



JORDAN

What's happening in this economy

Jordan's small economy is geared toward regional markets. Seven of its top 10 trading partners are in the Gulf or Levant. The conflicts in Iraq and Syria have deprived it of key export markets and transit routes further afield. An influx of over one million Syrian refugees has stretched its fragile fiscal position. Nonetheless, GDP in 2018 was up by 2 per cent to USD 42.4 billion, though growth has slowed in 2019.

Jordan's population is growing at 2.2 per cent a year. Fifty five per cent of Jordanians are under 25, but the labour market struggles to absorb new entrants. Unemployment is 19 per cent (35 per cent among people under 30) and female workforce participation is among the lowest in the world.

Jordan relies heavily on foreign assistance, loans and remittances. In 2016 it commenced IMF-guided reforms aimed at stimulating private sector growth, relaxing labour market restrictions and attracting investment. The World Bank and major donors are working with Jordan toward the same goals. The government is committing substantial energy to the reform process but faces political challenges. Progress would likely stimulate investment and increase demand for imported goods and services.

Australia is providing humanitarian assistance to a minimum of AUD 74 million over three years to 2019 to help Jordan manage the influx of refugees from the Syrian civil war. This is part of a three-year, AUD 220 million package of assistance for the Syrian crisis divided between Jordan, Lebanon and Syria.

Major initiatives, policies and trends

Investment: Jordan's foreign investment laws have relaxed over the past decade. There are no limits on foreign ownership of investments in agriculture, resources, IT and most manufacturing.

Energy: reducing energy dependency is a strategic and fiscal priority for Jordan. Donor commitments and private investment are driving major solar and wind projects. Jordan is also seeking to exploit its substantial oil shale reserves. Better links to neighbouring markets may enable it to become an energy exporter.

IT and digital: Jordan's IT capability is high by regional standards. About 75 per cent of Arabic language content on the internet is generated in Jordan. The government has sought to encourage start-ups and attract investment in the sector. It is also marketing Jordan as a regional hub for global IT firms, with Cisco, Expedia and Amazon among the multinationals that have established operations there.

Education: Jordan has maintained a strategic focus on education and developing digital readiness. Matching graduate skills to employer needs remains challenging and there is strong interest in vocational education on Jordan's part and among donors.

Health: Jordan's leading private hospitals and clinics attract medical tourism from within the Middle East. Jordan is seeking to market itself as a regional hub in this field.

Key facts and figures

- Population: 10 million (2018)
- GDP growth: 2.0% (2018)
- GDP per capita: USD 4,278
- Political system: monarchy
- Two-way trade: AUD 187 million (2018). Major products: lamb (from AU) and fertilisers (to AU).



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Trade, investment, and commercial opportunities and activities

- Sunrice is the largest Australian investor in Jordan:
 - it maintains a storage and packaging facility at Aqaba port, and
 - the company distributes under Arabic branding through a joint venture with a local distributor.
- The SAE Institute Amman, operating under license from ASX 200-listed Navitas, is Jordan’s leading college for music and film production:
 - the Middle East University hosts student exchanges with groups of ANU students over the Australian summer break.
- APG E-Commerce Solutions—the e-Commerce arm of Australia Post—has established an office in Jordan to handle back office operations for its global parcel delivery business:
 - it employs 35 staff and plans to reach 50 within 12 months.
- NOJA Power is a major supplier of electrical switchgear to two of Jordan’s three electricity utilities:
 - the company plans to be the dominant supplier to the Jordanian electricity grid, and
 - Jordan’s push into renewables provides an opportunity for NOJA as its products help integrate renewable and baseload supply within the grid.
- Worley Parsons is designing the Attarat oil shale power plant—Jordan’s largest and the second largest of its kind in the world:
 - Mining One is helping design a copper mining project for Manaseer Group, Jordan’s largest industrial conglomerate.
- Australia has strong brand recognition as a supplier of high-quality meat (especially lamb), vegetables and other food products:
 - exports to Jordan have declined from a peak in 2015–16 but demand remains strong, and
 - increased efforts to publicise and market Australia’s produce, such as chilled meats, will help recover ground against growing European competition.
- Australia has an established presence in the renewable energy sector, which is booming as Jordan pursues greater energy independence:
 - further opportunities may exist in grid management, construction and electricity storage.
- Jordan is focused on vocational education as a way of readying students for work and making inroads into high youth unemployment:
 - there is substantial donor activity in the sector and Jordanian officials are interested in Australia’s technical and vocational education and training system.
- Jordan’s region-leading IT capability makes it a possible base for Australian IT firms in the Middle East, especially those looking to reach the Arabic-speaking market:
 - Jordan competes aggressively as a hub for coding and back office operations, and offers tax breaks for foreign investors.



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- Private healthcare in Jordan is high quality:
 - further expansion in the sector could provide opportunities for Australian healthcare operators and medical science and technology firms.

Inwards investment

Jordan's largest meat importer and distributor, Hijazi & Ghosheh, has over AUD 400 million in Western Australian livestock facilities to serve its global distribution network for lamb and beef. Due to Jordan's low capital stock, the potential for further large Jordanian investment in Australia is limited.

Initiatives

The annual HORECA Fair for the hospitality and food and beverage industries provides a marketing opportunity for Australian meat producers. There are no other global or regional trade events hosted in Jordan of similar value to Australian businesses.

Jordan hosts the Special Forces Operations Exhibition and Conference bi-annually—a leading forum for international industry professionals, decision makers and technology innovators to connect and exhibit defence industry products. The Department of Defence and Team Defence Australia plan to participate in the SOFEX 2020 conference.

The Australian Embassy helps Australian firms with regulatory issues and liaison with local authorities.

Trade policy and negotiations

Jordan is not a current or prospective FTA partner for Australia. It has FTAs with the US, EU, the European Free Trade Area countries (Norway, Switzerland, Iceland and Liechtenstein), Canada and Singapore. It is also a member of the Pan-Arab FTA.

It has sought simplified rules of origin for exports to the EU as part of its efforts to become a larger production base for EU-bound products, and to take advantage of preferential concessions that the EU has granted it. It recently terminated its FTA with Turkey due to concerns over a growing trade imbalance, but discussions have commenced on an alternative economic partnership agreement.

Jordan has been a WTO member since 2000. It hosts the annual World Economic Forum on the Middle East and North Africa biennially.

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