

# EU-Jordan Relaxed Rules of Origin: The Initiative's Potential to Attracted Investment for Employment



**Jordan**  
October 2019



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The 2016 Jordan-EU Association Committee's decision to simplify the rules of origin for Jordanian products to benefit from tariff free entry into the EU market at a lower local value and/or transformation thresholds similar to those offered to Least Developed Countries is among the initiatives developed specifically to help the Jordanian economy overcome mounting pressures resulting from the continued regional unrest and huge inflow of refugees. These ongoing conflicts and political challenges in neighboring countries have effectively closure Jordan's neighboring tradition export markets. It is hoped that the simplified rules of origin would not only open EU markets to Jordanian products but also encourage investment into the Kingdom to create jobs for Jordanians and for Syrian refugees and contribute to economic growth.

This Report focuses on the investment aspect of Rules of Origin as a factor in the making of investment decisions to expand and/or locate final or intermediary goods manufacturing facilities in Jordan. In so doing, the Report provides information of the simplified rules of origin decision, an overview of Jordan's manufacturing sector and Jordan's attractiveness as an investment destination. The Report also presents an analysis and identification of top ten competitive products for investment and job creation in Jordan by leveraging exports to the EU single market.

This report comes as part of the of Jordan Chamber of Industry's work under the project "Decent Jobs for Jordanians and Syrian Refugees in the Manufacturing Sector" specifically the work pillar on "Technical and Marketing Support for Enterprises Subject to the Relaxed Rules of Origin Agreement with the European Union to Enhance Exports". The project is implemented by the Jordan Chamber of Industry in cooperation with the International Labour Organization and is funded by the Government of Netherland.

The report considers the investments aspect of the Jordan-EU agreement to relax the rules of origin highlighted as among the initiative's objectives, examining conditions that might attract high value high job creating investment opportunities in the manufacturing sector though enhanced export opportunities to EU market.

This type of evidence-based work comes as part of the Chamber's ongoing efforts to collaborate with the Government and with international development partners to provide firm level support and contribute to meeting the vision of His Majesty King Abdullah II ibn Al Hussein for national economic development.

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## Abbreviations

<b>AA</b>	Association Agreement
<b>BIT</b>	Bilateral Investment Treaty
<b>EC</b>	European Commission
<b>EFTA</b>	European Free Trade Agreement
<b>EU</b>	European Union
<b>Euromed</b>	Euro-Mediterranean Partnership
<b>FTA</b>	Free Trade Agreement
<b>GAFTA</b>	Greater Arab Free Trade Area
<b>GDP</b>	Gross Domestic Product
<b>GSP</b>	General System of Preferences
<b>HS</b>	Harmonized System (HS) Harmonized Commodity Description and Coding System
<b>ILO</b>	International Labour Organization
<b>JCI</b>	Jordan Chamber of Industry
<b>JD</b>	Jordanian Dinar
<b>KSA</b>	Kingdom of Saudi Arabia
<b>LDC</b>	Least Developed Countries
<b>PTA</b>	Preferential Trade Agreement
<b>RoOs</b>	Rules of Origin
<b>UK</b>	United Kingdom
<b>US</b>	United States
<b>WTO</b>	World Trade Organization

## EXECUTIVE SUMMARY

The agreement between Jordan and the European Union to simplify part of the rules of origin for products manufactured in selected areas within Jordan was signed on July 19, 2016, and amended in 2018, to expand the coverage of the agreement to the entire territory of Jordan. The agreement is intended to offer Jordan timebound relief - expiring on 31 December 2030– for a group of around 50 categories of products, from meeting the stringent Pan-Euro-Med Rules of Origin reflected in Protocol 3 of the Jordan-EU Association Agreement for conferring origin while benefiting from duty free entry of Jordanian goods into the EU Single Market.

Jordan hosts a high number of Syrian refugees that exceeded 1.2 million, which negatively impacted and put pressure on the Jordanian economy in different aspects. The agreement was among the main outputs of the London Conference “Supporting Syria and the Region” (February 2016), resulted in “Compacts” or commitments from the international community and Syria's neighbors to meet the immediate and longer-term needs of people affected by the crisis. It was made with the hope that the relaxation of the origin rules between Jordan and the EU will contribute to the enhancement of the Jordanian economy by providing jobs for both Jordanians and Syrians through export growth and investment creation.

In order to make best use of the range of opportunities made possible under the related rules of origin, not simply to open up the EU market to Jordanian products but also to promote Jordan as an investment destination to economic actors wishing to maximize returns on their export to the EU, it was necessary to gain a better understanding of possible investment opportunities in the manufacturing sector.

To this end, the Jordan Chamber of Industry (JCI) in cooperation with the International Labour Organization and with support from the Government of Netherlands - has conducted this Study that provides an overview of the conditions leading up to the decision, specifically the economic impact of Syrian refugees. The Study also reflects the technical aspects of the agreement and provides information on Jordan's manufacturing sector. The Study concludes with an analysis the aims to identify specific opportunities that could drive foreign and domestic investments towards high value added, employment generating manufacturing projects in products holding ambition export potentials to EU markets.

The analysis was based on a products space theory (complexity) methodology that adopts a two layers approach. The first layer examines the list of products benefiting from the relaxed RoOs and selection of items based on three criteria: (i) added value to the economy, (ii) export potential to the EU, and (iii) jobs generation. The second layer is an analysis of key competitive factor that evidence the Jordan's investment proposition for the products in question.

The study concluded that there were more than 525 items identified at the HS 6-digit level that present possible investment opportunities in Jordan, 6 top projects being the manufacturing of sports shoes, coats, jackets, Buttons, Tableware, kitchenware; other household product and PVC floors. Towards the realization of these projects, JCI working with partners will further develop economic feasibility studies and help focus national investment promotion and facilitation efforts.



## INTRODUCTION

Jordan has long pursued an export lead economic growth strategy that included the adoption of special economic zones schemes and substantive trade liberalization at the multilateral, regional and bilateral levels. Jordan acceded to the World Trade Organization (WTO) in 2002 and has seven (7) preferential trade arrangements. On the regional level Jordan is a party to the Greater Arab Free Trade Agreement (GAFTA)<sup>1</sup>, and the Agadir Agreement<sup>2</sup>, and has an FTA with the European Free Trade Association (EFTA).<sup>3</sup> On the bilateral level Jordan has an FTA with the United States, Singapore, ; Canada and an the Association Agreement with the European Union.<sup>4</sup> The aim of these preferential trade agreements is to enhance Jordan's trading position by eliminating tariff and non-tariff barriers with these trading partners. Rules of Origin (RoOs) are a vital component of free trade agreements. RoOs designate the products origin and therefore their eligibility to benefit from preferential tariff rates. With the continued proliferation of FTAs there is an increase in the complexity of the origin rules as well as the attached administrative compliance requirements and costs.

From the political economic context, RoOs ensure the implementation of trade policy by providing the conditions to ensure that the benefits of tariff preferences are reaped by the parties to the agreement to help bring value to their economies and preventing third country's from flowing their export though an FTA partner's territory. In this manner RoOs preserve the existing external protection of countries within the preferential trade arrangements and help in attracting investments. The technical formulation of the origin rules will effectively grant market access to traded goods between the FTA members that may in turn cause an increase in the level of external protection, resulting in trade suppression and trade diversion.

The Association Agreement between the European Union and Jordan (AA) entered into force in May 2002 and constitutes the legal framework for political, economic (establishing a free trade area), social, scientific and cultural cooperation within the Euro-Mediterranean Partnership.<sup>5</sup> Further liberalization of agricultural products was agreed in 2007 and a Protocol on Dispute Settlement entered into force in 2011. Since 2011 off and on negotiations for a Deep and Comprehensive FTA have been held. Such deepening would further harmonies behind the border measures, include trade in services, and enhance commitment on government procurement, competition, intellectual property rights, and investment protection.

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<sup>1</sup> Greater Arab Free Trade Area (GAFTA) includes in its membership 17 Arab countries of Jordan, Morocco, Kuwait, United Arab Emirates, Syria, Tunis, Bahrain, Lebanon, Libya, Saudi Arabia, Iraq, Sudan, Oman, Egypt, Yemen, Qatar, and Palestine.

<sup>2</sup> This agreement also includes Egypt, Tunisia and Morocco and is part of the Euro-Med process.

<sup>3</sup> (EFTA) is the intergovernmental organisation of Iceland, Liechtenstein, Norway and Switzerland.

<sup>4</sup> Jordan had an FTA with Turkey (also as part of the EuroMed process) which was suspended/cancelled in March of 2018.

<sup>5</sup> EU's comprehensive policy for the region. Along with the 28 EU Member States, 15 Southern Mediterranean, African and Middle Eastern countries: Albania, Algeria, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey.

**Figure 1. The EU Member States**



The preferential RoO regime employer under the Jordan-EU Association Agreement is a specific and detailed one developed for regional application to trade arrangements between the EU, EFTA States and Turkey (which has a Customs Union with the EU). In 2005, it was extended to the EU's other European and Mediterranean partners.<sup>6</sup> The 'Pan-Euro-Med Rules of Origin Protocol' is almost uniformly contained and applied within all the EU's Association Agreements with countries participating in the EU's Stabilisation and Association Process (SAP) and Mediterranean Partners of which Jordan is a member.

In 2007, a single PEM Convention was indorsed as an instrument to promote regional integration,<sup>7</sup> there are 23 Contracting Parties to the PEM Convention: the EU, the EFTA States (Switzerland, Norway, Iceland and Liechtenstein), the Faroe Islands, the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine,<sup>8</sup> Syria, Tunisia and Turkey, the participants in the EU's Stabilisation and Association Process (Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Montenegro, Serbia and Kosovo,<sup>9</sup> the Republic of Moldova.<sup>10</sup> Meaning that the EU has a network of preferential trade arrangement all having similar EU market access for nearly all products, with exception for some agricultural products and the same RoO requirements under the Pan-Euro-Med RoOs scheme. With the aim that the Regional Convention on Pan-Euro-Mediterranean Rules of Origin will ultimately replace the individual protocols in bilateral agreements with a single universal regional agreement of RoOs.<sup>11</sup>

For Jordan, the Pan-Euro-Med Rules of Origin (PEM RoOs) apply in Jordan's Association Agreement with the EU and equally in its FTA with EFTA and the Agadir Agreement. All of which are instruments for the creation of a Euro-Mediterranean free trade area. Whereby the conditions of bestowing origin

<sup>6</sup> IP/051256/

<sup>7</sup> Euro-Mediterranean Trade Ministers meeting, Lisbon on 21 October 2007.

<sup>8</sup> This designation is not a recognition of a State of Palestine and is without prejudice to the individual positions of the EU Member States on this issue.

<sup>9</sup> This designation is without prejudice to positions on EU member status and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

<sup>10</sup> OJ L54 of 26 February 2013.

<sup>11</sup> Sangeeta Khorana (ed.); María García (ed.), Handbook on the EU and International Trade, Edward Elgar Publishing; August 2018, ISBN: 9781785367472

are stipulated by the PEM RoOs, which also provides for diagonal cumulation of origin. The intention being to allow economic operators to reap the full benefits of regional trade liberalization with a cumulation system to pursue north-south and south-south economic integration.

Limited analytical studies have been conducted on the economic effects of the Jordan's trade flow as a result of liberalization. Overall studies found that the impact of preferential trade liberalization has been rather small except for the FTA with the United States of America which has boosted Jordan's exports to the US to a considerable degree,<sup>12</sup> and has attracted significant investments albite chiefly in the Apparel Sector as well as enhanced exports in goods sectors such as jeweler, machinery and equipment, plastics, and pharmaceuticals.

Studies found on the Jordan-EU Association Agreement (AA) showed a positive long-term effect.<sup>13</sup> An examination of the trade data from 2008 to 2018, as sown in table (1) below, illustrate the humble Jordanian goods exports to the EU.<sup>14</sup>

**Table 1. Total goods: EU Trade flows and balance**

Period	Imports			Exports			Balance	Total trade
	Value Mio €	% Growth	%Extra-EU	Value Mio €	% Growth	%Extra-EU	Value Mio €	Value Mio €
2008	298		0.0	2,947		0.2	2,648	3,245
2009	179	-40.0	0.0	2,603	-11.7	0.2	2,424	2,782
2010	249	39.2	0.0	2,790	7.2	0.2	2,541	3,040
2011	314	26.1	0.0	3,266	17.1	0.2	2,952	3,580
2012	335	6.7	0.0	3,448	5.6	0.2	3,112	3,783
2013	353	5.2	0.0	3,714	7.7	0.2	3,361	4,067
2014	338	-4.4	0.0	3,672	-1.1	0.2	3,335	4,010
2015	384	13.9	0.0	3,985	8.5	0.2	3,601	4,370
2016	337	-12.2	0.0	4,056	1.8	0.2	3,719	4,394
2017	359	6.3	0.0	4,105	1.2	0.2	3,746	4,463
2018	300	-16.3	0.0	3,569	-13.0	0.2	3,269	3,869

% **Growth**: relative variation between current and previous period

**Source** Eurostat Comext - Statistical regime 4

% **Extra-EU**: imports/exports as % of all EU partners i.e. excluding trade between EU Member States

<sup>12</sup> Assessing the Impact of Trade Liberalization: The Case of Jordan

Author(s): Matthias Busse, Steffen Gröning and Steffen Groening

Source: Journal of Economic Integration, Vol. 27, No. 3 (September 2012), pp. 466486-

<sup>13</sup> Feraboli, O. (2007), Preferential Trade Liberalisation, Fiscal Policy Responses and Welfare: A Dynamic CGE Model for Jordan, Jahrbuecher fir Nationaloekonomie und Statistik, 227(4), 335357-. Hosoe, N. (2001), A General Equilibrium Analysis of Jordan's Trade Liberalization, Journal of Policy Model ing, 23(6), 595600-

<sup>14</sup> See [https://webgate.ec.europa.eu/isdb\\_results/factsheets/country/details\\_jordan\\_en.pdf](https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_jordan_en.pdf)

While EU private sector investments have been relatively minor in Jordan,<sup>15</sup> apart from some French investments in the telecom sector and cement manufacturing (both privatization projects). Notwithstanding, numerous projects supported by the EU initiatives such as Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and institutions such as the European Investment Bank (EIB). Jordan has a Bilateral Investment Treaty with most EU Member States.<sup>16</sup> The general inability of Jordanian producers to exports goods to the EU in a sustainable manner can be attributed to several factors. A star culprit, from the Jordanian perspective, has long been the challenging PEM RoOs. Indeed, RoOs are often identified as the primary reason why FTAs are underutilized specifically between countries with differences in development levels.<sup>17</sup>

With respect to the economic challenges facing Jordan. Since 2011, regional instability, conflicts and large-scale flows of refugees, particularly from Syria has severely affected Jordan's economic prospects as well as delayed national democratization and development processes. Jordan is one of the countries most affected by the Syria crisis, hosting the second highest share of refugees pro capita in the world.<sup>18</sup> Government of Jordan statistic put the number of registered Syrian refugees in Jordan close to 1.4 million, making around 20% of the inhabitanace,<sup>19</sup> the majority of which live in urban areas side by side with Jordanians. Syrian asylum in Jordan has had enormous eroding effect on the national resources and economy. The importance of jobs creation and industrial growth continues to be a key concerns of Jordan and its international partners, such as the EU, the US, UK, KSA and others, as critical factors to the thriving of individuals and maintenance on the path of commitment to political reforms, respect for human right and rule of law.

The increase in population and demographic imbalance witnessed by the Kingdom in the past eight years, led to increased burden on all public services at high costs which have diverted funds that could have been directed towards strengthening economic performance and lead to an increase in the budget deficit.<sup>20</sup> Indeed, the cost of hosting Syrian refugees on basic services reached unprecedented levels of around 1 billion USD divided by sectors as the following: Electricity sector 179 million USD, water and sanitation sector 506 million USD, infrastructure 172 million USD, municipal services sector 23 million USD and transport and informal employment 111 million USD. All of which has contributed to the deficit in the general budget.<sup>21</sup> The continued civil conflict in Syria lead to the closure of Jaber border in 2015, after the fall of the free zone in the hands of fighters of the Syrian opposition factions, which stopped the intra-trade, land shipping and the large losses suffered by Jordanian exports. The lost benefits were not only limited to the Syrian market, but the Syrian border as well which acted as a transit point for exporting to Lebanon, Turkey and other

<sup>15</sup> Background Note FDI in fragile and conflict affected economies in the Middle East and North Africa: trends and policies, OECD, December 2018.

<sup>16</sup> See <https://investmentpolicy.unctad.org/international-investment-agreements/countries/106/jordan>

<sup>17</sup> Anson, J, Cadot, O, Estevadeordal, A, de Melo, J, Suwa-Eisenmann, A & Tumurchudur, B 2005, 'Rules of origin in North-South preferential trading arrangements with an application to NAFTA', Review of International Economics, vol. 13, no. 3, pp. 50117-.

<sup>18</sup> UNHCR Jordan Factsheet, April 2019.

<sup>19</sup> Jordan Ministry of Planning and International Cooperation, Jordan Response Plan for the Syria Crisis 2015, Report of the Jordan Response Platform, 2014.

<sup>20</sup> As an example - due to the high frequency of violence and criminal cases, increasing pressure on the Department of Public Security at amounted a cost of around 400 million US Dollar in 2017. The Syrian wave of asylum has put pressure on both Health and Education sectors. The number of Syrian refugees enrolled in public schools is estimated at more than 150 thousand students, which led Jordanian Government in 2014 to transfer more than 200 schools to two-shift system and employ more than 3800 male and female teachers and thus raising the cost to around 140 million US dollars. On the Health side alone, total expenditure to support more than 40000 thousand of Syrian refugees reached 111 million USD annually since the start of the crisis.

<sup>21</sup> Executive Summary: The Syrian Refugee Crisis in Jordan and Its Impact on the Jordanian Economy, WANA Institute, 2019.

European countries. Jordanian exports to Syria dropped to more than 80% since the start of the crisis, reaching to 43 million USD only in 2017 compared to 250 million USD in 2012. On the one hand and on the other hand the closure and of borders with Iraq, the national exports decrease by more than 40% in 2015 representing around 300 million J JD in the first half of 2015 whereas it reached 193 million JD only in the second half of the same year.

Table (2) below shows the evolution of national exports to both Syria and Iraq during the last 6 years. As a result of these developments, the relative importance of Iraqi market to gross domestic exports decreased from 18.4% in 2013 to 8.2% in 2017. National exports to Syria decreased by more than 64% in 2016, after the closure of borders compared to 84.8 in 2015. As the national exports to Syria in the first 3 months of 2015 (before the closure) reached to approximately 44.3 million JD, whereas the exports in the remaining 9 months (after the closure) reached around 40.4 million JD. According to this development, the relative importance of Syrian market to gross domestic exports decreased from 3% in 2012 to 0.7% in 2017.

**Table 2. Evolution of domestic exports volume to both Syria and Iraq/million JDs**

	2012	2013	2014	2015	2016	2017
<b>Jordan Gross Domestic Exports</b>	4,749.6	4,805.2	5,163.0	4,797.6	4,396.5	4,474.2
<b>Iraq</b>	716.4	883.1	828.7	493.2	333	365.4
<b>Growth Rate (%)</b>	0.2	23.3	-6.2	-40.5	-32.5	10.4
<b>Total (%)</b>	15.1	18.4	16.1	10.3	7.6	8.2
<b>Syria</b>	140.9	95.9	142.2	84.8	29.9	31.2
<b>Growth Rate (%)</b>	-22.3	-31.9	48.3	-40.4	-64.7	4.4
<b>Total (%)</b>	2.97	2.00	2.75	1.77	0.68	0.7

Source: JCI, 2018

With a recognition that private sector development can build economic resilience, in 2016 the EU issued a decision to relax the rules of origin for Jordan, with the hope that this will boost investment in the industrial sector, increase Jordanian exports to Europe and create jobs for both Jordanian and Syrian workers.<sup>22</sup>

This report focuses on the investment opportunities made possible as a result of the relaxed rules of origin, it begins with a review of the circumstances leading to the decision its historical evolution up to today (August 2019), next to an information on Jordan's industrial landscape and investment environment. This is followed with an analysis of best investment opportunities generated by the relaxed RoOs clarifying the methodology used to identify top ten products and their competitive positioning. The report concludes with action items of activities and policy recommendations to be implemented towards the realization of these investment projects.

<sup>22</sup> See <http://country.eiu.com/article> - Jordan and EU ratify new rules of origin, 25 July 2016.



### Background on Rules of Origin between Jordan and the EU

Rules of origin are transformation tests that require the meeting of technical thresholds for manufactured goods made in the territory of one trading partners to be eligible for preferential treatment, whether tariff free and/or quota free, when entering into the territory of the section trading partner, pursuant to a FTA.

With the proliferation of preferential trade arrangements -whether FTAs, customs unions, common markets and single markets - there are many types of preferential RoOs, most have a combination of production rules that include wholly obtained for goods such as animals, plants or items extracted from the earth; and/or change in tariff classification (CTC), regional value content (RVC) and or other technical requirements. Research has shown that worldwide there are clear RoO models the NAFTA model and the Pan-Euro Model that are used by the world's two dominant rule-makers the US and EU as well as the Association of Southeast Eastern Nations (ASEAN) model.<sup>23</sup>

The Pan-European ROO model emerged in the 1990s as an effort to harmonize the origin rules embedded in different EU FTAs.<sup>24</sup> In 1994, the European Commission (EC) submitted a report presenting a strategy for harmonizing the preferential ROO to reduce the under-utilization of trade preferences and to maximize the gains from trade in a European context.<sup>25</sup> The European Council adopted the proposal in December 1994. In 1997, harmonized protocols replaced the pre-existing ones, covering an area comprised of the EU, the European Economic Area (EEA), Switzerland and the associated Central and Eastern European Countries (CEEC) (these are : Bulgaria, Estonia, Hungary, Latvia, Lithuania, the Czech Republic, Poland, Rumania, Slovakia and Slovenia, all of which are now EU Member States).

This decision extended to the FTAs of the EU with the Mediterranean Partner countries; this approach was endorsed in March 2002 at the EU-Mediterranean Trade Ministerial Conference held in Tolido, where in principle it was agreed to extend the Pan-European system of cumulation of rules of origin to the Barcelona group of countries. At the Euro-Med Trade Ministerial Meeting held in Palermo on 7 July 2003; the decision was taken to replace the ROO protocols contained in the previously adopted AAs, with the "Pan-Euro-Mediterranean protocol on rules of origin.

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<sup>23</sup> ERD Working Paper No. 89: Rules of Origin: Conceptual Explorations and Lessons from the Generalized System of Preferences, Teruo Ujiie, December 2006( [http://www.adb.org/Documents/ERD/Working\\_Papers/WP089.pdf](http://www.adb.org/Documents/ERD/Working_Papers/WP089.pdf))

<sup>24</sup> The EU is the only regional bloc that also adopted a common set of non-preferential ROO. Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or working in an undertaking equipped for that purpose, and resulting in the manufacture of a new product or representing an important stage of manufacture. This basic concept is interpreted into process criterion, percentage criterion, or combination of these two criteria in determining the country of origin. The importance of the EU non-preferential rules of origin lay down specific rules on a product specific basis reflecting the EU's interest such as radios, televisions, tape recorders, integrated circuits, photocopiers, and textiles and clothing. EU now applies its MFN tariff to only nine trading partners. These include Australia; Canada; Chinese Taipei; Hong Kong; China; Japan; Korea; New Zealand; Singapore; and the US.

<sup>25</sup> See, Communication from the Commission to the Council concerning the unification of rules of origin in preferential trade between the Community, the central and east European countries and the EFTA countries, 30 November 1994, SC (94) [1987] (final).

Since then, the Pan-Euro-Med Protocol has been progressive adoption by the Med Partners. Including Jordan which adopted the Pan-Euro-Med cumulation protocol No.3 in 2006, which replaced the original protocol of the Jordan-EU Association Agreement (AA). The AA was signed in 1997 and came into force on May 1, 2002, it governs the preferential trading arrangement between the two trading partners.<sup>26</sup> Under the AA, an Association Council is established, as the political arm for cooperation with the power to amend certain provisions or arrangements such as progressive tariff dismantlement schemes and amendments to the rules of origin.

The creation of the Pan-Euro-Med ROO, through the extension of the Pan-Euro zone to the Mediterranean Partners, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and the Palestine as well as the Faroe Islands, allows for diagonal cumulation between these territories, whereby goods consisting of components made in more than one participating country are treated in the same way as domestically produced goods, that is to say that material can be sourced and manufactured in a number of countries within the Pan-Euro-Med cumulation area without the finished product losing the benefit of preferential customs tariffs when it enters the country of destination. The generalization of the system of diagonal cumulation requires the fulfillment of three conditions: an FTAs with identical ROO should be in place both between the EU and the Southern Mediterranean countries and among these countries; all administrative procedures have to be harmonized and all draw-back provisions should be withdrawn.<sup>27</sup>

At the region-to-region level, the EU has introduced the Regional Convention on preferential an-Euro-Med rules of origin that was opened for signature as of June 15, 2011. This Convention is to replace the network of bilateral protocols, whereby the bilateral FTAs, whether those of the EU and its different partners or those between its partners, would no longer contain an annex on ROOs, but would instead incorporate by reference, the rules of the Regional Convention. Many of the Med Partner countries, including Jordan, have long been calling for the simplification of the Pan-Euro-Med rules of origin system, which remains too complex, accordingly, and as such Jordan has not ratified the Regional Convention.<sup>28</sup>

Indeed, Jordan's utilization of the benefit afforded by the RoOs Protocol remains generally weak, as seen in the table (3) below for the period from 2015 to 2018. This can be attributed to number of factors, such as the lack of enough businesses that are able to take advantage of the PEM ROOs regime, even with the diagonal cumulation option.<sup>29</sup>

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<sup>26</sup> Prior to that relations between Jordan's and the EU's (then the European Community) were governed by the 1977 Cooperation Agreement.

<sup>27</sup> Staff Working Paper ERSD-201305- Date: 22 March 2013, Economic Research and Statistics Division, World Trade Organization.

<sup>28</sup> Diagonal Cumulation Of Origin As An Institutional Incentive Mechanism For Cost Optimisation In Contemporary International Business, M. Jurše, K. Logožar, M. Ključevšek And R. Korez-Vide, *Acta Oeconomica*, Vol. 61, No. 2 (June 2011), pp. 16527) 191-pages)

<sup>29</sup> Guide to the Pan-Euro-Mediterranean cumulation of origin, May 2019.

**Table 3. Overview of EU Trade with Jordan: 2015-2018**

European Union, Trade with Jordan								
Trade flows by HS section 2015 - 2018								
HS Sections	Imports				Exports			
	Value Mio €				Value Mio €			
	2015	2016	2017	2018	2015	2016	2017	2018
Total	384	337	359	300	3,985	4,056	4,105	3,569
I Live animals; animal products	0	0	0	0	189	174	178	151
II Vegetable products	18	19	23	22	268	331	261	267
III Animal or vegetable fats and oils	2	2	3	3	8	7	9	7
IV Foodstuffs, beverages, tobacco	15	19	19	17	290	307	318	341
V Mineral products	6	11	7	0	243	304	369	74
VI Products of the chemical or allied industries	182	106	134	109	577	575	546	537
VII Plastics, rubber and articles thereof	13	12	6	11	116	111	117	107
VIII Raw hides and skins, and saddlery	5	3	2	2	3	3	4	3
IX Wood, charcoal and cork and articles thereof	0	0	0	0	53	48	44	45
X Pulp of wood, paper and paperboard	1	1	1	1	103	101	113	116
XI Textiles and textile articles	34	40	48	53	88	89	90	87
XII Footwear, hats and other headgear	0	0	0	0	7	7	6	7
XIII Articles of stone, glass and ceramics	0	0	0	0	96	100	94	76
XIV Pearls, precious metals and articles thereof	30	26	24	23	122	129	130	100
XV Base metals and articles thereof	15	21	26	30	155	123	152	126
XVI Machinery and appliances	49	65	19	10	767	770	797	723
XVII Transport equipment	4	3	29	4	597	516	559	410
XVIII Optical and photographic instruments, etc.	3	3	4	3	199	165	169	197
XIX Arms and ammunition	0		0	0	3	35	10	8
XX Miscellaneous manufactured articles	1	2	2	2	58	72	80	108
XXI Works of art and antiques	0	0	0	1	4	3	2	1
XXII Other	8	6	10	9	38	87	56	77
<b>AMA / NAMA Product Groups</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total</b>	384	337	359	300	3,985	4,056	4,105	3,569
<b>Agricultural products (WTO AoA)</b>	36	41	45	43	755	821	767	764
<b>Fishery products</b>		0		0	3	2	4	5
<b>Industrial products</b>	348	297	313	257	3,227	3,233	3,333	2,799

Source Eurostat Comext - Statistical regime 4



Some studies show that RoO may restrict trade, especially for developing countries with modest manufacturing capabilities. In the case of Jordan this is even more hindering taking the small size of the Kingdom and limited natural resources. A study of 149 countries for 1999–2001 estimated that RoO reduced the trade creation effects of Preferential Trade Agreements (PTAs) by around two-thirds. RoOs are non-trade barriers with inbuilt compatibilizers and rigidities that constrain and distort complex international supply chains. There is also evidence that the application of RoO by Customs is a growing ‘at the border’ barrier in some countries.<sup>30</sup>

To counter some of the negative economic effects brought about as a result of the influx of 1.4 million Syrian Refugees to Jordan and other regional countries, in the 2016 the international at the London Conference “Supporting Syria and the Region” made several commitments to support Jordan and other regional countries. These including the EU’s commitment to help Jordan (as well as Turkey, Lebanon, Iraq and Egypt) in meeting the immediate and longer-term needs of people affected by the crisis.<sup>31</sup>

The resulting “Jordan Compacts” included commitments to support livelihood opportunities for Syrian refugees and host communities. With the understanding that conventional approaches are insufficient to address the heavy burden assumed by Jordan due to its hosting of refugees and is carrying out a global public good on behalf of the international community. A new paradigm is necessary to promoting economic development and opportunities in Jordan. Among the pillar of the Jordan Compact is the need to stimulating economic growth through new investment, attracting business and is improved access to the EU market with simplified rules of origin.<sup>32</sup>

Against this backdrop, on 19 July 2016, the 10th EU-Jordan Association Committee adopted the decision on a temporary simplification of the EU Rules of Origin, with a view to encourage Jordanian exports to the EU, enhance investments and create job opportunities in Jordan's formal sector for both Jordanians as well as Syrian refugees.<sup>33</sup> As part of the Jordan response plan, the country has provided limited worker rights to Syrian refugees in five sectors including agriculture, construction, manufacturing, food and beverage services and wholesale and retail trade. The opening of designated occupations within these five sectors was landmark decision, which promised to smooth Syrian refugee integration into the formal economy.<sup>34</sup>

## **The Evolution of the Jordan-EU Relaxed Rules of Origin**

The July 2016 EU - Jordan agreement to simplify the Rules of Origin (RoO) also referred to as the Relaxation / relaxed or simplified RoOs, has a duration of 10 years. It cover 52 industrial categories (Annex I to this report list the covered items at the Chapter and/or 4 digit HS level), whereby Jordanian

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<sup>30</sup> Rules of Origin: Can the Noodle Bowl of trade agreement be untangled? Productivity Commission Staff Research Note, Government of Australia, May 2017.

<sup>31</sup> Background Note FDI in fragile and conflict affected economies in the Middle East and North Africa: trends and policies, OECD, December 2018.

<sup>32</sup> The Jordan Compact: A New Holistic Approach between the Hashemite Kingdom of Jordan and the International Community to deal with the Syrian Refugee Crisis, MOPIC, 7 Feb 2016.

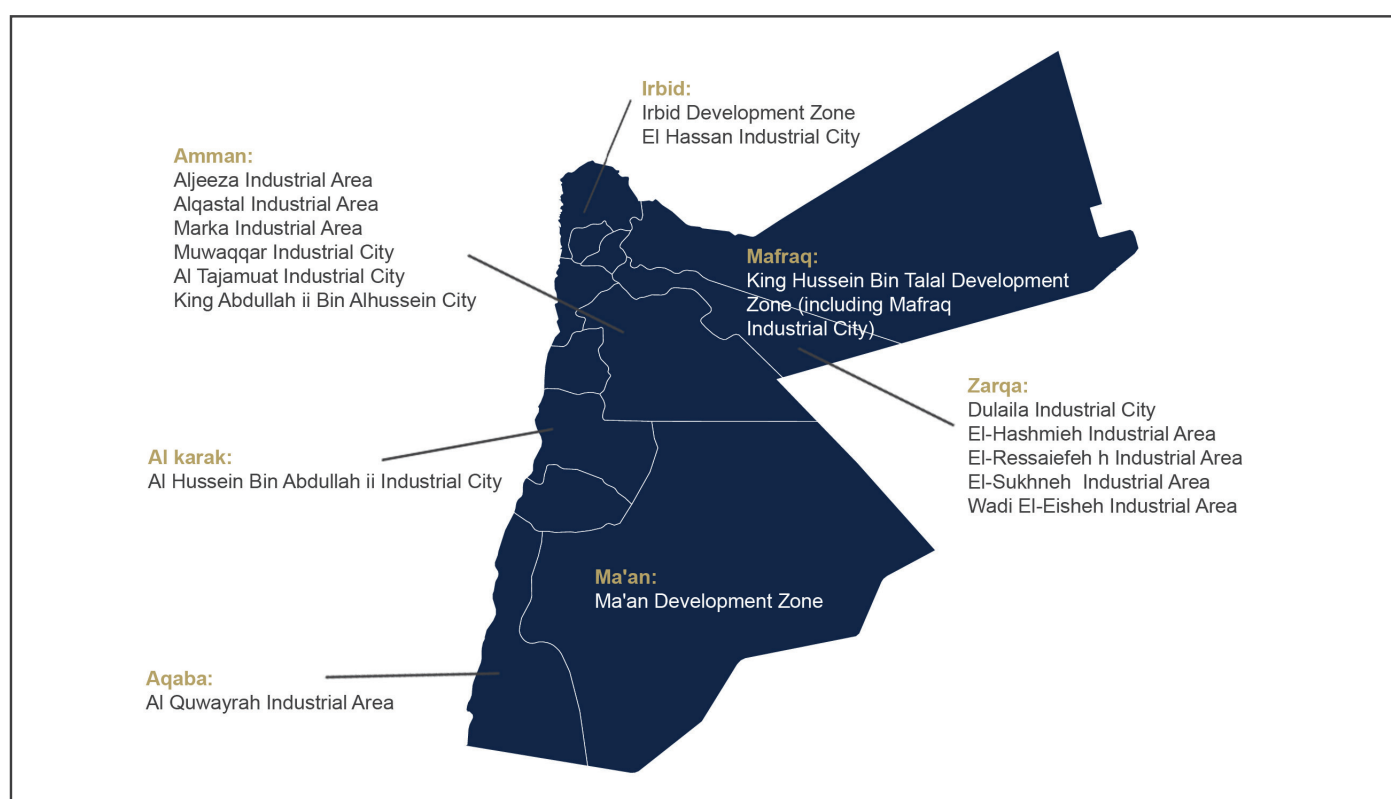
<sup>33</sup> Decision No 12016/ of the EU-Jordan Association Committee of 19 July 2016. Joint Staff Working Document, Report on EU-JORDAN relations in the framework of the revised ENP, Brussels, 13.6.2017, SWD (2017) 234 final

<sup>34</sup> Syrian Refugee Employment Trends in Jordan and Future Perspectives, WANA Institute, Royal Scientific Society, 2018.

producers wishing to export to the EU's single market would benefit from the same rule of origin scheme as Least Developed Countries (LDCs) under the European Union's Generalized System of Preferences (GSP) under the EU's Everything But Arms (EBA) initiative,<sup>35</sup> of a value content to be at least 70% of the ex-works price of the good.

The relaxed rules of origin scheme also require certain condition be met. The first is that benefiting companies are required to employ a minimum of 15% of their workforce from Syrian refugees in a respective production facility over the first two years of the agreement, to be increased to 25% thereafter, and the second benefiting companies are required to located in 18 designated development zones and industrial areas.<sup>36</sup> In addition to proof of origin certificate that should contain the following statements 'Derogation – Annex II(a) of Protocol 3 – authorization number granted by the competent authorities in Jordan.

**Figure 2. An Illustrative Map of Cover Areas Under The 2016 EU Jordan Association Council Decision on the Relaxed RoOs <sup>37</sup>**



Source: MOITS, 2016

<sup>35</sup> EC-Press Release: EU-Jordan: towards a stronger partnership, Brussels, 20 July 2016

<sup>36</sup> Amman: Industrial Complex City (Al Tajamuat), King Abdullah II Bin AL Hussein City, Al-Jiza Industrial Area, Al-Qastal Industrial Area, Al- Muwaqar Industrial City and Marka Industrial Area. Zarqa: Wadi Al-Esh Industrial Area, Dhulail Industrial City, El-Hashemiya Industrial Area, El-Russaifah Industrial Area and Sukhneh Industrial City. Mafraq: Mafraq Industrial City, and King Hussein Bin Talal Development Zone. Karak: Al Hussein Bin Abdullah II Industrial City. Aqaba: Al Quwayrah Industrial Area. Irbid: El Hassan Industrial City and Irbid Development Zone. Ma'an: Ma'an Development Zone.

<sup>37</sup> Annex (2) to this report provides more information on these areas.

Due to modest results, Jordan requested additional flexibilities from the scheme, which the EU granted on 4/12/2018, at the 12th meeting of the Association Committee it was agreed to adjust the 2016 relaxation of RoO scheme by offering full geographical coverage so the scheme that now benefits products made in any region within the territory of Jordan; removing the requirement to increase Syrian refugees workforce percentage after the second year<sup>38</sup> as well as extending it to 2030.<sup>39</sup>

Since the decision to relax the rules of origin in July 2016 came into effect, 14 companies have received authorization to export under the scheme. Eight (8) companies have managed to export to the EU market with a value of EUR 83.28 million.<sup>40</sup> Four of them, in the plastics and ready-made garments sectors exporting to Spain, Cyprus, France, Belgium and Hungary under this decision.

Additionally, the EU continues to provide technical support to the Jordanian Ministry of Industry, Trade and Supply and the chambers of industry in their activities aimed at raising awareness of the scheme. Jordanian companies were present at a buyers' forum in Frankfurt in February 2018 and representatives from the textile sector attended Tex-World in Paris, with the support of the World Bank.<sup>41</sup>

Indeed, the request to simplify the RoOs between Jordan and the EU was made by Jordan who has long viewed the PEM RoOs as complicated and burdensome, particularly for Jordan which has limited natural resources and manufacturing base.<sup>42</sup>

Focusing on the market access provisions embedded in the Jordan-US Free Trade Agreement Rules of Origin Protocol that in order to receive FTA duty benefits require - as a general rule - for manufactured products that the sum of the cost or value of the materials produced in Jordan, plus the direct costs of processing operations performed in Jordan is not less than 35 % of the appraised value of such good. With the option of up to 15 percent of the 35% local value content requirement may be attributable to the cost or value of materials produced in the United States. These flexible RoOs resulted in attracting FDI to the Textile sector (articles of apparel, knit or crocheted)<sup>43</sup> which today contributes around 11% value-added, accounts for over 20% of Jordan's world export and 80% of Jordan's export to the US, employing around 20 thousand Jordanians (however 75% of workings are from Bangladesh, India, Sri Lanka, Myanmar, and Madagascar.<sup>44</sup>

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<sup>38</sup> The 2018 Decisions also provides that once Jordan has achieved its target of facilitating a greater participation of Syrian refugees in the formal labour market by issuing at least 60 thousand active work permits, or other means that can be agreed upon by the parties – the provisions of this agreements (Annex) shall apply to all products covered by it without the requirement to comply with the specific conditions of 15% Syrian employment per product facility.

<sup>39</sup> Decision No. 12018/ EU-Jordan Association Council of 42018/12/

<sup>40</sup> JIC Data.

<sup>41</sup> COUNTRY REPORT (May 2017-May 2018) EU-JORDAN Partnership (EC.2018)

<sup>42</sup> An Exporting Guide to the EU: a handbook for industrial and manufacturing businesses in Jordan, MITS, 2017.

<sup>43</sup> Azmeh, S. and Nadvi, K. (2013). 'Greater Chinese' Global Production Networks in the Middle East: Chinese Garment Manufacturers in Jordan. *Development and Change*, 44 (6): 1317–1340.

<sup>44</sup> Jordan's Recent Economic Performance: Implications for Future Growth, Investment, Refugee Policy and Refugees, WANA Institute, 2017

The case of the textile industry in Jordan is an example of how RoOs can affect FDI inflows seeking to qualify for the trade preference.<sup>45</sup> In this context, Jordan is well positioned with respect to its preferential trade relations with the US, not simple due to the flexible RoOs but also as the US has free trade arrangements in force with 20 countries: Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Korea, Mexico, Morocco, Nicaragua, Oman, Panama, Peru and Singapore<sup>46</sup>. While the EU has trade agreements with 62 partners in effect as of 2017, these agreements respond to specific economic and political objectives for the EU and provide tariff preferences in goods imports from partner countries, these include:<sup>47</sup> “First generation agreements are the ones preceding the 2006 "Global Europe" Communication", including with Norway, Switzerland, eight Mediterranean countries, Mexico and Chile, focusing on tariff elimination and the Customs Union with Turkey. The Stabilisation and Association Agreements with five Western Balkan countries contain additional provisions to prepare for their progressive integration into the EU market. Second generation agreements, like those with South Korea, Colombia, Peru and Ecuador, Central America and most recently, Canada, extend to new areas, including on competition, protection of intellectual property rights and customs' cooperation, commitments on services and establishment and sustainable development/ Deep and Comprehensive Free Trade Areas concentrate on tightening economic links between the EU and its neighbours like Ukraine, Georgia and Moldova, by bringing their regulatory framework closer to EU law, notably in trade-related areas. Economic Partnership Agreements focus on development needs of African, Caribbean and Pacific regions”.

In addition to the EU's GSP, which is widely recognized as the most progressive in terms of coverage and benefits including tariff free entry of products into the EU single market. Pursuant to which the EU offers: “Standard GSP for low and lower-middle income countries. This means a partial or full removal of customs duties on two third of tariff lines. GSP+: the special incentive arrangement for sustainable development and good governance. It slashes these same tariffs to 0% for vulnerable low and lower-middle income countries that implement 27 international conventions related to human rights, labour rights, protection of the environment and good governance. EBA (Everything But Arms): the special arrangement for least developed countries, providing them with duty-free, quota-free access for all products except arms and ammunition”.<sup>48</sup>

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<sup>45</sup> UNCTAD/ITE/IIT/10 (vol. IV) 1999.

<sup>46</sup> See <https://www.trade.gov/fta/>

<sup>47</sup> See <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

<sup>48</sup> See <https://ec.europa.eu/trade/policy/countries-and-regions/development/generalised-scheme-of-preferences/>

## INVESTMENT IN THE MANUFACTURING SECTOR

### Overview of Jordan's Manufacturing Sector

#### Gross and Contribution to Growth Domestic Production (GDP)

The manufacturing sector is major components of the Jordanian economy directly contributions around 25% of GDP. Together with the sector's indirect contribution from its relationship to other sectors, such as manufacturing's links to transportation, storage, agriculture, retail and wholesale, hotel and restaurants, banking and insurance, and forward and backward linkages, its overall contribution amounts to more than 40% of GDP. The manufacturing sector in Jordan is divided into three main subsectors based on the nature of economic activities these are: Manufacturing, "Mining and quarrying" and "Electricity and Water". These main sectors makeup the manufacturing sector and contribute to one-fourth of the national economy as can be seen in table (4) below.

**Table 4. Manufacturing Sector Contribution to the GDP at current prices (%)**

Subsector	2014	2015	2016	2017
Manufacturing	19	18.5	18.2	18.2
Mining and Quarrying	3.0	3.3	2.7	2.6
Electricity and Water	2.6	2.9	3.1	3.2
Total	24.6	24.7	24.0	24.0

Source: Department of Statistics, National Accounts Data, Various Numbers

In terms of growth and performance, the manufacturing sector achieved a real growth of 2% during 2017, increasing by 1.1% compared to 2016, thereby contributing 0.41% to the Kingdom's total real economic growth. The manufacturing sector is considered the largest contributor to economic growth, indicating its strategic importance to domestic production with the ability to overcome difficult circumstances and push the economic development in the Kingdom, despite internal and external obstacles that limit its ability to contribute to national economic growth and development.

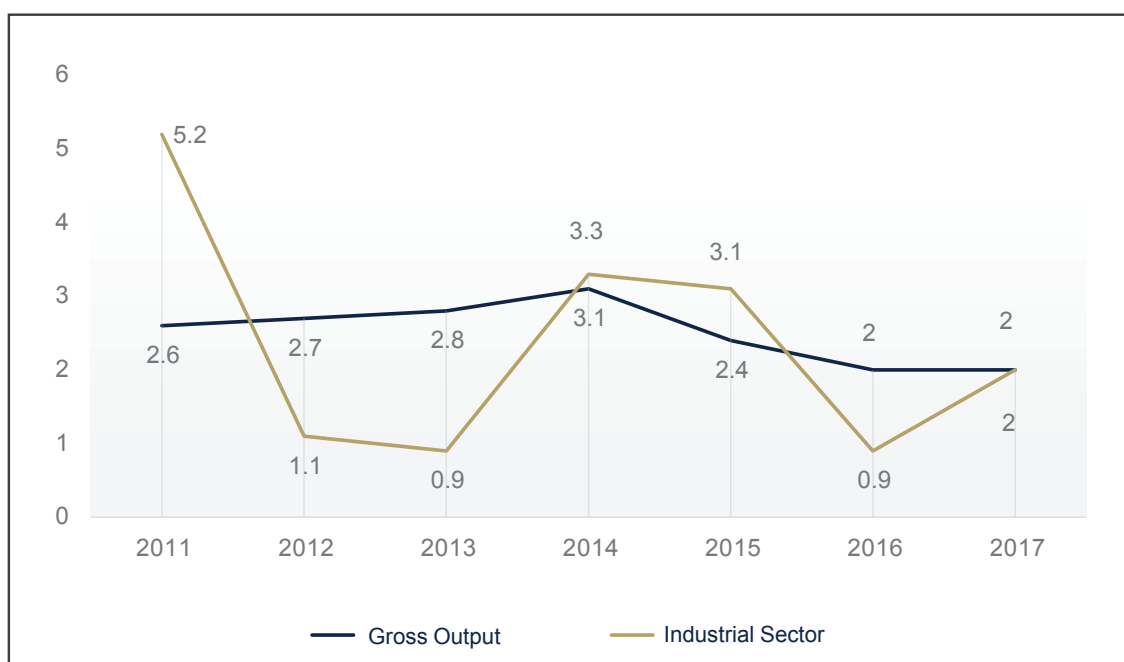
Growth in the manufacturing sector can be attributed to achieved growth in the mining and quarrying sector which accounted for around 13%, contributing about 0.19% of the economic growth rate. The manufacturing, electricity and water sectors recorded a growth of 1% and 2.5% respectively, accounting for 0.17 and 0.06 points of the economic growth rate, during (year).

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<sup>49</sup> JIC database, 2018

The figure (3) below shows the achieved growth rates in manufacturing sector in recent years, showing the sharp decline in growth rates after the year 2011, which achieved a growth rate of 5.2. This indicates the repercussions of political events in the region which have affected the decline in exports, and consequently, the decline in production led to the reduction of growth rates to almost 0.9% during the year 2016, and generally in the region that witnessed challenges and closure of many markets.

**Figure 3. GDP growth and industrial output at constant prices (%) for the years 2011-2017**



Source: Department of Statistics, National Accounts Data, Various Numbers, 2017

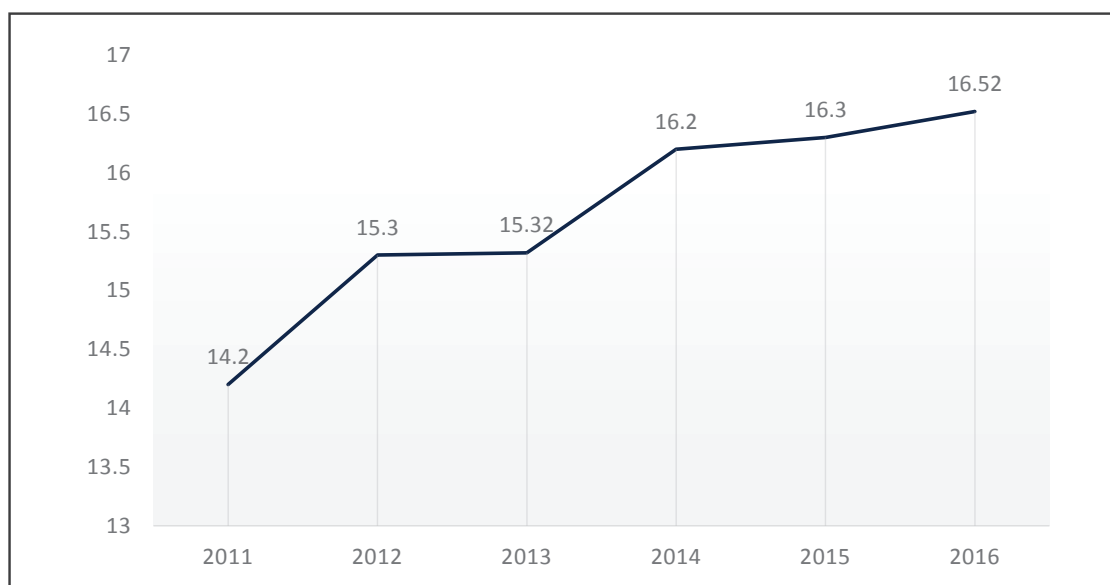
In terms of current prices, in 2017 the sector achieved growth of about 3.9% rising 0.63% compared year 2016 figures, bringing the gross industrial output at current prices to about 6,031.6 million JDs in 2017, compared to about 5,804.4 million JDs during 2016. This came as a result of positive growth achieved by all subsectors during the year 2017, where the Electricity and Water sector recorded a growth of 5.3% alongside the manufacturing sector that grow by 4.1%, while mining and quarrying sector grew by only 1.4%.

## Industrial Gross Output

The 2016 industrial survey published by the Jordan Department of Statistics (DOS) put the volume of the gross output of the manufacturing sector at 16.52 billion JDs, registering a growth rate of 1.6% compared to 16.26 billion JD of 2015. It is important to point out that the gross output mounts the total of both intermediate consuming and the added value. The intermediate consumption rate and the added value constituted about 55.7% and 44.2% respectively. The manufacturing sector in Jordan is ranked as the first sector in the Middle East and North Africa countries in terms of its ability to achieve added value, according to the World Competitiveness Report of year 2013 published by the Economic Forum countries



**Figure 4. Evolution of the Volume of Gross Output of The Industrial Sector During 2011-2016 / Billions JDs**

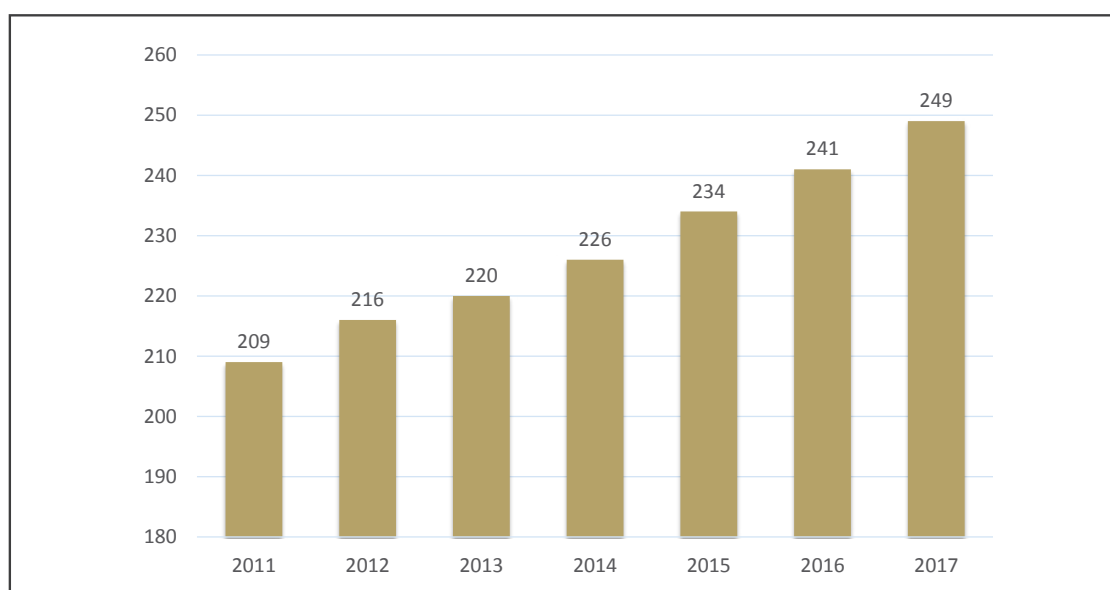


Source: Department of Statistics, Industrial Survey, Various Numbers, 2017

## Employment in the Manufacturing Sector

The manufacturing sector employs around 250 thousand employees representing 21% of the Jordanian workforce. The percentage increases to 28% of the total employment in the private sector. Worker in the sector, mostly Jordanian, receives more than a billion and a half JDs in annual wages and compensations, which supports about one fifth of the total population in Jordan. Despite the Jordanian economy's difficult circumstances in general and those particularly hindering the local manufacturing sector. The ability of companies to adapt to these circumstances means that this sector continues to generate highest volume of job opportunities. Figure (5) illustrates the evolution of employability volume in the manufacturing sector between the years 2011 and 2017.

**Figure 5. Evolution of Employment in the Manufacturing Sector Between the years 2011-2017 (per thousand workers)**



Source: Department of Statistics, Employment Status in Economic Enterprises Report, Various Numbers. 2017

In terms of gender distribution, 2017 figures show that the percentage of male workers is 82% of the total, whereas female workers account for 18% of the total employment. In terms of nationality 80% of which are Jordanian. Employment of foreign workers is concentrated in the Textile and Apparel manufacturing, which if excluded brings up the share of Jordanian worker in the sector to over 93%.

According to 2017, records collect from the three local chambers of industry: Amman, Irbid, Zarqa, shows that the sector employees 249.3 thousand workers, of which 204 thousand work for manufacturing enterprises as classified pursuant to the Chambers of Industry Law No. 10 for the year 2005. Industrial enterprises are those that have a registered capital of over 30 thousand JDs and No less than 10 full time employees register with the Social Security Corporation. The remaining 45 thousand work for artisan workshops pursuant to the Law's classification of the latter. The highest level of employment is in the Textile and Apparel sector which accounted for around 27% of the total employment in the manufacturing sector, with a total of 67.7 thousand employees, followed by Agricultural and Livestock represent around 20% of the total workforce with around 50 thousand employees and the Food processing and Supply at 49.9 thousand amounting to 20% of total employment in said sectors. In fourth place comes the Engineering, Electrical and Information Technology Industries with 45.7 thousand employees representing 18.3% of the total workforce.

**Table 5. Number of Employees in Enterprises Registered in Chambers of Industry by Subsectors in 2017**

Sector	Handcraft	Industrial	Sector Total
Leather and Garments Industries	4,688	62,979	67,667
Printing, Packaging, Paper, Carton, and Stationaries Industries	2,556	10,902	13,458
Therapeutic Industries and Medical Supplies	171	8,753	8,924
Food, Agricultural and Livestock Industries	8,517	41,418	49,935
Engineering, Electrical and Information Technology Industries	12,521	33,222	45,743
Construction Industry	7,864	9,613	17,477
Plastic and Rubber Industries	1,328	8,367	9,695
Wooden and Furniture Industries	5,800	4,345	10,145
Chemical and Cosmetics	1,521	13,430	14,951
Mining Industries	152	11,168	11,320
<b>Total</b>	<b>45,118</b>	<b>204,197</b>	<b>249,315</b>

Source: Jordan Chamber of Industry, Industrial sector database, 2017

The Jordanian Labour sector is closed to foreign workers except in certain circumstances and for certain sectors as such Jordan has more than 1.5 million expatriate workers mainly from Egypt, Syria, the Philippines, Bangladesh and some other southeast Asian countries working mainly in the Garment Sector where there is around 50 thousand foreign skilled workers as well as and unskilled



workers, concentrated in the agriculture, construction and domestic labour sectors.<sup>50</sup> Since 2016, Jordan has provided limited worker rights to Syrian refugees in five sectors including agriculture, construction, manufacturing, food and beverage services and wholesale and retail trade.<sup>51</sup>

## Job Creation in the Manufacturing Sector

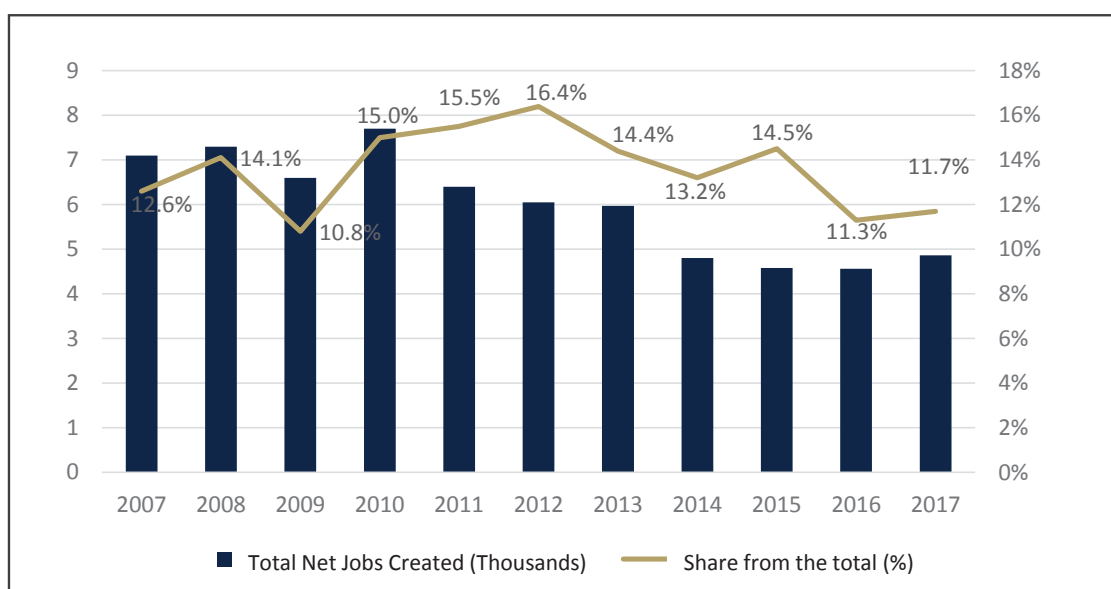
The manufacturing sector is a major employment generating sectors, surpassing other economic sectors at an average of 13 employees working at a single i manufacturing enterprise compared to 2.3 employees work in an enterprise in other sectors. In other words, any manufacturing enterprise that starts to operate generates an average of 13 employment opportunities noting that the majority of manufacturing enterprises are small and medium enterprises.

Based on an employment generation survey published by the Department of Statistics, the number of net job opportunities created by the manufacturing sector in 2017 increased by 6.6%, compared to 2016, reaching around 4.8 thousand job opportunities; and it should be noted that the i manufacturing l sector and over the last decade maintained its share of net job created opportunities.

The annual rate of new job opportunities by the manufacturing sector reached nearly 14.2% of gross new job opportunities created, surpassing most of other major economic sectors, the most important of which are: the education and health sector, information and communication and technology sector, financial and insurance sector, restaurants and hotels, and the construction sector.

The figure bellow shows the evolution of jobs created in the manufacturing sector and its share of the total net job opportunities, but it should be noted that the decline in the total number of generated job opportunities in the manufacturing sector coincides with the continuous decline in the net job opportunities created in the whole national economy, driven by decline in economic growth rates due to consequences of regional events surrounding Jordan.

**Figure 6. Evolution of Total Net Jobs Creating & Share in the Manufacturing Sector**



Source: Department of Statistics, New Job Opportunities Report, Various Numbers

<sup>50</sup> International Labour Organisation (ILO) "A Challenging Market Becomes More Challenging" available at: [https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms\\_556931.pdf](https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_556931.pdf)

<sup>51</sup> See [http://wanainstitute.org/sites/default/files/publications/Publication\\_SyrianRefugeeEmploymentTrendsJordan\\_English.pdf](http://wanainstitute.org/sites/default/files/publications/Publication_SyrianRefugeeEmploymentTrendsJordan_English.pdf)

The majority of new jobs in the private sector were concentrated in the manufacturing sector with around 40% of total new employment. These indicators confirm the enormous potential of Jordan's manufacturing sector to generate job opportunities for youth, and thus reducing effectively the effects of the unemployment crisis, which is a real challenge to Jordan's economy.

## Investment in the Manufacturing Sector

The manufacturing sector is one of the top sectors attracting foreign investors, as it acquires most of the investments benefiting from the Investment law, whether local or foreign investments flowing to Jordan. The interest in investment in the manufacturing sector reflects its competitive advantages, whether from the investment incentives granted inside industrial and development areas, or the large export capacities that are varied geographically due to the signed trade agreements which contributed to increasing the size of its market and its distinctive location. Those agreements enable national products of Jordan to reach markets of 1 billion consumers around the world.

The data collected from Jordan Investment Commission (JIC) shows that the average investment in the manufacturing sector was around 69% out of the total local and foreign investments that have been registered in the economy as an annual rate during the last decade, as the net volume of investment in the sector, domestic and foreign, reach 1,268.5 million JDs during 2016, compared to 2,739.8 million JDs in the year 2015. Those flowing investments to the manufacturing sector represent 84% of the total investments benefiting from the Investment Law, which reached around 1,518.9 million JDs during 2016, as shown in Table (6) below.

It is worth mentioning that the domestic manufacturing investments reached around 510 million JDs in 2016, which is 69% of the total net domestic investment of the same year. At the same time, foreign manufacturing investments reached around 758.3 million JDs representing 98% of total foreign investments registered in 2016. This concluded and confirms that the manufacturing sector is the largest sector attracting foreign investments.

**Table 6. Investments benefitting from Incentive between 2012-2016 /Million JD**

	2012	2013	2014	2015	2016
<b>Total net investment benefiting from investment law</b>	1,614	1,927	1,146.1	3,116.2	1,518.9
<b>manufacturing sector share from the total</b>	1,270	1,122	406.7	2,739.8	1,268.5
<b>Percentage of manufacturing investment</b>	%79	%58	%36	%87	%84

Source: Jordan Investment Commission, 2017

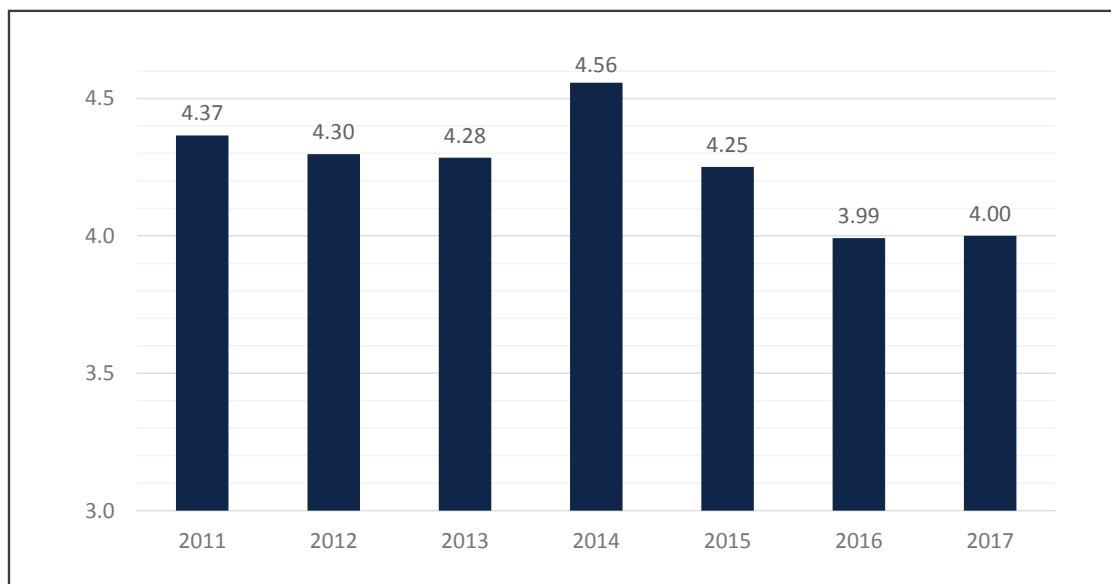
## Export of Manufactured Goods

Jordanian exports have suffered from many problems and challenges in recent years, most notably the closure of neighboring borders with Iraq and Syria, which are considered as attractive markets and major crossing points for more than nearly one thirds of national exports to various countries of the world. While Jordanian exports reaching more than 120 markets around the world, these exports suffer from geographical concentration in specific markets and limited products diversification.

With 14 countries accounting for nearly 80% of total national exports that two-thirds of which are concentrate in 15 products in 2017, making them exposed to fluctuations.

Noting here that 90% of items produced go to export markets. According to Department of Statistics 2017 data; goods exports achieved 2% growth reaching a volume of 4.01 Million JDs compared to 3.99 Billion JDs in 2016. This contributed in the growth of the national exports which was positively affected by the growth of the manufactured goods exports which was nearly 1.1% in 2017.

**Figure 7. Evolution of Manufactured Goods Exports between 2011-2017/Million JD**



Source: Central Bank, Monthly Statistical Data, 2018

The figure above shows the huge deficit in volume of goods exports after 2015, driven by the closure of nearby borders with both Syria and Iraq hoping that situation will improve in the near future; after the re-opening of Traibil crossing border with Iraq, the granted approvals by the Iraqi side on exempting a group of Jordanian products supplied to Iraqi markets from custom duties, as well as signing a number of trade agreements in different economic aspects. This will enhance the volume of Jordanian exports to Iraqi markets, as well as the economic cooperation between both countries. In addition to the need to encourage public sector stakeholders to cooperate with the private sector to open non-traditional market, such as the Far East, which is continuously developing, and the South African countries, especially to Kenya, as well as greater utilization of the Relaxed Rules of Origin Agreement to improve the value of Jordanian exports targeting the European markets. Focusing on those different markets may help reduce the geographical concentration of Jordanian exports in a limited number of markets, as well as concluding recommendations for those investment opportunities to help in eliminating the products centralization of exports which is a critical challenge.

## Geographical Distribution According to Economic Blocs

The value of Jordanian exports to the Greater Arab Free Trade Area countries has decreased around 3.3% over the years as shown in table (7), which represent 71 million JD in 2017. This deficit originated mainly due to the decrease in the volume of exports to Saudi Arabia, which led to decrease the share of Arab countries in the total national exports by 48.7% in 2016, to reach 46.2%

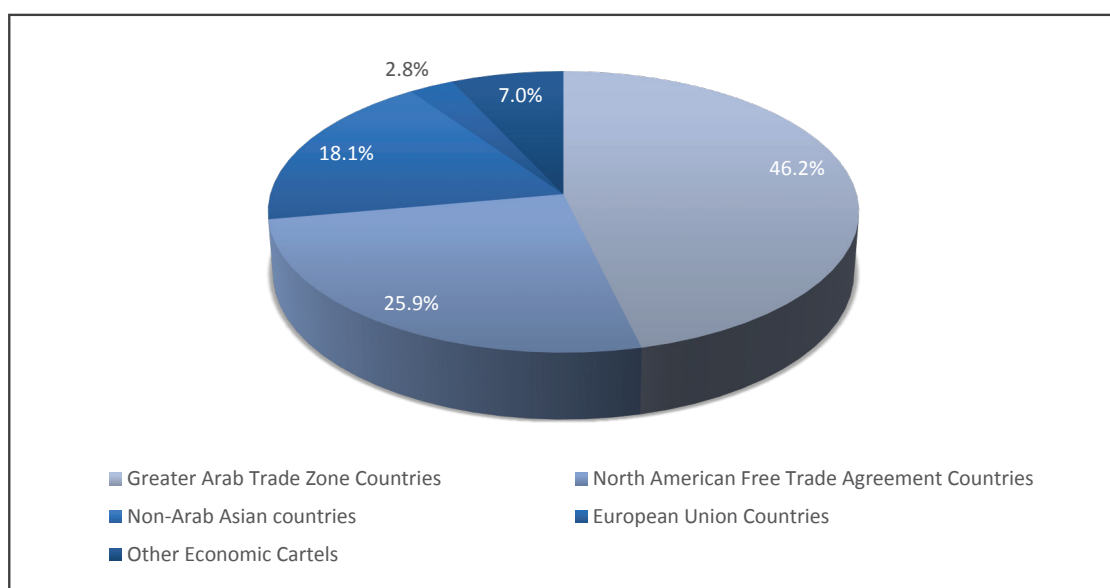
in 2017. Whereas national exports to the United states through the Free Trade Agreement Countries has increased to around 6.9%, or 75 million JDs, driven by the increase of the exports volume to the United States markets reaching a share of 25.9% in 2017 of the national exports, compared to 24.7% in 2016.

**Table 7. Evolution of National Exports Volume by Economic Blocs/Million JD**

	2016	2017	Rate of Change %
<b>Greater Arab Free Trade Zone countries</b>	2,139.2	2,068.6	-3.3
<b>United States Free Trade Agreement</b>	1,085.3	1,160.0	6.9
<b>Non-Arab Asian countries</b>	785.0	809.5	3.1
<b>European Union Member States</b>	116.9	124.5	6.5
<b>Other</b>	270.0	311.6	15.4

Source: Central Bank, Statistical Data, Foreign Trade Sector, 2017

**Figure 8. The Relative Distribution of Jordanian Exports by Economic Blocs in 2017**



Source: Central Bank, Statistical Data, Foreign Trade Sector, 2017

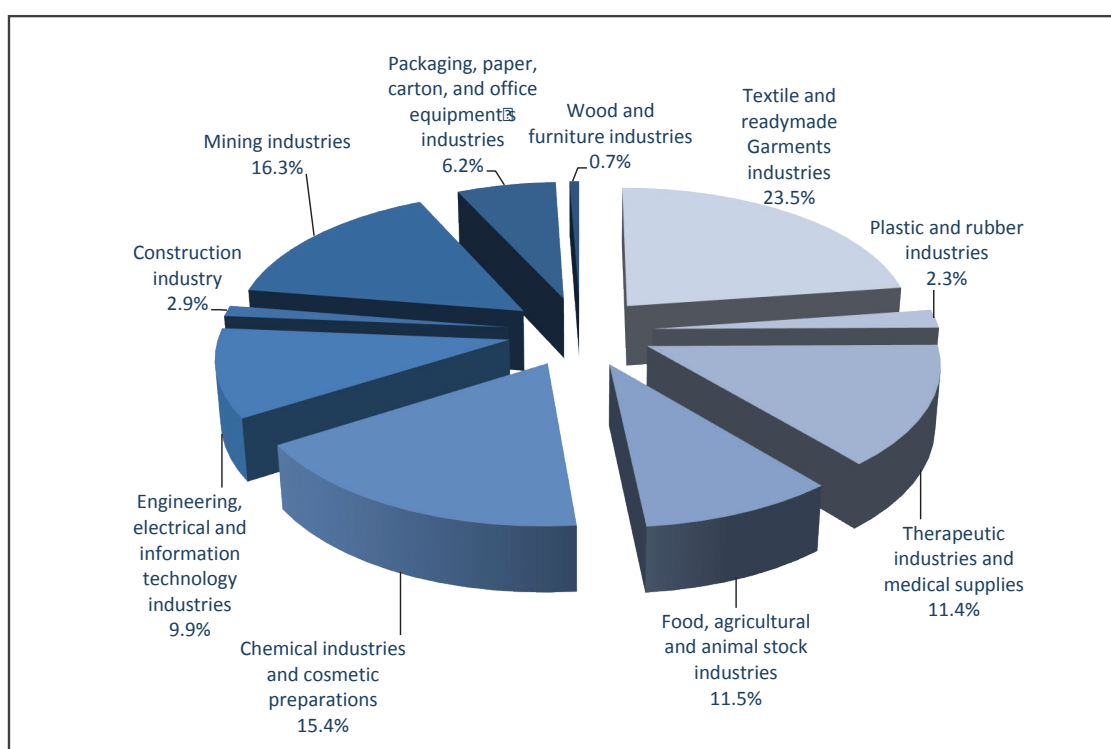
In fact, Jordanian exports reached nearly 140 countries worldwide in 2017, but they are concentrated in some countries, as 14 countries acquired more than 80% of Jordanian exports. In other words, Jordan needs to exploit its access to other markets and intensify efforts to increase national exports to these markets with the least relative weight. The most promising markets are North African and European Union countries, in which Jordan started to concentrate the efforts and shed light on lately; especially after the crisis of closures of neighboring land borders and the damage caused to national exports by the closure of traditional markets.

## Products Compositions of National Exports

Clothing products topped the list of national exports in 2017, with exports amounting to 1,055 million JDs or 23.5% of gross national exports. It should be noted that garments exports increased a growth rate of 10.8% in 2017 or 103 million JDs in 2016, and this is considered as a main contributor to the rise in national exports. This increase is due to the continuous rise in Jordanian exports to the United States of America market as a result of the Free Trade Agreement signed between Jordan and the United States of America.

Pharmaceutical products came second among the national exports with 446.9 million JDs or 10% of gross national exports, despite the 4.4% decrease in its export volume or 21 million JD. In the third place, exports of raw potash products came at the expense of exports of phosphate products, driven by an increase in the volume of their exports by around 31 million JD reaching to around 333 million JD or 7.4% of the gross national exports. In contrast, exports of phosphate products fell to fourth place by 64 million JD, with a volume of exports reaching around 267 million JD s, or 6% of total national exports. Figure (9) below shows the relative distribution of manufactured goods exports according to the production subsectors from the certificates of origin issued by the local Chambers of Industry in the Kingdom.

**Figure 9. Relative Distribution of Goods Exports According to Sub-sectors in 2017**



Source: Jordan Chamber of Industry, 2017

## SNAPSHOT OF JORDAN'S BUSINESS ENVIRONMENT: FACTS AND FIGURES

<b>Politics</b>	Official Name:	The Hashemite Kingdom of Jordan
	Capital City:	Amman
	Administrative Divisions:	12 governorates (muhafazat, singular - muhafazah); Ajlun, Al 'Aqaba, Al Balqa', Al Karak, Al Mafrq, 'Amman, At Tafilah, Az Zarqa', Irbid, Jerash, Ma'an, Madaba
	Official Languages:	Arabic and English are widely spoken
	Independence Day:	25-May-1946
	Form of Government:	Constitutional Monarchy
	Head of State:	King ABDALLAH II (since 7 February 1999); Prince HUSSEIN (born 1994), eldest son of King ABDALLAH II, Crown Prince.
	Head of Government:	Prime Minister H.E. Dr. Omar Razzaz
	Parliament:	130 seats. 15 seats were reserved for women. A new Independent Election Commission was also created. Last Elections took place on January 23rd, 2013.
	Legal System:	Based on Islamic law and French codes
<b>Geography</b>	Size:	Total: 92,300 sq km with 329 sq km coastline
	Location:	The Middle East, 31 00 N, 36 00 E
	Neighboring Countries:	Iraq 181 km, Israel 238 km, Saudi Arabia 744 km, Syria 375 km, West Bank 97 km, Egypt is only a ferry ride away
	Coastline:	27 km on the Gulf of Aqaba
	Highest Point:	1,734 m
	Lowest Point (on earth):	The Dead Sea at -408 m
<b>People</b>	Population: % of Syrian Refugees	10,309,000 (DOS, 2018)
	Society:	Tolerant and welcoming society

<b>Economy</b>	Economic System:	Market Economy
	GDP at Current Prices:	
	GDP Growth at constant prices:	2.4% (WB, 2018 (est))
	Inflation:	
	GDP per Sector of the Economy (2017): <sup>52</sup>	Agriculture: 4.5% (2017 Est.) Industry: 28.8% (2017 Est.) Services: 66.6% (2017 est.)
	Main Exports (goods):	textiles, fertilizers, potash, phosphates, vegetables, pharmaceuticals
<b>Currency</b>	Main Imports (goods):	crude oil, refined petroleum products, machinery, transport equipment, iron, cereals
	Climate Average	Jordan boasts almost year-round sunshine with temperate, comfortable weather. Spring and autumn are fresh and crisp with rain being more common in the spring. This is when the wildflowers bloom and the fields are full. The long summer days are sunny with cool evenings – perfect for rooftop sunsets and outdoor activities. Wintertime can be cold in the desert, but is pleasantly moderate in most of the country
	Jordanian Dinar (JOD) 1 JD =100 piasters= 1,000 Fils JOD is pegged to USD (1 JOD= 1.4 USD/ 1 USD= 0.70 JOD)	
<b>Time</b>	+ 2 GMT	
<b>Rankings</b>	<ul style="list-style-type: none"> <li>- Doing Business Indicators (World Bank, 2019) ranked Jordan 104 out of 190 countries</li> <li>- WEF Global Competitiveness Report (2018) Jordan Scored 59.29 points out of 100</li> <li>- UNDP Human Development Index ranks (2017) Jordan Scored 95 out of 189 countries and territories</li> <li>- Economic Freedom 2019 Index Jordan Scored 66.5, placing it 53rd globally and 4th regionally</li> </ul>	
<b>Standard Incentives For Manufacturing</b>	Standard Corporate taxation: <ul style="list-style-type: none"> <li>- Corporate Income Tax (CIT): 20% statutory rate<sup>53</sup></li> <li>- General Sales Tax (GST) / Value Added Tax (VAT): 16%</li> <li>- Withholding Tax (WHT) on interest, dividends and royalties: 10</li> <li>- Property Tax: 10%</li> </ul>	

<sup>52</sup> (CIA, Fact Book, 2019)

<sup>53</sup> In the base economy special assending rates are provided for the Apparel and pharmaceutical sectors over a 5 year duration starting with 50% reduction in 2019 and ending in 2023 with a 5% reduction on the income tax rate.



## FDI

- 100% ownership of manufacturing facilities.
- No minimum capital requirement.

## Standard Taxation on Manufacturing

### General Economy

- 20% Income tax rate in manufacturing.
- Customs duty exemption for the import of raw materials/equipment used for constructing/establishing investment projects (indefinitely).

### Development Zones

- Corporate Income Tax (CIT) reduced to 5% and 0% for profits originating from exports (indefinitely).
- General Sales Tax (GST) exemption for goods and services purchased/imported (indefinitely).
- General Sales Tax (GST) reduced to 7% for goods sold inside Jordan (indefinitely).
- Customs duty exemption for the import of raw materials/equipment used for constructing/establishing investment projects (indefinitely).

### Free Zones

- Corporate Income Tax (CIT) exemption (indefinitely) on the profits from: exports of goods; transit trade; sale or waiver of goods inside the Zones; provision and supplying of services inside the Zones.
- General Sales Tax (GST) exemption for goods and services imported/sold inside the Zones (indefinitely).
- Customs duty exemption for the goods exported to other countries and on the goods imported for building/establishing investment projects (indefinitely).

Aqaba Special Economic Zone (ASEZ) established under the Aqaba Special Economic Zone Authority provides specific incentives for multiple sectors including manufacturing as follows:

### ASEZA

- Corporate Income Tax (CIT) reduced to 5% (indefinitely).
- General Sales Tax (GST) exemption for goods and services imported/sold inside the Zones (indefinitely).
- Customs duty exemption for the import of goods (indefinitely).



## Bilateral Investment Treaties

- Jordan has signed 56 BITs of which 42 remain in force.
- Jordan BITs with EU Members States: Austria, Bulgaria, Cyprus, Estonia, Finland
- France; Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Romania,
- Spain, and (to date) the United Kingdom.<sup>54</sup>
- Jordan has signed 8 Treaties with Investment Provisions, namely: 8 Jordan-Singapore FTA, EFTA-Jordan FTA, Jordan-US FTA, EC-Jordan Association Agreement, OIC Investment Agreement, Arab Investment Agreement, Arab League Investment Agreement, and Arab Economic Unity Agreement.<sup>55</sup>

## Access to Markets

Jordanian products have preferential access to over 1 billion consumers globally through bilateral and regional free trade agreements with

- |                     |                     |   |
|---------------------|---------------------|---|
| - Regionally        | - Bilaterally       | <b>Qualifying Industrial Zone (QIZ) scheme with the U.S.A.</b><br><b>Jordan also benefits from the U.S.A.'s GSP</b> |
| - Aghadir Agreement | - Canada,           |   |
| - GAFTA             | - Singapore         |   |
| - EFTA              | - USA <sup>56</sup> |   |
| - European Union    |                     |   |

## Investor Guarantees & Protection

- Jordan guarantees equal treatment and non-discrimination.
- Foreigners can invest in all sectors of the Jordanian economy with some exceptions.<sup>57</sup>
- No restrictions on capital transfers and repatriation of profits.
- Foreign residents may open accounts in local and foreign currency and may take out the whole or part of the foreign capital in convertible currency under the applicable legislations.
- Any economic activity may not be expropriated nor be subject to any procedures that lead to this end unless being appropriated for the purpose of the public interest, provided, however, fair compensation should be promptly paid to the Investor by convertible currency.
- If investment disputes arise and these cannot be resolved within a period of six months, the parties may settle the dispute through arbitration in accordance with provisions of Jordan Arbitration Law or refer the dispute to an international center for settlement of investment.

<sup>54</sup> At the time of writing this report the UK had not left the EU.

<sup>55</sup> Source: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/106>.

<sup>56</sup> The Qualifying Industrial Zone (QIZ) arrangement was issued under a decree by the US President in 1996. The QIZ provide duty and quota free access to the U.S. market for products manufactured in Jordan. In 2015, according to the US Congressional Research Service, there are 15 QIZs in operation in Jordan, employing 43,000 people; three of which are government owned while the rest are owned by the private sector. 74% of employees at QIZs are foreign laborers. Textiles and apparel are the main sectors represented by investors in Jordan's QIZs.

<sup>57</sup> Periodical publications, investigation and security services, sports clubs (with the exception of health clubs), stone quarrying operations for construction purposes, customs clearance services, or land transportation services. Investors are limited to 50 percent ownership in a number of businesses and services, including printing/publishing companies and aircraft or maritime vessel maintenance and repair services.

## **Investment Facilitation**

The Investment Window aims to provide a single point of contact to license economic activities in the Kingdom. It brings together representatives from relevant government agencies which are empowered with the necessary authority to issue licenses and approvals, supported by dedicated Commission staff that follow up on procedures and provide specialized services to investors.

Services offered at the Investment Window include:

- Adopting investment projects' establishment procedures starting from the pre-license and pre-registration phase up to the phase of obtaining all the necessary approvals.
- Registration and licensing investment projects.
- Registration of economic activities according to the Companies Act.
- Labour affairs' services including issuing work permits and approving on enrolling non-Jordanian workers in the economic activities included in the window services.
- Issuing import and export licenses for the economic activities included in the window services.
- Issuing visas and residency permits to investors and workers enrolled in the economic services included in the window services.
- Issuing environmental approvals and permits for the economic activities included in the window services.
- Providing investors with information and technical consulting regarding the economic activities included in the window services.
- Issuing the investor's card, with its two categories (A, B) according to each category's special conditions.

## **Memberships in International Organizations with implication on Investment:**

- Jordan acceded to the World Trade Organization (WTO) on 11 April 2000.
- Jordan subscribed to the OECD Declaration on International Investment and Multinational Enterprises in November 2013.
- Jordan is a member of the International Court for the Settlement of Investment Disputes (ICSID) since 1972.
- Jordan is a member of Multilateral Investment Guarantee Agency (MIGA) as of 2016.

### The Methodology

The investment aspect of the relaxation of the rules of origin initiatives is among its key objectives, as highlighted in the preamble of the decision made by the Jordan-EU Association Committee in 2016 and as amended in 2018, in which both parties also recognize the necessity to enhance the overall business climate and strengthen investment facilitation. In this context, the Decision also clearly refers to the importance of synergies between the public and private partners and with the EU and donor community to attract the right investments which employee Jordanian and Syria refugees, adds value to the economy and is sustainable beyond the 2030, when the scheme will dissolve and manufacturers wishing to export into the EU single market will be required to meet the more stringent Pan-Euro-Med RoOs. Recalling that in all cases the PEM RoOs continue to apply side by side with the simplified scheme, which is a positive as it provides a solid foundation for businesses planning.

Mindful of the limited empirical evidence on the link between RoOs and attracting investment, and with recognition of the significant role that the relaxed rules of origin can play in attracting investments into Jordan that are chiefly attracted by the size of the EU single market. Accordingly, and in order to identify best investment opportunities this study adopted a concrete and precise methodology that was based on consideration of three factors of: (i) the specific ability to export to European markets; (ii) the ability to generate high number of jobs that are sustainable, (iii) in addition to the ability to provide added value to the Jordanian economy.

Guided by these factors, the analysis applied a cascading methodology taking as a starting point the range of items under the 52 HS chaptered covered under the scheme and applying an elimination method to zero in on the top 50 manufacturing project that can be located in Jordan. As such the methodology focused on answering 4 key questions, as follows:

#### **First: What is the EU importing?**

EU imports from all countries were examined for the period from 2011 to 2017 at the HS 6 digits level, and analyzed in terms of growth rate to give an overview of the volume of demand and level of consumption of covered products in the EU 27 country markets, as well as the highest value. Negative growth sector or lower value products (particularly those with an export value below 100 thousand USD) were excluded from consideration to develop an initial list of possible investment/export opportunities made possible as a direct result of the RoO simplification scheme.

#### **Second: What 'new' items can Jordan export to the EU?**

To focus on finding new and qualitative investment opportunities, we then examined Jordan's exports to the EU whether these produced manufactured in the base economy or in special economic zones (free zones, development zones and ASEZA), identified products were excluded from the list developed under step 1 of the methodology above.

### Third: What will the EU import more of in the coming decade?

The resulting list was further refined by calculating the compound growth rate for each product produced to indicate the demand development of consumption for different products. Placing the items in a descending order, we further excluded products which showed a negative growth rate to the EU during the period of the analysis from 2011-2017, since this indicates a decline in demand and would not be attractive to long term investment targeted under this study.

### Fourth and finally, what are the investment opportunities which meet the objectives of the RoO simplification scheme in a lasting and value generating manner?

The above analyses process resulted in a list of investment opportunities that includes 622 items at the HS 4-digit level distributed according to the industrial sub-sector as reflected in table 8 below.

**Table 8. Distribution of Main Investment Opportunities According to Industrial Subsectors**

Industrial Subsector	Number of sub-chapters (HS4)
Engineering, Electrical and Information Technology Industries	266
Chemical Industries and Cosmetic Preparations	137
Textile and Readymade Garments Industries	121
Construction Industry	49
Plastic and Rubber Industries	31
Wood and Furniture Industries	18
<b>Total</b>	<b>622</b>

Source: JIC Independent Study, 2019

This remained a huge list of items and required a further deeper examination. Towards narrowing the list of potential investment opportunities we utilized the Complexity Product Space Theory, the methodology targeted manufacturing projects that will increase the added value of Jordanian industries based on Hidalgo & Hausmann, 2009 model which defines products group of machinery, chemicals and metals in general as the most complex products. Studies show that countries which are exporting products with high complexities are categorized as high-income countries, and the share of exports of complex products are positively linked to levels of income. In other words, the ability of any country to achieve economic development is strongly linked with the its ability to produce more sophisticated products.

Accordingly, Jordan should not only focus on increasing production of commodities, but also on enhancing industry capacity and continuously strengthening availability human resources. Products with high export potential, as defined by the International Trade Center (ITC) according to the unrealized export potential methodology. It works on identifying the unrealized exports value, and job opportunities generated from increasing the investment in these products through a scientific methodology linking several key aspects as follows; export performance (supply), and demand volume in targeted markets, tariff conditions as well as bilateral linkages between exporting country and targeted markets (ease of trade); to provide a unique classification of unexploited opportunities.

# The Result



Following the above methodology, we generated a list of **top 50** job generating and high value projects, as follows:

**Table 9. Top 50 Important Investment Opportunity**

H.S 4	Product
'2516	Granite, porphyry, basalt, sandstone and other monumental or building stone, whether or not . . .
'2806	Hydrogen chloride "hydrochloric acid"; chlorosulphuric acid
'2835	Phosphinates "hypophosphites", phosphonates "phosphites" and phosphates; polyphosphates, whether . . .
'2841	Salts of oxometallic or peroxometallic acids
2903	Halogenated derivatives of hydrocarbons
'2904	Sulphonated, nitrated or nitrosated derivatives of hydrocarbons, whether or not halogenated
'2905	Acyclic alcohols and their halogenated, sulphonated, nitrated or nitrosated derivatives
'2916	Unsaturated acyclic monocarboxylic acids, cyclic monocarboxylic acids, their anhydrides, halides, . . .
'2918	Carboxylic acids with additional oxygen function and their anhydrides, halides, peroxides and . . .
'3810	Pickling preparations for metal surfaces; fluxes and other auxiliary preparations for soldering, . . .
'3815	Reaction initiators, reaction accelerators and catalytic preparations, n.e.s. (excluding rubber . . .
'3918	Floor coverings of plastics, whether or not self-adhesive, in rolls or in the form of tiles; . .
'4008	Plates, sheets, strip, rods and profile shapes, of vulcanised rubber (excluding hard rubber)

<sup>58</sup> Jordan categorized as an "upper-middle income" country. WBG, 2019.

<b>'4009</b>	<b>Tubes, pipes and hoses, of vulcanised rubber other than hard rubber, with or without their . . .</b>
<b>'4013</b>	<b>Inner tubes, of rubber</b>
<b>'4107</b>	<b>Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of bovine . . .</b>
<b>'4419</b>	<b>Tableware and kitchenware, of wood (excluding interior fittings, ornaments, cooperage products, . . .</b>
<b>'4421</b>	<b>Other articles of wood, n.e.s.</b>
<b>'5112</b>	<b>Woven fabrics of combed wool or of combed fine animal hair (excluding fabrics for technical . . .</b>
<b>'5909</b>	<b>Textile hosepiping and similar textile tubing, whether or not impregnated or coated, with or . . .</b>
<b>'6116</b>	<b>Gloves, mittens and mitts, knitted or crocheted (excluding for babies)</b>
<b>'6202</b>	<b>Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, . . .</b>
<b>'6404</b>	<b>Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of . . .</b>
<b>'6909</b>	<b>Ceramic wares for laboratory, chemical or other technical uses; ceramic troughs, tubs and similar . . .</b>
<b>'6911</b>	<b>Tableware, kitchenware, other household articles and toilet articles, of porcelain or china . . .</b>
<b>'6912</b>	<b>Tableware, kitchenware, other household articles and toilet articles, of ceramics other than . . .</b>
<b>'7003</b>	<b>Cast glass and rolled glass, in sheets or profiles, whether or not having an absorbent, reflecting . . .</b>
<b>'7004</b>	<b>Sheets of glass, drawn or blown, whether or not having an absorbent, reflecting or non-reflecting . . .</b>
<b>'7007</b>	<b>Safety glass, toughened "tempered", laminated safety glass (excluding multiple-walled insulating . . .</b>
<b>'7319</b>	<b>Sewing needles, knitting needles, bodkins, crochet hoods, embroidery stilettos and similar . . .</b>
<b>'8201</b>	<b>Hand tools, the following: spades, shovels, mattocks, picks, hoes, forks and rakes, of base . . .</b>

<b>'8301</b>	Padlocks and locks "key, combination or electrically operated", of base metal; clasps and frames . . .
<b>'8413</b>	Pumps for liquids, whether or not fitted with a measuring device (excluding ceramic pumps and . . .
<b>'8434</b>	Milking machines and dairy machinery (excluding refrigerating or heat treatment equipment, . . .
<b>'8435</b>	Presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices . . .
<b>'8467</b>	Tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric . . .
<b>'8508</b>	Vacuum cleaners, incl. dry cleaners and wet vacuum cleaners
<b>'8509</b>	Electromechanical domestic appliances, with self-contained electric motor; parts thereof (excluding . . .
<b>'8510</b>	Electric shavers, hair clippers and hair-removing appliances, with self-contained electric . . .
<b>'8513</b>	Portable electric lamps designed to function by their own source of energy, e.g. dry batteries, . . .
<b>'8516</b>	Electric instantaneous or storage water heaters and immersion heaters; electric space-heating . . .
<b>'8542</b>	Electronic integrated circuits; parts thereof
<b>'8546</b>	Electrical insulators of any material (excluding insulating fittings)
<b>'9004</b>	Spectacles, goggles and the like, corrective, protective or other (excluding spectacles for . . .
<b>'9105</b>	Clocks (excluding wrist-watches, pocket-watches and other watches of heading 9101 or 9102, . . .
<b>'9401</b>	Seats, whether or not convertible into beds, and parts thereof, n.e.s. (excluding medical, . . .
<b>'9606</b>	Buttons, press-fasteners, snap-fasteners and press studs, button moulds and other parts of . . .
<b>'9608</b>	Ball-point pens; felt tipped and other porous-tipped pens and markers; fountain pens, stylograph . . .



# Top 6 Investment Projects



Moreover, top 6 investment projects were Jordan possesses high attractiveness as an investment destination due to natural and comparative advantages specifically in view of future export potential to the European Union, high added value and has the capacity to generate sustainable job opportunities, are:

## (1) Sport shoes; tennis, basketball, athlete, exercise or similar shoes:



### Sector: Textile and Garment

**Product:** Sport shoes; tennis, basketball, ath-lete, exercise or similar shoes

**HS Code:** 640411

**EU tariff**

**MFN:** 16.9%

**Preferential:** 0%

**Description of the manufacturing processes & input of production:**  
leather, rubber, polyester and plastic

**Top 5 EU country that import item:** Germany, Belgium, France, United Kingdom, Italy

**Top 5 Sources of EU imports of item (i.e. countries exporting item to the EU):**  
Viet Nam, China, Indonesia, Cambodia, Bangladesh

**Country**

**Tariff (i.e. is there an FTA with the EU)**

Viet Nam 11.9% (EU for GSP Countries)

China 16.9% (none)

Indonesia 11.9% (EU for GSP Countries)

Cambodia 0% (EU for LDC Countries)

Bangladesh 0% (EU for LDC Countries)



**(2) Buttons; staple buttons (clasp), button molds, and parts of all these button types, non- finished buttons (primary shapes):**



**Sector: Textile and Garment**

**Product: Buttons; staple buttons (clasp), button molds, and parts of all these button types, non-finished buttons**

**HS Code: 960610**

**EU tariff**

**MFN: 3.7%**

**Preferential: 0%**

**Description of the manufacturing processes & input of production: Plastic, Metal**

**Top 5 EU country that import item: France, Germany, Romania, Poland, Italy**

**Top 5 Sources of EU imports of item (i.e. countries exporting item to the EU): china, Japan, USA, Turkey, Hong Kong**

**Country**

**Tariff (i.e. is there an FTA with the EU)**

**China 3.7% (none)**

**Japan 3.7% (none)**

**USA 3.7% (none)**

**Turkey 0% ( CU, EU-Turkey)**

**Hong Kong 3.7% (none)**

**(3) Coats, cellars, capes, cloaks, anoraks (including ski jackets), wind and rain-jackets, and similar products for ladies or women:**



**Sector: Textile and Garment**

**Product:** Coats, cellars, capes, cloaks, anoraks (including ski jackets), wind and rain-jackets, and similar products for ladies or women

**HS Code:** 620299

**EU tariff**

**MFN:** 12%

**Preferential:** 0%

**Description of the manufacturing processes & input of production:** textile materials (excl. of wool, fine animal hair, cotton)

**Top 5 EU country that import item:** Italy, Netherlands, United Kingdom, France, Germany

**Top 5 Sources of EU imports of item (i.e. countries exporting item to the EU):** China, Turkey, Morocco, Viet Nam, Bangladesh

**Country**

**Tariff (i.e. is there an FTA with the EU)**

China 12% (none)

Turkey 0% (CU, EU-Turkey)

Morocco 0% (FTA, EU-Morocco)

Viet Nam 9.6% (EU for GSP Countries)

Bangladesh 0% (EU for LDC Countries)

(4) Woven fabrics of combed wool or of fine combed hair:



Sector: **Textile and Garment industry**

Product: **Woven fabrics of combed wool or of fine combed hair**

HS Code: **511211**

EU tariff

MFN: **8%**

Preferential: **0%**

Description of the manufacturing processes & input of production: **Wool and hair of animals**

Top 5 EU country that import item: **Germany, Italy, Romania, Bulgaria, Portugal**

Top 5 Sources of EU imports of item (i.e. countries exporting item to the EU):  
**Turkey, China, Chile, India, Japan**

Country

Tariff (i.e. is there an FTA with the EU)

**Turkey 0% (CU, EU-Turkey)**

**China 8% (none)**

**Chile 0% (FTA, EU-Chile)**

**India 8% (none)**

**Japan 8% (none)**

## Jordan Value Proposition in the Textile and Garment Sector:

Generally, countries continue to place modest to high tariff on export of “apparel” items, this in addition to the high consumption and fast pace of this sector, tariff savings do influence investment flows in this sector, where Jordan continues to offer investment incentives and facilitation.

Jordan has a strong apparel manufacturing sector with over 20 years of experience and over 200 factories 85 large factories having 500–2,500 employees, which make up for approximately 95% of Jordan’s current garment exports,<sup>59</sup> much of which goes to the US. As such, Jordan has strong local experience and is well positioned within the manufacturing value chain, and adding these items to Jordan’s basket of manufactured products will enhance the sector’s production base.

The sector is labour intensive and requires a level of skill, attention to detail and energy, and can absorb a high number of female workers, Jordan has a young population (70 percent of which is below 30 years of age) who with the right training and skills development would be ideal workers. Moreover, except for Turkey Jordan is geographically closer to the EU markets which can translate in savings in the shipping costs with the raise of demand.

**Table 10. Estimated Time & Cost of Shipment**

Port	USD 20'	USD 40'H.Q	Routing	T. time
Genoa	745	1180	Aqaba – Jeddah – Genoa	16 days
Algeciras	895	1580	Aqaba – Jeddah – Tanger Med - Algeciras	21 days
Rotterdam	705	1000	Aqaba – Jeddah – Rotterdam	23 days
Hamburg	705	1000	Aqaba – Jeddah – Hamburg	25 days
Port of discharge	US\$ 20DV	US\$ 40HC	T.T	S/L
Genoa - Italy	610.0	1,425.0	23 DAYS	MSL
Algeciras - Spain	1,035.0	1,025.0	9 DAYS	MSL
Hamburg - Germany	960.0	1,325.0	36 DAYS	MSL
Rotterdam - Netherlands	960.0	1,325.0	21 DAYS	MSL

Source: JIC, 2019

<sup>59</sup> Value Chain Analysis (VCA) Garments, Jordan, Netherlands Enterprise Agency | March 2019 Publication number: RVO-0271901-/CBI-RP

(5) Tableware, kitchenware and other household products, or products for personal hygiene or toilet, of other ceramic materials, other than porcelain or Chinese:



**Sector: Construction Industry**

**Product:** Tableware, kitchenware and other household products, or products for personal hygiene or toilet, of other ceramic materials, other than porcelain or Chinese

**HS Code:** 691110

**EU tariff**

**MFN:** 12%

**Preferential:** 0%

**Description of the manufacturing processes & input of production:** ceramic materials

**Germany, Italy, United Kingdom, France, Netherlands**

**Top 5 Sources of EU imports of item (i.e. countries exporting item to the EU):**  
China, Turkey, Thailand, Bangladesh, UAE

**Country**

**Tariff (i.e. is there an FTA with the EU)**

**China 12% (none)**

**Turkey 0% (CU, EU-Turkey)**

**Thailand 12% (none)**

**Bangladesh 0% (EU for LDC Countries)**

**UAE 12% (none)**

## Jordan's Value Proposition:

Investment can target artisan/handmade and/or high-end items with design and intellectual property value, which together with good marketing and right communication messages to end consumers can bring positive returns.

In addition to a factory-based production. Manufacturing would be ideal in Jordan that will benefit from savings in tariff as well as investment incentives.

The sector has potential to employ a variety of workers with different skills from production line to artisans. Jordan has an abundance of skilled and qualified workers.

Such manufacturing is also energy intensive and can benefit from a stable and reasonably priced electricity tariff.

### Box 1 : Electricity Tariff<sup>1</sup>

#### Small Industries (Fils/kWh)

First Block : from 1-2000 kWh/Month	71
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Second Block : more than 2000 kWh/Month	81
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#### Medium Industries (Fils/kWh)

Peak Load (JD/kW/ Month )	2.00
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Day Energy (Fils/kWh)	89
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Night Energy (Fils/kWh)	75
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(6) PVC flooring, whether self-adhesive, in form of rolls, molding or slabs:



Sector: **plastics**

Product: **PVC flooring, whether or not self-adhesive, in form of rolls, molding or slabs**

HS Code: **391910**

EU tariff

MFN: **6.3%**

Preferential: **0%**

Description of the manufacturing processes & input of production: **Poly vinyl chloride**

Top 5 EU country that import item:

**Germany, France, United Kingdom, Netherlands, Spain**

Top 5 Sources of EU imports of item (i.e. countries exporting item to the EU):

**China, USA, Taipei Chinese, Japan, Korea Republic**

Country

Tariff (i.e. is there an FTA with the EU)

**China 6.3% (None)**

**USA 6.3% (None)**

**Taipei Chinese 6.3% (None)**

**Japan 6.3% (None)**

**Korea Republic 0% (FTA, EU-Korea)**

### Jordan's Value Proposition:

Investment can benefit from tariff savings making the product price competitive in the EU market compared to those from 4 of the top 5 source countries. Where there can also be savings in shipping costs (please see table 10 above).

Investments in this sector will benefit from investment incentive offered under the law and will have access to quality and price competitive inputs of production namely from KSA, as well as availability of skilled labour.



# CONCLUSION



The study provides an overview of the 2016 Jordan-EU decision to simplify rules of origin and as adjusted in 2018 as well as a summary of Jordan's manufacturing base and investment climate. The study further reflected an in-depth analysis conducted by the JCI to identify top 50 manufacturing projects which could benefit from the scheme while meeting the core objectives of the decision of increased job opportunities and bringing added value to the Jordanian economy.

The analysis focused on top 6 projects spotlighting the percentage of saving in the tariff line alone while providing a description of Jordan's value proposition as an ideal investment destination for these investment opportunities. Unsurprisingly, four of the 6 opportunities identified are in the Textile and Garment Sector due to the continued high level of tariffs imposed on these items and Jordan a strong manufacturing base giving it a competitive advantage. Here it should be recalled that most employees in this sector are migrant workers from southeast Asia. However, this sector remains Jordan's best sector to employ high number of local workers (Jordanian and Syrians) particularly female workers. Provided the Government-Donor-Private sector work concentrate on skills development as well as investment promotion and securing export partners. The remaining two opportunities are Tableware, kitchenware and other household products, that can be manufacturing from a variety of materials and with potential to employ artisans where there can be intellectual property added value element as well as in PVC flooring manufacturing that can employ skilled factory workers.

This study represents the first stage in the work implemented by the Jordan Chamber of Industry's under the project "Decent Jobs for Jordanians and Syrian Refugees in the Manufacturing Sector" in cooperation with the International Labour Organization and funded by the Government of Netherlands, it will be followed with economic feasibility studies for the top 6 projects and investment promotion activities to transform these opportunities into realities that bring real and lasting returns to Jordan its citizens and residence.

## **ANNEX I: LIST OF PRODUCTS PER HS CHAPTERS BENEFITING FROM THE DECISION NO. 1/2018 OF THE EU-JORDAN ASSOCIATION COMMITTEE OF 4 DECEMBER 2018**

The items covered are products that require working and processes found under HS Section V to **Section XX - with some exclusions and carve outs, as follows**

### **Section V: Mineral Products**

- Section V- ex Chapter 25: Salt; sulfur; earths and stone; plastering materials, lime and cement
- ex Chapter 27: Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes

### **Section VI: Products of the Chemical or Allied Industries**

- ex Chapter 28: Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes
- ex Chapter 29: Organic chemicals
- Chapter 31: Fertilizers
- Chapter 32: Tanning or dyeing extracts; dyes, pigments, paints, varnishes, putty and mastics
- ex Chapter 33: Essential oils and resinoids; perfumery, cosmetic or toilet preparations
- ex Chapter 34: Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modeling pastes, "dental waxes" and dental preparations with a basis of plaster
- Chapter 35: Albuminoidal substances; modified starches; glues; enzymes
- Chapter 37: Photographic or cinematographic goods
- ex Chapter 38: Miscellaneous chemical products
- Section VII: Plastics and Articles Thereof Rubber and Articles Thereof
- ex Chapter 39: Plastics and articles thereof
- ex Chapter 40: Rubber and articles thereof

### **Section VIII: Raw Hides and Skins, Leather, Furskins and Articles Thereof; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silkworm Gut)**

- ex Chapter 41: Raw hides and skins (other than furskins) and leather
- Chapter 42: Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut)
- ex Chapter 43: Furskins and artificial fur; manufactures thereof

### **Section IX: Wood and Articles of Wood; Wood Charcoal; Cork and Articles of Cork; Manufacturers of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork**

- ex Chapter 44: Wood and articles of wood; wood charcoal

## **Section XI: Textile and Textile Articles**

- ex Chapter 51: Wool, fine or coarse animal hair; horsehair yarn and woven fabric
- ex Chapter 52: Cotton
- ex Chapter 53: Other vegetable textile fibers; paper yarn and woven fabric of paper yarn
- Chapter 54: Man-made filaments (5401 to 5406) (5407 and 5408)
- Chapter 55: Man-made staple fibers (5501 to 5507) (5508 to 5511) (5512 to 5516)
- ex Chapter 56: Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use
- Chapter 57: Carpets and other textile floor coverings
- ex Chapter 58: Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery
- Chapter 59: Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use (5901 -5911)
- Chapter 60: Knitted or crocheted fabrics
- Chapter 61: Articles of apparel and clothing accessories, knitted or crocheted
- Chapter 62: Articles of apparel and clothing accessories, not knitted or crocheted
- ex Chapter 63: Other made up textile articles; sets; worn clothing and worn textile articles; rags

## **Section XII: Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking Sticks, Seatsticks, Whips, Riding-Crops and Parts Thereof; Prepared Feathers and Articles Made Therewith; Artificial Flowers; Articles of Human Hair**

- ex Chapter 64: Footwear, gaiters and the like; parts of such articles
- ex Chapter 65: Headgear and parts thereof

## **Section XIII: Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware**

- ex Chapter 68: Articles of stone, plaster, cement, asbestos, mica or similar materials
- ex Chapter 69: Ceramic products
- ex Chapter 70: Glass and glassware

## **Section XIV: Natural or Cultured Pearls, Precious or Semiprecious Stones, Precious Metals, Metals Clad with Precious Metal, and Articles Thereof; Imitation Jewelry; Coin**

- ex Chapter 71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewelry; coin

## **Section XV: Base Metals and Articles of Base Metal**

- ex Chapter 73: Articles of iron or steel
- ex Chapter 74: Copper and articles thereof
- ex Chapter 76: Aluminum and articles thereof

- ex Chapter 78: Lead and articles thereof
- Chapter 80: Tin and articles thereof
- ex Chapter 82: Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal
- ex Chapter 83: Miscellaneous articles of base metal

### **Section XVI: Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles**

- ex Chapter 84: Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof
- ex Chapter 85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

### **Section XVII: Vehicles, Aircraft, Vessels and Associated Transport Equipment**

- Chapter 86: Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds
- ex Chapter 87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
- Section XVIII: Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Clocks and Watches; Musical Instruments; Parts and Accessories Thereof
- ex Chapter 90: Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof
- Chapter 91: Clocks and watches and parts thereof

### **Section XX: Miscellaneous Manufactured Articles**

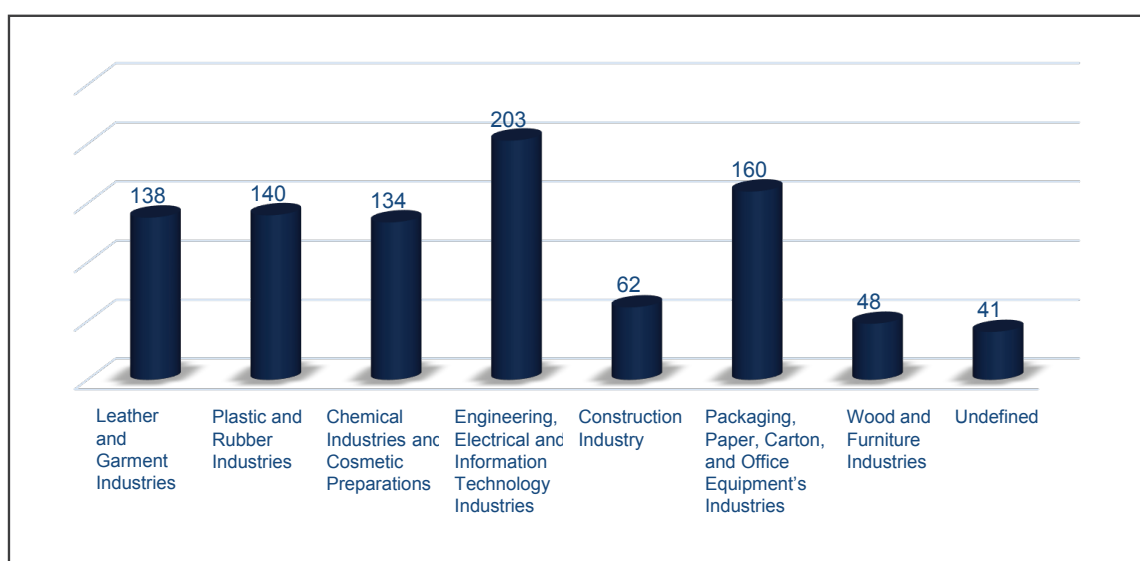
- Chapter 94: Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated sign, illuminated nameplates and the like; prefabricated buildings
- ex Chapter 95: Toys, games and sports requisites; parts and accessories thereof
- ex Chapter 96: Miscellaneous manufactured articles

## ANNEX II: TOTAL NUMBER OF ENTERPRISES COVERED UNDER THE 2016 RELAXED RULES OR ORIGIN DECISION

The total number of enterprises subject to the Relaxed Rules of Origin Agreement with the European Union and applies to all conditions pursuant to the 2016 Association Council Decision is around 936 enterprises distributed among the 18 industrial zones around the Kingdom. With more than 67% of them concentrated in the small and medium enterprises category, which is classified as enterprises employing between (5-99) workers. This indicates the nature of the industrial enterprises operating in the Jordanian industrial sector which are described as small and medium; and are able to move from one category to another if the appropriate policies were taken to support them. It should be also noted that more than 50% of those enterprises have a registered capital of more than 50 thousand Jordanian Dinars.

In terms of distribution by the seven sub-sectors, the Engineering, Electrical and Information Technology Industries sector has the highest number of enterprises subject to the agreement with around 203 enterprises, which is 22% of total number of enterprises, followed by Printing, Packaging, Paper, Carton, and Stationary Industries sector with 17%. It should be noted that the agreement did not include three sectors which are: Food, Agricultural and Livestock sector, pharmaceutical sector and mining sector. The following figure illustrates the distribution of enterprises operating in areas covered by the sub-industrial sector.

**Figure 1. Industrial enterprises distributed in areas covered by the sub-industrial sector**



**Source:** Survey Results by Jordan Chamber of Industry for the Areas covered in the agreement, 2017

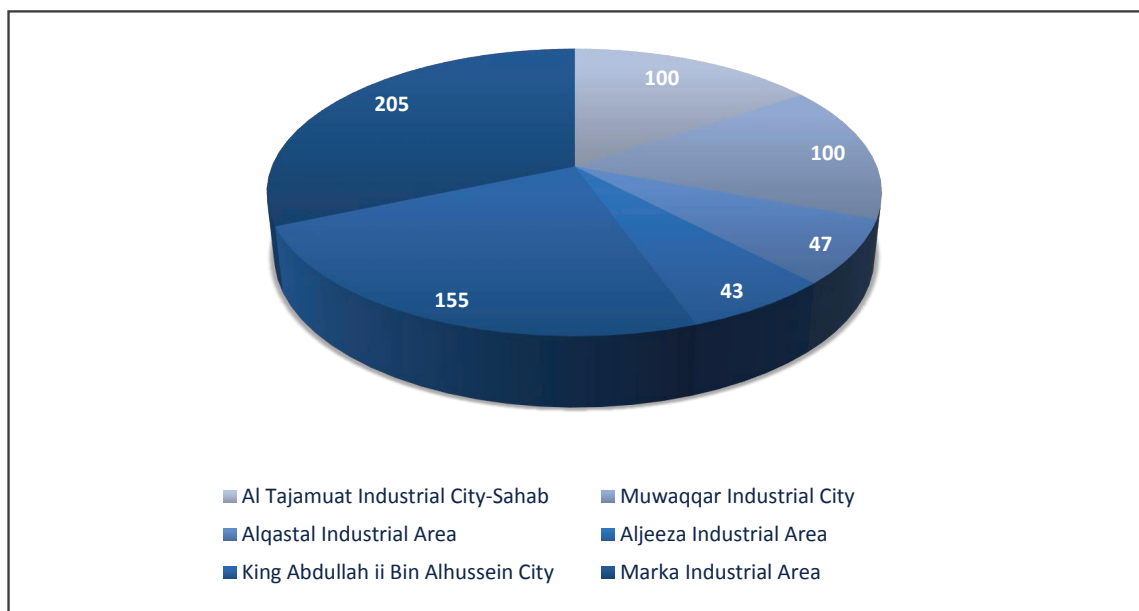
As for the distribution of industrial facilities at the governorate level, the establishments were distributed as follows:

### Capital Governorate:

The agreement on Relaxed Rules of Origins includes six Industrial and Development areas in Amman, which are Aljeeza Industrial Area, Alqastal Industrial Area, Al Tajamuat Industrial City –

Sahab, King Abdullah II Bin Alhussein City, Marka Industrial Area, and Muwaqqar Industrial City. They have around 650 industrial establishments, and with about 36,949 employees in the seven industrial sectors accounting for 70% of the total number of the enterprises covered by the agreement. The following figure shows the distribution of enterprises among the six zones.

**Figure 2. Enterprises distribution in Capital governorate**



**Source:** Survey Results by Jordan Chamber of Industry for the Areas covered in the agreement, 2017

In terms of sectors, enterprises operate in different sectors by around 147 enterprises working in the Engineering and electrical sector, 125 enterprises in the printing and packaging sector. As for capital, more than 416 establishments registered more than 50 thousand Jordanian Dinars with more than 94 enterprise export to the European Union upon the agreement.

### Irbid Governorate

The agreement on Relaxed Rules of Origins covered two industrial zones in Irbid; AL Hassan Industrial zone and Irbid Development city, with 41 enterprises working in both zones, where 23 enterprises working in the garments and textiles sector, followed by 7 enterprises working in the chemical industries and cosmetics. Excluding the garments sector, number of workers reached around 6 thousand employees.

The table below shows the distribution of registered capital of the enterprises operating in Irbid Governorate.

Capital / Dinar	No. of Enterprises
0 – 5,000	0
5,001 – 20,000	0
20,001 – 50,000	9
> 50,000	15
N/A	17

Source: Survey Results by Jordan Chamber of Industry for the Areas covered in the agreement, 2017

### Aqaba Governorate

There is one industrial zone in Aqaba Governorate; Al Quwayrah Industrial Area. According to the figures of Amman Chamber of Industry, there are no enterprises operating in the zone.

### Karak Governorate

There is only one industrial zone in Karak governorate 'Prince AL Hussien Bin Abdullah Industrial Zone' with a total number of 43 employees working in 5 enterprises; 2 in the chemical industries and cosmetics, and two enterprises in the garments and textiles sector and 1 enterprise in the plastic and rubber industries sector.

### Ma'an Governorate

There are 21 industrial enterprises operating in Ma'an development city with around 1200 employees. Enterprises operate in different sectors, mainly 11 enterprises in the engineering and electrical industries, and 7 enterprises chemical industries and cosmetics.

### Mafrq Governorate

Mafrq development zone is the only industrial zone in Mafrq subject to the agreement of Relaxed Rules of Origins. The city neighboring the Jordanian-Iraqi borders is considered one of the most cities for future investments. There are around 270 employees working in 32 enterprises operating in plastic industries, chemical Industries, cosmetics sector and the Engineering and electrical Industries Sector.

### Zarqa Governorate

It includes five industrial zones, which are: Dhulail Industrial City, El-Hashmieh Industrial Area, El-Russaifah Industrial Area, Sukhneh Industrial City, and Wadi Al-Esh Industrial Area. Total number of workers reach around 2,700 employees, working in 219 enterprises i.e. 25% of total number of



enterprises subject to the agreement on Relaxed Rules of Origins in Jordan.

Those enterprises are operating in various industrial sectors, mostly engineering and electricity sector with 41 enterprises, follow by garments and textiles sector by 39 enterprises, chemical Industries and cosmetics by 32 enterprises.

### Employment in Areas Covered by the Agreement

Number of employees in areas covered by the agreement reached 47 thousand female and male workers (excluding the garment and leather sector foreign workers). Thus, those employees are working in various industrial zones, mostly in Sahab Industrial zone with an average of 101.5 and the lowest in Al-Mafraq development zone with 8.4 employees per facility. The following table shows the employment distribution among different industrial areas.

**Table 1. Employment Distribution Among Industrial Areas Covered by The Agreement**

Location	Industrial Area	Number of Workers
Amman	Sahab industrial area	10,151
	King Abdallah II industrial area	7,008
	Al Jezza industrial area	3,363
	Al Qastal industrial area	2,245
	Al Muaqqar industrial area	7,288
	Marka industrial area	6,894
	Wadi Al-Ish industrial area	422
	Al Dlail industrial area	648
Zarqa	Al Hashmieh industrial area	268
	Al Rsayfeh industrial area	1,356
	Al Sokhneh industrial area	40
Al Mafraq	Al Mafraq industrial area	270
	King Hussein industrial area	
Al Karak	Princes Hussein industrial area	43
Al Aqaba	Al Quaira industrial area	0
Irbid	Princes Hassan industrial area	6,208
	Irbid economic zone	
Ma'an	Ma'an development zone	1,212
Total		47,416

Source: Survey Results by Jordan Chamber of Industry for the Areas covered in the agreement, 2017

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