

### Jordanian tariff rates for spirits, liquors and other spirituous beverages (2208)

The EU-Jordan Association Agreement<sup>1</sup> of 2002 sets out a list of trade concessions between Jordan and the EU. Article 10.2 (a) of the Agreement states that: *'The provisions of this chapter shall not preclude the retention by Jordan of an agricultural component in respect of goods originating in the Community and listed in Annex II'*. Spirit drinks (chapter 2208) are included in Annex II. Still, Article 10.2 (a), continues with *'The agricultural components which...Jordan may charge on imports from the Community, shall not exceed 50% of the basic duty rate charged on imports from countries not benefitting from preferential trade arrangements but benefitting from most favoured nation treatment'*. Article 10.3 sets out that Jordan shall abolish progressively the 'industrial element' of customs duties for products in Annex II, according to the provisions of Art.11. Article 11 (2) stipulates that total customs duties applicable by Jordan on PAPs in Annex II, shall be progressively reduced by 50% of the basic duty eight years after the date of entry into force. In 2013 hence Jordan should apply a 50% of the basic duty<sup>2</sup>.

The EU-Jordan Agreement in the Form of an exchange of Letters of 20<sup>th</sup> December 2005, in force since 1 January 2006<sup>3</sup> (amended in 2008<sup>4</sup>) places products of HS heading 2208 in List G of its Annex III, which is entitled *'List of PAPs for which customs duties should not be abolished'*.

In our view, this does not mean that the original 50% MFN reduction of the 2002 Agreement should not apply, as the new agreement does not replace or amend its provisions but just adds an article 11a. A 50% reduction in the MFN duty rate is also consistent with inclusion of the items on a "list of PAPs for which customs duties shall not be abolished".

According to the market access database and according to operators, Jordan still seems to apply full MFN duties on spirits, liquors and other spirituous beverages (2208, between 180-200% depending on the product). Spirits imported from the US, in contrast, are imported into Jordan at a preferential duty of 80 % under the Jordan/US FTA. For wine/sparkling wine, products from the EU have to pay duties of JD 2.49/L compared to JD 1.662/L from the US.

From the EU-side, the issue has been raised officially at the EU-Jordan Subcommittee on Agriculture and Fisheries, which took place in Amman on 30 May 2013. **The EU asked Jordan to comply with its commitments and apply the 50% cut on tariff rate duty negotiated in 2002.** Jordan indicated that they would be providing a written answer on their interpretation.

<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2002:129:0003:0165:EN:PDF>

<sup>2</sup> Basic duty: the one applied *vis a vis* the Community on 1 January 1997, but not higher than any future MFN if that is to be further reduced.

<sup>3</sup> OJ L 41, 13.02.2006

<sup>4</sup> OJ L 207, 5.08.2008