
Qualifying Industrial Zone (QIZ)

If you have any questions about this program, please contact Maria D'Andrea-Yothers at the U.S. Department of Commerce Office of Textiles and Apparel at 202-482-1550 or by [e-mail](#).

In 1996, the U.S. Congress established the Qualifying Industrial Zone (QIZ) initiative to support the peace process in the Middle East. The QIZ initiative allows Egypt and Jordan to export products to the United States duty-free, as long as these products contain inputs from Israel. The QIZ legislation authorizes the President to proclaim elimination of duties on articles produced in the West Bank, Gaza Strip, and qualifying industrial zones in Jordan and Egypt. The Office of the United States Trade Representative (USTR), in consultation with other U.S. Government agencies, designates QIZs. Until December 2004, all QIZs had been established in Jordan.

In order for QIZ products to be eligible for duty-free entry into the United States, the article must be a new and different article of commerce that has been grown, produced or manufactured in the zone, and at least 35 percent of the appraised value of a product at the time it enters into the U.S. must consist of the cost or value of materials produced and direct cost of producing operations performed in the QIZ.

Generally speaking, U.S. tariffs on textile and apparel goods are relatively high, which makes production of these goods in QIZs especially attractive.

JORDAN

Presidential Proclamation 6955 established QIZs in Jordan, the West Bank, and the Gaza Strip on November 21, 1996. For a list of the QIZ locations see the [Jordan Investment Board \(JIB\) website](#).

Products manufactured in QIZs must comply with strict rules of origin:

1) 35% Jordanian content, of which

- 11.7% must come from a Jordan QIZ.
- 8% from Israel (7% for high tech goods).
- the remainder of the minimum may be fulfilled by content from a Jordan QIZ, Israel, USA or West Bank / Gaza.

2) 20% Jordanian content + 15% U.S. content

Furthermore, the U.S.-Jordan FTA rules of Origin require that Jordanian exports to the United States must have 35 percent Jordanian content in order to receive FTA duty benefits.

The duty free benefits provided by QIZs remain particularly important for Jordanian products for which duty free treatment has not yet been phased-in

under the United States-Jordan FTA. Under the FTA, tariffs on the majority of apparel, textile made-up goods, footwear and travel goods are being phased out in stages and will not become duty-free until January 1, 2010. Under the QIZ initiative, these goods would enjoy immediate elimination of tariffs and quotas, and would require a lower level of Jordanian inputs. Thus for some high-tariff goods, QIZ-produced products enjoy a comparative advantage.

The first Jordan QIZ, Irbid Qualifying Industrial Zone, was created in November 1997. Subsequently, the following zones have been designated in Jordan, by agreement between the Government of Israel and the Government of Jordan: the Gateway Projects Industrial Zone, and the expansion of the Irbid QIZ in November 1998; the Al-Kerak Industrial Estate, the Ad-Dulayi Industrial Park, and the Al-Tajamouat Industrial City in September 1999; the Industry and Information Technology Park Development Company (Jordan Cyber City Co.), and the Aqaba Industrial Estate in August 2000; the Mushatta International Complex, and the Al Qastal Industrial Zone in November 2000; the Hillwood-Hashemite University LLC ("Zarqa Industrial Zone"), and the expansion of the Ad-Dulayi Industrial Park in March 2001; the Al Hallabat Industrial Park, and the expansion of the Al Tajamouat Industrial Park in July 2003; and Shoubak, Shouneh Wistah, Madaba/Dalilet, Irbid/Al-Westieyn, and Al-Tafileh in January 2009.

EGYPT

In December 2004, three QIZs were designated in Egypt: the Greater Cairo zone, the Alexandria zone and the Suez Canal Zone zone. Subsequently, the following QIZs have been designated in Egypt, established in Egypt by agreement between the Government of Israel and the Government of Egypt: the Central Delta Zone, and the expansion of the Greater Cairo and Suez Canal zones in August 2005; and the Beni Suief and Al Minya zones in January 2009. For a current list of the QIZ locations, see the [Egyptian Ministry of Trade and Industry QIZ website](#).

The Egyptian Government has reported that the textile and apparel industry, which is the oldest and largest domestic industry, has benefited the most from the QIZ initiative. Ready-made textile and apparel products make up the largest volume of exports to the U.S. under the QIZ initiative. Specific apparel items include jackets, pants, shirts, tops, T-shirts, shorts, jackets, twin-sets and pullovers. Textile products include towels and bed sheets. The leather products and athletic footwear industries are also expected to gain from the QIZ initiative. Egyptian companies working under the QIZ initiative primarily import fabrics. These imports are followed by chemicals, zippers, threads, packaging material and other apparel accessories.

In order for an Egypt QIZ article to be eligible for duty-free entry into the United States, QIZ factories must add at least 35% to the value of the article. The 35% minimum content can include costs incurred in Israel, Egypt, or the United States. Egypt and Israel have agreed that each must contribute at least one-third (11.7%) of the 35% minimum content requirement. However, the Israeli content requirement was lowered to 10.5% in October 2007.