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Author's Name: Dr. Mohammed Tarawneh/Chemonics

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## **Abstract**

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During the second half of 2004, (JCD) has initiated a voluntary, self-compliance program, called the Golden List Program. The program objectives are to enhance customs due diligence and supply chain security of the trade community of Jordan. The program targets Jordan supply chain companies including importers, exporters, transporters, and transport operators, customs clearing agents, warehouse operators, and Qualifies Industrial Zone manufacturers (manufacturers qualified for duty-free export to the United States).

The objective of this project was to implement the Golden List Program within a number of beta test volunteer companies before officially launching the program to the whole trade community of Jordan. The JCD and the beta test volunteer companies cooperated and worked together to finalize the criteria for companies' inclusion on the Golden List, the benefits and facilities to be offered by JCD to the Golden List member companies, and to agree on a marketing steps of the Golden List Program to the outside world.

This paper documents the tasks done to implement the Golden List Program within the volunteer beta test companies.

## **Abbreviations and Acronyms**

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C-TPAT	Customs-Trade Partnership Against Terrorism
JCD	Jordan Customs Department
MoU	Memorandum of Understanding
US	United States
USCBP	United States Customs and Border Protection
WCO	World Customs Organization

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## **EXECUTIVE SUMMARY**

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During the second half of 2004, (JCD) has initiated a voluntary, self-compliance program, called the Golden List Program. The program is to enhance customs due diligence and supply chain security of the trade community of Jordan. The program targets Jordan supply chain companies including importers, exporters, transporters and transport operators, customs clearing agents, warehouse operators, and Qualifies Industrial Zone manufacturers (manufacturers qualified for duty-free export to the United States). According to this program, supply chain companies that are exercising customs due diligence, have supply chain security procedures in place, have a good compliance history with the JCD and compliant with Jordan customs law and regulations might qualify to become a Golden List member. Golden List companies will enjoy a preferred treatment by JCD in the form of certain incentives; for example, reduced frequency of inspections by customs, pre-arrival clearance of goods, minimum levels of financial penalties, goods release before completing customs formalities, lesser financial securities (guarantees), reduced documentations and paper work requirements, clearance of goods during off-work hours, expedited clearance times of customs transactions, etc. Companies that do not qualify to become a member of the Golden List can work jointly with JCD to make certain improvements to enable them to join.

The objective of this project was to implement the Golden List Program within a number of beta test volunteer companies before officially launching the program to the whole trade community of Jordan. JCD and the beta test volunteer companies were intended to cooperate and work together to finalize the criteria for companies' inclusion on the Golden List, the benefits and facilities to be offered by JCD to the Golden List member companies, and to agree on a marketing steps of the Golden List Program to the outside world.

The grant established several tasks to implement the Golden List Program within the volunteer beta test companies.

Task 1 involved recruiting six volunteer companies to work closely with JCD to implement the program. The project team in association with the Risk Management Directorate of JCD prepared a list of candidate companies. The project team made site visits to the 25 companies to explain to them the nature and objective of Golden List Program and to seek their volunteer participation as a beta test company. Nine companies agreed to participate and devote all necessary resources to work with the project team with the ultimate goal of becoming a Golden List member. As of this writing, six companies have officially become members of the Golden List Program after satisfying all program requirements.

Task 2 involved guiding volunteer companies to develop and implement their own "customs due diligence and supply chain security" procedures. Six "customs due diligence and supply chain security" checklists developed by the USAID-Funded AMIR Program and approved by JCD guided the developed procedures. Each checklist pertains to one business activity area: importer, exporter, transporter or transport operator, customs broker, warehouse operator, and Qualified Industrial Zone manufacturer. Compliance with the checklists constitutes a major part of the Golden List Program criteria. Several guidance meetings lasting several hours each were held at each company where several department heads from the visited company would attend. Sample standard "customs due diligence and supply chain security" procedures were prepared by the project team and distributed to all volunteer beta test companies to assist them through out this process.

Task 3 involved performing an internal audit on each beta test company to verify its compliance with its own documented procedures. The Quality Management Department<sup>1</sup> in each beta test company performed the internal audit. The project team made a huge contribution to the Quality Management Departments on the supply chain security development as the Quality Management Departments felt that they lack the necessary experience in this area. This task of the project was very important to prepare the companies for the JCD external audit.

Task 4 was inviting the JCD to undertake a formal audit to verify if a company would qualify for the Golden List membership. The consultant assisted each beta test company in preparing a letter to the JCD with the aim of showing the company's interest in the Golden List Program and formally inviting the JCD to undertake an external audit. Because the Golden List Program is a voluntary one (i.e., companies are not obliged to join), JCD were not able to carry out any formal audits on any company without being invited to do so. An opening meeting for the JCD audit held at each beta test company headquarters attended by both parties (the company and JCD) to agree on the details of the audit process. The details included the documents to be audited, the reviews of the company's internal auditor's reports, company's financial statements, purchasing and other contracts, shipping documents, warehouse inventory checks, company premises, personnel files, time frame for completing the audit, availability of space for use by customs officers at the company premises, etc.

Task 5 involved assisting each volunteer company in preparing a performance improvement plan if the customs audit team requested certain improvements. The project team also assisted the beta test companies in inviting JCD again to verify the implemented improvements, and consequently approve the company as a Golden List member. Six volunteer companies have successfully implemented all improvements as required by JCD; consequently, the JCD approved these companies as members of the Golden List Program.

Task 6 involved developing final criteria for companies' inclusion on the Golden List after consultation with all beta test companies and the JCD. It should be noted that all beta test companies were audited based on a preliminary criteria developed by the JCD Risk Management Directorate of JCD with technical support from the project team. Thus, the preliminary criteria did not include any feedback from the beta test companies. However, during the audit processes by JCD all the beta test companies provided comments and feedback on the preliminary criteria. The final criteria developed in this task reflect the inputs of all beta test companies as well as the experience gained during the actual audit processes conducted by customs audit teams.

Task 7 involved the identification of a number of benefits/ incentives to be offered by JCD to Golden List member companies as a reward. JCD realizes that the sustainability of the Golden List Program depends on offering Golden List members certain benefits. After lengthy debates with beta test companies, JCD has approved, as a first stage, a number of benefits. These benefits include: reduced frequency of cargo shipment inspections, reduced goods post-release compliance audits, pre-arrival clearance of goods, minimum levels of financial penalties, goods release before completing customs formalities, security (financial guarantee) facilities, clearance of goods during off-work hours, and recognizing Golden List

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<sup>1</sup> An important collateral finding from the project has once again confirmed the value of Quality Management Systems. Those companies that were ISO 9001 and actually practicing a QMS in their business process were far quicker in the uptake of the concepts than those that were not.

companies on the department's website. The department expressed willingness to continue to negotiate additional benefits with all Golden List Companies on a one-to-one basis.

Task 8 involved the identification of the marketing steps to promote the Golden List Program so that Golden List member companies could have a leading edge advantage over their competitors, especially on the international level. It was recognized from the beginning of the program that Golden List companies could win more business and increase their share of the international trading activity; however, only if they capitalize on their Golden List status. Of course, they will not be able to attain this advantage unless they take the effort and market the Golden List Program itself. JCD has a marketing obligation towards the Golden List Program as well. If the department well communicates the Golden List Program to other countries, international traders and other customs administrations Jordan as a secure trading partner and Jordan companies will be likewise trusted. The project team has discussed the marketing issue with JCD and all beta test companies on an individual basis, and collectively in a 2-hour brainstorming meeting attended by 25 individuals representing JCD, beta test companies and the project team. The brainstorming session has resulted into a number of ideas which were either already implemented or in the process of being implemented. They included:

- Encouraging Jordan business associations to promote the program in their periodic publications and on their websites,
- Developing a logo for the Golden List Program to be used by JCD and Golden List member companies,
- Publishing the Golden List Program logo on Golden List member companies' websites with a hotlink to the JCD website,
- Golden List member companies insert the Golden List Program logo on their stationery and sales brochures,
- JCD to develop a separate web page on the department's website where all relevant Golden List Program information made available,
- JCD prepares brochures containing information about the program and make them available at customs centers,
- Golden List member companies inform their trade/ business partners about the program and how they attained the Golden List status,
- Allowing truck signs with the Golden List Program logo,
- Holding a large-scale launching ceremony for the official declaration of the Golden List Program and inviting local and international representatives and the press,
- Poster advertisements at customs centers and border crossing points,
- JCD Golden List Program seeks mutual recognition status under the World Customs Organization (WCO) Framework with the United States Customs and Border Protection (USCBP) as an equivalent supply chain security program to the US C-TPAT program,
- JCD opens dialog directly with the US counterparts in USCBP to begin a formal review of the Jordan customs Golden List Program for customs-to-customs mutual recognition,
- The Director General of JCD signs on the Letter of Intent of the WCO Resolution of the Customs Co-operation Council on the Framework of Standards to Secure and Facilitate Global Trade.

Task 9 involved documentation of the lessons learned throughout the whole process of implementing the Golden List Program. Both the JCD and the volunteer beta test companies

viewed the whole program as a learning opportunity; thus, there were several lessons learned by both. Both, JCD and the beta test companies realize that customs due diligence and supply chain security issues have an international dimension that could benefit Jordan's economy at large. They both realize that the Golden List Program is a valuable mechanism for Jordan's success on the international trade level. Beta test companies now fully realize that their efforts in developing their own "customs due diligence and supply chain" procedures is a successful step toward full compliance with international best practices. JCD audit teams, though having received extensive training on audit issues by the USAID-Funded AMIR Program and the GTZ Program, however, never applied that knowledge formally. After completing several audit session within six beta test companies, they gained a hands-on experience and deeper insight into the whole audit process. They are quite confident now in their abilities to proceed forward with auditing more companies in a much faster pace. Beta test companies' personnel who developed the "customs due diligence and supply chain security" procedures and had them implemented said that they have learned an extremely valuable lesson: "it is not enough to know things and apply them on a daily basis, it is more important to have them documented and followed". Jordan customs audit teams realized that they could obtain much more information about a company from auditing its books; in fact, much more knowledge than what could be obtained from mere examination of cargo shipments or customs declarations. Beta test companies think that the Golden List Program has started a new era of cooperative relationship between JCD and the trade community. Customs auditors believe that the knowledge they gain from being exposed to the private-sector companies would enhance their abilities to do their job better. Both, JCD and beta test companies realize that working together toward enhancing customs procedures for the companies would save time and effort for both sides.

Task 10 involved holding a launching ceremony to declare officially the Golden List Program open to the whole trade community of Jordan. On August 31, 2005 the JCD assisted by the USAID funded AMIR Program held a ceremony officially launching the opening of the Golden List Program. This ceremony was under the patronage of his Excellency the Prime Minister of Jordan with the presence of his Excellency the Minister of Finance, his Excellency the Director General of JCD, the representative of the USAID, representatives of USAID-Funded AMIR Program. Additionally representatives attended the event from several business associations, representatives from relevant Ministries and Government Organizations, representatives from several foreign Embassies in Jordan, and representatives from nearly 150 companies representing the trade community of Jordan. After August 31, 2005, the whole trade community of Jordan will have the opportunity to join the Golden List Program. During the ceremony, JCD declared its readiness to receive applications from companies interested to join the Golden List Program.

## **RECOMMENDATIONS**

1. Golden List Program should receive a national priority as an important contributor to Jordan trade sector, and consequently to Jordan economic growth. JCD has an obligation to initiate a national and international marketing campaign of the Golden List Program. The JCD should seek funding from Golden List member companies and International Donor Organizations to support this effort.
2. JCD Golden List Program seeks mutual recognition status under the World Customs Organization (WCO) Framework with the United States Customs and Border

Protection (USCBP) as an equivalent supply chain security program to the US C-TPAT program.

3. JCD opens dialog directly with the US counterparts in USCBP to begin a formal review of the Jordan customs Golden List Program for customs-to-customs mutual recognition.
4. JCD should sign the Letter of Intent of the WCO Resolution of the Customs Cooperation Council on the Framework of Standards to Secure and Facilitate Global Trade.
5. JCD should fulfill Customs-to-Customs Network Arrangements Technical Specifications to Pillar 1 WCO Framework of Standards to Secure and Facilitate Global Trade. The JCD should invite foreign customs administrations to fulfill Pillar 1 with JCD. All Jordan's trading partners should be included.
6. JCD should fulfill Customs-to-Business Partnerships Technical Specifications to Pillar 2 WCO Framework of Standards to Secure and Facilitate Global Trade. The current Customs-Business Partnership Council could be the seed to fulfilling Pillar 2.
7. The Golden List Program criteria for companies' inclusion on the Golden List should be monitored and upgraded as experience emerges.

## **INTRODUCTION**

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### **Background**

In modern Customs practice, a primary objective of risk management is a concentrated effort to identify and encourage low risk shipments. By the elimination of low risk shipments from the workload, Customs can direct its limited resources to find and intercept shipments that may present revenue, health, safety, or security risks. To achieve this goal, Customs must work in partnership with honest participants in the international trading system. Both sides must do their part. Informed, voluntary compliance eliminates the need for inspecting every shipment every time. To be voluntarily compliant, the international trade community participants must develop and implement documented systems of self-regulation. This self-regulation ensures that the businesses exercise reasonable care or due diligence. There are three key elements essential for an international transaction to qualify as low risk:

1. The associated businesses to the transaction must have a history of apparent compliance.
2. The associated businesses have been the subject of a compliance audit by Customs or an independent organization fully qualified and accredited to conduct a customs compliance audit.
3. The associated businesses have a functional, documented due diligence system. A due diligence system simply put, is a documented process to insure that the company is taking reasonable steps to insure compliance with the international trade related laws and procedures.

The most advanced application of the low risk, due diligence process is currently in the United States. In the past, the emphasis has been on the application of the low risk process for importers. Now, the application of documented low risk applies to the entire supply chain; including importers, exporters, customs brokers, transporters, freight forwarders and warehouse operators. A full circle due diligence process is where each participant in the cross border transaction is exercising due diligence. The full circle due diligence process provides the highest achievable level of confidence to Customs that a particular shipment crossing the border is compliant with the law and therefore does not need inspection. When participants in the supply chain are exercising a due diligence approach in their business transactions (including checks on the partner participants) Customs, with high confidence, can continue to permit the seamless flow of legitimate international trade. The partnership of the international trade community and Customs significantly increases the supply chain security of international transactions.

### **Customs Due Diligence and Supply Chain Security in Jordan: the Golden List Program**

During the second half of 2004, JCD has initiated a voluntary, self-compliance program, called the Golden List Program. The program targeted Jordan supply chain companies including importers, exporters, transporters and transport operators, customs clearing agents, warehouse operators, and Qualifies Industrial Zone (QIZ) manufacturers (manufacturers qualified for duty-free exports to the United States). According to this program, supply chain companies that are exercising customs due diligence, have supply chain security procedures in place, have a good compliance history with the Customs department and compliant with Jordan customs law and regulations might qualify to become a golden list member. Golden List companies will enjoy a preferred treatment by JCD in the form of certain incentives; for example, reduced frequency of inspections by customs, pre-arrival clearance of goods,

minimum levels of financial penalties, goods release before completing customs formalities, lesser financial securities (guarantees), reduced documentations and paper work requirements, clearance of goods during off-work hours, expedited clearance times of customs transactions, etc. Companies that do not qualify to become a member of the golden list can work jointly with Jordan customs to make certain improvements to enable them to join.

## **OBJECTIVE**

The objective of this project was to implement the Golden List Program within a number of beta test volunteer companies before officially launching the program to the whole trade community of Jordan. JCD and the beta test volunteer companies needed to cooperate and work together to finalize the criteria for companies' inclusion on the Golden List, the benefits and facilities to be offered by JCD to the Golden List member companies, and to agree on a marketing steps of the Golden List Program to the outside world.

The project team undertook several tasks in the two grants<sup>2</sup> to accomplish the project objective. They were:

Task 1: Recruit a Number of Volunteer Beta Test Supply Chain Companies

Task 2: Develop Company Internal Documented Customs Due Diligence and Supply Chain Security Procedures for Each Beta Test Company

Task 3: Conduct Company Internal Due Diligence and Supply Chain Security Audit on Each Company

Task 4: Invite JCD to Perform Customs Due Diligence and Supply Chain Security Audit on Each Company

Task 5: Prepare Company Performance Improvement Plan to Enhance Existing Procedures if not Adequate

Task 6: Develop a Final Criteria to be used by JCD for Including Companies on the Golden List

Task 7: Identify a Number of Benefits and Incentives offered by JCD to the Golden List Member Companies

Task 8: Identify a Marketing Strategy to the Golden List Program for the Benefit of Golden List Companies

Task 9: Document Learned Lessons Through out the Whole Process

Task 10: Hold a Launching Ceremony to Declare the Golden List Program to the Whole Trade Community of Jordan

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<sup>2</sup> AMIR cancelled the initial grant, PSP-FOG-IRC-001 after partial completion of the tasks due to an AMIR decision to modify and increase the value of the Grant. A fixed obligation funding mechanism did not permit this flexibility. USAID approved canceling PSP-FOG-IRC-001 and AMIR issued a new grant under PSP-SMA-IRC-005 for the remaining tasks.

Below is a description of the activities performed under each task.

## **RESULTS**

### **Task 1: Recruit a Number of Volunteer Beta Test Supply Chain Companies**

The terms of reference for this project stipulated that the grantee should recruit six volunteer beta test companies to develop and implement their own "customs due diligence and supply chain security" procedures. The project envisioned companies to include importers, exporters, transporters or transport operators, customs brokers, freight forwarders and warehouse operators. The recruitment process has proceeded as follows:

- The project team in association with the Risk Management Directorate of JCD prepared a list of 40 companies. The selection was based on JCD's prior experience with these companies. The aim was to choose a number of companies that have a larger trade volume (i.e., larger companies) and adequate resources to contribute to the project. The team then reduced the list after further analysis to 25 companies to be visited in-person.
- The project team made site visits to the 25 companies for explaining to them the nature and objective of Golden List Program and to seek their volunteer participation as a beta test company.
- The project team dropped some of the companies out because it was felt that they do not have adequate infrastructure or resources to contribute to the project. Notably companies that did not practice a Quality Management System or were not ISO 9001 certified were found to be generally weaker candidates. Some other companies were not encouraged to participate by their owners or upper management and had difficulty realizing the ultimate benefits of such a program.
- Nine companies have agreed to participate and devote all necessary resources to work with the project team with the ultimate goal of becoming a Golden List member.
- To strengthen mutual commitment to the program, all volunteer companies signed formal Memorandums of Understanding (MoUs). The parties to each MoU were the volunteer company or their parent company, the USAID-Funded AMIR Program and the consultant (International Research Corporation). Appendix I contains the wording of the signed MoUs.

An important note to the Golden List Program is aiming at importers, exporters, transporters and transport operators, customs brokers, warehouse operators and Qualified Industrial Zone manufacturers. JCD has separate and distinct requirements for each type company and targeted closing the "Full circle" due diligence concept<sup>3</sup>. JCD can audit a company to become a Golden List customs broker; however, they may again audit the same company if the company wishes to become a Golden List transport operator (assuming the company

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<sup>3</sup> The Full Circle Due Diligence concept developed by Mr. Hekala the AMIR Program's Customs Reform Manager, targets identifying companies in the full supply chain that are documented, low risk companies. These companies are both self-regulating and business partner regulating in their international trade transactions.

undertakes both type activities). In this instance however, the JCD may perform this second audit in a much more compressed period as many of the criteria, such as records keeping systems are repetitive. In the future as the program is elaborated and fine-tuned, JCD may consider a "second certification" through a document review (desk audit) only.

The nine companies that agreed to participate, along with the type of the major business activity it undertakes and would like to become a Golden List member based upon, were:

1. Petra Engineering Industries Co.-- Exporter
2. The Near East Equipment Co.-- Importer
3. Al-Keena Hygienic Paper Mill Co. Ltd.-- Importer
4. Kareem Logistics International-- Customs Broker
5. Ammon Shipping and Transport-- Transport Operator
6. Salam Shipping and Forwarding-- Transport Operator
7. A Jordan owned QIZ garment manufacturer-- Qualified Industrial Zone Manufacturer
8. A large, trucking fleet operator -- Transporter
9. A Ocean Freight Carrier servicing Aqaba-- Transporter

With the exception of the last company listed, (The Ocean Freight Carrier) all companies contributed to the tasks included in this project. This company dropped out at an early stage as the mother company was not convinced to participate in any country-specific program like the Golden List Program of Jordan. This ocean carrier is already a recognized company under the USCBP Customs-Trade Partnership Against Terrorism and believes the Golden List Program would be repetitive. This position does have a certain logical merit, but only to the extent, the JCD Golden List Program measures and certifies supply chain security issues. As the JCD Golden List Program takes a holistic approach to tariff, non-tariff and supply chain due diligence the decision is unfortunate. Additionally, had ocean freight carrier remained in the program, in our opinion, they would have greatly contributed to the overall goals of the project based on their international experience. The JCD and the other beta test companies would have greatly benefited from their prior expertise.

The Jordanian owned garment manufacturing company made a large contribution to the project and successfully developed their own "customs due diligence and supply chain security" procedures. However, the company did not invite JCD to undertake a formal audit as the company was going through a re-structuring process and wished to postpone the formal audit process for a while.

Based on the initial audit, the JCD judged the trucking company needed extensive enhancements to its due diligence program. The company is currently enhancing its written procedures according to the requirements of JCD and likely, they will progress to a re-audit at a future date.

As of this writing, the remaining named six companies have officially become members of the Golden List Program after satisfying all program requirements.

## **Task 2: Develop Company Internal Documented Customs Due Diligence and Supply Chain Security Procedures for Each Beta Test Company**

Six "customs due diligence and supply chain security" checklists were developed by the USAID-Funded AMIR Program. Each checklist pertains to one business activity area:

importer, exporter, or transport operator, customs broker, warehouse operator, and Qualified Industrial Zone manufacturer. The checklists were reviewed, amended, finalized and officially approved by the Risk Management directorate of JCD. The checklists are considered a major part of the Golden List Program criteria. A company that is interested to become a Golden List member must develop and implement "customs due diligence and supply chain security" procedures that satisfy the stipulations of the relevant checklist. Thus, the checklists served as a bench mark to judge the quality of a company's written procedures and capacity for self-regulation. The following steps were undertaken with each beta test company to enable it to write its own documented procedures:

- Each checklist is a series of a Yes/No type questions. Each question asks if the company has in-place a documented procedure to carry out the duties of a certain activity (for example, if the company has a documented procedure for carrying out background checks on new employees). Thus, as a starting point, each beta test company was requested to fill out (answer Yes or No) the relevant "customs due diligence and supply chain security" checklist. Because Jordan companies had very few "customs due diligence and supply chain security" procedures in-place, most answers to the relevant checklist questions were "No."
- To turn the "No" answers to the checklist questions into "Yes," each beta test company was asked to take the necessary internal steps to guarantee a "Yes" answer. The company was assisted in writing the necessary procedure or issuing the right policy statement to alleviate the "No" answers.
- At the end of the previous step, the company collected all "customs due diligence and supply chain security" procedures and policy statements in one document to form an internal documented customs due diligence and supply chain security system manual.
- The companies clearly communicated all documented procedures to all departments within the company. Management then held all departments' heads responsible for the strict implementation and monitoring of the documented controls. Departments' heads were responsible for training their employees on how to apply the relevant procedure(s).

It should be noted that the project team worked extensively with the volunteer beta test companies to enable them to write and implement their own "customs due diligence and supply chain security" procedures. Many guidance meetings lasting several hours each were held at each company where several department heads from the visited company would attend. The project team were also available to answer any questions by the volunteer companies over the telephone.

Sample standard "customs due diligence and supply chain security" procedures were prepared by the project team and distributed to all volunteer beta test companies. The sample procedures were considered a guiding sample and may not apply to any company in particular. Companies were encouraged to use their own format for their procedures. The sample procedures proved to be an excellent tool for educating companies on how to write their own procedures. Appendix II contains the sample procedures distributed to all volunteer beta test companies.

### **Task 3: Conduct Company Internal Due Diligence and Supply Chain Security Audit on Each Company**

After a company was comfortable with its own operational "customs due diligence and supply chain security" procedures, the project team assisted the company in conducting an internal audit process to verify its compliance with its own documented procedures. The Quality Management Department in each beta test company performed the internal audit. The project team made a huge contribution to the Quality Management Departments on the supply chain security side of the documented due diligence processes. Initially all the companies with Quality Management Departments felt that they lacked the necessary experience in conducting supply chain security audits. During the course of the consultancy as the tasks became clearer, the internal auditors overcame this perception this perception.

The project team considered this task of the project of very important to prepare the companies for the JCD external audit.

### **Task 4: Invite JCD to Perform Customs Due Diligence and Supply Chain Security Audit**

After completing the internal audit of Task 3, the consultant assisted each beta test company in preparing a letter to JCD with the aim of:

- Showing the company's interest in the Golden List Program of JCD.
- Formally inviting JCD to undertake an external audit to verify that the company has developed and implemented a "customs due diligence and supply chain security" system.
- Identifying one of the company's employees to whom JCD can direct any inquiries or request any information.

Because the Golden List Program is a voluntary one (i.e., companies are not obliged to join), JCD were not able to carry out any formal audits on any company without being invited to do so.

JCD issued a letter to each inviting beta test company informing them of the department's intention to carry out a formal audit. In the letter, JCD identified a customs officer for future communications with the company and sent a questionnaire to the company to fill out. The project team assisted each beta test company in filling out the questionnaire to the satisfaction of JCD.

An audit opening meeting held at each beta test company headquarters and both parties (the company and JCD) have agreed on the details of the audit process. The details included the documents to be audited, the reviews of the company's internal auditor's reports, company's financial statements, purchasing and other contracts, shipping documents, warehouse inventory checks, company premises, personnel files, time frame for completing the audit, availability of space for use by customs officers at the company premises, etc. During this meeting, the project team has attended as an observer only.

The actual audit process has lasted for several days at each beta test company. The project team was not part of the formal audit process; it was an issue between the beta test companies

and JCD. However, the project team continued to receive feedback from both sides separately on the audit progress.

### **Task 5: Prepare Company Performance Improvement Plan to Enhance Existing Procedures if not Adequate**

In light of the external audit performed by JCD, the project team assisted each beta test company to prepare and implement a performance improvement plan to correct any deficiencies found during the audit process. The project team also assisted the beta test companies in inviting JCD again to verify the implemented improvements, and consequently approve the company as a Golden List member.

The project team in close collaboration with JCD and the beta test companies developed the important elements of an acceptable improvement plan. The important elements to be shown on the improvement plan were:

- Company name and tax identification number.
- The title of the improvement, which must reveal the subject matter of the needed improvement.
- The name and title of the company employee who is responsible for the required improvement.
- The steps undertaken by the company to ameliorate the identified deficiency along with any relevant supporting documents.
- The expected date to implement completely the required improvement (6 months maximum allowed duration to complete any required improvement).
- The signature of the company's authorized person along with the date and company seal.

Depending on the extent of the improvement required, JCD may send a full audit team or one member of the team to verify the improvement implementation.

All six companies have successfully implemented all improvements as required by JCD; consequently, the JCD approved the companies as members of the Golden List Program.

### **Task 6: Develop a Final Criteria to be Used by JCD for Including Companies on the Golden List**

The project team worked extensively with the Risk Management Directorate of JCD and the volunteer beta test companies to finalize the criteria recognized in the future for including companies on the Golden List. It should be noted that all beta test companies were audited based on a preliminary criteria developed by the risk management directorate of JCD with technical support from the project team. Thus, the preliminary criteria did not include any feedback from the beta test companies. However, during the audit processes by JCD, all beta test companies provided comments and feedback on the preliminary criteria. As a matter of fact, the final criteria reflects the inputs of all beta test companies as well as the experience

gained during the actual audit processes conducted by customs audit teams. Appendix III contains the details of the final criteria. Below is a highlight of the general framework of the criteria.

For a company to gain the Golden List status, the company must successfully fulfill two stages. The first stage is the acceptance of the company's application to join the Golden List. If a company fulfills the conditions of this stage, then JCD will move to the second stage, which entails undertaking a formal audit on the company.

The requirements of the first stage (acceptance of a company's application to join the Golden List) include:

- The company must have a large volume of business (large number of customs declarations, large amount of customs duty, etc.).
- The company must have an acceptable customs-transaction compliance rate according to the results of different calculation formulas.
- The company was party to litigation by JCD where the litigation case involves a fine exceeding a certain percentage of the declared customs value.
- The company has been in business for at least five years before filing its application, or has been in business for at least three years provided that the current number of its full-time employees is 50 or more.
- The company passes a preliminary inspection by JCD to identify if basic "customs due diligence and supply chain security" procedures are already in place to warrant full-scale audit (i.e., moving to the second stage).
- The company has implemented "customs due diligence and supply chain security" procedures to guarantee that the company with respect to its transactions with customs and its obligations toward securing its supply chain is exercising reasonable care. The company must have these procedures documented and must present a copy to JCD for review.

The requirements of the second stage (acceptance of a company as a Golden List member after auditing the company by the customs audit team) include:

- The company must have documented "customs due diligence and supply chain security" procedures. Further, the company has implemented these procedures and the company follows the procedures with precision. The documented procedures must be in accordance to the relevant "customs due diligence and supply chain security" checklist prepared by JCD for this purpose. According to the checklist, the company must satisfy the requirements rated A, B and C in the checklist. The company must be 100% compliant with the "A" rated (Fundamental) requirements of the checklist. The company must be either 100% compliant with the "B" rated (Important) requirements, or else, provide a satisfactory improvement plan to guarantee compliance with these requirements within a reasonable period agreed between JCD and the company. Though not mandatory, the company may comply

with the “C” rated (Desirable) requirements for the purpose of attaining additional benefits from JCD.

- The company must be compliant with the customs-transaction measurements based on samples audited by the customs audit team and using the appropriate formulas.

### **Task 7: Identify a Number of Benefits and Incentives to be Offered by JCD to the Golden List Member Companies**

The Golden List Program aims at enhancing Jordan trade community's self-compliance with customs requirements and supply chain security best practices. However, these enhancements would not materialize without paying a price for them. The question then, is the trade community is willing to pay the expense without any direct benefits or incentives? Obviously, the answer is no. That is why on several occasions the JCD and all volunteer beta test companies debated the issue of benefits and incentives. After lengthy debates, the Customs Department of Jordan has approved, as a first stage, the JCD offered the following incentives to the Golden List member companies:

1. Reduced frequency of cargo shipment inspections by customs (more frequent use of the green-lane processing at all border crossings).
2. Reduced goods post-release compliance audits. Customs inspections of companies' books to verify duty payment and general compliance with the customs law will be less frequent for Golden List Companies.
3. Pre-arrival clearance of goods. Completion of customs transactions formalities will take place before goods arrival for Golden List Companies.
4. Minimum levels of financial penalties. Golden List Companies will enjoy the minimum levels of penalties when inadvertently make an error on a customs transaction. In addition, penalties might be paid in installments without interest. (This facility will depend on the monetary amounts owed to JCD and the duration for paying such amounts).
5. Goods release before completing customs formalities. Golden List Companies could take possession of their goods against certain securities before completing customs formalities.
6. Security facilities. Golden List Companies will be able to benefit from taking possession of their goods against lesser financial securities.
7. Clearance of goods during off-work hours. Customs will strive to clear goods for Golden List Companies even during customs off-work hours.
8. JCD will recognize the Golden List member companies via publishing their names on customs website. (This is an important feature to the program as the JCD continuously validates the status of a Golden List member.)
9. JCD will seek recognition of the Golden List Program from other countries, which will reflect positively on Golden List member companies.

10. Annually, JCD will declare the best three companies on the Golden List and will recognize these companies via a celebration event.
11. JCD will continue to negotiate additional benefits with all Golden List Companies on a one-to-one basis. (Note: The JCD will take care in the one-to-one benefits to recognize the advantages of tailoring customs services to the client needs but at the same time maintain a transparent process.)

### **Task 8: Identify a Marketing Strategy to the Golden List Program for the Benefit of Golden List Companies**

The consultant believes that the greatest benefit of a documented "customs due diligence and supply chain security" system has little to do with any customs compliance requirements or stipulations like those of the JCD's Golden List Program. Rather, the greatest benefit is to utilize such a system as a marketing tool to expand business activity and market share, especially in the international markets. Nowadays, private sector companies improve their business operations, including customs due diligence and supply chain security, to stay competitive rather than in response to any requirements mandated by other external parties.

With the increasing calls for more customs self-compliance and secure supply chains, Jordan companies on the Golden List Program could have a leading edge advantage over their competitors. They could win more business and increase their share of the international trading activity, but, only if they capitalize on their Golden List status. However, they will not be able to attain this advantage unless they take the effort and market the Golden List Program itself.

JCD has a marketing obligation towards the Golden List Program as well. If the department well communicates the Golden List Program to other countries, other countries will gain more trust in Jordan as a secure trading partner, and more confidence in Jordan companies. Of course, this trust will translate into healthier trade sector, and consequently more economic growth.

Both, beta test companies and JCD realize the need for undertaking marketing steps to promote the Golden List Program on the national level and the international level as well. The project team has discussed the marketing issue with JCD and all beta test companies on an individual basis, and collectively in a 2-hour brainstorming meeting attended by 25 individuals representing JCD, beta test companies and the project team. The brainstorming session has resulted in a number of ideas which were either already implemented or in the process of being implemented. They were:

- Jordan business associations should promote the program in their periodic publications and on their websites. JCD has a Consultative Council with few members representing the private sector. The Council could play a role in this process.
- Developing a logo for the Golden List Program for use by JCD and Golden List member companies.

- Publishing the Golden List Program logo on Golden List member companies' websites with a hotlink to the JCD's website.
- Golden List member companies could insert the Golden List Program logo on their stationery.
- Golden List member companies could include the program logo and explanation to their sales/ promotional brochures.
- JCD should develop a separate web page on the department's website where all relevant Golden List Program information made available.
- JCD should prepare brochures containing information about the program and make them available at customs centers.
- Golden List member companies could inform their trade/ business partners about the program and how they attained the Golden List status.
- Allowing truck signs with the Golden List Program logo.
- JCD can issue certifications to foreign companies verifying the status of Jordan companies on the Golden List.
- Adding Golden List Program logo to business cards.
- Golden List member companies could advertise their status in target markets.
- Golden List member companies could present any awards and recognition letters received from JCD.
- Wall plaques could be developed and used by Golden List member companies and JCD.
- Holding a large-scale launching ceremony for the official declaration of the Golden List Program and inviting local and international representatives and the press.
- Poster advertisements at customs centers, border crossing points, airports, Chambers of Commerce, Qualified Industrial Zone (QIZ) offices and trade association offices.
- JCD Golden List Program seeks mutual recognition status under the World Customs Organization (WCO) Framework with the United States Customs and Border Protection (USCBP) as an equivalent supply chain security program to the US C-TPAT program.
- JCD opens dialog directly with the US counterparts in USCBP to begin a formal review of the Jordan customs Golden List Program for customs-to-customs mutual recognition.

- Seek signature of the Director General of JCD on the Letter of Intent of the WCO Resolution of the Customs Co-operation Council on the Framework of Standards to Secure and Facilitate Global Trade.
- Send Letter of Intent to the Secretary General of the WCO, which will confirm Jordan's decision to fulfill the Framework of Standards to Secure and Facilitate Global Trade.

### **Task 9: Document Learned Lessons Through out the Whole Process**

All participants learned invaluable lessons from the work activity of this project. The whole program was a learning opportunity for JCD and the volunteer beta test companies. The following summary of the lessons learned is a product of the consultant discussions with the JCD and all beta test companies over a 6-month period.

- Both, JCD and all beta test companies realize that customs due diligence and supply chain security issues have an international dimension that could benefit Jordan's economy at large. They both realize that the Golden List Program is a valuable mechanism for Jordan's success on the international trade level.
- Beta test companies now fully realize that their efforts in developing their own "customs due diligence and supply chain" procedures is a successful step toward full compliance with international best practices. They have more confidence in their abilities than before, and they are encouraged to inform their local and international trading partners about the success they have accomplished. All companies are quite confident that their efforts over the last 6 months will generate more business.
- JCD's audit teams, though received extensive training on audit issues by the USAID-Funded AMIR Program and GTZ, however, previously they never applied that knowledge formally. After completing several audit sessions within six beta test companies, they gained a hands-on experience and deeper insight into the whole audit process. They are quite confident now in their abilities to proceed forward with auditing more companies in a much faster pace.
- Beta test companies' personnel who developed the "customs due diligence and supply chain security" procedures and had them implemented said that they have learned an extremely valuable lesson: "It is not enough to know things and apply them on a daily basis, it is more important to have them documented and followed; now we have a procedures manual to dig into whenever we lack the knowledge of how to do something". As an example, during the customs audit of one company it identified that they did not compare certain costs declared to customs to the final costs paid. This resulted in both over payment and underpayment. The company conducted an internal analysis and the cause of the problem was uncovered. As in any QMS, root cause analysis resulted in a modified procedure to prevent reoccurrence. Because the parent company was instrumental in joining in the beta test process, the parent then directed all subsidiaries to modify procedures as well.
- Jordan customs audit teams realize that Customs can obtain much more information about a company from auditing its books; in fact, they gain much more knowledge than from mere examination of cargo shipments or customs declarations. According

to customs auditors: "these companies used to be a black box to us, but now, after staying at the premises of these companies for several days, they are not anymore".

- According to customs auditors: "Supply chain security audits were the scariest part; it is something new to a customs officer and we never thought we could do it." Customs auditors confessed that they learned a lot from the beta test companies on the security front. They say, you have to do security audits few times, but at the end, you will realize that they can be done.
- Beta test companies think that the Golden List Program has started a new era of the relationship between JCD and the trade community. Beta test companies said: "We used to think of customs officers as a hardship in our way to do our normal work; now we think they are normal people like us who wanted to do a perfect job without making mistakes."
- Customs auditors confessed that they learned a lot from the beta test companies' employees. The auditors believe that the knowledge they gain from being exposed to the private-sector companies would enhance their abilities to do their job better.
- Beta test companies were proud to contribute to the whole process; especially the Golden List Program criteria for future use by JCD for companies' inclusion on the Golden List. They were surprised that JCD was considering their comments before finalizing the criteria. In addition, the companies were pleased to know that they can negotiate with JCD any benefits that could facilitate their customs transactions.
- Beta test companies confessed that they learned more from customs auditors than what they had learned from ISO Certification auditors. Beta test companies fully realize that on-site visits by customs auditors are learning opportunities. Beta test companies said that they had the opportunity to ask questions and gain technical knowledge from customs auditors. This provided them with an opportunity to avoid mistakes and errors in the future.
- Both, JCD and beta test companies realize that working together towards enhancing customs procedures for the companies would save time and effort for both sides.
- Beta test companies are looking forward towards a continued cooperation and communication with JCD. They realize that all difficulties can be easily resolved if discussed within a friendly environment using a joint-team approach. Beta test companies believe that customs audits break the ice and lead to a mutually beneficial relationship.

#### **Task 10: Hold a Launching Ceremony to Declare Officially the Golden List Program to the Whole Trade Community of Jordan**

On August 31, 2005, the JCD assisted by AMIR held a ceremony official launching of the Golden List Program of JCD. The ceremony was under the patronage of his Excellency the Prime Minister of Jordan with the presence of his Excellency the Minister of Finance, his Excellency the Director General of JCD, the representative of the USAID, representatives of USAID-Funded AMIR Program. Additionally, representatives from several business associations, representatives from relevant Ministries and Government Organizations,

representatives from several foreign Embassies in Jordan, and representatives from nearly 150 companies representing the trade community of Jordan.

After August 31, 2005, the whole trade community of Jordan will have the opportunity to join the Golden List Program. During the ceremony, JCD declared its readiness to receive applications from companies interested to join the Golden List Program.

During the event, the Minister of Finance, the Director General of JCD and the representative of the USAID in Jordan made speeches in which they stressed the importance of customs due diligence and supply chain security and commended the Golden List Program. The Director of the Risk Management Directorate at JCD presented an overview of the Golden List Program and declared the names of the six companies officially approved as Golden List members. The General Manager of Petra Engineering Industries, the first Golden List member company, presented his company's experience and how they accomplished this status.

**Appendix I  
Memorandum of Understanding Signed with Each Beta Test Company**

MEMORANDUM OF UNDERSTANDING  
BETWEEN  
CHEMONICS INTERNATIONAL, INC. REPRESENTED BY THE USAID-FUNDED  
AMIR PROGRAM  
AND  
NAME OF BETA TEST COMPANY  
AND  
INTERNATIONAL RESEARCH CORPORATION (CONSULTANT)

Date: .....

This Memorandum of Understanding is entered on the date stated above by and between the .... (Company Name) (hereinafter referred to as the “beta test company”) and the USAID-funded Achievement of Market-Friendly Initiatives and Results Program under USAID Contract Number 278-C-00-02-00210-00 as implemented by Chemonics International (hereinafter referred to as “AMIR Program”), and International Research Corporation (hereinafter referred to as the “grantee”) together collectively known as “Parties” to this Memorandum.

WHEREAS, the .... (Company Name) has expressed interest in working collegially with the AMIR Program to provide technical assistance, solely in an advisory capacity to enable .... (Company Name) to implement its objectives in keeping with best international practices.

NOW, THEREFORE, .... (Company Name) and the AMIR Program and International Research Corporation agree as follows:

**Article I. Effective Period of this Memorandum of Understanding**

The effective period of this Memorandum of Understanding (hereinafter referred to as the “Effective Period”) shall be from the date stated above until July 31, 2005 or until terminated in writing by either Party, subject to continuance of the Contract between USAID and Chemonics International Inc. and the availability of funding from USAID.

**Article II. Termination of this Memorandum of Understanding**

Either party may terminate this Memorandum of Understanding, with 30 days advance written notice from the terminating party to the other party. Such termination of this Memorandum of Understanding will end the obligations of the parties hereunder.

**Article III. Commitments of AMIR Program**

During the Effective Period of this Memorandum of Understanding, subject to Jordan Customs Department undertaking to carry out customs compliance audits as part of the process to place Jordan companies on a Customs Golden List, below and to the availability of funding from USAID, the AMIR Program agrees to:

1. Recommend partner/ volunteer companies as a member of 6 beta test companies;
2. Prepare a benchmark document that will assist in the identification of improvements in the companies supply chain as a result of a “door-to-door” verification test export shipment and as a consequence of completing the voluntary internal customs compliance check ;
3. Assist .... (Company Name) with technical assistance by funding a grant to the International Research Corporation and with the implementation of the customs due diligence process and specifically with the customs due diligence export and warehousing models;
4. Help .... (Company Name) to close the supply chain for security reasons to the point of transfer to a USCBP participant in the C-TPAT Program;
5. Help .... (Company Name) implement the customs due diligence processes and involve those supply chain companies used by ... (Company Name), such as Port Aqaba, APM Terminals, and trucking companies, etc;
6. Help with the arrangements and host a meeting of the six beta test companies with the Director General of Jordan Customs Department;
7. Help .... (Company Name) with the transfer of the customs due diligence process to two other local companies ;
8. Help .... (Company Name) to prepare for the compliance audit review by Jordan Customs Department: act as a process advisor to .... (Company Name);
9. Assist .... (Company Name) with the development of an improvement plan to correct any short comings identified during the voluntary internal customs compliance check.

#### **Article IV. Commitments of .... (Company Name)**

During the Effective Period of this Memorandum of Understanding, in exchange for the support provided by the AMIR Program as described in Article III above, .... (Company Name) agrees to:

1. Conduct an assessment to ascertain the extent of compliance with a customs due diligence check list and to list the resources in the company that will be tasked to implement the voluntary internal customs due diligence check and to prepare for the Jordan Customs Due Diligence Audit;
2. Prepare a benchmark document that will help to identify improvements in the companies supply chain as a result of a “door-to-door” verification test export shipment and as a consequence of completing the voluntary internal customs compliance check ;
3. Allow technical assistance with the implementation of the customs due diligence process and specifically with the customs due diligence export and warehousing models;
4. Close the supply chain for security reasons to the point of transfer to a USCBP participant in the C-TPAT Program: a “full circle” due diligence process;
5. Implement the customs due diligence processes and involve those supply chain companies used by .... (Company Name), Port Aqaba, APM Terminals, and trucking companies, etc;
6. Help to obtain a meeting of the six beta test companies with the Director General for Jordan Customs Department;
7. Actively assist in the transfer of knowledge of the customs due diligence process to two other local companies ;

8. Allow an AMIR Program consultant and International Research Corporation to act as a process advisor to .... (Company Name);
9. Prepare an improvement plan to correct any short comings identified during the voluntary internal customs compliance check.

**Article V. Commitments of International Research Corporation**

During the Effective Period of this Memorandum of Understanding, International Research Corporation agrees to provide to .... (Company Name) the following assistance and support :

1. Help with the development of customs due diligence documentation;
2. Help with the voluntary internal customs due diligence check;
3. Invite Jordan Customs Department to undertake customs due diligence audits;
4. Help to prepare customs due diligence performance improvement plan;
5. Identify a marketing strategy to obtain benefits from a customs due diligence;
6. Assist in the documentation of lessons learned;
7. .... (Company Name) and its subsidiaries to a seminar.

**Article VI. Communications & Reporting Relationship**

Day to day verbal and unofficial communication with respect to this Memorandum of Understanding and any notice, request, document, or other communication related to the implementation of the Memorandum of Understanding shall be in writing, in English, and shall be deemed given or sent when delivered to the either party at the following address:

To (Company Name):  
Mr. ....

To the AMIR Program  
Mr. ....

Address

Address

**Article VI. Order of Precedence of Agreements**

The AMIR Program is funded by and operates under contract to USAID. The implementation of this Memorandum of Understanding is subject to the terms and conditions of the Grant Agreement for the Increased Economic Opportunities for Jordanians Strategic Objective dated June 26, 1997, as amended, signed between the Government of Jordan and USAID, and to the terms and conditions of Contract no. 278-C-00-02-00201-00 between USAID and Chemonics International Inc., as amended, for the implementation of the AMIR Program. In the event of any conflict between the terms of the above-mentioned Grant Agreement and/or the terms of the above-mentioned Contract and/or the terms of this Memorandum of Understanding, the order of precedence will be first terms of said Grant Agreement, second the terms of said Contract and third this Memorandum of Understanding. This Memorandum of Understanding and subsequent revisions are subject to clearance by USAID.

**Article VII. Authorized Representatives**

With respect to this Memorandum of Understanding, and any written modifications to this Memorandum of Understanding, .... (Company Name) shall be represented by the individual

holding the position of, or acting as, the Customs Clearance & Follow up Section Head, and the AMIR Program shall be represented by the individual holding the position of, or acting as, the AMIR Program Director. Either of the representatives may designate additional representatives for all purposes hereunder. The International Research Corporation shall be represented by the managing director.

**Article VIII. Entire Memorandum and Amendment**

This Memorandum of Understanding shall constitute the entire Memorandum of Understanding between .... (Company Name), the USAID-funded AMIR Program, and the International Research Corporation. Subject to approval of all parties, this Memorandum of Understanding may be amended only by the written amendment(s) of .... (Company Name), International Research Corporation and the AMIR Program; such amendment(s), when signed by authorized representatives of each party, shall become an integral part of this Memorandum of Understanding.

In the event that the contract with USAID governing the AMIR Program is changed or terminated, this Memorandum of Understanding may be updated by amendment to reflect that change.

IN WITNESS WHEREOF, the .... (Company Name), International Research Corporation and the AMIR Program, each acting through its duly authorized representative, have caused this Memorandum of Understanding to be signed in their names and delivered as of the day and year first written above.

(Company Name)

AMIR Program

By: \_\_\_\_\_

By \_\_\_\_\_ :

Name:

Name:

Title: Customs Clearance & Follow Up Section Head

Title:

International Research Corporation

By \_\_\_\_\_ :

Name:

Title:

**Appendix II**  
**Sample "Customs Due Diligence and Supply Chain Security" Procedures**

Sample Blank Form

<b>Title</b>	
<b>Sub-Title</b>	
<b>Scope</b>	
<b>Responsibilities</b>	
<b>Procedures</b>	
<b>Documents/ References</b>	

<b>Title</b>	Expert From Outside the Company
<b>Sub-Title</b>	Defining Responsibilities When Contracting With a Customs Clearing Agent
<b>Scope</b>	Describe the detailed procedure which defines all requirements/ responsibilities when contracting with a customs clearing agent/ company to act as a clearing agent on behalf of the company.
<b>Responsibilities</b>	Our customs clearing manager/ expert will be responsible for undertaking this procedure.
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• A letter must be issued to the clearing agent/ company authorizing him (it) act on behalf of our company.</li> <li>• The letter must define the clearing agent/company responsibilities.</li> <li>• The customs clearing department in our company must furnishes all documents necessary to facilitate the duties of the customs clearing agent/ company.</li> <li>• The customs clearing department in our company must make all necessary follow ups with the clearing agent/ company.</li> <li>• The customs clearing department must obtain all documents from the clearing agent/ company after goods clearing process is completed, and all documents must be properly filed.</li> </ul>
<b>Documents/ References</b>	Authorization letter from our company to the clearing agent/ company.

Attention: Mr. ....  
Manager of Customs Department at the Free Zone

Subject: Authorization

Dear Sir,

We, ..... authorize ..... clearing agent company to clear our imported goods from the Customs Department and undertake on behalf of our company all procedures required to clear our goods via Jordan Customs Department. .... clearing agent company is also authorized to fill out all import declarations, release goods and take custody of them.

Please consider this letter as complete authorization and valid unless we cancel it in writing.

Sincerely Yours,

Name  
Signature

<b>Title</b>	Expert From Outside the Company
<b>Sub-Title</b>	Securing all Customs Clearing Documents/Paperwork
<b>Scope</b>	Describe the procedure necessary to guarantee obtaining originals/ copies of all customs clearing documents/ paperwork from the appointed clearing agent/company.
<b>Responsibilities</b>	Our customs clearing manager/ expert will be responsible for undertaking this procedure.
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Our company issues an authorization to a reputable clearing agent/ company to act on our company’s behalf.</li> <li>• When goods arrive, the clearing agent informs our company. Our company requests copies of all goods-related documents carried by the truck driver. The documents are verified by our customs clearing department based on data/documents previously obtained from our purchasing department. The verifications include goods quantities, types, numbers, weights, etc.</li> <li>• After all documents are verified, the customs clearing agent/ company is informed to proceed with all clearing steps.</li> <li>• After all clearing processes are completed, the customs clearing agent/ company is informed to send copies of all customs documents including the customs declaration, invoice, certificate of origin, packing list, shipping certificate.</li> <li>• Our customs expert/ department verifies all documents before being properly filed.</li> </ul>
<b>Documents/ References</b>	Authorization letter from our company to the clearing agent/ company.

**Quality Check List When Engaging the Services of an External Clearing Agent/ Company**

*The customs clearing manager in our company verifies the quality of any external customs clearing agent/ company to be engaged to render services to our company according to the below listed check list.*

Name of the Clearing Agent/ Company: .....

<u>Quality Item</u>	<b>Check Result</b>	<b>Notes/ Observations</b>
Clearing agent certificate issued by Jordan Customs Department is valid/ current?		
Other business certificates issued by the Ministry of Industry and Trade and other parties are valid/ current?		
Quality certificates like ISO?		
Quality of the clearing agent's/ company's internal procedures?		
Qualifications of the clearing agent/ company employees?		
Clearing agent/ company is a member of a recognized agents society?		
References checked?		

Signature:

Date:

**Minimum Quality When Engaging the Services of an External Clearing Agent/ Company**

*The customs clearing manager in our company verifies the quality of any external customs clearing agent/ company to be engaged to render services to our company according to the following minimum quality requirements.*

Name of the Clearing Agent/ Company: .....

<b>Quality Item</b>	<b>Minimum Requirements</b>	<b>Check Result</b>	<b>Notes/ Observations</b>
Experience certificates	10 years customs clearing experience		
Business practice certificate valid/ current.	Certificate to practice customs clearing must be valid/ current		
Education	Bachelor degree in law or equivalent		
Knowledge of customs law	Comprehensive knowledge is a must		
References	3 references must be fully satisfied with the agent's services		

<b>Title</b>	Expert From Inside the Company
<b>Sub-Title</b>	Guarantee the Proper Evaluation of any Damages to Goods Due to Accidents or Unforeseen External Force Which May Result into Reduced Customs Duties
<b>Scope</b>	Describe the procedures followed to evaluate any damages to goods due to accidents or unforeseen external force which may result into reduced customs duties
<b>Responsibilities</b>	The customs clearing manager/ expert in our company is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• The customs clearing manager/ expert forms a small committee of 2-4 employees who have knowledge of the nature of damaged goods. The committee issues and signs its examination report after the inspection.</li> <li>• The customs department in our company makes all necessary follow ups with Jordan Customs Department to obtain any allowed duties reduction according to Jordan customs law.</li> </ul>
<b>Documents/ References</b>	None

<b>Title</b>	Expert From Inside the Company
<b>Sub-Title</b>	Guarantee Company's Knowledge of Any New Changes/ Amendments to Jordan Customs Law and Any New Regulations, Instructions, etc.
<b>Scope</b>	Describe the procedures necessary to guarantee our company's timely knowledge of any new changes/ amendments to Jordan customs law and any new regulations, instructions, etc.
<b>Responsibilities</b>	The customs clearing manager/ expert in our company is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"><li>• The customs clearing manager/ expert in our company takes note of any changes, amendments, new regulations, new instructions, etc. of Jordan customs law after making the necessary searches via the internet, official newspapers, other media sources, and personal visits to Jordan Customs Department.</li><li>• The customs clearing department in our company implements immediately the new changes/ amendments/ requirements after consultation with the company's manager.</li></ul>
<b>Documents/ References</b>	None

<b>Title</b>	Expert From Inside the Company
<b>Sub-Title</b>	Guarantee Submittal of All Required Documents to Jordan Customs Department
<b>Scope</b>	Describe the procedures necessary to guarantee the timely submittal of all required documents to Jordan Customs Department to enable Jordan Customs carry out their duties according to Jordan customs law
<b>Responsibilities</b>	The customs clearing manager at our company is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• The customs clearing department in our company must make all necessary follow ups with Jordan custom department to know Customs requirements in terms of documents and certificates taking into consideration the types of goods and the form of their entry into the Kingdom.</li> <li>• The customs clearing department in our company engages other departments in the company, if deemed necessary, to furnish any additional documents that may be requested by Jordan customs department so that all documents are received by Jordan Customs before any deadlines.</li> </ul>
<b>Documents/References</b>	None

<b>Title</b>	Procedural Security
<b>Sub-Title</b>	Informing Authorities When Observing Any Suspected Illegal Activity
<b>Scope</b>	Describe the Procedures Followed in Informing Jordan Customs Department and Other Authorities When Observing Any Suspected Illegal Activity (Goods, Shipping Certificates, etc.)
<b>Responsibilities</b>	The customs clearing manager in our company is responsible for informing all Government authorities in case undeclared or unknown goods enter into the shipping certificates.
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• When observing any suspected illegal activity related to our imported or exported goods, the appropriate Government authority must be informed immediately.</li> <li>• If the suspected activity is Customs-related, then Jordan Customs Department is informed.</li> <li>• If the suspected activity is security-related, then the directorate of general security (police directorate) is informed.</li> <li>• The customs clearing manager must record all the incident details including the parties/ individuals informed and all the follow up steps undertaken.</li> </ul>
<b>Documents/References</b>	None

<b>Title</b>	Procedural Security
<b>Sub-Title</b>	Verification of Truck Driver Identity
<b>Scope</b>	Describe the procedures followed to verify the identity of the truck driver bringing in/ taking out goods into/out of the company premises.
<b>Responsibilities</b>	The customs clearing manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Before loading any goods on a truck, all driver identity information as well as other information must be recorded. The information must include the name of the driver, driver's national identity number or passport number, driver license number, telephone number, loading date, container number, seal number, truck licenses plate number, name and signature of our company's employee who supervised the loading process.</li> <li>• Before unloading any goods from a truck, the load contents must be verified with the company's records first.</li> </ul>
<b>Documents/ References</b>	*****

<b>Title</b>	Procedural Security
<b>Sub-Title</b>	Inspection of Empty Containers
<b>Scope</b>	Describe the procedures followed to guarantee inspecting containers before being filled and guarantee the proper storage of empty or partially filled containers.
<b>Responsibilities</b>	The customs clearing manager and the security officer are both responsible for undertaking this procedure.
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Our company requests containers from the shipping/ transport company on as-needed basis with specifying the appropriate dimensions.</li> <li>• The shipping/ transport company is instructed to send in only undamaged containers where the outside frame and walls are well protected.</li> <li>• Our company inspects the container from outside and inside upon arrival to assure the correct dimensions and the soundness of the frame and walls.</li> <li>• The empty or partially filled container is stored in a secure area and non-authorized employees are not allowed into that area. The container remains in the secure storage until being filled and sealed.</li> <li>• A customs clearing employee attaches the customs seal on the container and records the seal number in the seals log.</li> </ul>
<b>Documents/ References</b>	*****



<b>Title</b>	Procedural Security
<b>Sub-Title</b>	Informing Jordan Customs Department When Discovering any Customs Violation
<b>Scope</b>	Describe the procedures necessary to guarantee informing Jordan customs department of any customs violations when discovered
<b>Responsibilities</b>	The customs clearing manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• All exported goods/ shipments are verified as to their conformity with all customs requirements to avoid any customs violations.</li> <li>• All imported goods/ shipments are verified as to their conformity with all customs requirements to avoid any customs violations.</li> <li>• Jordan customs departments is informed immediately be telephone and in-writing upon the discovery of any nonconformity with customs requirements.</li> <li>• The customs clearing manager makes all necessary follow ups with Jordan customs department until the nonconformity is properly corrected.</li> </ul>
<b>Documents/ References</b>	None

<b>Title</b>	Procedural Security
<b>Sub-Title</b>	Disclosure of Nonconformity Errors With Jordan Customs Law, Regulations and Instructions
<b>Scope</b>	Describe the procedures followed to guarantee informing Jordan customs department of any nonconformity errors with Jordan customs law, regulations and instructions.
<b>Responsibilities</b>	The customs clearing manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• All company departments are required to register any customs-related nonconformity error in the readily available “Customs Nonconformity Error Record” form when the error is discovered.</li> <li>• All company departments are required to send periodically a copy of the form to the customs clearing department in the company for review and discussion.</li> <li>• The customs clearing department at the company takes all error forms to Jordan Customs Department to correct and settle any customs obligations and to discuss any amelioration steps.</li> <li>• The customs clearing department at the company properly files all error forms and prepares an annual report to the company’s top management.</li> </ul>
<b>Documents/References</b>	Customs Nonconformity Error Record

Customs Nonconformity Error Record

*Department Name :*

Error Number:

Description of Nonconformity Error	
Reason(s) for the Error	
Employee(s) Responsible for the Error	
Description of Correctional Steps Undertaken	
Description of Measures to Prevent Future Similar Errors	
Results of Discussions Held with Jordan Customs Department	
Requirements/ Recommendations Made by Jordan Customs Department	

Signature of Customs Clearing Department:

Date:

<b>Title</b>	Procedural Security
<b>Sub-Title</b>	Supervision of Goods'/ Shipments' Entry and Exit
<b>Scope</b>	Describe the procedures to guarantee the presence of an authorized supervisor when receiving or sending goods/ shipments out of/ into the company
<b>Responsibilities</b>	The customs clearing manager and the security officer are responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"><li>• All company employees who have direct contact/ responsibility with goods customs clearing or entry/ exit into/ out of the company premises must be approved by the appropriate Government authority.</li><li>• The company's security officer must be present all the time when goods/ shipments enter/ exit into/ out of the company's premises.</li><li>• An appropriate report must be furnished immediately after goods entry/ exit and submitted to the customs clearing manager in the company.</li></ul>
<b>Documents/ References</b>	None

<b>Title</b>	Physical Security
<b>Sub-Title</b>	General Instructions
<b>Scope</b>	General instruction to enhance the physical security of the company's premises and surrounding areas
<b>Responsibilities</b>	The services and maintenance manager is responsible for undertaking the below listed instructions
<b>Procedures</b>	<p>Instructions: The services and maintenance manager must issue the appropriate instructions to accomplish the following:</p> <ul style="list-style-type: none"> <li>• All buildings are continually maintained to guarantee their physical security</li> <li>• All security systems/ cameras/ alarms/ etc. are well maintained and operative at all times</li> <li>• Routine physical inspections of all buildings and surrounding areas are undertaken</li> <li>• One guard is present at every gate leading into the company premises</li> <li>• Employees parking is separated from visitors parking</li> <li>• Employees and visitors vehicles are not allowed in or near any locations where goods/ cargoes are presents including warehouse and other storage areas</li> <li>• Access is controlled to all cargo storage areas and all documents storage areas</li> <li>• All employees in charge of security are well selected with background checks made</li> <li>• Identities of visitors and employees are verified before entering the company gates</li> </ul>
<b>Documents/ References</b>	

<b>Title</b>	Physical Security
<b>Sub-Title</b>	Routine Physical Security Inspection
<b>Scope</b>	Describe the procedures required to guarantee that routine physical security inspections are undertaken
<b>Responsibilities</b>	The services and maintenance manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• The company’s security officer must undertake a routine physical security inspection once every month</li> <li>• The physical inspection should be according to the “Physical Security Inspection Check List”</li> <li>• The security officer makes recommendations to enhance security based on the inspection results</li> <li>• The services and maintenance manager issues instructions to enhance physical security based on the security officer’s recommendations</li> </ul>
<b>Documents/References</b>	Physical Security Inspection Check List

### Physical Security Check List

*The security officer of the company undertakes an unannounced physical security inspection once a month to guarantee the physical security of the company's premises and surrounding areas according to the below check list.*

<b>Items to be Inspected</b>	<b>Inspection Results</b>	<b>Notes/ Observations</b>
Premises Fences		
Doors' Locks		
Main Gates		
Windows Security Meshes		
Security Alarm System		
Guard Room/ Window		
Cameras		
Lighting		
Fire Alarm System		
Security of Warehouses and Surrounding Areas		
Warehouses Doors and Windows		
Legibility of Warning and Other Signs		
Visitors Reception Room and Registry		
Routine Maintenance Operations		
Instructions and Announcements Boards		
Emergency Electric Generators		
Any Other Observations		
Recommendations		

Security Officer's Signature:

Date of Inspection:

<b>Title</b>	Access Control
<b>Sub-Title</b>	Individuals and Vehicles Access Control
<b>Scope</b>	Describe the procedures required to guarantee preventing unauthorized individuals and vehicles from entering the company premises
<b>Responsibilities</b>	The company's security officer is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"><li>• The security officer issues all necessary instructions to the company gates' guards and other employees to guarantee the prevention of unauthorized entry of individuals and vehicles into the company's premises</li><li>• The security officer issues all necessary instructions to the gates' guards to check the identities of all vehicles (cargo and non cargo) and all individuals (visitors and non visitors) to prevent unauthorized entry</li></ul>
<b>Documents/ References</b>	Access Control: Duties of the Company's Security Officer Access Control: Instructions to the Gate Guard Regarding Visitors Access Control: Guards Outfit, Instruments and Night Duties

## **Access Control**

### **Duties of the Company's Security Officer**

*The company's security officer is responsible for issuing all necessary instructions to guarantee the prevention of unauthorized entry of vehicles and individuals into the company's premises. The company's security officer is responsible for issuing the necessary instructions to include:*

1. Instructions to gates' guards to prevent unauthorized entry by vehicles and individuals.
2. Instructions to check out the identities of individuals/ visitors and provide them with the appropriate visitors cards/ tags; and to record the names, entry and leaving times, purpose of the visit, etc. in the appropriate recording registry.
3. Instructions to check out the identities of all employees when deemed necessary; specially when not know to the guard.
4. Instructions to the company guards to challenge unknown individuals inside or near the company premises.
5. Instructions to monitor employees and visitors parking spaces.
6. Instructions to prevent vehicles from parking near areas where cargo is being stored, stuffed, loaded or unloaded.
7. Instructions to post appropriate signs at locations where unauthorized entry is prohibited.

Access Control

**Instructions to the Gate Guard Regarding Visitors**

*When a visitor arrives at the gate, the gate guard must follow the following procedure to enhance access control by individuals into the company's premises:*

- 1. The guard welcomes the visitor and politely asks for the purpose of the visit.*
- 2. The guard makes a telephone call to the employee who is expecting the visitor to verify the visit.*
- 3. The guard then asks for an identification card to verify the identity of the visitor.*
- 4. The guard registers the name and the identification card number of the visitor in the visitors record log.*
- 5. The guard gives the visitor a Hanging Visitor Card.*
- 6. The guard calls another guard or one of the designated company employees to escort the visitor to the appropriate office where the visit should take place.*

Access Control

**Guards Outfit, Instruments and Night Duties**

*The following guideline procedures must be followed by all company security guards:*

1. All guards must wear the special recognizable outfit which is normally handed to them upon commencing their employment with the company. No guard is relieved from this requirement while in duty.
2. All guards must report any malfunction in any of the security cameras immediately to the company's security officer.
3. All guards must use hand-held lights while in night duty and must maintain the workability of their hand-held lights.
4. Two guards at minimum must be present at the company's premises during the night shift.
5. The night duty guards must make routine inspections around the company's premises.
6. All guards must keep communications channels open with each other during their duty, especially at night.

<b>Title</b>	Personnel Security
<b>Sub-Title</b>	Employee Health Screening
<b>Scope</b>	Describe the procedures required to make sure that new employees are in good health and do not suffer from any diseases that may threaten other employees
<b>Responsibilities</b>	The human resources manager will be responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"><li>• All new employees are sent to a medical clinic for health screening before being officially hired by the company.</li><li>• The new employee is officially hired only after completing the health screening step and obtaining a medical certification indicating that he/ she is in good health and does not suffer from any disease that could be threatening to other employees.</li></ul>
<b>Documents/References</b>	None

<b>Title</b>	Personnel Security
<b>Sub-Title</b>	Employees Safe Discharge Under Fire/ Emergency Conditions
<b>Scope</b>	Describe the procedures implemented to guarantee the safe discharge of employees in case of fire or any emergency condition
<b>Responsibilities</b>	The human resources manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• The human resources manager, in cooperation with the company's security officer, puts a discharge plan to guarantee that all personnel are quickly discharged from all buildings/ locations in case of a fire or similar emergency situation.</li> <li>• The discharge plan is explained and clearly communicated to all company divisions and departments.</li> <li>• The human resources manager and the company's security officer undertake training sessions to all employees on the appropriate course(s) of action to take under emergency conditions. Cooperation with the fire department to enhance the training sessions should always be considered.</li> <li>• All emergency exits must be clearly marked and regularly checked to guarantee their safe operation.</li> </ul>
<b>Documents/ References</b>	None

<b>Title</b>	Personnel Security
<b>Sub-Title</b>	Security of New Employees
<b>Scope</b>	Describe the procedures required to guarantee that a new employee is secure and has no illegal intentions behind requesting employment with the company
<b>Responsibilities</b>	The human resources manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• The human resources manager collects as much information as it takes about any candidate to guarantee that the candidate has no other intentions by working for the company but to serve the company.</li> <li>• The human resources manager must always contact previous employers and hold a personal interview with the candidate.</li> <li>• The “Security of New Employees Check List” must be completed for all candidates at minimum.</li> </ul>
<b>Documents/References</b>	Security of New Employees Check List

Security of New Employees  
**Check List**

The human resources manager is empowered by the top management of the company to collect as much information as it takes about any employment candidate to guarantee that the candidate has no other intentions by working for the company but to serve the company. The below listed criteria is considered a minimum standard that must be applied to all candidates.

Candidate Name: .....

<b>Criterion</b>	<b>Result</b>	<b>Signature</b>
Verification of all Information Presented on the Application Form		
Verification of Previous Employment by Calling Previous Employers		
Personal Interview (Technical, Educational, Personality)		
Security Clearance Certificate From the Police Department (if Deemed Necessary)		
Criminal Record Clearance Certificate From the Court (if Deemed Necessary)		
Overall		

<b>Title</b>	Personnel Security
<b>Sub-Title</b>	Security of Sensitive Jobs
<b>Scope</b>	Describe the procedures required to guarantee that sensitive jobs are held by employees who have long service record with company or by employees who are well screened from the security-background view point
<b>Responsibilities</b>	The human resources manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Sensitive jobs include regular and supervisory jobs where personnel have direct work/ contact with cargoes and cargoes documents (e.g., stuffing and sealing containers, loading and unloading cargoes, cargoes packing, security personal/ guards, computer network manager, documents storage areas supervisors, etc.)</li> <li>• The human resources manager, in cooperation with the company's security officer, identifies all sensitive jobs; and from time to time, reviews the descriptions of these jobs.</li> <li>• Sensitive jobs are filled, preferably, with existing company employees who have long service history in the company and well-known of their high ethical characters.</li> <li>• Sensitive jobs can be filled with new employees only after presenting a police security clearance certificate.</li> </ul>
<b>Documents/ References</b>	None

<b>Title</b>	Security Awareness, Education and Training
<b>Sub-Title</b>	Enhancing Employees Security Awareness, Education and Training
<b>Scope</b>	Describe the procedures required to make all company personnel work toward achieving the company's security goals
<b>Responsibilities</b>	The human resources manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• The overall security of the company operations (including the security of procedures, personnel, premises, cargoes, documents, etc.) can not be accomplished without the joint effort of all company employees.</li> <li>• All employees must be offered an awareness sessions to make sure they understand the importance of security and how they can act to enhance the senses of security in the work place.</li> <li>• All employees must be encouraged and rewarded for reporting any kind of security threat.</li> <li>• All employees must understand the security procedures implemented by the company and must act responsibly towards these procedures.</li> <li>• All employees must receive adequate education/ training with respect to security matters by sending them to third-party training center and/or by inviting lecturers/ speakers from outside the company.</li> <li>• The company's security officer is responsible for holding awareness, education and training sessions inside the company.</li> </ul>
<b>Documents/References</b>	None

<b>Title</b>	Cargo Security
<b>Sub-Title</b>	General Instructions
<b>Scope</b>	Describe the general instructions that must be adhered to before, during and directly after the container is loaded with cargo
<b>Responsibilities</b>	The customs clearing manager and the company's security officer are responsible for having the below listed instructions adhered to at all times.
<b>Procedures</b>	<p>Instructions:</p> <ul style="list-style-type: none"> <li>• Only authorized employees are allowed in the loading area where cargoes are loaded and stuffed inside the container.</li> <li>• The container must be inspected visually directly before loading any cargo inside the container.</li> <li>• The company's security officer or his representative must be present all the time during loading cargo into the container.</li> <li>• All documents pertaining to the cargo shipment must be checked earlier before loading the cargo inside the container (invoice, certificate of origin, shipping documents, export permit, etc.)</li> </ul>
<b>Documents/References</b>	None

<b>Title</b>	Cargo Security
<b>Sub-Title</b>	Use of Containers Seals
<b>Scope</b>	Describe the procedures followed in the use of containers seals to prevent any illegal cargoes from entering company containers
<b>Responsibilities</b>	The customs clearing manager and the company's security officer are responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Loading and stuffing the container with cargoes must be supervised by the company's security officer or his representative.</li> <li>• After loading is completed, the container door is closed and the customs seal is attached to the door and checked by the company's security officer or his representative.</li> <li>• Seals numbers are to be used randomly rather than in consecutive order.</li> <li>• Seals numbers are registered on the "Containers Numbers Record" and filed in the customs clearing department of the company.</li> </ul>
<b>Documents/References</b>	Containers Numbers Record

<b>Title</b>	Service Providers Security
<b>Sub-Title</b>	Shippers and Land Transport Companies Security
<b>Scope</b>	Describe the procedures to guarantee the security of the shipping and land transport companies which provide shipping/ land transport services to the company
<b>Responsibilities</b>	The customs clearing manager is responsible for undertaking this procedure
<b>Procedures</b>	<ul style="list-style-type: none"> <li>• Shipping and land transport companies that provide services to the company must be selected in such a way to enhance the overall security of the company.</li> <li>• The selected companies must be from among the highly reputable companies that have an excellent sense of security for the cargoes and the documents related to such cargoes.</li> <li>• The selected companies should have adequate computer resource systems to enable it to provide quick information about the cargoes they carry.</li> <li>• The selected companies must have the ability to provide accurate feedback about they cargoes all the time while these cargoes in their possession.</li> <li>• The customs clearing manager is responsible for making the appropriate selection of such companies according to the guide check lists (Shipping Companies Evaluation Check List, Land Transporters Evaluation Check List)</li> </ul>
<b>Documents/References</b>	Shipping Companies Evaluation Check List Land Transporters Evaluation Check List

Shipping Companies Evaluation Check List

*Shipping Company Name :*

Contact Person:

Address:

Telephone Numbers:

Fax Numbers:

Website:

E-Mail Address:

<b>Evaluation Criterion</b>	<b>Results/ Observations</b>
Business Registration Certificate (Current, For How Long Being in Business)	
Any Quality Certification/ Certifying Body (ISO 9901 or Similar)	
Does Our Company Has a Previous Experience With This Provider?	
Did Our Company Issue an Authorization Letter to This Provider to Furnish Services to Our Company?	
Do we Have Information About or Did we Test Review the Internal Procedures of This Provider?	
Do we Have Information About the Qualifications of the Professional Staff of This Provider?	
Is This Provider a Member of Any Local or International Business Association or Society (i.e., Jordan Freight Forwarders and Customs Brokers Association)	
Did This Provider Receive Penalties Before by Jordan Customs Department or Other Government Organization?	
Overall (Formally Specify if we Can Use This Provider)	

Signature:

Date:

Land Transporters Evaluation Check List

*Shipping Company Name:*

Contact Person:

Address:

Telephone Numbers:

Fax Numbers:

Website:

E-Mail Address:

<b>Evaluation Criterion</b>	<b>Results/ Observations</b>
Business Registration Certificate (Current, For How Long Being in Business)	
Any Quality Certification/ Certifying Body (ISO 9901 or Similar)	
Does Our Company Has a Previous Experience With This Provider?	
Did Our Company Issue an Authorization Letter to This Provider to Furnish Services to Our Company?	
Do we Have Information About or Did we Review the Internal Procedures of This Provider?	
Do we Have Information About the Qualifications of the Professional Staff of This Provider?	
Is This Provider a Member of Any Local or International Business Association or Society (i.e., Jordan Freight Forwarders and Customs Brokers Association)	
Is This Provider a TIR Agreement Signatory?	
Did This Provider Receive Penalties Before by Jordan Customs Department or Other Government Organization?	
Overall (Formally Specify if we Can Use This Provider)	

Signature:

Date:

## **Internal Record Keeping System**

### **Instruction- All Company Departments**

All company departments are required to keep, store and maintain all records pertaining to the company's import transactions and import processing for a period of five years. This requirement includes soft documents stored in the company's computer system and hard documents required by Jordan customs department and/ or other third parties.

“Records” as stipulated by this instruction means any information made or normally kept in the ordinary course of business which pertains to the following activities:

- Accounts: record of reconciliation, receipts, payment documents, VAT payments, etc.
- Warehouse documents: delivery notes, goods received notes, inventory lists, record of deliveries, etc.
- Importation, declaration or entry.
- Transportation or storage of merchandise carried or held under guarantee into or from the customs territory of Jordan and all other countries where company operates.
- Filing of a drawback claim (re-export).
- Collection and payment of fees, duties and taxes to Customs.
- Any other activity required to be undertaken pursuant to laws or regulations administered by Customs, such as transfer pricing and expert independent inspection, etc.

Further, the term “records” includes any information required for the entry of merchandise and other information pertaining to or from which is derived, any information element set forth in a collection of information required by the Customs Law in connection with an activity described above. The term includes, but is not limited to:

- Statements, declarations and relevant supporting documents.
- Electronically generated or machine readable data.
- Electronically stored or transmitted information or data.
- Books, papers, correspondence.
- Accounts, financial accounting data, technical data.
- Computer programs necessary to retrieve information in a usable form.
- files of drawback claims.
- Transport or warehouse / store merchandise documents held in bond.
- Documents that are required by law to be stored.

**Internal Record Keeping System**  
**Instruction- Customs Clearing Department**

The customs clearing department is required to keep, store and maintain the following documents, and any supportive documents attached to them, for a period of five years.

- Air way bill.
- Bill of lading.
- Carries certificate.
- Declaration of entry.
- Power of Attorney.
- Packing list.
- Bond information.
- Vessel, vehicle or air manifest.
- Certificates of Origin.
- Any other documents that are relevant for specific commodities and/ or transport modes.

## **Security and Management of Information and Records**

### **Instruction- All Company Departments**

To assure maximum security and the proper handling of company records, all departments are required to follow the following instructions.

- Records must be kept in a lockable secure storage place.
- Records must be indexed in a retrievable fashion.
- Each department must have an established reliable destruction cycle to prevent the premature destruction of required records.
- Each department must have the right documentation that allows the department to dispose of and proves that it has disposed of documents that are more than 5 years old.
- Each department must assign a person as the custodian of the department's records.
- Each department must have back up copies of all important records.
- Each department must arrange with the company's computer department to have a user-access-control to information systems by level of job responsibility.
- Each department must have a physical security in the computer areas and must have measures to prevent unauthorized access to computers.
- Each department head/ manager is responsible for monitoring employee use of computer and other data systems.
- Each department must arrange with the company's computer department to have processes for backup computer systems data.

## **Appendix III**

### **Criteria for Inclusion of Companies on the Golden List**

#### **Import, Export and QIZ Companies**

##### Part I: Acceptance of Applications to Join the Golden List Program

JCD will not perform any audits on any company for the purpose of joining the Golden List Program unless the company satisfies the conditions described in this section.

The application by a company to join the Golden List Program will not be accepted, and thus will not be followed through by JCD, unless the following conditions are fulfilled by such a company:

1. The company must have a large trade volume so that at least one condition of the following three conditions is fulfilled by such a company:
  - The company had at least 100 customs declarations filed with JCD during the year preceding the date of the application.
  - The company had at least JD 10 million total of customs declared values (on all customs declarations) during the year preceding the date of the application.
  - The company had at least JD 1 million total of declared customs duties during the year preceding the date of the application.
  
2. The company must have an acceptable compliance rate, equal to or exceeding 95%, for all customs declarations during the year preceding the date of the application, according to the stipulations A, B and C below:
  - A) the percentage of the difference in customs duties to the total declared customs duties does not exceed 5% (compliance rate of 95% or more).
  - B) The percentage of the difference in customs bonds/ guarantees to the total required bonds/ guarantees (for duty-unfulfilled or export declarations) does not exceed 5% (compliance rate of 95% or more).
  - C) the percentage of the difference in declared values to the total declared values does not exceed 5% (compliance rate of 95% or more).
  - 
  - In other words, the compliance rate (in percentage points) according to A, B and C above must equal or exceed 95%.
  - 
  - If any one of the stipulations A, B or C is not satisfied, but the compliance rate is still 90% or above, then stipulation D below will be applied.
  - 
  - D) The percentage of the number of declarations with error(s) to the total number of declarations filed does not exceed 5% (compliance rate of 95% or more).

3. The company was not subjected to litigation by JCD where the litigation case involves a fine exceeding 1% of the declared value. This condition applies to all customs declarations filed by the company during the 3-year period preceding the date of the application.
4. The company has been in business for at least five years before filing its application, or has been in business for at least three years provided that the current number of its full-time employees is 50 or more.
5. The company passes a preliminary inspection by JCD to identify if basic "customs due diligence and supply chain security" procedures are already in place to warrant full-scale audit.
6. The company has already implemented a "customs due diligence and supply chain security" procedures to guarantee that reasonable care is being exercised by the company with respect to its transactions with customs and its obligations toward securing its supply chain. The company must have these procedures documented and must present a copy to JCD for review.

#### Part II: Criteria for Inclusion on the Golden List

Once the application by a company to join the Golden List Program is accepted by JCD (after satisfying the conditions of Part I above), JCD will initiate an audit process as described in the "Golden List Guide" available from Jordan Customs Department. At the end of the audit process the company will be approved for inclusion on the Golden List only after satisfying the conditions described in this section.

To be approved for inclusion on the Golden List, a company must satisfy the following criteria:

1. The company must have a well-documented "customs due diligence and supply chain security" procedures, and these procedures have been already implemented and strictly-followed by the company. The documented procedures must be in accordance to the "customs due diligence and supply chain security" checklist prepared by JCD for this purpose. According to the checklist, the company must satisfy the requirements A, B and C below.
  - A) The company must be 100% compliant with the "A" rated (Fundamental) requirements of the checklist (see definitions below).
  - B) The company must be either 100% compliant with the "B" rated (Important) requirements, or else, provide a satisfactory improvement plan to guarantee compliance with these requirements within a reasonable time period agreed between JCD and the company.
  - C) Though not mandatory, the company may comply with the "C" rated (Desirable) requirements for the purpose of attaining additional benefits from JCD (in addition to the benefits available to Golden List companies).

Definitions of the A, B and C Requirements:

A-Rated Requirements: the requirements designated by the letter “A” in the “customs due diligence and supply chain security” checklist are considered “fundamental” and the company must have a documented and strictly-implemented procedures addressing these requirements. An improvement plan is not adequate and is not acceptable to address these fundamental requirements.

B-Rated Requirements: the requirements designated by the letter “B” in the “customs due diligence and supply chain security” checklist are considered “important” and the company must ultimately have a documented and strictly-implemented procedures addressing these requirements. If the company is not 100% compliant with these requirements, then an improvement plan by the company can be accepted by JCD if such a plan addresses these important requirements in full and the plan is implemented within a reasonable time period.

C-Rated Requirements: the requirements designated by the letter “C” in the “customs due diligence and supply chain security” checklist are considered “desirable” and the company is encouraged to comply with them in the future. These requirements are not mandatory for the company to join the Golden List, however, JCD is willing to negotiate additional benefits to be offered to the companies that respond to these requirements.

2. The company must be compliant with the customs-transaction measurements based on the samples audited by the customs audit team and according to the criteria of Appendix I.

Note: JCD reserves the right to remove any company from the Golden List if the company seizes compliance with the aforementioned criteria.

## **Customs Clearing Agents, Warehouse Operators and Transporters and Transport Operators**

### Part I: Acceptance of Applications to Join the Golden List Program

JCD will not perform any audits on any company for the purpose of joining the Golden List Program unless the company satisfies the conditions described in this section.

The application by a company to join the Golden List Program will not be accepted, and thus will not be followed through by JCD, unless the following conditions are fulfilled by such a company:

#### *Part I-I: For Customs Clearing Agents*

1. The company must have a large trade volume so that at least one condition of the following four conditions is fulfilled by such a company:
  - The company had at least 4,000 customs declarations in total from all customs centers filed with JCD during the year preceding the date of the application.
  - The company had at least 800 customs declarations from one customs center filed with JCD during the year preceding the date of the application
  - The company had at least JD 50 million total of customs declared values (on all customs declarations) during the year preceding the date of the application.
  - The company had at least JD 5 million total of declared customs duties during the year preceding the date of the application.
2. The company must have an acceptable compliance rate for all customs declarations during the year preceding the date of the application. The following procedure is used to identify if the compliance rate is acceptable or not:
  - A) the percentage of the difference in declared values to the total declared values is calculated.
  - B) the percentage of the difference in customs duties to the total declared customs duties is calculated.
  - 
  - The percentage of step A is subtracted from the percentage of step B. If the result is zero or less the company is considered compliant. If the result is between zero and 5%, then the calculation in step C below will be performed:
    -
  - C) the percentage of the number of declarations with error(s) to the total number of declarations filed (only errors that affect customs duty will be considered).
  - 
  - If the result of step C is 5% or less the company is considered compliant; otherwise, the company is noncompliant.

3. The company is not currently under litigation by JCD for its direct involvement in a “material” breach of customs law.
4. The company has been in business for at least five years before filing its application, or has been in business for at least three years provided that the current number of its full-time employees is 50 or more.
5. The company passes a preliminary inspection by JCD to identify if basic "customs due diligence and supply chain security" procedures are already in place to warrant full-scale audit.
6. The company has already implemented a “customs due diligence and supply chain security” procedures to guarantee that reasonable care is being exercised by the company with respect to its transactions with customs and its obligations toward securing its supply chain. The company must have these procedures documented and must present a copy to JCD for review.

*Part I-II: For Transporters and Transport Operators*

The compliance of these companies depends largely on their compliance with the "customs due diligence and supply chain security" checklist for transporters and transport operators, in addition to the following requirements:

1. The company is not currently under litigation by JCD for its direct involvement in a “material” breach of customs law.
2. The company has been in business for at least five years before filing its application, or has been in business for at least three years provided that the current number of its full-time employees is 50 or more.
3. The company passes a preliminary inspection by JCD to identify if basic "customs due diligence and supply chain security" procedures are already in place to warrant full-scale audit.
4. The company has already implemented a “customs due diligence and supply chain security” procedures to guarantee that reasonable care is being exercised by the company with respect to its transactions with customs and its obligations toward securing its supply chain. The company must have these procedures documented and must present a copy to JCD for review.
5. The company has a business volume large enough (compared to other companies) to warrant the effort by JCD.
6. The company operates a minimum of 50 trucks.

*Part I-III: For Warehouse Operators*

The compliance of these companies depends largely on their compliance with the "customs due diligence and supply chain security" checklist for warehouse operators, in addition to the following requirements:

1. The company is not currently under litigation by JCD for its direct involvement in a “material” breach of customs law.
2. The company has been in business for at least five years before filing its application, or has been in business for at least three years provided that the current number of its full-time employees is 50 or more.
3. The company passes a preliminary inspection by JCD to identify if basic "customs due diligence and supply chain security" procedures are already in place to warrant full-scale audit.
4. The company has already implemented a “customs due diligence and supply chain security” procedures to guarantee that reasonable care is being exercised by the company with respect to its transactions with customs and its obligations toward securing its supply chain. The company must have these procedures documented and must present a copy to JCD for review.
5. The company has a business volume large enough (compared to other companies) to warrant the effort by JCD.

#### Part II: Criteria for Inclusion on the Golden List

Once the application by a company to join the Golden List Program is accepted by JCD (after satisfying the conditions of Part I above), JCD will initiate an audit process as described in the "Golden List Guide" available from Jordan Customs Department. At the end of the audit process the company will be approved for inclusion on the Golden List only after satisfying the conditions described in this section.

To be approved for inclusion on the Golden List, a company must satisfy the following criteria:

1. The company must have a well-documented “customs due diligence and supply chain security” procedures, and these procedures have been already implemented and strictly-followed by the company. The documented procedures must be in accordance to the relevant “customs due diligence and supply chain security” checklist prepared by JCD for this purpose. According to the relevant checklist, the company must satisfy the requirements A, B and C below.
  - A) The company must be 100% compliant with the “A” rated (Fundamental) requirements of the checklist (see definitions below).
  - B) The company must be either 100% compliant with the “B” rated (Important) requirements, or else, provide a satisfactory improvement plan to guarantee compliance with these requirements within a reasonable time period agreed between JCD and the company.
  - C) Though not mandatory, the company may comply with the “C” rated (Desirable) requirements for the purpose of attaining additional benefits from JCD (in addition to the benefits available to Golden List companies).

Definitions of the A, B and C Requirements:

A-Rated Requirements: the requirements designated by the letter “A” in the “customs due diligence and supply chain security” checklist are considered “fundamental” and the company must have a documented and strictly-implemented procedures addressing these requirements. An improvement plan is not adequate and is not acceptable to address these fundamental requirements.

B-Rated Requirements: the requirements designated by the letter “B” in the “customs due diligence and supply chain security” checklist are considered “important” and the company must ultimately have a documented and strictly-implemented procedures addressing these requirements. If the company is not 100% compliant with these requirements, then an improvement plan by the company can be accepted by JCD if such a plan addresses these important requirements in full and the plan is implemented within a reasonable time period.

C-Rated Requirements: the requirements designated by the letter “C” in the “customs due diligence and supply chain security” checklist are considered “desirable” and the company is encouraged to comply with them in the future. These requirements are not mandatory for the company to join the Golden List, however, JCD is willing to negotiate additional benefits to be offered to the companies that respond to these requirements.

2. The company must be compliant with the customs-transaction measurements based on the samples audited by the customs audit team and according to the criteria of Appendix I.

Note: JCD reserves the right to remove any company from the Golden List if the company seizes compliance with the aforementioned criteria.

See Below

**Appendix I**

Customs and Supply Chain Security Requirements		Audit Results			Audit Results After Improvement Plan Implementation			
		Non Compliant	Under Improvement Plan	Compliant/ Percentage	Non Compliant	Notes Improvement Plan		Compliant
					In Progress	Completed		
<b>Customs Requirements/ General</b>								
<b>Supply Chain Security</b>	<b>Physical Security</b>							
	<b>Personnel Security</b>							
	<b>Procedures security</b>							
	<b>Documents Security</b>							
<b>Customs Value (Samples)</b>	<b>Equation (1)*</b>							
	<b>Equation (2)*</b>							
<b>Tariff Classification</b>	<b>Equation (3)*</b>							
	<b>Equation (2)</b>							
<b>Exemptions/ Lower Tariff Procedures</b>	<b>Equation (3)</b>							
	<b>Equation (2)</b>							
<b>Customs Agreements (Samples)</b>	<b>Equation (3)</b>							
	<b>Equation (2)</b>							
<b>Quantities (Samples)</b>	<b>Equation (1)</b>							
	<b>Equation (2)</b>							
<b>Country of Origin</b>								
<b>Documentation and Record Keeping System</b>								

\* Equations Listed Below

## **Customs Transaction Measurement Equations**

### **Equation (1):**

$$100 - (\text{Differences in Values Discovered} / \text{Total Declared Values}) * 100$$

The result of equation (1) must be 95% or more. If the result is 90% to 95%, equation (2) below will be applied.

### **Equation (2):**

$$100 - (\text{Number of Sampled Declarations with Error} / \text{Total Number of Samples}) * 100$$

The result of equation (2) must be 95% or more.

### **Equation (3):**

$$100 - (\text{Differences in Duties Discovered} / \text{Total Declared Duties}) * 100$$

The result of equation (3) must be 95% or more. If the result is 90% to 95%, equation (2) above will be applied.