



## THE IMPACT OF GLOBALIZATION ON "INTERNATIONAL TRADE CONTRACTS IN DEVELOPING COUNTRIES"

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### ABSTRACT

This research studies how globalization influences international trade contracts in countries that are still developing, given the fast changes in laws and economies caused by increased global openness and more liberalized trade and investment. The researcher looks at globalization in terms of financial, legal, cultural and technological areas and shows how it impacts the rules in developing countries. Many countries are now needing to update their laws to respond to globalization and defend their business needs. The area of focus in this study is how difficult it is for developing countries to control international trade contracts because of weak laws, judicial institutions and complex situations in arbitration and law selection. Researchers focused on Jordanian law to show how its legislator has dealt with world-wide changes and how it stands when compared to other countries' legislation. It studies clauses in contracts that are changed by globalization, stands out the disadvantage faced by local communities in dealings with richer companies and discusses arbitration, penalties and dispute resolution matters. According to the study, globalization has brought new laws that mean developing countries must review and update their legislation to make them more able to negotiate in trade contracts. Some of its recommendations are entry into international accords, changes in trade and investment legislation, the creation of dedicated dispute resolutions groups and a review of ways to protect more vulnerable parties in international contracts.

**Keywords:** Globalization, Liberalized trade, Investment, Contracts.





## O IMPACTO DA GLOBALIZAÇÃO NOS "CONTRATOS DE COMÉRCIO INTERNACIONAL EM PAÍSES EM DESENVOLVIMENTO"

### RESUMO

Esta pesquisa estuda como a globalização influencia os contratos comerciais internacionais em países ainda em desenvolvimento, dadas as rápidas mudanças nas leis e economias causadas pelo aumento da abertura global e pela liberalização do comércio e dos investimentos. O pesquisador analisa a globalização em termos das áreas financeira, jurídica, cultural e tecnológica e mostra como ela impacta as regras nos países em desenvolvimento. Muitos países precisam atualizar suas leis para responder à globalização e defender suas necessidades comerciais. O foco deste estudo é a dificuldade que os países em desenvolvimento têm em controlar os contratos comerciais internacionais devido à fragilidade das leis, das instituições judiciais e das situações complexas de arbitragem e seleção da lei. Os pesquisadores se concentraram na legislação jordaniana para mostrar como seu legislador lidou com as mudanças globais e como ela se compara à legislação de outros países. O estudo estuda cláusulas em contratos que são alteradas pela globalização, destaca as desvantagens enfrentadas pelas comunidades locais em negociações com empresas mais ricas e discute questões de arbitragem, penalidades e resolução de disputas. De acordo com o estudo, a globalização trouxe novas leis que obrigam os países em desenvolvimento a revisar e atualizar sua legislação para torná-los mais capazes de negociar contratos comerciais. Algumas de suas recomendações são a entrada em acordos internacionais, mudanças na legislação de comércio e investimento, a criação de grupos dedicados à resolução de disputas e uma revisão de maneiras de proteger as partes mais vulneráveis em contratos internacionais.

**Palavras-chave:** Globalização, Comércio liberalizado, Investimento, Contratos.



## **1. INTRODUCTION**

Because of the influence of globalization, major changes have occurred in the world over recent years, most noticeably in economy and business. Because of globalization, the ways companies do business and the parties involved in international contracts have been deeply altered. Today, reformed global trade demands work from developing countries, as they try to connect with world markets without losing their independence or giving up what matters to their country. By doing this, this study aims to explore how globalization impacts the laws around international trade contracts in developing countries, guided by Jordan's situation, as an illustration of how national laws respond to international market standards, to present what challenges and opportunities there are and to suggest useful recommendations.

### **1.1. Significance of the Study**

The main value of this research is that it addresses how globalization influences international trade contracts, mainly in reference to developing countries, who usually have less authority in these relationships. The research adds insights into the laws governing international contracts and shows how ready the legislation of developing countries is to respond to these new trends. Consequently, it leads to better and fairer laws. Being grounded in a case study of Jordan, the study provides useful insights for policymakers, those working in law and researchers.

### **1.2. Research Objectives**

**This study aims to achieve several interconnected objectives:**

To define the concept of globalization and its various dimensions, and to analyze its impact on the rules governing international trade contracts.

To highlight the challenges faced by developing countries as they integrate into the global economic and legal system.

To analyze the nature of the changes that have occurred in the content of international commercial contracts in terms of parties, applicable law, arbitration mechanisms, and contractual penalties.

To assess the performance of legal systems in developing countries and identify areas of weakness or progress in their response to global transformations.

To examine the Jordanian case as a model of how the legal systems of a developing country interact with globalization.

To offer proposals and recommendations aimed at enhancing the ability of developing countries to protect their legal and commercial interests within the framework of international trade contracts.

### **1.3. Research Problem**

**This study is based on a central research question:**

To what extent has globalization impacted international trade contracts, and how capable are developing countries of adapting to these changes and protecting their legal and economic interests in a globalized trade environment? From this core question, the following sub-questions arise:

How has globalization affected the content and nature of international contracts?

What are the key legal challenges faced by developing countries in dealing with multinational corporations?

To what extent has Jordanian legislation responded to the transformations imposed by globalization in the field of international contracts?

What are the weaknesses or strengths of the Jordanian legal framework?

How can developing countries strengthen their contractual position amid the evident imbalance of power?

## **2. METHDOLOGY**

### **2.1.The Research Plan: First Topic: Globalization and International Trade**

**Contracts in Developing Countries – General Dimensions**  
**First Requirement: The Concept of Globalization and Its Impact on the General Framework in the Legislations of Developing Countries**

First Branch: The Concept of Globalization

Second Branch: The Economic and Legislative Transformations Resulting from Globalization in Developing Countries.

Third Branch: The Challenges Facing Developing Legal Systems in Regulating International Trade Contracts.

## **Second Requirement: The Reflections of Globalization on the Nature of International Trade Contracts in Developing Countries**

First Branch: The Impact of Globalization on the Content and Parties of the International Contract (Arbitration – Applicable Law – Penalties)

Second Branch: The Disparity in Contractual Power Between Global Companies and Parties in Developing Countries

## **Second Topic: Applications of the Impact of Globalization on International Trade Contracts in Jordanian Law First Requirement: The Impact of Globalization on Legislations Regulating International Trade Contracts**

- First Branch: The Position of Jordanian Legislations Toward Global Transformations

- First: Study the extent of the Jordanian law's response to global economic and commercial transformations, especially regarding trade liberalization and encouragement of foreign investment.

- Second: Review the development of relevant Jordanian legislations, such as the Commercial Law, Arbitration Law, and Companies Law, and analyze their compatibility with international agreements and standards such as the 1980 Vienna Convention on the International Sale of Goods Contracts.

- Second Branch: Harmonizing Jordanian Laws with the Requirements of International Trade

- First: Analyze the degree of conformity between Jordanian legal rules and the requirements of the international commercial environment, especially regarding freedom of contract, consumer protection, and protection of the weaker party in contracts.

- Second: Discuss the role of Jordanian legislations in enhancing an attractive environment for international trade contracts, including regulating payment methods, transfer of ownership, and resolving commercial disputes.

## **2.2. Second Requirement: The Impact of Globalization on Practical Practices in Drafting and Executing International Trade Contracts**

- First Branch: Implementation Problems and Protection of the Weaker Party

- First: Analyze the challenges facing the implementation of international trade contracts in Jordan.
- Second: Discuss the effectiveness of Jordanian laws in protecting the weaker party.
- Second Branch: A General Evaluation of the Impact of Globalization on the Jordanian Legal System in the Field of International Commercial Contracts
  - First: Evaluate the extent of integration of the legislative system and legal practices in Jordan with the principles and provisions of legal globalization.
  - Second: Highlight the strengths and weaknesses in the Jordanian legal system in interacting with the international commercial environment and provide recommendations to enhance legal adaptation to changes in the global economy.

### **2.3. Globalization and International Trade Contracts in Developing Countries – General Dimensions**

We will now review how globalization affects general commercial law in developing countries and its connections to international contracting, as well as discuss the problems these countries face as a result of globalization's direct impact on their contractual roles in international commerce.

### **2.4. Section One: The Concept of Globalization and Its Impact on the General Framework of Commercial Legislation in Developing Countries** **Branch One: The Globalization Concept**

Beyond its economic aspect, globalization can be seen as a multifaceted phenomenon that includes interactions in politics, society, culture, and technology in addition to trade. Fundamentally, it is a dynamic and changing process that aims to achieve a slow, global integration of various nations and societies. Given this, the following is a thorough definition of globalization:

In order to create an interconnected network of markets, institutions, systems, and technologies that allow the movement of goods, services, capital, ideas, labor, and information across borders with previously unheard-of speed and efficiency, globalization is the interactive process that results in the removal of traditional barriers and obstacles—whether political, cultural, economic, or legal—between nations. Zdouk and Van den Bossche (2013).



## **2.5. Another way to define it is:**

"A continuous historical process that aims to open borders to the movement of people, goods, services, ideas, capital, technologies, and cultures in order to intensify interaction and interconnection among human societies globally." By doing this, it creates a slow change that makes the world a functionally interconnected place on all levels—economically, politically, and culturally—so that no society can completely isolate itself from outside forces or ignore what is going on in other parts of the world. Ibrahim (2011).

Four key dimensions that have been emphasized in the legal, political, economic, and social science literature serve as the foundation for this definition:

**Economic Dimension:** This entails the gradual opening of national markets to global competition and the increased volume and diversity of cross-border trade and investment channels. It is clearly manifested in the liberalization of customs duties and the facilitation of logistical procedures, as well as in the role of regional and global trade agreements that reshape the map of trade exchanges. (Ali, 2004)

**Institutional and Legislative Dimension:** This involves the re-drafting of legal, judicial, and regulatory frameworks to align with international standards, whether through the adoption of unified legislation in areas such as intellectual property rights, investment, and trade competition, or through accession to international organizations and treaties that impose multilateral obligations on member states. (Hassan, 2020)

**Technological and Knowledge Dimension:** Digital information and communication networks have become a primary engine of globalization, accelerating the transfer of data, ideas, and knowledge, and supporting the innovation of new products and services. This raises the level of integration among economies and narrows development gaps between countries.

**Cultural and Social Dimension:** This is reflected in the spread of values, practices, and cultures across borders, the movement of individuals, and the exchange of expertise and knowledge, contributing to the formation of a partial global identity. However, it also raises questions about preserving cultural diversity and local particularities. (Mousa, 1997)

So, globalization involves more than growing international trade and larger multinational companies; it means a major change in how countries and societies relate. This situation results in difficulties and possibilities for developing countries.



With globalization, these countries can participate in worldwide markets and gain from new money and technology. However, they must compete with other countries and change their laws to meet the standards set by the world community to shield their rights and promote their competitiveness. Globalization is not simple because it both gives rise to chances and presents difficulties: free markets and choices of goods, for some, result in declining local value and less work for others. While sharing knowledge becomes possible, the concern is raised that this approach may erase certain aspects of traditions and culture. In addition, globalization brings more benefits to richer nations, while poorer nations try hard to compete with a fast-moving process that all must face. (Ibrahim, 2011).

## **Branch Two: Globalization-Related Economic and Legal Changes in Developing Nations**

Due to the acceleration of globalization waves and the increasing power of international institutions, particularly those associated with the global capitalist order, developing nations have experienced a number of drastic changes in their legislative and economic systems since the 1990s. These changes had twofold effects: they presented both complex structural challenges and promising opportunities because they were frequently imposed or accepted as requirements for funding or admission to international organizations rather than being solely sovereign decisions made internally.

### **First, changes in the economy**

The transition to a market economy from a command economy The privatization of public businesses, price liberalization, and the opening of markets to foreign investment and trade were the hallmarks of the extensive economic restructuring that most developing nations experienced. Traditional, centrally controlled economic models were destroyed by this change, and more open systems—albeit ones with less potential for social protection or fair wealth distribution—were put in their place. Al-Haddad (2004)

#### **- Increased External Influence of Institutions and States on Economic Policies**

Many developing nations' economic policies were subject to so-called structural adjustment conditions—such as lowering government subsidies, liberalizing exchange rates, and cutting public spending—as a result of borrowing from international organizations like the World Bank and the International Monetary Fund.





These policies frequently came at the expense of the middle classes and vulnerable groups, despite their stated goal of achieving macroeconomic stability. Al-Haddad (2004)

### **- Imbalanced Trade Relations**

Developing nations have become more dependent on importing manufactured and processed goods and exporting raw materials as a result of market liberalization. In favor of the main industrialized countries, this pattern strengthened economic dependency and resulted in ongoing trade deficits. Saadallah (2007).

## **2.6. Second: Legislative Transformations**

### **Redrafting of Economic Laws**

Developing nations have revised their laws pertaining to investment, property, commercial contracts, and consumer protection in an effort to draw in foreign investment in response to the demands of openness and investment. The lack of balance between development and capital attraction has been criticized because many of these laws were created with investors' interests more in mind than local communities' (Al-Mahdi 2004)

### **Adoption of Legislation Compatible with Free Trade**

Accession to the World Trade Organization and integration into international economic agreements have forced the amendment of many laws related to intellectual property, taxation, and e-commerce, placing pressure on legislative bodies in developing countries to adopt laws and regulations that are not necessarily development priorities but are dictated by the requirements of globalization. (Khalid, 2010)

### **Updating the Legal Framework without Institutional Reform**

In many cases, developing countries have adopted modern legislation on paper but have remained unable to implement it in practice due to weak judicial and regulatory bodies and the prevalence of bureaucracy and corruption. The result has been laws that are formally advanced but practically ineffective. (Khalid, 2010).

## **2.7. Branch Three: Challenges Facing Developing Legal Systems in Regulating International Trade Contracts**

**First:** the insufficiency of local laws to handle the intricate nature of international trade contracts presents a fundamental conundrum for the legal systems of developing nations. Even though local laws in many developing countries are still strict and traditional, these contracts frequently rely on evolving international rules and customs that call for a flexible legal structure and strong regulatory capacity. This makes it difficult for these countries to modify their laws to meet the obligations resulting from signing multilateral agreements or joining international trade organizations. (Mustafa, 2005)

**Second:** judicial and administrative institutions lack the technical and legislative infrastructure necessary to develop systems of contract registration, oversight, and enforcement, and they also lack human cadres capable of handling the complexities of cross-border trade. This results in an institutionally inefficient environment that deters investors and interferes with the fulfillment of contractual obligations. (Jackson, 2008)

**Third:** One of the biggest issues facing the laws and legal systems of developing nations seems to be the issue of commercial arbitration. These nations frequently lack efficient arbitration facilities, unambiguous laws governing international arbitration processes and their results, and uncertainty surrounding the recognition and enforcement of foreign arbitral awards. These factors make it more difficult for these nations to resolve international commercial disputes and put their interests and the interests of economic actors within them at risk. (Ali, 2004)

**Fourth:** In certain developing nations, political instability and authority overlap have a detrimental impact on judicial independence and the openness of legal proceedings. This leaves the judicial system vulnerable to political or administrative influences, endangering the principle of contractual justice and eroding international trust in these systems' capacity to defend the parties involved in international trade contracts. (Al-Fatlawi, 2011).

## **2.8. Requirement Two: Reflections of Globalization on the Nature of International Trade Contracts in Developing Countries**

The effect of globalization on the type of international trade agreements in developing nations will be covered in this section. By enforcing new provisions



pertaining to applicable law, commercial arbitration, and contractual penalties, globalization has helped to alter the content of these agreements. Multinational corporations and local businesses in developing nations now have unequal contractual power as a result of this. As a result, these nations confront economic and legal difficulties that call for a review of their legislative processes as well as an improvement in their ability to negotiate.

## **2.9.Branch One: The Impact of Globalization on the Content and Parties of International Contracts (Arbitration – Applicable Law – Penalties)**

By enforcing structural changes that have impacted both the parties and the content of contracts, globalization has helped to reshape the legal content of international trade agreements. These contracts now contain specific rules, requirements for identifying the relevant law, and stringent penalties in the event of a breach or wrongful termination. They are no longer just conventional agreements pertaining to the exchange of goods and services. (Bourne, 2014).

### **First: International Commercial Arbitration**

Given the dearth of an effective or impartial legal system in certain developing nations, arbitration has emerged as a crucial clause in international contracts. Arbitration is a preferred and well-known alternative within the terms of these contracts because it enables parties—especially those involved in multinational corporations—to avoid procedural and legislative issues that may arise in local judicial systems. (McKendrick, 2018).

### **Second: Applicable Law**

Because different countries have different legal systems, reaching a consensus on the applicable law has become crucial. As a result, the parties with greater economic clout have imposed national laws or laws from adaptable legal systems that protect their investments and ensure their interests. Given the occasionally dearth of suitable commercial laws or organizations able to safeguard the interests of their national parties, this shows a blatant bias in the nature of these contractual relationships and their lack of equality. (Sami, 1993).



### **Third: Contractual Sanctions:**

Globalization has resulted in harsh punitive clauses within the sanctions framework, which are frequently imposed unilaterally and represent an unequal obligation. These clauses include financial penalties, compensation, and coercive contractual prohibitions that frequently hurt the interests of the weaker party. As a result, local businesses are forced to deal with a legal environment that neither ensures equitable protection nor gives them enough wiggle room. (Harbi, 2000).

### **Branch Two: Disparity in Contractual Power Positions Between Global Companies and Parties in Developing Countries**

Globalization has caused contractual conditions between international actors to be unequal, as major multinational corporations use their expertise, financial advantages and strong legal help to set the terms. On the other hand, businesses in developing nations have little control over the terms they agree to in order to quickly access needed money, new technologies or access to international markets. (Saadallah, 2007)

Consequences of this imbalance appear when companies shape contracts to suit their wishes, pick arbitration options and rely on the laws of their home country. Doing this empties the agreement of its two-way nature and turns it into a tool for keeping economic power on the side of the strong. Because of this, legal structures in developing countries should be updated, tools for negotiations should be reviewed and guidelines for contracts enhanced to help countries achieve stronger agreements and avoid the issues caused by legal and economic dependence, as the world continues to globalize. (Mousa, 1997).

## **2.9. Chapter Two: Applications of the Impact of Globalization on International Trade Contracts in Jordanian Law**

To better understand, we deepen our analysis using Jordanian laws to examine the effects of globalization on international commercial contracts. This study compares international commercial law principles with relevant Jordanian rules and takes a descriptive approach to explain globalization's main theories and its effects. The study follows the changes in the laws of Jordan related to commerce, investment and arbitration since it joined the World Trade Organization.



## **2.10. Requirement One: Impact of Globalization on the Legislation Regulating International Trade Contracts**

By examining the legislative and legal measures the State has taken to deepen its integration with the international trading system, we address the problem of how globalization has affected Jordan's laws governing international trade contracts. Examining Jordanian legal texts and determining how well they aligned with international agreements—particularly those pertaining to arbitration, investment protection, and free trade—was the foundation of the study. To identify areas where domestic laws and international standards diverged or converged, a comparative analytical method was used.

## **2.11. Branch One: The Position of Jordanian Legislation on Global Transformations**

By opening its markets, liberalizing trade, and promoting foreign investment, Jordan has responded to the trends of economic and commercial globalization by implementing reformative measures. In 2000, it became a member of the World Trade Organization and signed free trade agreements with other countries, including the US, EU, and Arab nations. By pursuing strategic alliances with significant economic blocs rather than limiting itself to internal changes, this move indicates the State's recognition of the need for integration into the global economy. (Harbi, 2000)

Admission to the WTO was accompanied by actions such as making free-trade agreements operational, that the State has to honor in practice through relevant laws and official decisions. Besides, free foreign-exchange rules helped foreign businesses send capital and any profits out of Jordan which was a main element of an open financial system supporting international economic activities. Adaptation to the global economy is often shown by the availability of freedom for capital movements. Adding the Investment Environment Law No. 21 of 2022 gives Jordan an edge in drawing in investments from other nations. The purpose of this law is to change local investment laws to match recent international trends, fastening processes and lowering the administrative and tax burden. These changes are shown in expedited updates to related legislation. To illustrate, the Jordanian Arbitration Law (No. 31 of 2001) was patterned after the UNCITRAL Model Law on International Commercial Arbitration which shows a movement by authorities to rely on well-established legal guidebooks to create worldwide standards for resolving disputes. When Law No. 16 of 2018,



enacted in 2018, was drafted, it contained concepts from the 2006 Model Law amendments and reflected that the legislator wanted to keep up to date with recent international arbitration trends. Furthermore, the Companies Law (No. 22 of 1997 and its amendments) gave companies in Jordan better tools to participate effectively in trading internationally, as part of a plan to make the commercial environment attractive and secure for trade. (Hassan, 2020)

**Firstly:** Jordanian law and its reaction to economic and trade changes around the world

Trade liberalization happening around the globe affected Jordan's economy and rules for doing business. Following that, the Jordanian Commercial Law No. 12 of 1966 was declared and later specialized laws were made to back up economic freedom. You can clearly see this in the government's decisions to support openness, encourage more private ownership and ease regulations that slowed trade. Because of the signing of free-trade agreements and the formation of Qualified Industrial Zones (QIZs), investment and financial laws in Egypt were updated according to international competition rules. With the aid of these zones, it became easier to change international plans into actual economic projects which had a direct influence on reforming customs tariffs and how different sectors operate. In recent decades, Jordan's economic policy has welcomed market openness and eased both tariff and financial restrictions which accords with the ideas laid out by the WTO. They illustrate an official readiness to embrace globalization processes, not only a symbolic joining of an international group. The Commercial Law of Jordan was passed by law in 1966.

Jordan's Central Bank makes it easy for any foreign investor to get their money out of Jordan and take remittances to their own countries. It guarantees foreign investors that they will face no limits when obtaining profits from Indonesia. As a result, the Jordanian Foreign Exchange Law allows foreign currency moves by investors with no major restrictions. Jordanian legislation shows it is adapting to global trade needs, as these regulations are essential for understanding the law for investment and international trade contracts. (Hassan, 2020)

**Second:** Making sure that Jordanian legislation complies with international agreements. The laws in Jordan for international trade now follow standards set by other countries. Such as Jordanian Arbitration Law No. 31 of 2001 (and its 2018 amendments) was inspired by the UNCITRAL Model Law on International Arbitration to promote arbitration in international business deals. This means the lawmakers are



aware of how arbitration can efficiently handle international commercial contract disputes. Using the system shows that the state wants its arbitration system to be fitting for international parties. Changes were made to Jordanian Companies Law No. 22 of 1997 to ease the process of starting and running companies. After its amendment, Article 59 stipulates that incorporated companies must pay half their capital at formation (on a payment schedule) which improves how the company is handled and is required under international contracts. They suggest that the rules in Jordan intend to strengthen company organizations according to global standards. Even though Jordan has not adopted the United Nations Convention on the Law of 1997. 1980 on the International Sale of Goods (Vienna Convention), ideas from that treaty have still been accepted in Jordanian courts. Under Jordanian law, if an international treaty or law ratified by the country crosses with domestic legislation, the international one wins. (Saadallah, 2007)

In accordance with the tenets of international agreements on free and transparent contracting, the Commercial Code and Customs also mandate that international trade contracts contain a clear statement of the sale price. Comparably, if the parties so desire, the Jordanian Civil Commercial Code's conflict of laws provisions permit the application of foreign law. Because it fosters trust between international trading partners and provides international contracts with the requisite legal flexibility, this reflects the system of commitment to the law of the parties' interests. (Musa, 1997).

## **2.12. Branch Two: Harmonization of Jordanian Laws with the Requirements of International Trade**

**First:** Conformity of Legal Rules with the Requirements of the International Commercial Environment

Because the Civil Code (Article 20) states that contractual obligations are governed by the law of the state in which the parties agree upon their domicile, or the laws of the state in which the contract was concluded in the absence of an agreement, the Jordanian legal system demonstrates its comfort with the principles of freedom of contract. This makes it clear that Jordanian law allows for flexibility in determining which laws apply. (Jordanian Civil Code, 1976)

Its applicability to international trade, which necessitates flexibility in selecting the legal regime, is demonstrated by this clause, which gives the parties the freedom

to select the international trade law as long as general principles are upheld. The weaker party is protected under Jordanian law, though, as Article 204 gives the judge the authority to change or remove unjust terms in adhesion contracts in the debtor's favor and Article 205 permits the reduction of contractual obligations in the event that unanticipated events make performance difficult. This demonstrates adherence to the principles of constrained justice and improves the adaptation of contracts to the variables of the global market. (Civil Code of Jordan, 1976)

Furthermore, by enhancing suppliers' responsibilities to guarantee product quality and buyers' rights, the Consumer Protection Law No. 7 of 2017 was passed in order to safeguard consumers both locally and online. Therefore, by creating legal mechanisms for balance in contracts, Jordanian law satisfies the requirements of protecting the weaker parties, whether they be individuals or small businesses dealing with powerful international partners. (2017, Jordanian Consumer Protection Law)

**Second:** The Role of Jordanian Legislation in Enhancing an Attractive Environment for International Contracts

Jordanian laws have helped establish simple and safe ways to settle payments and transfer contracts between international parties. The Electronic Transactions Law No. 85 of 2001 stated that electronic messages and documents may be used in contracts, with the electronic signature now recognized by law and moments of closure and delivery explained. Partners can trust that cross-border electronic business will work smoothly at the international level. At the same time, the Companies Law and rules set by the Central Bank maintain safety in international payments when it comes to financial transactions, money transfers and guarantees provided by banks. Thanks to the Treaties Ratification Law which authorized the 1958 New York Convention on International Arbitration and the Investment Dispute Settlement Convention, there is now an efficient system that handles both the execution of Jordanian contracts and their possible disputes which benefits the country's appeal for investors. (Al-Fatlawi, 2011)

### **2.13. The Second Section: The Impact of Globalization on Practical Practices in Drafting and Implementing International Trade Contracts**

In light of the consequences of globalization, this section examines Jordan's actual procedures for creating and carrying out international trade agreements. To comprehend the issues preventing these contracts from being implemented in

practice, both at the judicial and arbitration institution levels, we used an analytical approach. In order to assess how well local laws protect the weaker party and address the notable differences between the parties to a contractual relationship—particularly when one of them is a multinational corporation—we also took a critical approach.

## **2.14. Section One: Enforcement Challenges and Protection of the Weaker Party**

### **First: Analysis of the Challenges Facing the Enforcement of International Trade Contracts in Jordan**

The challenges for applying international commercial agreements in Jordan greatly reduce how efficient the judiciary handles international commercial disputes. Dealing with commercial conflict is significantly affected by the slow court system in resolving them. Official statistics from the World Bank say that the average time spent resolving a commercial lawsuit in Jordanian courts of first instance is 642 days. Such a slow process in settling legal disputes through the courts harms disputing parties, damages investment growth in the country and leads foreign investors to doubt the legal system. (Al-Qudah, 2021).

The problem gets worse since judges and national courts are usually not trained to handle matters of international law. Outstanding issues in global trade law demand in-depth understanding of the practices globally and of international agreements, arbitration procedures and enforcing awards. The problem is made worse because until 2018, Jordan lacked specialized commercial courts, leading to delays in dealing with difficult international commercial cases. (Hassan, 2020).

Also making it less efficient to enforce international commercial contracts are toughness in proving the obligations set in cross-border contracts and lacking consistent ways to enforce them in places beyond where they were signed. Due to these problems, carrying out judgments from foreign courts and arbitrators is made more difficult. Extra difficulties occur thanks to restrictions on foreign currency transfers, rules regarding bank guarantees and the fundamental difference in the laws of each contracting country. All of these issues make it very hard to enforce contracts.

In light of these difficulties, international trade participants frequently turn to international arbitration as a substitute that provides more flexibility than national courts. Nevertheless, this option's efficacy is still dependent on how prepared the Jordanian legal system is to implement awards from international arbitration. In addition to the need to enhance judicial processes associated with acknowledging

and successfully implementing such awards, the enforcement of international arbitral decisions continues to face legal challenges that call for significant legislative changes to local laws. Despite its benefits, arbitration is a solution rife with difficulties because these processes are still being updated and developed. Al-Qudah (2021).

## **Second: The Effectiveness of Jordanian Laws in Protecting the Weaker Party**

No clear points in the Jordanian legislation exist for safeguarding the more vulnerable party in contracts between Jordanian and foreign companies. Both the Jordanian Civil Code and the Jordanian Commercial Law are based on giving equal treatment to different contracting parties. These laws ignore the reality that there may be a big difference in what one party can bring to the deal. As a consequence, there is no legal way for a business to change or negotiate unfair terms if one party has taken advantage of its stronger position.

As a result, the local party which is usually a small or medium-sized firm, often has to comply with terms set by a larger foreign party with strong economic and technical abilities. Even though domestic labor law treats the relationship between employee and employer as unequal and protects the worker as a weaker party, this approach is absent from international trade laws. Labor laws which protect businesses against unfair contractual arrangements, do not exist for small or medium-sized enterprises. (Mustafa, 2005).

We should keep in mind that the limited guard offered by laws like the Jordanian Competition Law is insufficient. It stops just some discriminatory practices and protects against unusually strong companies using their influence to harm consumers. Yet, implementing these principles in international commercial cases is hard because of the duplication of jurisdiction and difficulties in proving whether trade laws have been discriminated against globally.

The protection that is thus granted to the weaker party in international trade contracts is essentially restricted to general civil law principles, such as the principle of good faith in the performance of obligations, and the influence of public order, which may result in the nullification of certain oppressive terms. When contractual obligations clash with accepted moral or economic norms, the judiciary also applies the concept of corrective justice. The weaker local party is extremely vulnerable to the dominance of the stronger foreign party, whether in the drafting of contract terms or in their enforcement in the event of a dispute, because these judicial tools are



ineffective in situations where there is a significant inequality in bargaining power. (Al-Fatlawi, 2011).

## **2.15. Section Two: General Assessment of the Impact of Globalization on the Jordanian Legal System in the Field of International Commercial Contracts**

### **First: Assessment of the Extent to which the Legislative Framework and Legal Practices in Jordan are Integrated with the Principles of Legal Globalization**

The legislator of Jordan has put a lot of effort into making its system of laws suitable for an increasingly globalized world. The aim was achieved through the use of flexible laws allowing Mexico to open its economy and market to foreign countries and institutions. After 2000, when Jordan joined the World Trade Organization, it was clear that efforts to adapt national laws were more serious.

The country's steps toward digitization were recognized in 2001 by enacting Electronic Transactions Law No. 85 which handles trade through electronic channels. The law played a key role in forming a suitable setting for digital trading which has become an important feature of economic globalization today. Furthermore, in line with UNCITRAL, the Jordanian legislator made the Arbitration Law No. 31 of 2001. Because of this, parties entering international contracts feel confident turns to arbitration to manage their international disputes. Additionally, Jordan joined the New York Convention in 1999 which reveals its pledge to support foreign business and increase the trust of other international investors. (Hassan, 2020).

In addition, Jordan signed the major international agreement known as TRIPS, a sign of its dedication to investors' moral rights and commercial gain. Jordan has formed free trade agreements with many groups like the United States and the BRICS community. The international perspectives have given rise to amendments in economic laws such as the Competition Law of 2004 and the Foreign Investment Protection Law of 2003. The purpose of these laws is to encourage rivalry among businesses, ensure everyone knows the facts and give an equal chance to everyone.

Even so, a few elements of the legal framework are not fully aligned with global legal trends. Because Jordan didn't participate in the Vienna Convention on Contracts for the International Sale of Goods (CISG), it lacks the same unified international sale rules put in place by CISG members. (Saadallah, 2007)

At present, the use of UNIDROIT Principles and the Model Law on International Commercial Contracts is little to none in Jordanian courts. Mostly, judges refer to their





nation's laws and sometimes use examples from foreign rulings without officially embracing international model rules. In addition, despite being permitted under Jordanian law, most contracts are still made using Arabic and traditional legislation which reflects the judiciary's current ways of thinking. As a result, China's civil law system does not easily follow the latest developments in the field globally.

Therefore, Jordanian laws and court experiences in handling international commercial contracts are still in the adaptation stage and have not fully integrated with internationally recognized principles in the area of contract freedom and the plurality of applicable laws, despite reform efforts and advancements. (Al-Qudah, 2021).

**Second: Strengths and Weaknesses of the Jordanian Legal System:** The stability of the Jordanian legal system is partly because of its main strengths. What makes it most advantageous is its sturdy basis in law from civil and religious sources which see to it that progress and tradition are both considered. Also, due to its reliable political environment, the legal system in Jordan is strengthened, as foreign investors want to put their trust in the country's market.

In addition, Jordan is able to update its laws and legislative systems to respond to changes in the world economy. It has done good work by setting up economic courts, creating guidelines for arbitration and making the format for investment more robust. Chambers of industry and commerce, customs authorities and other commercial institutions are becoming more important in helping to cooperate internationally and put agreements into practice. These directions are supported by the government by applying international guidelines in contracts and transactions with foreign partners. (Al-Fatlwi, 2011)

Meanwhile, judges are often limited by slow procedures in the courts. This problem is one of the greatest reasons why parties in disputes feel discouraged and the legal system is less appealing to international investors. Jordanian courts are not specialized in international commercial cases which commonly leads to weak legal examinations of international disputes. Also, not every judge or lawyer has the needed technical skill in international commerce which means new training approaches are needed as the world advances.

Moreover, local regulations have not yet clearly defined issues such as e-commerce and global supply chains. When companies have access to significant



funds and law teams, the penalties for breaking the law are not always harsh enough. (Khalid, 2010)

In order to work well with the global economy and overcome these issues, relevant authorities need to carry out specific reform steps. The country aims to upgrade its commercial and industrial regulations according to global standards and address weaknesses found in the Companies Law and rules on commercial practices. There is now a strong reason to accept the rules from the Vienna Convention on the International Sale of Goods as a framework for bringing ideas related to commercial contracts together. (Khalid, 2010)

Digital platforms at all levels are needed for arbitration and mediation to be more accessible for everyone. Lawyers and judges have to be skilled in the special areas important for international trade. Improving the work of economic courts and assigning international commercial arbitration cases to them would greatly improve the environment for legal investments.

Besides, competition protection agencies should be improved, with solid rules put in place to keep an eye on monopolistic activities and unfair dealings in contracts between international companies and small local enterprises. Jordan should also set up recognized Arab or global arbitration bodies in Jordan that handle cases faster and more efficiently to decrease the burden on the usual courts.

Merging these approaches will allow Jordan to work in harmony with legal globalization and secure a balance between freedom to contract and defense of weaker groups in modern international trade. (Al-Fatlawi, 2011).

### **3.CONCLUSION**

According to the study, even though globalization opens doors for nations to increase their economic activities, it does create problems for many developing countries, who are challenged by the need to adjust to global trade and legal rules driven mainly by those with more economic strength. As a result, international trade contracts have been rewritten and it has become clear that the world's legal and regulatory structures have to develop to keep up with the market.

Looking at Jordan, we can tell that its government has worked hard on legislation, adding to international treaties and creating modern laws. Even so, many gaps that require quick attention in regulation and financial institutions are evident. For this reason, developing countries must make major changes to their laws,

negotiate better and create new courts to handle the effects of globalization. They hope these solutions would protect what is important to them and improve their place within the global trade arena.

Integration with the world's economic system should not take away a country's power over its own economy or its sense of justice. Instead, there needs to be a fairness between helping the other side adapt and looking after the interests of those who are not as strong as the main party.

## **Research Findings**

Several important things have been discovered as the result of the study.

Because of globalization, the terms of international trade contracts, who is involved in them and strategies for resolving disputes have been deeply transformed.

Multinational corporations can dominate the negotiations with developing countries.

A lot of legal systems in developing countries, among them Jordan, have not fully adjusted to international rules for doing business.

Because there are no effective safeguards for the weaker side, both the law and economics are used to trick and take advantage of them.

The country needs to strengthen its laws in the fields of arbitration and enforcing international orders.

Being part of international organizations and agreements is a good thing for Jordan, but it's not enough unless those agreements are actually used.

## **4. RECOMMENDATIONS**

The study advises the following action based on the results given above:

A detailed examination of legislation in developing countries is important to bring it into closer line with international standards.

Create local centers for arbitration that are based on international norms, independent and knowledgeable.

Introduce actionable laws to defend the smaller party in commercial deals that happen between countries.

Carry out the Vienna Convention on Contracts for the International Sale of Goods and implement its principles fairly in the courts.



Speed up how commercial disputes are resolved to help make the legal environment attractive for investors.

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