

## JORDAN

### Business Conditions Snapshot

- Jordan's small economy is geared primarily toward regional, US and European markets. Seven of its top ten trading partners are in the Middle East. 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 further its fragile fiscal position.
- While GDP real growth was 2.2 per cent for 2019, Jordan's economy has been impacted significantly by the COVID-19 pandemic. The International Monetary Fund predicts that Jordan's GDP will contract by 5 per cent in 2020, recovering in 2021 to 2.1 per cent real growth.
- Although Jordan is classified as a middle income country, it 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. In March 2020 the IMF agreed to provide Jordan with an Extended Fund Facility valued at US\$1.3 billion over four years. The Government continues to make reforms, but further major adjustments will be politically difficult.
- Jordan's population is growing at 1.5 per cent a year. Approximately 63 per cent of Jordanians are under 30, but the labour market struggles to absorb new entrants. In 2019 unemployment was 19.1 per cent (approximately 35 per cent among people aged 15 to 24) and female workforce participation was 14 per cent, among the lowest in the world. Unemployment has been exacerbated by the COVID-19 pandemic.
- Australia is providing humanitarian assistance valued at A\$90.2 million from 2016–2020 to help Jordan manage the influx of refugees from the Syrian civil war. This is part of a four-year package of assistance for the Syrian crisis implemented in Jordan, Lebanon and Syria.
- Australia's livestock exports to Jordan increased during 2018–19 and 2019–20. Chilled and frozen meat exports remained steady over the same period. Lamb accounted for over 90 per cent of these exports. The major change was an increase in frozen lamb, which offset a decrease in chilled lamb.

### Key facts and figures

- Population: 10 million (2018)
- GDP growth: 2.2 per cent (2019)
- GDP per capita: US\$4,387
- Political system: Monarchy
- Two-way trade in 2018–19: A\$198.4 million.
- Major export: meat.
- Major import: fertiliser.
- Aid relationship: A\$90 million (Syria Humanitarian Assistance, 2016–2020)



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- The COVID-19 pandemic has affected Jordan's economy significantly, particularly its tourism sector that previously accounted for 19.4 per cent of GDP. The full impact of the pandemic remains to be seen.

## *Major initiatives, policies and trends*

- **Investment:** Over the past decade, there has been a trend towards liberalising Jordan's investment laws. There are no limits on foreign ownership of investments in agriculture, resources, IT and most manufacturing. A number of Government one-stop-shops aim to improve ease of doing business.
- **Energy:** Reducing energy dependency is a strategic priority for Jordan. Donor commitments and private investment are driving major solar, wind and shale oil projects with mixed success. Jordan has developed energy infrastructure to better link it to local markets, and hopes to become a regional energy exporter; Jordan already exports energy to the Palestinian Territories.
- **IT & 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. Cisco, Expedia and Amazon are among the multinationals to have established operations in Jordan.
- **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 with strong links to European and North American medical institutions attract medical tourism within the Middle East. Jordan has been marketing itself as a regional medical tourism destination, including during the COVID-19 pandemic.
- **Chemicals and extractives:** Jordan exported A\$46.7 million in potassic fertilisers to Australia in 2018–19. Jordan is one of the world's top 10 producers of bromine, phosphate and potash. The extractives sector attracts most large-scale foreign investment.

## Trade and Investment Opportunities

- Sunrice is the largest Australian investor in Jordan, maintaining a storage and packaging facility at Aqaba port and distributing under Arabic branding through a joint venture with a local distributor:
  - some COVID-19 related restrictions have limited re-export opportunities for companies using the Aqaba Special Economic Zone as a regional hub.



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- Education: the SAE institute Amman—operating under license from ASX200-listed *Navitas*—is Jordan’s leading college for music and film production. The Middle East University, and others, host student exchanges with groups of students from Australia during the summer break.
  - Nexus Training Solutions delivers training for the NGO sector and the diplomatic corps.
- eCommerce: Australia Post Group eCommerce Solutions established its back office in Jordan in March 2019.
  - Growth in online purchasing in the pandemic has had a positive impact on this sector.
- Energy: NOJA Power is a major supplier of electrical switchgear to two of Jordan’s three electricity utilities. Jordan’s push into renewables provides an opportunity for NOJA, as its products are well-suited to helping integrate renewable and baseload supply within the grid.
  - Worley Parsons designed the Attarat oil shale plant, Jordan’s largest and the second largest of its kind in the world.
- Mining services: Mining One is helping to design a copper mining project for Manaseer Group, Jordan’s largest industrial conglomerate.

## Commercial opportunities

- Premium food: Australia has strong brand recognition as a supplier of high-quality meat, vegetables and other food products. Increased efforts to publicise and market Australia’s produce, such as chilled meats, will help recover ground against growing European competition.
- Renewable energy: Australia has an established presence in the renewable energy sector. Further opportunities may exist in grid management, construction and storage.
- Agri-tech: Agriculture contributes 5.5 per cent to Jordan’s GDP. Food security and water management are areas of increasing interest in Jordan. Australia’s experience with agricultural technology in arid climates could provide innovative solutions.
- Education and training: 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 training system. Jordan is also working on education technologies, particular during the COVID-19 pandemic, and has made in-roads into this sector.



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- IT: Jordan's IT capabilities make it a possible base for Australian IT firms in the Middle East, especially those looking for in-roads into the Arabic-speaking market.
- Healthcare: Jordan exports pharmaceuticals to more than 60 countries and the Jordanian medical device market is projected to grow. Jordan attracts substantial medical tourism. There are opportunities for Australian health care operators and medical science and technology firms.

## *Market expansion opportunities and barriers*

- Cultural barriers and tariffs make Jordan a challenging market for Australian wine exports. Limited fluidity in domestic markets mean that other high-end goods, such as Australian wool, may not gain much traction.

## *Inwards investment*

- Jordan's largest meat importer and distributor, Hijazi and Ghosheh, has over A\$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 and opportunities*

- The Dubai Expo 2021 will provide opportunities to build links between Australian and Jordanian businesses. Jordan's regular trade fairs were cancelled in 2020 because of the COVID-19 pandemic.

## Trade policy focus

- Jordan is not a current or prospective FTA partner for Australia. Jordan has FTAs with the US, the EU, the European Free Trade Area countries (Norway, Switzerland, Iceland and Lichtenstein), Canada and Singapore. It is also a member of the Pan-Arab FTA.
- Jordan terminated its FTA with Turkey in 2018 due to concerns over a growing trade imbalance but agreed to establish a Joint Economic Committee to boost bilateral trade in 2019.
- Jordan has been a WTO member since 2000. It hosts the World Economic Forum on the Middle East and North Africa biennially.

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*Insight current as at December 2020.*



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