

**Committee on Regional Trade Agreements**

**FACTUAL PRESENTATION**

**Free Trade Agreement  
Between  
Jordan and Singapore  
(Goods and Services)**

**Report by the Secretariat**

This report, prepared for the consideration of the Free Trade Agreement between Jordan and Singapore, has been drawn up by the WTO Secretariat on its own responsibility. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671).

Any technical questions arising from this report may be addressed to Ms. Jo-Ann Crawford (tel: 022 739 5422).

47. The Agreement incorporates certain provisions *mutatis mutandis* from the GATS (Article 4.4): GATS Articles I:2-3 (Scope and Definition); IX (Business Practices); XIV:(a)-(d) (General Exceptions); paragraphs 1, 2 and 4 of the Annex on Movement of Natural Persons; the Annex on Financial Services; paragraphs 1, 2, 3, 4 and 6 of the Annex on Air Transport Services; and paragraphs 1-5 of the Annex on Telecommunications. Article XXVIII of the GATS (Definitions) is also incorporated.<sup>15</sup>

48. The Agreement defines a "national" as either a citizen or a permanent resident. Accordingly, under the terms of the Agreement, permanent residents of Jordan and Singapore enjoy the benefits of the Agreement as well as their citizens. Under the GATS, Members must accord the same benefits to permanent residents of another Member as are accorded to that other Member's citizens provided, among other things, that a notification to this effect has been submitted by such other Member at the time of acceptance or accession to the WTO Agreement.<sup>16</sup> Neither Jordan nor Singapore has made such a notification to the WTO.

49. The Parties agree to review the treatment of safeguard measures, subsidies and domestic regulation in the context of developments at the WTO including the results of the negotiations on disciplines on domestic regulation measures pursuant to Article VI:4 of the GATS and to enter into consultations to consider any amendment to the Agreement as appropriate (Article 4.4.4).

#### B. MARKET ACCESS

50. Article 4.2 of the Agreement incorporates by reference the market access provisions of Article XVI of the GATS.

#### C. MOST FAVOURED NATION PRINCIPLE, NATIONAL TREATMENT

51. There is no provision in the Agreement according MFN treatment between the Parties as regards services trade.

52. Under Article 4.3, like under Article XVII of the GATS, each Party agrees to accord to service suppliers of the other Party treatment no less favourable than that it accords, in like circumstances, to its own service suppliers in the sectors inscribed in its schedule of specific commitments.

✓ 53. The market access and national treatment provisions of the Agreement do not apply to government procurement (Article 4.11).

#### D. MOVEMENT OF NATURAL PERSONS

54. As mentioned above, paragraphs 1, 2 and 4 of the GATS Annex on Movement of Natural Persons is incorporated into the Agreement. The Parties' specific commitments on mode 4 are found in their respective schedules.

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<sup>15</sup> The definition of "natural person of a Party" is limited to nationals of a Party or those having the right of permanent residence in that Party.

<sup>16</sup> See GATS Article XXVIII(k)(ii)2.

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62. After four years of the entry into force of the Agreement and at subsequent meeting of the Joint Committee, the Parties agree to review their commitments in telecommunications services with a view to making improved commitments (Article 4.16).

**1. Jordan**

(a) Horizontal commitments

63. The horizontal commitments and limitations taken by Jordan under the Agreement match those found in its GATS schedule.

(b) Sector specific commitments

64. Jordan has undertaken very few commitments under the Agreement that go beyond its GATS schedule. Under business services, for example, Jordan took GATS plus commitments under mode 3 in R&D services by removing a foreign equity limitation. In services incidental to manufacturing, and convention services, full openness is bound under mode 3, in contrast to its GATS schedule which contains a 50% foreign equity limitation.

65. For communications services, construction and related engineering services, distribution services, and educational services, commitments under the Agreement match Jordan's GATS commitments. Under environmental services, Jordan has taken GATS plus commitments in relation to the following activities: water purification; waste water treatment; water recycling; desalination; and fluid treatment for processed industries. For such services, modes 1 and 2 are unbound, while mode 3 is subject to many limitations, including the exclusion of services provided to the public. In financial services, health related and social services, tourism and travel related services, recreational, cultural and sporting services, and transport services, commitments under the Agreement match Jordan's GATS commitments.

**2. Singapore**

(a) Horizontal commitments

66. Singapore's horizontal commitments in the Agreement match those under GATS except that the period of stay under mode 4 for intra-corporate transferees has been modified. The Agreement provides for an initial entry of two years which may be extended up to a total period of eight years; in the GATS, the initial stay is of three years and can be extended for a total term not exceeding five years.

(b) Sector specific commitments

67. For business services, under the Agreement Singapore has relaxed the residency requirement in modes 1 and 3 for taxation services except for other tax-related services. Singapore has also undertaken commitments in sub-sectors not included in its GATS schedule with respect to, for example, landscape architectural services; services provided by midwives, nurses, physiotherapists and para-medical personnel; technical testing and analysis services of motor vehicles; services incidental to manufacturing; photographic services; packaging services; or convention services. GATS plus commitments have also been undertaken concerning R&D, computer, real estate, and rental/leasing services, often with no market access or national treatment restrictions for modes 1-3.

68. For communications services, commitments under the Agreement match Singapore's GATS commitments, except that there is no commercial presence requirement under mode 1 for telecom value-added services. Singapore has also taken commitments in distribution services (commission

 GOVERNMENT PROCUREMENT

74. In Article 8.6 the Parties agree that pursuant to Jordan's application to accede to the WTO Agreement on Government Procurement (GPA) dated 12 July 2000, they will enter into negotiations with regard to Jordan's accession to that Agreement.<sup>19</sup>

D. SECTOR-SPECIFIC PROVISIONS OF THE AGREEMENT

75. No sector-specific provision *per se* exists in the Agreement.

E. INSTITUTIONAL PROVISIONS OF THE AGREEMENT

1. **Exceptions and reservations**

76. Article 2.10 incorporates the provisions of Article XX of the GATT 1994 into the Agreement. Article 8.4 incorporates the provisions of Article XXI of the GATT 1994 into the Agreement, with the additional criterion that Parties may take any action considered necessary for the protection of their essential security interests relating to the supply of services as carried out directly or indirectly for the purpose of provisioning a military establishment.

2. **Accession**

77. There is no provision in the Agreement for the accession of third Parties.

3. **Institutional framework**

78. Article 8.1 provides for the establishment of a Joint Committee to supervise the implementation of the Agreement and to review the trade relationship between the Parties. The functions of the Joint Committee include, *inter alia*, reviewing the functioning and results of the Agreement and the Bilateral Investment Treaty (BIT) signed on 16 May 2004; considering any matter affecting the operation of the Agreement; reviewing any claim pursuant to Article 5 of the BIT; considering and adopting by mutual agreement any amendment to the Agreement; facilitating the avoidance and settlement of disputes; and developing guidelines, explanatory materials, and rules on the proper implementation of the Agreement. The Joint Committee is to convene within one year of the date of entry into force of the Agreement and convene thereafter every two years in regular sessions, or at such other dates and intervals as may be agreed upon.

79. Article 2.4 provides that each Party shall publish its laws, regulations and administrative rulings of general application respecting any matter.

4. **Dispute settlement**

80. Chapter 7 sets out the procedures that apply to the settlement of disputes relating to the application or interpretation of the Agreement, while Annex 7A applies to the establishment of arbitral tribunals. Article 7.1:3 contains a forum election clause whereby, in the event of a dispute arising under both the Agreement and the WTO Agreement, the complaining Party may select the forum in which to settle the dispute. In the event that consultations between the Parties fail to settle the dispute an arbitral tribunal may be appointed. The hearings before the arbitral panel, its deliberations and the documents submitted to it, are confidential. A Party may disclose statements of

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<sup>19</sup> According to the Parties, as of August 2008 Jordan is still negotiating its accession with GPA Parties, of which Singapore is one. After its accession, the Parties will discuss the inclusion of a Chapter on Government Procurement in the Agreement at the first meeting of the Joint Committee.