

Trade and Transport Facilitation: challenges and opportunities for the Hashemite Kingdom of Jordan¹

Raymond Saner & Lichia Yiu, CSEND Geneva, 25th April 2013

Background

This article builds on analyses and reflections generated during a consulting assignment by the authors in Jordan in February 2013.²

The overall objective of this assignment was to provide support to the Ministry of Transport (MoT) and the National Committee of Trade & Transport Facilitation (NC-TTF) in the development of institutional and statutory frameworks for Trade and Transport Facilitation. The specific objective of the assignment was to provide technical assistance to the MoT, particularly the Executive Secretariat of the National Committee on Trade and Transport Facilitation (ES-TTF) in formulating its charter as the base of future activities in the field of Trade and Transport Facilitation.

What follows are reflections and assessments as to the current and future functioning of the ES-TTF. A long list of internal documents have been written by previous consultants to this project as well as by monitors who have assessed progress of the project and suggested ways to improve implementation of the project's agreed activities. This assessment will not replace the foregoing contributions; instead, it aims at complementing them and building on the work done so far.

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² The consulting project was delivered on behalf of the Technical Assistance Team (TAT) of the EU financed bilateral TA project titled "Technical Assistance to Support the Ministry of Transport in Implementing the TFF Programme" (ENPI/2010/247-946).

Scope of ES-TTF

The Executive Secretariat was created as part of the EC-Jordan budgetary support programme for trade and transport facilitation. The ES was established to assist the NC-TTF with respect to trade and transport facilitation.³

Transport is a key sector for general economic development and for trade facilitation in particular. Trade certainly encompasses transportation but is a larger concept for instance including services and trade related intellectual property rights. The same observation holds in regard to trade facilitation. For instance trade facilitation is linked to logistics and supply chain management. Trade facilitation looks at operational improvements at the interface between business and government and associated transaction costs. Trade facilitation has therefore become a key feature nowadays in supply chain security and customs modernization programmes.

What follows is a non-exhaustive list of Trade Facilitation factors and activities:⁴

- Simple rules and procedures
- Avoidance of duplication
- Alignment of procedures and adherence to international conventions
- Transparent and operationable rules and procedures
- Public-service standards and performance measures
- Mechanisms for corrections and appeals
- Fair and consistent enforcement
- Proportionality of legislation and control to risk
- Risk management and trader authorizations
- Standardization of documents and electronic data requirements
- Automation
- International electronic exchange of trade data
- Single Window System
- Tracking and tracing of shipments
- etc.

It is important to note that Monica Alina Mustra of the World Bank distinguishes between an old and a new agenda of trade facilitation (see Figure 1) emphasising that both agendas are needed to succeed in shaping trade facilitation in a comprehensive, forward looking and

³ Log-Frame, Annexe 11 of EC-Jordan Budgetary and TTF support programme, pp 3-6, 2010

⁴ C:\Users\1810t\Documents\Jordan\Concept paper\Trade facilitation - Wikipedia, the free encyclopedia.mht

internationally oriented development strategy. This broadening of policy horizon is critical in light of the maturing global supply chains and interconnectedness of goods and services production where transportation and logistic management are the core but are not the sole issues to be concerned about.

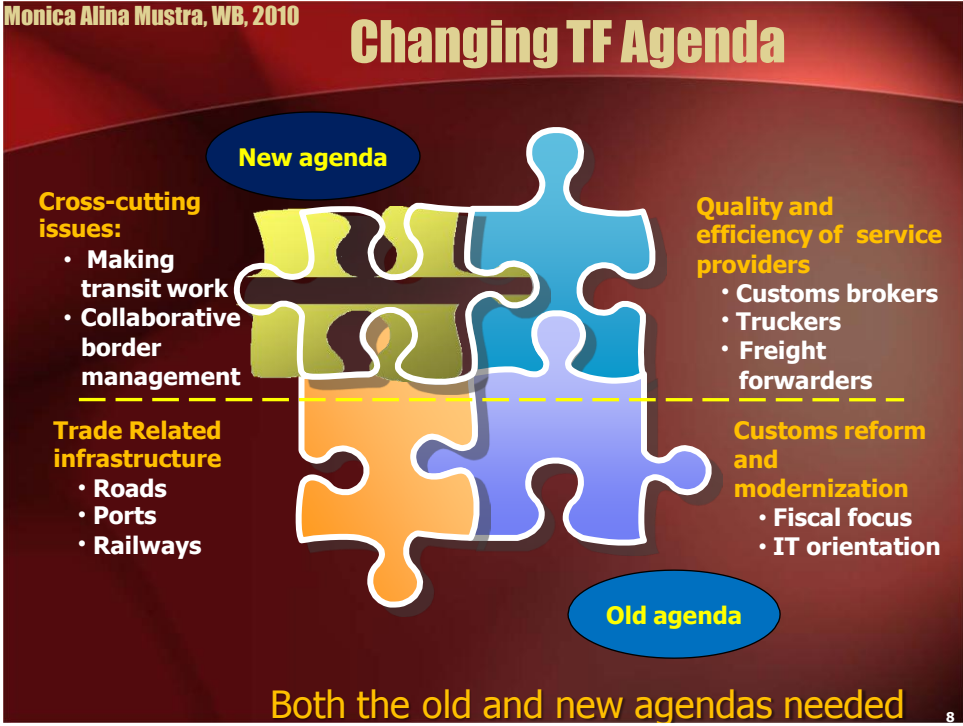


Figure 1: Transport and Trade Facilitation Issues and Agenda
 (Source : Monica Alina Mustra, World Bank, 2010)⁵

Trade Facilitation has been recognised in recent times as both an important part of trade and economic development and as a weak link of the value creation due to the great demand on aligning infrastructure investment with cross-sector and cross-border institution development. A recent high level expert meeting identified the total need for infrastructure development up to 2030 as amounting to 57 trillion USD which includes road construction in many landlocked countries.⁶

To address the inevitable challenge in order to increase cross-border trade efficiency and reduce transaction costs through behind border TF harmonisation, WTO member countries are currently negotiating an agreement on trade facilitation. Technical assistance is being offered by several international organizations such as the WTO, UNCTAD, ITC, UNECE and

⁵ Mustra, M. A., Presentation on “Trade and Transport Facilitation and Logistics: Diagnostic Tools and Action Plans”, World Bank Group, LogisMed Network, November 23-24, 2010, http://cmimarseille.org/_src/TL_wk1/TL_wk1_Mustra.pdf

⁶ McKinsey Global Institute & McKinsey Infrastructure Projects (2013) “[Infrastructure productivity: How to save \\$1 trillion a year](#)”

the World Bank to countries in order to reduce the “thickness” of their border. In addition, assistance on improving trade facilitation is being offered on a bilateral level by developed economies like the EU, the USA, Japan and increasingly also by emerging countries like China and India.

Based on the authors’ discussions with staff of ES-TTF and their TAT colleagues, the impression emerged that trade facilitation in its fuller meaning and broader definition is less prominently addressed by the current ES-TTF activities. More prominence is currently given to the transport aspect of trade facilitation which is by all means a very important factor of trade but as mentioned above not the only factor of trade facilitation.

Recommendation 1:

The ES-TTF staff and related organizations like the NC-TTF and TC-TTF should enlarge the scope of their understanding of trade facilitation beyond mere transportation related TF and review their core mandate from a broader and more comprehensive perspective.

Jordan’s current trade and trade logistical performance

Trade facilitation is a crucial element for a country’s trade performance. In order to identify entry points for improvement on current practices, it is imperative to take into account existing studies of Jordan’s trade performance and to identify all those aspects of the country’s trade facilitation which impact trade performance either in a positive or negative sense pertaining to both export and import activities within a country and within a region. In light of the infrastructure investment made for its transport network, i.e., road, railroad and airport, Jordan could leverage its corridor function (Figure 2) and its quality service provisions to a greater extent, provided the security and stability of the neighboring countries will be regained and/or maintained. Regional trade integration should be the next « big » ticket on the NC-TTF agenda. Benefits of such a pro-regional TTF focus would be both economically and socially beneficial as the former will generate a greater number of employment with better paying jobs for the annual 60,000-90,000 new entrants into Jordan’s labour market.⁷

⁷ International Labour Organization, “National Consultation on Youth Employment in Jordan – Concept Note” Amman, 19 April 2012

Greater regional trade integration was stressed by the Director General of the WTO, Mr. Pascal Lamy during his visit to Amman on 10th February this year. As Mr. Lamy stated during his talks in Amman, trade amongst countries of the MENA region is only 10% on the average of total trade of the individual MENA region countries. One of the reasons for such very low intra-regional trade is due to inadequate trade facilitation (e.g. due to non-tariff barriers, customs and investment handicaps).⁸

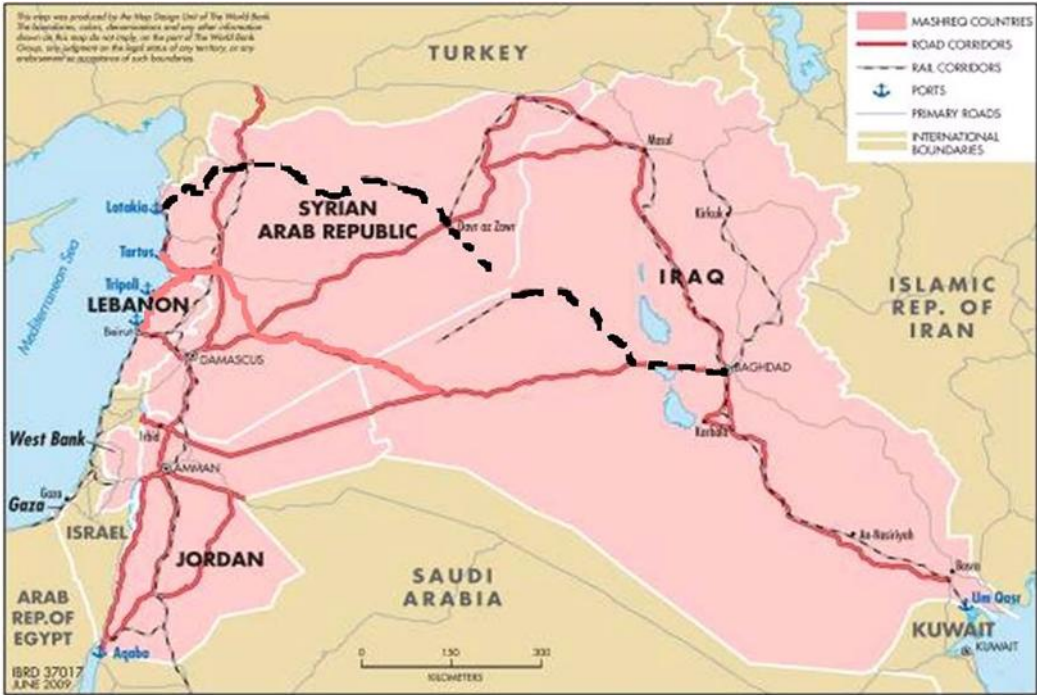


Figure 2 : Mashreq Main Routes and Transport Corridors for regional trade integration.

In another recent speech, Mr. Lamy outlined the new nature of cross-border trade being based on a value-added supply chain. He said that couple of decades ago the import content of a country’s exports used to be 20 per cent; now it is 40 per cent and forecasted to be 60 per cent within the next two decades (29 January, New Delhi).⁹ In other words, countries’ exports increasingly depend on imported inputs and capital goods needed to produce exportable goods and services which fit into the global value chain. For both, exports and imports, trade facilitation is crucial. The importance of the global supply and value chain can also be

⁸ “WTO chief urges Arabs to express views on international commerce”, Jordan Times, 11th Feb. 2013; <http://jordantimes.com/wto-chief-urges-arabs-to-express-views-on-international-commerce>

⁹ Pacal Lamy, “WTO and Multilateral Trading System: The Way Forward to Bali Ministerial”; New Delhi, January 29, 2013.

witnessed in the recent joint announcement by the WTO and OECD in Paris on redefining the trade statistics by adopting the concept and definition of intermediary goods and services traded between nations to better reflect the economic integration of today's world instead of the classic trade statistics based on finished goods and services concept which no longer reflects the true trade performance of individual countries.¹⁰

Recommendation 2

In light of this changing trend in reporting and analyzing trade performance in the context of the global supply and value chain, it is useful to take into account and discuss the existing trade and development literature which makes reference to Jordan and highlights some of the shortcomings of Jordan's existing trade arrangements.

Higher Transaction Costs for Trade

The World Bank publication titled "Doing business in Jordan" lists as cost to import (US\$ per container) the amount of US\$ 1335.- in comparison to OECD countries whose figure is only US\$ 1080.- High transaction costs of imports could make it difficult for Jordan to participate in the global value chain of the future¹¹. Without being part of the global value chain, Jordan will less likely benefit fully from the economic integration of the global trading system and experience a slowdown of its moving up the development ladder.

"Low" Performance Ranking concerning Trade Logistics

An important benchmark information in regard to trade performance is the World Bank LPI (Logistic Performance Index) ranking which indicates effectiveness and efficiency of trade logistics. The LPI is based on weighted averages of a country's scores on six key dimensions. They are: Efficiency of the clearing processes, quality of trade and transport related infrastructure, ease of arranging competitive priced shipment, competence and quality of logistic services, ability to track and trace consignments, and timeliness of shipments in reaching destination within the scheduled or expected delivery time.

¹⁰ OECD and WTO, "OECD-WTO Database on Trade in Value-Added: Preliminary results", 2012, https://www.wto.org/english/res_e/statis_e/miwi_e/tradedataday13_e/oecdbrochurejanv13_e.pdf

¹¹ The World Bank, « Doing Business in Jordan », 2013, Jordan is ranked Nr. 106 of a total of 185 economies, one position lower compared to 2012

Examining the current trade and transport related services in Jordan in the LPI Assessment Report, Jordan is ranked at position 102 out of 155 countries in 2012 (see Figure 3). The comparatively low position of Jordan again suggests the need to analyze the underlying reasons for such a relatively low ranking in light of Jordan's aspirations of becoming a leading transportation hub for the Levantine region.¹² Improving trade logistics in terms of time to delivery, cost and quality of services are important to maintain the momentum in accelerating economic growth and moving Jordan up on the income level. Service sector generated receipts (including transport) accounted for two-thirds of GDP since 2000^{13, 14} and employs over 75% of the workforce.¹⁵ This high percentage contribution to GDP remains high today up to 66% of GDP. In a resource limited country, continued improvements of its service sectors should remain to be a key priority and source of job creation. The Country Score Card (see Figure 3) shows ample room for improvement and expansion.

¹² The World Bank, "Connecting to compete, trade in logistics in the global economy", 2012

¹³ World Bank Operations Evaluation Department & Islamic Development Bank Operations Evaluation Office, "Jordan : Supporting Stable Development in a Challenging Region" , 2003.

¹⁴ <http://data.worldbank.org/indicator/NV.SRV.TETC.ZS>

¹⁵ Department of Statistics (2007b).

Country Score Card: Jordan 2012

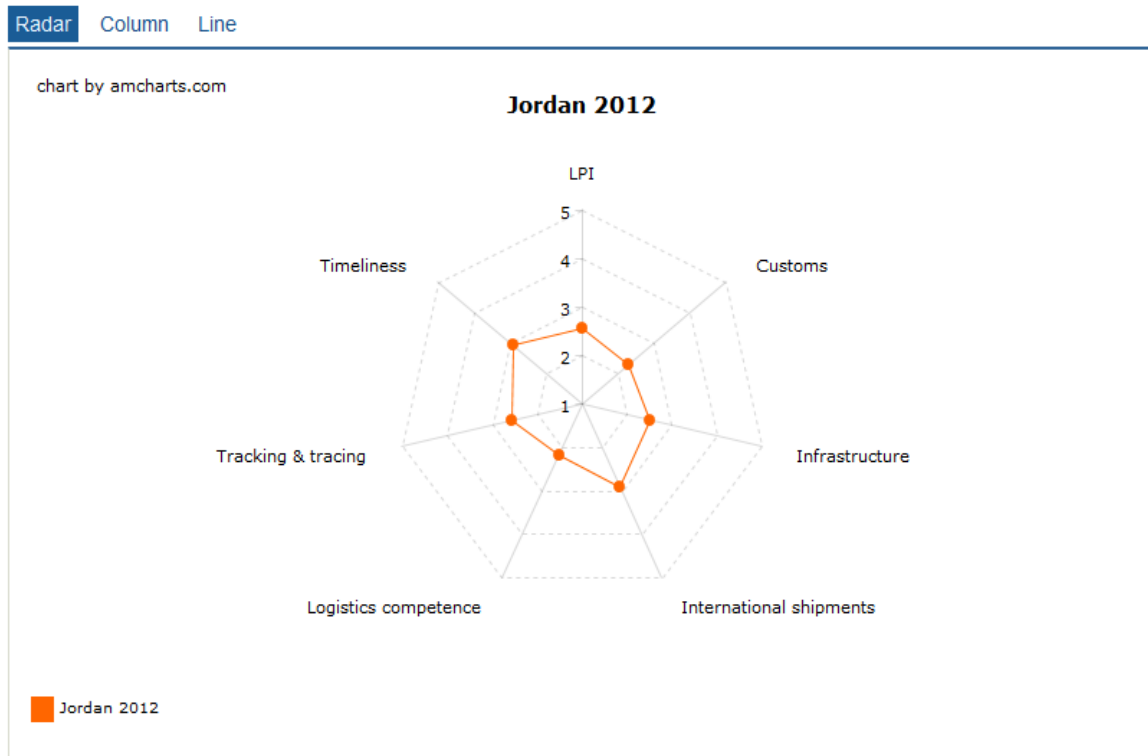


Figure 3: Jordan's Logistic Performance Scorecard¹⁶

The lack of efficient and effective trade facilitation and utilization due mostly to inefficient and poor quality of transport related services and infrastructure is a *shared* phenomenon of the region (see Box 1). This lagging performance offers Jordan a great opportunity to step up its TF performance and delivery by becoming a strategic player as envisioned in the national development plan and made possible and through effective leadership of the NC-TTF and efficient and effective performance of TC-TTF, the Technical Sub-Committees and ES-TTF. .

Recommendation 3

The NC-TTF should propose a TTF reform agenda and a roadmap for multistakeholder actions - to be submitted to the Prime Minister's Office for adoption and implementation. ES-TTF on behalf of the NC-TTF and TC-TTF should assume the monitoring role and report to the NC-TTF on a regular basis against the scorecard established by the World Bank and other selected measures. This monitoring and reporting function needs to address the progress made against the reform agenda and action plan. It must also address Jordan's competitive

¹⁶ Details of this scorecard can be read at <http://lpiurvey.worldbank.org/international/scorecard/radar/254/C/JOR/2012#chartarea>

performance against the World Bank assessment and against potential competitors like Turkey, for example. Turkey is ranked 27 amongst the 155 countries assessed by the World Bank representing 75 positions ahead of Jordan, while Saudi Arabia is ranked 37 and is 65 positions ahead of Jordan. A complete listing of the LPI ranking and score is included in Annex 1.

Box 4.3. Mashreq: Regional Assessments

An early version of this Trade and Transport Facilitation Assessment was used to develop a regional project for the Mashreq countries. Phase 1 assessments conducted in Syria, Jordan, and Lebanon identified a common interest in improving the main freight corridors serving the region, particularly the north–south corridor linking Turkey to Saudi Arabia and the United Arab Emirates. Because the three countries were in the process of implementing the ASYCUDA customs information system, have signed bilateral arrangements allowing trucks to transport cargo to and from neighboring countries, and are members of the TIR system, implementing a regional transit regime seemed feasible.

But the assessment results indicated that related difficulties discouraged movement through the region. Site visits to the border crossings between Jordan and Syria revealed reasonably efficient operations, but the convoy system used for internal transit was slow and cumbersome. Interviews with the port operators indicated that conversion to private operations had improved performance, but volumes and shipping services were still limited. Liberalization of the financial transactions and access to foreign exchange had allowed an increase in formal trade, but some vestiges of the earlier system designed to bypass government taxation remained. There was adequate road transport capacity, but formal allocation of import shipments continued to limit the quality of service in Syria and Lebanon. Though Jordan had successfully modernized its trucking fleet, Syria and Lebanon had older, less reliable trucks, creating downward pressure on trucking rates.

These findings were used to develop a regional corridor project with components to address these problems and complement investments in infrastructure. Within six months of completing the assessments a project incorporating many of their proposals was under preparation.

Source: World Bank, 2009.

Box 1: Meshreq: Regional Logistic Performance Assessment

(Source: The World Bank Group, “Trade and Transport Facilitation Assessment, 2010)

Such a reform agenda will not be complete, if it leaves out the regional dimension, especially from a trade and transportation facilitation point of view. Therefore the Reform Agenda and Action Plan should also address the institutional realignment and capacity building efforts needed to reduce “border thickness” (physical transport infrastructure and service infrastructure like IT, customs etc.).

Divergent Quality Levels of Transport Facilities

Trade and trade facilitation is an important factor in determining a country’s global competitiveness. The World Economic Forum based in Geneva holds a regional conference on an annual basis in Amman with the aim of promoting greater economic integration of the

region and supporting country development. The WEF’s annual Global Competitiveness Report is another useful source of information to compare Jordan’s overall economic performance and national productivity with other countries. Such comparison sheds light on national performance and identifies areas of possible improvements required to accelerate growth and to effectively and efficiently manage Jordan’s development challenges. Results of the 2012-2013 WEF Global Competitiveness Assessment indicate that Jordan has improved its position from 71 (out of 142 countries) in 201-2012 to 64 (out of 144). Compared with other WEF Stage 2 countries, Jordan in most accounts is a better performer than the average stage 2 countries with the only significant exception being Jordan’s macroeconomic environment (see Figure 4).

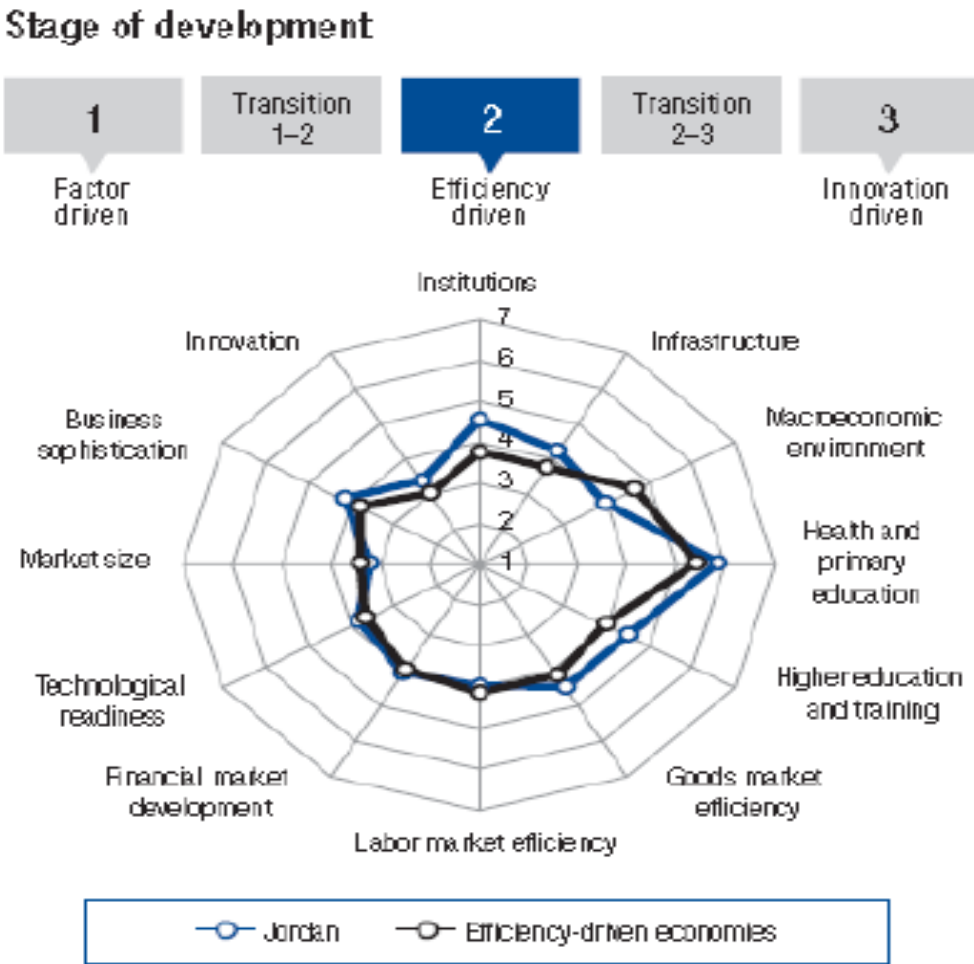


Figure 4: Jordan (2013=2-2013) WEF Global Competitiveness Assessment

When looking at the second pillar of national competitiveness, namely infrastructure, the quality differentials between roads, railroad and port infrastructure with the transport

infrastructure are quite stark (see Figure 5). While the quality of transportation infrastructure ranked in 38th place of all 144 countries, investments and efforts made have been undermined by the inconsistent quality levels of its supply chain components of the transport corridor from Aquba to the Mediterranean seaboard, especially the railroad infrastructure which is crucial in bringing down the unit cost of transportation and reducing the environment impact and costs of increased traffic through Jordan.

2nd pillar: Infrastructure		
2.01	Quality of overall infrastructure	5.1 41
2.02	Quality of roads	4.8 45
2.03	Quality of railroad infrastructure	1.9 96
2.04	Quality of port infrastructure	4.4 62
2.05	Quality of air transport infrastructure	5.5 38
2.06	Available airline seat kms/week, millions*	185.5 66
2.07	Quality of electricity supply	5.7 39
2.08	Mobile telephone subscriptions/100 pop.*	118.2 47
2.09	Fixed telephone lines/100 pop.*	7.4 102

Figure 5: WEF 2012-2013 GCI on Jordan’s Infrastructure

The competitiveness of Jordan’s port infrastructure is given us 62 out of 144 countries. In light of the importance of Aqaba and its port facilities, it would be useful to find out why Jordan’s ranking is not higher in light of all the investments which have been made to increase Aqaba’s shipping activities.¹⁷

Recommendation 4

As a national dialogue forum, it is recommended that NC-TTF addresses this investment wastage due to inconsistent quality levels of the same value chain and reach consensus on the needed action plan to mediate this unsatisfactory performance. Actors from different sub-sectors need to move out of their “silos” and work collaboratively to leverage the transport investment already made and will continue to make in the country.

It would also be advisable that ES-TTF conducts on-going monitoring of the TF performance improvements and applies a scorecard method. Methodologies and indications used by the World Bank LPI measures and WEF GCI need to be streamlined for application while additional indicators can be added to reflect Jordan’s specific needs. Scorecard reports need to be made transparent and available to the concerned public and economic actors to allow them to make informed choices to improve their competitiveness.

¹⁷ The World Economic Forum, « The Global Competitiveness Report 2012-2013 », pp 214-215, 2012.

Under.utilisation of WTO Trade Policy Review Process

The most authoritative and relevant source of information in regard to trade performance is the Trade Policy Review (TPR) of the WTO. Jordan has successfully completed its first TPR in 2011. In this 2011 TPR, it is stated that Jordan’s transportation sector continued to suffer significant losses since 2001 (see Table 1). This is understandable due to the sever insecurity of the region which affected trade. However, looking at the upward trend of operational losses and prolonged regional instability, it appears necessary to engage in regular scenario planning to cope with the deteriorating regional trade outlook.

BALANCE of PAYMENTS (2001-2007) (JD million)	2001	2002	2003	2004	2005	2006	2007
2. Services (net)	-169.0	-77.1	-100.0	-51.8	-147.8	-44.8	-35.3
Travel (net)	228.4	422.0	432.2	571.4	606.5	867.4	1,013.1
Transportation (net)	-339.5	-339.7	-370.6	-482.6	-618.1	-714.9	-823.0

Table 1: Balance of Payments of Jordan’s service sector and Transportation (2000-2007) as listed in it 2011 Trade Policy Review Report

What follows are a few excerpts of the Jordan TPR that are directly relevant for this report. At the end of each excerpt, the reader will find the page reference related to the TPR. However, it would be very useful for the ES-TTF team to study the TPR in greater detail. The sections in bold letters have been highlighted by the authors of this report.

“SUMMARY OBSERVATIONS:

The business environment remains somewhat inhibited by, inter alia, administrative hurdles, **limitations on foreign participation in certain activities, such as road transport, and costly transport infrastructure and utilities.** (p.vii)

ECONOMIC ENVIRONMENT

Jordan has one of the world’s highest levels of workers’ remittances and public grants: together they amount to around 22% of GDP. The economy also benefits from a relatively well developed infrastructure, and a strategic geographic location. Some of the key weaknesses of the economy include its high unemployment rate (about 14%); an active-to-total population ratio that is

among the lowest in the world, with an average of four non-active individuals depending on a single worker; low labour productivity and labour market imbalances¹⁸; and limited sources of funding, an unfavourable taxation structure (among the highest within Arab countries), **and costly transport infrastructure and utilities, which have affected the development of private companies.**¹⁹ (p.1)

Upon becoming member of the WTO, Jordan made commitments in regard to bound tariff levels and also in regard to the service sectors (GATS). One of the service sectors is transport services which consist of maritime transport services, passenger transportation, freight transportation, maritime auxiliary services, rental services of sea-going vessels with operators, maintenance and repair of vessels, storage and warehousing services, shipping agents maritime freight forwarding services, maritime freight inspection services, food supply catering, air transport services, maintenance and repair of aircraft, computer reservation systems, air auxiliary services, freight forwarding services and packing and crating and de-packing and de-crating services²⁰

FDI restrictions are reported in the transportation and related subsectors (Annex 2). As FDI is one of the most cost efficient ways of technology and know-how transfer, it could be worthwhile to review these limitations in the context of Jordan's strategic objective in achieving the regional transportation hub status.

WTO membership offers members access to foreign markets while at the same regulating market access and national treatment conditions in each member countries. It would hence be useful to study the commitments made in the transport service sector by other regional countries in order to identify market opportunities for Jordanian transportation companies. At the same time, careful reading of Jordan's commitments could also help Jordan anticipate future competition by foreign transport companies thus leading to defensive and offensive strategies in regard to the transportation sector.

¹⁸ Jordan's labour policy, including restrictions on foreign labour, is not adequately aligned with the needs of the private sector.

¹⁹ Government of Jordan online information. Viewed at: <http://www.nationalagenda.jo/Portals/0/EnglishBooklet.pdf>.

²⁰ WTO, m GATS/128, 15 December 2006, Jordan, pp 34-38.

The above observations and suggestions are even more needed in regard to the Free Trade Agreements which Jordan has signed with other countries such as Singapore, the USA, the EFTA group of countries. FTAs often go deeper than WTO commitments offering both more opportunities for exports (goods and services) as well as constitute more potential competition in home market. The same is true in regard to bilateral investment treaties which can facilitate foreign direct investment in Jordan (inflow) or give access to Jordanian investors abroad (outflow). However, when signing BITs, countries have to be prepared for the eventuality of having to solve disputes with foreign investors at international courts of arbitration which could be very costly for countries in regard to financial and reputational costs.

Recommendation 5

ES-TTF staff should be fully informed of the TPR findings and Jordan's commitments in the transport service sector and in the different FTAs. The TPR is publically available and can be used to negotiate technical assistance (Trade Facilitation) for Jordan ²¹

Recommendation 6

ES-TTF staff should be broadly knowledgeable of key trade and competitiveness related literature (WTO, FTAs, BITs, WEF, WB) and ensure that competent inputs relating to trade, trade facilitation and TTF are provided on a regular basis by their colleagues from the relevant sector ministries of the Jordanian government.

Recommendation 7

Building a TTF knowledge depository through the ES-TTF on-line portal will not only facilitate the convenience of accessing trade agreement related information but would also enhance public awareness of the issues at hand and stakes involved. It would also help Jordan's university based trade economists become more familiar with the subject matter and provide intellectual inputs into their teaching and research activities.

²¹ Trade Policy Review of Jordan, WT/TPR/S/206/Rev.1, WTO, Geneva, 27 January 2009, passages relevant for ES-TTF are pp 1,2,4, 5, 46, 47, 49-51, 53, 87-91, 27 January 2009

Interministerial trade policy and TFF coordination

One of the most important factors guaranteeing successful trade and economic development of a country is its ability to organized effective and efficient policy coordination amongst its ministries, prime minister office and government agencies.²²

Trade and Trade Facilitation is covered by several ministries of the Jordanian government e.g. by the Prime Minister's Office (Aqaba Special Economic Zone Authority), the Ministry of Industry and Trade and Supplies (Jordan Export Development & Commercial Centers Corp.JEDCO; Jordan Institution for Standards and Metrology JISM; Ministry of Finance (Jordan Customs Department, The Free Zones Corporation; the Ministry of Interior (Public Security Directory), Ministry of Transportation (The Public Transport Regulatory Commission PTRC, the Aqaba and Hijaz Railways, The Civil Aviation Regulatory Commission, the Jordanian Naval Authority). Fragmentation of the trade policy function and processes requires a strong coordination and feedback mechanism to ensure trade and trade facilitation policy coordination and coherence and timely implementation.

Various international benchmarking indexes quoted in the foregoing sections have highlighted the urgent need to eliminate silos and to strengthen collaboration in the TTF domain. Such interministerial trade policy coordination is crucial.

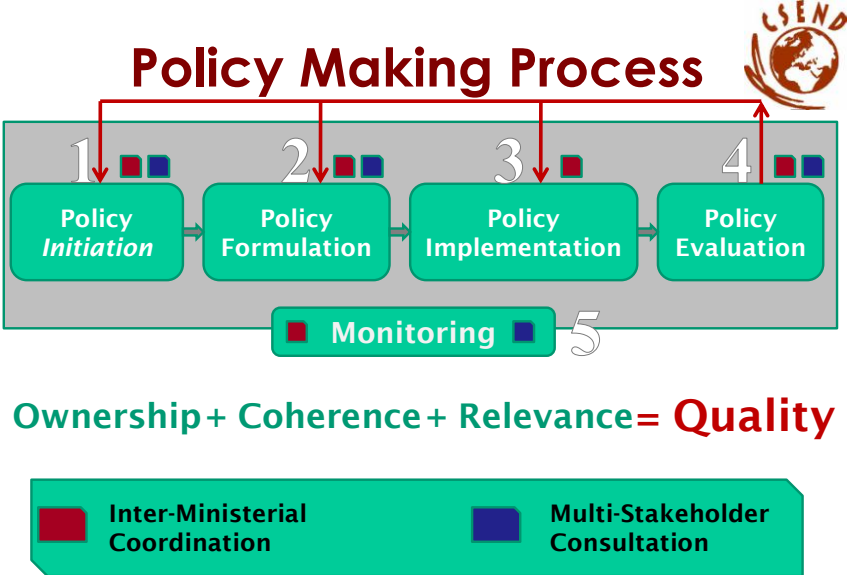
However, while regulatory coordination is a must, it is not sufficient if the market actors, i.e., private sectors and in increasing cases the civil society organizations are not consulted in a dialogue process. In addition to interministerial trade policy coordination, the government to private sector/public sector/civil society trade policy consultation is an equally important factor for successful TTF. The Jordanian ministries and commissions need to engage in proactive consultations with the Jordanian Chambers of Commerce & Industry, the different industrial and trade associations and allow their views to be heard and needs to be included in trade related discussions.

The objectives of effective trade policy coordination and consultation are multi-fold. On the aspect of reducing potential supply chain risks in TTF, close coordination and regular consultation may solve current trade related disputes and forestall future disputes between public and private actors involved in TTF which – if not solved constructively - can cause

²² Raymond Saner, « Trade Policy Governance through Inter-ministerial Coordination », Republic of Letters, pp 257, Dodrecht NL, 2010

long lasting financial damage and loss of reputational capital. Vertical and horizontal consultation in an inclusive manner also help assess more accurately needs of these public and private actors in order to design future oriented trade and development strategies as well as identify golden opportunities for innovation. Needless to say, such dialogues and consultation provide insight and feedback concerning trade related interfaces with neighbouring countries which can ensure success of Jordan’s strategy to become a trade and transportation hub of the region.

Figure 6 below depicts the processes of trade and transport related policy coordination and consultation and the critical paths when horizontal and vertical dialogues need to take place.



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Figure 6 : Process Overview of Interministerial Coordination and Multistakeholder Consultation (Source : CSEND, 2010)²³

²³ CSEND, Presentation on “Inter-Ministerial Coordination and Stakeholder Consultation of Trade Policy Making”, CSEND-CUTS Book Vernissage, WTO, 19th July 2010, <http://www.csend.org/trade-policy-governance/trade-a-interministerial-trade-policy-coordination>

Although ES-TTF will act in the supportive function to the NC-TTF and its affiliated technical committee and sub-committees, it is expected ES-TTF will be a “knowledge” based unit which will provide also high-value added advisory services through its scanning, analytic and synthesis capabilities. Therefore, ES-TTF should be a driver for the successful implementation of the NC-TTF reform agenda and the overseers of the progress through its systematic monitoring of the development and feedback.

Recommendation 8:

ES-TTF needs to conduct a thorough mapping of all public and private actors involved in trade facilitation and clarify membership and membership quality (active member, observer) of the Technical TFF Committee and subcommittees. ES-TTF needs also to communicate the results of its mapping for validation and feedback.

The attached stakeholder grid could help proceed with the mapping and attribution of membership quality (see Annex 3a, 3b).

Recommendation 9

ES-TTF with the support of its constituencies should build an IT based information and database in order to perform scorecard and other monitoring analyses efficiently.

On a biannual basis, ES-TTF should also be provided with resources to conduct a stakeholder survey in order to systematically capture the needs, experiences and feedback from its constituencies.

Functions of the ES-TTF

Based on documents drafted by the EU/TAT experts over the last two years, it appears that the Executive Secretariat should function as an advisory and executive secretariat to be of service to its clients in the public and private sectors

In particular, the Executive Secretariat TTF should provide:

1. detailed policy and technical advice, information, and recommendations to the National Committee for Trade and Transport Facilitation regarding facilitation of trade and transport activities through administrative and legal reforms,
2. improvement of Jordan's competitiveness by improving customs procedures,
3. intermodal transportation infrastructure and processes
4. solving disagreements between ministries, public agencies and private sector operators (exporters and importers)
5. implement existing trade agreements
6. increase awareness of the benefits of trade facilitation
7. conduct surveys and analysis of relevant data needed to generate recommendations and proposals to increase trade and investment
8. perform other advisory functions as deemed necessary by the NC-TTF or his designees.
9. Design, implement and monitor capacity building activities for its stakeholders as seen need (more in section 6 below)

Recommendation 10

It would be useful to conduct an in-depth job analysis taking account points 2-4 above. Once a job analysis has been completed, job descriptions should be established and competency profiles of current staff be compared with the job requirements as listed above. Subsequently, job training should be organized to close competency gaps of existing staff and possible recruitment of additional staff might be needed to complete the full spectrum of competencies required to ensure successful operations of ES-TTF.

Capacity building in TTF organized by the ES-TTF

Implementing Jordan's Trade Facilitation and TTF objectives requires capacity building of the stakeholders – whether government organization, commission, association or private sector organizations.

Capacity building has already been done by the TAT over the last two years with considerable success. In light of the complexities at hand and the future trade challenges, more training and institution development needs to be designed and organized by ES-TTF.

The capacity building activities can consist of traditional training, on-the-job training and study tours to more advanced countries. Training expenditures for capacity building can be high and a return on investment uncertain if ES-TTF does not rigorously monitor and evaluate training activities in a systematic manner.

Installing adequate quality standards and quality assurance measures to ensure the close alignment of training with business strategies and objectives would be useful. Money can easily be wasted (wrong persons sent for training, training delivery poor, no transfer of newly acquired knowledge and skills to job site, etc).

Recommendation

11

In light of the limited financial and human resources to be invested in training and capacity building, it should be mandatory that quality assurance methods be implemented (e.g. ISO 10015+ Quality Standard for Training) and investment in training be evaluated on a regular basis.

Conclusion

This concept note takes into consideration international assessments of Jordan's TTF performance and extensive previous contributions by EU/TAT consultants.

The gist of the recommendations highlights the need for ES-TTRF to ensure successful TTF policy coordination, consultation and mediation functions .

To achieve successful implementation of its important and complex responsibilities, it would be useful for ES-TTF to base its activities on evidence based monitoring and reporting which will empower it to provide policy advice and recommendations based on factual diagnostics and system level analysis.

This concept note complements the charter written by the same author. Both documents are intended to provide support to ES-TTF to build its knowledge base. Targeted capacity building will help ES-TTF strengthen the already existing knowledge base in the stakeholder organizations with which ES-TTF can greatly contribute to Jordan's current and future trade efficiency and effectiveness. .

Annexes

Annex 1: LPI Ranking and Scores, 2012

Annex 2: Jordan's Foreign Direct Investment Limitations

Annex 3: Multistakeholder mapping and responsibility charting tool

Annex 1: LPI Ranking and Scores, 2012

Source: Connect to Compete 2012, Trade Logistics in the Global Economy

LPI ranking and scores, 2012

Economy	2012 LPI			Economy	2012 LPI			Economy	2012 LPI		
	Rank	Score	% of highest performer		Rank	Score	% of highest performer		Rank	Score	% of highest performer
Singapore	1	4.13	100.0	Vietnam	53	3.00	64.1	Honduras	105	2.53	49.1
Hong Kong SAR, China	2	4.12	99.9	Romania	54	3.00	63.8	Cameroon	106	2.53	48.9
Finland	3	4.05	97.6	Bosnia and Herzegovina	55	2.99	63.5	Bhutan	107	2.52	48.6
Germany	4	4.03	97.0	Uruguay	56	2.98	63.5	Ghana	108	2.51	48.2
Netherlands	5	4.02	96.7	Egypt, Arab Rep.	57	2.98	63.3	Lao PDR	109	2.50	48.0
Denmark	6	4.02	96.6	Lithuania	58	2.95	62.3	Senegal	110	2.49	47.7
Belgium	7	3.98	95.3	Indonesia	59	2.94	62.2	Venezuela, RB	111	2.49	47.7
Japan	8	3.93	93.8	Peru	60	2.94	61.9	Iran, Islamic Rep.	112	2.49	47.6
United States	9	3.93	93.7	Panama	61	2.93	61.6	Paraguay	113	2.48	47.4
United Kingdom	10	3.90	92.7	Oman	62	2.89	60.4	São Tomé and Príncipe	114	2.48	47.4
Austria	11	3.89	92.5	Yemen, Rep.	63	2.89	60.3	Guinea	115	2.48	47.4
France	12	3.85	91.2	Colombia	64	2.87	59.8	Azerbaijan	116	2.48	47.4
Sweden	13	3.85	91.2	Estonia	65	2.86	59.5	Uzbekistan	117	2.46	46.9
Canada	14	3.85	91.1	Ukraine	66	2.85	59.3	Gambia, The	118	2.46	46.8
Luxembourg	15	3.82	90.3	Benin	67	2.85	59.3	Liberia	119	2.45	46.3
Switzerland	16	3.80	89.7	Botswana	68	2.84	58.9	Montenegro	120	2.45	46.3
United Arab Emirates	17	3.78	88.9	Greece	69	2.83	58.6	Nigeria	121	2.45	46.3
Australia	18	3.73	87.2	Kuwait	70	2.83	58.5	Kenya	122	2.43	45.9
Taiwan, China	19	3.71	86.6	Pakistan	71	2.83	58.4	Fiji	123	2.42	45.4
Spain	20	3.70	86.4	Mauritius	72	2.82	58.2	Jamaica	124	2.42	45.3
Korea, Rep.	21	3.70	86.2	Malawi	73	2.81	57.8	Algeria	125	2.41	45.3
Norway	22	3.68	85.9	Guatemala	74	2.80	57.7	Solomon Islands	126	2.41	45.2
South Africa	23	3.67	85.5	Serbia	75	2.80	57.6	Mauritania	127	2.40	44.7
Italy	24	3.67	85.4	Latvia	76	2.78	56.9	Papua New Guinea	128	2.38	44.0
Ireland	25	3.62	80.6	Georgia	77	2.77	56.8	Myanmar	129	2.37	43.8
China	26	3.62	80.5	Albania	78	2.77	56.7	Kyrgyz Republic	130	2.35	43.3
Turkey	27	3.51	80.3	Ecuador	79	2.76	56.2	Gabon	131	2.34	43.0
Portugal	28	3.50	80.1	Bahamas, The	80	2.75	56.1	Moldova	132	2.33	42.6
Malaysia	29	3.49	79.8	Sri Lanka	81	2.75	56.0	Guyana	133	2.33	42.5
Poland	30	3.43	77.8	Costa Rica	82	2.75	55.9	Burkina Faso	134	2.32	42.3
New Zealand	31	3.42	77.4	Côte d'Ivoire	83	2.73	55.4	Afghanistan	135	2.30	41.5
Iceland	32	3.39	76.6	Madagascar	84	2.72	55.1	Tajikistan	136	2.28	41.1
Qatar	33	3.32	74.3	Dominican Republic	85	2.70	54.4	Libya	137	2.28	41.0
Slovenia	34	3.29	73.1	Kazakhstan	86	2.69	54.2	Angola	138	2.28	40.8
Cyprus	35	3.24	71.8	Niger	87	2.69	54.1	Rwanda	139	2.27	40.5
Bulgaria	36	3.21	70.7	Tanzania	88	2.65	52.9	Mongolia	140	2.25	40.0
Saudi Arabia	37	3.18	69.7	Namibia	89	2.65	52.9	Ethiopia	141	2.24	39.6
Thailand	38	3.18	69.6	Bolivia	90	2.61	51.6	Lesotho	142	2.24	39.5
Chile	39	3.17	69.5	Belarus	91	2.61	51.6	Congo, Dem. Rep.	143	2.21	38.6
Hungary	40	3.17	69.5	Syrian Arab Republic	92	2.60	51.3	Cuba	144	2.20	38.3
Tunisia	41	3.17	69.4	El Salvador	93	2.60	51.2	Iraq	145	2.16	37.1
Croatia	42	3.16	69.2	Guinea-Bissau	94	2.60	51.1	Comoros	146	2.14	36.5
Malta	43	3.16	69.0	Russian Federation	95	2.58	50.7	Eritrea	147	2.11	35.5
Czech Republic	44	3.14	68.5	Lebanon	96	2.58	50.6	Sudan	148	2.10	35.3
Brazil	45	3.13	68.2	Togo	97	2.58	50.5	Congo, Rep.	149	2.08	34.7
India	46	3.08	66.4	Central African Republic	98	2.57	50.3	Sierra Leone	150	2.08	34.5
Mexico	47	3.06	66.0	Macedonia, FYR	99	2.56	50.1	Nepal	151	2.04	33.1
Bahrain	48	3.05	65.7	Armenia	100	2.56	50.0	Chad	152	2.03	32.9
Argentina	49	3.05	65.5	Cambodia	101	2.56	50.0	Haiti	153	2.03	32.8
Morocco	50	3.03	65.0	Jordan	102	2.56	49.8	Djibouti	154	1.80	25.5
Slovak Republic	51	3.03	64.9	Zimbabwe	103	2.55	49.6	Burundi	155	1.61	19.5
Philippines	52	3.02	64.8	Maldives	104	2.55	49.4				

Annex 2: Jordan's Limitation on Foreign Direct Investment

Foreign equity limitations, July 2008 (Source : Jordan's Trade Policy Review Report, 2011, #S206R1-02)

50% foreign equity limitation	
Trade activities	<ul style="list-style-type: none"> Purchasing goods and other moveable assets for rental purposes (except financial leasing by banks, financial companies, and insurance companies) Purchasing goods and other financial moveable assets to be sold for profit Retail and wholesale trade Importation and exportation Distribution of goods and services Material supply
Transportation services	<ul style="list-style-type: none"> Marine transportation and ancillary services Air transportation services (excluding airplane engine renovation; investment in duty-free shops at airports; simulation aviation training; and computer reservation systems) Railway transportation services (excluding passenger and cargo transportation; trailing services; and ancillary services of railway transportation, such as stations) Road transportation services Clearance
Other services	<ul style="list-style-type: none"> Engineering services Construction contracts Technical examination services related to soil testing and other chemical tests for building and construction purposes Maintenance of road transportation vehicles Maintenance of transmission or radio and television broadcasting equipment Photography, photocopying (excluding cinematography and television photography) Recruitment and labour force supply Brokerage (excluding financial brokerage and intermediary transactions by banks, financial companies, and financial service companies) Advertising services Services of commercial agents, brokers, and insurance brokers Money exchange transactions (excluding those provided by banks and financial companies) Services of restaurants, cafés, and cafeterias (excluding meal service at hotels, and motels, and on-board ships and trains) Travel agencies, sight-seeing tours and tourist trip organizers
49% foreign equity limitation	<ul style="list-style-type: none"> Regular and non-regular air transportation services for passengers, cargo, and mail Chartering services of airplanes with crews
No foreign ownership allowed	<ul style="list-style-type: none"> Passenger and cargo road transportation, including services of taxis, buses, and trailers Quarries for sand, stones and crushed rock, and debris used for construction purposes Investigation and security services Sports clubs and sports events organization (excluding fitness and physical health clubs) Clearance

Note This table provides an overview of the foreign equity ceilings that are applicable to specific sectors and activities in Jordan. The Council of Ministers has the right to approve higher ceilings than indicated in the table, in development projects of special significance. In all other sectors and activities, 100% foreign ownership is permitted.

Source: Organizing Non-Jordanians' Investments By-Law No. 54 of 2000, issued pursuant to Article 24 of the Investment Promotion Law of 1995.



Annex 3a

TTF Stakeholder Mapping NC-TTF

Stakeholder Group :- _____

Represented by :- _____ Date :- _____

V = Veto, **R**= Responsible, **I**= Informed, **S**= Support

TTF – ES Services	National Committee (9 members)									
	TTF-ES	MoT	MoPIC	MiT	MoPWH	MoI	MoA	JC	JCoI	JCoC
1. Prepare & manage meetings of NCTTF & TCTTF & 4 T-subcommittees										
2. Conduct analyses of TTF related issues/problems to be presented to NCTTF										
3. Coordinate TTF problems (fact finding, develop paper, initiate meetings with concerned actors)										
4. Make recommendations related to										

TTF problems										
Follow up on decisions taken by NCTTF										
Organise training for capacity building in TTF										
Create and update website with TTF information										

Legend: R= Responsible; S= Support; I= Inform; V= Veto Power

Annex 3b

TTF Stakeholder Mapping TC-TFF



Stakeholder Group :- _____

Represented by :- _____

Date :- _____

V = Veto, R= Responsible, I= Informed, S= Support

TTF – ES Services	Technical Committee (23 members)																
	MoT	MiT	JISM	MoPIC	JC	MoPWH	MoI	MoA	JFDA	ADC	PC	CARC	JMA	JCoI	JCoC	ACT	
1.																	
2.																	
3.																	
4.																	
5.																	
6.																	
7.																	

