SECTOR PROFILE

Industry
Overview of the Industry Sector in Jordan

The Jordanian industrial sector consists mainly of manufacturing, extractive industries, and electricity and water. These sectors are linked backward and forward with sectors such as transportation, insurance, and trade. The industrial sector is a high contributor to Jordan’s GDP as it contributed approximately with 24% in 2017, employing more than 240,000 people, most of them Jordanians, in some 18,000 industrial facilities across the Kingdom.

The importance of Jordan’s industrial sector is considerable. It accounts for about 60% of the total investments benefiting from the Investment Law and 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). Moreover, the industrial sector contributes to the consolidation of financial stability of Jordan by providing the treasury with more than JOD 1 billion annually in direct or indirect taxes, as each Dinar invested in industry provides the treasury with more than eight pennies of tax revenues.

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. Countries mostly exported to include the United States, Saudi Arabia, Iraq, India, United Arab Emirates, and Indonesia. 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.

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. 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.

Jordan’s total labor force will increase from 1.65 million in 2015 to reach 4.25 million in 2040, which will increase the supply of the labor and create an opportunity for further industrial investments in the Kingdom.¹

¹ Human Population Council, 2017; Central Bank of Jordan, 2016; and the Jordan Chamber of Industry, 2016
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 active in advanced engineering, including the Hamdi Mango Center for Scientific Research and Nanotechnology. Al Urdonia Li Ebda’ (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. Moreover, Jordan’s main industries, potash and phosphates, are located in the southern part of the Kingdom in close proximity to the mines and the Aqaba Port, the only port in Jordan.

### Industrial Sector Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct contribution to GDP (%)</td>
<td>24.0</td>
</tr>
<tr>
<td>Indirect contribution to GDP (%)</td>
<td>40.0</td>
</tr>
<tr>
<td>Number of employees</td>
<td>240,000</td>
</tr>
<tr>
<td>Contribution to the national workforce (%)</td>
<td>15.0</td>
</tr>
<tr>
<td>Number of industrial firms</td>
<td>18,000</td>
</tr>
<tr>
<td>Industrial exports (US$ billion)</td>
<td>3.6</td>
</tr>
<tr>
<td>Contribution to national exports (%)</td>
<td>91.0</td>
</tr>
</tbody>
</table>

Source: Ministry of Industry Trade and supply 2017

### Investment Opportunities

The industrial sector in Jordan is considered the most economically significant sector in terms of value-added to the national economy, the availability of trained labor, linkages with other sectors, and the level of technical competence. It 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. Jordan’s industrial sector can thus be classified into eleven sub-sectors, for which considerable investment opportunities exist.

#### 01. Garments & Leather

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2 The Jordan Chamber of Industry, 2017; the Ministry of Industry, Trade, and Supply, 2017; and the Jordan Industrial Estates Company, 2017
The garments and leather sector mainly consists of the production of textiles, apparel, and leather. Its importance 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 and yarn and fibers; tissues; non-woven fabrics; garments manufacturing; embroideries and hand-made textiles; carpets and rugs; knitted fabrics; crocheted and knitted fabric products; garments and clothing accessories; as well as non-apparel textiles, such as towels, bed sheets, curtains, woven bags, and tents. 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 medical supplies, such as medical gauzes, cylinders, instruments, needles, adhesive products, diagnostic imaging equipment, testing equipment, cardiology, and kidney dialysis equipment, equipment and supplies for plastic surgery, medical surgical sterilizers, medical x-ray, alpha, beta, and gamma ray equipment, orthopedic and prosthetic appliances, clinical lab diagnostic equipment, clinical laboratory equipment, organ transplant equipment, and consumables for clinical laboratories.

Jordan’s existing pharmaceutical sub-sector comprises more than 108 domestic factories, generating about 8,000 employment opportunities, covering all administrative and technical levels. Combined, its production represented about US$ 880 million in 2014, of which 75% was manufactured for exporting purposes.

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. The pharmaceutical sub-sector in Jordan has benefited from the growth in MENA economies (mainly the Gulf countries) in recent years and is expected to do so in the near future: the growth in these economies has resulted in increased government spending on healthcare. Indeed, one of the main drivers for growth in Jordan’s healthcare sector includes the continuing high-volume medical export’s activity generated by Jordan’s domestic drug manufacturers.
03. Chemicals & Cosmetics

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. Moreover, Jordan’s close proximity to growing Asian markets, its efficient exports 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. For instance, 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.

Investment opportunities also exist for Jordan’s cosmetics sub-sector, mainly due to Jordan’s medical tourism, which generated more than US$ 1.8 billion in 2016 and is expected to continue to grow over the next years due to global ageing and the 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.

04. Plastics & Rubber

Plastics and rubber products are witnessing a growing demand 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.

Products and goods produced by Jordan’s plastics and rubber sub-sector includes tires, coating, tubes, panels, plates, rods, tapes, rolls, hoses, pipes and fittings, health plastic wares, baths and shower baths, sink tubs, house wares and plastic cosmetics, fiber glass products, toys, games and accessories, farm tools, and sponge products.

05. 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.

06. 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 to meet 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).

07. 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.

08. 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, thereby taking into account environmental, health, and safety issues. This sub-sector depends on the introduction and adoption of quality, health, and safety standards improving market access of Jordan’s processed agricultural products. This also requires the adoption of modern technologies in manufacturing to promote modernization and competitiveness of Jordan’s entire agricultural sector. The current dialogue between the GoJ and key players in the agro-processing industry is expected to boost growth and contribute towards increased competitiveness in the near future.

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. Examples include:

- Children’s food production by processing food stuff (e.g. non-manufactured food stuff, vegetables, fruits, and legumes) by composing, freezing, mixing, adding healthy vitamins, and packaging and wrapping them in a specific and confined space.
- The utilization of date palm by-products in the manufacturing of containers and floor mats.
- The production of fruit concentrates (e.g. fruit jam and pickles).

09. Packaging & Paper

Jordan offers a variety of opportunities for manufactures of all types of packaging, paper, cardboard, scrapbook paper, notebooks, and rolls of industrial paper and packaging.
10. Extraction

The mining and extraction sub-sector is considered as one of the key strategic industries in Jordan. It also 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 was considered as a significant supplier of bromine, phosphate rock and phosphate-based fertilizers, and potash to the world. It was 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, pozollanic 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 is Jordan the right location for your next corporate investment?

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.

QUICK FACTS

- **Capital**: Amman
- **Time Zone**: GMT +2
- **Population**: 9.5 million (2016)
- **Currency**: Jordanian Dinar (JOD)
- **Total GDP**: US$38.65 billion (2016)
- **Annual GDP Growth**: 2.0% (2016)
- **Exports**: US$13.58 billion (2016)
- **Imports**: US$21.62 billion (2016)
Sector-Specific Location Advantages

Jordan’s general value proposition for the industrial sector is strong, given Jordan’s strategic location within the MENA region and the variety of FTAs Jordan has signed over the years. Moreover, the country offers certain location advantages with specific relevance to the industrial sector’s investments.

Labor-intensive industrial businesses have an opportunity to gain from Jordan’s demography (with more than 65% of the population aged between 15 and 64, and is expected to growth considerably up to 2040). The population growth represents an opportunity: to enhance investments as it encourages domestic demand for industrial goods and products on the one hand, while providing an increased pool of specialized and affordable labor, on the other hand.

Jordan’s population reached 9.8 million in 2016, of which Jordanian citizens constituted 6.8 million (out of which 1.7 million participated in the labor force). Estimates indicate that Jordan hosts 1.5 million foreign workers while its labor force will grow to 4.25 million in 2040. The Kingdom offers suitable working conditions for Jordanians and foreigners as stipulated in Jordan’s Labor Law. In many industries and types of companies foreign workers are allowed up to 70% of a company’s workforce.

Jordan’s Labor Force Demographics 2016

| The total Population of Jordan | 9,798,000 |
| Population aged 15 and above  | 4,608,000 |
| Economically Active (Labor Force) | 36.0% |
| Employed                        | 30.5%   |
| Unemployed                      | 5.5%    |
| Economically Inactive           | 64%     |

Source: Ministry of labor, 2017

In terms of the average monthly wage, around 55.3% of Jordanian employees receive wages ranging between JOD 300 and 499 per month, equaling approximately US$ 420 to 700.

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In addition, Jordan has a strong, specialized and educated labor force with approximately 120,000 engineers and 40,000 engineering students (mostly in electric, civil, and mechanical engineering). In fact, one in every 65 Jordanians is an engineer while the global average is one out of 200 people\(^5\).

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\(^5\) The Jordan Engineering Association, 2017.
Compared to its regional peers, Jordan’s labor market ranks high in terms of the quality of higher education and on-the-job-training. It ranks first for the availability of scientists and engineers and among the top countries in the world in terms of numbers of engineers, physicians, and nurses per capita.

Jordan offers a regionally competitive environment for innovation, research, and development, which further supports the country’s strong proposition for the industrial sector.

<table>
<thead>
<tr>
<th>Country</th>
<th>Quality of Education System</th>
<th>On-the-Job-Training</th>
<th>Availability of Scientists and Engineers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanon</td>
<td>23</td>
<td>49</td>
<td>13</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>54</td>
<td>54</td>
<td>15</td>
</tr>
<tr>
<td>Jordan</td>
<td>55</td>
<td>55</td>
<td>63</td>
</tr>
<tr>
<td>Cyprus</td>
<td>58</td>
<td>63</td>
<td>33</td>
</tr>
<tr>
<td>Turkey</td>
<td>99</td>
<td>100</td>
<td>49</td>
</tr>
<tr>
<td>Egypt</td>
<td>126</td>
<td>133</td>
<td>55</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Country</th>
<th>University &amp; industry research collaboration</th>
<th>State of cluster development</th>
<th>Scientific &amp; technical articles</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Score (0 to 100)</td>
<td>Global rank (out of 128)</td>
<td>Articles (per billion PPP$ GDP)</td>
</tr>
<tr>
<td>Cyprus</td>
<td>39.2</td>
<td>73</td>
<td>46.7</td>
</tr>
<tr>
<td>Egypt</td>
<td>23.8</td>
<td>121</td>
<td>54.5</td>
</tr>
<tr>
<td>Jordan</td>
<td>47.3</td>
<td>37</td>
<td>54.7</td>
</tr>
<tr>
<td>Lebanon</td>
<td>43.9</td>
<td>48</td>
<td>47.2</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>41.9</td>
<td>54</td>
<td>60.6</td>
</tr>
<tr>
<td>Tunisia</td>
<td>32.8</td>
<td>98</td>
<td>36.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>41.2</td>
<td>60</td>
<td>47.0</td>
</tr>
</tbody>
</table>

Finally, special incentives are offered for industrial investments in a variety of Development Zones and industrial estates distributed across the Kingdom. Exemptions for businesses operating inside Development Zones and free zones include:

- Total income tax exemption in free zones on exports.
- Reduced corporate income tax of 5% in Development Zones.
- Exemptions of customs duties and sales tax.

Moreover, 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.

Testimonials

Pine Tree Co. for Textiles (Nike suppliers)
"We started the manufacturing business in Al Muwaqqar Industrial Estate which is owned by the Jordan Industrial Estates Company (JIEC) because of the favourable investment environment. Jordan has a good supporting infrastructure; human capital is available; the geographic area allows our products to reach out to targeted markets; and we had tax breaks from the government."

Mr. Mu’ath Al Saideh – General Manager

JIC Support Services

JIC provides a host of services geared towards providing investors with a trustworthy sustainable and rewarding environment for their investments.

These services include:

- Providing comprehensive information about investment in the kingdom.
- Providing provisional feasibility studies for potential projects.
- Providing registration, licensing and other services through an accessible Investment Window.
- Regulating incentives and privileges in accordance with the Investment Law.
- Providing after-care services.
- Supporting exports and promoting them to new markets in a bid to gain bigger shares of global markets.

Investment Window – Fast Track

The Investment Window at JIC, or the so called “Fast Track”, empowers local and foreign investors by working to simplify the registration, licensing and procedures of investment projects in various economic activities.

The Investment Window includes commissioners from all government agencies authorized to grant the necessary approvals and licenses and have the authority to deal with the investment projects. Investment Window “Fast Track” services include:
- Providing information and technical advice to investors.
- Registering activities covered by the Investment Window services and granting the necessary licenses to operate its various activities.
- Granting of sectoral and environmental approvals.
- Facilitating regulatory approvals (construction licenses, work permits, vocational licenses).
- Issuance of the investor card, recruitment and use of foreign labor, visas and residence approvals and certain private approvals.

License guide for investment projects
The Investment Window provides a license guide. This comprehensive guide includes procedures for investment projects, starting from registration to obtaining organizational and sectorial approvals and licenses. Additionally, the License Guide offers Information on how to qualify for investment incentives as stipulated in the investment law.

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