademarks law have been drafted in compliance with the Madrid Protocol concerning the international registration of marks, and the Jordan-US FTA; it awaits Parliamentary ratification. Amendments to the Patent Law have been drafted in compliance with the Patent Cooperation Treaty (PCT). A draft law was approved by the Council of Ministers in March 2004, and was forwarded to the Parliament for ratification. (Information from a Report by Jordan's Ministry of Industry and Trade on Protection of Intellectual Property Rights in Jordan February 2007.)

Innovation and R&D commercialization

Before the closure of EJADA in June 2006, the established Jordan Innovation Centres (JIC), known as the JICNetwork were transferred to Jordan Enterprise. The latest report from 2006 on Innovation Policy was authored by David Tee and had two key recommendations:

- Mapping: A complete mapping exercise of the existing business support agencies should be undertaken and the gaps fully identified. Overlapping programmes should consider working

together to deliver the services. Donors should be encouraged to develop programmes that fill the gaps.

- JICNetwork: It is imperative to continue the support for the existing Jordan Innovation Centers (JIC) and to implement the 5 year expansion plan already developed, which by 2010, should see the JICNetwork increased to 8 JICs'.
- In addition it recommended the need for Seed Capital, Business Angels and Venture Capital mechanisms to be put in place.

Commercialization of R&D still depends on the actions of individual companies; the SABEQ SOW noted that some pharmaceutical companies have difficulty funding product development after the research stage. JUMP, a part of Jordan Enterprise, is responsible for innovation through the JICNetwork. No references to VC, innovation and R&D could be found at their website.

Government Procurement Agreement (GPA)

The GOJ has streamlined and made more transparent its procurement procedures. Jordan is not, however a signatory to the Government Procurement Agreement (GPA). Its purpose is to open up government procurement to international competition. It is designed to make laws, regulations, procedures and practices regarding government procurement more transparent and to ensure they do not unduly favor domestic products or suppliers, or discriminate against foreign products or suppliers. Jordan had declared its intent to sign the GPA several years ago in a bid to be the first developing country to do so.

SME access to finance and TA

The Jordan Loan Guarantee Corporation (JLGC) supports commercial banks to provide loans to SME's through different guarantee schemes.

Export loan guarantee scheme (pre-shipment): designed to assist Jordanian exporters in obtaining short-term loans from local commercial banks to finance their working capital needs with minimum collateral in order to produce exportable goods. 75% guarantee of the bank's loan granted up to JD 250,000 and loan periods typically do not to exceed 12 months.

Industrial Modernization Loan Guarantee Scheme: the guarantee contract covers all the SME's loans up to JD 430,000, covering 70% of the loss value caused by any of the commercial risks outlined in the guarantee contract. Maturity period between 3 – 8 years

Loan Guarantees for SME's: directed at SME's with not exceeding 50 employees, intended for new projects or expansion / modification of existing ones. 75% guarantee of outstanding balance for all types of loans up to JD 40,000; 50% guarantee on loans in range of JD 40,000-100,000; loans in excess of JD 100,000 may be partially guaranteed. The loan period cannot exceed 6 years.

ERADA loans designed for SME's specifically for productivity enhancement: up to JD 25,000 with 70 % guarantee of outstanding balance for a period of up to 5 years.

Anecdotal evidence collected by the writer from a major exporter is that the severest constraint on their ability to increase to exports is the low threshold of support, at a maximum of JD 250,000. It is argued that large companies are able to obtain the financing they require from commercial banks

LEE Yow Jinn of the International Trade Institute of Singapore Overview of Trade Finance provides an excellent overview of trade finance tools and instruments needed to conduct modern international trade:

- To Raise Capital: Loan / Line of Credit; Structured Financing; Leasing; Inventory Financing
- To Mitigate Risks: Factoring; Export Credit Insurance; Export Credit Guarantee;

- Terms of Payment: Advance Payment; Open Account; Collections (Document on Payment or Document on Acceptance); Letters of Credit

All of these mechanisms need to be available in order to meet the quantitative objectives of expanding exports of each prioritised sector. If these mechanisms are available but not with high enough thresholds then the strategy will be undermined and it will be clear why.

3. Recent donor assistance, USAID/AMIR, EU Twinning Program

USAID's business development services, through the recently ended Jordan United States Business Partnership Program (JUSBP) and through AMIR, aim to increase competitiveness, market outreach, sales and earnings, and employment in Jordanian private-sector firms, particularly small and medium-sized enterprises (SME's).

Firm-level assistance provides a forum for small and medium-sized firms to learn about international trade opportunities, meeting the demands of a dynamic and diversified labor force, better integration into backward and forward local and regional linkages, and policymaking that facilitates free market development. Assistance, previously provided through JUSBP, now comes from the Business Development Center (BDC), a Jordanian entity created to continue this work.

USAID has also worked with over a dozen business associations in Jordan, to make them better public policy advocates and more efficient managers of their technology, finances, products, networks, and human resources.

The various USAID business development programs have reinforced Jordan's ability to withstand economic shocks by enhancing firm competitiveness, integrating rural development into national development, and strengthening representative and advocacy bodies for all sectors.

EuropeAid's EJADA programme which ended in June 2006, with a total budget of €45 million supported SME's in business upgrading, export promotion, financial support (the loan guarantee scheme) and institutional strengthening (setting up a competition directorate and promulgating a new competition law). Potentially its most significant achievement was the creation of a Jordanian institution to pursue its activities: the Jordanian Modernization and Upgrading Programme (JUMP).

EuropeAid was concerned with the ability of Government institutions to support the private sector in order to improve the business environment. It was agreed to provide support to through a programme run from the Ministry of Planning using a Twinning mechanism which matches expertise in EU member state institutions to those Jordanian institutions requesting assistance. The Ministry of Industry and Trade is currently undergoing a Twinning contract which will assist in the delivery of organisational and technical advice, training, study visits and internships. Specific programs have been tailored to the needs of the following departments: Competition; Industrial Development; Industrial Property Protection; National Production Protection and Legal Affairs.

4. Structure of Trade and Flows with the US, EU, Middle East/Gulf, Asia, Africa

According to current data received from Jordan Enterprise, in 2006 Jordan's domestic exports increased by more than 20% over 2005.

Still the most important market is the GAFTA countries where Asian Arab Country exports saw a rise of 28.7% over 2005 to reach JD 1,269 m: the lading categories in 2005 were 'Products of the chemical or allied industries' at JD 250.5 m. (2005), followed by 'Vegetable products' at JD 160 m.

The second largest export market is North American Countries which saw exports increase by 15 over 2005 % to JD 913.2 m: the leading category in 2005 was 'Textile and textile articles' which reached JD 697.3 m in 2005, follows by Jewellery at JD 82.7 m.

The third leading export market was Asian Non-Arab Countries, which saw an increase in 2006 of 15.3% to reach JD 491.1 m. Leading exports in 2005 were JD 288.6 m, followed by 'Mineral products' at JD 100.2 m.

Exports to Western European Countries increased by 29.8% in 2006 over 2005, to reach JD 99.7 m; the leading category was 'Products of the chemical or allied industries' at JD 46.5 m in 2005. Other exports comprised a diversified range of products. Figures collected by Eurostat show Jordanian exports at €375 m. in 2005 (JD 335 m); there is no explanation yet for this discrepancy in comparison with the 2005 export figure recorded by the Department of Statistics at JD 76.8 m.

5. Trade Agreement Commitments: WTO, USJFTA, Euro-Mediterranean Association Agreement; priority countries with which to seek bilateral and regional FTA's

Trade policy reforms in Jordan started in 1988-1989 at the time of a severe balance of payments, as part of macroeconomic and structural adjustment programs launched with the assistance of the IMF and the World Bank

Jordan applied to GATT in 1994 and it has been a member of GAFTA since 1998. During the period from 2000 to 2006 Jordan joined the WTO and concluded major free trade agreements with the USA, EFTA, the EU, Singapore and Agadir. These agreements reflect Jordan's foreign trade policy which is based on "the norms of economic openness and integration into the rapidly globalizing world economy"[3].

In addition Jordan has concluded over 65 agreements which embrace the protection and promotion of investments and agreements on the avoidance of double-taxation; plus additional economic and trade agreements with countries all over the world.

Jordan entered into a FTA with Egypt, Morocco and Tunisia, which was ratified in 2006; known as the Agadir Agreement it will assist Jordan through rules permitting the cumulation of origin to overcome issues posed by stringent EU rules of origin. Jordan is also negotiating a FTA with Turkey.

The writer agrees with the MIT website statement "All those developments [market access through FTA's] will contribute positively to enhancing Jordan's export potential and complementing its efforts to attract foreign investment"[4]. The key word in this sentence is 'potential'; despite this array of positive trade and other agreements, Jordan has not yet succeeded in realizing the benefits that could flow and use "The outcomes in a way to serve as the engine for growth and a means to improve Jordanians welfare and standards of living"[5].

6. Tariff Structures: Jordan's Tariff Schedule; Free Zones; Preferential Tariffs, Reducing remaining MFN barriers[6]

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[3] Jordan's Ministry Industry and Trade website

[4] ibid

[5] ibid

[6] Information drawn from the AMIR Program Economic Impact and Implications for Jordan of the U.S. – Jordan Free Trade Agreement Feb. 2001 and the European Neighborhood and Partnership Instrument, Jordan National Strategy 2007 - 2013

The United States currently extends duty-free treatment to imports under the U.S. Jordan Free Trade Agreement that was signed in 2000. The other important tariff preference for Jordan is that provided by the Qualifying Industrial Zone (QIZ) scheme. The system allows articles to be imported duty free into the United States that are produced in the West Bank, Gaza Strip and QIZ's between Israel and Jordan. The Jordanian-Israeli Joint Committee, created under the first zone, identifies businesses located within the QIZ's that involve substantial economic cooperation between those two countries. It also identifies goods processed in the zones for duty-free and quota-free entry into the United States if the products meet the requirement of adding value in the zones, Israel, the West Bank and Gaza Strip of no less than 35 percent of the total appraised value of the product.

In April 2000 Jordan became a member of the WTO and committed to bind most of its tariffs at a 20 percent ceiling by the year 2010. Jordan's current tariff schedule is fairly transparent at the Harmonized System (HS) section level with relatively few tariff rates, but it has widely varying rates within each product category. The schedule has six ad valorem rates of 0, 5, 10, 20, 30 and 40 percent, with a mean unweighted average rate of 16 percent. The rates will be gradually reduced over the present decade to meet the WTO commitments. In services, Jordan commitments covered the majority of services sectors, but there are a number of exemptions in each sector that represent legal and regulatory barriers to trade.

Jordan has been a member of GAFTA (Greater Arab Free Trade Area) since 1998; full liberalization came into effect in January 2005.

The Euromed Association Agreement with Jordan entered into force in May 2002. The current values and percentages of liberalized trade according to the EU Jordan Association Agreement are:

- Jordan's industrial exports to the EU: 100% tariff line coverage; 100% trade liberalized.
- Jordan's agricultural exports to the EU: 99.4% tariff line coverage; 99.4% trade liberalized.

Jordan concluded and initialled with Morocco, Tunisia and Egypt the Agadir Free Trade Agreement which came into force in July 2006. The agreement foresees the PanEuromed cumulation of origin.

In June 2001, Jordan signed a free trade agreement with the EFTA states (Iceland, Liechtenstein, Norway and Switzerland), which entered into force in January 2002.

Jordan has concluded bilateral trade agreements with Algeria, Lebanon and Israel. The trade and economic cooperation agreement with Israel signature in 1995, was upgraded in 1997 in order to benefit from PanEuromed cumulation of origin.

Jordan signed a bilateral FTA with the US in 2000 and with Singapore in 2004 and negotiations with Turkey are currently ongoing.

7. Trade in Services: Jordan's Service Sector; FTA and GATS Commitments; Number and rate of liberalization of services sectors

Jordan became a member of the World Trade Organisation (WTO) in April 2000. In the GATS framework, it undertook sizeable commitments by binding 11 sectors: business, communication, construction, distribution, education, environmental, financial, health/social, recreational, tourism and transport.

Jordan is negotiating accession to the WTO Plurilateral Agreement on Government Procurement - GPA. It presented a first offer in February 2003 and a revised offer in September 2004. So far, Jordan has an observer status.

Services account for 73% of Jordanian GDP in 2005. Jordan commercial services balance with the world has been positive until 2000. Jordanian leading export services sectors are travel (55%) and transportation (22%)[7].

Services sectors reforms in Jordan are well advanced and generally in line with international best practices and principles of the Single Market. Jordan has made substantial commitments under GATS by binding 11 sectors: business, communication, construction, distribution, education, environmental, financial, health/social, recreational, tourism and transport[8].

The Association Agreement foresees a widening of its scope to cover also the right of establishment and the liberalization of services. Services and establishment negotiations with Jordan will be launched in early 2006.

Furthermore, the agreement sets out provisions for liberalizing public procurement and competition rules. It commits the Parties to provide an effective protection of intellectual, industrial and commercial property rights.

Sector Elements for Trade Strategies

1. Initial considerations for Sector/Cluster trade strategy issues (initial brief review, to be developed further in 2007 with SABEQ Enhanced Productivity Component)

If one looks for a lead from the National Agenda and JV2020 Phase II, one can find agreement in the approach to economic development: focusing on selected productive-sectors.

Table 1: key economic planning reports and enterprise development institutions sector selection

Sectors	National Agenda	JV2020 Phase II	JIB*	Jordan Enterprise**	SABEQ***
Apparel	√	√	√	√	√
Architecture and Engineering Services		√		√	√
Automotive			√	√	
Cosmetics			√	√	
Electrical and mechanical engineering					√ ^^
Food manufacturing	√	√	√	√	√
Fruit and Vegetables		√	√	√	√ ^^^
Furniture	√			√	
Healthcare services	√	√	√ ^	√	√
Higher Education		√		√	√
Fine Jewelry					√

[7] European Commission; Jordan, National Strategy 2007 - 2013

[8] ibid

Minerals	√			√	
Offshoring					√ ^^^^
Pharmaceuticals	√	√	√	√	√
Research and Development					√ ^^^^
Software development & IT services	√	√	√	√	√
Steel and metal fabrication	√			√	√
Stone and Marble Mining Processing		√		√	√
Tourism	√	√	Jordan Tourism Board		
Number of sectors	**9**	**10**	**8**	**14**	**14**

* Main investment sectors and opportunities –competitive sectors (JIB web-site 7th March '07)

** No selected sectors identified on JE website: the CEO at a meeting o the 18th Feb. '07 said no sectors should be excluded from development, but that sectors should be prioritised

*** Selected for development; prioritisation still in process

^ Not on website but indicated as a priority during a meeting with CEO 20th Feb. '07

^^ Aluminium extrusions sub-sector

^^^ Includes Medicinal Plants

^^^^ New sectors chosen for inclusion by SABEQ

Much has been and will be made of the principle of sector selection: the CEO of Jordan Enterprise said the Strategy should not exclude any sectors but put in place a process to prioritise sectors. The authors of Sustainable Trade and Investment Strategy for Jordan - Accelerating Domestic Growth While Integrating Globally (AMIR Program 2002), in its comments on the Investment Task Force of 2001, cautioned against their approach of implied sector selection through "An industrial policy approach instead of cluster-based policy, with a focus exclusively on existing sectors but not emerging sectors, it also fails to address the absence of linkages between exporters and the rest of Jordan's small manufacturing and industrial enterprises".

The Trade and Enterprise Strategy will avoid these pitfalls by adopting a similar mechanism to that employed by SABEQ by selecting sectors based upon a series of criteria:

- Analyse trade data to assess historical export performance of the last 5 years.
- Projected quantitative performance indicators for each sector as suggested by both the National Agenda and JV2020 Phase II, for achievement by 2012.
- Use qualitative indicators which include existing production/service delivery capacity of companies in the sector; entrepreneurial commitment to advance change in the sector through exports to targeted markets and new investment against the benchmark of identified buyers needs; a sector business association that represents the interests of companies in the sector with a structure supporting sustainability of service delivery
- Use a summary of past policy reports over the last years to assess the consensus for individual sectors.

- Select sectors which can have a wider impact on the broader cluster (criteria?)
- It is agreed that each sector's identified impediments to the business environment need to be addressed. Mechanisms must be created to address these impediments that link the private and public sectors based on the achievement of an agreed set of quantitative targets which embrace each sector's Vision, Strategy and Business Plan.

Background to Enterprise Development

All of the issues addressed by this methodology for the formulation and implementation of a national trade strategy apply equally to an enterprise development strategy. The National Agenda, JV2020 and more recently Kulana AlOrdun all embrace export lead economic growth which is reliant upon the development of small, medium and large enterprises in prioritised productive-sectors.

In order to develop the capacities of enterprises of the prioritised sectors mechanisms are needed for small and medium (SME) as well as large enterprises. The delivery of these services can be undertaken by a combination of public, private and donor actions that will lead to sustained delivery for the long term.

Following identification of a target market(s) the next step is to achieve a commercial understanding of buyers needs for product or service delivery standards. These standards for the delivery of products or services can then be used to benchmark the capacities of both companies and the export infrastructure of the selected sector's and sub-sectors. The subsequent gap analysis will identify where capacity building is needed in the enterprises and the physical, regulatory and legal infrastructure of the targeted sectors and sub-sectors.

This is the cue for the organisations providing enterprise capacity building. A separate mechanism will be needed to address the sector business environment capacity building.

Simultaneously the process continues in building enterprise awareness of buyers needs in the target markets, which is followed by export matchmaking, including visits to the market place and buyer visits to Jordan that results in sustainable export sales;

This process delivers internationally competitive productive-sectors in need of increased export production and service delivery capacity that is ready to attract both domestic and foreign direct investment.

The above process will require active enterprise development institutions.

Methodology for the Formulation and Implementation of the National Trade and Enterprise Strategy

The Strategy will consist of two integrated phases Phase I, Formulation and Stage II, Implementation. It has been proposed by the writer and accepted by all the stakeholders consulted to date that the Strategy needs to set out a clear path for implementation, with a wide number of public and private stakeholders, KPI's and monitoring and evaluation of milestones.

4.2 Phase I, Formulation of the Strategy in several Steps, built on a consensus building approach and definition of each stakeholder's scope of work.

Step I: Convene the "Committee of 40[9]" to present the methodology for formulation and implementation of the national strategy. The following aspects will be addressed during a PowerPoint presentation and a consensus will be achieved.

1. A clear plan for implementation must be reflected in the formulation of the Strategy. The role of the private sector is recognised as the key mechanism for growth of productivity and employment creation. Create sustainable mechanisms that enable the public and private sectors to have on-going and meaningful dialogue that deliver results. Finally, agreement that Jordan's comparative advantage does not lie in low-cost high volume industries but rather in manufacturing and service processes that are focused on adding value, using medium to high skilled employees.

2. Identify and agree that implementation of the Strategy will require patience and commitment from a wide range of public and private stakeholders. No stakeholder will be required to take part simply because of who they are or the organisation they represent. Stakeholders will fulfil different functions at different stages of formulation and implementation. During formulation for example the private sector will dominate whereas during implementation the public sector will play a more equal role.

3. The criteria to select the first batch of sectors proposed for treatment will be set out as follows: historical performance; projected performance per the National Agenda and JV2020; a subjective review of each sector's company capacities, evidence of entrepreneurial commitment, a business association with a plan for sustainable delivery of services, and finally a review of the literature to assess which are potential sectors.

4. Agree on the markets to be targeted, keeping in mind the need to diversify but also to make investments in new markets with the intention of obtaining measured financial return. The guiding principle will be markets that enable Jordan to maximise its level of value added.

5. Confirm agreement to the proposed timetable for the completion of Strategy Formulation in Phase I as well as the Steps that will be needed for Phase II, Implementation.

6. Agree on the process of monitoring and evaluation of Phase II Implementation and the implications for organisations consistently not achieving agreed targets. This non-achievement will mean an organisation has been unable to meet 'No Go' indicators: this would rule out an organisations further participation and the transfer of their responsibilities to an alternative public or private body.

[9] A suggestion of SABEQ's Project Director on the 22nd Feb '07

7. A number of committees will be established to drive composition of the individual strategies that will contribute to the overall strategy. It is important to restate that no stakeholder should participate by right; each stakeholder must offer a particular expertise that is relevant to the subject and be ready to commit to the delivery of agreed responsibilities. It is important to agree on the following technical committees with joint chairpersons selected from either a business association leader and SABEQ, or a Government department/organization and SABEQ:

Sector Committees

- One for each of the agreed productive-sectors

Technical Committees

- Product standards harmonisation, quality and lab accreditation.
- Trade finance
- SME and enterprise finance
- Support to the negotiation of new and re-negotiating of existing, FTA's
- Formalise a National Vision to support the objectives of the Strategy
- Ministry of Industry and Trade to address sectors business environment impediments
- Prime Ministry to address sector business environment impediments outside of MIT
- Employment creation to address training and education
- Coordinate with Customs department
- Transport and infrastructure
- Financial issues such as taxation and the Securities Exchange Commission
- Others

Monitoring and Evaluation Committee(s)

- Should this be one or several committees?
- Peer Committee

Reporting Committees

- Coordination with the Royal Court and to make presentations to HM
- Regular briefings to the Council of Ministers

The Sector Committees will reflect the needs of the private sector; they will feed information to the Technical Committees who will come up with solutions and agreed deadlines. The Reporting Committees addressing the Royal Court and the Council of Ministers will receive briefs from the technical and sector committees coordinated through the Secretariat to be run by SABEQ.

Both Technical and Reporting committees will have private and public members in equal numbers; all decision making will be by consensus. Where a committee cannot agree on a course of action the dissenting parties will take their different views to a Peers Committee made up of one member of each of the other committees. The Peers Committee will hand down their judgement. If there is still failure to agree then the Sector Committee concerned will withdraw from the Strategy until a common position can be agreed. If the dissention falls within one of the Technical Committee's they must take the ruling of the Peers Committee as being final.

These by-laws will have to be agreed.

Step II: The Strategy will be a composite of operational strategies which will fit together interdependently for implementation. The strategies will consist as follows:

1. Sector strategies build around an agreed vision for the sector. Each strategy will include the enterprise mapping of each sector using the following categories to separate different levels of export maturity:

- Mature exporters: more than 20% of their sales are exported; personnel dedicated to managing export marketing and sales.

- Existing exporters: less than 20% of their sales are exported; no personnel dedicated to managing export marketing and sales.

- Potential exporters: part of their 2 year plans to become exporters.

2. Validate and/or update their JV2020 Phase II strategy; where a sector did not participate in JV2020 Phase II, use this methodology to develop their strategy. For new sectors which are totally market-led SABEQ will develop the sector strategy in partnership with the broader cluster stakeholders.

3. Use the developed sector strategies to summarise the technical issues –impediments to the business environment of the sector – and divide them into issues to be addressed by individual companies and issues to be addressed by the Government.

The Government issues can be summarised by the Secretariat and handed over to the previously identified technical committees for Phase II, Implementation of the Strategy.

4. Make a second presentation using PowerPoint to the Committee of 40, consisting of each sectors strategy along with sector business environment impediments that will be treated by the technical committees.

Step III: This is the final Step in Phase I, Formulation of the Strategy. Proposals regarding the elements of this Step will be drawn up during Step II.

1. Define what is meant by 'Go'/'No Go' indicators for each of the stakeholder actions: the actual definition of a 'No Go' indicator will be defined as the sector strategies unfold and the impediments that hinder a business environment become clear.

2. Agree time-lines for the delivery of short-term and medium-term actions in the first two periods of the Strategy Implementation:

Period One: October 2007 – September 2008

Period Two: October 2008 – September 2009

3. Agree a monitoring and evaluation process according to agreed indicators and time-lines.

4. Make a PowerPoint presentation to the Committee of 40, for their final approval.

5. Presentations will then be made to HM; this will include a request that overall Strategy including a process of implementation will be endorsed by a Royal Decree. Following this a presentation will be made to the Council of Ministers, after which implementation should commence in October 2007.

4.3 Phase II: Implementation of the Strategy in several Steps, identified by given time-lines and measurable outputs including 'Go'/'No Go' indicators.

The details of how the Strategy Implementation will be undertaken will be designed during the Formulation of the Strategy.

Here are however some suggested guidelines for how SABEQ could provide support to the Formulation and Implementation with its budget and component teams.

The Secretariat

This role could be assumed by any number of organisations already identified as stakeholders: Jordan Enterprise, JAED or indeed the Foreign Trade and Relations Department. However given that SABEQ is a full partner in the Strategy and its Implementation, it makes it an uncontroversial candidate to fulfil this role.

The Secretariat will support the work of reviewing the sector strategies by the Sector Committees; it will collate the 'impediments' information to be handed over to the Technical Committees. Their actions in meeting the agreed resolution of impediments will be monitored by the Secretariat and then brought to the attention of the Monitoring and Evaluation Committee(s) for action using their 'Go'/'No Go' indicators.

Support to the implementation of sector strategies

SABEQ's important 'third party' role includes providing support to sector development based upon the strategies delivered by each sector group as part of the national strategy; mirror-image support to the Strategy's implementation. The EJEP[10] trade development model provides many useful elements that can be summarised briefly as follows:

- A sector selection process that identifies potential international competitiveness according to agreed target markets using statistical and non-statistical selection criteria;

- A sector strategy is developed with companies of varying degrees of exporting maturity and potential stakeholders in the broader cluster using transparent interaction to agree a vision and a business plan;

- Simultaneously use the needs of buyers in the target export market to benchmark the capacities of both companies and the export infrastructure of the selected sector's and sub-sectors;

- A key part of this process of preparing sectors for export and international competitiveness is developing a mechanism to address sector export sector regulatory impediments as well as building enterprise capacities;

- Capacity building of the companies ensues as well as building the physical, regulatory and legal infrastructure of the targeted sectors and sub-sectors to facilitate trade and investment;

- The process of creating awareness of the needs of buyers in the target markets is followed by export matchmaking including visits to the market place and buyer visits to Jordan that result in sustainable export sales

- This process delivers internationally competitive productive-sectors - in need of increased export process capacity - ready to attract both domestic and foreign direct investment. This in turn increases productivity and creates new employment.

Support to backward and forward linkages

In order to develop strong export capability for medium and small enterprises it is useful to create mutually beneficial linkages to large enterprises within internationally competitive sectors. Other mechanisms such as export trading companies also have an important role to play. However, the strongest 'gap-filler' is linkage. This is the context, in which a linkage programme can be usefully developed.

[10] Euro Jordanian Export Programme, part of the EC project EJADA; EJEP was sustained within Jordan Enterprise

Support to a major company's global-reach program

Such a programme has been developed by the Scottish Development Agency (SDA) for a small number of appropriate companies. In this situation a company which is already a successful exporter is assigned a team of consultants for a period of up to two years with the objective of transforming its global reach. Typically companies are selected with an existing technology capability.

Develop an information delivery capability which also helps to benchmark companies.

Develop a database of information that can provide all international standards, packaging and labelling for all target markets building on work already undertaken by Jordan Enterprise and programmes such as JUSBP and the EICC[11] that is now based at the Jordan Chamber of Industry.

In addition, there is a need to develop a Jordanian enterprise database for national and foreign company's wishing to outsource their production to Jordan; it would also be useful to potential national and foreign direct investors. EJEP made a start with JOSOURCE on behalf of the garments sector at www.josource.com

The cross-cutting issues of training, gender, the regions institutional capacity building.

Each of these sub-components represent issues, some of which have been highlighted, but all of which will be integral to the delivery of the individual sector strategies and hence the overall strategy formulation and implementation.

[11] European Information Correspondence Center

4.4 Identification of Stakeholders

This is a preliminary attempt at identifying key stakeholders and their role at the formulation and implementation stage of the Strategy. The suggestion is reiterated that all stakeholders should have related expertise and a readiness to take implementation responsibility. This list is not final.

Table 2: Stakeholders and their Role during Formulation and Implementation Phases

Organisation (not ranked)	Role: formulation Phase I	Role: implementation Phase II	Comments
His Majesty and the Royal Court	HM's assent to the Strategy	HM's to 'champion' the Strategy	Trade, Enterprise and Industry
Ministry of Industry and Trade	Take ownership of the Strategy	Address sector impediments	
Trade Agreements and Policies Dept, MOIT	Share ownership of the Strategy and be the MOIT 'champion'	Implement mechanism advising on specs for existing and new FTA's	Coordination with Twinning Trade Strategy
Industrial Development Dept, MOIT	Meet needs of sector strategies	Secretariat for MOIT/SABEQ Coordination Committee	This is a proposal
Council of Ministers	Acknowledge Strategy and inter-Ministry implementation support	Address highlighted impediments to business environment	The schedule will be set by agreed milestones
Prime Ministry	Create mechanism to provide implementation support	Actively coordinate the addressing of impediments to business	
Ministry of Planning, EU Partnership Section	Create mechanism to provide implementation support	Where relevant take responsibility & address business impediments	
Ministry of Labor	Create mechanism to provide implementation support	Where relevant take responsibility & address business impediments	
Ministry of Transport	Create mechanism to provide implementation support	Where relevant take responsibility & address business impediments	
Ministry of Justice	Create mechanism to provide implementation support	Where relevant take responsibility & address business impediments	

Organisation (not ranked)	Role: formulation Phase I	Role: implementation Phase II	Comments
Ministry of the Environment	Create mechanism to provide implementation support	Where relevant take responsibility & address business impediments	
Natural Resources Authority	Create mechanism to provide implementation support	Where relevant take responsibility & address business impediments	
The Delegation of the European Commission in Jordan	Create mechanism to provide implementation support	Where relevant take responsibility and support implementation	
Business Associations for all prioritised sectors	To support the selection of sectors and the sector strategies	Actively participate in the implementation of strategies	
Jordan Chamber of Industry	To support the selection of sectors and the sector strategies	Actively participate in the implementation of strategies	
Jordan Chamber of Commerce	To support the selection of sectors and the sector strategies	Actively participate in the implementation of strategies	
Jordan Exporters Association	To support the selection of sectors and the sector strategies	Actively participate in the implementation of strategies	
Young Entrepreneurs Association	To support the selection of sectors and the sector strategies	Actively participate in the implementation of strategies	
Jordan Institute for Standards and Metrology (JISM), MOIT	Support the setting up of the standards committee	Participate in addressing specific needs of sector strategies	
Jordan Loan Guarantee Corporation	Support setting up of the trade finance committee	Participate in addressing specific needs of sector strategies	
A Representative from the Commercial Banks	Support setting up of the trade finance committee	Participate in addressing specific needs of sector strategies	

Organisation (not ranked)	Role: formulation Phase I	Role: implementation Phase II	Comments
Customs Dept	Create mechanism to provide implementation support	Actively participate in the implementation of strategies	
JAED	Match Strategy to operational procedures with SABEQ	Develop organisation to meet needs of implementation	
Jordan Investment Board	Match Strategy to operational procedures with SABEQ	Develop organisation to meet needs of implementation	
Jordan Industrial Estates Corporation	Match Strategy to operational procedures with SABEQ	Develop organisation to meet needs of implementation	
Free Zones Corporation	Match Strategy to operational procedures with SABEQ	Develop organisation to meet needs of implementation	
Jordan Enterprise	Match Strategy to operational procedures with SABEQ	Develop organisation to meet needs of implementation	
USAID	Full support to Strategy	Consider mechanism to align budgetary support to GoJ with achievement of milestones	

Some final comments to the Formulation and Implementation of the Strategy

- The process of moving forward to the next Step and the completion of each Phase will depend upon each stakeholder delivering on agreed commitments.
- The Strategy will be written with a detailed methodology of how sectors will be developed. This will form the back-bone of the Strategy. All the policy work – addressing sector impediments - will be designed to reflect their needs, and not conversely.
- The weakness of this approach lies in the ability or not of the private sector to enunciate its needs and carry out a plan of implementation. There are many, certainly in the public sector and even in the private sector, who would feel that the private sector is not able to shoulder this responsibility. The writer reminds all stakeholders that the capacity of the private sector to meet sector commitments is not uniform and therefore 'sector prioritisation' must reflect the existence of a sustainable business association.
- Once the Strategy has been written, and its final version agreed by the stakeholders, it will require the approval of the Council of Ministers. Before this final stage of approval it is suggested that a presentation be made to the His Majesty and the Royal Court – this strategy needs further consultation and advice. However there was no doubt in the mind of all the private sector persons consulted that HM should be aware of the process and give it his seal of approval.
- Implementation will focus on the needs of the private sector. This means that policy changes will not lead but follow the needs of the private sector. Whilst the writer absolutely believes in this causality he is in doubt whether this can happen here in Jordan. Backing from the Council of Ministers to the Strategy presumes that each Minister will provide the Strategy with its support on a daily basis. Does this remain a major assumption?
- In the second half of 2006 during identification missions for a new EU regional investment program review of nine southern and eastern Mediterranean countries, the writer observed that only two of the nine economies (excluding Israel and lack of agreement regarding Tunisia) could demonstrate evidence of a true partnership between the Government and the private sector. This partnership relied on the communication of a strong national vision with buy-in from the private sector and was reflected in sector strategies and agreed plans for implementation by Government. Does Jordan's vision meet these parameters?

Annex I: Extract from UNDP Jordan Trade Strategy for Jordan: Trade Policy and Review

Recommendations Related to the Design of a Trade Policy Document

First Set of Recommendations Related to the Design of Trade Policy Document

The trade policy that Jordan should adopt should carry a number of characteristics including the following:

- *Consultation*

The policy should be better coordinated in its writing by the Foreign Trade and Relations Department. However, there should be a clearer and a more transparent mechanism for its drafting where stakeholders from the Jordanian society should be invited and consulted in its drafting. The stakeholders should not be confined to trade-related organizations but should be expanded to include stakeholders with employment, investment, foreign exchange, educational, finance, etc. The Foreign Trade and Relations Department should act as a secretariat for drafting such policy document. It should not be considered by any means that it owns this policy, but rather it coordinates its formulation.

- *Transparency*

The policy document drafting process should be transparent. The issue of transparency is of paramount importance to ensure the adherence of different stakeholders to the policy once it is ready and to strengthen the relationship between the private sector and the government in this important area. The transparency process should extend to the process of publishing this policy in hard copies and on the internet to ensure wide dissemination.

- *Determining clear objectives, targets, and milestones*

The trade policy document should have clear objectives as alleviation of poverty, reaching world class level in some exports, etc. The targets should be identified regarding the priorities on negotiating further agreements, the potential sectors or products that will be focused on by the Jordanian society and not only the government, and the markets that will be targeted. Milestones in terms of numerical figures should be set as benchmarks. It is always better to include scenarios in this case to avoid over optimism. The criteria for choosing the sectors/products and markets should be set clear which might necessities undertaking an academic exercise in terms of identifying the selected products and markets. The policy should be set for five years to ensure some kind of stability in the policy and to avoid having a long term policy that might be altered by external or internal conditions.

- *Ensure commitment of different Ministries*

To ensure the commitment of the ministry of industry and trade and other relevant ministries to the trade policy, this might necessitate~~s~~ issuing of a Prime Ministerial Decree or even a Royal Decree that keep all ministers committed to the trade policy once it is formulated. This

necessitates as well that the policy be flexible (different scenarios) and detailed enough to ensure its sustainability.

- Link with other policies

The trade policy should identify in broader terms its link with other policies including investment, industrial, competition, and labor policy. Since trade policy is an integral element of such policies and since such policies overlap with trade policy, the areas of overlapping should be identified and the responsibility of the designated authority should be spelled out to avoid overlapping of functions in the future.

- Monitoring system

Trade policy will be worthless if no mechanism is established to follow up on its implementation. This requires a yearly review of trade policy while benchmarking the targets identified against the results achieved and pointing out reasons for success or failure to meet such targets. It also requires a yearly publication of such review and some sort of an independent body that reviews the results of each year assessment and provides necessary recommendations that should be adopted by the different stakeholders to achieve the targets identified.

- Export strategy should be an integral part of the trade policy

Jordan is in desperate need of export strategy that guides the different stakeholders on how to proceed. This export strategy should be an integral built-in element of the trade policy adopted. The exports strategy should include issues related to sectors and markets targeted besides information on standards, laws and regulations of major export markets. It should also identify the ways of marketing Jordanian exports abroad, ways of subcontracting of large firms for small and medium enterprises, etc. The export strategy might include as well recommending of well functional trading houses (export houses) that undertake the role of providing detailed information on export opportunities, souring of inputs, as well as marketing of exports based on the importing market demand and standards and not on the Jordanian supply and standards. Maybe the organizations that exist with overlapping role as JEDCO and JUMP can be transformed to play this role. However, the role of the trading houses and whether they should be government, private, or a partnership between both should be clearly studied to avoid establishing new entities with overlapping activities especially that JEDCO includes some elements of playing this role. Moreover, the concept of trading or export houses should be clarified as it was perceived from the interviews that different people have different opinion on what they mean by trading houses.

Annex II: Meetings by the Consultant with public and private decision makers 10 – 22 Feb '07

Lutfi Sayegh, Managing Director Al-Jadara

Nisreen Barakat, Managing Director Excel Consulting

Fawzi Hammouri Chairman, Private Hospitals Association

Nayef Stetieh, CEO Business Development Centre

Dr. Maher Higazin, Director General National Resource s Authority

Laith AlQasem, CEO Arab Business Consulting and Development, President Young Entrepreneurs Association

Halim Abu Rahmeh, Director General Jordan Exporters Association; Lina Hamdan, Programs Manager,

Jordan Enterprise launch of EU Enterprise Charter

Nazzal Armouti, Vice President of the Jordan Chamber of Industry, President JOSTONE

Gina Farraj, Advisor MOIT

EC Delegation Claus Heiberg (First Secretary Economics and Trade), Germana Topolovec, Jan Logis-Laats

Basil Deek, President Jordan Exporters and Processors for Fruit & Vegetables JEBA

Yarub Qudah, CEO Jordan Enterprise; Gaith AlBakri, Acting Assistant CEO Export Development, Omar Qaryouti, Acting Assistant CEO Enterprise Development

Dr. Zaki Ayoubi, Director General and Board Member, Jordan Chamber of Industry

Bilal Hmoud, Director of Industrial Development Department (IDD), MOIT

Musa Al-Saket, Manager Atlas Group and Board Member, Amman Chamber of Industry

Maha Ali, Director of Trade Agreements and Policies Dept MOIT

Hermann Schneithorst, Resident Twinning Advisor, MOIT

Ms. Rula Madanat, Assistant Director General Technical Affairs, JISM

Dr. Maen Nsour, CEO JIB

Azzam Shweihat, Chairman, The American Chamber of Commerce in Jordan; Abeer Al Refai Acting CEO, Anna Marie Toth Salameh, Trade Specialist

Majdi Abu Arja, Manager Marketing and Studies Jordan Loan Guarantee Corporation

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