

Jordan

An overview of the economy and of the business environment



On the 25th of May, Jordan marks a significant milestone in its history—the commemoration of its independence and the establishment of the Jordan we recognize today. This day is marked by a variety of official gatherings, parades, and dazzling fireworks shows held nationwide.



The Hashemite Kingdom of Jordan, situated in the Middle East, occupies a strategic position at the crossroads of Asia, Africa, and Europe, making it a historical transportation hub.

It shares borders with Syria, Iraq, Saudi Arabia, Israel, and the Palestinian Territories. At its southwestern edge, Jordan has access to the Red Sea through its primary maritime outlet, the Port of Aqaba.

Jordan is well-connected regionally by road networks and globally through a top-tier international airport offering direct flights to 76 destinations worldwide. This positions Jordan as an ideal gateway from the European Union and other international markets to the Middle Eastern and North African (MENA) market, boasting over 350 million consumers.

Jordan's GDP surged over the past decades, experiencing significant growth and fluctuations due to various factors like economic crises and regional events. Despite challenges like population growth and inflation, there have been improvements in infrastructure, income levels, and stability of the dinar. Efforts are needed to sustain growth, tackle unemployment, and undertake major projects for future prosperity, emphasizing stability in national productivity and foreign assets. Measures were taken to address crises like the global financial downturn, demonstrating the government's commitment to financial security. Inflation, influenced by political and economic events, has impacted GDP dynamics, with refugee influxes both straining infrastructure and stimulating certain sectors.



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In addition, security concerns are on the rise, with the potential for the Israel-Hamas conflict to spread regionally and an increase in Syrian drug smuggling activities. Economic growth is expected to be slow, particularly in the short term due to the impact of the Gaza conflict on tourism. However, there is a positive development as the IMF has approved a four-year extended fund facility for Jordan, aimed at helping the government address debt, fiscal deficits, and external imbalances.

Jordan stands out in the Middle East for its limited reliance on natural resources, attributed to the scarcity of hydrocarbons and water. Despite this, it's among the most proactive in financial reforms, embracing privatization, tax reforms, and banking sector liberalization. Fiscal consolidation remains a priority in line with IMF objectives. Economic growth initiatives and tax reforms, including e-invoicing and alcohol tracking measures, are expected to bolster tax revenues, constituting a significant portion of total revenues. Inflation rates are relatively stable, and Jordan receives substantial financial and technical support from various partners, including recent aid announcements from the UAE, Germany, and the EU.

Jordan has a small proportion of arable land, necessitating food imports. Wheat and barley dominate rain-fed uplands, while the Jordan Valley's irrigated land yields citrus fruits, vegetables, and olives. Pastureland is limited, with efforts to expand through artesian wells, yet much has been converted to olive and fruit cultivation. Livestock primarily includes sheep, goats, with some cattle, camels, horses, and poultry also present. In Jordan, agriculture contributes 4.8% to GDP and employs roughly 3% of the workforce, hindered by water scarcity with agricultural land covering less than one-eighth of the country. Key crops include wheat, barley, lentils, and various fruits. Phosphates, potassium, and uranium deposits form the backbone of Jordan's natural resources, with uranium accounting for 3% of global reserves.



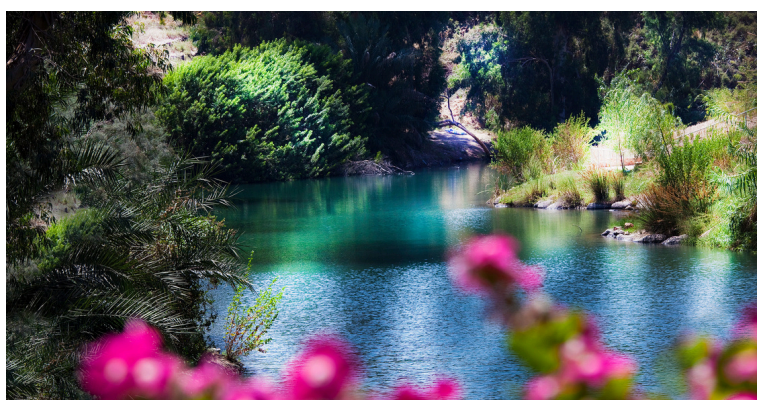
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Jordan boasts abundant mineral resources, including phosphates, potash, limestone, marble, dolomite, kaolin, and salt. Recent discoveries include barite, quartzite, gypsum (a fertilizer), and feldspar, with untapped reserves of copper, uranium, and shale oil. While lacking significant oil deposits, the eastern desert holds modest natural gas reserves.

Almost all of Jordan's electricity is produced by thermal plants, predominantly oil-fired ones, with major stations interconnected by a transmission system. By the early 21st century, the government had successfully linked major cities and towns via a nationwide grid.



Water scarcity emerged as a significant challenge for Jordan in the late 20th century, exacerbated by conflicts over water resources in the region. Overuse of the Jordan River and its tributary, the Yarmūk River, along with excessive tapping of natural aquifers, led to shortages across Jordan and neighboring countries.

Industry constitutes 23.9% of GDP, with mining, particularly of phosphate and potash, as major sectors. Textiles dominate manufacturing, albeit facing challenges from international competition, representing about 17% of GDP. Industrial exports grew by approximately 2% in the first half of 2023, totaling JOD 4 billion.



The services sector is paramount, contributing 60.4% to GDP and employing 79% of the workforce. Communication technologies, financial services, and tourism are thriving, with tourism revenue increasing by 27.4% in 2023. Construction, transport, and government services are also significant contributors to GDP and employment.

The Jordanian government actively encourages tourism, leading to a significant increase in visitor numbers since the mid-1990s. Most tourists, primarily from Western countries, are drawn to explore the historic biblical cities of the Jordan Valley and iconic sites like the ancient city of Petra, recognized as a World Heritage site in 1985. Tourism revenue, largely comprising foreign reserves, has become a crucial element in Jordan's strategies to alleviate its balance-of-payments deficit.

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Jordan's economy heavily relies on international trade, with foreign capital playing a significant role, though its share of GDP has declined since 2014, estimated at 86%. Textiles lead exports, followed by chemicals and mining products like fertilizers and phosphate. Major imports include petroleum, gold, automobiles, and fabrics. The United States is the primary destination for Jordanian exports, followed by India and Saudi Arabia, while China, Saudi Arabia, and the UAE are leading suppliers.

Jordan has trade agreements with various countries and regional blocs, including the WTO, the U.S. (FTA signed in 2001), and the EU (Association Agreement).



Jordan's economy is highly integrated into global trade networks. It is a member of the Greater Arab Free Trade Area (GAFTA), established in 2005 by the Arab League to promote regional trade. Additionally, Jordan has bilateral free trade agreements with many Arab League countries. It has also inked deals with the European Free Trade Association (EFTA), the United States, and Singapore. Furthermore, Jordan is part of the Euro-Mediterranean Association Agreement, facilitating free trade with the European Union and other signatories. Moreover, it is a member of the Agadir agreement, promoting trade among Jordan, Tunisia, and Egypt. Finally, Jordan has a Free Trade Agreement with Canada.

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Jordan's primary exports include clothing, chemicals, potash, and phosphates, while major imports consist of machinery, crude petroleum, and food products. Saudi Arabia, the United States, China, and the European Union are significant sources of imports, with major export destinations being the United States, Iraq, and Saudi Arabia.

In 2000, Jordan established a bilateral free trade agreement with the United States. Although export values have increased, they fall short of covering imports, leading to deficits financed by foreign grants, loans, and other capital transfers. Despite the trade deficit, revenue from tourism, remittances from Jordanians working abroad, earnings from foreign investments, and subsidies from various governments partially offset the deficit.



The business landscape in Jordan is highly approachable, thanks to its familiarity with a significant expatriate population and widespread use of English. However, due also to the current instability of the Middle East region, prior to engaging in exports to or investments in Jordan, accessing comprehensive business information about potential partners is crucial, and it's advisable to depend on reputable local business information providers for reliable insights.



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At SkyMinder, we leverage our extensive network of local business information providers to offer comprehensive support. Their expertise and thorough understanding ensure that we deliver the most up-to-date and detailed reports on any company registered in Jordan.

On SkyMinder it is possible to purchase complete full reports on Jordan companies including the following information (if available at local sources):

- Complete company identification details: correct company name, address(es), contact details.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: directors, shareholders and related companies
- Financials: balance sheet and profit and loss (only if companies are willing to disclose, because in Jordan they are not obliged to file this type of information)
- Credit rating and suggested credit limit; Payment information; Detrimental information
- Activity details: sector and industry of the company, when possible also information on import and export activities. Number of employees

In addition to the Full Report including all complete details on Jordan companies, on SkyMinder it is possible to order other types of reports depending on your specific needs:

- Verification Report focusing on the shareholding structure of a company.
- Compliance Check Report: through SkyMinder you can access the Lexis Nexis Risk Solutions platform and check if a business partner is involved in financial crimes, bribery, corruption and money laundering actions.
- Extended Check Report: this in-depth report includes a full report on a company plus the check of the company and its representatives mentioned in the report in the Lexis Nexis Risk Solutions platform.
- Patent Due Diligence Report: a report with an in-depth analysis of the patents owned by a company
- Cyber Risk Report: thanks to the test performed to a company website and related domains and emails, you can understand in advance if a partner or potential partner is vulnerable to a cyber-attack.

Sources: <https://www.ice.it/it/news>; <https://international.groupecreditagricole.com/>; <https://www.britannica.com/>