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**Qualifying Industrial Zone (QIZ)****Agreement Between The Hashemite Kingdom Of Jordan And Israel On Irbid Qualifying Industrial Zone**

16.11.1997

In recognition of the requirements in section 9 of the United States-Israel Free Trade Area implementation Act of 1985, as amended (the "Legislation"), and Proclamation No. 6955 of the President of the United States of America (the "Proclamation"), the Governments of the Hashemite Kingdom of Jordan and the State of Israel hereby agree to the creation of the "Irbid Qualifying Industrial Zone", and request that the Government of the United States designate it as a "Qualifying Industrial Zone" under the legislation and Proclamation.

**ARTICLE 1 - GEOGRAPHIC BOUNDARIES**

The Government of Jordan and the Government of Israel and the hereby designate the following territory of their respective countries as enclaves where merchandise may enter without payment of duty or excise taxes, no matter what the country of origin of the merchandise.

- A. For the Government of Jordan: the Irbid duty-free area. Shown on the map attached as Exhibit B.
- B. For the Government of Israel: an area under Israeli customs control within the boundaries of the land crossing border at Sheikh Hussein-Nahar Hayarden bridge. Shown on the map attached as Exhibit A.

On the basis of the respective national legislation of the parties, the customs authorities of Jordan and Israel shall establish special customs procedures for the purpose of assuring the speedy flow of goods into and out of the zone. The purpose of these procedures is to ensure the strict enforcement of the principles of duty and taxation pursuant to this agreement. In the case of Israel, where factories lying outside the zone will contribute of the 35% minimum content required by the legislation and Proclamation, the Israeli customs authority will ensure that inputs imported from abroad incorporated into goods shipped into the zone will be exempt from duty.

**ARTICLE II - ECONOMIC COOPERATION**

- A. Recognizing that one of the primary purposes of the legislation and Proclamation is to encourage economic cooperation in the region, the Government of Jordan and the Government of Israel hereby agree to the establishment of a joint Committee which will have the responsibility outlined below of identifying those businesses located within the Irbid Qualifying Industrial Zone which involve substantial economic cooperation between Jordan and Israel. Goods processed in the zone by businesses identified by the commission will be eligible for duty-free entry into the United States if the goods meet the requirements of the legislation and Proclamation.

- B. A representative of the United States shall have the right to participate in meetings of the Committee as an observer.
- C. The Committee may determine that a business involves substantial economic cooperation between Jordan and Israel:
  - 1. If the manufacturer on the Jordanian side of the QIZ and the Israeli manufacturer each contribute and maintain at least one third of the minimum 35% [1] content required under the legislation and Proclamation for duty-free treatment in the United States; or,
  - 2. If the manufacturer on the Jordanian side of the QIZ and the Israeli manufacturer each contribute and maintain at least 20% of the total cost of production of goods eligible for duty-free treatment, excluding profits, even if the costs cannot be considered as part of the 35% minimum content requirement for this purpose, costs may include originating materials, wages and salaries, design R&D, depreciation of capital investment, overhead including marketing expenses, etc [2]
- D. The joint Committee shall have the authority to approve those businesses whose products will be eligible for duty free entry into the United States on the requirements of paragraph (C) and to cancel this eligibility if these requirements are no longer met. Approval of eligibility for duty-free privileges will be reconfirmed by the Joint Committee on an annual basis.
- E. The Joint Committee will promptly transmit to the U.S. Customs (Trade Compliance Office. Office of Field Operations) the names of those businesses whose products are eligible for duty-free treatment and identify the products produced or processed in the QIZ by those businesses which comply with the rule of origin requirements set out in the "Outline for Designations of Qualifying Industrial Zone under Proclamation No. 6955 attached to the July 28, 1997 letter from the U.S. Trade Representative office to the Jordanian and Israeli Ministers of Industry and Trade.

### ARTICLE III - RULES OF ORIGIN

The Government of Jordan and the Government of Israel agree that origin of any textile or apparel product that is processed in the Irbid Qualifying Industrial Zone, regardless of the origin or place of processing of any of its inputs or materials prior to entry into, or subsequent to withdrawal from, the Zone, will be determined solely pursuant to the Rules of Origin for Textile and Apparel Products set out in Section 334 of Uruguay Round Agreement Act, 19 U.S.C.3592

### ARTICLE IV - CUSTOMS COOPERATION

The Governments of Jordan and Israel will assist United States authorities in obtaining information, including by means of verification, for the purpose of reviewing transactions for which duty-free access into the U.S. is claimed in order to verify compliance with applicable conditions, and to prevent unlawful transshipment of articles qualifying for duty-free access into the U.S.

### ARTICLE V - ENTRY INTO FORCE

This Agreement shall enter into force upon the completion of the necessary legal procedures by the Parties.

*(This took place on March 13, 1998).*

Done in Doha, Qatar on the 16<sup>th</sup> day of the month of November, 1997, in three original copies in the English language

For the Government of the Hashemite  
Kingdom of Jordan

Dr. Hani F. Mulki  
Minister of Industry and Trade

For the Government of the State of Israel

Natan Sharansky  
Minister of Industry and Trade