



JORDAN  الأردن
INVESTMENT COMMISSION هيئة الاستثمار



INDUSTRY

» SECTOR PROFILE



“Jordan’s industrial sector accounts for about 60% of the total investments benefiting from the Investment Law. The high volume of industry investment contributes significantly to the strength of the Jordanian Dinar and to the exchange rate’s stability through supplementing the Kingdom’s official reserves with foreign currency (with more than US\$ 8.0 billion a year in 2017). ”

» Overview of the Industry Sector in Jordan

The industrial sector in Jordan is considered the most economically significant sector in terms of value-added to the national economy, availability of labor, linkages to other sectors, and the level of technical competence. The Jordanian industrial sector consists mainly of “manufacturing industries” sector, “extractive industries” sector and “electricity and water” sector. These activities are linked backward and forward with sectors such as transportation, insurance, agriculture and trade. The industrial sector is a high contributor to Jordan’s GDP as it constitutes about 25% in 2017¹, employing more than 240,000 people, most of them Jordanians, in some 18,000 industrial facilities across the Kingdom.²

Jordan’s industrial sector accounts for about 60% of the total investments benefiting from the Investment Law.³ The high volume of industry investment contributes significantly to the strength of the Jordanian Dinar and to the exchange rate’s stability through supplementing the Kingdom’s official reserves with foreign currency (with more than US\$ 8.0 billion a year in 2017). The people working in Jordan’s industrial sector constitute 15% of the national workforce. Indirect contribution to the country’s GDP totals 40%.⁴ The importance of the industrial sector can be traced to Jordan’s strong competitiveness for industrial investors. Jordan’s location within the Middle East and North Africa (MENA) region, supported by the variety of free trade agreements (FTAs), offering access to 1.5 billion customers across more than 160 countries, enables the country to be a strategic trade route to many of its neighbouring countries and regions.

Moreover, the country offers certain location advantages with specific relevance to the industrial sector’s investments. Jordan offers a competitive tax environment for industrial activities, as the standard corporate income tax rate of 20% is reduced to 14% for firms engaged in industrial activities. High-quality air transit, railroads, and highway infrastructure ensure an ease of trade with countries within the MENA region as well as nations around the world.

1 World Bank, 2017
2 Ministry of Industry Trade and Supply 2017
3 Jordan Chamber of Industry, 2017
4 Ministry of Industry Trade and Supply, 2017



» Investment Opportunities

Jordan's industrial sector comprises an array of essential sub-sectors that exhibit sophistication and dynamism which are characterized by reciprocity and complementarity among the constituent sub-sectors as some of their products serve as the input to the production of others. The manufacturing of various products in Jordan is a significant contribution to the activity in the Country's industry sector. Jordan's industrial sector can thus be classified into eleven sub-sectors, for which considerable investment opportunities exist.⁵

01. Garments & Leather

The importance of the garments and leather sector in Jordan is attributed to its labor-intensive nature and large contribution to Jordan's total national exports (approximately 20% of Jordan's total industrial exports). The sub-sector has shown remarkable growth in recent years, benefiting from the advantages provided by the incentives contained in the FTAs which enable investors to access many of the world's major consumer markets. Jordan's value proposition offers considerable potential to invest in textiles and in the production of fabrics, yarn and fibers, along with the manufacturing of products using those materials. Leather products for which Jordan offers considerable investment opportunities include shoes and shoe parts, and leather bags.

02. Pharmaceuticals & Medical Supplies

The demand for pharmaceuticals, medical devices, and medical supplies evolves along the increasing demand for new hospitals, medical centers, and healthcare facilities. Prospects in this sub-sector includes the manufacturing and production of human medicine, pharmaceutical drugs from medicinal plants, and a large variety of medical supplies. Jordan's existing pharmaceutical sub-sector comprises more than 108 domestic factories, generating about 8,000 employment opportunities, covering all administrative and technical levels.

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The Jordan Chamber of Industry, 2017; the Ministry of Industry, Trade, and Supply, 2017; and the Jordan Industrial Estates Company, 2017
Export.Gov, 2017

Moreover, the Jordanian pharmaceutical sub-sector has accrued sound manufacturing and technical expertise. Jordan has become a center for Good Manufacturing Practices (GMP) in the region and expanded its pharmaceutical exports to more than 60 countries worldwide, including Gulf countries, the US, and Europe, due to their high quality, excellent reputation and affordable prices. The Jordanian medical device market is projected to grow at an above-average rate of 9.3% per annum; up to US\$ 318 million in 2018.⁶

03. Chemicals

Jordan's chemicals sub-sector primarily concerns the production of fertilizers. The fertilizers industry developed remarkably during the last decade and thus has become part of the global fertilizers industry. In 2017, Jordan exported US \$473M in Potassic fertilizers, which was its second most exported, non-agricultural good.⁷ Moreover, Jordan's close proximity to growing Asian markets, its efficient export operations, and the increase in its chemicals production means the Kingdom is ready to capture an increased share of the global fertilizers and chemicals market. Jordan provides an excellent platform to capture global opportunities in the fertilizers market due to the enormous local availability of critical inputs to fertilizers' production, including phosphate and potash, which are the main components for the strength of agricultural crops and the fertilizers' industry in general.

04. Cosmetics

The boom in medical tourism to Jordan has revealed multiple investment opportunities in Jordan's cosmetics sub-sector. Medical tourism attracts more than 250,000 patients to Jordan per year, generating 40% of the Country's overall tourism revenues.⁸ Continued growth is expected due to global aging and increasing expenditures on healthcare and tourism. As such, investment opportunities, such as medical tourism facilitators, health spas, wellness centers, physiotherapy, Dead Sea cosmetics, and mud processing and refining are prevalent, in order to accommodate medical tourists and cater to their needs.

05. Plastics & Rubber

Jordan is experiencing a growing demand for plastics and rubber products due to the diversity of their multi-use products that are utilized by many other sectors and sub-sectors. Moreover, they indirectly contribute to the completion of the productivity loop of many other commercial and industrial sectors. This sub-sector, plastics and rubber, is also a major source for packaging products needed by the majority of economic sectors of different activities.

06. Engineering & Electronics

The engineering and electronics sub-sector is an important part of Jordan's economy and has played a vital role in providing employment and improving the quality of life of Jordanians. Foreign companies based in Jordan in the electronics sub-sector are engaged in acquiring raw materials, parts, and components for the production and assembly of electrical appliances, such as computers, electronic devices, scales, calculators, medical and optical glasses, glass frames, and lenses. Jordanian firms have established an international reputation for offering specialized products and services in e-learning, e-government, e-banking, and multi-media (content management, animation, and web design). The availability of engineers and technological sophistication are competitive advantages for Jordan when compared to the rest of the MENA region. As a result, information technology outsourcing and Business Process Outsourcing are lucrative markets in Jordan.

07. Wood & Furniture

Jordan's wood and furniture is the third largest industrial sub-sector (in terms of the number of firms which rely heavily on skilled labor). Most of this sub-sector's firms are ISO-9000 certified and have acquired other essential quality certificates, in addition to the use of the latest technology and modern equipment, meeting the international quality standards. Jordanian furniture is distinguished by the production of high quality products leading to exports to eight major markets, most of which are centered in the Gulf region. Key export products include wooden panels, foam, veneer, plywood, carpentry, molds, hand tools and structures, wooden handicrafts, cork products, straw and plaiting, and furniture of all kinds (e.g. for kitchens, home, offices, restaurants, schools, hospitals, and laboratories).

08. Construction

Investment opportunities exist for companies engaged in the manufacturing and production for construction purposes, such as products of glass manufacturing and silicon manufactured from silica, glass from ceramic, tile, marble, (non-)liquefied cement factories, artificial stone, ready mix concrete, sand crushers, mills, furnaces as well as cement production lines.

09. Agri-Business & Agro-Processing

The Government of Jordan (GoJ) encourages the establishment of integrated agro-industrial societies to promote areas of high value-adding, development, and innovation, and the importance of linking industrialization and sustainable development. This requires the adoption of modern technologies in manufacturing to promote modernization and competitiveness of Jordan's entire agricultural sector. A number of promising investment opportunities exist for agri-business and agro-processing. This primarily concerns the development of post-harvest activities for fruits and vegetables, as well as working towards adopting an "orchard-to-market approach" that aggregates production and establishes economic packaging, storage, and marketing functions

10. Extraction

The mining and extraction sub-sector is considered one of the key strategic industries in Jordan. It contributes heavily to employing Jordanians and other nationalities. In addition, extraction is considered as one of the major exports of the country besides catering the needs of the local market of raw material. Jordan is considered a significant supplier of bromine, phosphate rock and phosphate-based fertilizers, and potash to the world. It is among the world's top 10 producers of bromine, phosphate rock, and potash. It also produced modest quantities of calcium carbonate, cement, clay, crude oil, iron and steel, kaolin, limestone, natural gas, pozzolanic materials, refined petroleum products, silica sand, and zeolites, mainly for domestic use. Moreover, Jordan offers an attractive proposition for investors in the extraction and processing of copper, uranium, and oil shale.

11. Crafts

Jordan's crafts include the processing of wooden products as well as the production of jewelry, whereby gold or silver ore are brought for cutting, engraving, and shaping for the production of rings and bracelets, and various forms of jewelry, to be sold to jewelry stores, ateliers, and workshops.

» Why Jordan?

The Kingdom of Jordan is a stable, business-friendly, modern, and prepared location for your next engineering, manufacturing, information technology, or life sciences activities in the Middle East and North Africa (MENA) region. This dynamic nation provides a sound environment from which companies can find key talent, business assistance, and a willing Government partner who will help enable their growth into the MENA region and beyond.



REGIONAL BUSINESS OPERATIONS HUB

Jordan offers a vibrant, innovative, and globalized business environment with a high ease of doing business at stable, competitive, and predictable costs, positioning Jordan as the region's prime hub for business operations requiring a highly skilled talent pool.



DESTINATION FOR LEISURE & MEDICAL TOURISM

The Kingdom's widely recognized welcoming and hospitable lifestyle in combination with its diverse scenery, appealing landscapes, and comfortable climates, turn Jordan into a popular destination for all kinds of tourism.



REGIONAL LOGISTICS & (RE)CONSTRUCTION HUB

A strategic location together with safety and stability, an unparalleled connectivity, and competitive logistics platform make Jordan the right place for regional logistics and (re)construction.



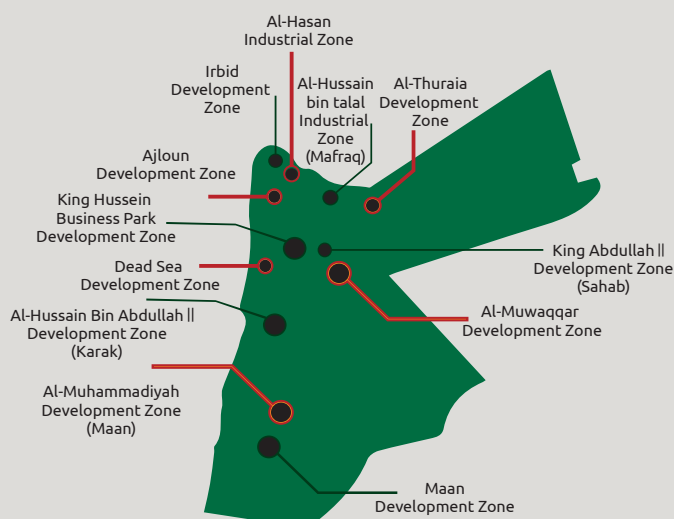
CENTER FOR VENTURE CAPITAL & INNOVATION

The combination of an abundance of venture capital, innovative pool of tech-talent, and a sound financial sector turn Jordan into an innovative ecosystem ready for investors and start-ups.



ACCESS TO REGIONAL & INTERNATIONAL MARKETS

Jordan's comprehensive network of free trade and bilateral investment agreements features privileged access to over 1.5 billion consumers in the largest markets around the world.



QUICK FACTS

Free Trade Agreements
7

Direct Market Radius
1.5 billion consumers

Development Zones
12 across Jordan

Connectivity
12 seaports, airports, and land ports

Economic Freedom
4th across MENA region (2018)

Total GDP
US\$40.07 billion (2017)

GDP per Capita
US\$4,129.8 (2017)

Annual GDP Growth
2.0% (2017)

No. of Universities
36

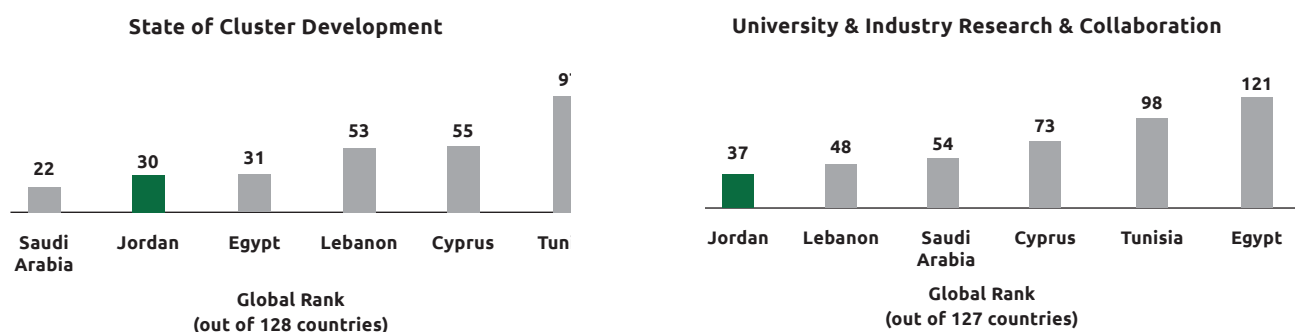
No. of Engineers per 10,000
151.0 (2017)

No. of Doctors per 10,000
28.6 (2017)

» Why Jordan for Industry?

01. Regionally Competitive

Jordan's attractiveness in industry is further supported by the research and development (R&D) centers and technology-focused universities, such as the University of Jordan in Amman and the Jordan University of Science and Technology in Irbid. Both universities have research centers and institutes that are active in advanced engineering, including the Higher Council for Science and Technology. Al Urdonia Lil Ebda' - also known as (BIC) was launched by the Jordan Industrial Estates Company (JIEC) in cooperation with the Jordan Enterprise Development Corporation (JEDCO), Jordan Engineers Association, and the King Abdullah II Fund for Development. The main goal of BIC is to stimulate innovation by bringing the scientific and industrial environments together. Jordan offers a regionally competitive environment for innovation, research, and development, which further supports the country's strong proposition for the industrial sector.



Source: World Intellectual Property Organization, 2018, "Global Innovation Index 2018"

Jordan's global ranking in quality of education, on-the-job-training, and availability of scientists and engineers is competitive with neighboring countries and showcases the high quality of some economic factors that are relevant to the Industry sector.

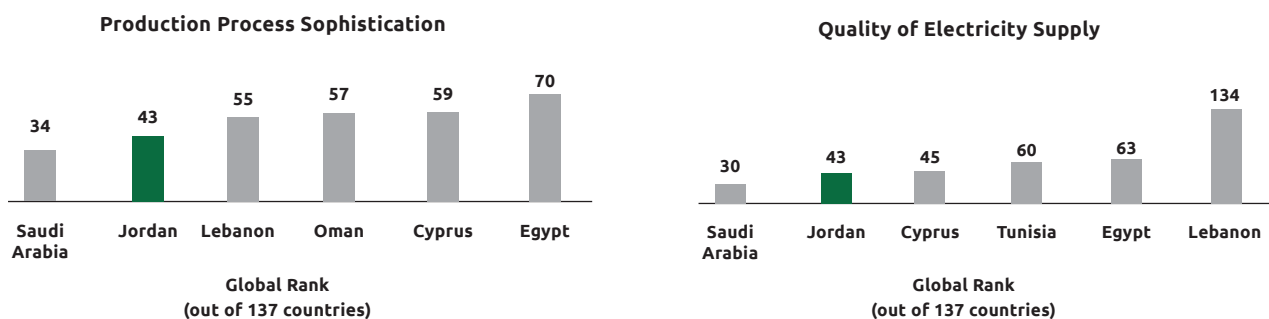
02. Ease of Trade

Jordan's total exports reached US\$ 7.6 billion in 2017, of which apparel, potash, phosphates, fruits and vegetables, medical supplies, pharmaceutical products, and fertilizers were the main export products and goods. Industrial exports totalled US \$3.6 billion in 2017, constituting 91% of total exports.⁹ Countries mostly exported to include the United States, Saudi Arabia, Iraq, India, United Arab Emirates, and Indonesia.¹⁰ On the other hand, Jordan's total imports totalled US\$ 20.70 billion in 2017. The main imports were transportation equipment, spare parts, petroleum products, crude oil, textile yarn, fabrics, and make-up articles, primarily imported from countries such as Saudi Arabia, China, the United States, and Italy.

⁹ Ministry of Trade and Supply, 2017
¹⁰ World Trade Organization, 2017

03. Sophisticated Production Process

Jordan's sophisticated production process contributes to the ease of doing business. Industry sector businesses are dependent on the ability to produce goods efficiently. Jordan's sophistication in production process indicates its progress and forecasted growth for the industry sector. Jordan exceeds standards for many manufacturing aspects relied upon by industry sector businesses. For example, the quality of electricity supply outranks many of its neighboring regions. The dependability of these process aspects contributes to Jordan's overall desirability for industry sector business and investment.



Source: World Economic Forum, 2018, "Global Competitiveness Report 2017-2018"

04. Government of Jordan's Commitment to Industry Sector Growth

Continuous efforts have been made to ensure easy access of Jordanian products to international markets. The latest has been the agreement between Jordan and the EU with regards to the Relaxation of Rules of Origin over the next ten years as per July 2016. The agreement covers most industrial products, which are expected to have greater access to the EU market, such as textiles, apparel, electrical and home appliances, chemical products, plastic products, and furniture. Special incentives are offered for industrial investments in a variety of Development Zones and industrial estates distributed across the Kingdom.



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