

**THE EFFECT OF TRADE LIBERLIZATION ON GOVERNMENT  
REVENUES IN JORDAN**

**By**

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**ABERTACT**

**The aim of this thesis is to examine the trade and revenue impact of trade liberalization in Jordan during the period (1980 - 2013)ᄁ It investigates the effect of this liberalization on the volume of exports and imports, taxation, and its relation to the enhancement of the performance of the overall tax systemᄁ An empirical assessment, covering the short and long run, is carried out by adding liberalization factors to the standard export and import demand functions to compute their effect on exports and importsᄁ The main finding suggest that trade liberalization coefficient of imports has been much larger than that of exports.**

**Regarding the fiscal imbalance, the study investigates the taxation impact of the domestic tax reform, which has been applied in Jordan as a consequence of the trade liberalization policy, by implementing a tax effort model. The findings reveal that moving from trade tax to domestic taxes showed a positive significant direction to join the World Trade Organization (WTO).**

**However, tax reform is necessary and the study applied the concepts of Tax Elasticity and Tax Buoyancy to evaluate the ability of Jordan's tax system to mobilize its revenue after the reform. The results indicate that this system has been tax elastic during the pre – period of trade liberalization. But, during the whole period of the study, which includes the impact of not only income but also that of the discretionary measures applied following the trade liberalization, Jordan's tax system has not been buoyant. The main findings of this study have important policy implications for tax strategies of Jordan.**

**Key words: Trade Liberalization, Tax Effort, Government Revenues Effort, Tax Buoyancy, Jordan.**