

Identifying Trade in Goods and Classification Methods

A “good” is defined as any product that could be planted, manufactured, or traded.

All goods are classified according to the Harmonized System (HS) Code, the international system for the classification and categorization of goods. The HS serves statistical and economic objectives and aims to facilitate trade exchange between nations.

The schedules within the HS are used to identify the tariff applied to any product. The United States HS Schedule, for example, is comprised of 99 chapters distributed over 22 Sections:

Harmonized Tariff Schedule of the United States (2002)		
SECTION	CHAPTERS	CONTENTS
1	01 – 05	Live Animals; Animal Products
2	06 – 14	Vegetable Products
3	15	Animal Or Vegetable Fats And Oils And Their Cleavage Products; Prepared Edible Fats; Animal Or Vegetable Waxes
4	16 - 24	Prepared Foodstuffs; Beverages, Spirits, And Vinegar; Tobacco And Manufactured Tobacco Substitutes
5	25 – 27	Mineral Products
6	28 – 38	Products Of The Chemical Or Allied Industries
7	39 – 40	Plastics And Articles Thereof Rubber And Articles Thereof
8	41 – 43	Raw Hides And Skins, Leather, Furskins And Articles Thereof; Saddlery And Harness; Travel Goods, Handbags And Similar Containers; Articles Of Animal Gut (Other Than Silkworm Gut)
9	44 – 46	Wood And Articles Of Wood; Wood Charcoal; Cork And Articles Of Cork; Manufacturers Of Straw, Of Esparto Or Of Other Plaiting Materials; Basketware And Wickerwork
10	47 – 49	Pulp Of Wood Or Of Other Fibrous Cellulose Material; Waste And Scrap Of Paper Or Paperboard; Paper And Paperboard And Articles Thereof Section Notes
11	50 – 63	Textile And Textile Articles
12	64 - 67	Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking Sticks, Seat sticks, Whips, Riding-Crops And Parts Thereof; Prepared Feathers And Articles Made Therewith; Artificial Flowers; Articles Of Human Hair
13	68 – 70	Articles Of Stone, Plaster, Cement, Asbestos, Mica Or Similar Materials; Ceramic Products; Glass And Glassware
14	71	Natural Or Cultured Pearls, Precious Or Semi-Precious Stones, Precious Metals, Metals Clad With Precious Metal And Articles Thereof; Imitation Jewelry; Coin
15	72 – 83	Base Metals And Articles Of Base Metal

16	84 – 85	Machinery And Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders And Reproducers, Television Image And Sound Recorders And Reproducers, And Parts And Accessories Of Such Articles
17	86 – 89	Vehicles, Aircraft, Vessels And Associated Transport Equipment
18	90 – 92	Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical Or Surgical Instruments And Apparatus; Clocks And Watches; Musical Instruments; Parts And Accessories Thereof
19	93	Arms And Ammunition; Parts And Accessories Thereof
20	94 – 96	Miscellaneous Manufactured Articles
21	97	Works Of Art, Collectors' Pieces And Antiques
22	98 – 99	Special Classification Provisions; Temporary Legislation; Temporary Modifications Proclaimed pursuant to Trade Agreements Legislation; Additional Import Restrictions Proclaimed Pursuant To Section 22 Of The Agricultural Adjustment Act, As Amended

All products are arranged according to the manufacturing processes, which they have undergone:

1. Raw Materials
2. Semi-Manufactured Goods
3. Finished Products distributed according to the following groups;
 - A- Animals
 - B- Plants
 - C- Natural Resources
 - D- Industrial Products

In addition to the customs tariffs or duties, products imported to Jordan are subject to the General Sales Tax (GST). The GST is a local tax that could not be used to discriminate between Jordanian and foreign goods.

The Jordanian Customs Tariff Schedules are subject to one rate of duty. This means that all products imported to Jordan are subject to one rate of duty in addition to the GST.

Jordanian and U.S. Tariff Schedules

There are 6,500 tariff lines of the Jordanian Tariff Schedules and 14,000 tariff lines of the United States Tariff Schedules that are relevant to the FTA.

The rates of duty under the U.S. Tariff schedules range from 6 percent to 18 percent. Most rates are determined for a zero reduction. These rates are applicable to certain products all

over the Harmonized System. There are exceptions to the tariff rate, which may reach up to 350 percent on certain food items and on tobacco.

As for the Jordanian Schedule, the Jordanian rate of duty is distributed over the following six groups: zero percent, 5 percent, 10 percent, 15 percent, 20 percent, and 30 percent. The average rate is 16 percent with the exception of duties on automobiles, tobacco, and alcoholic beverages. These three items are subject to a rate of duty between 50 percent and 180 percent. Jordan has committed to reduce prices during the current decade to conform to obligations under the WTO. Specifically, Jordan has committed to a duty rate ceiling of 20 percent in 2010. It is worth noting that some products are subject to either a qualitative duty, a qualitative duty during certain times of the year, or as a result of certain conditions permitted by the world trading system. However, such qualitative or quantitative duties do not appear in the Jordanian schedules.

Commitments of Liberalizing Trade in Goods between Jordan and the United States:

The FTA commitments liberated the trade in goods between Jordan and the United States. The FTA established a series of tariff-reduction scheduling categories. Some staging categories will obtain immediate tariff elimination whereas some will receive gradual or no tariff reduction. However, all staging categories will obtain tariff elimination in ten years from the FTA's entry into force (2010). The schedule for tariff reductions agreed between both countries is as follows:

GROUP	CUSTOMS TARIFF CATEGORY OF THE PRODUCT	SCHEDULING CATEGORY	NUMBER OF YEARS BEFORE TOTAL EXEMPTION
1	Zero – 5%	A	Equally divided over 2 years
2	5% - 10%	B	Equally divided over 4 years
3	10% – 20%	C	Equally divided over 5 years
4	20% and above	D	Equally divided over 10 years
5	Customs will be reduced in accordance with the schedules of accession to the WTO, until the ceiling is set at 20% in 2010.	E	Commitment to reductions will be set at the committed schedules upon acceding to the WTO
6	A product could be classified in any customs tariff group	F	<ul style="list-style-type: none"> • 10 years • Applicable to Jordanian goods. • No reduction for 9 years, but one time reduction (to Zero) on 01 / 01 of the 10th year.
7	=	G	<ul style="list-style-type: none"> • Immediate • Jordan's Priority List • Applicable to Jordanian goods, and part of Jordan's Priority List.
8	=	H	<ul style="list-style-type: none"> • 10 years

			<ul style="list-style-type: none"> • Applies to Jordanian goods. • Goods in this category will not be duty-exempted, but the ceiling on the duty will be set at 44.5% of the basic rate as of 01 / 01 of the 10th year. • No reduction will be carried out for three years, but different patterns of duties are to be introduced.
9	=	I	<p>Jordan:</p> <ul style="list-style-type: none"> • 8 years • Applicable to good originating from the U.S. • 8-year annual reduction until it reaches a zero level at the end of the 8th year. <p>U.S.</p> <ul style="list-style-type: none"> • 10 years • Applicable to goods originating from Jordan. • Quantitative restrictions apply.
10	=	J	<ul style="list-style-type: none"> • 10 years • Applies to goods originating from the U.S. • 1% annual reduction over 5 years. • Remaining rate of duty to be divided over 5 years equally until it reaches a zero level on the 10th year.
11	=	K	<ul style="list-style-type: none"> • 10 years • Applicable to goods originating from the U.S. • 1% annual reduction. • Remaining rate of duty to be equally divided over 3 years.

			<ul style="list-style-type: none"> • Remaining rate of duty to be equally divided over 5 years until it reaches a zero level on the 10th year.
12	=	L	<ul style="list-style-type: none"> • 10 years • Applicable to goods originating from the U.S. • Goods in this category will not be duty-exempted, but subject to 44.5% of basic duty on the 10th year. • Applicable rate of duty will be for 3 years, and different patterns of duty apply afterwards.
13	=	M	<ul style="list-style-type: none"> • 10 years • Applies to goods originating from the U.S. • Basic rate applies over four years as of the date the Agreement goes into force. • Remaining rate will be equally divided over 6 years until the product becomes duty-exempted as of 01 / 01 of the 10th year.

Jordan maintained the highest ceiling on tariff rates and the pattern of gradual reduction agreed for a number of goods in accordance with the schedules of accession to the WTO, known as Schedule E. Jordan also maintained all privileges under the GSP, which includes all Folkloric handicrafts, such as carpets, rugs, embroideries, and other artworks. GSP schedules are checked annually for all goods eligible for GSP treatment are free of duties and free of any quantitative or qualitative restrictions.

Jordan has identified their priority products under category G. These products include items such as white cheese and olive oil. The U.S. has identified a number of products of high priority such as information technology, agricultural, and industrial applications.

U.S. goods subject to quantitative restrictions and those determined as sensitive goods have been identified and listed in a separate schedule. However, there has been no negative list of any type.

Both countries agreed that their commitments to the World Trade Organization are to be used as the foundation for their commitment to the gradual reduction of tariff under the FTA. As for the Jordanian rate of duty applied on June 8, 2000, it was determined that this rate be used as a base rate for the active annual reduction stipulated in the schedules.