

**Access to Microfinance & Improved Implementation of Policy Reform
(AMIR Program)**

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Survey on Price / Profitability Control

Final Report

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General Description of Services Controls As of March 31st 1999

All State Services that are provided only by GOJ are price controlled. Such services include but are not limited to: Land sale or purchase fees, Vehicle registration and Vehicle inspection fees, sewage network fees, Road and traffic maintenance fees, court fees, civil affairs and passport renewal or issuance fees.

Private Sector Services that are price controlled in one way or another by the Government are described below:

1- Customs Clearing Agents and Public Warehouses

Under the Customs Law (Law No. 16 of 1983, replaced by Law No. 20 of 1998), the Director General of Customs sets and controls the fees and prices of the following services:

- Customs Clearing Agents (formerly Article 181 of Law No. 16 of 1983 and currently Article 169 of Law No. 20 of 1998)
- Public Warehouses (called Bonded Storing Areas) operated by the private sector (formerly Article 108 of Law No. 16 and currently Article 108 of Law No. 20 of 1998) .
- Warehousing fees are based on the type of products, whether containerized or bulk. There are special fees for warehousing machinery and special heavy-duty items. The fees differ from one product to another. Charges can start at JOD 3/ SQM/month and can reach up to JOD 6.5/SQM/Month.

2- Transport

- Under the Ministry of Transport Law No. 42 of 1971/1972 article No. 12, the Minister of Transport, sets and controls the fees and prices of all transport services for passengers and goods.
- In addition, the special laws and bylaws of the following institutions operating under the supervision and jurisdiction of MOT, allows them to set the following:
 1. Ports Corporation regulates the fees and prices of private services at the Port of Aqaba.
 2. Civil Aviation Authority regulates the prices and fees of civil aviation in the kingdom; (i.e. chartered airlines, executive jets, etc.).
 3. Public Transport Corporation regulates the prices and fees of private passenger buses and minibuses.
 4. Hijazi and Aqaba Railway Corporations regulate prices of railway services on routes controlled by these corporations. This power is granted through their concession rights.
 5. RJ regulates passenger and cargo-shipping rates.

3- Telecommunication

- Article 53 of the Telecommunications Law 13 of 1995, states: The licensee shall not alter his fees/prices list before notifying the Telecommunications Regulation Commission (TRC).

Announcing the new rates should be at least one month prior to their effective date, provided his prices shall not exceed the limits stated in the conditions of the licensing agreement.

- TRC, is the responsible entity who sets the standards and bases for pricing of related services in the case of no competition. Telecommunication services controlled by TRC include but may not limited to: PSTN, GSM, Paging, Public Payphones, Data Communication and Private Radio Communications network.

4- Professional Medical Services

- Regulation No. 46, for the year 1989 issued in lieu of Article No. 25, of Doctor's Professional Association law No. 13 for the year 1972; defines a Ceiling and Floor rate for different doctors' specialties, location of services, Consultancy rates, Surgeries.... Etc. Doctors and beneficiaries have to abide by these rates. The controlling agency is the Doctor's Professional Association.
- Government hospital rates are set and controlled by the government Ministry of Health.
- Private Hospital rates are set by the shareholders of the hospital and approved by the Ministry of Health.

5- Banking Services

- The Central Bank of Jordan sets and controls certain commissions that are charged by the different banks in lieu of article No. 43 of the Central Bank of Jordan Law No. 23 for 1971. Commissions that are set have a ceiling and floor rate and its is up to the bank to charge the rate that it deems appropriate. Commissions on the following services are controlled:
 1. Import and Export L.C.'s,
 2. Bills for Collection (in and out),
 3. Outgoing transfers,
 4. Internal transfers,
 5. Letters of Guarantee,
 6. Returned checks,
 7. Currency exchange differential commissions,
 8. Interest rates for letters of credit have a floor rate in addition to the LIBOR rate.

Interest rates are floated. Commissions on interest rates are not controlled. Portfolios, funds, international trusts, and investment services are not controlled.

6- Stock Market / Securities Bourse Services

AFM managing committee sets commissions on services; Ministry of Finance approval is a requirement.

- The Securities Commission, along with the Bourse Administration, sets and controls basic commissions on services offered by securities dealers inside the bourse, or the stock trading floor.

- Rate is 0.65% for trenches equal or below JD 20,000 and 0.50% for trenches equal or above JD 20,000.
- Before the end of 1999, all bourse commissions will be set free of controls.

7- Money Exchangers

CBJ sets and controls margins

- The Central Bank of Jordan sets and controls the margins above and below which moneychangers can not charge on bid/offer (buy/sell) transactions. This control covers exchanging foreign currencies with the JD.

8- Insurance Services

Government sets and controls the minimum car liability insurance package and its premium.

- Decision for 1998 by Ministry of Industry and Trade, issued in lieu of article No. 7 for Mandatory Car insurance No. 29 for the year 1985. The decision sets the rate for Jordanian Car liability insurance inside Jordan and Foreign Car liability insurance inside Jordan in addition to specifying the type of damages that the insurance policy covers and the respective rates (Liability Limitations). A joint committee to include a representative of the Insurance Companies, MOT, the Insurance comptroller and the Department of Motor Vehicles approve the rates.

All fees on all other insurance services including additional car insurance services, life, health, fire and safety insurance, are not controlled.

9- Vegetables and Fruits Auctioning Services

Control over sales commissions and auctioning services (Ceiling percentages)

- In accordance with the regulation No. 14 for the year 1966, regulation of the Central Wholesale Market for Fruits and Vegetables issued in lieu of article No. 41 of Municipality law No. 36, for the year 1955. Dealers are allowed to make not more than 5% of the value of the bid/offer, and the Municipality collects 4% in fees (2% from the seller and 2% from the buyer). Auctioning services are set and controlled by a Committee of the Amman Municipality or any other respective municipality and the Ministry of Agriculture. Controlling agency is the municipality concerned.

10- Legal Services

- Jordan Bar Association Law No. 11, for the year 1972 and amended law No. 51 for the year 1985; sets a ceiling on the fees for lawyers, which should not exceed 25% of the real value of the case in discrepancy. Lawyers usually charge between 10% and 15%.

11- Travel Agents

- The Ministry of Tourism sets and controls fees only basic ticketing (issuing, canceling, and swapping) services; i.e. between JD 3 and JD 5. All other services are not controlled.

12- Hotels and Tourists accommodation packages

- The Ministry of Tourism sets a ceiling rate (price cap) for room rates at all hotels whether they are classified or not. Room rates are set in accordance to hotel classification ranging from five-star deluxe to not classified hotels.
- The Ministry of Tourism sets ceiling prices (price cap) for Jordanian tour packages, to include bed and breakfast and or other meals for different classes of hotels.
- The Ministry of Tourism sets Floor prices for foreign tour packages, to include bed and breakfast and or other meals for different classes of hotels.
- The Ministry of Tourism sets a price cap for the country's official guests, which the Jordanian government is hosting.
- The Ministry of Tourism sets the type of menu and a price cap that the hotel is to offer for lunch or dinner whether it is buffet or other wise.
- The Ministry of Tourism sets the standards and specifications for hotels, apartment-hotels and accordingly classifies them.

13- Restaurants, Night Clubs and Cafeterias

- The Ministry of Tourism sets the standards and specifications for restaurants, nightclubs and cafeterias and accordingly classifies them. No price controls are evident.

**Table 1-1 March 31, 1999
(Price control on products)**

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Chickpeas, seeds of a kind used for sowing	ex0713.20	Consumer Price JD 522 /ton	Decision No. 67/98 Prime Ministry, dated 27 th , October1998	Ministry of Agriculture and Jordan Cooperative	1979	To provide affordable sowing seeds for farmers	Rates are revised on annual basis
Lentils, seeds for a kind used for sowing	ex0713.40	Consumer Price JD 432 /ton	Decision No. 67/98 Prime Ministry, dated 27 th , October1998	Ministry of Agriculture and Jordan Cooperative	1979	To provide affordable sowing seeds for farmers	Rates are revised on annual basis
Wheat, seed of a kind used for sowing	ex1001	Consumer Price JD 262 /ton	Decision No. 67/98 Prime Ministry, dated 27 th , October1998	Ministry of Agriculture and Jordan Cooperative	1979	To provide affordable sowing seeds for farmers	Rates are revised on annual basis. The Agricultural Cooperative is the only institution that is permitted to sell these seeds. Some growers in the South (ELDISEE) are allowed to import certain types of seeds for their use exclusively.
Barely, seed of a kind used for sowing	ex1003.00	Consumer Price JD 212 /ton	Decision No. 67/98 Prime Ministry, dated 27 th , October1998	Ministry of Agriculture and Jordan Cooperative	1979	To provide affordable sowing seeds for farmers	Rates are revised on annual basis
Vetches and similar forage, seeds of a kind used for sowing animal feed.	ex1214.90	Consumer Price JD/227/ton	Decision No. 67/98 Prime Ministry, dated 27 th , October1998	Ministry of Agriculture and Jordan Cooperative	1979	To provide affordable sowing seeds for farmers	Rates are revised on annual basis

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Wheat	1001.10 ex1001.90	Price to mills A-For Unified flour production: JD 91.450 /ton B-For Baladi flour production: JD 83.300 /ton	Minister of Industry and Trade's Decision # 1, 1999	Directorate of Quality and market monitoring, at the MIT	Early 1970's	To provide affordable basic commodities for low income Jordanians	
Flour	1101.00	A-Unified: JD 113.000 /ton JD 5.900 / 50 kg, SHWAL To consumer: JD 0.125 /kg B- Baladi: JD 100.30/ton JD 5.265 / 50 kg, SHWAL To consumer: JD 0.110/kg	Minister of Industry and Trade's Decision # 29, 1998	Directorate of Quality and market monitoring, at the MIT	Early 1970's	To guarantee affordable basic commodities to low income Jordanians.	Certain other flour items and semolina imported and sold by the MIT are priced.
Bread Arabic, Tanouri, Taboun, Armenian, and Baladi,	ex1905.90	Consumer p. Range from JD 0.140 to JD 0.160 per kilogram	Minister of Industry and Trade's Decisions #s 31, 1998 30, 1998	Directorate of Quality and market monitoring, at the MIT	Early 1970's	To guarantee affordable basic commodities to low income Jordanians	From bakeries and groceries, and with or without wrapping
Bran	ex2302	Consumer Price. JD 77.000 / ton, bagged in 50 kg bags; SHWALS	Minister of Industry and Trade Decision # 28, 1998	Directorate of Quality and market monitoring, at the MIT	Early 1970's	To protect farmers and live-stock breeders	
Cement, Portland , bagged Cement, Portland , not bagged	ex2523.29 ex2523.29	Price, excluding transportation JOD/ton	Article No. 6 of the Concession agreement	Ministry of Industry and Trade	1964		Prices are not amended on regular basis. The Cement Co. has a 50-

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Cement, Sulphate resistant, bagged Cement, Sulphate resistant, not bagged	ex2523 ex2523	47.225, whole sale, 48.00, retail. 45.25 retail 52.00 retail 49.25 retail	between HKJ and Jordan Cement Factories; and article No. 2 of Supplies law No. 17 for the year 1992.				year concession agreement to be the sole producer of Cement in Jordan, which will end in yr. 2001. There, is a price control that the MIT also stipulates from retailers to consumers at JOD 2.435/50 kg/bagged cement
- Liquid gas (Butane) Leaded (gasoline) Super (gasoline) Unleaded (gasoline) - Jet Fuel (airplanes' fuel) - Kerosene - Diesel - Fuel oil - Asphalt, w/o containers - Asphalt, in containers - Diesel for Ships	ex2711.13 ex2710.00 ex2710.00 ex2710.00 ex2710.00 ex2710.00 2710.004 2710.005 ex2714.90 ex2714.90 ex2710.00	Retail price, JOD 2.08 / 12.5 kg. jar 0.221 / litter 0.301 / litter 0.351 / litter 0.120 / litter 0.910 / litter 0.106 / litter 72.5 / ton 64.5 / ton 85.0 / ton 0.135/Ltr.	Decision No. 1, 1998, per the Minister of Energy and Mineral Resources Letter # 2, 1998 dated February 25, 1998.	Directorate of Quality and market Monitoring, MIT Joint Committee with Jordan Petroleum Refinery	1984	Considered a basic commodity that needs to be regulated to assure affordability and control to all concerned.	- Prices are not amended on regular basis. - The Ministry of Energy & Mineral resources requests from the Ministry of Finance and PM to amend and approve prices when needed. - Add JD 0.003/ltr. for Diesel or Kerosene for distributing carriages and trucks.
Medicaments, Human, manufactured locally	ex3002 ex3003 ex3004	-Different price controls for the various items and	General Public Health Law, Law No. 21 for	-Ministry of Health	Early 1970's		Local manufacturers usually get their pricing approval for a new drug

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
		<p>their respective packaging</p> <ul style="list-style-type: none"> - Retail price is usually 20% to 40% less than the similar imported drug. -Whole sale price is set at 78.6% of the retail price 	the year 1971.				<p>when they first apply. However, if the Ministry does not approve the price, the local producer gets one chance only for amendment / objection against the decision. Prices are set backward working form 40-20% less than imported similar products to arrive at a price agreeable by producer. Prices, when set, are not amended on regular basis. Changing prices is very difficult, rarely approved by the Ministry, unless there are no substitutes for the drug. Local manufacturers stopped producing certain drugs after their cost exceeded the set prices.</p>
Water	ex2201.90	<p>Five Categories of Water tariffs.</p> <p>A. Residential, churches and mosques - Greater Amman area Water Tariff.</p>	Decision No. 374, dated may 10 th , 1997, as per Minister of Water and Irrigation letter/Water Authority dated 11 of October	Ministry of Water and irrigation, Water Authority, Subscribers' Section	1960's	Rates escalate in accordance to consumption to deter users from high unnecessary consumption of water, which is considered a scarce natural	

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Water	ex2201.90	B. Residential, churches and mosques, Other governorates water tariff. C. Non-Residential Tariff D. Irrigation Water At Jordan Valley E. Irrigation Water Private Wells 250 fils/cubic meter for irrigation water from private wells in excess of agreed upon quantity between owner and water authority.	1997. Prime Ministry Approval Decision No.2332 dated Sept. 22, 1994, Jordan Valley Authority. With approval of Prime Ministry PM Decision dated Dec. 29,1998	Ministry of Water and Irrigation, Jordan Valley Authority. Ministry of Water and Irrigation, Water Authority.	1998	resource in Jordan.	
Electrical Energy	2716.00	Regular Consumer Tariff: Category A: 1-160 KW hrs./month	General Electricity Law No. 10, for 1996	Ministry of Energy,	1938		

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Electrical Energy	2716.00	30 fils / KW hr. Category B: 161-300 KWhrs. / mth. 52 fils / KW hr. Category C: 301-500 KW hrs. / mth. 60 fils / KW hr. Category D: > 500 KW hrs./mth 75 fils/KW hr. Commercial consumer's Tariff 60 fils/ KW hr. Small Industry Tariff 36 fils/KW hr. Agricultural Tariff 23fils/KW hr. FOR Water Pumping 34 fils/KW hr. Hotels Tariff 60 fils/KW hr. Large Industries: Day use:					

Name of good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Electrical Energy	2716.00	33 fils/kwh Night use: 21 fils/kwh use in peak time: (6-9pm) JOD 3.05/kwh					

Table 1-2 March 31, 1999
(Profitability control on products)

Name of good Subject to Profitability Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Medicine, Veterinary, manufactured locally	ex3002 ex3003 ex3004	Cost of production + 15% Profit margin for producers + 17% for pharmacies (retailers)	General Public Health Law, Law No. 21 for the year 1971.	Ministry of Agriculture (Vet. Dept.)	Early 1970's		- By law, this is a profitability control, however, retailers sometimes sell vet. Drugs for lower prices. - Amending prices is not very difficult, since it's a profitability control.

**Table 1-3 March 31, 1999
(Price caps control on products)**

Name of good Subject to Price cap Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Fresh Cow Milk	ex0401.30	Consumer price JD 0.275 / kg	Decision # 35, 1997, MIT; and Supplies Law No.17, 1992	Directorate of Quality and market monitoring, pricing section, at the MIT	1970's		
Yogurt, in plastic container, produced from 100% fresh cow milk.	ex0403.10	Consumer Price JD 0.500 / 1 kg Container JD 0.270 / 500 gr. Cont. JD 0.125 / 200 gr. Cont. JD 0.880 / 1.800 kg Cont.	Decision # 35, 1997, MIT; and Supplies Law No.17, 1992	Directorate of Quality and market monitoring, pricing section, at the MIT	1970's		
Labaneh, in plastic container, produced from 100% fresh cow milk.	ex0403.90	Consumer price 1 kg Container JD 0.860 / 500 gr. Cont. JD 0.430 / 250 gr. Cont. JD 0.330 / 180 gr. Cont. JD 9.000 / 7 kg Cont.	Decision # 35, 1997, MIT; and Supplies Law No.17, 1992	Directorate of Quality and market monitoring, pricing section, at the MIT	1970's		
Houmos, Qudsieh, Fool, Musabaha,	ex2005.90 ex2005.90 ex2005.90 ex2005.90	Consumer Price JD 0.275 / 0.200 liter plate or container for all but the falafel.	Decision 21, 1998 MIT	Directorate of Quality and market monitoring, pricing section,	1970's		To include one loaf of Arabic bread for the non

Name of good Subject to Price cap Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Falafel Sandwiches, and Falafel pieces, sold in unclassified restaurants	ex2106.90 ex2106.90	JD 0.120 - 0.150 for falafel sandwiches JD 0.050 for each 4, 4 cm diameter falafel pieces		at the MIT			sandwiches items
Water	ex2201.90	Price from well to tanker 550 fils/cubic meter Price from tanker to consumer JOD 2/ cubic meter in Amman greater area. JOD 1.75/ cubic meter in other areas	Decision No. 1548 dated 1997, Water and irrigation ministry with prime ministry approval.	Water Authority, Department of Maintenance and Operations	1960's	Water scarcity issue	

Table 1-4 March 31, 1999
(Price control on imported products)

Name of imported good Subject to Price Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Wheat,	1001.10 ex1001.90	price to mills 1st-For unified Flour production: JD 91.450 /ton B- For Baladi flour production: JD 83.300 /ton	Minister of Industry and Trade's Decision # 1, 1999	Directorate of Quality and market monitoring, at the MIT	Early 1970's	To provide affordable basic commodities for low income Jordanians	

Table 1-5 March 31, 1999
(Profitability control on imported products)

Name of imported good Subject to Profitability Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, regs etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
Medicaments, Human imported	ex3002 ex3003 ex3004	Cost (including custom duties) + shipment + insurance + 19% for importers + 26% for pharmacies	General Public Health Law, Law No. 21 for the year 1971.	Ministry of Health	Early 1970's		
Medicaments, Veterinary, imported	ex3002 ex3003 ex3004	Cost (fob) + 12% for shipment + 15% for importers + 17% for pharmacies	General Public Health Law, Law No. 21 for the year 1971.	Ministry of Agriculture (Vet. Dept.)	Early 1970's		- Amending prices is not very difficult, since it's a profitability control.

Table 1-6 March 31, 1999
(Price caps control on imported goods)

Name of imported good Subject to Price cap Control	Tariff CN	Maximum Price	Legal Basis (name and number of Law, reg. etc)	Controlling or Enforcing Agency	Date Control became effective	Rationale for Control (if known)	Comment (if any)
- Carcasses & half carcasses of sheep, fresh or chilled - Other cuts of sheep with bone in, fresh or chilled - Carcasses & half carcasses of bovine animals, fresh or chilled - Cuts of bovine animals with bone in, fresh or chilled - meat of bovine animals, boneless, fresh or chilled	0204.21	JOD / Kg. All "Grade 2" Sheep(>=16 kg) - 2.5 (Retail) - 2.3 (wholesale) All "Grade 1" Sheep (< 16 kg) - 3.0 (Retail) - 2.8 (wholesale)	Decision No. 35, 1997 MIT	Ministry of Industry and Trade, Directorate of Quality and Market Monitoring	1970's	In lieu of article No. 2 of Supplies' Law No. 28, dated 1988.	Considered a basic food item that should be affordable to all concerned.
	0204.22						
	0201.10						
	0201.20		Decision No. 35, 1997 MIT	MIT, Directorate of Quality and Market Monitoring.	1970's		
	0201.30						
Barley , bagged	ex1003.00	Retail Price JOD 92/Ton	Decision No. 28, 1998 MIT	Directorate of Quality and market monitoring, at the MIT	1970's		Private sector is allowed to import however has to adhere to price cap.
Barley, loose	ex1003.00	JOD 87/ Ton					

