



# Factsheet

# Doing business in Jordan

## Why Jordan? Why now?

With its strategic location, educated and skilled human capital, and surprising economic and political stability, Jordan can be your access point to the Middle Eastern and North African (MENA) market, as well as to the European Union and the United States.

### Home of Security, Stability and Investment

In a region characterized by turbulence and unpredictability, Jordan has been able to maintain its political stability. Due to the conflicts in neighboring countries, Jordan has seen a significant influx of refugees from the region. Over 60% of Jordanians are of non-Jordanian origin, mostly from Palestine, Iraq and in recent years from Syria as well. Since the start of the Syrian conflict, Jordan has absorbed over 1 million refugees with hospitality. Throughout history, Jordan has been able to remain a steady pillar in the Arab region and is seen as a hub for many international companies that want to grow their activities in the MENA region.

### Market Access

Jordan lies at the intersection of three continents - Asia, Africa and Europe - functioning as a transportation hub due to its favorable location. Jordan shares borders with Syria, Iraq, Saudi Arabia, Israel and Palestine, to which it is connected by a network of roads as well as a world class international airport and airline flying to 59

destinations worldwide. Jordan provides you access to 161 world markets with over 350 million consumers in the MENA region and to over 1 billion consumers worldwide through WTO membership and regional and bilateral trade agreements. Beneficial trade agreements include:

- Greater Arab Free Trade Agreement (GAFTA) - 17 members in the MENA region, providing tariff free trade for most products.
- Agadir Agreement - Aimed at supporting further harmonization of customs and trade legislation and procedures between Jordan, Egypt, Morocco, Tunisia and the EU.
- EU-Jordan Association Agreement - Jordan has a bilateral trade agreement with the EU, providing tariff free trade for most products.
- Bilateral Free Trade Agreements with USA, Singapore, Turkey, Canada.
- Tariff and quota free access to the American market through Qualified Industrial Zones.

### Investing in Jordan

As a foreign investor, Jordan offers you:

- 20 Development Zones and 42 Free Zones distributed throughout the kingdom. These zones are designated for various types of businesses and industries and are

equipped to serve your needs with quality infrastructure and support services. Investments in these zones can be wholly owned by foreign investors.

- The aim of the Development Zones is to distribute gains of economic development to all regions within the Kingdom and to create jobs by stimulating competitive advantage within these zones based on specialization.
- Free Zones help facilitate the transit of goods, stimulate economic activity and play an important role in contributing to Jordan's position as a center for trade.
- Exemption from custom duties, general sales tax and in some cases reduction on income tax.
- No restrictions on foreign ownership, except for a limited number of economic activities.
- To enjoy special privileges and guarantees like the free movement of capital, protection against expropriation, options to resort to alternative dispute settlement mechanisms and support in obtaining visas and residency permits.
- A healthy banking sector. During the 2008 financial crisis, Jordanian banks remained largely unaffected. This is the result of a conservative banking strategy that seeks to minimize risky investments and tries to invest domestically as much as possible.
- The opportunity to tap into a wealth of highly educated and qualified human capital that is highly proficient in English. Jordan ranks as one of the countries in the world with the highest number of engineers, physicians and nurses per capita. Education is one of the biggest expenditures of the government, constituting 9.7% of total government expenditures.

Jordan has a number of promising sectors with high potential and competitive advantage. The most important of these are:

- Tourism
- Agriculture
- ICT
- Renewable Energy (due to having 340 days of sunlight per year)
- Chemicals and pharmaceuticals
- Textiles and garment

## Relaxation of the Rules of Origin

As part of the political and financial support to Jordan, the EU has granted Jordan easier access to the European market. Through an agreement to simplify the requirements of rules of origin for Jordanian industrial and manufacturing products, the EU and its Member States hope to support Jordanians and Syrian refugees by providing jobs and economic opportunities.

The joint decision on the relaxation of Rules of Origin for Jordan is aimed at increasing bilateral trade and investment with the EU for specific product groups. Rules of origin are the technical criteria which determine whether a specific product qualifies for duty free or other preferential access under a given trade agreement. Jordanian companies can benefit from this decision because it is made easier to meet the requirements to export to the EU without paying any import duties. For example, companies can now more easily attain the 0% import duty on textiles exported to the EU, instead of the previous 12% import duty. To benefit, businesses have to meet three criteria: (1) be located in one of the 18 designated zones, (2) produce a product that falls within one of the 52 product groups specified, and (3) hire 15% of Syrian refugee labor, going up to 25% in three years. The relaxation of rules of origin has created new opportunities for national and international business and can turn the Syrian refugee crisis into an opportunity for economic growth.

The sectors for which these simplified rules of origin apply are:

- Chemicals and pharmaceuticals
- Cosmetics
- Plastics
- Electrical Appliances and engineering products
- Furniture
- Textiles and garments

More information on the simplified rules of origin can be found here:

[http://exporthelp.europa.eu/thdapp/display.htm?page=cd/cd\\_RulesOfOriginJordan.html&docType=main&languageId=EN](http://exporthelp.europa.eu/thdapp/display.htm?page=cd/cd_RulesOfOriginJordan.html&docType=main&languageId=EN)

## Economic Facts

- Jordan had an annual economic growth rate in 2014-2016 of 3.1%, 2.4% and 2%, respectively.
- In 2016, Jordan exported for €338 million to the EU and imported €4,059 million from the EU.
- FDI from Jordan to the EU amounted to €500 million, while FDI from the EU to Jordan was around €2.6 billion (2015).
- Inflation in 2016 was 2.5%.

For more information, please take a look at the websites of the following organization:

- Jordan Investment Commission: <https://jic.gov.jo/portal>

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Postbus 20061 | 2500 EB Den Haag, The Netherlands

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