

Jordan

An overview on economy and business environment



The Hashemite Kingdom of Jordan is located on the East Bank of the Jordan River and borders Syria, Saudi Arabia, the Red Sea, Palestine, Israel, and Iraq.

Considered as the crossroads of the Middle East, the lands of Jordan have served as a strategic link connecting Asia, Africa and Europe. Thus, since the dawn of civilization, Jordan's has always had a key role for trade and communications, connecting east and west, north and south. Jordan continues to play this role today.

Jordan economy benefits from its well-educated population, strategic location, world-heritage tourism sites, and a reputation for stability in a turbulent region. However, also Jordan's economy has been hit hard by the COVID-19 pandemic amid already low growth and high unemployment.

The Government of Jordan (GoJ) has put in place a series of plans and programs to counteract the health and socioeconomic impacts of the pandemic. The speed of Jordan's economic recovery in the medium-term largely depends on the evolution of the pandemic and whether and how all reforms are put into effect. Jordan has made progress on foundational reforms that aim to improve the environment for public and private investment and contribute to job creation and economic growth. These reforms are anchored in the Five-Year Reform Matrix, which has now been incorporated as a reform pillar in the Government of Jordan's new Government Indicative Executive Program (GIEP) 2021–2024. The Reform Matrix was developed in collaboration with the World Bank and other development partners.



As mentioned above, the COVID-19 pandemic has had significant economic consequences in Jordan, due to the country's small and open economy with its large number of connections to the rest of the world. The pandemic has had particularly deep impacts on the service sector, travel and tourism—all key sectors of growth for the Jordanian economy. However, according to the International Monetary Fund, today Jordan's economy is forecast to grow 2 per cent this year as the gradual return of tourists, Covid-19 vaccination efforts and rising global demand support a rebound in the second half of 2021.

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Although Jordan's economy is relatively small, it is comparatively well diversified. Trade and finance produce nearly one-third of the Jordan's gross domestic product (GDP); transportation and communication, public utilities, and construction represent one-fifth of total GDP, and mining and manufacturing constitute nearly the same portion. Remittances from Jordanians working abroad are a major source of foreign exchange.

Let's have a more in-depth look at the Jordan's main economic sectors.

Agriculture represented 4.9% of the GDP and employed 3% of the workforce in 2020 (World Bank). The lack of water creates an obstacle to agricultural development, thus only a tiny fraction of Jordan's land is arable. The principal crops are wheat, barley, lentil, tomato, cucumbers, eggplant, citrus fruits, olives, strawberries and grapes. However the country must import some foodstuffs to meet its needs. Farms and pasturelands are limited; although artesian wells have been dug to increase its area, much former pasture area has been turned over to the cultivation of olive and fruit trees, and large areas have been degraded to the point that they can barely support livestock. Sheep and goats are the most important livestock, but there are also some cattle, camels, horses, donkeys, and mules. Poultry is also kept.

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Virtually all electric power in Jordan is generated by thermal plants, most of which are oil-fired. The major power stations are linked by a transmission system. By the early 21st century the government had completed a program to link the major cities and towns by a countrywide grid. The country has signed around 20 international agreements in the field of atomic energy.

Jordan

An overview on economy and business environment



Industry contributed 24.5% of the GDP and employed 24% of the workforce in 2020 (World Bank). Mining and quarrying (mainly phosphate and potash) are among the major industries. The manufacturing sector is rather limited and dominated by textiles, a sector presently in a state of crisis due to international competition. Manufacturing is concentrated around Amman. The extraction of phosphate, petroleum refining, and cement production are the country's major heavy industries. Food, clothing, and a variety of consumer goods also are produced.

The services sector, which employed almost 73% of the workforce, contributed 60.9% of the GDP in 2020 (World Bank). All services, including public administration, defense, and retail sales, form the single most important component of Jordan's economy in both value and employment. Communication technologies and financial services are particularly active in the country. The sectors of distribution and tourism infrastructure also contribute substantially to GDP, although they experienced a slowdown in 2020.



Jordan is very open to international trade, so much so that there is a dependence on foreign capital. Exports are led by the textile industry, followed by the chemical and mining sectors (fertiliser, medicine, potash and phosphate). Jordan mainly imports machinery and transport equipment, gas, crude and petroleum products, food, manufactured chemicals and electrical machines.

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An overview on economy and business environment



The United States is by far the main destination for Jordanian exports (23.7%), followed by Saudi Arabia, India, Iraq and the United Arab Emirates. Saudi Arabia is the main supplier of goods in Jordan (16.1%), remaining ahead of China's position for the second year in the row, and is followed by the United States, Turkey and India.

Jordan is a member of the WTO and signed a free-trade agreement (FTA) with the U.S in December 2001, allowing the removal of customs duties on the majority of goods and services since 2010. Jordan has also signed an Agreement of Association with the EU. In 2016, the EU announced that it would facilitate the entry of Jordanian exports in order to support the economy and integration of Syrian refugees. Jordan cancelled its free-trade agreement with Turkey at the end of 2018, citing its feasibility and negative impact on local manufacturing. This agreement was replaced by another free-trade deal at the end of 2019.



Jordan's trade balance is structurally in deficit, mainly because of the country's reliance on hydrocarbon imports.

Despite the current world crisis due to the Covid-19 pandemic, Jordan is still a very important business partner for many countries. In order to establish profitable and long lasting relationship with Jordan companies, especially in the current world crisis situation, it is important to get business information from the most accurate and reliable sources.



Thanks to SkyMinder, it is possible to receive the most complete and updated credit report on all Jordan companies thanks to the expertise of the local providers. It is important to know that Jordan companies are not required to file financial accounts with the company registry and they can be only collected through phone interviews with the company. That's the reason why on SkyMinder, all reports on Jordan are freshly investigated.

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All SkyMinder reports include the following information (if available at local sources):

- Complete company identification details: correct company name, address(es), contact details such as phone, fax, email, webs, etc.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (if companies is willing to disclose them during the interview).
- Credit rating and suggested credit limit
- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
- Negative information on the company
- Banks information

SkyMinder offers also the fastest delivery times, by ensuring the most accurate and updated credit report in a few working days. The reports are complete, updated and easy to read. Thanks to SkyMinder credit reports and the expertise of local providers, it is possible to establish safe and profitable business partnership with any Jordan company.

Sources: <https://www.worldbank.org/>; <https://international.groupecreditagricole.com/>;
<https://www.britannica.com/>; <https://jordan.unfpa.org/>; <https://www.usaid.gov/>,
<https://www.thenationalnews.com/>,