

Article 27

Nothing in this Agreement shall preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of intellectual, industrial and commercial property or regulations concerning gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 28

The concept of 'originating products' for the application of the provisions of this title and the methods of administrative cooperation relating to them are set out in Protocol 3.

Article 29

The Combined Nomenclature shall be used for the classification of goods in trade between the Parties.

TITLE III

RIGHT OF ESTABLISHMENT AND SERVICES

CHAPTER 1

RIGHT OF ESTABLISHMENT*Article 30*

1. (a) The Community and its Member States shall grant for the establishment of Jordanian companies treatment no less favourable than that accorded to like companies of any third country.
- (b) Without prejudice to the reservations listed in Annex V, the Community and its Member States shall grant to subsidiaries of Jordanian companies established in a Member State treatment no less favourable than that accorded to any like Community company, in respect of their operations.
- (c) The Community and its Member States shall grant to branches of Jordanian companies, established in a Member State, treatment no less favourable than that accorded to like branches of companies of any third country, in respect of their operations.

2. (a) Without prejudice to the reservations listed in Annex VI, Jordan shall grant for the establishment of Community companies in its territory treatment no less favourable than that accorded to its own companies or to companies of any third country, whichever is the better.
- (b) Jordan shall grant to subsidiaries and branches of Community companies, established in its territory, in respect of their operations, treatment no less favourable than that accorded to its own companies or branches, or to Jordanian subsidiaries or branches of companies of any third country, whichever is the better.

3. The provisions of paragraphs 1(b) and 2(b) cannot be used so as to circumvent a Party's legislation and regulations applicable to access to specific sectors or activities by subsidiaries or branches of companies of the other Party established in the territory of such first Party.

The treatment referred to in paragraphs 1(b), 1(c) and 2(b) shall benefit companies, subsidiaries, and branches established in the Community and Jordan respectively at the date of entry into force of this Agreement and companies, subsidiaries and branches established after that date once they are established.

Article 31

1. The provisions of Article 30 shall not apply to air transport, inland waterways transport and maritime transport.

2. However, in respect of activities undertaken by shipping agencies for the provision of international maritime transport services, including intermodal activities involving a sea leg, each Party shall permit to the companies of the other Party their commercial presence in its territory in the form of subsidiaries or branches, under conditions of establishment and operation no less favourable than those accorded to its own companies or to subsidiaries or branches of companies of any third country whichever are the better. Such activities include, but are not limited to:

- (a) marketing and sales of maritime transport and related services through direct contact with customers, from quotation to invoicing, whether these services are operated or offered by the service supplier itself or by service suppliers with which the service seller has established standing business arrangements;

- (b) purchase and use, on their own account or on behalf of their customer (and the resale to their customers) of any transport and related services, including inward transport services by any mode, particularly inland waterways, road and rail, necessary for the supply of an integrated service;
- (c) preparation of documentation concerning transport documents, customs documents, or other documents related to the origin and character of the goods transported;
- (d) provision of business information of any means, including computerised information systems and electronic data interchange (subject to any non-discriminatory restrictions concerning telecommunications);
- (e) setting up of any business arrangement, including participation in the company's stock and the appointment of personnel recruited locally (or, in the case of foreign personnel, subject to the relevant provisions of this Agreement), with any locally established shipping agency;
- (f) acting on behalf of the companies, organising the call of the ship or taking over cargoes when required.
- (d) 'establishment' shall mean the right of Community or Jordanian companies as referred to in point (a) to take up economic activities by means of the setting up of subsidiaries and branches in Jordan or in the Community respectively;
- (e) 'operation' shall mean the pursuit of economic activities;
- (f) 'economic activities' shall mean activities of an industrial, commercial and professional character;
- (g) 'national of a Member State or of Jordan' shall mean a physical person who is a national of one of the Member States or of Jordan respectively;
- (h) with regard to international maritime transport, including intermodal operations involving a sea leg, nationals of the Member States or of Jordan established outside the Community or Jordan respectively, and shipping companies established outside the Community or Jordan and controlled by nationals of a Member State or Jordanian nationals respectively, shall also be beneficiaries of the provisions of this chapter and Chapter 2 if their vessels are registered in that Member State or in Jordan respectively in accordance with their respective legislation.

Article 32

For the purpose of this Agreement:

- (a) a 'Community company' or 'Jordanian company' respectively shall mean a company set up in accordance with the laws of a Member State or of Jordan respectively and having its registered office or central administration or principal place of business in the territory of the Community or Jordan respectively.

However, should the company, set up in accordance with the laws of a Member State or Jordan respectively, have only its registered office in the territory of the Community or Jordan respectively, the company shall be considered a Community or Jordanian company respectively if its operations possess a real and continuous link with the economy of one of the Member States or Jordan respectively;

- (b) 'subsidiary' of a company shall mean a company which is controlled by the first company;
- (c) 'branch' of a company shall mean a place of business not having legal personality which has the appearance of permanency, such as the extension of a parent body, has a management and is materially equipped to negotiate business with third parties so that the latter, although knowing that there will if necessary be a legal link with the parent body, the head office of which is abroad, do not have to deal directly with such parent body but may transact business at the place of business constituting the extension;

Article 33

1. The Parties shall use their best endeavours to avoid taking any measures or actions which render the conditions for the establishment and operation of each other's companies more restrictive than the situation existing on the day preceding the date of signature of the Agreement.

2. The provisions of this Article are without prejudice to those of Article 44. The situations covered by Article 44 shall be solely governed by its provisions to the exclusion of any other.

Article 34

1. A Community company or Jordanian company established in the territory of Jordan or the Community respectively shall be entitled to employ, or have employed by one of its subsidiaries or branches, in accordance with the legislation in force in the host country of establishment, in the territory of Jordan and the Community respectively, employees who are nationals of Community Member States and Jordan respectively, provided that such employees are key personnel as defined in paragraph 2, and that they are employed exclusively by such companies, subsidiaries or branches. The residence and work permits of such employees shall only cover the period of such employment.

2. Key personnel of the abovementioned companies herein referred to as 'organisations' are 'intra-corporate transferees' as defined in (c) in the following categories, provided that the organisation is a legal person and that the persons concerned have been employed by it or have been partners in it (other than as majority shareholders), for at least the year immediately preceding such movement:

(a) persons working in a senior position with an organisation, who primarily direct the management of the establishment, receiving general supervision or direction principally from the board of directors or stockholders of the business or their equivalent, including:

- directing the establishment or a department or subdivision of the establishment,
- supervising and controlling the work of other supervisory, professional or managerial employees,
- having the authority personally to recruit and dismiss or recommend recruiting, dismissing or other personnel actions;

(b) persons working within an organisation who possess uncommon knowledge essential to the establishment's service, research equipment, techniques or management. The assessment of such knowledge may reflect, apart from knowledge specific to the establishment, a high level of qualification referring to a type of work or trade requiring specific technical knowledge, including membership of an accredited profession;

(c) an 'intra-corporate transferee' is defined as a natural person working within an organisation in the territory of a Party, and being temporarily transferred in the context of pursuit of economic activities in the territory of the other Party; the organisation concerned must have its principal place of business in the territory of a Party and the transfer be to an establishment (branch, subsidiary) of that organisation, effectively pursuing like economic activities in the territory of the other Party.

3. The entry into and the temporary presence within the respective territories of Jordan and the Community of nationals of the Member States or of Jordan respectively, shall be permitted, when these representatives of companies are persons working in a senior position, as defined in paragraph 2(a), within a company, and are responsible for the establishment of a Jordanian or a Community company, in the Community or Jordan respectively, when:

- those representatives are not engaged in making direct sales or supplying services, and
- the company has no other representative, office, branch or subsidiary in a Community Member State or Jordan respectively.

Article 35

In order to make it easier for Community nationals and Jordanian nationals to take up and pursue regulated professional activities in Jordan and the Community respectively, the Association Council shall examine what steps are necessary to be taken to provide for the mutual recognition of qualifications.

Article 36

The provisions of Article 30 do not preclude the application by a Party of particular rules concerning the establishment and operation in its territory of branches of companies of another Party not incorporated in the territory of the first Party, which are justified by legal or technical differences between such branches as compared to branches of companies incorporated in its territory or, as regards financial services, for prudential reasons. The difference in treatment shall not go beyond what is strictly necessary as a result of such legal or technical differences or, as regards financial services, for prudential reasons.

CHAPTER 2

CROSS-BORDER SUPPLY OF SERVICES

Article 37

1. The Parties shall use their best endeavours to allow progressively the supply of services by Community or Jordanian companies which are established in the territory of a Party other than that of the person for whom the services are intended, taking into account the development of the services sectors in the Parties.

2. The Association Council shall make recommendations for the implementation of the objective mentioned in paragraph 1.

Article 38

With a view to assuring a coordinated development of transport between the Parties, adapted to their commercial needs, the conditions of mutual market access and provision of services in transport by road, rail and inland waterways and, if applicable, in air transport may be dealt with by specific agreements where appropriate negotiated between the Parties after the entry into force of this Agreement.

Article 39

1. With regard to maritime transport the Parties undertake to apply effectively the principle of unrestricted access to the international market and traffic on a commercial basis.

- (a) The above provision does not prejudice the rights and obligations arising under the United Nations Convention on a Code of Conduct for Liner Conferences, as applicable to a Party to this Agreement. Non-conference lines shall be free to operate in competition with a conference line as long as they adhere to the principle of fair competition on a commercial basis.
- (b) The Parties affirm their commitment to a freely competitive environment as being an essential feature of the dry and liquid bulk trade.

2. In applying the principles of paragraph 1, the Parties shall:

- (a) not introduce cargo-sharing arrangements in future bilateral Agreements with third countries concerning dry and liquid bulk and liner trade. However, this does not exclude the possibility of such arrangements concerning liner cargo in those exceptional circumstances where liner shipping companies from one or other Party to this Agreement would not otherwise have an effective opportunity to ply for trade to and from the third country concerned;
- (b) abolish, upon entry into force of this Agreement, all unilateral measures, administrative, technical and other obstacles which could constitute a disguised restriction or have discriminatory effects on the free supply of services in international maritime transport.

Each Party shall grant, *inter alia*, a treatment no less favourable than that accorded to its own ships, for the ships used for the transport of goods, passengers or both, and operated by nationals or companies of the other Party, with respect to access to ports, the use of infrastructure and auxiliary maritime services of those ports, as well as related fees and charges, customs facilities and the assignment of berths and facilities for loading and unloading.

CHAPTER 3

GENERAL PROVISIONS

Article 40

1. The Parties undertake to consider development of this title with a view to the establishment of an 'economic integration agreement' as defined in Article V of the General Agreement on Trade in Services (GATS).

2. The objective provided for in paragraph 1 shall be subject to a first examination by the Association Council at the latest five years after the entry into force of this Agreement.

3. The Association Council shall, when making such examination, take into account progress made in the approximation of laws between the Parties in the relevant activities.

Article 41

1. The provisions of this Title shall be applied subject to limitations justified on grounds of public policy, public security or public health.

2. They shall not apply to activities which in the territory of either Party are connected, even occasionally, with the exercise of official authority.

Article 42

For the purpose of this title, nothing in this Agreement shall prevent the Parties from applying their laws and regulations regarding entry and stay, work, labour conditions and establishment of natural persons and supply of services, provided that, in so doing, they do not apply them in a manner as to nullify or impair the benefits accruing to any Party under the terms of a specific provision of the Agreement. This provision does not prejudice the application of Article 41.

Article 43

Companies which are controlled and exclusively owned by Jordanian companies and Community companies jointly shall also be beneficiaries of the provisions of this title.

Article 44

Treatment granted by either Party to the other hereunder shall, as from the day one month prior to the date of entry into force of the relevant obligations of the GATS, in respect of sectors or measures covered by the GATS, in no case be more favourable than that accorded by such first Party under the provisions of the GATS and this in respect of each service sector, subsector and mode of supply.

Article 45

For the purpose of this title, no account shall be taken of treatment accorded by the Community, its Member States or Jordan pursuant to commitments entered into in economic integration agreements in accordance with the principles of Article V of the GATS.

Article 46

1. Notwithstanding any other provisions of the Agreement, a Party shall not be prevented from taking measures for prudential reasons, including for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, or to ensure the integrity and stability of the financial system. Where such measures do not conform with the provisions of the Agreement, they shall not be used as a means of avoiding the obligations of a Party under the Agreement.

2. Nothing in the Agreement shall be construed to require a Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

Article 47

The provisions of this Agreement shall not prejudice the application by each Party of any measures necessary to prevent the circumvention of its measures concerning third country access to its market, through the provisions of this Agreement.

TITLE IV

**PAYMENTS, CAPITAL MOVEMENTS
AND OTHER ECONOMIC MATTERS**

CHAPTER 1

PAYMENTS AND CAPITAL MOVEMENTS*Article 48*

Subject to the provisions of Articles 51 and 52, current payments connected with the movement of goods, persons, services and capital within the framework of this Agreement shall be free of restrictions.

Article 49

1. Within the framework of the provisions of this Agreement, subject to the provisions of Articles 50 and 51, and without prejudice to Annex VI referred to in Article 30(2)(a), there shall be no restrictions on the movement of capital from the Community to Jordan and on the movement of capital involving direct investment from Jordan to the Community.

2. The outflow of Jordanian capital to the Community, other than direct investment, shall be subject to the prevailing laws in Jordan.

3. The Parties will hold consultations with a view to achieving complete liberalisation of capital movements as soon as conditions are met.

Article 50

Subject to other provisions in this Agreement and other international obligations of the Community and Jordan, the provisions of Article 49 shall be without prejudice to the application of any restrictions which exist between them on the date of entry into force of this Agreement, in respect of the movement of capital between them involving direct investment, including real estate, and establishment.

However, the transfer abroad of investments made in Jordan by Community residents or in the Community by Jordanian residents and of any profits stemming therefrom shall not be affected.

Article 51

Where, in exceptional circumstances, movements of capital between the Community and Jordan cause, or threaten to cause, serious difficulties for the operation of exchange-rate policy or monetary policy in the Community or Jordan, the Community or Jordan respectively may, in conformity with the conditions laid down within the framework of the GATS and with Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund, take safeguard measures with regard to movements of capital between the Community and Jordan for a period not exceeding six months if such measures are strictly necessary.

Article 52

Where one or more Member States of the Community or Jordan face or risk facing serious difficulties concerning balance of payments, the Community and Jordan respectively may, in conformity with the conditions laid down within the framework of the GATT and with Articles VIII and XIV of the Articles of Agreement of the International Monetary Fund, take restrictive measures with regard to current payments if such measures are strictly necessary. The Community or Jordan, as appropriate, shall inform the other Party immediately thereof and shall provide as soon as possible a timetable for the removal of such measures.