

**TITLE:** The Jordanian Tariff Reformation Act of 2021

**PROBLEM:**

Jordan suffers from a variety of economic problems. The largest is unemployment, with the next being that it has one of the highest tariff rates of modern economies in the world. Tariff rates stretch from the low 30% to as high as 350% depending on the product and country of origin.

**EXAMPLE(S):**

Here are four examples of tariffs that have hindered Jordan's economy and has cost the nation jobs. These tariffs have also kept the royal family living in a lavish life style.

- 1) **Medical:** Jordan has a 30% Tariff on a variety of necessary items. Even with Covid-19 and health a large concern to everyone, Jordan has a tariff on hospital products, some vital medications and various vaccines and serums. As a result, tariffs have added unnecessary costs to health care costs, which means that Jordanians are facing risks amid a crushing pandemic and a spiralling economic crisis. This unproductive, ruthless and staggering tariff system has crippled Jordan's economy and led to what can only be consider the growth of an "overgrown and bloated governmental regulation structure", a structure that was created to handle just the tariffs. It should be noted here that the only people in Jordan who do not pay the tariffs are the royal family. They apparently use the funds generated from the tariffs to live a lavish lifestyle.
- 2) **Agriculture/Farming:** Another area of the Jordanian economy that has been hit heavily thanks to the archaic tariff system is Agriculture/Farming. Here, not only have cots risen, but investors have been scared away so much so, that they are losing investor capital. For example, agriculture equipment and farming material and machines are taxed heavily by the tariff system. This results in both shortages and higher food prices that directly impact impoverished Jordanians.
- 3) **Automobiles:** Because of Tariffs, a car that costs 10,000 US dollars in America will cost upwards of \$50,000 if not more in Jordan thanks to tariffs. This deprives people of property, transportation to jobs and the accumulation of wealth – except by the government and the Royal family.
- 4) **Foreign Investment:** Tariffs scare away foreign investments and are clearly one-sided. For example, Jordan's tariff system complicates international relations. Take the United States for example. America does not impose any serious tariffs on Jordanian products, and has even gone as far as to provide Jordan with a scheme entitled "qualified industrial zones". In these zones, Jordan can export goods to America with no tariffs, yet the United States sending stuff to Jordan incurs tariffs.

**DOCUMENT GOAL:**

The goal of this legislative proposal is threefold. First, we want to call the world's attention to the unfair, humiliating and economically destructive Jordanian Tariff system. Second, we want to start working with stakeholders to reform and eliminate the tariff system. Finally, we want to stop the flow

of any tariff money to support the Royal family's extravagant lifestyle. Hence, the measure we will tackle the following concepts:

- The review and establishment of separate tariff-abolishing deals. This will be done country by country. We will start by eliminating tariffs with Jordan's top trading partners: the United States, Israel and Japan. These changes must include zero tariff on imports and exports between trading partners;
- With the elimination of tariffs, Jordan will be able to focus on turning itself into a regional manufacturing and export hub;
- Establish minimal tariffs on the disposal of specific items, especially electronics and technology;
- Stimulate and expand trade around the world;
- Establish zero tariff policies on vital items in three specific areas: Education, Health and Safety;

**MEDIA:** This act will send a clear message both internationally and externally. Internally, it will give people hope that they will not only have jobs that lead to a higher standard of living, but will expand the types of products available to Jordanians in the market place. Externally it will let the world know that Jordan is open for business and is working with international financial institutions to pay off its international debt, while attracting investors.

#### **SOLUTION:**

- 1) Establish a commission to make suggestions on how to stimulate the Jordanian economy;
- 2) Make the commission independent, and hold a series of hearings around the country;
- 3) Ensure that participation (testimony) is open to the country's business community;
- 4) Ensure that participation (testimony) is open to the international community;
- 5) Establish a series of tariffs that should be reformulated or reduced;
- 6) Eliminate any and all tariffs immediately with Jordan's top 5 trading partners, including the United States, Japan and Israel;
- 7) Have the commission produce a report;
- 8) Implement identified policies;

#### **SUPPORT:**

- 1) The Ministry of Industry and Trade
- 2) The Jordanian Ministry of Finance
- 3) The Jordanian Department of Customs
- 4) The Central Bank of Jordan
- 5) The Amman Chamber of Commerce and Industry
- 6) World Trade Organization
- 7) World Bank
- 8) United States and other trading partners
- 9) Jordanian consumers

#### **OPPOSITION:**

- 1) Businesses who already have paid tariffs on products and goods because they know that a drop in tariffs will force them to sell products they have in stock for a loss;
- 2) Because of budget shortfalls due to fraud, theft and misuse, it will be impossible to come up with the funds necessary to help the above businesses recover losses due to tariffs that have already been paid;
- 3) Corrupt government officials who profit by skimming cash from the general fund that is brought in by tariffs;
- 4) The royal family who uses tariffs to finance their lavish lifestyle, while they themselves are exempt from all forms of tariffs.

**ARGUMENTS IN SUPPORT:**

- 1) This is what the world is doing, and so should Jordan;
- 2) This will help stimulate the Jordanian economy;
- 3) Tariffs have crippled Jordan's economy and cost her people jobs;
- 4) This will help Jordan focus on becoming a regional export hub;
- 5) This will put more products in the Jordanian market place;
- 6) This will help bring democracy to Jordan's shores;
- 7) Jordanians are starving, and this will not only help farmers produce more, but will help Jordan import food to help feed her people;
- 8) This will help attract foreign investment;
- 9) This will help world banks support regional projects.

**ARGUMENTS IN OPPOSITION:**

- 1) It will reduce revenue for an already strained budget;
- 2) We do not have enough resources to effectively deliver such a decision as we are dependent mainly on tariff and taxes;
- 3) The monarchy will complain because they will have less money to fund their lavish lifestyle;

**FISCAL EFFECT:**

- Unknown
- Since most of the money collected in tariffs is stolen by the monarchy, this will have a small impact. The projected impact is a net increase in general funds. The exact amount is undetermined.

**CODE SECTION AFFECTED:**

- As per Drafting Council

**LANGUAGE ATTACHED:** Yes – as follows

**SECTION 1:** The name of this act is The Jordanian Tariff Reformation Act of 2021.

**SECTION 2:** \$2.5 million is earmarked for the funding and operations of this act.

**SECTION 3:** The Jordanian Parliament will establish a Tariff Review Commission.

**SECTION 4:** The Tariff Review Commission will consist of 5 persons. 2 will be appointed by the upper house, with 2 being appointed by the lower house. One person shall be appointed representing the nation's Teacher's union.

**SECTION 5:** The Tariff Review Commission will meet bi-monthly over the course of two years.

**SECTION 6:** The Tariff Review Commission will be charged with identifying ways to enhance Jordan's economy, with a focus on what to do about Tariffs.

**SECTION 7:** The Tariff Review commission is empowered to review Jordanian tariffs that impact employment, local businesses and international relations and/or business.

**SECTION 7:** The Tariff Review Commission meetings will be held around the country, and will be open to all who wish to follow or participate.

**SECTION 8:** The Tariff Review Commission will issue preliminary reports that contain legislative solutions and suggestions gleaned from the hearings.

**SECTION 9:** The Tariff Review Commission will issue an annual report, updating the nation on findings and suggestions. They will also issue a final report, with specific suggestions on tariffs to eliminate or alter.

**SECTION 10:** Tariffs currently in place as either imports or exports against Jordan's top 5 trading partners shall be eliminated with the signing and enactment of this document.