



TRANSPORTATION & LOGISTICS

» **SECTOR PROFILE**



“Jordan offers a regionally competitive environment for innovation, research, and development, which further supports the country’s strong value proposition for businesses operating in logistics and transportation.”

» Overview of the Transportation & Logistics Sector in Jordan

Jordan's transportation and logistics sector plays a key role in Jordan's economy, contributing to over 8.2% of GDP. It is growing at an annual rate of 6% and employs nearly 7.6% of the Jordanian human capital market, resulting in around 126,000 jobs. A total of 325 licensed transportation and logistics companies are currently operating in Jordan.¹ Moreover, the estimated annual growth in demand for transportation and logistics ranges from 5% to 6% until 2030; this is partially due to the increase in population which makes the sector a promising prospect for substantial investment opportunities.²

Jordan's transportation and logistics sector benefits from a number of competitive advantages. Jordan offers a regionally competitive environment for innovation, research, and development, which further supports the country's strong value proposition for businesses operating in logistics and transportation. Jordan's transportation and logistics sector is perceived as liberalized and business-friendly, thereby opening up domestic and regional markets to private operators and investors. The geographic location of Jordan positions the country as a logistical hub for the region. Its strategic location on historical trade routes continues to give the Country a comparative advantage for international transport and logistics. Jordan's hand in the rebuilding of Syria and Iraq, as well as its plans to consistently increase connectivity and quality of transportation indicate that significant

developments in the transportation and logistics sector will significantly contribute to overall economic growth in the Country.

Jordan is equipped with high quality air transport, complimented by more than 2,700km of highway network covering all corners of the Kingdom, as well as efficient, cost effective ports. All of these advanced transportation aspects in Jordan contribute to the ease of doing business in and with the country. Major public transport projects are currently under way along with expansion of land and sea links.

The Government of Jordan (GoJ) continuously strives to improve the quality and efficiency of the sector. The GoJ's commitment to increasing the connectivity of Jordan promises a successful and lucrative future for the transportation and logistics sector in Jordan.

¹ Department of Statistics, 2016, Ministry of Transportation 2016, Ministry of Labor 2016, JIC Website
² Ministry of Transport Studies



» Investment Opportunities

The Transportation and Logistics sector can be classified into five sub-sectors, for which considerable investment opportunities exist:

01. Ma'an Dry Port

The Governorate of Ma'an, located 8km east of Ma'an City, is one of the major cities and transportation hubs in Southern Jordan. The Aqaba Development Corporation ("ADC") is embarking on a new land port that will serve the industrial park in the Governorate (connecting several national and international roads among Saudi Arabia, Jordan, Iraq, and the Aqaba Port).

02. The Jordanian National Railway Project

Jordan seeks to establish a national railway comprising 942 km cargo-based rail network connecting main industrial cities and logistical centers throughout the country. The railway will serve to link the Kingdom with neighboring countries and will link GCC with Europe. The primary intention of the railway is to transfer goods, though passenger services is not ruled out. By 2020, estimates predict the railway could generate \$515m in revenues. The successful rollout of this project requires a well-integrated system of interconnection between the port, the main logistic centers, and the borders.

03. King Hussein International Airport

There is growing interest to use this airport for regional freight delivery and distribution services. The GoJ has already begun supporting the reconstruction of Iraq including sea-air movements. As

a next-step, the ADC established the Aqaba Airports Company to move forward in commercializing airport activities. The ADC plans to provide the zone with a modern, high standard and fully-equipped airport that can serve to further develop the zone and successfully execute its future plans. A new land use development master plan has been adopted for KHIA. Developed by Changi Airport Consultants (CAC), the master plan supports the sustainable development and cost-effective management of the land so as to attract and accommodate investments in various aviation-related businesses. Moreover, the development of new facilities or upgrading/expanding existing facilities is undertaken in a series of phases to match the actual growth of air traffic and maintain a required level of service.

Investment opportunities at KHIA include establishing:

Logistics park that will comprise offices, centralized stocking of products; international warehousing and distribution of high value components and sensitive products, final product assembly, packaging, and order preparation.

- Airport business park.
- Aviation training and education establishments.
- Hotels and recreational zone comprising hotels and entertainment facilities.
- Real estate development zone comprising housing; apartments; and retail and catering businesses; and a shopping plaza.

04. Marka Airport

Ministry of Transportation conducted a Feasibility Study for the project and concluded that the project “market-wise” could be a suitable airport for the low cost carrier and Charters traffic given the appropriate regulatory framework. Airport charges in Marka are 30% lower than in QAIA, a competitive advantage that could yield: comparatively lower fares, shorter turnaround proximity to industrial areas in north Amman, and land connectivity to public transportation.³ The project will serve regular low-cost flights in addition to charter flights and offer aviation training. Renovating and improving the departures and arrivals terminals in order to increase the airport’s capacity encompass some of the significant investment opportunities associated with this project.

05. Amman Civil Airport

Amman Civil Airport is an asset to the air transport in Jordan as it is 50% less expensive to operate than the Queen Alia International Airport, resulting in reduced tariffs. The airport’s strategic location and the availability of public transportation to and from the airport are added advantages. It is also possible to attract airlines to Amman Civil Airport mainly through renovating and improving the departures and arrivals terminals in order to increase the airports capacity to host passengers up to (2) million passengers in the future.

» 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.



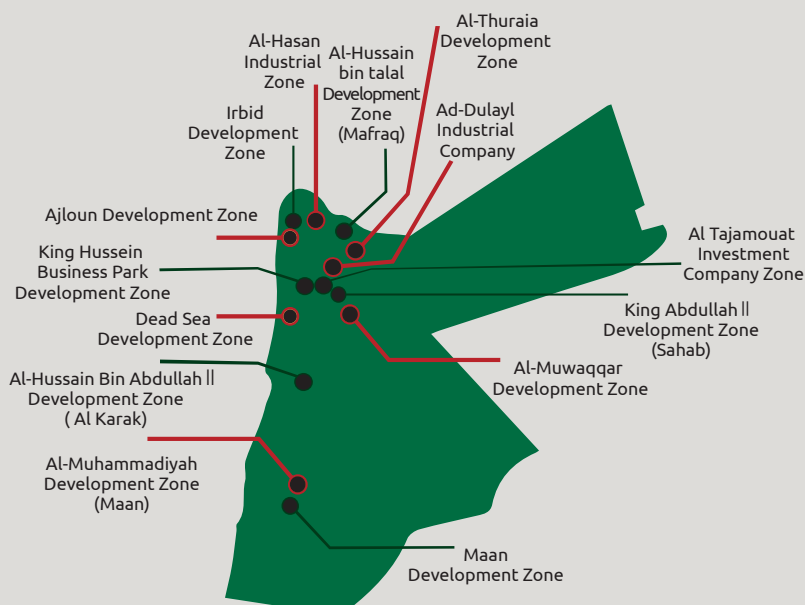
CENTER FOR VENTURE CAPITAL & INNOVATION

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
14 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 Transportation & Logistics?

01. Transportation & Logistics is Growing

The past decade has shown considerable growth of Jordan's transportation and logistics sector with aircraft movement increasing by over 30%, while the number of passengers has more than doubled. Transport demand, both for passengers and freight, is growing rapidly, resulting in consistent and stable growth in recent years. The upward trend in growth reveals a variety of promising investment opportunities.

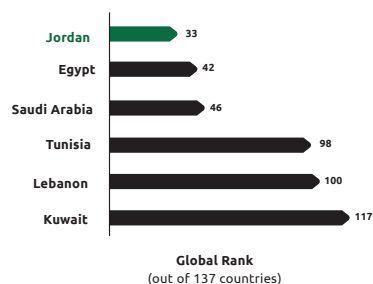
Growth Performance	2008	2017	Relative (%)
Aircraft movement	64,121	83,570	30.30%
Passengers	4,821,643	8,140,144	68.80%
Cargo and mail (tons)	91,099	115,268	26.50%

Source: Jordan Civil Aviation Regulatory Authority, 2017

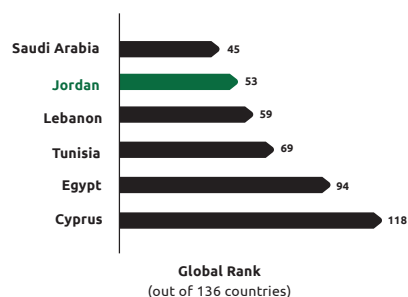
02. Air Transport Connectivity

Jordan's three major airports create an ease of mobility both domestically and internationally. Air transport in Jordan is playing a major role in turning the ASEZA into a logistics and transport hub. In 2014, the International Airport Council awarded Jordan's Queen Alia International Airport (QAIA) the accolade of best and most improved airport in the MENA region. The airport was recently expanded to ultimately reach an annual capacity of 12 million passengers. King Hussein International Airport (KHIA) is a key point-of-entry serving the Aqaba Special Economic Zone Authority (ASEZA) and its multi-modal transportation network, contributing to Aqaba's tourism sector. KHIA is a 24-hour, all-weather airport with a 3,000m x 45m runway and has been declared an "open skies" facility with landing rights that are not restricted by conventional bilateral agreements. The quality of air transport in Jordan outranks neighbouring countries by a substantial margin.⁴ Jordan's air transport connectivity is globally recognized as a leader in the MENA region.⁵ With more departures (per 1,000 people), than most of its neighbors, Jordan's air

Quality of Air Transport Infrastructure



Air Transport Connectivity



Source: Global Competitiveness Report 2017-2018

4 World Economic Forum, Global Competitiveness Report, 2018

5 World Economic Forum Travel & Tourism Competitiveness Index, 2017

transit is a growing and reliable component of the country's Transportation and logistics sector.

03. Competitive Cost of Trade

Jordan's strong value proposition for the Transportation and Logistics sector is reflected in its cost-effective logistics and international trade. Importing and exporting procedures (such as border and documentary compliance) are among the most efficient and least costly across the region. Border and documentary compliance of exporting from Jordan requires 38 hours and costs approximately US\$ 131, while clearing imports requires roughly 17 days, costing US\$ 30.

	Export		Import	
	Border Compliance	Documentary Compliance	Border Compliance	Documentary Compliance
	US\$	US\$	US\$	US\$
Jordan	\$131	\$16	\$181	\$30
Cyprus	\$300	\$50	\$335	\$50
Egypt	\$258	\$100	\$554	\$1,000
Lebanon	\$410	\$100	\$695	\$135
Saudi Arabia	\$363	\$105	\$779	\$390
Tunisia	\$469	\$200	\$596	\$144
Turkey	\$ 376	\$87	\$655	\$142

Source: World Bank, 2018, "Doing Business 2018"

04. Port Efficiency & Development

Jordan's main port in Aqaba, which connects the nation to trade routes through the Arabian Gulf is a multi-use Aqaba port covers three separate areas, including the main port located outside the city center of Aqaba, the container port, and the industrial port. Aqaba's port currently features 22 specialized berths and container handling facilities, facilitating general cargo of a wide variety of goods such as Ro-Ro, grain, liquid oil, chemicals, phosphate, potash, crude oil, and refined oil products. The GoJ has recently streamlined customs clearance processes, advancing the use of a (electronic) single window, and improved infrastructure at the Port of Aqaba, thereby considerably reducing border compliance and optimizing importing and exporting procedures.⁶ The development of Jordan's ports will increase the country's international competitiveness and

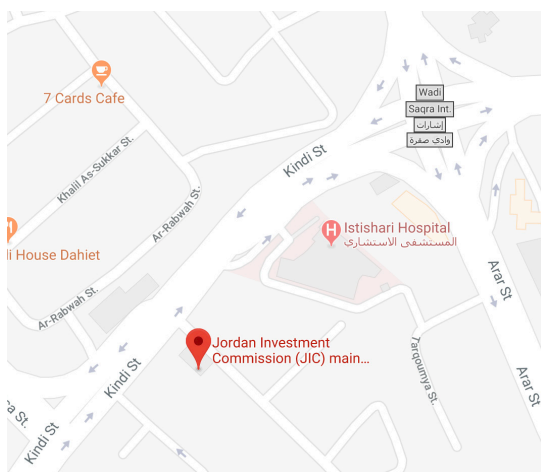
open promising opportunities for outside investors.

The Aqaba Development Company (ADC), the zone's master developer, is mandated by the Aqaba Special Economic Zone Authority (ASEZA) through a main development agreement to continuously further develop and improve the efficiency, capacity, and the operational performance of all terminals in Aqaba's port. Accordingly, the ADC is currently implementing a comprehensive long-term master plan to develop all port terminals and expansion programs for the next 30 years to:

- Ensure that ports start their expansion programs based on trigger points with this master plan.
- Ensure that the Aqaba Port always has sufficient capacity ahead of demand and to respond to the increase in cargo volume.
- Secure the Kingdom's external trade and cargo flow via the Aqaba Port.
- Upgrade the Aqaba Port's level of management and operations to international best practices and standards.
- Enhance the socio-economic contribution of the Aqaba Port to the ASEZA's communities and the wider national economy.
- Attract potential transit cargo to neighboring countries in the MENA region.

05. Rebuilding of Syria and Iraq

Jordan is constantly looking for opportunities to support economic growth in the Kingdom to help overcome the challenges and repercussions resulting from hosting Syrian refugees. The establishment of a logistics centre in Jordan to serve parties involved in the reconstruction of Iraq and Syria is one opportunity in which the GoJ intends on pursuing. To benefit from longstanding enterprises in areas of vocational and technical training, youth rehabilitation in refugee-hosting communities as well as training Syrian refugees in professions that would contribute to the reconstruction and development of Syria once the situation is secure and ready for such involvement.



Contact Details

Main Premises

Fifth Circle: Musa Bin Nusir Street P.O. Box 893

Amman 11821 Jordan

Telephone: +962 (6) 5608400

Fax: +962 (6) 5608416

Email: info@jic.gov.jo

Website: www.jic.gov.jo

