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Jordan: U.S. Relations and Bilateral Issues

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Jordan: U.S. Relations and Bilateral Issues

SUMMARY

The death of King Hussein on February 7, 1999, removed a strong U.S. ally and force for stability; however, his son and successor, King Abdullah, has continued to follow the late King's moderate and pro-western policies. In recent years, Jordan has taken significant steps toward building democratic life, including a return to limited parliamentary democracy. Parliament has eased restrictions in laws affecting the press, but some remain.

Several issues in U.S.-Jordanian relations are likely to figure in decisions by Congress and the Administration on future aid to and cooperation with Jordan. These include the stability of the Jordanian regime, democratic reform under way in Jordan, the role of Jordan in the Arab-Israeli peace process, Jordan's concerns over the U.S.-led campaign against Iraq in 2003, and its relations with other regional states. Following the 9/11 attacks, Jordan issued bans on banking operations linked to terrorist activities and pursued individuals linked to Osama bin Laden's Al Qaeda organization. Jordan also sent military medical and mine clearing units to Afghanistan in December 2001 to support the U.S.-led campaign against terrorism, and a field hospital to Iraq in April 2003 during Operation Iraqi Freedom. Jordan is also helping train Iraqi police and military personnel in Iraq's newly organized security forces.

On October 24, 2000, the United States and Jordan signed a free trade agreement. On September 28, 2001, President Bush signed a bill to implement the agreement (H.R. 2603) as P.L. 107-43.

In each of the five fiscal years 1998 through 2002, Jordan received approximately

\$225 million in annual U.S. assistance. Jordan received \$450 million in FY2003, plus over a billion dollars in a supplemental to help Jordan deal with added expenses resulting from the war on terrorism and the war in Iraq.

The Administration requested \$250 million in economic assistance and \$206 million in military assistance for Jordan in FY2004. These amounts were included in the Consolidated Appropriations Act, FY2004, which was signed by the President as P.L. 108-199 on January 23, 2004. Also, on November 6, 2003, the President signed H.R. 3289, the Emergency Supplemental Appropriation for Defense and the Reconstruction of Iraq and Afghanistan, 2004, as P.L. 108-106. This act contains an additional \$100 million for Jordan in economic assistance.

The Administration requested \$250 million in economic and \$206 million in military aid for Jordan in FY2006. In addition, the Administration requested \$200 million for Jordan (\$100 million in economic and \$100 million in military aid) in an FY2005 emergency supplemental appropriations bill. The bill, H.R. 1268, was signed into law as P.L. 109-13 on May 11, 2005.

Several alternative scenarios could develop in Jordan: a continuation of the current course toward democracy under the present regime; a return to a more autocratic political system; or fundamental changes in the character or configuration of the Jordanian state. Steady democratic growth under the present regime would probably offer the best prospects of supporting U.S. interests.

MOST RECENT DEVELOPMENTS

The Administration has requested \$250 million in Economic Support Funds (ESF) and \$206 million in Foreign Military Financing (FMF) for Jordan in FY2006. Also, the Administration requested an additional \$200 million for Jordan (\$100 million in ESF and \$100 million in FMF) in an FY2005 supplemental appropriations request, in recognition of Jordan's assistance in the war on terrorism and the rebuilding of the Iraqi security forces. These amounts are contained in H.R. 1268, the emergency supplemental appropriations bill for FY2005, signed by the President as P.L. 109-13 on May 11, 2005.

On April 5, 2005, King Abdullah appointed Dr. Adnan Badran, a distinguished academic who had served in previous cabinets, as prime minister, with a mandate to accelerate the pace of political and economic reforms.

BACKGROUND AND ANALYSIS

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. The country's small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan's unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Persian Gulf states; however, relations improved throughout the 1990s as Jordan played an increasing role in the Arab-Israeli peace process and distanced itself from Iraq.

Jordanian Issues of U.S. Interest

Stability of the Regime and Succession

Jordan, created by colonial powers after World War I, initially consisted of desert or semi-desert territory east of the Jordan River, inhabited largely by people of bedouin tribal background. The establishment of the state of Israel brought large numbers of Palestinian refugees to Jordan, which subsequently annexed a small Palestinian enclave west of the Jordan River (the "West Bank" territory; see below). The original "East Bank" Jordanians, through probably no longer a majority in Jordan, remain predominant in the country's political and military establishments and form the bedrock of support for the Jordanian monarchy. Palestinians, who comprise an estimated 55% to 70% of the population, in many cases tend to regard their stay in Jordan as temporary, and some are at most lukewarm in their support for the Jordanian regime.

Jordan in Brief

Population (July 2004):	5,611,202; growth rate: 2.67%
Area:	89,213 sq. km. (34,445 sq. mi., slightly smaller than Indiana)
Ethnic Groups:	Arabs 98%; Circassians 1%; Armenians 1%
Religion:	Sunni Muslim 92%; Christian 6%; small Muslim sects 2%
Literacy (2003):	91% (male 96%, female 86%)
GDP (2004):	\$11.0 billion; real growth 6.1%
Inflation (2004):	3.2%
Unemployment (2004):	15.0% (official estimate); ca. 30% according to some unofficial estimates
Armed Forces (2004):	personnel 100,500; tanks 952; combat aircraft 101
External Debt (2004):	\$7.5 billion

Sources: U.S. Dept. of State; Central Bank of Jordan; other U.S. and Jordanian government departments; The Economist Intelligence Unit (London)

King Abdullah has generally followed the moderate and pro-Western policies of his father, the late King Hussein, who had governed Jordan for 47 years before his death in early 1999. Educated largely in Britain and the United States, King Abdullah pursued a military career, ultimately serving as commander of Jordan's Special Operations Forces with the rank of Major General before acceding to the throne. Despite the gap left by the death of King Hussein, most observers agree that King Abdullah has been successful in consolidating his rule and has won respect for his hands-on style of governing. At the same time, he faces challenges from various internal groups — particularly Palestinians, Islamic fundamentalists, and professional organizations — that generally oppose government policies of normalizing relations with Israel and cooperating with the U.S. authorities in Iraq.

Upon acceding to the throne in 1999, King Abdullah appointed as Crown Prince his half brother Prince Hamzah, who is the son of the late King Hussein by his fourth wife, the American-born Queen Nour. On November 28, 2004, King Abdullah divested Hamzah of the title Crown Prince, stating that he took this step to give Hamzah “the freedom to work and undertake any mission of responsibility I entrust you with.” King Abdullah did not name a successor Crown Prince, but under Article 28 of the Jordanian constitution, Abdullah's son (also named Hussein) becomes heir to the throne unless the King designates another male relative. Jordanian officials deny that any political considerations or family differences prompted this action; some analysts view it as a further step in King Abdullah's consolidation of power.

Course of Domestic Reforms

Political. Jordan is a constitutional monarchy with a bicameral legislature composed of an elected 110-member lower house and an appointed 55-member upper house. Building on his father's legacy, King Abdullah has supported a limited parliamentary democracy, while periodically curtailing dissent when it threatened economic reforms or normalization of relations with Israel. The most recent parliamentary elections, held on June 17, 2003, gave 62 seats in the 110-member lower house to conservative, independent, and tribal allies of King Abdullah. However, the moderately fundamentalist Islamic Action Front (IAF), which had boycotted the previous elections in 1997, won 22% of the vote, thereby gaining

18 seats in the lower house, plus six sympathizers. Six seats in the lower house were reserved for women, one of whom is a member of the IAF. The IAF also participated in municipal elections for the capital city of Amman, held on July 26-27, 2003, but boycotted elections in other municipalities in protest against what IAF spokesmen called undemocratic electoral procedures. The U.S. State Department, in its most recent annual report on human rights (covering the year 2004), credits the Jordanian government with respecting citizens' rights in some areas but notes some abuses, particularly by police and security forces. Recent changes to press and penal laws have broadened freedom of the press, but some restrictions remain. A *Washington Post* article on September 30, 2004, notes measures by Jordanian authorities to restrain an upsurge in criticism of the government, especially in sermons by Muslim clerics.

Economic. Jordan, with few natural resources and a small industrial base, has undertaken various measures in the last few years to improve its economy. Among the long-standing problems Jordan faces are slow economic growth, declining living standards, and high levels of unemployment, nominally around 15% but thought by many analysts to be in as much as 30%. After sluggish economic growth during much of the 1990s, Jordan's gross domestic product (GDP) grew 4.2% in 2000 and 4.2% in 2001 and 4.9% in 2002, but dropped to an estimated 3.2% in 2003, due in part to the effect of the Iraq war on tourism and other sectors of Jordan's economy; then rose to 6.1% in 2004, fueled by increased volume of exports and domestic consumption. The London-based Economist Intelligence Unit forecasts similar GDP growth levels in 2005 and 2006. Jordan's external debt was \$7.5 billion in 2004, representing about 68% of GDP. Since April 2000, when Jordan joined the World Trade Organization, the country has carried out various legislative and regulatory reforms.

New Cabinet. On April 5, 2005, the King appointed a new prime minister, Dr. Adnan Badran, a distinguished academic who had also served earlier in several cabinet posts. The King called on the new cabinet to accelerate the pace of reforms; however, some Jordanians are reportedly skeptical that the current cabinet will be more successful than its predecessor in dealing with remaining issues such as electoral reform, new laws on political parties, and economic problems.

Professional Associations. Jordan's 12 professional associations consisting of approximately 120,000 members have traditionally been dominated by Islamist and nationalist groups opposed to normalizing relations with Israel or cooperating with U.S. policies on Iraq. The Jordanian government has periodically curtailed the activities of these associations, periodically arresting leaders and curtailing demonstrations. More recently, the government has circulated a draft law which alters the electoral procedures for professional associations in a way that would dilute the influence of Islamist candidates and prohibit ties to association branches in the Palestinian territories.¹ The law is currently being debated in Jordan's lower house of parliament. Analysts note that action against the professional associations is indicative of the limits of political reform in Jordan, as the government seeks to restrict opposition to its moderate pro-peace policies in the region.

¹ "Restrictive Jordanian Bill on Professional Associations," *Arab Reform Bulletin*, March 2005, Volume 3, Issue 2.

Jordan and the War on Terrorism

Jordan has taken various steps to support the U.S. campaign against terrorism. On October 9, 2001, after the terrorist attacks on the United States, the Jordanian government issued an amendment to terrorism laws banning any banking operations “linked to terrorism activities,” along with banning border infiltration and attacks on industry, shipping, telecommunications, and computer systems.² In December 2001, during the U.S.-led Operation Enduring Freedom, Jordan sent approximately 200 military medical personnel to Afghanistan to set up a 50-bed field hospital in the northern city of Mazar-i-Sharif. A Jordanian Army mine-clearing unit, also deployed to Afghanistan during December, helped clear 70,000 square meters of territory including a key air base of anti-tank and anti-personnel mines. According to the State Department’s most recent annual report on terrorism (published April 27, 2005), “Jordan continued its strong support for the global war on terrorism in 2004.” In particular, Jordanian authorities have arrested and prosecuted individuals linked to Saudi exile Osama bin Laden and his Al Qaeda organization and to a bin Laden associate, the fugitive Jordanian terrorist Abu Musab al-Zarqawi.

Murder of a U.S. Diplomat. Zarqawi has been linked to the murder on October 28, 2002, of Lawrence Foley, a U.S. diplomat assigned to the U.S. Agency for International Development (USAID) program in Jordan, who was shot and killed by an unknown assailant as Foley was leaving for work. Press reports on May 12, 2003, indicated that a Jordanian military prosecutor charged 11 men with “plotting to carry out terrorist activities leading to the death of an individual” [presumably referring to Mr. Foley]. Five of the accused pleaded innocent in court proceedings on July 8, 2003; the other six were tried in absentia. According to recent press reports (*New York Times*, April 6 and 7, 2004) a Jordanian military court convicted and sentenced to death eight Islamic militants linked to Al Qaeda and presumably involved in the Foley murder; the court sentenced two others to jail terms and acquitted one defendant. Six of the eight sentenced to death were tried *in absentia*, including Zarqawi.

Plot. Zarqawi has also been linked to a reported plot by a terrorist cell to launch a chemical attack in the Jordanian capital of Amman, with large-scale casualties. According to press reports, in January 2004, one of the would-be perpetrators visited Iraq, where he obtained \$170,000, which Zarqawi had collected from Syrian donors to pay for the attack. The plot was reportedly foiled by Jordanian police and elite special forces units in a series of operations mounted in late April 2004.

Jordan’s Role in the Peace Negotiations

Peace Agreements and Normalization. Jordan and Israel signed a peace treaty on October 26, 1994. Subsequently, the two countries exchanged ambassadors; Israel returned approximately 131 square miles of territory near the Rift Valley to Jordan; the

² Some U.S.-Jordanian tension arose in early 2005 over restrictions imposed by the U.S. Office of the Comptroller of the Currency on the New York offices of the Jordan-based Arab Bank, which allegedly allowed diversion of funds to families of Palestinians involved in attacks against Israelis. Glenn R. Simpson, “U.S. Crackdown On Arab Bank Tangles Policy,” *Wall Street Journal*, Feb. 28, 2005.

Jordanian Parliament repealed laws banning contacts with Israel; and the two countries signed a number of bilateral agreements between 1994 and 1996 to normalize economic and cultural links. Water sharing, a recurring problem, was partially resolved in May 1997 when the two countries reached an interim arrangement under which Israel began pumping 72,000 cubic meters of water from Lake Tiberias (the Sea of Galilee) to Jordan per day (equivalent to 26.3 million cubic meters per year — a little over half the target amount envisioned in an annex to the peace treaty).

Opposition to Normalization. King Abdullah's efforts to normalize relations with Israel have faced significant resistance within Jordan, particularly among Islamic fundamentalist groups, parts of the Palestinian community, and influential trade and professional organizations (see above). Among many mainstream Jordanians, there is some disappointment that peace with Israel has not brought more tangible economic benefits to them so far. Opponents of normalization have repeatedly called on Jordanians to boycott contacts with Israel, and activists among them have compiled two "black lists" of Jordanian individuals and companies that deal with Israel. The Jordanian government has arrested organizers of these lists, but courts have upheld their right to publish them.

Further Arab-Israeli Negotiations. Jordan supports current Middle East peace plans, including

- a land-for-peace initiative proposed by Saudi Crown Prince Abdullah and adopted by the Arab League in March 2002, and
- the Road Map, a three-phase process released by the so-called Quartet (the United States, the European Union, Russia, and the United Nations) on April 30, 2003, in an effort to jump-start the Israeli-Palestinian peace process.

On June 4, 2003, King Abdullah hosted a summit conference at the Red Sea port of Aqaba attended by President Bush and the Israeli and Palestinian Prime Ministers, where attendees discussed steps to implement the Road Map. Despite the subsequent breakdown of Israeli-Palestinian talks, King Abdullah continued to press for resumption of negotiations. Jordan initially opposed an Israeli proposal to withdraw unilaterally from the Gaza Strip and four West Bank towns, but later expressed support as long as the withdrawal was part of the Road Map process.³ At a conference on February 8, 2005 hosted by Egyptian President Mubarak and attended by the leaders of Israel, Jordan, and the Palestinian Authority, Mubarak and King Abdullah issued a joint statement that hailed the spirit of cooperation shown at the conference by Israeli and Palestinian leaders and expressed hopes for further progress on the Israeli-Syrian and Israeli-Lebanese peace tracks as well. On February 20, 2005, Jordan sent a new ambassador to Israel after a four-year vacancy in the post during the Palestinian uprising (*intifada*) against Israeli occupation. Jordanian officials have also suggested that Jordan would consider training Palestinian police to maintain security in Gaza and parts of the West Bank if Israel continued efforts to implement the Road Map.

³ According to press reports, President Bush gave King Abdullah a private letter in which he reiterated support for the Road Map. Steven R. Weisman, "Bush and King of Jordan Ease Tensions Between Them," *New York Times*, May 7, 2004.

The West Bank and East Jerusalem. The Jordanian-Israeli peace treaty does not address the status of the West Bank territory, which was annexed by Jordan in 1950 but occupied by Israel in 1967, nor does it address the status of East Jerusalem (except as noted below); both issues are subjects of Israeli-Palestinian rather than Israeli-Jordanian negotiations. The late King Hussein decided in August 1988 “to disengage our legal and administrative relations with the West Bank,” but he and King Abdullah remained involved in Palestinian issues. During his comments to the press on May 6, 2004, King Abdullah told President Bush that “Jordan is ready to do its part in assisting the Palestinian Authority to rebuild its capability and assume full control of the security situation.” In an interview with *Al-Arabiyya* TV on August 3, 2004, King Abdullah added that “[i]n all circumstances, we are ready to provide all the support and assistance to our Palestinian brethren, if they were to ask us for it.” Earlier, an *Associated Press* wire story of June 6 quoted Jordan’s foreign minister as saying that Jordan would consider training Palestinian police to maintain security in parts of the West Bank and Gaza if Israel continued efforts to implement the road map

On a related issue, Palestinian leaders have taken exception to Article 9 of the 1994 Israeli-Jordanian treaty, which states that Israel “respects the historical role of the Hashemite Kingdom [of Jordan] in the mosques of Jerusalem” and “will give high priority to the Jordanian historic role in these shrines.” The late Palestinian leader Arafat asserted that “sovereignty over Jerusalem and supervision of Jerusalem is for Palestinians.” In a speech to a Washington, DC audience on May 13, 2002, King Abdullah said that under a peace deal that he envisions, “[t]he Jerusalem question would be answered, by providing for a shared city open to all faiths.”

Hamas and Rejectionist Groups. On August 30, 1999, Jordanian security forces closed offices used by the fundamentalist Palestinian organization Hamas, which the late King Hussein had tolerated to some degree, on the grounds that the offices were registered as businesses but were conducting illegal political activity. In November 1999, authorities announced that the Hamas offices would be closed permanently. However, King Abdullah condemned the Israeli missile strike that killed Hamas spiritual leader Ahmad Yasin in Gaza on March 22, 2004, commenting that “[t]his crime will lead to more escalation, violence and instability.”

Course of Jordanian-Iraqi Relations

Iraq: Jordanian Policy Toward the War and Its Aftermath. Though not in favor of military action against Iraq, Jordan informally provided logistical support to the U.S.-led campaign to oust Saddam Hussein in the spring of 2003.⁴ Since mid-2003, Jordan has broadened contacts with the U.S.-sponsored interim government in Iraq, assisted in the reconstruction of Iraq, and conducted training at Jordanian installations for selected units of a new Iraqi army and police force. Jordan strongly supported the elections held in Iraq on

⁴ In an interview with *Reuters* news wire on March 6, 2003, then Jordanian Foreign Minister Marwan Muasher said “[w]e’ve made it clear Jordan is not going to participate in a war and will not be a launching pad for war against Iraq.” For reports of Jordanian logistical assistance to the U.S.-led coalition, see David Filipov, “U.S. Troops Deployed in Jordan,” *Boston Globe*, February 25, 2003; Emily Wax, “Mubarak Warns of Rise in Militancy,” *Washington Post*, April 1, 2003. Jordan also sent a 55-bed field hospital to Iraq.

January 30, 2005, for a Transitional National Assembly (TNA), under a timetable adopted early in 2004. Jordanian leaders have been concerned, however, that the growing power of Iraq's Shi'ite Muslim majority could lead to a wider role for Iran in influencing Iraqi affairs. In December 2004, King Abdullah (a Sunni Muslim) expressed concern that Iran was trying to manipulate Iraqi Shi'ite Muslims in an effort to bring about an Islamic republic similar to the Iranian model in Iraq.⁵ He has also voiced concern over the possibility of Sunni-Shi'ite conflict within the region.⁶ The King has been careful to point out that the leaders of Jordan "do not have a problem with Shi'ites" and has emphasized that his concerns are political, not religious.

Iraq Training and Troop Support. In a September 2003 interview, the King said Jordan would train approximately 30,000 Iraqi police and military personnel in a series of eight-week courses to be conducted in Jordan, pointing out that he did not plan to send Jordanian trainers to Iraq in view of the sensitivities involved. In a subsequent interview with *Defense News* published on February 9, 2004, King Abdullah explained that Iraqi army personnel are being trained by the Jordanian Army, while Iraqi police training is a joint venture with private sector companies. According another *Defense News* article on the same date, more than 35,000 military and police personnel, slightly more than the earlier figure cited by King Abdullah, will undergo training in Jordan. Training of Iraqi police cadets is being conducted at six police training academies, five of which are in Iraq and one of which is at Muwaqqar, Jordan, east of Amman. This center, known as the Jordan International Police Training Center, has instructors from 15 countries, including Jordan. On January 13, 2005, the 12th class of 1,440 cadets completed training at the Jordanian training center, making a total of almost 10,000 Iraqi police officers and cadets to have completed training in Jordan.⁷ Also, as of January 2005, approximately 1,650 Iraqi soldiers, including 50 women, had graduated from a training program at the Jordanian Military Academy at Zarqa, 17 miles north of Amman. Previously, in an interview with *Al-Arabiyya* TV on August 3, 2004, King Abdullah mentioned that Jordan had sent military equipment to the reconstituted Iraq army, including more than 150 armored vehicles.

In his *The Middle East Quarterly* interview, King Abdullah said he planned to use some Iraqi troops who had undergone training in Jordan as instructors for future Iraqi trainees in Jordan's training program. He also suggested joint training cycles in which Jordanian and Iraqi military units would be matched and conduct training exercises together, as well as a possible Jordanian role in establishing an Iraqi air force.

Suicide Bombing, 2005. On February 28, 2005, a suicide bomber killed an estimated 118 people in the southern Iraqi town of Hilla. Newspapers have identified the perpetrator as Raed Mansour al-Banna, a Jordanian with alleged links to Zarqawi's group. Reports that Banna's family and friends in Jordan had celebrated his action fueled anti-

⁵ Various news reports, for example, Robin Wright and Peter Baker, "Iraq, Jordan See Threat To Election From Iran," *The Washington Post*, Dec. 8, 2004.

⁶ The King is also alleged to have spoken of a possible Shi'ite "crescent" extending from Iran through Iraq, Syria, and Lebanon. See text of an interview published in the Spring 2005 issue of *The Middle East Quarterly*, pp. 75-76.

⁷ "Over 1,400 Iraq Police Recruits Complete Jordan Training," Dow Jones International News, January 13, 2005.

Jordan demonstrations in Iraq and protests by Iraqi officials, despite condemnations of the bombing by Jordanian officials. Following mounting tensions, Iraq and Jordan briefly withdrew their top diplomats from each other's capitals on March 20. King Abdullah sent his charge d'affaires, Dimai Haddad, back to Baghdad on the following day in an effort to ease bilateral tensions. A visit by Iraq's transitional President Jalal Talabani on May 7 eased tensions further and resulted in the return of the Iraqi ambassador to Jordan. (Iraq is represented by an ambassador in Amman, while Jordan is represented by a charge d'affaires in Baghdad.)⁸

Sources of Oil Supply. During the decade preceding Operation Iraqi Freedom, Jordan imported between 70,000 and 95,000 barrels per day of oil and oil products from Iraq. Jordan bought the oil at discounted prices, and actual payments were made in commodities rather than cash, through shipments of humanitarian goods from Jordan to Iraq. These transactions were outside the U.N.-approved oil-for-food program; however, the United Nations "took note" of Jordan's position that it had no other source of oil, and U.S. administrations waived legislation that would have penalized Jordan for these transactions on this basis. After Iraqi oil shipments ceased during Operation Iraqi Freedom, Jordan received some oil from Saudi Arabia, Kuwait, and the United Arab Emirates (UAE) on a temporary basis. On October 29, 2003, the Jordanian press announced that Jordan and Iraq had reached an agreement under which Iraq would resume shipments to Jordan of 50,000 barrels of oil per day, representing approximately 50% of Jordan's oil needs; however, the current status of this agreement is unclear. According to Jordan's foreign minister, Saudi Arabia made a commitment to supply Jordan with the other 50% of its oil needs (50,000 barrels per day) until March 2004. A Jordanian spokesperson, quoted in the Jordanian press on May 6, 2004, said Saudi Arabia had decided to extend the oil grant to Jordan for one year; also, that talks on oil supply are under way with Kuwait and the UAE for an additional 25,000 barrels per day from each of these two suppliers. Jordan reportedly receives the oil from Saudi Arabia gratis and hopes to secure similar terms from Kuwait and the UAE. (See also Economist Intelligence Units, June 2004, p. 23.)

Other Regional Relations

Relations with Iran. Jordan has had generally poor relations with Iran since the establishment of the Islamic Republic in 1979, due in part to Jordanian allegations that Iran was promoting Islamic opposition in Jordan. There were indications of a warming trend between the two countries during mid-2004, however, at least on the commercial level. During a landmark visit by King Abdullah to Iran on September 3 — the first by a Jordanian ruler in over 20 years — the two sides discussed bilateral trade and security. Also, according to the Iranian news agency, the leaders "welcomed the establishment of the Iraqi Governing Council, and described it as a step towards handing over the power to the Iraqi people." Asked about Iran's nuclear program during his September 28 interview, then Foreign Minister Muasher reiterated Jordan's view that there should be a nuclear freeze in the Middle East including "Israel, Iran, and the others." Responding to another question, concerning

⁸ Jordan, on its part, had earlier been a victim of terrorism in Iraq, when a car bomb exploded outside the Jordanian Embassy in Baghdad on August 7, 2003, killing as many as 17 persons; authorities have mentioned several extremist groups, including one with alleged ties to Al Qaeda known as Ansar al-Islam, as possible perpetrators of the bombing.

Iranian activity in Iraq, Muasher said “[w]e have always asked all neighboring countries not to interfere in Iraq’s internal affairs...” (As noted above, Jordanian officials have expressed concern about possible Iranian manipulation of the Iraqi political scene.)

Syria-Lebanon Crisis. Jordan, which has often had tense relations with Syria, has not commented extensively on the political turmoil that followed the assassination of former Lebanese Prime Minister Rafiq Hariri on February 14, 2005, accompanying accusations of Syrian complicity in his murder, and widespread calls for Syria to withdraw its troops from Lebanon. In commenting on U.N. Security Council Resolution 1559, which demands the withdrawal of foreign forces from Lebanon, then Jordanian Foreign Minister Hani Mulqi called for implementation of all U.N. resolutions. Quoting King Abdullah, Mulqi said Jordan “is against selectivity in implementing U.N. resolutions.” Mulqi went on to say that “[w]e want the U.N. resolution to be implemented in a manner that does not harm Lebanon, the unity of its people and its territorial integrity.” On a different topic, in an earlier interview carried by BBC on September 28, 2004, Jordan’s then foreign minister cited Syrian-Jordanian border problems as a bilateral issue that needed to be addressed, particularly with respect to demarcation and prevention of infiltration across the Syrian border into Jordan.

U.S. Aid and Trade Issues

Aid and Funding Levels

Previous and Recent Aid. The United States has provided economic and military aid, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through 2003 amounted to approximately \$7 billion, including \$4 billion in economic aid and \$3 billion in military aid. Levels of aid have fluctuated, increasing in response to threats faced by Jordan and decreasing during periods of political differences or worldwide curbs on aid funding. The United States has markedly increased its aid to Jordan since the mid-1990s to help Jordan strengthen its economy, maintain domestic stability, and pursue normalization with Israel. Between FY1998 and FY2002, annual U.S. economic and military aid levels to Jordan were approximately \$150 million and \$75 million, respectively. In addition to annual aid funds, at the request of the Clinton Administration, Jordan received \$300 million as part of a special package spread over FY1999 and FY2000 to support the Wye River agreement, a U.S.-sponsored Israeli-Palestinian agreement that the late King Hussein had helped negotiate in 1998. Also, at the request of the Bush Administration, Jordan received an additional \$125 million in a supplemental FY2002 appropriation for U.S. allies supporting the U.S. campaign against terror in the aftermath of the 9/11 attacks. **Table 2** shows U.S. levels of U.S. assistance to Jordan since 1990.

FY2003 Assistance. The Bush Administration sought to double U.S. aid to Jordan in FY2003, in view of Jordanian support to the campaign against terrorism. The Administration’s budget request contained a total of \$448 million for Jordan in FY2003, including \$250 million in economic assistance and \$198 million in military assistance. A spokesman for the Office of Management and Budget was quoted as saying the increased aid would be used to improve border controls and interdiction of illegal weapons flow, to support financial training, trade, and investment, and to strengthen educational opportunities.

These amounts were contained in S. 2779, the Foreign Operations Appropriations bill for FY2003, reported by the Senate Appropriations Committee on July 24, 2002 (S.Rept. 107-219). In the report, the Committee noted “with appreciation Jordan’s constructive role in the peace process and efforts to implement economic reforms.” A bill reported by the House Appropriations Committee on September 19, 2002, H.R. 5410, did not contain specific amounts; however, in report language (H.Rept. 107-663), the Committee recommended the same levels of aid as those contained in the President’s budget request. The Committee also “expressed its continued strong support for and appreciation of Jordan’s constructive and critical role in the region.” The 107th Congress adjourned without floor action on either bill. On February 12, 2003, both houses agreed to the conference report on a new bill, H.J.Res. 2, the Consolidated Appropriations Resolution, 2003, which President Bush signed as P.L. 108-7 on February 20. The conference report (H.Rept. 108-10) contained \$250 million in ESF for Jordan in FY2003. The conference report did not contain a specific earmark in FMF for Jordan in FY2003 but noted that the \$198 million contained in the Senate version of the bill had already been obligated by the Administration for Jordan.

On March 25, 2003, the President sent Congress a request for supplemental funding including, among other things, \$700 million in economic aid and \$406 million in military assistance for Jordan to help offset the effects of the war with Iraq on Jordan’s economy and bolster its security. These amounts were included in H.R. 1559, the Emergency Wartime Supplemental Appropriations Act, 2003, which was signed by the President as P.L. 108-11 on April 16, 2003.

FY2004 Assistance. In its budget request for FY2004, the Administration requested \$250 million in ESF and \$206 million in FMF for Jordan. These amounts were included in S. 1426, the Foreign Operations, Export Financing, and Related Programs Appropriation Bill, 2004, which was reported by the Senate Appropriations Committee on July 17, 2003 (S.Rept. 108-106). The House version, H.R. 2800, reported by the House Appropriations Committee on July 21, 2003 (H.Rept. 108-222) and passed on July 24 by 370-50 (Roll no. 429), contained the requested level of ESF, and it recommended the requested level of FMF in report language. The Senate subsequently passed its own version of H.R. 2800 by voice vote on October 30, 2003. Provisions of H.R. 2800 were incorporated into H.R. 2673, the Consolidated Appropriations Act, FY2004. The accompanying conference report (H.Rept. 108-401, November 25, 2003) contained the requested levels of ESF and FMF for Jordan. The conference report was agreed to by the House on December 8, 2003, and the Senate on January 22, 2004; the bill was signed into law as P.L. 108-199 on January 23, 2004.

Also, on November 6, 2003, the President signed H.R. 3289, the Emergency Supplemental Appropriation for Defense and the Reconstruction of Iraq and Afghanistan, 2004, as P.L. 108-106. This act contains an additional \$100 million for Jordan in ESF.

FY2005 Assistance and FY2006 Request. The Administration requested \$250 million in ESF and \$206 million in FMF for Jordan in FY2005, in addition to small amounts for IMET, de-mining operations, and Peace Corps (see Table 2). H.R. 4818, the Foreign Operations Appropriations bill for FY2005, passed by the House by 365-41 on July 15, 2004 (Roll no. 390), contains \$250 million in ESF for Jordan. Meanwhile, the House Committee on Appropriations had recommended full funding of the Administration’s ESF and FMF requests for Jordan in accompanying report language (H.Rept. 108-599, July 13, 2004). A Senate bill, S. 2812, reported on September 16, 2004 (S.Rept. 108-346), provided the

amounts requested by the Administration. The Senate bill also stated that of the ESF funds available to Jordan, \$5,000,000, should be made available to a charitable institution, the Rosary Sisters Hospital in Jordan. The Senate then passed its own version of H.R. 4818, after substituting the language in S. 2812, on September 23, 2004, by voice vote. The conference report (H.Rept. 108-792, November 20, 2004) contained the economic and military aid amounts requested by the Administration; it dropped the \$5 million earmark for the Rosary Sisters Hospital because of Jordanian concerns over the impact this would have on the overall assistance program for Jordan. The Foreign Operations Appropriations bill was included as Division D of H.R. 4818, the Consolidated Appropriations Act, FY2005, which was signed by the President as P.L. 108-447 on December 8, 2004.

In addition, the Administration requested \$100 million in ESF and \$100 million in FMF for Jordan as part of an emergency supplemental appropriation bill for FY2005, in recognition of Jordan's assistance in the war on terrorism and the rebuilding of the Iraqi security forces. These amounts are contained in H.R. 1268, the emergency supplemental appropriations bill for FY2005, which was signed by the President as P.L. 109-13 on May 11, 2005. With regard to FY2006, the Administration has requested for Jordan the same amounts it requested in FY2005: \$250 million in ESF and \$206 million in FMF.

Other Funds. In addition to the preceding funds specifically earmarked for Jordan, the last three emergency supplemental bills contain funds to reimburse Pakistan, Jordan, and other key cooperation states for logistical expenses in support of U.S. military operations: \$1.4 billion in FY2003; \$1.15 billion in FY2004; and \$1.37 billion in FY2005. Also, the FY2005 supplemental contains \$99 million to assist Jordan in establishing a regional training center to help regional military forces, security forces, and individuals in meeting existing and emerging threats.

Trade Issues

Jordan ranked 69th among U.S. trading partners in volume of trade with the United States in 2004, up slightly from 74th in 2003. According to the U.S. International Trade Commission, Jordan's imports from the United States increased from \$317 million to \$531 million between 2000 and 2004, and Jordan's exports to the United States increased even more notably from \$73 million to \$1,093 million during the same period. Principal U.S. commodities imported by Jordan consisted of aircraft parts, machinery and appliances, vehicles, and cereals, while Jordan's main exports to the United States included clothing and accessories, precious stones, and precious metals. Two recent measures, in particular, have helped expand U.S.-Jordanian trade ties and could create more opportunities for U.S. investment in Jordan.

Free Trade Agreement. On October 24, 2000, then President Clinton and King Abdullah witnessed the signing of a U.S.-Jordanian Free Trade Agreement, which will eliminate duties and commercial barriers to bilateral trade in goods and services originating in the two countries. Earlier, in a report released on September 26, the U.S. International Trade Commission concluded that a U.S.-Jordan Free Trade Agreement would have no measurable impact on total U.S. imports or exports, U.S. production, or U.S. employment. Under the agreement, the two countries agreed to enforce existing laws concerning worker rights and environmental protection. On January 6, 2001, then President Clinton transmitted to the 107th Congress a proposal to implement the Free Trade Agreement. On July 23, U.S.

Trade Representative Zoellick and then-Jordanian Ambassador Marwan Muasher exchanged letters pledging that the two sides would “make every effort” to resolve disputes without recourse to sanctions and other formal procedures. These letters were designed to allay concerns on the part of some Republican Members over the possible use of sanctions to enforce labor and environmental provisions of the treaty. President Bush signed H.R. 2603, which implemented the FTA as P.L. 107-43 on September 28, 2001, during King Abdullah’s visit to Washington following the September 11, 2001, attacks. For additional information, see CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*.

Qualifying Industrial Zones. An outgrowth of the Jordanian-Israeli peace treaty was the establishment of “Qualifying Industrial Zones” (QIZs), under which goods produced with specified levels of Jordanian and Israeli input can enter the United States duty free, under the provisions of P.L. 104-234. This act amended previous legislation so as to grant the President authority to extend the U.S.-Israel free trade area to cover products from QIZs between Israel and Jordan or between Israel and Egypt. QIZs were designed both to help the Jordanian economy and to serve as a vehicle for expanding commercial ties between Jordan and Israel. Since 1998, the U.S. Trade Representative has designated thirteen industrial parks in Jordan as QIZs, of which three are publicly operated and ten are privately owned. Seven of these QIZs are active; three are not yet active; and two are in the process of becoming active, according to a fact sheet provided by the Jordanian Embassy in Washington on August 21, 2003. A joint Israeli-Jordanian committee including an observer from the United States approves products produced in the QIZs and certifies their eligibility for duty free entry into the United States.⁹ According to the Jordanian Ministry of Finance, QIZ exports amounted to \$582 million in the year 2003.¹⁰ Even with the establishment of the QIZs, however, there has been only a modest increase in Jordanian-Israeli trade. According to recent estimates, Israeli annual exports to Jordan and imports from Jordan are running at approximately \$31.7 million and \$34.2 million respectively, while comparable figures a decade ago were \$20.5 million and \$29.9 million respectively.¹¹ For additional information, see CRS Report RS22002, *Qualifying Industrial Zones in Jordan: A Model for Promoting Peace and Stability in the Middle East*.

Greater Middle East Initiative

The Bush Administration, together with other industrialized countries, is reportedly considering an initiative to encourage promotion of democracy and good governance, building a knowledge society, and expanding economic opportunities in the “Greater Middle East” (the Arabic speaking countries plus several other nearby Muslim countries). (For more information, see CRS Report RL32260, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2005 Request*, by Jeremy Sharp.) The

⁹ According to the U.S. State Department, the QIZs have created more than 40,000 new jobs in Jordan, mainly for women. U.S. Dept. of State, International Information Programs, “U.S.-Jordan Free Trade Agreement Spurs Jordan’s Economic Growth,” October 16, 2003. According to local Jordanian press reports and international economists, approximately 40% to 50% of QIZ-related jobs are filled by expatriate workers, mainly from southern Asia.

¹⁰ Interview with Mohammed Abu Hammour, Jordan Finance Minister, *Middle East Economic Digest*, July 2-8, 2004, p. 8.

¹¹ “Jordan’s Peace Dividend,” *Jerusalem Post*, Oct. 26, 2004.

Arab reaction so far has been cool, partly due to U.S.-Arab differences over several current regional issues. Then Jordanian Foreign Minister Marwan Muasher told a Washington audience on March 11, 2004, that “[w]e do not differ over the content of this reform” but went on to say that such a program should not be “imposed, or perceived to be imposed, in any way, from the outside.” During his comments to the press after meeting with President Bush on May 6, King Abdullah said Jordan has adopted “a far reaching plan that addresses the key areas of good governance, political freedoms, women’s rights, judicial reform, economic reform, education reform and the liberalization of the economy.”

At an international “Forum for the Future” conference in Morocco on December 11, 2004, attended by representatives of the G8 industrialized democracies and approximately 20 Arab/Islamic countries, participants expressed a commitment to the development of democracy and civil society. Among other things, participants agreed to hold a meeting of education ministers in Jordan and establishing a microfinance training center in Jordan in 2005. Jordan also agreed to host another Forum for the Future conference in 2006.

Armed Forces Modernization

Military Equipment. The United States is helping Jordan modernize its armed forces, which have been the traditional mainstay of the regime. The Jordanian military forces, though well trained and disciplined, are outnumbered and outgunned by each of Jordan’s neighboring forces. In 1996, under Section 572, P.L. 104-107 (the FY1996 Foreign Operations Appropriations Act), Congress approved a drawdown of \$100 million, mainly in ground force equipment from U.S. stocks (including 50 M60A3 tanks), to enhance Jordan’s ability to maintain border security and implement terms of the peace treaty with Israel. Most of this equipment was delivered in December 1996. In addition, during 1996, the United States agreed to lease 16 refurbished F-16 fighter aircraft to Jordan at a cost of approximately \$220 million (most of which represents the cost of upgrading the aircraft), with title passing to Jordan after five years. Deliveries of the aircraft were completed in early 1998. The aircraft transfer was funded through a combination of foreign military financing (FMF) allocations to Jordan over a four-year period (\$150 million), plus \$70 million in additional FMF funds contained in the FY1996 omnibus continuing appropriations bill (P.L. 104-134).

More recently, with regard to the three Patriot anti-missile batteries delivered to Jordan by the United States in early 2003, Jordan’s Prime Minister stated on February 25, 2003, that Jordan requested these weapons from the United States after Russia was unable to deliver S-300 surface-to-air missiles originally requested by Jordan. On November 19, 2004, the U.S. Defense Department notified Congress of a potential sale of 50 U.S. Advanced Medium Range Air-to-Air Missiles (AMRAAMs) and associated equipment to Jordan to enhance the defense capability of Jordan’s F-16 fighter aircraft and provide for increased interoperability with U.S. forces.

Military Cooperation. A U.S.-Jordanian Joint Military Commission has functioned since 1974. Combined training exercises by U.S. and Jordanian military units continue to take place in Jordan, at least on an annual basis and sometimes more often. These have included fairly large scale training activities involving special forces, air defense, communications, fighter aircraft, and other military units, together with an annual month-long exercise with U.S. Navy and Marine units called “Infinite Moonlight.” In early 2002, at U.S. request, Jordan reportedly began a training program to help Yemeni forces in

countering terrorism. The above-mentioned courses conducted by Jordan for Iraqi military personnel are reportedly being funded by the United States under a program called the New Iraqi Army Training Project.¹²

Under the provisions of Section 517 of the Foreign Assistance Act of 1961 as amended, then President Clinton designated Jordan as a major non-NATO ally of the United States, effective on November 13, 1996. According to a State Department spokesman, this status “makes Jordan eligible for priority consideration for transfer of excess defense articles, the use of already appropriated military assistance funds for procurement through commercial leases, the stockpiling of U.S. military material, and the purchase of depleted uranium munitions.”

Alternatives and Implications

In the aftermath of the peace treaty with Israel and the Gulf wars of 1991 and 2003, several alternative scenarios could develop in Jordan. The first would be continued movement toward democracy under the present regime. There is much evidence that the late King and his successor King Abdullah have favored this course. The political experience since the resumption of parliamentary elections in 1989 have been generally positive, although the 1997 elections were marred by a boycott by much of the opposition; the 2003 elections get mixed reviews. During his reign, King Hussein succeeded in opening the political system to a wide spectrum of Jordanian opinion while restraining extreme steps by the religious right or the nationalist left. Externally, Jordan has survived major diplomatic isolation and economic loss brought on by the Gulf crisis, and conditions have improved on both fronts. The process of normalizing relations with Israel and uncertainties over Iraq will continue to confront King Abdullah with sensitive decisions, in seeking to accommodate opposition groups within the Jordanian political system.

Under a second scenario, Jordan might return to a more restrictive political system. In addition to his commitment to fostering democracy, the late King was long dedicated to preserving the basic integrity and institutional character of the state that his grandfather built. On at least two occasions — when threatened by a radical nationalist coup d’etat in 1957 and by a potential takeover of the country by armed Palestinian guerrillas in 1970 — the late King, backed by the armed forces, moved decisively to reestablish order at the expense of democratic experiments previously under way. It is arguable that the country’s institutions today are stronger, more durable, and more able to absorb political pressures than they were in 1957 or 1970 and that the current situation is far less threatening. On the other hand, the combination of domestic economic hardships, an uncertain peace process opposed by many Jordanians, and a strong and aggressive Islamist movement could create new challenges that King Abdullah might feel compelled to preempt through returning to a more autocratic system of government.

A third scenario would involve a fundamental change in the character of the Jordanian state. This could come about in a number of ways: emergence of a strongly Islamist government that would exclude other groups from participation in national political life; a

¹² Riad Kahwaji, “Forging a New Iraqi Army — in Jordan,” *Defense News*, Feb. 9, 2004, p. 8.

close alliance with a neighboring patron (such as Syria) that would exert control over Jordanian policies; disappearance of the monarchy; or replacement of the present Jordanian state with a Palestinian entity. These developments, though not likely in the short term, could become more plausible if the country's governmental, economic, and military institutions should suffer serious erosion. Radical changes in the character or configuration of Jordan would be of concern to U.S. policy makers. Almost any successor to the Jordanian state as it is now constituted would present the United States and its allies with a less stable and more threatening regional environment.

Table 2. Annual U.S. Aid to Jordan Since the Gulf Crisis
(\$ in millions)

Fiscal Year (FY)	Economic Assistance				Military Assistance		Totals
	EconSpt	Food	Devel	PeaceCp	FMF*	IMET**	
1991	35.0 ^a	0	0	0	20.0 ^a	1.3	56.30
1992	30.0 ^b	20.0	0	0	20.0 ^b	.6	70.60
1993 ^c	5.0	30.0	0	0	9.0	.5	44.50
1994 ^d	9.0	15.0	4.0	0	9.0	.8	37.80
1995	7.2	15.0	6.7	0	7.3	1.0	37.20
1996	7.2	21.0	7.9	0	200.0 ^e	1.2	237.30
1997 ^f	112.2	2.6	4.5	1.1	30.0	1.7	152.10
1998 ^f	150.0	0	0	1.2	75.0 ^g	1.6	227.80
1999	150.0	0	0	1.4	70.0 ^g	1.6	223.00
1999 (Wye)	50.0	0	0	0	50.0	0	100.00
2000	150.0	0	0	1.7	75.0	1.6	228.30
2000 (Wye)	50.0	0	0	0	150.0	0	200.00 ^h
2001	150.0	0	0	1.7	75.0	1.7	228.40
2002	150.0	0	0	1.6	75.0	2.0	228.60
2002 (Suppl.)	100.0	0	0	0	25.0	0	125.00
2003	250.0	0	0	1.0	198.0	2.4	451.40
2003 (Suppl.)	700.0	0	0	0	406.0	0	1,106.00
2004	250.0	0	0	2.3	206.0	2.9	461.20
2004 (Suppl.)	100.0	0	0	0	0	0	100.00
2005	250.0	0	0	1.6	206.0	3.0	460.60
2005 (Suppl.)	100.0	0	0	0	100.0	0	200.00
2006 ⁱ	250.0	0	0	1.6	206.0	3.0	460.60

Note: These figures do not include debt relief subsidy appropriations or small amounts for de-mining assistance. Nor do they include supplemental funding requested by the Clinton Administration in FY2001 (never acted upon by Congress).

*Foreign Military Financing

**International Military Education and Training Program

***To be determined

a. Suspended in April 1991 under P.L. 102-27; released in early 1993.

b. Released in late July 1993.

c. Restrictions on FY1993 funds waived by Presidential Determination (PD) 93-39, Sept. 17, 1993.

d. FY1994 funds released by PD 94-11, Jan. 13, 1994, waiving restrictions under P.L. 103-87.

e. Three components: \$30 million (Administration's original request); \$70 million in additional FMF under FY1996 appropriation (P.L. 104-134) to cover balance of F-16 aircraft package; and \$100 million in special drawdown authority (P.L. 104-107).

f. These figures include \$100 million in economic assistance under the President's Middle East Peace and Stability Fund (\$100 million in FY1997, \$116 million in FY1998).

g. For each of these two years, FMF figure includes \$25 million in drawdown authority.

h. Some of these funds were obligated in later years (FY2001 or FY2002).

i. Administration's request for FY2006.