



**WORKING CONDITIONS
FOR MIGRANT WORKERS
IN THE QUALIFYING INDUSTRIAL
ZONES OF THE HASHEMITE
KINGDOM OF JORDAN**

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Working Conditions for Migrant Workers
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Abbreviations

QIZ	Qualifying Industrial Zones
U.S.	United States
NLC	National Labour Committee
MoL	Ministry of Labour
JGATE	Jordan Garment, Accessories and Textiles exporters
OSH	Occupational Safety and Health
ILO	International Labour Organization
BWJ	Better Work Jordan
USAID	United States Agency for International AID
IFC	International Finance Corporation
GDP	Gross Domestic Product
JD	Jordanian Dinar
EC	European Community
SME	Small and Medium Enterprises
SSC	Social Security Corporation
JLL	Jordanian Labour Law
MOH	Ministry of Health
MOI	Ministry of Interior
GFJTU	General Federation of Jordanian Trade Unions
FIA	Foreign Investors Associations
LI	Labour Inspection
ILS	International Labour Standards
GDCD	General Directorate for Civil Defense
USD	United States Dollars
ID	Identity Card

Executive Summary

The Qualifying Industrial Zones (QIZ) are areas designated by the Jordanian and Israeli authorities and approved by the U.S. Government, where products can be exported duty free to the United States, making use of the Israeli Free Trade Area Agreement with the U.S.

The QIZs represent an unprecedented opportunity to gain duty and quota-free entry into the U.S market, with 100 % exemption of the export earning from income and social services taxes, and no customs duties payment on imported raw materials, fixed assets, and spare parts. QIZ products can include material content from any part of the world, but 35 % of the appraised value must be added in the QIZ.

The labour standards and working conditions in those zones started being highlighted, at the national and international levels, following the release of the first relevant report of the National Labour Committee (NLC), of the United States , in May 2006, which then described the U.S.-Jordan Free Trade Agreement, due to the deterioration of working conditions of migrant workers in those zones, as Descending into Human Trafficking & Involuntary Servitude.

The Jordanian Government's inspection and verification campaigns that followed the NLC report, showed that the labour and OSH standards in many QIZ enterprises, and even human standards in some cases, did not meet the minimum acceptable limits, as per both international and national standards.

The Jordanian Government's response was prompt and proved to be very effective. The most successful reform was the one of the labour inspection system, which was the tool by which the Government closely monitored and followed-up working conditions in the zones, and through which it imposed serious sanctions against violators, such as permanently closing down some of those enterprises, the employers and/or managements of which failed to abide by the law.

Almost 5 years following the release of the NLC report, this study shows that nearly none of the past violations reported by the NLC still exist in the QIZs. Labour rights, in terms of wages, working hours and leaves are protected. Occupational safety, health standards and human rights have seen great improvement and are also fully respected. There are no more confiscated passports, no more reported cases of physical, sexual, or verbal abuse and no more cases of forced labour or discrimination of any form.

The number of QIZ enterprises and the number of their workers, both local and migrant, reached their peaks in 2006. There was then a decline in numbers until 2009, as a double effect of the Government's action to rectify the labour standards in those zones as well as the Global Economic Crisis. The crisis, besides affecting Jordan, also directly affected the U.S. importers and buyers, for whom all QIZs' manufacturers produce. The numbers of workers in those zones showed some increase in 2010, which could be an indicator of a recovery from such effects.

The exports of the QIZs have also reached their peak level in 2006, but since then showed progressive decline, due to the factors mentioned above. No adequate statistics could be gathered on the total exports from those zones for the whole year of 2010. However, if the monthly average of exports for the first seven months of 2010, which are included in this study, could be applied to the last five months of the same year, then 2010's exports would exceed those of 2009 by about 22%.¹

The QIZ sector can be presently considered as one of the most successful sectors concerning working conditions and OSH in Jordan, where most of national and international labour standards are observed.

¹ Jordan's Garments, Accessories and Textiles Exporters Association.

The findings of this report represent the general situation existing in the QIZs in Jordan, at the time of the study. There are of course possible exceptions to be found, but these are often on a small scale and in concealed or unreported cases.

Methodology of this study

This is a descriptive study of the enterprises operating in different Qualifying Industrial Zones in Jordan. The study focuses on their labour standards and on the working conditions of their employees – mainly migrant ones. For the purpose of this study a questionnaire was distributed to all enterprises operating in Jordan's six QIZs. They were then collected after being filled in by the Management. The information included in the report is the result of the analysis of the contents of those questionnaires, and a comparison with the information already available to the MOL through variable resources, including close and frequent monitoring of those enterprises, by the LI system. Some of the contents of those questionnaires, that could not be verified, were neglected and not included in the report.

Although only 54 of the 71 distributed questionnaires were filled in, the population studied still accounts for all the 71 QIZ enterprises operating in Jordan. Missing information on the 17 remaining enterprises was collected from the already available pool of information.

In addition to the questionnaires and the information available to the MOL, information was also gathered from other concerned institutions, such as the Ministry of Trade and Industry, The Social Security Corporation, The Public Department of Statistics, The Jordan Investment Board and the Jordan's Garment, Accessories and Textiles Exporters (JGATE) Association, which represents the QIZ employers.

The time frame for this study was very tight, considering the wide and important issues it addresses; the study and its tools had to be adjusted accordingly. The most important adverse effect of the time restriction on this study was that it did not allow for the verification of some information directly with workers, when this was needed.

This study particularly provides information on the following issues:

- a. An overview on the QIZs in Jordan.
- b. The human resources structure of the QIZs, analyzed by nationality, gender and level of work, being management or production staff. Relevant retroactive information, for the last ten years, was introduced when possible. The main impediment here was that the operations of some of the concerned institutions, where relevant information existed, had not been computerized until only recently, which made collecting retroactive information a problematic mission.
- c. A brief of the findings of the 2006 NLC report on working conditions in those zones.
- d. A summary of the Jordanian Government's actions that came in response to the NLC report.
- e. The current working conditions including, among other, wages, working hours, leaves, OSH, forced labour, trafficking and discrimination.

Introduction

When the QIZs were introduced into Jordan in 1998, they were expected to support the national economy, mainly by bringing large investments into the country and by creating new opportunities for the Jordanian job seekers. Apparently successful, the number of enterprises and workers in those zones, both national and migrant, started growing progressively until 2006. It was discovered at that point that such growth was not only at the cost of workers themselves, by it deprived them of their basic human and labour rights, and also threatened Jordan's reputation as a respectable country where all people, both national and migrant, are equally treated and protected. A matter which could have also seriously and adversely affected the country's economy and put the U.S. Jordan Free Trade Agreement at stake.

Fortunately the situation in the QIZs did not last long and the Jordanian experience in those zones showed that the protection of all workers' rights is a legal and moral responsibility, not only for the authorities and stakeholders in the country where they work, but also of all those who feel that they could play a relevant role at the national and international levels. This experience became a great example of successful collaboration between the government and international organizations, which resulted in transforming working conditions in those zones from worst to one of the best at the national level.

The release of the National Labour Committee's report in 2006 triggered the process of such transformation by leading the Jordanian Government to launch a comprehensive, intensive and transparent diagnostic campaign. All kinds of violations were highlighted and gaps were identified, which facilitated the reform process. International organizations, as previously stated, were equally important: namely the International Labour Organization (ILO), Better Work Jordan (BWJ), the United States Agency for International Development (USAID) and the International Finance Corporation (IFC).

The steps taken by the Jordanian Government to improve working conditions in the QIZs led to a major reform of the MoL's labour inspection system, to enhance its effectiveness. This measure contributed to improving working conditions in all other sectors, as the weakness of the system was the underlying cause behind the worsened situation.

This report provides an overview of the evolution of the QIZs and their role in supporting the national economy, as they hold the most promising exporting sectors in the country. Most importantly, the report describes working conditions of migrant workers in those zones during two completely different periods. The first witnessed all kinds of abuse and exploitation, and workers were denied their fundamental labour and human rights. In the second period, all such violations were halted, and labour standards were taken to a nationally and internationally acceptable level.

Country Context

Jordan is an Asian Arab country located in the heart of the Middle East, with an approximate area of 89,340 square kilometers and a total population of about 5.980 millions.

It lies North-West of Saudi Arabia, South of Syria, South-West of Iraq, and East of the occupied West Bank. Jordan has access to the Red Sea via the port city of Aqaba, located at the northern end of the Gulf of Aqaba.

Jordan has some mineral resources, such as phosphates and potash, but it is not an oil producing country, although it is located in an oil rich region. The remittances of the Jordanians working abroad, mainly in the Arab Gulf countries, form the main source of national income. Jordanians are distinguished in the region of their good qualification at the academic and practical levels.

Climate

Jordan has the characteristics of the climate of the Mediterranean region, being warm and dry in Summer, and moderate and rainy in Winter.

Major exports

Phosphates, potash, fertilizers, chemicals, pharmaceutical products and textiles and garments form the main exports of the country.

Major imports

The main imports of Jordan are crude oil, wheat, sugar, meat, machinery, transport equipment, and spare parts.

Demographic Indicators

- Total population: 5,980,000
- Population Density: 67.4 person/km²
- Population 15 – 64 years: 59.44 %
- Average size of household: 5.4 persons
- Total fertility Rate (Live births per woman): 3.8
- Crude Birth Rate (per 1000): 30.1
- Crude Death Rate (per 1000): 7
- Population Growth Rate: 2.2 %
- Infant Mortality Rate (per 1000 live births): 19.0
- Life Expectancy at Birth (for both genders): 73.0 years
- Percentage of males in the total population: 51.5 %
- Population less than 15 years old: 37.32 %

Economic Indicators

- GDP Per Capita: 2753.5 JDs
- Total Exports of Goods and Services (Million JD): 3573.0
- Total Imports of Goods and Services (Million JD): 9994.0
- Inflation rate: 13.9 %

Health Indicators

- Number of Hospitals: 104
- Number of Beds: 11351
- Population/Bed Ratio: 526.8
- Number of physicians: 15279
- Physician/ per Population (per 10000) : 25.6

Labour and Wages²

- The Total Workforce: 1,400,805
- Non-Jordanian workers (having work permits): 335,707
- The employed Jordanians in all sectors: 1,220,521
- Workers in the establishments under the purview of MOL: 445,965
- Average No. of workers per establishment: 6.2
- Establishments Engaged in Social Security: 17856
- Workers Covered by Social Security: 835,100
- Female workers: 23%
- Non-Jordanian workers: 12.5 %
- Unemployment rate in 2009: 12.9 %
 - Males: 10.3 %
 - Females: 24.1 %
- Average monthly wage
 - Male: JD 364
 - Female: JD 314

The Workforce and work sectors in Jordan

The workforce in Jordan is estimated to be about 1,400,805. The employed Jordanians are about 1,220,521 (estimations of 2009). The majority of them (19.7%) are engaged in public administration and civil defense, followed by wholesale, retail trade and motor vehicles maintenance (16.4). There are 335707 documented migrant workers in the country, of whom 71.5% are Egyptian and 27% are engaged in agriculture and fishing.

The percentage distribution of the employed Jordanians, by the current economic activity is shown in table (1). Table (2) shows the distribution of documented migrant workers by their nationality and economic activity.

² Yearly Statistical Book, 2009, Jordan's Department of Statistics

Table 1. Jordanians employed, of 15 years or more, by gender and current economic activity (Percentage Distribution)³

Economic Activity	Male	Female	Both
Agriculture, Hunting and Forestry	3.0	1.9	2.8
Mining and Quarrying	1.0	0.1	0.9
Manufacturing	11.1	7.9	10.6
Electricity, gas and Water supplies	1.5	0.6	1.3
Construction	7.8	1.4	6.7
Wholesale, Retail Trade and Motor vehicles maintenance	18.3	6.4	16.4
Hotels and Restaurants	2.4	0.3	2.1
Transport, Storage and Communications	10.8	2.7	9.5
Financial Intermediation	1.5	3.6	1.9
Real Estate, Renting and Business activities	4.2	5.6	4.5
Public Administration and Civil Defense	22.0	7.8	19.7
Education	6.7	38.1	11.7
Community and Social Service Activities	6.2	6.1	6.1
Health and Other Social Work	3.1	14.8	5.0
Household Employees	0.2	2.2	0.5
Extra-Territorial Organizations	0.3	0.5	0.3
Total	100 %	100 %	100 %

³ Yearly Statistical Book, 2009, Jordan's Department of Statistics

Table 2. Distribution of documented migrant workers, by nationality and economic activity 2009⁴

Nationality Activity	Agriculture	Mining	Industry	Electricity, Gas and Water	Construction	Trade, Hotels and Restaurants	Transports and Storage	Finance and Business	Social & personal Services	Total	Percentage
Egypt	87324	2211	38031	344	35638	41874	1574	2244	30772	240012	71.49%
Syria	191	12	600	2	508	774	313	48	462	2910	0.87%
Other Arab Countries	197	2	326	1	56	828	249	63	405	2127	0.63%
Iraq	37	1	162	2	40	115	34	82	946	1419	0.42%
Pakistan	1609	1	229	0	87	118	7	99	55	2205	0.66%
India	73	155	4130	4	559	638	46	376	271	6252	1.86%
Philippines	4	0	155	0	119	277	7	20	13902	14484	4.31%
Sri Lanka	4	2	9330	0	3	58	21	385	10833	20636	6.15%
Indonesia	22	0	8	0	0	13	12	0	26919	26974	8.03%
Other Asian Countries	304	0	13869	57	1244	223	100	814	414	17025	5.07%
EU	4	0	40	7	32	297	141	102	406	1029	0.31%
USA	1	2	10	1	8	28	13	27	260	350	0.10%
African Countries	1	0	16	0	0	2	15	9	75	118	0.04%
Other Countries	1	4	10	0	9	18	16	17	91	166	0.05%
Total	89772	2390	66916	418	38303	45263	2548	4286	85811	335707	100%

⁴ Annual Report, 2009, Ministry of Labour, Jordan

The majority of the Jordanian workers who are not covered by the social security system either belong to the public sector, armed forces and the Civil Defense – where they are covered by an other social protection system called the Civil or the Military Pension Scheme., or they work in the informal sectors including the SMEs where there are more hazards, injuries and work-related diseases, without any form of social protection.

The number of all enterprises in Jordan, including the informal sector, is estimated to be about 150,000, but those engaged in the social security are 17856, employing more than half of the workforce of Jordan. Table (3) shows the numbers of enterprises in Jordan by their economic activity. Tables (4) and (5) show insured persons by their economic activity, and insured workers and enterprises by their geographical distribution, respectively.

Table 3. Numbers and percentages of establishments engaged in Social Security, by economic activity⁵

Economic Activity	No. of Establishments	Percentage
Agriculture, Hunting and Forestry	168	0.9 %
Mining and Quarrying	155	0.9 %
Manufacturing	4015	22.5%
Electricity, Gas and Water Supplies	54	0.3 %
Construction	1175	6.6 %
Wholesale and Retail Trade	4883	27.3 %
Tourism	1292	7.2%
Transport, Storage and Communication	1012	5.7 %
Financial Intermediation	341	1.9 %
Real Estate and Renting Activities	1328	7.4 %
Public Administration, Defense and Social Security	252	1.4 %
Education	1295	7.3%
Health and Social Services	593	3.3%
Community Service Activities	756	4.2%
Extra-Territorial Organizations and Bodies	113	0.6%
Unspecified	424	2.4%
Total	17856	100%

⁵ Annual Report, 2009, The Social Security Corporation.

Table 4. Number of Active Insured Persons, by Economic Activity, as of 31/12/2009⁶

Economic Activity	No. of workers	Percentage
Agriculture, Hunting and Forestry	4261	0.5 %
Mining and Quarrying	9776	1.2 %
Manufacturing	123946	14.8%
Electricity, Gas and Water Supplies	10197	1.2%
Construction	31228	3.7 %
Wholesale and Retail Trade	57404	6.9 %
Tourism	29110	3.5%
Transport, Storage and Communication	29272	3.5%
Financial Intermediation	24530	2.9 %
Real Estate and Renting Activities	29005	3.5 %
Public Administration, Defense and Social Security	333913	40.0 %
Education	61563	7.4%
Health and Social Services	22337	2.7%
Community Service Activities	16014	1.9%
Extra-Territorial Organizations and Bodies	2119	0.3%
Unspecified	50435	6.0%
Total	835110	100%

Table 5. Numbers and percentages of establishments and workers covered by Social Security, by their geographical distribution⁷

No. of Firms & workers covered by SSC Governorate	No. of Firms	%	No. of Persons	%
Amman	11341	63.5	685904	82.1
Irbid	2736	15.3	43962	5.3
Zarqa	1143	6.4	37754	4.5
Balqa	482	2.7	17256	2.1
Mafraq	308	1.7	5827	0.7
Jarash	160	0.9	3328	0.4
Ajloun	106	0.6	1632	0.2
Madaba	159	0.9	3533	0.4
Karak&Tafiela	358	2.0	13551	1.6
Aqaba & Ma'an	1063	6.0	22363	2.7
Grand Total	17856	100.0	835110	100.0

⁶ Annual Report, 2009, The Social Security Corporation.⁷ Annual Report, 2009, The Social Security Corporation.

The main institutions involved in OSH activities in Jordan

The following institutions are involved in occupational safety and health services and inspection in Jordan. They all work on an independent level, are not coordinated, and do not take part in any strategy at the national level. This may result in overlapping and at times contradictory activities.

1. The Ministry of Labour

The MOL is the main institution concerned with OSH, through its Occupational Safety and Health Department, which is under the Directorate of Labour Affairs. The release of the NLC report in 2006 triggered the comprehensive reform process of the labour and OSH inspection system under this directorate, starting by integrating the labour inspection department and the OSH department and adopting a new approach under which comprehensive labour inspectors were created, instead of specialized ones. This integration was followed by the appointment of a large number of new inspectors, all of whom were trained on OSH, beside labour inspection. Presently the inspection system is performing well, but most of its resources are still directed to close monitoring of the working conditions in the QIZs, which achieved a very high level of compliance in those zones, but at the cost of working conditions in other sectors. The Directorate of Labour Affairs performs the following main OSH functions:

1. Inspection of the private enterprises all over the country to ensure their compliance with the OSH rules and regulations of JLL.
2. Accrediting OSH specialists and technicians, physicians and nurses appointed in the enterprises in accordance with the provisions of the Jordanian Labour Law.
3. Investigating work-related accidents and injuries to find out their direct and indirect causes, and providing recommendations for preventing their occurrence in the future.
4. Providing OSH information to workers and employers and advising them on relevant issues, in addition to raising OSH awareness through training programs and seminars.
5. The occupational safety and health activities of the MOL are carried out by 35 occupational safety and health inspectors and assisted by other 121 labour inspectors.

2. The Ministry of Health

The MOH is the other concerned institution, through its Directorate of Occupational Health, and regional health directorates. They have a large number of qualified inspectors spread all over the country, who conduct frequent inspections to all sectors, including the QIZs. The MOH has the only legislation in the country that regulates living standards and conditions for workers, in the dormitories provided by their employers. The Directorate of Occupational Health of the MOH has the following functions:

1. Conducting pre employment, periodic and specific medical examinations for workers to ensure their fitness for work.
2. Participation in setting occupational health standards and specifications.
3. Conducting qualitative and quantitative studies on work-related hazards in the workplaces, and the means of preventing or reducing them.
4. Conducting environmental Measurements in the workplaces to determine the pollutants and the levels of exposure.
5. Education of workers, and others interested, on occupational health.

3. The Directorate of Civil Defense

The Directorate of Civil Defense plays a very important proactive and reactive role in promoting occupational safety and health in Jordan. Its main activities are represented in the following:

1. Initial inspection of the enterprises and the establishments to ensure that the safety and health legal requirements are met before issuing, or renewing the license, of operation.
2. Periodic inspection of the enterprises to ensure their preparedness in case of emergencies or disasters.
3. Training the workers, on site, upon the request of the management of the enterprise, on fire-fighting, first-aid and evacuation in case of emergencies.
4. Contribution to raising the public awareness concerning safety and health, mainly through pamphlets and TV programs.
5. Prompt Firefighting, evacuation and rescue operation in case of emergencies.

4. The Social Security Corporation (SSC)

The role of the SSC in occupational safety and health was until recently limited to reactive activities, mainly compensating workers for the costs they incur due to work-related injuries. About a year ago, following the establishment of the Directorate of OSH, it incorporated more important activities for preventing occupational diseases and injuries. The SSC performs the following main functions:

1. Insurance of the engaged workers against work-related injuries and occupational diseases and their complications.
2. Participation in planning and designing OSH policies, and conducting researches and studies on work-related injuries.
3. Monitoring OSH standards in the enterprises of the private sector to make sure that adequate preventive measures are in place.
4. Organizing OSH awareness-raising programs in collaboration with the media.
5. Funding and supporting national OSH activities, such as the National Occupational Safety and Health Week.
6. Investigating injuries that occur in the enterprises to determine their underlying causes, for the purpose of preventing their recurrence.

Recruitment of migrant workers

Migrant workers in the QIZs are recruited directly by their employers. Contrary to the employment of domestic migrant workers, recruitment agencies in Jordan are not involved in this process. The QIZ employers apply directly to the MoL for the desired number of migrant workers. The MoL studies the applications and if approved, it writes to the Ministry of Interior (MoI) for issuing relevant visas. The approvals of the MoL and MoI include numbers and professions, but not names, of the concerned workers. Then the employers select such workers, usually through recruitment agencies in their countries of origin, and bring them into the country.

Chapter 1. QUALIFYING INDUSTRIAL ZONES (QIZ)

DEFINITION OF QUALIFIED INDUSTRIAL ZONES (QIZs)⁸

Areas designated by the Jordanian and Israeli authorities and approved by the U.S. Government, where products of these zones can be exported duty-free to the United States, making use of the Israeli Free Trade Area Agreement with the U.S.

QIZs are the product of a US-inspired program, established in 1996, aimed at enhancing regional economic co-operation and integration between Israel and the rest of the region. The US logic was simple, writes Moore (2003): “creating Arab-Israeli business links encourages and strengthens the private sector, a natural supporter of peace and a bulwark against radicalism.”⁹

The QIZs represents an unprecedented opportunity to gain duty and quota-free entry into the U.S market, with 100 % exemption of the export earning from income and social services taxes, and no customs duties payment on imported raw materials, fixed assets, and spare parts. QIZ products can include material content from any part of the world, but 35 % of the appraised value must be added in the QIZ.

PRODUCT ELIGIBILITY FOR DUTY FREE ENTRY TO THE U.S. (Rules of Origin Requirements)¹⁰

A product is entitled to duty free entry if it fulfills the following criteria:

1. It is wholly the growth, product or the manufacture of the QIZ.
2. The sum of:
 - a. The cost or value of the materials produced in the QIZ, the West Bank, the Gaza Strip or Israel, plus
 - b. The direct cost of processing operations performed in the QIZ,
3. West Bank, the Gaza Strip, or Israel is not less than 35% of the
4. appraised value.
5. It is imported directly from the QIZ or Israel.
6. It is substantially transformed, meaning the product is a new and different article of commerce.

REQUIREMENTS FOR THE QUALIFICATION OF A PRODUCT UNDER THE QIZ AGREEMENT¹¹

A product is qualified under this agreement by one of the following methods:

Method 1

1. 11.7% (1/3 of the 35%) content must be added by the Jordanian manufacturer in the QIZ.
2. 8% content must be added by the Israeli manufacturer (7% for high-tech products).

⁸ A Guide to QIZ, prepared by the Embassy of Jordan, Washington, U.S. Attached in annex (3)

⁹ Qualifying Industrial Zones and Sustainable Development in Jordan, By Marwan A. Kardoosh, Jordan Centre for Public Policy Research and Dialogue, 2005

¹⁰ A Guide to QIZ, prepared by the Embassy of Jordan, Washington, U.S.

¹¹ A Guide to QIZ, prepared by the Embassy of Jordan, Washington, U.S.

3. The remainder of the 35% can come from the QIZ, Israel, Gaza Strip, West Bank, or the U.S. (with a maximum of 15% from the U.S.) For this method only direct cost is applied to the calculation of content.

Method 2

Jordanian and Israeli manufacturers must each contribute at least 20% of the total cost of production of the QIZ product. For this method, both direct and indirect costs are applied to the calculation of the content.

Method 3

Mixing and matching of the two above alternatives. A situation where one side contributes to the content and the other side contributes to the total cost of production

OTHER ADVANTAGES OF THE QIZ

1. No limitations on time or quantities. Investments in the QIZ are not time-bound, as investors may remain in the country for any period of time they desire and the quantities of their products are not restricted by upper limits.
2. No restrictions on ownership. Investors of any nationality can own enterprises, or shares of enterprises, in the QIZs.
3. Full repatriation of capital, profits, and salaries. Employers can send all of their profits, and workers can send their salaries, out of Jordan without any restrictions and regardless of the existence of bilateral agreements with their governments.
4. A majority of imported work force is permitted for the first 3 years, but should be gradually replaced by local workforce thereafter. This is not allowed in other sectors, where a Jordanian majority must be maintained.

QIZs IN JORDAN

There are currently six operating QIZs located throughout Jordan to serve investors needs. Two are located in publicly run industrial estates, and the rest are privately owned.

1. Al Hassan Industrial Estate, The world's first QIZ, was designated in March 1998. It is located near Irbid, 80 km north of Amman. It is publicly run. Total area is 1,005,000 sqm.
2. Al Hussein Bin Abdulla II Industrial Estate. The second QIZ, Located in Al Karak, 110km south of Amman. It is publicly run. Total area is 580,000 sqm.
3. Al Dulayl Industrial Park, located in central Jordan, just 45 km north east of Amman. It is privately run. Total area is 345,000 sqm.
4. Al Tajamouat Industrial City, an industrial estate, located 20 km from downtown Amman, and 26 km from Queen Alia international airport. It is privately run. Total area is 300,000 sqm.
5. Al Qastal Industrial Park, located about 3 km from Queen Alia International Airport, and 22 km from Amman. It is privately run. Total area is 4000 square km.
6. Russeifa Qualifying Industrial Zone, located about 20 Km to the North of Amman. It is privately run.

NUMBER OF ENTERPRISES IN THE QIZs

There are, at present, 78 enterprises only in the QIZs throughout Jordan. The number of those enterprises saw a steady increase since the establishment of the first QIZ in Jordan in 1998. This number started decreasing progressively after the first NLC report on working standards in those zones

was published in May 2006. The report greatly criticized the situation as well as the working and living standards of the foreign, mostly South East Asian, workers in those zones and went as far as describing them as being trapped in involuntary servitude. The reaction of the Government of Jordan to this report was not only rapid and very serious, but it obliged the investors in those zones to fully comply with the existing national labour legislations and relevant international standards by fully respecting and protecting all human and labour rights of their employees to pack and ship out of the country. Table (6) below shows the numbers of those enterprises before and after the NLC report.

Table 6. Number of enterprises in the various QIZs in Jordan, 2002-2010¹²

AREA	2002	2003	2004	2005	2006	2007	2008	2009	2010
AL-TAJAMOUAT	19	25	38	37	40	39	32	30	30
AL HASSAN	17	30	43	43	45	38	39	33	30
AL-HUSSEIN BIN ABDULLA II	2	3	4	4	2	3	2	2	2
AL-DULAYL	8	15	15	17	17	15	14	13	13
AL-QASTAL	2	2	2	1	1	1	1	1	1
RUSSAIFA	2	2	2	2	2	1	1	2	2
TOTAL	50	77	104	104	107	97	89	81	78

NATURE OF ACTIVITY

During the early years of the establishment of the QIZs, several of their enterprises were engaged in industries other than apparel, but at present, 70 of the 71 QIZs enterprises are apparel manufacturers and only one is engaged in gold industry.

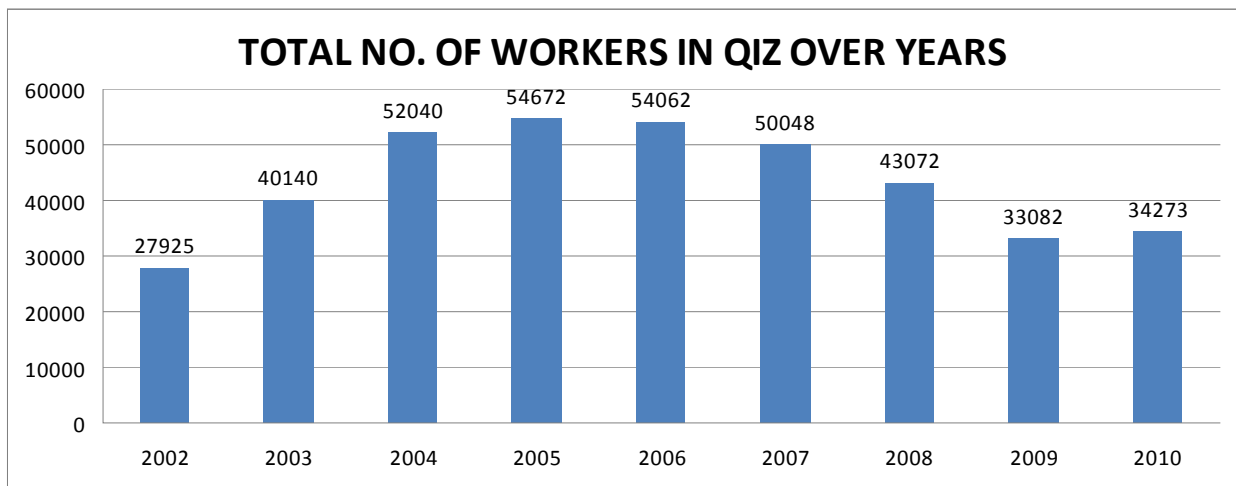
NUMBER OF WORKERS IN THE QIZs

Similarly, the numbers of workers in the QIZs showed progressive increase since 1998, then starting showing remarkable drop since the release of the first NLC report in 2006. There were 54,672 workers in 2005 (18,510 Jordanian and 36,162 migrants). This number decreased by about 8.5% , to become 50,048 by 2007. Then 2007's figures again decreased by about 31.5%, to become 34,273 by 2010. The greatest decrease during this period was in the number of Jordanian workers, which came down to only 7,087. The migrant workers number became 27,186, with about 25% decrease. The majority of the migrant workers of the QIZs came from South East Asian countries, mainly from Bangladesh and Sri Lanka. Jordanian workers, once exceeding 55%, dropped now to about 20%, of all workers in those zones. Female workers form a total of 52%, of all QIZ workers. There are 64% of Jordanian female workers, and 48% of migrant female workers. Although the Government of Jordan spared no effort to raise the numbers and percentage of the national workers in those zones, including offering incentives to employers who succeed in attracting more Jordanian, the numbers still kept decreasing progressively. While QIZ employers attribute such a decrease to a lack of commitment, interest and skills on the part of Jordanian workers, it is believed that the once poor working conditions and terms in those zones, gave them a negative reputation and made them unattractive to local workers and job seekers. Tables (7) to (11) and Figure (1), below, provide details on the structure of the QIZs' workers between 2002 and 2010.

¹² Jordan's Garments, Accessories and Textiles Exporters Association.

Table 7. Total number of QIZ workers, 2002 to 2010¹³

AREA	2002	2003	2004	2005	2006	2007	2008	2009	2010
AL-TAJAMOUAT	7134	11059	14745	15100	14777	12828	9186	6109	6787
AL HASSAN	10302	15912	20652	21274	20310	19433	17549	12853	12684
AL-HUSSEIN BIN ABDULLA II	3169	4153	5010	4313	4331	4080	2841	2367	2414
AL-DULAYL	5478	7224	9873	12442	13302	12688	12368	10663	11439
AL-QASTAL	1003	963	544	196	21	17	56	50	50
RUSSAIFA	839	829	1216	1347	1321	1002	1072	1040	899
TOTAL	27925	40140	52040	54672	54062	50048	43072	33082	34273

Figure 1. Total number of workers in the QIZs, 2002 to 2010¹⁴

¹³ Jordan's Garments, Accessories and Textiles Exporters Association.

¹⁴ Jordan's Garments, Accessories and Textiles Exporters Association.

Table 8. Numbers and percentages of national and migrant workers in the QIZs, 2002 to 2010¹⁵

Year	Migrant workers		Jordanian workers		Total (000)
	(000)	(%)	(000)	(%)	
2002	12,347	44.2	15578	55.8	27,925
2003	18,161	45.2	21979	54.8	40,140
2004	30,299	58.2	21741	41.8	52,040
2005	36,162	66.1	18510	33.9	54,672
2006	37,058	68.5	17004	31.5	54,062
2007	36,807	73.5	13241	26.5	50,048
2008	32,543	75.6	10529	24.4	43,072
2009	24,944	75.4	8138	24.6	33,082
2010	26,069	76.1	8204	23.9	34,273

Table 9. QIZ workers by zone, nationality, and gender, 2010¹⁶

Area	No. of Companies	Jordanian workers			Migrant workers			Total
		Male	Female	Total	Male	Female	Total	
AL-TAJAMOUAT	27	409	672	1081	3537	2169	5706	6787
AL HASSAN	26	1221	1617	2838	5142	4704	9846	12684
AL-HUSSEIN BIN ABDULLA II	2	369	487	856	269	1289	1558	2414
AL-DULAYL	13	452	1142	1594	4918	4927	9845	11439
AL-QASTAL	1	9	39	48	2	0	2	50
RUSSAIFA	2	282	38	670	141	88	229	899
Total	71	2742	4345	7087	14009	13177	27186	34273

Table 10. QIZ workers by zone, nationality, and gender, 2007¹⁷

Area	No. of Companies	Jordanian workers			Migrant workers			Total
		Male	Female	Total	Male	Female	Total	
AL-TAJAMOUAT	39	836	1487	2323	5624	4881	10505	12828
AL HASSAN	38	2686	3930	6616	5755	7062	12817	19433
AL-HUSSEIN BIN ABDULLA II	3	795	1068	1863	323	1894	2217	4080
AL-DULAYL	15	476	1280	1756	5527	5405	10932	12688
AL-QASTAL	1	11	4	15	2	0	2	17
RUSSAIFA	1	301	367	668	184	150	334	1002
Total	97	5105	8136	13241	17415	19392	36807	50048

¹⁵ Jordan's Garments, Accessories and Textiles Exporters Association.¹⁶ Ministry of Labour, Jordan.¹⁷ Ministry of Labour, Jordan.

Table 11. QIZ workers by zone, nationality, and gender, 2005¹⁸

Area	No. of Companies	Jordanian workers			Migrant workers			Total
		Male	Female	Total	Male	Female	Total	
AL-TAJAMOAT	37	1451	2447	3898	5148	6054	11202	15100
AL HASSAN	43	3940	5204	9144	4892	7238	12130	21274
AL-HUSSEIN B ABDULLA II	4	884	1196	2080	393	1840	2233	4313
AL-DULA	17	600	1749	2349	4585	5508	10093	12442
AL-QASTAL	1	26	32	58	43	95	138	196
RUSSAIFA	2	346	635	981	289	77	366	1347
Total	104	7247	11263	18510	15350	20812	36162	54672

As can be seen in the tables above that Jordanians form about 21.3% , while migrants form about 78.7% of all QIZ workers. This is mainly due to lack of relevant skills and experience among Jordanians, as such types of industries are considered new in Jordan. Moreover, this sector became known to Jordanians for its poor working conditions. Female workers form more than 60% of Jordanian workers and about 48% of migrant workers. The large percentage of Jordanian females in this sector could be attributed to cultures in Jordan, where some fields, such as education and garments' manufacturing are looked at as more acceptable for females.

ENTERPRISES' OWNERSHIP

The highest number of QIZ enterprises is owned by Jordanians, who own 22, forming about 31% of all QIZ enterprises. However, such companies employ about 6.5% only of all QIZ' workers, with an average of 102 workers per enterprise. Indian companies, which form less than 13% of QIZs' enterprises, employ more than 21% of all QIZ' workers, with an average of 802 workers per enterprise. Multinational companies form 15.5%, Pakistani and Taiwanese companies form 7 % each and Chinese and Turkish companies form 4.2% each, of all enterprises in the QIZs. Details of enterprises nationalities and the numbers of their local and migrant employees, by gender, are shown in table (12) below.

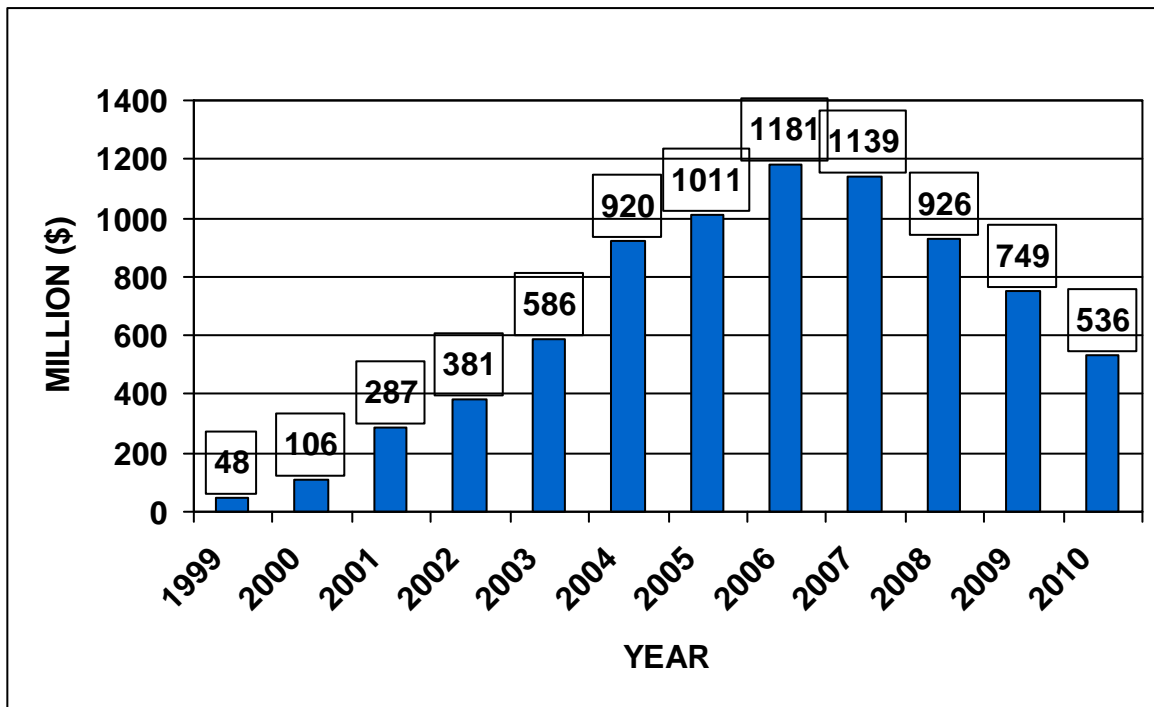
¹⁸ Ministry of Labour, Jordan.

Table 12. Companies in the QIZs by their nationalities and their workers by nationality and gender

Company's Nationality	No. Of Companies	Jordanian Workers			Migrant Workers			Total
		Male	Female	Total	Male	Female	Total	
Jordanian	22	442	693	1135	844	256	1100	2235
Chinese	3	104	61	165	1020	492	1512	1677
Indian	9	229	667	896	3137	3191	6328	7224
Taiwanese	5	513	624	1137	833	1509	2342	3479
American	2	176	415	591	622	121	743	1334
Korean	1	17	23	40	124	64	188	228
Turkish	3	47	117	164	1160	153	1313	1477
Italian	1	25	20	45	0	0	0	45
Iraqi	1	1	0	1	25	0	25	26
Palestinian	1	6	25	31	154	20	174	205
Israeli	1	12	12	24	153	33	186	210
British	2	96	73	169	693	605	1298	1467
Bangladeshi	1	8	3	11	96	35	131	142
Pakistani	5	203	471	674	1745	1811	3556	4230
Sri Lankan	2	123	254	377	1225	1422	2647	3024
Omani	1	5	70	75	117	451	568	643
Multinational	11	824	1629	2453	1245	2929	4174	6627
Grand Total	71	2831	5157	7988	13193	13092	26285	34273

THE QIZs FROM AN ECONOMIC POINT OF VIEW

When they were first established in 1998, the QIZs were intended to play an important role in creating new job opportunities for a large number of Jordanians and in reducing the high rate of unemployment, in addition to supporting the national income through their expected large exports. However, due to several factors, such as low wages and poor working conditions, those zones never attracted Jordanian job seekers. They still managed, within a short period of time, to contribute significantly to the remarkable increase in Jordanian exports. In 2006, the apparel exports from the QIZs formed about 30% of all Jordanian exports, but since then, following the release of the NLC report, the Government of Jordan tightened monitoring measures on those zones and compelled their employers and managements to fully comply not only with all national legislations related to working conditions and terms, but also with all international standards on human and labour rights. Ultimately, some of those employers could not continue, simply because working outside of the law was their main source of making profit, so they started closing down, or moving to other countries, where respecting labour rights was not a priority. So, from 2006 the number of the enterprises in those zones started declining as did their exports, as shown in Figure (2), below. The MoL's action doesn't seem to be the only reason behind the difficulties suffered by garment producers in the QIZs. Interviews of some QIZ enterprises' managements revealed that their buyers in the U.S. were greatly affected by the Global Economic Crisis, which then reflected negatively on the volume of orders received in the QIZs, and on the prices offered for their products. Table (13), shows the top exporting QIZ enterprises, Table (14) shows percentages of QIZ exports of the total exports of Jordan and table (15) shows the imports of the apparel and textile sector between 2000 and 2009.

Figure (2), Apparel exports from the QIZs in Jordan, in USD, from 1999 to 2010¹⁹**Table 13. Top 10 Jordan exporting companies in 2009, by their nationality²⁰**

No.	Name	Nationality	Value, USD Million	Share
1	Classic Fashion Apparel Industry	Indian	90.67	12.11%
2	Century Miracle / Jordan	British-Chinese	83.55	11.16%
3	Camel Textile Int'l Corp	Taiwanese	63.26	8.45%
4	Rich Pine Int'l Group LTD	British-Taiwanese	53.98	7.21%
5	Eam Maliban Textile Jordan LTD	Sri Lankan	41.05	5.48%
6	United Creation L.L.C.	Sri Lankan	33.73	4.51%
7	Oasis Textile Int'l CO., LTD	Taiwanese	28.05	3.75%
8	Taiyar Jordanian Garment Industry Co. Ltd.	Taiwanese	27.96	3.74%
9	Aseel Universal Garment MFG	Indian	26.32	3.52%
10	Sun Jordan Textile	Turkish	24.37	3.265

¹⁹ Jordan's Garments, Accessories and Textiles Exporters Association.²⁰ Jordan's Garments, Accessories and Textiles Exporters Association.

Table 14. The percentages of the QIZs' exports of all Jordanian exports, from 2000 to 2009²¹

YEAR	VALUE M/\$	SHARE OF TOTAL EXPORTS
2000	106	7%
2001	287	15%
2002	381	23%
2003	586	29%
2004	920	31%
2005	1011	29%
2006	1181	30%
2007	1139	27%
2008	926	16%
2009	749	17%

Table 15. Jordan Apparel and Textile Imports²²

YEAR	VALUE / USD (Millions)
2000	128
2001	216
2002	270
2003	334
2004	458
2005	484
2006	523
2007	477
2008	463
2009	367

²¹ Jordan's Garments, Accessories and Textiles Exporters Association.

²² Jordan's Garments, Accessories and Textiles Exporters Association.

THE QIZs as a special industrial sector

The workforce structure of the QIZ sector makes it a special one, compared to other industrial sectors in Jordan. The following characteristics of its establishments distinguish them from other enterprises in several aspects related to labour rights and occupational safety and health:

1. They have a great migrant workers' majority, which is legally not allowed in other sectors. Most of those enterprises are owned and managed by non-Jordanians, as well.
2. Labour standards in those zones are subject to external monitoring activities, on behalf of the international buyers who import the products of those zones, and organizations like the NLC, which has in its reports repeatedly criticized working conditions of migrant workers in those zones.
3. They are considered large companies, in terms of capital and number of workers, compared to those in other sectors in Jordan. They have an average of 440 employees per establishment, while the other sectors have a general average of 47 workers per enterprise.
4. Having duty-free, and quota-free, access to the United States market, which is the largest in the world, in addition to other forms of incentives provided by the Jordanian Government, contributes, to the reduction of the production cost in those zones, which makes their products more price competitive and more profitable and puts them in a better position to apply higher labour and OSH standards. This was not the case before the release of the NLC report.
5. Most of their enterprises are well established in other countries and came to Jordan as branches for their mother companies abroad where different labour legislations exist and variable relevant standards are applied. Many of those had very low labour standards and brought into the country practices and violation that were very uncommon in Jordan, such as serious physical and sexual abuse and putting workers under forced labour by confiscating their passports.,
6. The QIZ enterprises are subject to various types of labour and OSH inspection, of different standards and different criteria, either national, such as those of the Ministry of Labour, The Social Security Corporation, Ministry of Health and Civil Defense, or international, such as those of the international buyers or the Better Work Jordan²³. The results of inspections of the buyers and the BWJ are directly affecting the chances of those enterprises to have more contracts with the importers of their products in the U.S, what motivates them to apply higher labour and OSH standards.
7. Those enterprises are involved in garment and apparel industries, with different production processes, such as cutting, sewing, dyeing, wrinkling, pressing, softening and sandblasting, which form an important source of health and safety hazards and occupational diseases.
8. Being of multiple nationalities, communication between workers and management, and/or among workers themselves is usually weak, which may negatively affect coordination and collaboration among them during disaster management. The language problem may also stand as an obstacle in understanding the local laws and in having access to important relevant information and may form a gap between the workers and the labour and OSH inspectors. The language barrier may negatively affect the workers' awareness of their legal rights. There was no actual communication between workers and labour inspectors, until the LI reform process started by the MoL, where independent interpreters of seven workers' languages were recruited. Following this process, the trade unions have also recruited some interpreters for interpreting workers' complaints and facilitating relevant investigations.
9. Wages in the QIZs are relatively low, compared to those in other sectors. They rarely exceed the legally stipulated minimum wages and most of those who accept such wages are driven by

²³ This is a joint project between the Government of Jordan, the International Organization and the International Finance Corporation, that aims at monitoring and promoting labour standards in Jordan, specifically in the QIZs.

need and poverty. Those are more likely to compromise at the cost of their rights, health and safety. Especially that most of QIZ workers came from South-East Asian countries, where many of them have bought their visas at large amounts and the interruption of their work and going back to their countries meant falling under the pressure of loans that they can never afford to pay back.

10. Almost all migrant workers live in company-provided dormitories, which were not subject to any form monitoring or inspection, and where different types of health and safety violations existed, such as poor hygiene, absence of fire prevention and protection precautions and lack of first-aid facilities.

THE ROLE OF SOCIAL PARTNERS IN THE QIZs

1. The workers organizations

The workers' organizations in Jordan are represented, at the national and the international levels, by the General Federation of Jordanian Trade Unions (GFJTU). This federation is composed of 17 unions, each of which represents a profession or a group of professions. The Union of Workers in the Spinning and Weaving Sector represents all workers in the garment industry in Jordan, including those in the QIZ. In addition to representing workers in collective bargaining and negotiations with the employers in the QIZ, which witnessed repeated strikes since 2006, this union has been closely monitoring labour rights and working conditions in those zones for the last few years, during which it played some role in promoting their rights as well as in improving their living conditions and OSH standards at work. This union, supported by some international organizations, established medical clinics within the QIZs, which provide medical care to workers, for minor contributions, and conduct periodic medical examinations for which they charge the employers. This union also organizes workers' training programs on all labour issues, including OSH. Such medical and awareness-raising services are extended to the local as well as to migrant workers, on equal basis.

2. The Employers' Organizations

Employer's organizations in Jordan are represented, at the national and the international levels, by the Jordan Chamber of Industry which comprises the Department of Environment, It is concerned with environment and OSH issues. In addition to this Chamber, employers in the QIZs have the following two active organizations, which also represent them at the national level:

1. Jordan Garment, Accessories and Textiles exporters (JGATE).
2. Foreign Investors Associations (FIA).

Those two organizations strongly defend the rights of the QIZs' employers. They hold regular meetings and seminars for discussing their problems and challenges, in the presence of senior government officials, such as the ministers of labour and trade and industry and they try to practice any form of possible pressure for easing the new changes imposed on them. They also organize training and awareness-raising programs for their members on several labour issues, including OSH.

Chapter 2. OCCUPATIONAL HAZARDS IN THE QIZs

Textile industries are diverse operations including fiber synthesis, weaving, manufacturing, dyeing, softening, sandblasting and finishing, etc. There are numerous health and safety issues associated with such operations in this industry. They include:

- A. Chemical exposure from the processing and dyeing of materials, exposure to cotton dusts and other organic dusts which is often present in the air during cotton handling and processing and in some operations, such as hand blasting.
 - B. Mechanical hazards from the machines and equipment used in cutting, sewing, pressing, transporting, loading and unloading...etc.
 - C. Physical hazards, such as noise, excessive heat or cold, vibrations, inadequate lighting ...etc.
 - D. Psychological hazards resulting from stress and fatigue, long working hours, low wages, absence of career development, restriction of leave, ...etc.
 - E. Ergonomic hazards, resulting from working for long hours in uncomfortable postures, resulting in health problems, such as musculo-skeletal problems, repetitive strain injuries, etc. Remarkable numbers of cases of piles and varicose veins have been reported among workers in finishing sections of QIZ enterprises in different parts of Jordan, where work is usually performed in standing positions.
 - F. Biological hazards: Handling and processing natural cotton and leather may be associated with some biological problems. Poor hygiene in some QIZ factories has resulted in the past in outbreaks of cases of hepatitis and chickenpox.
6. Electrical hazards and hazards of fire and explosion due to the highly inflammable materials used in textile industries, and the use of large boilers in those enterprises. Several important fires broke out in Jordan's QIZs in the past. In some cases enterprises were completely destroyed.

Health problems that may be faced in textile industries due to the above mentioned hazards include, among others, all types of injuries, skin problems, musculoskeletal disorders and lung problems, such as chronic obstructive pulmonary diseases, pulmonary fibrosis and lung cancer.

THE National Labour Committee's REPORT

The National Labour Committee is an American workers' organization, which has been following up labour standards in some of the countries exporting to the U.S. market, which started developing reports on the migrant workers' labour standards in Jordan in 2006. The reason for such interest is not clearly known, but some imply that the main motivation is to pressure the major U.S. producers through highlighting to the public in the U.S. the human rights and labour exploitation consequences of exporting the production processes of the American industries out of the country. The first report of the NLC, on the QIZs in Jordan, was released in May 2006 and was followed by several other reports, at variable intervals, through which the NLC closely followed up the labour and OSH standards in those zones. Although most of the contents of the first NLC's report proved to be true, most of the contents of the subsequent reports were false, as they were solely based on allegations made by workers, who tried to exploit the growing sympathy towards them.

The observations of the NLC's reports included the following findings regarding the working conditions of the QIZ workers. It was noted that most of the mentioned violations concerned migrant workers only, who were more vulnerable and did not have the necessary information and communication skills for claiming their rights. The national workers' labour rights were not usually violated, as those had a better idea of how to defend their rights, and how to proceed to submit and follow-up on complaints.:

1. Excessive mandatory working hours and forced overtime. Reported cases of passing out due to exhaustion.
2. Confiscation of migrant workers' passports.
3. Typical cases of forced labour and human trafficking for migrant workers.
4. Some cases of child labour among nationals.
5. Illegal employment of migrant workers, without obtaining work and residence permits for them.
6. Physical, sexual and verbal abuse against migrant workers.
7. Low wages, delayed payment and, sometimes, non-payment of wages for several months. This type of violations existed mainly in the smaller or subcontracting companies within the QIZs.
8. Excessive heat in summer, poor ventilation and excessive cold in winter.
9. Forced work 7 days a week with no holidays or leave days allowed.
10. Overcrowded dormitories and primitive living conditions. Large numbers of workers were placed in small rooms which lacked minimum health standards; workers were too hot in summer and too cold in winter.
11. Very poor hygiene in bathrooms and limited access to water. Either
12. no running water or water supply frequently interrupted
13. Poor quality and insufficient meals. Workers frequently complained of scanty food, which was monotonous and included meat and fruits once or twice a week.
14. No form of entertainment or recreational hours.
15. No on-site health care services, as stipulated in the law, and workers used to be denied sick leave.

THE JORDANIAN GOVERNMENT'S FINDINGS AND RESPONSE

The response of the Government of Jordan to those allegations was prompt and effective, as action was taken against all companies who failed to rectify their situation by immediate removal of existing violations. The Ministry of Labour immediately formed an investigation team chaired by H.E. the Minister. Many several successive intensive campaigns were conducted to verify the situation on the ground. The most important thing was that the Government was completely transparent in handling this issue, by revealing to the public and to the media all the findings of relevant investigations, and thus revealing that most of the contents of the NLC report were true and all types of violations existed in some QIZ companies, although some of the contents concerning other companies could be objectively challenged.

The investigation campaigns also revealed that some QIZ employers keep two, and sometimes three different versions of each worker's work contract. The first is the one which was offered to the workers in his/her country, the second to meet the conditions and standards imposed by the law or by the concerned buyers' codes. Those two contracts usually include better conditions and terms than the actual ones. The third contract is the actually implemented one. In most of such cases no copies of any of the three versions was found to be delivered to the concerned workers, whose signatures were found on the two. or sometimes on the three versions. The second, or third versions usually included higher wages and less working hours than the original contracts. Very few workers denied their signatures during relevant investigations, as, in most cases, workers claimed being cheated for signing such subsequent contracts following their arrival to Jordan.

Investigations revealed that there were many reasons behind the existence of such a situation, and the MOL admitted that the weakness and ineffectiveness of its labour inspection system was one of those reasons.

The MOL, immediately adopted an action plan for correcting this situation, including a reform plan for its labour inspection system. The plan included the following main points:

- Reforming the labour inspection system, mainly by:
 - ✓ Increasing the number of labour and OSH inspectors.
 - ✓ Intensive training courses for all inspectors, mainly on International Labour Standards and modern LI practices and procedures.
 - ✓ Integration of labour inspection with OSH inspection.
 - ✓ Motivating inspectors by generous performance-based incentives.
 - ✓ Providing logistic support.
 - ✓ Development of a “Desk Book” For Labor Inspectors.
 - ✓ Development of a “Standard Operative procedures” for labour inspectors.
 - ✓ Computerization of inspection activities.
 - ✓ Developing an inspectors’ Guide to LI.
- Legislative reform to cover legal gaps.
- Promotion of dialogue with the social partners.
- Establishment of the “Labour Inspectors’ Training Center”
- Development of the “Golden List”.
- Development of the “*Intensive Inspection Surveillance List*”
- Development of the “Core Inspection Force”.
- Establishment of the Hotline Service and recruitment of interpreters who speak all workers’ languages.
- Organizing awareness-raising programs in all workers’ languages.
- Establishment of unions’ offices in the industrial zones, to look after the migrant workers’ interests, as the law, then, did not give them the right to organize and join trade unions.

The international support that the MOL received during that period greatly contributed to the success of the MOL’s relevant plans. The main international organizations/institutions who supported the MOL in tackling this problem were:

1. The ILO: the Social Dialogue Project mainly contributed to strengthening the capacities of labour inspectors and social partners, helped in the establishment of the Labour Inspectors’ Training Center.
2. The USAID: Through conducting a joint assessment of the labour standards in the QIZs and funding the recruitment of an international expert on labour issues as an advisor to H.E. the Minister until the whole problem was overcome.
3. The International Training Center of the ILO: Through providing full fellowships to 20 participants, of labour and OSH inspectors and directors of central and regional labour offices, on the main issues encountered in the QIZs, i.e. Forced Labour, Trafficking-In-Persons, Discrimination at Work and OSH in Garment sector. All of the 15 labour inspectors who were in charge of monitoring the working conditions in the QIZs have participated in this training. Some of them became later members of the Core Inspection Team, who were in charge of conducting the most important inspection-related tasks in the QIZs, in addition to training other inspectors on modern and effective LI practices and procedures.
4. Better Work Jordan, which is a joint program between the ILO and the IFC. It works to improve competitiveness of the garment industry by improving compliance with Jordanian labour law and the ILO’s core labour standards,

RESULTS OF THE GOVERNMENT'S INTERVENTION

The results of the Government's action on ground exceeded all expectations. The management was required to fully comply with relevant national and international labour legislations in order to avoid suspension of operation, and prosecution. All employers realized that the only options were either to fully comply with the law, or to leave the country. Several large companies, where managements failed to protect human and labour rights of their local and migrant workers, were closed and their workers were transferred to other companies where they were needed and where much better working conditions existed. The progress and improvement of working conditions in the QIZs became evident through:

- ✓ Feedback from workers, both national and migrant, who reported their information to the MoL, either directly through the labour offices and inspectors in their zones, or through the trade unions.
- ✓ Feedback from the NLC, which referred in subsequent reports to the improving working conditions in the QIZs..
- ✓ Feedback from the international buyers, some of whom sent letters to the MoL appraising the positive changes.
- ✓ Intensive high quality inspections revealed much less violations.
- ✓ Number of complaints and strikes has greatly decreased.

LABOUR AND OSH INSPECTION IN THE QIZs

Employers and managements of the QIZ enterprises complained, on several occasions, of the frequency and multiplicity of inspection visits conducted to their establishments, which form, according to them, an additional burden in terms of time and efforts. Those enterprises are subject to very labour and OSH inspection visits, by different organizations and institutions, which include, among others, the following:

a. The Ministry of Labour

Labour and OSH inspectors of the MoL conduct regular periodic inspection visits to all QIZ enterprises to ensure their compliance with the provisions of the Jordanian Labour Law and its executive bylaws and regulations. Such visits became much more frequent and more intensive following the releases of the NLC report, which revealed that the weakness of the LI system, then, was one of the main causes lying behind the deterioration of labour standards in those zones in the past.

Those inspections are carried out by well qualified inspectors who received vigorous training on ILS and modern LI practices and procedures during the last few years. Non-compliance with the relevant legal provisions may result in sanctions that may include written warning, financial fines through the court or suspension of operations and closing the concerned enterprises, in case of serious violations. Sometimes administrative sanctions may be taken, such as blocking the concerned enterprises on the MOL's system, so that no work permits for migrant may be obtained and existing ones may not be renewed. The total number of visits undertaken by the MOL's labour and OSH inspectors to the QIZ enterprises in 2010 was 6,517, which resulted in issuing 765 warning letters and 2,709 penalties processed through the judicial system. Details of those visits are shown in table (16). The total number of visits undertaken by those inspectors at the national level, during the same period, was 53,825. This resulted in issuing 3,048 warnings and 11,256 penalties.

Table 16. MoL's Labour inspection and OSH visits to the QIZ enterprises, in 2010²⁴

Month	Visits	Warnings	Penalties
1	656	65	268
2	804	34	254
3	506	43	183
4	610	24	165
5	521	31	535
6	554	153	74
7	625	134	176
8	470	82	583
9	446	61	69
10	643	68	117
11	324	49	199
12	358	21	86
Total	6517	765	2709

In addition to inspection, the labour and OSH inspectorate of the MOL performs other relevant functions, such as accrediting the OSH and medical staff appointed in the enterprises in compliance with the relevant legal provisions, and providing relevant training and advisory services on request.]

b. American buyers' representatives

The American buyers, who import almost all of the QIZ products of Jordan, have their own labour and OSH standards and they undertake periodic inspection visits to their respective producers in the zones to ensure that they comply with those standards throughout their production processes. On several occasions, some of those buyers were publicly criticized in the U.S., in some cases through popular TV programs, for importing the products of some of those QIZ companies in Jordan who failed to comply with the international standards related to labour and human rights. Such type of pressure contributes to the frequency and quality of inspections conducted on behalf of such buyers. Breaking existing agreements and depriving the concerned companies of future orders are the common sanctions imposed by the buyers against producers found in violation of their standards.

c. Better Work Jordan

BWJ is a joint programme of partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), which was launched in February 2008. It aims to improve competitiveness of the garment industry by improving compliance with Jordanian labour law and the ILO's core labour standards, and enhancing economic performance at the enterprise level. For this purpose, the BWJ's qualified inspection team monitors working conditions and labour standards in the companies participating in this program. They produce periodic assessment reports on relevant issues. The Government of Jordan has decided to mandate the participation of all factories in the garment sector in Better Work Jordan²⁵

²⁴ The labour inspectorates reports, Ministry of Labour, Jordan

²⁵ Better Work Jordan: Garment Industry, 1st Compliance Synthesis Report, May 2010

d. Ministry of Health

The Ministry of Health, through its various monitoring departments, both central and regional, mainly the Directorate of Occupational Health, has different types of safety and health inspections to the QIZ enterprises on periodic basis to ensure compliance with the following:

1. The national occupational health standards, throughout all work stages. This includes monitoring of environmental pollutants in the workplace, both chemical and physical, to ensure that their levels and concentrations do not exceed the permissible limits.
2. The regulations related to health and safety standards in the workers' dormitories.
3. Regulations related to hygienic food storage, preparation and handling.

e. Civil Defense

The General Directorate of Civil Defense, is involved in safety and health inspection of all industrial enterprises, including those of the QIZs, through its Department of Prevention, at the planning stage, where this department makes sure that all building sketches are in conformity with the Jordanian building and safety codes, before they are implemented and in the stage of licensing the establishments prior to starting operations, as well as during the annual renewal of those licenses, to make sure that all safety and health requirements and precautions are regularly and continuously complied with. In addition to inspection, the GDCD provided on-site free of charge training, on request, on first aid, fire drill and management of disasters.

f. Municipalities

The health departments of the concerned municipalities, where QIZ enterprises are located, conduct regular frequent safety and health inspection visits to those enterprises to ensure compliance with the relevant legislations, mainly those related to water treatment and disposal of liquid and solid waste, beside other functions, which sometimes overlap with those of the Ministry of Health.

g. Ministry of Environment

The technical concerned departments of this ministry inspect all industrial establishments, including those of the QIZs, to monitor the methods of waste disposal and make sure that all precautions to avoid water, air and soil pollution are adequately taken. Controlling the quantity and quality of emissions that go in the air is one of their main functions.

h. Public Safety Committees

Those committees are formed at the districts' level and each of them is chaired by the concerned Governor. In addition to the Public Security Department, usually all technical departments in the district are represented in this committee, including the civil defense. The inspection visits of such committees are organized either on routine rotational basis, or complaint-based. Their inspection includes all the indoor and outdoor safety and health issues. This committee may react to any relevant complaint of any citizen or resident in the country. There are no committees or organizations dealing specifically with the protection of migrant workers and their rights.

THE GOLDEN LIST

The Golden List is a code of practice launched by the MOL by the end of 2006, as part of the reform plan that followed the release of the NLC report. Members of this list enjoy some incentives by the MOL, including preferential treatment, exemption of bank guarantees required for employing migrant workers, but the main motivation for the QIZ enterprises to seek the membership of this list is its being a requirement, by many American buyers, for dealing with garments producers in Jordan. There are certain standards and criteria that are strictly applied by the MOL, for joining the list, which are

related to fundamental human rights, labour rights and OSH. Part of those criteria is related to the safety and health standards in the workers' dormitories. At present, there are 26 QIZ enterprises on the Golden List. The Golden List's criteria mainly include the following, in relation to both national and migrant workers:

1. Correct and timely payment of wages of all workers.
2. Registration of all workers in the social security scheme.
3. Obtaining work and residence permits for migrant workers, as legally required.
4. Regular working hours not to exceed 48 hours a week. Voluntary overtime that should not exceed 4 hours a day.
5. Annual, sick and maternity leaves and holidays given as per law.
6. Appointment of on-site medical staff, as required by the law.
7. Establishment of a medical unit (clinic), as required by law.
8. Conducting pre-placement and regular periodic medical examinations for workers.
9. Appointment of OSH Staff, accredited by the MOL, who cannot be terminated without the MoL's approval.
10. Formation of OSH committees with workers' representations.
11. Compliance with other OSH requirements as per law.
12. Decent living conditions in the workers' dormitories, as specified in the Golden List criteria, attached in annex (2).

This Golden List has greatly contributed to the improvement of working conditions in the QIZs, especially after it became one of the conditions required by some importers in the U.S. for buying from garment producers in Jordan, which led most of QIZ employers to run for it. The only problem was that the number of qualified labour and OSH inspectors in the MoL was limited, which resulted in delaying some applications for several weeks.

Chapter 3. FINDINGS OF THE STUDY

The analysis of the information collected for this study revealed that the labour standards and working conditions in the Qualifying Industrial Zones in Jordan have been greatly improved, mainly following the implementation of the Jordanian Government's relevant action plan, in which the social partners' involvement was remarkable. A trade unions office was opened in each of the QIZs to take care of the interests of migrant workers, who were legally unable to join the trade unions. Such offices handled workers' complaints and represented both national and migrant workers in collective bargaining and dispute settlement. The employers' organizations, namely Jordan's Chamber of Industry, JGATE and Foreign Investors Association, collaborated with the MoL, facilitated the trade unions' activities within those zones and participated in some tripartite committees for the promotion of labour standards in the QIZs. The comprehensive change in the QIZs' labour standards was triggered by the NLC reports, which greatly and publicly criticized the working conditions of migrant workers' in those zones. Such reports were repeatedly released on the internet and through media. They highlighted all kinds of violations related to labour rights, human rights and OSH.

The following were the main findings of this study:

a. Number of QIZ enterprises

There are 71 operating QIZ enterprises, at present. This number reached its peak in 2006, with 107 enterprises. There was then a progressive decrease after the release of the NLC report in 2006, where numbers reached about 39% by 2009. Then, for the first time since 2006, this number increased, between 2009 and 2010, by about 4%.

b. Workforce in the QIZs:

The decrease in the number of QIZ enterprises, between 2006 and 2010, was accompanied by a 51.8% and 29.7% decrease in the numbers of Jordanian and migrant workers, respectively.

The total number of workers, when this study was conducted, was 33,650, of which 21.3% are Jordanians and 78.7% expatriates. The percentage of management staff was about 5%, of which 48.3% are Jordanians and 51.7% expatriates. The production and support staff form about 95%, of which 19.8% are nationals and 80.2% are migrant workers. Details are shown in tables (17) and (18) below.

c. Social Security

About 98.9% of all Jordanian workers and 98.5% of all migrant workers are covered by social security and are entitled to compensation in case of work-related diseases and injuries, old age and disability. These benefits are equally enjoyed by both national and migrant workers. The latter can receive their deserved pensions in their own countries and they are legally permitted to repatriate any portion of their salaries and other benefits to their countries without any restrictions regardless of the existence of bilateral agreements with their governments.

Table 17. Numbers of management staff in the QIZ, by their nationality²⁶

No. of management staff	Male		Female		Total	
	(000)	(%)	(000)	(%)	(000)	(%)
Jordanians	526	31.2	289	17.1	815	48.3
Migrants	631	37.4	240	14.2	871	51.7
Total	1157	68.6	529	31.4	1686	100.0

Table 18. Numbers of production and support workers in the QIZ, by their nationality²⁷

No. of workers	Male		Female		Total	
	(000)	(%)	(000)	(%)	(000)	(%)
Jordanian workers	1839	5.7	4498	14.1	6337	19.8
Migrant workers	11825	37.0	13802	43.2	25627	80.2
Total	13664	42.7	18300	57.3	31964	100.0

d. Work contracts

Work contracts are almost similar for all QIZ workers, concerning working hours and wages, but they are slightly different concerning the provision of food and accommodation and relevant deductions. They are mostly for three years period, and include free, or greatly subsidized, accommodation, food and transportation. They also include free air tickets for traveling from their countries to Jordan and a return ticket after completion of the full periods of their contracts. Working hours, leaves and other entitlements, according to those contracts, are subject to the existing national legal provisions.

Managements of the QIZ enterprises keep copies of workers' contracts in each worker's file, duly signed by workers. Those managements claim that each worker has a copy of his/her contract, but the time given for this study and its methodology did not allow verification of this matter directly by workers.

e. Wages

The wages in the QIZs are equal between genders, but there are some disparities between the wages of Jordanian and migrant workers in general. The average monthly wage is 157.7 JDS (about 223 USD) for Jordanian workers, while it is 135.4 JDs (about 191 USD) for migrant workers. This difference is justified by being a compensation for the national workers for the other benefits enjoyed by migrant workers, but not the national ones, such as free, or subsidized, food and accommodation. Wages in 96% of all QIZs' enterprises were found to be paid regularly and timely, by no later than the 7th of the next month, as legally permitted. There was some delay in wages' payment, not exceeding 2 weeks from the due time, in 4% of those enterprises. There were no cases of non-payment of wages during the last six months.

f. Working hours

The average daily working hours in the QIZs are 12.43 hours, including 47 minutes average break time per day. Work beyond 8 hours is calculated as overtime. 93% of QIZ enterprises were found to have less than 4 hours overtime work, per worker per day and 7% of them were found to have longer overtime hours.

²⁶ As revealed by the survey conducted for this study.

²⁷ As revealed by the survey conducted for this study.

g. Holidays and Leaves:

All workers of the QIZ enjoy Friday as a weekly holiday, in addition to all official and religious holidays, declared as such by the Government, or get compensated for them in case work during them is required. Work during such holidays was found to be voluntary, and calculation and payment of related entitlements was found to be accurate, in 100% of QIZ enterprises.

The average annual leave in the QIZs is 17.5 days per worker. Workers get financial compensation for any unused leave days, at the end of their contracts.

Although each worker is entitled to a paid sick leave of 14 days a year, as a minimum, the study showed that only 0.55 sick leave days were used per worker per year, which may indicate either that workers in the QIZs are exceptionally healthy, or that there are restrictions on obtaining sick leaves. The study and other records of the MOL do not reveal any case of/ or complaints related to sick leave denial in those zones.

h. Freedom of Association:

Although the Jordanian Labour Law prohibits migrant workers from joining trade unions, the study shows that 56.6% of all QIZ workers contribute to trade unions on a regular basis and enjoy some unions' benefits. The General Union for Workers in the Spinning and Weaving Sector has exceptionally allowed migrant workers, since 2007, to be registered and obtain union's ID for contributions of small amounts. Such registration allows them to enjoy some benefits, such as adoption of their cases and complaints by the union, but does not give them the other rights of full members. This union has repeatedly negotiated migrant workers, complaints and demands with their employers or raised their causes to the MoL or to the media.,

i. Discrimination

The study does not reveal any case of discrimination. The wages are equal for both genders, as mentioned above. Although there are some differences between the wages of national workers and those of migrant ones, the other payments in kind that migrant workers get, in the form of meals and accommodation, exceed such differences.

j. Forced labour and human trafficking

Workers were found to have the freedom of keeping their passports in 100% of the QIZ enterprises. No cases of forced labour or human trafficking were found during the study and no such cases were reported to, or detected by, the MOL during the last 2010. There were no relevant complaints as well.

k. Sexual and physical abuse

The study did not reveal any case of any form of sexual or physical abuse. No relevant cases were reported to the MOL during 2010, as well.

l. Child labour

During the study, two cases of working children were found, but none of them formed a violation to the national law, as in both cases the child's age was above 16 years and the work they were doing was not classified as hazardous, according to the national labour law. The Jordanian Labour Law allows children between 16 and 18 years of age to be employed in non hazardous work, provided they produce written consents of their guardians and medical certificate showing that the work they are employed in does not adversely affect their health.

m. Occupational Safety and Health:

In relation to OSH, the study show that:

- 86.8% of the QIZ enterprises have documented OSH policy and 13.2% do not have such policy. 61.5% , only, have separate budget for OSH.
- 100% of the QIZ enterprises take adequate preventive measures against fire hazards and explosions. Those measures include the provision of adequate smoke detectors, fire fighting equipment, emergency exists, fire drills ...etc.
- 87% of the enterprises have documented and disseminated evacuation plan in case of disasters and emergencies.
- 96.3% of the enterprises are fully compliant, 1.8% partly compliant and 1.9% non-compliant with the legal provisions related to the pre-employment medical examinations for workers.
- 94.3% are fully compliant, 3.8% partly compliant and 1.9% non-compliant with the legal provisions related to the periodic medical examinations for workers.
- 88.7% of the QIZ enterprises have occupational safety and health committees, formed in accordance with the legal requirements of the Jordanian Labour Law, including accreditation by the MOL. 5.7% of those enterprises have such committees that do not fulfill the condition of being accredited by the MOL and 5.6% do not have OSH committees.
- 62.3 % of the enterprises have adequate number of qualified OSH specialists and technicians, as stipulated in the labour law, properly accredited by the MOL. 22.6% have such staff either unqualified or not accredited by the MOL and 15.1% do not have any OSH staff.
- 85.2% of the enterprises were found to provide personal protective equipment for their workers whenever required. 13% of those enterprises provide such PPE only in case of serious hazards and 1.8% of them do not provide such equipment regardless of the need for them.
- Adequate and properly distributed first-aid supplies were found in 92.6% . 7.4% of the enterprises do not have such supplies.
- Managements in 39.6% of the QIZ enterprises take appropriate measures for having their workplaces monitored for various environmental pollutants on regular basis.

n. Occupational diseases and injuries:

None of the QIZ enterprises keep any records of occupational diseases, which is understandable as this problem exists, due to several factors, at the national level. The rate of occupational injuries in the QIZs, in 2010, was 10 injuries per 1000 workers. The same rate was 21 for workers covered by social security, during the same period, at the national level. The total number of work-related injuries, documented in all QIZ enterprises, was 345, 286 and 335, in 2010, 2009 and 2008, respectively, as shown in table (19). Those injuries resulted in one fatality and 2 cases of permanent disability, which all were in 2010. The study shows that occupational accidents and injuries are documented, and relevant records existed, in 94.3% and that they are investigated in 77.4%, of the QIZ enterprises.

Table 19. Work-related injuries in the QIZ enterprises, 2008-2010

Year	Total number of injuries	Total number of related lost days	Cases of permanent disabilities	Cases of fatalities
2008	335	830	0	0
2009 ss07	286	803	0	0
2010	345	1065	2	1

o. Legal status of workers

The study shows that about 90% of all migrant workers of the QIZs have valid work and residence permits and 10% of them do not have, or have expired, residence and/or work permits.

In 2006 more than 40% of migrant workers in those zones had neither work nor residence permits, or had expired ones, which resulted in the accumulation of large penalties on them. In 2008, the Jordanian Government waived those penalties and allowed all migrant workers to rectify their situation by obtaining new work and residence permits.

p. Living conditions

All enterprises in the QIZs provide their workers with accommodation, regardless of its inclusion in their contract, The conditions and/ standards of dormitories vary from a company to another, but findings of the study reveal that 73% of those dormitories fulfill the living standards stipulated in the Golden List Regulations.

q. Meals

Three meals a day, apparently good in quality and quantity, are provided to all migrant workers, in about in 63% of the QIZ enterprises and for deductions ranging from 7 JDS (about 10 USD) to 25 JDS (about 35 USD) in the remaining 37%. In most cases, the written contracts agreed on by workers and employers include fewer benefits, related to meals and accommodation, than what is actually implemented.

r. Health Care Services

About 79.2% of the enterprises have on site health care services, as required by the law, including on-site medical units, physicians and nurses. 11.3% of them partly fulfill such requirements and 9.5% do not have such services. 32.7% cover their workers by a private health insurance system. 19.2% provide such insurance to management staff only and 48.1% do not have any form of health insurance.

s. Recreation

26.4% of the enterprises have recreational facilities for their workers, including auditorium, sports facilities, TV room, relaxing places, etc.

Chapter 4. CONCLUSION

I. The Qualifying Industrial Zones

The QIZs are areas designated by the Jordanian and Israeli authorities and approved by the U.S. Government. Products of those zones can enter the U.S. market duty free and Quota free with 100 % exemption of the export earnings from income and social services taxes. This is in addition to some other benefits given by the Jordanian Government, such as easing restrictions related to the owners' nationalities, importing guest manpower and full repatriations of capital, profits and salaries.

The world's first QIZ, Al-Hassan Industrial Estate, was designated in 1998 and since then, the number of enterprises in those zones kept increasing progressively until 2006 when the first NLC report was released. The report publicly and heavily criticized working conditions of migrant workers in those zones. Since then, enterprises in the zones were put under close surveillance, and serious sanctions – including permanent closing – were imposed on companies where human and labour rights' violations were not removed. This matter, in addition to the Global Economic Crisis, later led to the reduction of investments, and numbers of enterprises, in those zones. At present, there are 78 QIZ enterprises in Jordan, distributed over six zones.

I. i. Impact of the QIZs on the country's economy

The QIZs did not achieve the main objective for which they were established - which was to create job opportunities for the Jordanians - as migrant workers in QIZ enterprises were planned to be replaced by local ones within three years of their arrival. In spite of the remarkable drop in their number, their labour force and their exports, the QIZs in Jordan still represent 17% of all exports, and play an important role in supporting the country's national economy.

The exports' figures of the first 7 months of 2010 indicate that the QIZs started recovering from the double shock they received and hopefully will continue doing so until they go back to the peak they reached in 2006. Such recovery could be attributed to recovery from the Global Economic Crisis and the recession, but it is mainly believed to be a result of the improvement of labour standards and working conditions in those zones, which attracts more Jordanians. The growth of the size of workforce in the QIZs, by about 4% from 2009 to 2010, as the tables above show, indicate that those zones started to flourish again and could be a sign of a starting a stage of more prosperity in those zones.

II. Migrant Workers

Although the numbers of migrant workers in the QIZs showed a progressive drop since 2006, the percentages of those workers, of all QIZ workers, maintained a steady continuous increase since their establishment in 1998. Except for the years 2002 and 2003, during which Jordanian workers exceeded 50%, migrant workers have always formed the majority of all QIZ workers throughout the 13 years of the QIZ's operation period. Migrant workers, at present, form about 78.7% of the QIZ workers and about 24% of workers in all sectors. While Egyptians form about 71.5% of migrant workers in the country, all workers in the QIZs came from South East Asian countries, mainly Bangladesh and Sri Lanka.

II. i. Conditions of Work

The QIZs in Jordan have, since their establishment in 1998, passed through two completely different stages of working conditions and social compliance, with the NLC report's release in mid 2006, the separating point between those two stages and a shifting point in the compliance history of the employers and managements in those zones. The first stage witnessed progressive increase in the

numbers of enterprises and workers, both local and expatriates, as well as in the volume of garment exports, but it was characterized by excessive workers' exploitation and by very poor working conditions through which all national labour legislations and international labour standards were grossly violated. During this stage, employers and managements in the QIZs went for easy and fast, but surly not sustainable profits, at the cost of workers' rights, health and safety.

A new stage of compliance began in the QIZs by the release of the NLC report, which triggered the comprehensive reform process launched by the Jordanian Government. This acted in different directions and at different levels, the most important of which was the comprehensive labour inspection reform process.

During this stage, working conditions in the QIZs improved and their workers' right became more protected, but this was accompanied by the recession of investments in those zones, in the form of reduced numbers of enterprises and workers, and progressive decrease of exports. This was mainly the result of the government's tightened monitoring procedures and serious action against violators of the law, where any failure of removal of violations was followed not only by closing down the concerned enterprise, but also by the prosecution of its owners. At present the national and international labour standards are mostly observed and national and migrant workers' labour and human rights are more protected.

The Global Economic Crisis has also greatly contributed to the reduction of investments in the OIZs. This was not only because the crisis affected Jordan, in away or another, as it did to all other countries, but mainly because the crisis has greatly affected the buyers in the United States, who import all of the QIZs' products, and ultimately adversely affected the volume of orders placed in them.

III. Recommendations

Since migrant workers are among the most vulnerable groups and they are more likely to be exploited than local workers, especially as the language barrier stands as one of the main obstacles in knowing, and demanding, their legal rights. For this matter more measures for protecting the rights of such workers should be adopted at the national and international levels, including promoting more international conventions in this respect. Migrant workers' rights may be more protected by imposing the following:

1. Education of migrant workers' on their legal rights and relevant legislations in their own languages.
2. Migrant workers' contracts should be in languages understandable to them.
3. Intensified sanctions in case of violating the rights of vulnerable groups, including migrant workers.
4. Legal Import of migrant workers should be limited exporting countries which have relevant bilateral agreements with the importing country.
5. More efforts should be made by the ILO to encourage the ratification of the conventions related to the protection of migrant workers, justice and freedom of association.

Annex 1

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE HASHEMITE KINGDOM OF JORDAN ON THE ESTABLISHMENT OF A FREE TRADE AREA

PREAMBLE

The Government of the United States of America (“United States”) and the Government of the Hashemite Kingdom of Jordan (“Jordan”),

Desiring to strengthen the bonds of friendship and economic relations and cooperation between them; *Wishing* to establish clear and mutually advantageous rules governing their trade;

Aspiring to promote their mutual interest through liberalization and expansion of trade between their countries;

Reaffirming their willingness to strengthen and reinforce the multilateral trading system as reflected in the World Trade Organization, and to contribute to regional and international cooperation;

Recognizing that Jordan's economy is still in a state of development and faces special challenges;

Recognizing the objective of sustainable development, and seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development;

Recognizing that their relations in the field of trade and economic activity should be conducted with a view to raising living standards and promoting economic growth, investment opportunities, development, prosperity, employment and the optimal use of resources in their territories;

Desiring to foster creativity and innovation and promote trade in goods and services that are the subject of intellectual property rights;

Recognizing the need to raise public awareness of the challenges and opportunities offered by trade liberalization;

Wishing to raise the capacity and international competitiveness of their goods and services;

Desiring to promote higher labor standards by building on their respective International commitments and strengthening their cooperation on labor matters; and

Wishing to promote effective enforcement of their respective environmental and labor law;

HAVE AGREED AS FOLLOWS:

ARTICLE 1. ESTABLISHMENT OF A FREE TRADE AREA AND RELATIONSHIP TO OTHER

AGREEMENTS

1. The Parties to this Agreement, consistent with Article XXIV of the *General Agreement on Tariffs and Trade 1994* ("GATT 1994") and Article V of the *General Agreement on Trade in Services* ("GATS"), hereby establish a free trade area in accordance with the provisions of this Agreement.

2. The Parties reaffirm their respective rights and obligations with respect to each other under existing bilateral and multilateral agreements to which both Parties are party, including the *Marrakesh Agreement Establishing the World Trade Organization* (“WTO Agreement”).
3. This Agreement shall not be construed to derogate from any international legal obligation between the Parties that entitles a good or service, or the supplier of a good or service, to treatment more favorable than that accorded by this Agreement.
4. Nothing in Article 17 shall be construed to authorize a Party to apply a measure that is inconsistent with the Party’s obligations under the WTO Agreement.

ARTICLE 2. TRADE IN GOODS

1. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods of the other Party in accordance with Annex 2.1 and its schedule¹ to Annex 2.1.²⁸
2. For purposes of this Agreement, **originating good** means an article described in Annex 2.2.
3. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of the GATT 1994, including its interpretative notes. To this end, Article III of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement, subject to Annex 2.3.
4. A Party may not introduce a new customs duty on imports or a new quantitative restriction on imports in the trade between the Parties, other than as permitted by this Agreement, subject to Annex 2.3.
5. In the event that this Agreement enters into force on a date other than January 1, “year one” for purposes of Annex 2.1 and each Party’s schedule to Annex 2.1 shall mean the period from the date of entry into force of this Agreement through the end of the calendar year, and the duty reductions in each Party’s schedule to Annex 2.1 shall take effect on such date of entry into force. In such event, the term “January 1 of year one” for purposes of Annex 2.1 and each Party’s schedule to Annex 2.1 shall mean the date of entry into force of this Agreement.

ARTICLE 3. TRADE IN SERVICES

1. This Article applies to measures by a Party affecting trade in services between the Parties.
2. (a) With respect to market access through the modes of supply identified in Article I of the GATS, each Party shall accord services and service suppliers of the other Party treatment no less favorable than that provided for under the terms, limitations, and conditions agreed and specified in its Services Schedule to Annex 3.1 to this Agreement. In sectors where such market access commitments are undertaken, the measure which a Party shall not maintain or adopt either on the basis of a regional subdivision or on the basis of its entire territory, unless otherwise specified in its Services Schedule to Annex 3.1, are those measures defined in Article XVI:2(a)-(f) of the GATS.
(b) In the sectors inscribed in its Services Schedule to Annex 3.1, and subject to any conditions and qualifications set out therein, each Party shall accord to services and service suppliers of the other Party, in respect of all measures affecting the supply of services, treatment no less favorable than that it accords to its own like services and service suppliers.
(c) (i) Subject to subparagraph (c)(ii), any market access or national treatment commitment inscribed in a Party’s Services Schedule to Annex 3.1 shall give rise to the same rights and

²⁸ For purposes of this Agreement, "schedule" shall include both the schedule and headnotes.

obligations²⁹ between the Parties as if that commitment had been inscribed in that Party's schedule of specific commitments annexed to the GATS.³⁰

(ii) The provisions of GATS that shall be construed to give rise to rights and obligations under this Article are: Articles III*bis*; VI:1, 2, 3, 5, 6; VII:1 & 2; VIII:1, 2, 5; IX; XI; XII; XIII:1; XIV; XV:2; XVI; XVII; XVIII; XX:2; and XXVII; Annex on Movement of Natural Persons Supplying Services under the Agreement; Annex on Financial Services; Annex on Air Transport, paragraphs 1, 2, 3, 4, 6; and Annex on Telecommunications, paragraphs 1-5.

3. Jordan has listed, in its schedule annexed to the GATS, exemptions from most-favored-nation treatment that are based on a reciprocity requirement. Jordan confirms that the United States satisfies those reciprocity requirements specified in Annex 3.2.
4. (a) Unless they are specifically defined in this Article or in the Services Schedules to Annex 3.1, terms used in this Article and such Services Schedules that are also used in the GATS shall be construed in accordance with their meaning in the GATS, *mutatis mutandis*.
(b) All references in this Article to the GATS are to the GATS in effect on the date of entry into force of this Agreement. If, after that date, a Party alters its schedule of specific commitments annexed to the GATS, the GATS is amended, or the results of the negotiations described in GATS Articles VI:4, X:1, XIII:2, or XV:1 enter into effect, this Article shall be amended, as appropriate, after consultations between the Parties.
(c) Reference in this Article to a provision of the GATS includes any footnote to that provision.

ARTICLE 4. INTELLECTUAL PROPERTY RIGHTS

1. Each Party shall, at a minimum, give effect to this Article, including the following provisions:
 - (a) Articles 1 through 6 of the *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks* (1999), adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization ("WIPO");
 - (b) Articles 1 through 22 of the *International Convention for the Protection of New Varieties of Plants* (1991) ("*UPOV Convention*");
 - (c) Articles 1 through 14 of the *WIPO Copyright Treaty* (1996) ("*WCT*")³¹; and
 - (d) Articles 1 through 23 of the *WIPO Performances and Phonograms Treaty* (1996) ("*WPPT*").³²
2. Each Party shall make best efforts to ratify or accede to the *Patent Cooperation Treaty* (1984) and the Protocol Relating to the *Madrid Agreement Concerning the International Registration of Marks* (1989).

²⁹ Nothing in this Article shall require a Party to take any action with regard to the WTO or a Council, Committee, Body, or the Ministerial Conference of the WTO.

³⁰ The Parties acknowledge and accept that the commitments of the United States in financial services in subparagraphs 2(a) and 2(b) have been undertaken in accordance with the WTO Understanding on Commitments in Financial Services subject to the limitations and conditions set forth in the schedule of the United States.

³¹ Articles 1(4) and 6(2) of the WCT shall be excepted from this Agreement. Such exception shall be without prejudice to each Party's respective rights and obligations under the WCT, the Berne Convention for the Protection of Literary and Artistic Works (1971) ("*Berne Convention*") and the Agreement on Trade-Related Aspects of Intellectual Property Rights ("*TRIPS*").

³² Articles 5, 8(2), 12(2), and 15 of the WPPT shall be excepted from this Agreement. Such exception shall be without prejudice to each Party's respective rights and obligations under the WPPT, the Berne Convention and TRIPS.

3. Each Party shall accord to nationals of the other Party treatment no less favorable than it accords to its own nationals with regard to the protection³³ and enjoyment of all intellectual property rights and any benefits derived therefrom, subject to the exceptions provided in this Article.
4. A Party may derogate from paragraph 3 in relation to its judicial and administrative procedures, including the designation of an address for service or the appointment of an agent within the jurisdiction of the other Party, only where such derogations are necessary to secure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement and where such practices are not applied in a manner that would constitute a disguised restriction on trade.
5. The obligations under paragraphs 3 and 4 do not apply to procedures provided in multilateral agreements concluded under the auspices of WIPO relating to the acquisition or maintenance of intellectual property rights.

Trademarks and Geographical Indications

6. Trademarks shall include service marks, collective marks and certification marks³⁴, and may include geographical indications.³⁵
7. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs, including geographical indications, for goods or services which are related to those in respect of which the trademark is registered, where such use would result in a likelihood of confusion.
8. Article 6bis of the *Paris Convention for the Protection of Industrial Property* (1967) ("*Paris Convention*") shall apply, *mutatis mutandis*, to goods or services which are not similar to those identified by a well-known trademark, whether registered or not, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the trademark and provided that the interests of the owner of the trademark are likely to be damaged by such use.
9. Neither Party shall require recordal of trademark licenses to establish the validity of the license or to assert any rights in a trademark.

Copyright and Related Rights

10. Each Party shall provide that all reproductions, whether temporary or permanent, shall be deemed reproductions and subject to the reproduction right as envisaged in the provisions embodied in *WCT* Article 1(4) and the *Agreed Statement* thereto, and *WPPT* Articles 7 and 11 and the *Agreed Statement* thereto.
11. Each Party shall provide to authors and their successors in interest, to performers and to producers of phonograms the exclusive right to authorize or prohibit the importation into each Party's

³³ For purposes of paragraphs 3 and 4, "protection" shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as uses of intellectual property rights specifically covered by this Agreement.

³⁴ Neither Party is obligated to treat certification marks as a separate category in national law, provided that such marks are protected.

³⁵ A geographical indication shall be considered a trademark to the extent that the geographical indication consists of any sign, or any combination of signs, capable of identifying a good or service as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good or service is essentially attributable to its geographical origin.

territory of copies of works and phonograms, even where such copies were made with the authorization of the author, performer or producer of the phonogram or a successor in interest.

12. Each Party shall provide to performers and producers of phonograms the exclusive right to authorize or prohibit the broadcasting and communication to the public of their performances or phonograms, regardless of whether the broadcast or communication is effected by wired or wireless means, except that a Party may provide exemptions for analog transmissions and free over-the-air broadcasts, and may introduce statutory licenses for non-interactive services that, by virtue of their programming practices, including both the content of their transmissions and their use of technological measures to prevent unauthorized uses, are unlikely to conflict with a normal exploitation of phonograms or performances.
13. In applying the prohibition under Article 11 of the *WCT* and Article 18 of the *WPPT* on circumvention of effective technological measures that are used by authors, performers and producers of phonograms in connection with the exercise of their rights and that restrict unauthorized acts in respect of their works, performances and phonograms, each Party shall prohibit civilly and criminally the manufacture, importation or circulation of any technology, device, service or part thereof, that is designed, produced, performed or marketed for engaging in such prohibited conduct, or that has only a limited commercially significant purpose or use other than enabling or facilitating such conduct.³⁶
14. Each Party shall provide that any natural person or legal entity acquiring or holding any economic rights by contract or otherwise, including contracts of employment involving protected subject matter, may freely and separately transfer such rights by contract and shall be able to exercise those rights in its own name and enjoy fully benefits of such rights.
15. Each Party shall issue appropriate laws, regulations, or other measures (“measures”) providing that all government agencies use only computer software authorized for intended use. Such measures shall actively regulate the acquisition and management of software for government use.
16. Each Party shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holders.

Patents

17. Subject to paragraph 18, patents shall be available for any invention, whether product or process, in all fields of technology, provided that it is new, involves an inventive step and is capable of industrial application.
18. Each Party may exclude from patentability:
 - (a) inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment provided that such exclusion is not made merely because the exploitation is prohibited by their law;
 - (b) diagnostic, therapeutic and surgical methods for the treatment of humans or animals.
19. If a Party permits the use by a third party of a subsisting patent to support an application for marketing approval of a product, the Party shall provide that any product produced under this authority shall not be made, used or sold in the territory of the Party other than for purposes related to meeting requirements for marketing approval, and if export is permitted, the product shall only be exported outside the territory of the Party for purposes of meeting requirements

³⁶ This provision does not require either Party to mandate that any consumer electronics, telecommunications or computing product not otherwise violating the prohibition be designed to affirmatively respond to any effective technological measure. Any violation of the prohibition shall be independent of any infringement of copyright or related rights.

for marketing approval in the Party or in another country that permits the use by a third party of a subsisting patent to support an application for marketing approval of a product.

20. Neither Party shall permit the use of the subject matter of a patent without the authorization of the right holder except in the following circumstances:
- (a) to remedy a practice determined after judicial or administrative process to be anti-competitive;
 - (b) in cases of public non-commercial use or in the case of a national emergency or other circumstances of extreme urgency, provided that such use is limited to use by government entities or legal entities acting under the authority of a government; or
 - (c) on the ground of failure to meet working requirements, provided that importation shall constitute working. Where the law of a Party allows for such use pursuant to sub-paragraphs (a), (b) or (c), the Party shall respect the provisions of Article 31 of *TRIPS* and Article 5A(4) of the *Paris Convention*.
21. With regard to filing a patent application, when it is not possible to provide a sufficient written description of the invention to enable others skilled in the art to carry out the invention, each Party shall require a deposit with an “international depository authority,” as defined in the *Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure* (1980).

Measures Related to Certain Regulated Products

22. Pursuant to Article 39.3 of *TRIPS*, each Party, when requiring, as a condition of approving the marketing of pharmaceutical or of agricultural chemical products that utilize new chemical entities³⁷, the submission of undisclosed test or other data, or evidence of approval in another country³⁸, the origination of which involves a considerable effort, shall protect such information against unfair commercial use. In addition, each Party shall protect such information against disclosure, except where necessary to protect the public, or unless steps are taken to ensure that the information is protected against unfair commercial use.
23. With respect to pharmaceutical products that are subject to a patent:
- (a) each Party shall make available an extension of the patent term to compensate the patent owner for unreasonable curtailment of the patent term as a result of the marketing approval process.
 - (b) the patent owner shall be notified of the identity of any third party requesting marketing approval effective during the term of the patent.

Enforcement of Intellectual Property Rights

24. Each Party shall provide that, at least in cases of knowing infringement of trademark, copyright and related rights, its judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered as a result of the infringement and any profits of the infringer that are attributable to the infringement that are not taken into account in computing such damages. Injury to the right holder shall be based upon the value of the infringed-upon item, according

³⁷ It is understood that protection for “new chemical entities” shall also include protection for new uses for old chemical entities for a period of three years.

³⁸ It is understood that, in situations where there is reliance on evidence of approval in another country, Jordan shall at a minimum protect such information against unfair commercial use for the same period of time the other country is protecting such information against un fair commercial use.

to the suggested retail price of the legitimate product, or other equivalent measures established by the right holder for valuing authorized goods.

25. Each Party shall ensure that its statutory maximum fines are sufficiently high to deter future acts of infringement with a policy of removing the monetary incentive to the infringer, and shall provide its judicial and other competent authorities the authority to order the seizure of all suspected pirated copyright and counterfeit trademark goods and related implements the predominant use of which has been in the commission of the offense, and documentary evidence.
26. Each Party shall provide, at least in cases of copyright piracy or trademark counterfeiting, that its authorities may initiate criminal actions and border measure actions *ex officio*, without the need for a formal complaint by a private party or right holder.
27. In civil cases involving copyright or related rights, each Party shall provide that the natural person or legal entity whose name is indicated as the author, producer, performer or publisher of the work, performance or phonogram in the usual manner shall, in the absence of proof to the contrary, be presumed to be the designated right holder in such work, performance or phonogram. It shall be presumed, in the absence of proof to the contrary, that the copyright or related right subsists in such subject matter. Such presumptions shall pertain in criminal cases until the defendant comes forward with credible evidence putting in issue the ownership or subsistence of the copyright or related right.
28. Each Party shall provide that copyright piracy involving significant willful infringements that have no direct or indirect motivation of financial gain shall be considered willful copyright piracy on a commercial scale.

Transition Periods

29. Each Party shall implement fully the obligations of this Article within the following time periods:
 - (a) With respect to all obligations in paragraphs 1(c), 1(d), and 10 through 16, two years from the date of entry into force of this Agreement. In addition, Jordan agrees to accede to and ratify the *WCT* and *WPPT* within two years from the date of entry into force of this Agreement.
 - (b) With respect to all obligations in paragraph 1(b), six months from the date of entry into force of this Agreement. In addition, Jordan agrees to ratify the *UPOV Convention* within one year from the date of entry into force of this Agreement.
 - (c) With respect to all obligations in paragraph 22, except the obligation in footnote 10, immediately from the date of entry into force of this Agreement.
 - (d) With respect to all obligations under this Article not referenced in subparagraphs (a), (b) and (c), three years from the date of entry into force of this Agreement.

ARTICLE 5: ENVIRONMENT

1. The Parties recognize that it is inappropriate to encourage trade by relaxing domestic environmental laws. Accordingly, each Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws as an encouragement for trade with the other Party.
2. Recognizing the right of each Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental laws, each Party shall strive to ensure that its laws provide for high levels of environmental protection and shall strive to continue to improve those laws.

3. (a) A Party shall not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties, after the date of entry into force of this Agreement.

(b) The Parties recognize that each Party retains the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance matters and to make decisions regarding the allocation of resources to enforcement with respect to other environmental matters determined to have higher priorities. Accordingly, the Parties understand that a Party is in compliance with subparagraph (a) where a course of action or inaction reflects a reasonable exercise of such discretion, or results from a *bona fide* decision regarding the allocation of resources.
4. For purposes of this Article, “environmental laws” mean any statutes or regulations of a Party, or provision thereof, the primary purpose of which is the protection of the environment, or the prevention of a danger to human, animal, or plant life or health, through:
 - (a) the prevention, abatement or control of the release, discharge, or emission of pollutants or environmental contaminants;
 - (b) the control of environmentally hazardous or toxic chemicals, substances, materials and wastes, and the dissemination of information related thereto; or
 - (c) the protection or conservation of wild flora or fauna, including endangered species, their habitat, and specially protected natural areas in the Party's territory, but does not include any statutes or regulations, or provision thereof, directly related to worker safety or health.

ARTICLE 6: LABOR

1. The Parties reaffirm their obligations as members of the International Labor Organization (“ILO”) and their commitments under the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. The Parties shall strive to ensure that such labor principles and the internationally recognized labor rights set forth in paragraph 6 are recognized and protected by domestic law.
2. The Parties recognize that it is inappropriate to encourage trade by relaxing domestic labor laws. Accordingly, each Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws as an encouragement for trade with the other Party.
3. Recognizing the right of each Party to establish its own domestic labor standards, and to adopt or modify accordingly its labor laws and regulations, each Party shall strive to ensure that its laws provide for labor standards consistent with the internationally recognized labor rights set forth in paragraph 6 and shall strive to improve those standards in that light.
4. (a) A Party shall not fail to effectively enforce its labor laws, through a sustained or recurring course of action or inaction, in a manner affecting trade between the Parties, after the date of entry into force of this Agreement.

(b) The Parties recognize that each Party retains the right to exercise discretion with respect to investigatory, prosecutorial, regulatory, and compliance matters and to make decisions regarding the allocation of resources to enforcement with respect to other labor matters determined to have higher priorities. Accordingly, the Parties understand that a Party is in compliance with subparagraph (a) where a course of action or inaction reflects a reasonable exercise of such discretion, or results from a *bona fide* decision regarding the allocation of resources.
5. The Parties recognize that cooperation between them provides enhanced opportunities to improve labor standards. The Joint Committee established under Article 15 shall, during its regular sessions, consider any such opportunity identified by a Party.

6. For purposes of this Article, “labor laws” means statutes and regulations, or provisions thereof, that are directly related to the following internationally recognized labor rights:
 - (a) the right of association;
 - (b) the right to organize and bargain collectively;
 - (c) a prohibition on the use of any form of forced or compulsory labor;
 - (d) a minimum age for the employment of children; and
 - (e) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

ARTICLE 7: ELECTRONIC COMMERCE

1. Recognizing the economic growth and opportunity provided by electronic commerce and the importance of avoiding barriers to its use and development, each Party shall seek to refrain from:
 - (a) deviating from its existing practice of not imposing customs duties on electronic transmissions;
 - (b) imposing unnecessary barriers on electronic transmissions, including digitized products; and
 - (c) impeding the supply through electronic means of services subject to a commitment under Article 3 of this Agreement, except as otherwise set forth in the Party’s Services Schedule in Annex 3.1.
2. The Parties shall also make publicly available all relevant laws, regulations, and requirements affecting electronic commerce.
3. The Parties reaffirm the principles announced in the U.S.-Jordan Joint Statement on Electronic Commerce.

ARTICLE 8: VISA COMMITMENTS

1. Subject to its laws relating to the entry, sojourn and employment of aliens, each Party shall permit to enter and to remain in its territory nationals of the other Party solely to carry on substantial trade, including trade in services or trade in technology, principally between the Parties.
2. Subject to its laws relating to the entry, sojourn and employment of aliens, each Party shall permit to enter and to remain in its territory nationals of the other Party for the purpose of establishing, developing, administering or advising on the operation of an investment to which they, or a company of the other Party that employs them, have committed or are in the process³⁹ of committing a substantial amount of capital or other resources.

ARTICLE 9: GOVERNMENT PROCUREMENT

Pursuant to Jordan’s July 12, 2000, application for accession to the WTO Agreement on Government Procurement, the Parties shall enter into negotiations with regard to Jordan’s accession to that Agreement.

³⁹ Paragraphs 1 and 2 of this Article render nationals of Jordan eligible for treaty-trader (E-1) and treaty-investor (E-2) visas subject to the applicable provisions of U.S. laws and corresponding regulations governing entry, sojourn and employment of aliens. They also guarantee similar treatment for U.S. nationals seeking to enter Jordan’s territory.

ARTICLE 10: SAFEGUARD MEASURES

1. If as a result of the reduction or elimination of a duty⁴⁰ under this Agreement, an originating good of the other Party is being imported into the territory of a Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions that the imports of such good from the other Party constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive product, such Party may:
 - (a) suspend the further reduction of any rate of duty provided for under this Agreement for the good; or
 - (b) increase the rate of duty on the good to a level not to exceed the lesser of
 - (i) the most-favored-nation (MFN) applied rate of duty in effect at the time the measure is taken; and
 - (ii) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement; or
 - (c) in the case of a duty applied to a good on a seasonal basis, increase the rate of duty to a level not to exceed the lesser of the MFN applied rate of duty that was in effect on the good for the immediately preceding corresponding season or the date of entry into force of this Agreement.
2. The following conditions and limitations shall apply to a measure described in paragraph 1:
 - (a) a Party shall take the measure only following an investigation by the competent authorities of such Party in accordance with Articles 3 and 4.2(c) of the WTO Agreement on Safeguards; and to this end, Articles 3 and 4.2(c) of the WTO Agreement on Safeguards are incorporated into and made a part of this Agreement, *mutatis mutandis*;
 - (b) in the investigation described in subparagraph (a), a Party shall comply with the requirements of Article 4.2(a) of the WTO Agreement on Safeguards; and to this end, Article 4.2(a) is incorporated into and made a part of this Agreement, *mutatis mutandis*;
 - (c) a Party shall notify the other Party upon initiation of an investigation described in subparagraph (a) and shall consult with the other Party prior to taking the measure; and, if a Party takes a provisional measure pursuant to paragraph 3, the Party shall also notify the other Party prior to taking such measure, and shall initiate consultations with the other Party immediately after such measure is taken;
 - (d) no measure shall be maintained:
 - (i) except to the extent and for such time as may be necessary to prevent or remedy serious injury and to facilitate adjustment;
 - (ii) for a period exceeding four years; or
 - (iii) beyond the expiration of the transition period, except with the consent of the Party against whose originating good the measure is taken;
 - (e) no measure may be applied against the same originating good on which a measure has previously been taken;

⁴⁰ A determination that an originating good is being imported as a result of the reduction or elimination of a duty provided for in this Agreement shall be made only if such reduction or elimination is a cause which contributes significantly to the increase in imports, but need not be equal to or greater than any other cause. The passage of a period of time between the commencement or termination of such reduction or elimination and the increase in imports shall not by itself preclude the determination referenced in this footnote. If the increase in imports is demonstrably unrelated to such reduction or elimination, the determination referenced in this footnote shall not be made.

(f) where the expected duration of the measure is over one year, the importing Party shall progressively liberalize it at regular intervals during the period of application; and

(g) on termination of the measure, the rate of duty shall be the rate that, according to the Party's schedule in Annex 2.1 to this Agreement, would have been in effect one year after initiation of the measure. Beginning on January 1 of the year following the termination of the action, the Party that has applied the measure shall:

(i) apply the rate of duty set out in its schedule in Annex 2.1 to this Agreement as if the measure had never been applied; or

(ii) eliminate the tariff in equal annual stages ending on the date corresponding to the staging category set out in its schedule in Annex 2.1 or its schedule to Annex 2.1.

3. In critical circumstances where delay would cause damage which it would be difficult to repair, a Party may take a measure described in paragraph 1(a), 1(b), or 1(c) on a provisional basis pursuant to a preliminary determination that there is clear evidence that imports from the other Party have increased as a result of the preferential treatment under this Agreement, and such imports constitute a substantial cause of serious injury, or threat thereof, to the domestic industry. The duration of such provisional measure shall not exceed 200 days, during which time the requirements of subparagraphs 2(a) and 2(b) shall be met. Any tariff increases shall be promptly refunded if the investigation described in subparagraph 2(a) does not result in a finding that the requirements of paragraph 1 are met. The duration of any provisional measure shall be counted as part of the period described in subparagraph 2(d).
4. The Party applying a measure described in paragraph 1 shall provide to the other Party mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duty expected to result from the measure. If the Parties are unable to agree on compensation, the Party against whose originating good the measure is applied may take tariff action having trade effects substantially equivalent to the measure applied under this Article. The Party taking the tariff action shall apply the action only for the minimum period necessary to achieve the substantially equivalent effects. However, the right to take tariff action shall not be exercised for the first 24 months that the measure is in effect, provided that the measure has been applied as a result of an absolute increase in imports and that such a measure conforms to the provisions of this Article.
5. The Parties recognize that, because it has recently begun to produce a like or directly competitive product described in paragraph 1, an infant industry may face challenges that more mature industries do not encounter. Each Party shall ensure that the procedures described in paragraph 2 do not create obstacles to infant industries that seek the imposition of such measures.
6. At its regularly scheduled session for the year commencing 14 years after the date of entry into force of this Agreement, the Joint Committee shall conduct a review of the operation of this Article. Based on the results of this review and on the agreement of the Joint Committee, the transition period may be extended.
7. For purposes of this Article:

domestic industry means the producers as a whole of the like or directly competitive product operating in the territory of a Party, or those whose collective output of the like or directly competitive products constitutes a major proportion of the total domestic production of those products;

serious injury means a significant overall impairment of a domestic industry;

substantial cause means a cause which is important and not less than any other cause;

threat of serious injury means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent; and

transition period means the 15-year period beginning on January 1 of the year following entry into force of this Agreement, except if such period is extended in accordance with paragraph 6 of this Article.

8. Each Party retains its rights and obligations under Article XIX of GATT 1994 and the WTO Agreement on Safeguards. This Agreement does not confer any additional rights or obligations on the Parties with regard to actions taken pursuant to Article XIX and the Agreement on Safeguards, except that a Party taking a safeguard measure under Article XIX and the Agreement on Safeguards may exclude imports of an originating good from the other Party if such imports are not a substantial cause of serious injury or threat thereof.

ARTICLE 11: BALANCE OF PAYMENTS

Should either Party decide to impose measures for balance of payments purposes, it shall do so in accordance with the Party's obligations under the WTO Agreement. In adopting such measures, the Party shall strive not to impair the relative benefits accorded to the other Party under this Agreement.

ARTICLE 12: EXCEPTIONS

1. For purposes of Article 2 of this Agreement, Article XX of GATT 1994 and its interpretative notes are incorporated into and made a part of this Agreement. The Parties understand that the measures referred to in GATT 1994 Article XX(b) include environmental measures necessary to protect human, animal or plant life or health, and that GATT 1994 Article XX(g) applies to measures relating to conservation of living and non-living exhaustible natural resources.
2. Nothing in this Agreement shall be construed:
 - (a) to require any Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests;
 - (b) to prevent any Party from taking any actions that it considers necessary for the protection of its essential security interests:
 - (i) relating to the traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods, materials, services and technology undertaken directly or indirectly for the purpose of supplying a military or other security establishment,
 - (ii) taken in time of war or other emergency in international relations, or (iii) relating to the implementation of national policies or International agreements respecting the non-proliferation of nuclear weapons or other nuclear explosive devices; or
 - (c) to prevent any Party from taking action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.
3. Except as set out in this paragraph, nothing in this Agreement shall apply to taxation measures.
 - (a) Nothing in this Agreement shall affect the rights and obligations of either Party under any tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency.
 - (b) Notwithstanding subparagraph (a), Article 2.3 and such other provisions of this Agreement as are necessary to give effect to Article 2.3 shall apply to taxation measures to the same extent as does Article III of the GATT 1994.
 - (c) Notwithstanding subparagraph (a), the national treatment commitment under Article 3.2 shall apply to taxation measures to the same extent as under the GATS, and the national treatment commitment under Article 3.2(b) shall apply to taxation measures to the same extent as if the Party had made an identical national treatment commitment under Article XVII of the GATS.

ARTICLE 13: ECONOMIC COOPERATION AND TECHNICAL ASSISTANCE

To realize the objectives of this Agreement and to contribute to the implementation of its provisions:

- (a) the Parties declare their readiness to foster economic cooperation; and
- (b) in view of Jordan's developing status, and the size of its economy and resources, the United States shall strive to furnish Jordan with economic technical assistance, as appropriate.

ARTICLE 14: RULES OF ORIGIN AND COOPERATION IN CUSTOMS ADMINISTRATION

1. The Parties recognize that the rules regarding eligibility for the preferential tariff treatment afforded by this Agreement, as set out in Article 2 and Annex 2.2, are crucial to the functioning of this Agreement, and each Party shall strive to administer such rules effectively, uniformly, and consistently with the object and purpose of this Agreement and the WTO Agreement.
2. The Parties shall consult as appropriate, through the Joint Committee or through the consultative mechanism established in Article 16:
 - (a) to agree upon the means to cooperate and provide administrative assistance to achieve the commitments in paragraph 1; and
 - (b) to address situations pertaining to claims of preferential treatment under this Agreement for imported goods that do not satisfy the requirements in Annex 2.2.
3. The Parties, within 180 days after the entry into force of this Agreement, shall enter into discussions with a view to developing interpretative and explanatory materials on the implementation of Annex 2.2.

ARTICLE 15: JOINT COMMITTEE

1. A Joint Committee is hereby established to supervise the proper implementation of this Agreement and to review the trade relationship between the Parties.
2. The functions of the Joint Committee shall include, *inter alia*:
 - (a) reviewing the general functioning of this Agreement;
 - (b) reviewing the results of this Agreement in light of the experience gained during its functioning and its objectives, and considering ways of improving trade relations between the Parties, and furthering the objectives of the Agreement, including through further cooperation and assistance;
 - (c) facilitating the avoidance and settlement of disputes, including through consultations pursuant to Articles 17.1 (b) and 17.2 (a);
 - (d) considering and adopting any amendment to this Agreement or modification to the commitments therein, provided that the adoption of such amendment or modification shall be subject to the domestic legal requirements of each Party;
 - (e) developing guidelines, explanatory materials, and rules on the proper implementation of this Agreement, as necessary, and particularly: (i) guidelines and explanatory materials on the implementation of Annex 2.2, and (ii) rules for the selection and conduct of members of panels formed under Article 17, and model rules of procedure for such panels;
 - (f) at its first meeting, discussing the review performed by each Party of the environmental effects of this Agreement.
3. Structure of the Joint Committee

- (a) The Joint Committee shall be composed of representatives of the Parties and shall be headed by (i) the United States Trade Representative and (ii) Jordan's Minister primarily responsible for international trade, or their designees.
 - (b) The Joint Committee may establish and delegate responsibilities to ad hoc and standing committees or working groups, and seek the advice of non-governmental persons or groups.
4. The Joint Committee shall convene at least once a year in regular session in order to review the general functioning of the Agreement. Regular sessions of the Joint Committee shall be held alternately in each country. Special meetings of the Joint Committee shall also be convened within 30 days at the request of either Party and shall be held in the territory of the other Party, except as the Parties may otherwise agree. The Joint Committee shall establish its own rules of procedure. All decisions of the Joint Committee shall be taken by consensus.
 5. Recognizing the importance of transparency and openness, the Parties reaffirm their respective practices of considering the views of interested members of the public in order to draw upon a broad range of perspectives in the implementation of this Agreement.
 6. Each Party shall designate an office to serve as the contact point with regard to this Agreement. That office shall receive official correspondence related to this Agreement and provide administrative assistance to the Joint Committee and to dispute settlement panels established under Article 17.

ARTICLE 16: CONSULTATIONS

1. The Parties shall at all times endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt to arrive at a mutually satisfactory resolution of any matter that might affect its operation.
2. Either Party may request consultations with the other Party with respect to any matter affecting the operation or interpretation of this Agreement. If a Party requests consultations with regard to a matter, the other Party shall afford adequate opportunity for consultations and shall reply promptly to the request for consultations and enter into consultations in good faith.

ARTICLE 17: DISPUTE SETTLEMENT

1. (a) The Parties shall make every attempt to arrive at a mutually agreeable resolution through consultations under Article 17, whenever
 - (i) a dispute arises concerning the interpretation of this Agreement;
 - (ii) a Party considers that the other Party has failed to carry out its obligations under this Agreement; or
 - (iii) a Party considers that measures taken by the other Party severely distort the balance of trade benefits accorded by this Agreement, or substantially undermine fundamental objectives of this Agreement.
- (b) A Party seeking consultations pursuant to subparagraph (a) shall submit a request for consultations to the contact point provided for under Article 15.6. If the Parties fail to resolve a matter described in subparagraph (a) through consultations within 60 days of the submission of such request, either Party may refer the matter to the Joint Committee, which shall be convened and shall endeavor to resolve the dispute.
- (c) If a matter referred to the Joint Committee has not been resolved within a period of 90 days after the dispute was referred to it, or within such other period as the Joint Committee has agreed, either Party may refer the matter to a dispute settlement panel. Unless otherwise agreed by the Parties, the panel shall be composed of three members: each Party shall appoint one member, and the two appointees shall choose a third who will serve as the chairman.

(d) The panel shall, within 90 days after the third member is appointed, present to the Parties a report containing findings of fact and its determination as to whether either Party has failed to carry out its obligations under the Agreement or whether a measure taken by either Party severely distorts the balance of trade benefits accorded by this Agreement or substantially undermines the fundamental objectives of this Agreement. Where the panel finds that a Party has failed to carry out its obligations under this Agreement, it may, at the request of the Parties, make recommendations for resolution of the dispute. The report of the panel shall be non-binding.

(e) (i) If the dispute settlement panel under this Agreement or any other applicable international dispute settlement mechanism under an agreement to which both Parties are Party has been invoked by either Party with respect to any matter, the mechanism invoked shall have exclusive jurisdiction over that matter.

(ii) If a mechanism described in subparagraph (e)(i) fails for procedural or jurisdictional reasons to make findings of law or fact, as necessary, on a claim included in a matter with respect to which a Party has invoked such mechanism, subparagraph (e)(i) shall not be construed to prevent the Party from invoking another mechanism with respect to such claim.

2. (a) After a dispute has been referred to a dispute settlement panel under this Agreement and the panel has presented its report, the Joint Committee shall endeavor to resolve the dispute, taking the report into account, as appropriate.

(b) If the Joint Committee does not resolve the dispute within a period of 30 days after the presentation of the panel report, the affected Party shall be entitled to take any appropriate and commensurate measure.

3. The Parties, within 180 days after the entry into force of this Agreement, shall enter into discussions with a view to developing rules for the selection and conduct of members of panels and Model Rules of Procedure for panels. The Joint Committee shall adopt such rules. Unless the Parties otherwise agree, a panel established under this Article shall conduct its proceedings in accordance with the Model Rules of Procedure.

4. (a) A Party may invoke a panel under paragraph 1(c) of this Article for claims arising under Article 3 only to the extent that a claim arises with regard to a commitment that is inscribed in the Party's Services Schedule to Annex 3.1 to this Agreement, but is not inscribed in the Party's schedule of specific commitments annexed to the GATS. Such commitment may include a market access or National treatment commitment in a sector, a horizontal commitment applicable to a sector, or additional commitment.

(b) Except as otherwise agreed by the Parties, a Party may invoke a panel under paragraph 1(c) of this Article for claims arising under Article 4 only to the extent that the same claim would not be subject to resolution through the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes.

(c) If a dispute involves both a claim described in subparagraph (a) or (b) and another claim, subparagraph 1(e) shall not prevent a Party from invoking another international dispute settlement mechanism with regard to such other claim. Nothing in this subparagraph shall allow a Party to invoke the dispute settlement mechanism of both this Article and another international dispute settlement mechanism with regard to the same claim.

ARTICLE 18: MISCELLANEOUS PROVISIONS

1. Neither Party may provide for a right of action under its domestic law against the other Party on the ground that a measure of the other Party is inconsistent with this Agreement.

2. For purposes of Articles 5 and 6, "statutes and regulations" means,

- (a) with respect to Jordan, an act of the Jordanian Parliament, or by-law or regulation promulgated pursuant to an act of the Jordanian Parliament that is enforceable by action of the Government of Jordan; and
 - (b) with respect to the United States, an act of the United States Congress or regulation promulgated pursuant to an act of the U.S. Congress that is enforceable, in the first instance, by action of the federal government.
3. The Annexes and Schedules to this Agreement are an integral part thereof.
 4. All references in this Agreement to GATT 1994 are to the GATT 1994 in effect on the date of entry into force of this Agreement.

ARTICLE 19: ENTRY INTO FORCE AND TERMINATION

1. The entry into force of this Agreement is subject to the completion of necessary domestic legal procedures by each Party.
2. This Agreement shall enter into force two months after the date on which the Parties exchange written notification that such procedures have been completed, or after such other period as the Parties may agree.
3. Either Party may terminate this Agreement by written notification to the other Party. This Agreement shall expire six months after the date of such notification.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at Washington, in duplicate, in the English language, this twenty-fourth day of October, 2000, which corresponds to this twenty-sixth day of Rajab, 1421. An Arabic language text shall be prepared, which shall be considered equally authentic upon an exchange of diplomatic notes confirming its conformity with the English language text. In the event of a discrepancy, the English language text shall prevail.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF THE
HASHEMITE KINGDOM OF JORDAN:

Annex 2

THE GOLDEN LIST

Note: Enterprises that are found to deliberately violate human rights (child labour, forced labour, physical abuse, sexual abuse, etc.) will automatically be barred from participating in the Golden List scheme for a period of 1 year. Also, enterprises that are found to deliberately have provided false information will automatically be barred from participating in the Golden List scheme for a period of 6 months.

A. Basic criteria for all enterprises⁴¹

Subject ⁴²		Grading				Score
		As required by law/ Within 1 st limit.	Within 2 nd limit.	Within 3 rd limit.	Within 4 th limit	
1.	Minimum wages calculated and paid correctly.	5	Not calculated or paid correctly Application refused	--	--	
2.	Workers understand their wage calculations.	5	--	--	--	
3.	Wages paid within 7 days of date they become payable.	5	--	--	--	
3.	All workers registered with the SSC and all dues calculated correctly and paid on time.	5	--	--	--	
4.	Overtime hours worked with the consent of the workers. ⁴³	Average 2 hours daily, 1 Friday per month, PHs ⁴⁴	3 hours daily, 1 Friday per month, PHs	4 hours daily, 1 Friday per month, PHs	> 4 hours daily	

⁴¹ Enterprises must declare the sub-contractors they have used during the past 6 months.

⁴² Each subject will be verified against the enterprise practice during the last four months.

⁴³ When workers are not paid correctly for overtime work than no points can be earned under this category. Workers must be given ample opportunity to express their willingness to work overtime each time overtime is requested. Blanket provisions in contracts or documents indicating agreement for weekly or monthly periods of time do not qualify.

⁴⁴ Under the first category overtime can be calculated as an average over a period of one week with the total number of overtime hours worked not to exceed 12 hours and the maximum number of overtime hours worked per day not to exceed 3 hours (in addition to 8 regular hours per day for 6 days a week). Exceptions to the general rules applicable to overtime hours can be made without loss of points in case of 1) force majeure, and 2) peak production periods. However, recurring peak periods of production do not constitute a reason to deviate from the general rules applicable to overtime hours when the employer does not make any efforts to develop structural solutions. Circumstances caused by employers themselves, such as structurally accepting orders beyond normal factory/workforce capacity, do also not constitute a reason to deviate from the general rules applicable to overtime hours.

1. Force majeure is any circumstance of impending or actual interruption of work, which was impossible to foresee and which is not of a regularly recurring character. These circumstances include serious accidents, fire, flood, major storm, earthquake, and epidemic. These circumstances also include urgent work to premises and equipment, but only so far as may be necessary to avoid serious interference with the ordinary working of the establishment and not when due to negligent maintenance, as well as abnormal pressure of work due to special circumstances (extra-

		10	5	2	Application refused	
5.	Correct calculation and payment on time of OT hours (125% for normal work days and 150% for Fridays and public holidays)	10	--	--		
6.	Annual leave provided in line with law. ⁴⁵	5	--	--		
7.	Sick leave provided in line with law. ⁴⁶	5	--	--	--	
8.	Maternity leave provided in line with law.	5	--	--	--	
8.	Health care in accordance with the standards listed in annex no 2.	10	--	--	--	
9.	OSH conditions in accordance with the standards listed in annex no. 3.	10	--	--	--	
Maximum possible score					75	

(Contd.) _____

ordinary interruption of usual transport modes, etc.), in so far as the employer cannot ordinarily be expected to resort to other measures. The maximum duration and frequency of overtime required due to force majeure is, in principle, the time and frequency reasonably required to restore normalcy. An employer undertaking overtime work for reasons of force majeure must inform the local labour office in writing, with copy to the Central Inspection Directorate, within 48 hours of commencement of said work, indicating the estimated timing and duration of the overtime work and the estimated number of workers required to work overtime.

2. In order to deal with peak periods of production factories are allowed to:
 - a. Work a total of 12 weeks per year up to 4 hours overtime per day (72 hours a week in total), with a maximum limit of 6 weeks continuously at a time and a break of at least 2 weeks between each period. Employers wishing to work overtime for this reason must submit a work plan indicating the reason, estimated timing and duration of said overtime work and the estimated number of workers required to work such overtime work, at least 2 weeks prior to commencement of the work to the local labour office in writing, with copy to the Central Inspection Directorate.
 - b. Work up to 8 hours overtime for reason of meeting a shipment deadline for a maximum of 4 days per year with at least 2 weeks in between each such day. Such work can only be undertaken when a day off is provided to workers the following day. An employer undertaking such overtime must inform the local labour office in writing, with a copy to the Central Inspection Directorate, within 24 hours of undertaking the work, indicating the number of hours worked, the number and names of workers who worked the overtime and the logistical shipment details.

⁴⁵ Within the general framework of the law: 1) workers must be fully aware of their rights concerning annual leave as well as the factory procedures to be followed to request annual leave; 2) workers and employers can agree on any period of time for annual leave; 3) employers cannot force workers to take annual leave when there is a lack of orders; and 4) workers must be paid for each annual leave day not taken at the latest after having been under contract for 2 continuous years.

⁴⁶ Within the general framework of the law: 1) workers must be fully aware of their rights concerning sick leave as well as the factory procedures to be followed to request sick leave; and 2) workers must be paid for sick leave at regular pay days even when a regular pay day falls within a sick leave period.

B. Additional criteria for enterprises with migrant workers

Subject		Grading				Score
		As required by law/ Within 1 st limit.	Within 2nd limit.	Within 3rd limit.	Within 4 th limit.	
1.	Passports (or similar ID/travel documents) with worker.	10	Passports involuntarily not with workers. Application refused	--	--	
2.	Valid work and residence permits. ⁴⁷	10	--	--	--	
3.	Active commitment to employ Jordanians. ⁴⁸	5	--	--	--	
4.	Percentage of Jordanian workers.	> 50% or 300 or more workers 5	49 - 40% or 200 - 299 workers 4	39 - 10% or 50 - 199 workers 3	--	
Maximum possible score					30	

C. Additional criteria for enterprises that provide housing services

Subject		Grading				Score
		As required by law/ Within 1 st limit.	Within 2nd limit.	Within 3rd limit.	Within 4 th limit.	
1.	Housing in accordance with the standards listed in annex no. 4.	1 for each standard in the annex	--	--	--	
2.	Deductions for food and accommodation in line with valid and freely entered into contracts.	0 - 11% of the min. wage 10	11.1 – 23% of the min. wage 5	More than 23% Application refused	--	
Maximum possible score					22	

⁴⁷ Full points will be awarded when the absence of valid work or residence permits is not due to the employer.

⁴⁸ Examples of active commitment include, but are not limited to, active participation in the National Employment Project, hiring private employment agencies, setting up enterprise recruitment offices, and organizing regular recruitment campaigns.

Golden List Annexes**Annex no. 1. Standards of requirements to be considered when issuing visas for non-Jordanian workers**

80 – 100% of the possible maximum score combined for each of the categories applicable to the enterprise.	Member of the Golden List
....	
....	
....	

Annex no. 2. Health Care Standards

1.	Medical staff (appointment to be approved by MoL)				
	Number of workers	Full-time nurse	Part-time doctor (2 hours per day)	Full-time doctor	Part-time occupational health doctor (6 hours a week)
	50 - 499	1	1	-	-
	500 - 999	1	-	1	-
	> 1000	1	-	1	1
2.	Clinic required when more than 50 workers.				
3.	Pre-placement and periodic medical check-ups as per law.				

Annex no. 3. Occupational Safety and Health Standards

1.	OSH Staff (cannot be terminated without MoL approval)			
	Number of workers	Part-time OSH technician/specialist (2 hours every other day)	Full-time OSH technician/specialist	Full-time OSH specialist
	20 - 99	1	-	-
	100 - 499	-	1	-
	500 - 999	-	-	1
	> 1000	-	1	1
2.	More than 49 workers: OSH Committee			
3.	Compliance with other OSH requirements as per law.			

Annex no. 4. Housing Standards

1.	Male and Female dormitories are segregated.
2.	Each worker has a bed and cupboard with its key.
3.	Provide a chair and table at least for each room.
4.	Each person shall have at least 1.7 square meters in dormitory.
5.	At least one toilet per 15 people.
6.	At least one shower/bath per 15 people.
7.	Consistent provisions of water and electricity.
8.	Provisions of first aid boxes
9.	Functional fire exists.
10	Fire alarm system
11.	Maintaining housekeeping and cleanliness.
12.	Provision of bulletin board and a suggestion box.

Annex 3

Your Guide to QIZ

DEFINITION OF QUALIFIED INDUSTRIAL ZONES (QIZs)

Areas designated by the Jordanian and Israeli authorities and approved by the U.S. government, where products of these zones can be exported duty free to the U.S., making use of the Israeli Free Trade Area Agreement with the U.S. Moreover, Jordan is not restricted by any form of quotas on its exports, thus products produced in the QIZ enter quota free and duty free.

PRODUCT ELIGIBILITY FOR DUTY FREE ENTRY TO THE U.S. (Rules of Origin Requirements)

A product is entitled to duty free entry if it fulfills the following criteria:

1. It is wholly the growth, product or the manufacture of the QIZ.
2. The sum of:
 - a. The cost or value of the materials produced in the QIZ, the West Bank, the Gaza Strip or Israel, plus
 - b. The direct cost of processing operations performed in the QIZ, West Bank, the Gaza Strip, or Israel is not less than 35% of the appraised value.
3. It is imported directly from the QIZ or Israel.
4. It is substantially transformed, meaning the product is a new and different article of commerce.

Simple combination or packaging operations or mere dilution with water or another substance are not considered substantial transformation.

REQUIREMENTS FOR THE QUALIFICATION OF A PRODUCT UNDER THE QIZ AGREEMENT

A product is qualified under this agreement by one of the following methods:

Method 1

1. 11.7% content must be added by the Jordanian manufacturer in the QIZ (1/3 of the 35%).
2. 8% content must be added by the Israeli manufacturer (7% for high - tech products).
3. The remainder of the 35% can come from the QIZ, Israel, Gaza Strip, West Bank, or the U.S. (with a maximum of 15% from the U.S.) For this method only direct cost is applied to the calculation of content.

Method 2

Jordanian and Israeli manufacturers must each contribute at least 20% of the total cost of production of the QIZ product. For this method, both direct and indirect cost is applied to the calculation of the content.

Method 3

Mixing and matching of the two above alternatives.

A situation where one side contributes to the content and the other side contributes to the total cost of production

For Textiles and Apparel produced under this agreement, Rules of Origin set out in section 334 of the Uruguay Round Agreement Act, 19 U.S.C. 3592 apply.

FREQUENTLY ASKED QUESTIONS

Q. Who qualifies the products?

A. A Jordanian - Israeli joint committee with two co - chairmen, each appointed by their respective government, and an observer from the United States must approve all the eligible products, satisfying the requirements of the QIZ agreement and the rules of origin thus allowing duty free entry to the U.S.

Q. What is the application for the qualification called?

A. The application is called the Qualified Product Request, referred to as QPR.

Q. To whom is the application submitted?

A. The applicant submits the application (QPR) to the designated cochairman on a form designed and agreed upon by the committee, at the Ministry of Industry and Trade in Jordan.

Q. Who is responsible for checking each application? Is there a time limit on such a check?

A. Each co - chairman is responsible for checking and verifying the application from his side. If the application is incorrectly or not fully completed, the respective chairman will request its completion within ten days. The cochairmen have to reach a decision within ten days of receiving all pertinent material and correctly filled forms. The chairman who receives the application has to notify the co - chairman of the application with the required information for verification from the other side.

Q. How long is the approval granted for and what are the renewal procedures?

A. After the verification of the information in the QPR, from the two sides, a Letter of Approval is issued. The approval is given for a period of 12 months. Two months prior to its expiration date, the applicants submit their renewal figures. The approval is renewed for another 12 months, after verification of the approval conditions.

Q. What happens if the production parameters vary during these 12 months?

A. The applicant should contact the Industrial Development Directorate at the Ministry of Industry and Trade in Jordan and inform them of the changes.

Q. How are the U.S. authorities notified of the qualified products?

A. The QIZ committee provides copies of the product letter of approval to the U.S. authorities.

Q. Once granted, can the approval be canceled?

A. Yes. If, during the period of approval, it is found that the enterprise whose product has been qualified does not comply with the conditions set in the QIZ agreement, the approval will be canceled. The decision to cancel the approval will be taken jointly by both chairmen, and will be reported separately to the U.S. Customs via the diplomatic channels in their respective countries.

Q. How does the U.S Customs know that a product comes from a QIZ and qualifies for duty free entry to the U.S.?

A. Once the product has been approved by the Jordanian - Israeli committee, the shipper and/or importer is allowed to put an “N” before the product’s HTS number on the customer invoice. This alerts the U.S. Custom Service that the goods come from a QIZ.

Q. Can products of the QIZ be shipped through Jordan or Israel?

A. Yes, products of the QIZ may be shipped from either Jordan or Israel. Products must obtain a certificate of origin from the Ministry of Industry and Trade in Jordan indicating that it is a product of the QIZ.

Q. Are there any other means to export to the U.S. duty free besides the QIZ?

A. Yes. Jordan is part of the Generalized System of Preferences (GSP). This system allows a number of products duty - free access to the U.S. market. Jordan also signed a Free Trade Area (FTA) agreement with the U.S. Under the FTA, tariffs are phased out over a period of time reaching a maximum of ten year, starting in 2001. Thus, each product should be checked according to its HTS code for custom duties under FTA and eligibility for GSP. Both GSP and FTA rules of origin are 35% Jordanian content.

However, Jordan is a member of the WTO; therefore, custom duties under NTR (Normal Trade Relations; i.e., fellow member of WTO) might also be competitive. This should also be checked according to the HTS code. Examples of some products that can be exported duty free to the U.S. under various agreements are:

Under GSP:

Bath salts, “Split System” air conditioning, ceramic tiles, ceramic sinks, ceramic washbasins, ceramic tableware and kitchenware, electric motors, electric generators, hair dryers, magnetic tapes, video tapes, television sets with videos, television antennas, glasses’ frames, sunglasses, active yeast, mixed spices.

Under NTR:

Shampoos, salts, soaps, television sets, fax machines, magnetic tape recorders, video recorders radios, television sets, stuffed toys, wooden furniture.*

Q. How do I find the Harmonized Tariff Schedule (HTS) number for a commodity?

A. The HTS numbers for the United States are available from the Data Web of the U.S. International Trade Commission, (www.dataweb.usitc.gov) Click on the 2002 ITC Tariff Database link. This will take you to a page where you can enter the HTS number for the product of interest, or to find the number, enter the name of the product. After entering number or the name of the product, a page with a detail button will appear. Click on the button to display a list of potentially applicable HTS numbers and their descriptions. You can also get information about the information about the eligibility of the product for duty free entry or customs reductions under various agreements.*

**For further information about HTS codes, custom duties and eligibility under different agreements please contact the Industrial Development Directorate at the Ministry of Industry and Trade.*

Q. What kinds of industries are in the QIZ?

A. Currently, most of the qualified products in the QIZs are garments, luggage, and textiles. The fact that Jordan is not restricted by any form of quotas on its exports to the U.S. – added to the fact that products of these zones can be exported duty free – has attracted garment and textile manufacturers, since exports of these products to the U.S. are usually subjected to quotas duties.

Q. Are there other unexplored investment opportunities in these zones?

A. the footwear industry is an unexplored opportunity. These products are subject to custom duties up to 47% under NTR, thus exporting them from the QIZ will give them a competitive edge.

Q. Is profit included in appraised value?

A. Generally, the appraised value of the merchandise imported into the U.S. is the transaction value of the goods. The transaction value is the price actually paid or payable by the buyer to the seller for the merchandise when sold for exportation to the U.S., plus other expenses, such as packaging costs incurred by the buyer, when not included in the original price.

Q. Are the costs involved in transporting materials (such as cut apparel components) from Israel to the QIZ or the cost of transporting finished goods from the QIZ to the port of exportation in Jordan or Israel (for shipping to the U.S.) included in the “direct cost of processing?” Are these costs included in the appraised value?

A. The cost of transporting the materials to the QIZ may be counted toward satisfying the 35% value content requirements as part of the cost of “materials produced” but not as part of “direct cost of processing.” The cost involved in transporting the finished goods from the QIZ to the port in Jordan or Israel for shipment to the U.S. generally would not be included in the appraise value of the imported merchandise.

Q. Regarding the “double substantial transformation” in the apparel industry, what manufacturing operations qualify as substantial transformation operations? Do both transformations have to take place in the same country?

A. An example of a double substantial transformation in the apparel industry is cutting the fabric to shape, which results in garment components, and the subsequent assembly of these components by sewing to produce a finished product. The double substantial transformation does not need to take place in a single country but may take place in more than one country, where cutting is done in one and sewing is done in the other.

Q. If the manufacturer used foreign fabric (from country x) in producing the finished products, is the freight, insurance, packing and other costs incurred in transporting the material from country x to the QIZ manufacturer counted towards satisfying the 35% requirement?

A. If the fabric is subjected to double substantial transformation in the QIZ, then, freight, insurance, packing and all the other costs incurred in transporting the material to the manufacturer’s plant may be counted towards satisfying the 35% requirement. However, if the fabric is subjected to only one substantial transformation, then its cost or value could not be counted towards the 35% requirement whether as “material produced” or as “direct cost of processing.”

EXAMPLES

Example 1

Fabric woven in Pakistan, shipped to the QIZ where the fabric is cut to shape to create components for polo shirts. The components are then assembled in the QIZ to produce finished shirts, which are classified under the HTS code 6110.20.20. The “direct labor and overhead costs” are provided for the QIZ operations if cutting, preparation of collars and cuffs, assembly of shirt, and packaging the shirt. The cost of the Pakistani fabric (which includes shipping costs to the QIZ manufacturer) and cost of the trims (threads, labels, bags, boxes, etc.) made in Israel are also provided.

The country of origin of the shirts is the QIZ, as per textiles as apparel rules of origin.

How is the 35% QIZ value content calculated, in the mentioned example?

Since the Pakistani fabric is subjected to double substantial transformation in the QIZ (cutting and assembly), its cost or value may be accounted towards satisfying the 35% requirement. This would be the price paid for the Pakistani fabric by the QIZ manufacturer plus, if not included in that price, the cost to transport the fabric to the QIZ manufacturing facility. The cost or value of the threads and labels, which are of Israeli origin, could also be counted towards the 35% requirement because they are also subjected to a double substantial transformation (one in Israel when they are produced and one in the QIZ when they are incorporated into the finished garment). The cost of the packaging materials made in Israel may also be counted towards the 35% requirement.

Example 2

Fabric woven in Pakistan is shipped to Israel where the fabric is cut to shape to create components for a basic T - shirt. The components are assembled by sewing to create the finished shirt in the QIZ.

The country of origin of the T - shirt is the country in which it was wholly assembled – the QIZ Jordan.

The costs, which may or may not be counted towards satisfying the 35% value content requirement set forth in example 1, would apply equally to this example. As the Pakistani fabric is subjected to a double substantial transformation (one in Israel when cut to shape and one in the QIZ when assembled), its cost may be attributed towards the 35% content requirement.

Rules of Origin of Some Textile and Apparel Products

A textile or an apparel product is considered a product or a manufacture of Jordan, if:

A. Yarn, Thread, Twine, Cordage, Rope, or Braiding:

The constituent fibers are spun in Jordan (for natural yarns), or the continuous filaments are extruded in Jordan (for synthetic yarns).

B. Fabric:

The fibers, filaments, or yarns are woven, knitted, needled or transformed by any other fabric - making process to produce a fabric in Jordan.

C. Apparel, Clothing Product:

It is assembled by sewing and/or tailoring of the cut component pieces of fabric into a finished garment in Jordan.

D. Knit to Shape Products:

The major parts that are used in the finished product are knitted or crocheted to shape in Jordan.

E. Handkerchiefs, Shawls, Bed Linen, Table Linen, Towels, Labels, and Badges:

The fabric from which these products are produced is produced in Jordan starting from yarn. The reason for this is that these articles are generally complete for their intended commercial use once the fabric is formed.

Only minor finishing operations are usually required to complete these articles (cutting to length or width or hemming).

Cost of Production

Which items considered under Direct Cost of Production and Indirect Cost of Production?

❖ Items under Direct Cost of Production

- ✚ Salaries, wages, and fringe benefits of production workers.
- ✚ Utilities to the extent actually used in the production process.
- ✚ Salary and fringe benefits of the plant manager/general manager/general foreman to the extent he performs functions of first - line production.
- ✚ Payroll taxes for direct labor.
- ✚ Groups insurance for employees.
- ✚ Labor cost of shipping and receiving employees.
- ✚ Depreciation of items used in production, and on laborator equipment.
- ✚ Building rent on that portion of building space directly used in the processing operations, but not for space.
- ✚ Wages of drivers who transport raw materials from the border to the plant.
- ✚ Property taxes directly attributed to the plant space used in the production process.
- ✚ Depreciation of equipment and machinery used in the production process.
- ✚ Inland and international freight costs for transporting materials to a QIZ for use in the manufacture of an eligible article.
- ✚ Cost of maintenance of production equipment, cost of repair and modification.
- ✚ Packing costs. (Plastic bags, paper, and other U.S. produced packaging materials).
- ✚ Research, development and design engineering costs directly applicable to the specific merchandise.

❖ Items under Indirect Cost of Production

- ✚ Salaries of personal manager and accounting and payroll departments.
- ✚ Telephone expense, computer services for payroll, and janitorial supplies.
- ✚ General administrative costs, auto expense, office supplies, telephone, postage, legal expense, casualty and liability insurance, janitorial service and supplies, and accounting department.
- ✚ Selling expenses, administrative expenses, and finance charges.
- ✚ Cost of Personnel Officer (labor relations officer).
- ✚ Interest expense.
- ✚ Building space used for personnel offices, accounting departments and other administrative functions.
- ✚ Telephone expenses incurred by reason of daily reporting on production, inventories, and similar matters.
- ✚ Office supplies.
- ✚ Cost of security guards.

For a detailed list of direct and indirect costs of production, please contact the Industrial Development Directorate at the Ministry of Industry and Trade www.mit.gov.jo

Prepared by the Economic and Commerce Bureau, The Embassy of Jordan. Information extracted from a brochure produced by the Ministry of Industry and Trade Amman, Jordan.

Annex 4

The NLC Report

The complete report can be found on:

http://www.globallabourrights.org/admin/documents/files/Jordan_Report_05_03.pdf

Annex 5

The main provisions of the Jordanian Labour Law

The Labour Law No. 8, of 1996, is the main law concerned with labour issues in Jordan, the enforcement of which is the responsibility of the Directorate of Labour Affairs , of the MOL.

Termination of work contract

Article 21 of this law stipulates that the work contract shall be terminated in any of the following cases:

- a. If both parties have agreed on its termination.
- b. If the term of the work contract has expired or the work for which the contract was concluded is completed.
- c. If the employee has died, or has become unable to perform the work proven by a medical report issued by a medical authority.

Article 26 stipulates that if the employer has illegally terminated the work contract, the employee shall be entitled to all rights and benefits stipulated in the contract, and shall be entitled to the due wages till the expiry of the remaining period of the contract.

The Minimum Wage

The minimum wage currently stipulated in the law is 150 JDs (about 221 USD), which applies to all sectors, except the QIZ, which was excluded due to its unique situation. An other minimum wage, which is 110 JDs (about 155 USD) applies to workers in those zones, both Local and migrant.

Article 52 of the Jordanian Labour Law stipulates that a minimum wage may be determined, in general or for a specific sector or occupation, by the cabinet, upon the recommendation of a tripartite committee formed for this purpose, with equal representation of all of the Ministry of Labour, Trade unions and employers' organizations.

Working hours

Article 56 stipulates:

- a. The working hours shall not exceed eight per day and forty eight hour per week except in the cases stipulated by this law, the time allocated for meals and rest shall not be calculated.
- b. The maximum of the weekly working hours and rest times might be distributed so that its total may not exceed eleven hours per day.

Overtime

Article 59 stipulates:

- a. The employer may increase the daily or weekly working hours of the employee by the employee's approval provided that the employee shall receive for the overtime a wage not less than 125 % of the normal wage.
- b. If the employee has worked in his weekly holiday, religious feasts, or public holidays, then he shall receive in return for his work in that day overtime pay not less than (150%) of his normal wage.

Leaves

Article 61 stipulates that workers are entitled to the following leaves:

- a. An annual leave with full pay for fourteen days per each year of service, which shall become twenty one days if the employee remains in the service of the employer five successive years.
- b. The public holidays.
- c. c. Religious feasts.

Living conditions

The Jordanian Labour law does not include any obligatory provisions on the living conditions in the workers' dormitories provided by employers. Such places do not even legally fall under the purview of the MOL and the law does not stipulate any relevant authorities for the labour inspectors. The Golden List Regulations⁴⁹, of the Labour Law, include certain criteria and standards for living conditions in such dormitories, but those are not obligatory, as those regulations apply only to applicants who voluntarily want to join this list, but even though, joining the Golden list requires scoring 80% of relevant score sheet, what makes it possible to skip the living conditions part and compensate its score on other parts. The Golden List regulations are attached in annex (II)

Social Security

The Jordanian Social Security Law No. 19 of 2001 applies equally to national and migrant workers. This law provides the following benefits and entitlements to beneficiaries:

- a. Insurance against work-related injuries, which covers all costs and expenses related to such injuries, 75% of wages during sick leave related to those injuries and financial compensation fro death of permanent disability resulting from the injury.
- b. Life long pension for the insured person in case of old age or permanent disability and for his/her family in case of death.

The contribution for such insurance is 16.5% of the insured persons monthly wage, one third of which (5.5%) is directly deducted from the worker's salary and two thirds (11%) are the employer's share.

⁴⁹ The Golden List is a code of practice developed by the Ministry of Labour, which distinguishes and rewards the most compliant companies. Relevant regulations are attached in annex 2.

Annex 6

Map of Jordan showing the QIZs' locations

