



TRADE POLICY REVIEW

REPORT BY

JORDAN

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Jordan is attached.

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1 INTRODUCTION

1.1. During the review period, Jordan has made significant efforts in implementing trade-economic policies to promote economic growth, attract foreign investment, and enhance its position in the global market, capitalizing on a relatively well-developed infrastructure and a strategic geographic location. Jordan has maintained its resilience in spite of the multiple exogenous shocks, the country has faced for over a decade. These include the Arab Spring, the rise of terrorism in the region, the Syrian crisis and the overwhelming refugee influx, closure of border crossings with Syria and Iraq, COVID-19 pandemic, and most recently the impacts of the Russian Federation-Ukraine crisis, particularly the disruption of supply chains and increased inflationary pressures.

1.2. Notably, the gross domestic product (GDP) experienced a real growth rate of 2.8% for the first quarter of 2020. During the year 2022, the external sector demonstrated robust performance, surpassing expectations in various indicators, most notably in tourism income, which witnessed remarkable growth of 110.5%, surpassing pre-pandemic levels. Goods exports also thrived, expanding by 33.8%. Collectively, these positive developments contributed to mitigating the escalation of the current account deficit, primarily driven by the increased cost of imports due to rising commodity and global oil prices. Moreover, the overall fiscal deficit, excluding external grants, decreased by 0.8 percentage points, amounting to 4.6% of the GDP.

1.3. During the review period, Jordan increased domestic revenues and grants by, *inter alia*, broadening the tax base and reducing tax evasion. This, together with measures to contain non-priority expenditures, has created space for increased social spending and a strong rebound in capital spending during the pandemic. Jordan's public debt is sustainable and is expected to be reduced to below 80% of GDP by 2027. The structure of its foreign and domestic debt, about half of the total each, is also considered as favorable. Government of Jordan (GoJ) has been implementing critical fiscal structural reforms. In January 2022, the Cabinet approved a major customs reform which simplified and unified the tariff system by reducing the number of tariff brackets from 16 MFN rates and 31 bound rates to just four (three after 2028).

1.4. Jordan's peg to the US dollar, backed by adequate international reserves (USD 17.3 billion in 2022), has served as an effective anchor for macroeconomic stability including through the pandemic. The Central Bank of Jordan (CBJ) has strengthened its prudential supervision of the financial sector, the banking sector has remained healthy.

1.5. The aggregate volume of Foreign Direct Investment (FDI) in Jordan exhibiting an impressive growth rate of over 82% when compared to the levels recorded during the COVID-19 period and the preceding year. The volume of total investments benefiting from the Investment Environment Law has exhibited a substantial increase during the first quarter of the current year, soaring by 49.1%.

1.6. Despite the high inflation rates recorded globally and, in the region, Jordan has maintained a relatively low inflation rate compared to other countries. The inflation rate, as measured by the Consumer Price Index (CPI), averaged 1.9% between 2016 and 2022, and it reached only 1.17% in the first half of 2023. The GoJ has limited the impact on consumers of rising fuel and food prices resulting from geopolitical developments. Jordan's strategic wheat reserves, at 12 months, have so far avoided the need to import wheat at elevated prices. Moreover, Jordan's long-term stable-price import contracts for gas used in electricity generation have also helped to contain inflation, and the authorities re-introduced blanket fuel subsidies in February 2022, reversing a decade-old reform, to mitigate passthrough to households. For 2023, the estimated average inflation rate is 3.0%.

1.7. According to the World Bank's (WB) food security report, Jordan stands out as the least affected Arab country by food price inflation, which recorded 3.5% increase. Jordan has placed significant emphasis on ensuring food security, as evident from the recent launch of the National Food Security Strategy (2021-30) and the National Plan for Sustainable Agriculture (2022-25) in the year 2021. These strategic initiatives align with the directives of His Majesty King Abdullah, aiming to position Jordan as a regional hub for food security, thereby underscoring Jordan's commitment to fostering resilience in its food sector.

1.8. Jordan has also been recognized for its strong export-oriented industries, such as textiles, fertilizers, detergents, sterilizers and pharmaceuticals. It has capitalized on the challenges and seized opportunities in the form of development of new industries. One important development is

the addition of approximately 100 new production lines in national industries, spanning diverse sectors including food and medical supplies, in response to the COVID-19 crisis. Notably, Jordan's industries have also contributed significantly to the global fight against the pandemic by exporting around 50 million masks, 300,000 medical bibs, and 100,000 medical labels to countries worldwide. These endeavors have showcased Jordan's resilience and adaptability in transforming challenges into opportunities for economic growth and global contribution.

1.9. Jordan continued its contribution to addressing other global challenges, for example the Climate change. Jordan has taken steps to address the challenges by ratifying the Paris Agreement and increasing its conditional greenhouse gas emissions reduction target from 14% to 31% by 2030. Notable initiatives include the endorsement of the "National Policy for Climate Change in Jordan for the years (2022-2050)," which aims to mitigate the consequences of climate change by curbing greenhouse gas emissions in all economic sectors and adapting to the impacts on critical resources like agriculture and water. This policy aligns with global efforts for climate stability and sustainable development, strengthening Jordan's resilience against climate change challenges.

1.10. According to UN-backed report, Jordan is among the countries making progress in achieving goals related to carbon dioxide (CO₂) emissions per capita by 2030. The report ranks Jordan 62nd out of 180 countries in the "flourishing index 0.75" and 87th in the sustainability rank.

1.11. Jordan's reform efforts have been recognized by the international institutions. It is considered as one of the freest economies in the Middle East and North Africa region.

1.12. Jordan has made significant strides in improving its business climate, earning a spot among the top 10 global improvers in the World Bank's 2020 business rankings. The country's first-time classification as a top business climate reformer in the MENA region is attributed to three major reforms: the introduction of a new secured transactions law, amendments to the insolvency law, and the launch of a modern and notice-based collateral registry. The World Bank highlights the government's efforts to promote business activity and attract foreign investment. Notably, Jordan is one of four countries from the MENA region that accounted for almost half of the region's reforms. Jordan experienced a remarkable jump of 29 ranks in the ease of doing business ranking, moving from 104th to 75th place since 2018. This progress is regarded as one of the most significant advancements in the Kingdom's history in terms of improving the ease of doing business. Furthermore, in the "Getting Credit" category of the Doing Business report for 2020, Jordan achieved a notable rank of (4), reflecting the country's improvements in obtaining credit and the legal rights of borrowers and lenders.

1.1 Jordan's Economic Modernization Vision 2030

1.13. During the review period, the (GoJ) has implemented various programs and policies to represent a series of successive and complementary programmes in partnership and broad participation of all parties from the public and private sectors to achieve comprehensive development, sustainable economic growth, and an improved quality of life. The Government announced its Priorities Programme aimed to address challenges and promote economic recovery in the face of the COVID-19 pandemic.

1.14. To complement these efforts, in June 2022, Jordan's Economic Modernization Vision was announced under the patronage of His Majesty King Abdullah II aiming to enhance, over a 10-year period, growth, and quality of life by creating one million new jobs; improving Jordan's ranking on global competitiveness, environment, prosperity, and sustainability indexes; and expanding into high value-added service and industrial sectors. The authorities estimate the investment needed to realize the Vision is JOD 40 billion, 70% of which is expected to come from the private sector, and 30% from the public sector, with donor support. With this, EMV creates new foreign direct investment opportunities in Jordan.

1.15. The vision and its roadmap were developed collaboratively, relying on data-driven and market-driven approaches, analyzing Jordan's competitive position and reviewing national development strategies of peer countries. The roadmap consists of eight engines of economic growth covering 35 main and sub-sectors, with number of initiatives and a clear implementation plan.

1.16. The roadmap emphasizes sectoral linkages, complementary roles of sectors, and shared characteristics to promote integration and maximize synergies. One of the engines focuses on high-value industries, aiming to position Jordan as a regional hub for industry and increase exports of high-quality products. The vision also includes a future strategy for economic growth, targeting emerging sectors with high growth potential and aiming to provide more income opportunities, increase per capita GDP, and enhance Jordan's global competitiveness.

1.17. The Council of Ministers has approved the "Executive Program for the Economic Modernization Vision 2023-2025" to implement the initial phase of the vision. The programme comprises 183 carefully selected initiatives out of approximately 380 to be executed until the end of 2025. It encompasses priority initiatives, projects, policies, and procedures aimed at achieving the Vision's goals by 2033. Notably, the programme takes into account the importance of women's empowerment, with a focus on initiatives expected to directly impact women's empowerment by 72%, complemented by an indirect impact of 28%. Performance and progress will be monitored through the Government Performance and Achievement Follow-up Unit of the Prime Ministry via an electronic system launched in two phases.

1.18. Overall, the Economic Modernization Vision with its three phases, seeks to diversify Jordan's economy and reduce reliance on traditional industries.

2 ECONOMIC DEVELOPMENT:

2.1 Economic growth and environment

2.1. Jordan's economic performance during the period 2016-2022 has been mixed. In 2017, Jordan's GDP growth was 2.5%. However, growth slowed in 2018 and 2019 to 1.9% each year, as the Syrian refugee crisis and regional conflicts weighed on the economy. The Department of Statistics has published the quarterly GDP indicators at constant market prices for the first quarter of 2023. The report indicates that the GDP grew by 2.8% at constant prices compared to the first quarter of 2022. This growth represents an increase of 0.8 percentage points from the previous quarter (fourth quarter of 2022), where the growth rate was 2.0%.

2.2. The COVID-19 pandemic had a significant impact on the Jordanian economy in 2020. GDP growth contracted by 1.6%, the first contraction since 2009. However, the economy rebounded in 2021, growing by 2.2%. Growth in 2022 increase slightly higher, at 2.5%. In the first quarter of 2023 the GDP grew by 2.8% at constant prices compared to the first quarter of 2022. Despite the challenges it has faced, Jordan's economy has shown resilience and has grown in recent years. The outlook for the Jordanian economy is positive.

2.3. Jordan has undergone multiple waves of economic reform since decades, with the primary objective of liberalizing the economy and fostering growth. These reforms encompass various measures such as tariff reduction, trade barrier elimination and attraction of foreign investment. Although these reforms have yielded economic expansion, several challenges remain. One notable challenge pertains to the inadequate emphasis placed on addressing the escalating inequality and generating employment opportunities for Jordan's expanding population, particularly due to the influx of refugees from neighboring countries. Consequently, the current ongoing reform process places significant importance on two key aspects of economic modernization: the promotion of employment and the enhancement of women's economic empowerment.

2.4. The International Monetary Fund (IMF) team and the Jordanian authorities reached a staff-level agreement on the sixth review of the authorities' economic reform programme supported by the EFF arrangement. The completion of this review will bring the total International Monetary Fund (IMF) disbursements since the start of the programme in 2020 to SDR 1,300 million (around USD 1750 million).

2.5. The Central Bank of Jordan (CBJ) demonstrated its recognition of the global economic landscape and its associated inflationary implications. Consequently, it pursued a flexible and responsive monetary policy throughout 2022, aligning itself with international efforts aimed at monetary tightening to uphold monetary and financial stability within the nation. This involved implementing interest rate hikes on its monetary policy instruments on seven separate occasions.

Despite the challenges encountered, the national economy showcased encouraging signs during the same period.

2.6. Meanwhile, the (CBJ) has successfully maintained monetary and financial stability. It remains committed to the peg and has raised policy rates in line with the US Federal Reserve. As a result, inflation has been relatively moderate and has started to decline. The banking system remains well-capitalized and liquid, as also confirmed by the recent Financial System Sustainability Assessment.

2.7. During the period 2016-2022, the (CBJ) also focused on enhancing the resilience and stability of the financial sector by implementing prudential regulations and conducting regular assessments of the banking system. In June 2021, the supervisory responsibilities of the insurance sector were transferred to the CBJ which is to develop a risk-based solvency regime in line with international best practices.

2.8. In response to the profound economic impact wrought by the COVID-19 pandemic, the Hashemite Kingdom of Jordan refrained from implementing protective measures. Nevertheless, the Jordanian government demonstrated a proactive stance by extending aid and support to neighboring countries, with a pronounced emphasis on bolstering the food, sterilizers and detergents. Notably, assistance encompassed the provision of essential sterilization materials and personal protective equipment.

2.9. Additionally, in order to fortify Jordan's economic resilience, the government adopted measures to bolster sectors and enhance production capabilities. The government of Jordan played a pivotal role during this period, enacting a comprehensive set of initiatives to aid businesses, households, and the financial sector. These initiatives encompassed the provision of liquidity support to banks, the facilitation of more lenient loan repayment terms, and the streamlining of credit accessibility. The overarching monetary policy of Jordan during this critical juncture sought to achieve a delicate equilibrium between fostering sustained economic growth and preserving price stability. Simultaneously, due consideration was given to addressing the multifaceted challenges engendered by the pandemic in a judicious and efficacious manner.

2.10. Fitch Ratings has revised its outlook for Jordan's credit rating from negative to stable, signaling the recognition of the Kingdom's considerable advancements in fortifying its financial position and fostering economic recovery in the aftermath of the pandemic. This positive assessment by Fitch underscores the efficacy of Jordan's fiscal policies and indicates confidence in the successful implementation of challenging structural reforms, which have garnered support from the International Monetary Fund (IMF).

2.2 Regional challenges

2.11. The year 2022 witnessed a multitude of risks that significantly impacted the global economy, leading to an unfavorable environment and persistent uncertainty. The gradual relaxation of COVID-19 restrictions coincided with geopolitical tensions stemming from the Russian Federation-Ukrainian conflict, resulting in disruptions within global supply chains, particularly in the vital food and energy sectors. These developments, in conjunction with the economic policies implemented to mitigate the pandemic's repercussions, contributed to the emergence of inflationary pressures that intensified as demand recovered.

2.12. In a region characterized by recent volatility, Jordan has demonstrated exceptional resilience. However, regional conflicts have negatively affected Jordan's ability to conduct business with neighboring countries. Jordan's primary border crossings with Syria and Iraq were closed in 2015. In contrast, the Jordan-Iraq border crossing at Trebil reopened for restricted trade and travellers in August 2020, and the Jordan-Syria border crossing at Nasib-Jaber reopened in August 2021 with full capacity.

2.13. The closure of the Iraqi-Syrian border has significant implications for Jordan's trade and economy, disrupting established trade routes and logistics networks and causing delays, increased costs, and potential trade losses for Jordanian enterprises involved in cross-border trade. This disruption poses a threat to economic growth and job opportunities, particularly in sectors heavily reliant on trade with Iraq and Syria. The border closure is driven by security concerns, aiming to

manage risks and prevent the movement of armed groups and illicit goods, but it is important to consider the humanitarian consequences as it restricts the access of refugees and humanitarian aid. Additionally, the closure disrupts supply chains, leading to delays, higher transportation costs, and possible shortages in the Jordanian market. This decline in trade activity can result in decreased investment, economic contraction, and potential job losses. Jordanian businesses may need to reconsider their trade patterns and explore alternative markets, requiring adjustments in logistics and marketing strategies. The possibility of trade diversion also exists, impacting the competitiveness of Jordanian businesses in the regional market.

2.14. Given the complex nature of these circumstances, it is of paramount importance to consider the specific duration, extent, and underlying reasons for the border closure, as well as the geopolitical and security dynamics prevalent in the region. Such factors intricately shape the consequences for Jordan's trade and economy, warranting careful analysis and strategic considerations.

2.3 Trade performance

2.15. Jordan experienced a notable increase of 28.7% in its foreign trade volume of goods in 2022, reaching a total of USD 38.7 billion. This growth can be attributed to a simultaneous increase in both exports and imports. Consequently, the trade openness ratio rose to 81.5% compared to 65.6% in 2016. This upward trend in the ratio can be attributed to the significant expansion of foreign trade, which outpaced the growth of the GDP. These developments were facilitated by the resurgence of commercial activity and heightened demand.

2.16. In 2022, the trade balance in goods recorded a deficit of USD 14.9 billion, marking a 21.5% increase compared to the level observed in 2016. This escalation can be attributed to the global price surge in crude oil and its derivatives, as well as grain prices. To meet the growing domestic consumption demand, Jordan imported over 2.3 million tonnes of wheat and barley in 2022. The considerable growth in the Kingdom's total exports helped mitigate the impact of increased imports on the trade balance. Furthermore, the export coverage ratio witnessed improvement.

2.17. Since 2016, national exports have surged by 83% to reach USD 12.4 billion in 2022. The primary goods exported by Jordan included fertilizers, potash and phosphates, garments, chemical products, medicinal and pharmaceutical products, as well as vegetables. During the review period 2016-21, the share of chemical products, Jordan's most important export category, significantly increased in total merchandise exports.

2.18. On the import side, Jordan procured goods valued at USD 22.8 billion in 2022, with food, including live animals, accounting for 18.9% of total imports. This was followed by oil and its by-products at 18.2%, as well as machinery, vehicles, motorcycles, electrical appliances, iron and iron products, and plastic.

2.19. Approximately 50% of Jordan's total external trade can be attributed to its trade relations with Arab countries, while the European Union stands as the primary import destination. The Kingdom of Saudi Arabia is the second-largest importer, with imports valued at USD 4.1 billion in 2022. China, the United States, India, and the United Arab Emirates are also significant import partners, each contributing over USD 2.1 billion in imports. Noteworthy export destination for Jordanian products include the United States (USD 2.3 billion). The participation of the Middle East (e.g. the Kingdom of Saudi Arabia and the United Arab Emirates) and the EU-27 as destination of Jordan's total merchandise exports declined over the period, while that of Asia, notably India, and Africa increased.

2.20. Balance-of-payments data indicate that Jordan is a net exporter of services, which is an important source of foreign exchange. During 2016-21, Jordan's surplus in trade in services averaged 1,408 million USD per year. travel (tourism) remains the most important service category, contributing 61.1% of total services exports in 2021, followed by transport with 21.2%. Imports of services are led by transport, accounting for 57.9% of total services imports in 2021.

2.21. The Department of Statistics' monthly report reveals that the total value of exports in the first third of 2023 has surged to USD 3,788.6 million, indicating a notable 4.0% increase when compared to the corresponding period in 2022. Conversely, the value of imports during the same period in

2023 amounted to USD 8,210.3 million, experiencing a slight decline of 0.3% in comparison to the first third of 2022. The trade balance deficit, which denotes the variance between import values and the overall value of exports, stands at USD 4,421.8 million. Encouragingly, this deficit has demonstrated a reduction of 2.7% in the first third of 2023 when contrasted with the equivalent period in 2022.

2.4 Investment and investment policy

2.22. Jordan has implemented various measures to attract direct investment and create a favorable investment regime. The country has undertaken investment reforms and established policies and incentives to encourage both domestic and foreign investment. One of Jordan's top priorities for economic development is the investment regime, and the government actively encourages both domestic and foreign investment as a deliberate policy to advance economic growth.

2.23. In line with its economic modernization vision, Jordan introduced the Investment Law No. 21 of 2022, which aims to provide a supportive environment for existing investments and attract new foreign investments. This law has a significant impact on the country's investment landscape, as it creates a more favorable environment for investors by streamlining the process of setting up and running businesses. It promotes transparency and predictability in the investment process.

2.24. The main characteristics of the law include equal treatment of domestic and foreign investors, freedom of capital movement, guarantees and incentives for investments that contribute to economic growth, job creation, export, knowledge and technology transfer. The law also emphasizes the digitization and automation of processes and services to remove administrative and procedural barriers and encourage investment in strategic projects, innovation, and research.

2.25. The Ministry of Investment (MoIn), established in 2021, serves as the main authority for investment in Jordan. It has the responsibility of attracting, encouraging, and promoting investments while ensuring a sustainable and favorable investment climate. The MoIn implements the country's investment policy, develops strategic plans and programs to support local and foreign investments, and creates an investment map that identifies opportunities in various sectors and regions.

2.26. To facilitate investments, the MoIn promotes investment opportunities, provides information and support services to investors, and addresses any difficulties or obstacles they may face. It issues guidelines for investment and business activities, conducts sectoral and feasibility studies, and oversees the development and regulation of free zones. The MoIn also monitors international investment reports and rankings to enhance Jordan's investment competitiveness and handles grievances or disputes in accordance with applicable laws. Additionally, it prepares reports on the implementation of investment-related plans, strategies, and programs and supervises the work of the Public-Private Partnership Unit.

2.27. The aggregate volume of Foreign Direct Investment (FDI) in Jordan exhibiting an impressive growth rate of over 82% in 2022 when compared to the levels recorded during the COVID-19 period and the preceding year. FDI has emerged as a pivotal driver of Jordan's economic advancement, fostering job creation, facilitating technology transfer, and catalyzing overall economic growth.

2.28. The volume of total investments benefiting from the new Investment Law has contributed to the growth of FDI, which exhibited a substantial increase during the first quarter of the current year, soaring by 49.1%. The law has facilitated 91 investment projects, with an anticipated employment scale of job opportunities. This notable surge in investments showcases the growing trust of investors in the Kingdom's investment environment, underscoring Jordan's allure as a favorable destination for investment and highlighting its appealing prospects for potential investors.

2.29. As of end-2022, there were six free zones and industrial estates in operation within Jordan. The legal and institutional framework for free zones and for industrial estates remained largely unchanged during the review period. Free zones were established to attract foreign investment and to promote export-oriented industries and transit trade, inside which firms benefit from tax incentives, streamlined bureaucratic procedures, and better quality of infrastructure. Also, the Ministry of Investment (MoIn) is working closely with the zone management authorities regarding free zone promotion. Both domestic and foreign firms may apply to operate in the free zones. There are no restrictions on foreigners establishing companies in free zones. Usually, firms operating in

free zones are in the sectors of manufacturing, logistics, pharmaceutical R&D, and business service. Firms operating in free zones enjoy certain incentives such as exemption/reduction of income tax for certain activities, exemption/reduction of the General Sales Tax, discount on land lease and utility cost, and other investment facilitation measures. Land in the free zones may only be leased.

2.30. Jordan offers a range of investment opportunities, particularly in the Aqaba Special Economic Zone Authority (ASEZA). The ASEZA is a designated area aimed at attracting investment and fostering economic growth in various sectors. It provides incentives and benefits to both local and foreign investors, including tax exemptions, simplified administrative procedures, and access to state-of-the-art infrastructure.

2.31. The Aqaba Special Economic Zone (ASEZ) is a strategic global hub located at the convergence of three continents, investors are presented with attractive opportunities in the manufacturing sector within ASEZ. An area of around 1 million square metres can be allocated for investments in industries like food processing, chemicals, garment, and electronics assembly, with an added value of at least 40%. The designated area will be supported by necessary infrastructure to facilitate business setup. The investors are incentivized with a competitive 25-year lease option, starting with a rent-free 5-year grace period, followed by the next 5 years with rent based on JOD 1 per square metre. Subsequently, rent would be increased every 3rd year based on the current inflation rate. Additionally, international flights between Aqaba and Türkiye are set to resume fully, further facilitating business operations.

2.32. Key benefits for investors operating within ASEZ include only 5% income tax on net profits, no foreign equity restrictions, exemption from custom duties, zero income tax on stored transit goods and re-exports, and 40% discounted rates on transit goods handling. Furthermore, there are 50% discount rates on Suez Canal fees for goods shipped to ASEZ and containers exported from ASEZ.

2.33. Other advantages include exemption from sales tax on most goods and services, exemption from social services tax, exemption from annual land and building taxes on utilized property, and exemption from taxes on the distribution of dividends and profits for activities within and outside Jordan. ASEZ also offers various facilities for light/medium manufacturing, warehousing, residential, and commercial uses, and allows up to 70% foreign labour. Residency and labour procedures are streamlined to facilitate business operations in the zone.

2.34. Recently, the Hashemite Kingdom of Jordan has launched a novel investment online platform, accessible through the website www.invest.jo, which showcases a selection of 21 new projects with a cumulative value of nearly USD 41.4 billion. This website has been meticulously designed to serve as an indispensable resource for investors, offering in-depth and comprehensive information on the entire spectrum of available investment opportunities within the country. This user-friendly platform provides detailed insights into various sectors of the economy, encompassing areas such as tourism, renewable energy, information technology, manufacturing, and agriculture, among others. It diligently highlights the vast potential and profitability of investing in Jordan's flourishing economy.

3 SECTORAL DEVELOPMENTS

3.1. In 2022, the growth of economy was primarily propelled by improvements in key indicators within the external sector. Notable contributors to this growth include a substantial increase in tourism income (110.5%), foreign direct investment (82.9%), total exports (32.3%), and remittances from Jordanians working abroad (1.5%).

3.2. The economic expansion witnessed in 2022 can be attributed to advancements across all sectors of the economy. Sectors such as transportation, restaurants and hotels, wholesale and retail trade, and construction played significant roles in driving growth. Manufacturing industries, recognized for their extensive network connections, both direct and indirect, with other sectors, also emerged as a vital contributor. Furthermore, the manufacturing sector holds significance as a labour-intensive industry, providing employment opportunities.

3.1 Industrial sector

3.3. The industrial sector holds a prominent position within the national economy, constituting in average approximately 24% of GDP. Moreover, this sector plays a vital role in generating employment opportunities, accounting for a substantial portion, equivalent to one-quarter, of the country's total workforce.

3.4. The performance of the industrial sector, encompassing both extractive and transformational industries, exhibited notable improvement. In 2022, the sector's contribution to the GDP grew by 12.3% during the period of 2016-22. This growth can be attributed to advancements within the manufacturing industries, which experienced an increase of 8.7% fuelled by rising external demand. Consequently, national exports witnessed a substantial surge of 83.8%.

3.5. Within the extractive industries sector, exports of phosphate and potash recorded remarkable growth rates of 129.7% and 249.3% respectively. These increases were driven by the significant global demand for these materials.

3.6. Mining sector: Jordan's mining sector holds a prominent and influential position on the global stage, with particular emphasis on phosphate and potash extraction. The phosphate mining activities, along with related industries, significantly contribute to the nation's economic growth, as evidenced by phosphate exports constituting approximately 9% of the total exports in 2022. This notable increase of 129.7% compared to 2016 highlights the sector's vitality. Similarly, owing to the substantial worldwide demand for potash, especially in fertilizer production, Jordan's potash industry assumes a crucial role in the country's economic landscape. Remarkably, potash exports accounted for about 13% of the total exports in 2022, displaying an impressive growth rate of 249.3% compared to the previous years.

3.7. The garment and fashion sector: in Jordan plays a crucial role in the country's economy, accounting for USD 2 billion in exports, which is about 27% of the total exports. It employs 2.5% of the labour force, with 69% of the garment workforce being women. The sector experienced significant export growth, particularly due to the free trade agreement with the United States, leading to a projected 30% increase in exports by 2025. Consequently, employment opportunities are estimated to grow by 17% during the same period. Currently, the sector comprises around 1,500 large, SMEs, and micro factories, providing jobs for about 87,000 people.

3.8. Food Products: Within the realm of the industrial sector, the food industry holds a significant position, contributing approximately 27.6% to the Gross Domestic Product (GDP). Notably, it accounts for 17.8% of the sector's total exports, establishing itself as a pivotal subsector within this domain. The food industry in Jordan enjoys a well-established status, bolstered by a rich historical heritage and a commendable reputation. Its success is attributed to the utilization of both domestic and imported raw materials, further enhancing its robustness and sustainability.

3.9. Pharmaceuticals: Within the industrial landscape of Jordan, the pharmaceutical subsector stands as a mid-sized yet highly valuable manufacturing entity. Impressively, this sub-sector contributes significantly, amounting to 10.2% of the manufacturing GDP, and constitutes 9% of the overall manufacturing exports. Demonstrating substantial prowess, the pharmaceutical sector boasts an extensive production capacity, boasting more than 70 production lines. Its business model revolves around branded generics, offering a diverse array of products that adhere to rigorous international standards, solidifying its position as a reliable and quality-driven player in the global market.

3.10. The food supplement market: in Jordan holds a substantial value of USD 35 million, and the national production plays a contributing role amounting to approximately USD 4 million. While its primary focus lies in catering to the Jordanian market, certain companies within the sector also engage in exports, accounting for approximately 25% of their production, targeting neighboring countries and the United States. Within the domain of SMEs in this sector, number of companies are dedicated to producing food supplements essential oils, collectively providing employment opportunities to 78 workers.

3.11. The natural cosmetics sector: in Jordan offers a wide range of body, face, and hair care products, with popular items being Dead Sea products and natural olive oil soaps. An overwhelming

majority, approximately 80%, of the sector's output is destined for international markets. Particularly noteworthy is the Jordanian Dead-Sea-mud cosmetics market, accounting for a substantial 70% share of the country's overall cosmetics exports. Forecasts indicate a positive outlook, projecting a 10.19% CAGR.

3.12. Engineering products: Representing a burgeoning sub-sector in Jordan, engineering products constitute 5.0% of the manufacturing Gross Domestic Product (GDP) and encompass 14.1% of the manufacturing exports. Despite the abundance of engineers from diverse backgrounds, the engineering products sector is still in its developmental stages. Nonetheless, Jordan holds promising prospects in various engineering industries, encompassing heating, ventilation, air conditioning, electric products, and construction materials. The country has successfully expanded its market access to both regional and international arenas, leveraging existing Free Trade Agreements (FTAs) to its advantage. Furthermore, Jordan is witnessing the emergence of a growing base of companies functioning as suppliers to assembling firms, further augmenting the sector's potential for future growth and expansion.

3.13. The Ministry of Industry, Trade, and Supply is presently in the process of devising a new industrial policy that aligns with the Economic Modernization Vision. The central objective of this policy is to foster the comprehensive development of the industrial sector and small and medium enterprises within the industry, with a specific focus on technology as well as increasing value added. Emphasis will also be placed on promoting green industry practices, thereby contributing to environmental sustainability. Furthermore, the policy aims to facilitate the creation of additional job opportunities within the industrial domain, thus bolstering the nation's economic landscape.

3.2 Agriculture

3.14. The agricultural sector holds a significant and strategic position within the national economy, providing value to several interconnected sectors such as transportation, labour, energy, industry, and trade. Over the period of 2016-22, the agricultural sector experienced notable growth, expanding by 13.7%. Consequently, its contribution to the GDP increased, and its relative importance in overall output reached 5.3%.

3.15. Jordan's agricultural sector plays a critical role in ensuring food security, supporting rural livelihoods, and promoting economic diversification. The GoJ recognizes the importance of sustainable agricultural practices, technology adoption, and value chain development to enhance the sector's resilience and its contribution to the overall economy.

3.16. Jordan boasts a commendable level of self-sufficiency in various types of vegetables and fruits, reaching up to 140% in certain items. Jordan has achieved notable levels of self-sufficiency, particularly in the production of vegetables and fruits. Self-sufficiency rates have ranged from 100% to 146% for vegetable crops, including tomatoes, potatoes, peppers, cucumbers, zucchini, onions, cauliflower, eggplant, among others. Additionally, approximately 60% of garlic and 95% of carrots are produced domestically. Moreover, Jordan has demonstrated significant achievements in the production of nuts such as peaches, nectarines, and apricots, with self-sufficiency exceeding 120%. Melons also attain an impressive self-sufficiency rate of 140%. Furthermore, self-sufficiency rates for citrus fruits and bananas stand at 60%, while apples demonstrate 26% self-sufficiency, and olive oil production reaches 110%. In addition, Jordan is renowned for its high-quality olive oil, dates, medicinal herbs, and horticultural products.

3.17. Such commendable achievements have been facilitated by the distinct geographic sub-regions of the Jordan Valley, with its northern part, known as the Ghor, being particularly noteworthy. The Ghor's year-round agricultural climate, fertile soils, and abundant water supply have earned it the title of the food bowl of Jordan, making it a crucial hub for the nation's agricultural productivity.

3.18. Self-sufficiency rates differ across various categories. Poultry achieves a self-sufficiency rate of approximately 100%, while lamb meat reaches 43%, cows 12% and milk 100%. Livestock farming, particularly sheep and goats, also holds significant importance within the agricultural sector,

3.19. As for wheat, Jordan remains a significant importer, unable to achieve a self-sufficiency rate exceeding 2.5%. Consequently, the country's food import bill exceeds USD 4 billion annually. The

production of wheat and barley in Jordan amounts to approximately 20,000 tonnes, predominantly affected by limited rainfall in the southern regions.

3.20. Jordanian olive oil: is exported to Middle Eastern, European, and other international markets. Jordan exports a diverse range of fresh fruits and vegetables, including citrus fruits (such as oranges and mandarins), grapes, tomatoes, cucumbers, eggplants, and peppers. These products are supplied to neighboring countries and markets in the Gulf Cooperation Council (GCC) region. Jordan is a major producer of premium Medjool dates, which are highly sought after. Jordanian Medjool dates are exported to various countries, including the United States, Europe, and Gulf nations. Jordan also exports processed and value-added agricultural products, such as frozen fruits and vegetables, fruit juices, jams, pickles, dried herbs, and spices. Value addition enhances the competitiveness and value of Jordanian agricultural exports.

3.21. Organic Products: Jordan has been actively promoting organic farming practices, with organic agricultural products like fruits, vegetables, and herbs being exported to meet the increasing demand for organic and sustainable products in regional and international markets.

3.22. Agricultural Technology and Research: Jordan has made investments in agricultural research and development to improve crop yields, develop drought-resistant varieties, and introduce advanced farming techniques. The country is home to research institutions and centres focused on agricultural innovation and technology transfer to enhance productivity and sustainability.

3.23. Water scarcity poses a significant challenge to agriculture in Jordan. The government has implemented various measures to efficiently manage water resources, including the adoption of drip irrigation, water conservation techniques, and the promotion of water-saving crops. Additionally, the country has invested in desalination and wastewater treatment to supplement water supplies for agricultural purposes.

3.3 Services sector

3.24. The services sector in Jordan is the most significant contributor to the gross domestic product (GDP), accounting for over 70.0% of its composition. Furthermore, approximately 81.5% of the Jordanian workforce is employed in this sector, particularly in areas such as "public administration, defense, and social insurance" as well as "wholesale and retail trade". The services sector plays a vital role in the economy by establishing crucial linkages with other economic sectors. It is important to note that the continuity and growth of these sectors rely on the services provided by the services sector, encompassing education, health, finance, transportation, tourism, government services, and more.

3.25. Jordan has cultivated a thriving culture of entrepreneurship, evident in the significant achievements of its tech entrepreneurs. Impressively, 27 of the top 100 tech entrepreneurs in the MENA region hail from Jordan, as reported by the World Economic Forum (WEF). Moreover, numerous prominent companies in the region were established and owned by Jordanian entrepreneurs, subsequently being acquired by prominent global corporations. The country's commitment to fostering innovation is further exemplified by the Innovative Startups & SMEs Fund, which has proven instrumental in attracting 11 investment funds to invest in Jordanian entrepreneurial ventures.

3.26. Transportation, storage, and communication: This sector demonstrated notable improvement, with a growth rate of 12.4% in 2022 compared to 2016. This growth can be attributed to advancements in commercial and tourist transportation. The indicators for air transport also displayed positive performance in 2022, with growth rates in the number of passengers and quantities of goods transported of 91.8% and 99.8%, respectively, compared to 2021. The telecommunications sector also witnessed positive performance in 2022, as mobile phone subscriptions increased by 4.8% and the number of subscribers to broadband Internet services rose by 11.4% compared to 2021.

3.27. Financial and insurance services: This sector sustained its positive performance, experiencing growth of 21.7% compared to 2016. Consequently, the sector's contribution to the economy increased. This growth can be attributed to the increase in pre-tax net profits of banks by 8.8% and the expansion of credit facilities granted by banks to the sector by 8.5% compared to 2021.

3.28. Jordan has made noteworthy strides in enhancing financial inclusion, with significant progress observed from 33.1% in 2017 to 50.0% in 2020. Jordan's commitment to financial inclusion extends beyond mere access to basic financial services, encompassing a more comprehensive approach that caters to the needs of citizens, businesses, and small and medium enterprises (SMEs). This includes facilitating various aspects of financial engagement such as saving, payment, borrowing, investing, and insurance, ensuring a more holistic and inclusive financial landscape for all stakeholders.

3.29. Wholesale and retail trade: The performance of this sector continued to improve, with a growth rate of 9.9% compared to 2016. This growth is indicative of the improved demand, as imports increased by 26.7% and total exports rose by 32.3% compared to an increase of 25.0% and 17.8% respectively in 2021. Another positive indicator of the sector's performance is the growth in "general sales tax" proceeds by 3.2%.

3.30. Restaurants and hotels sector: The recovery of the tourism industry in 2022 contributed to the sector's performance improvement, with growth of 12.5% compared to 2016. This improvement can be attributed to the increase in the number of tourists visiting the Kingdom by 114.1% and their increased spending, leading to a growth rate of 110.5% in tourism income.

3.31. The Professional Services sector: in Jordan has recorded noteworthy growth revenues 50% of the total revenues within the sector result from the export of consultancy services from Jordan. The sector's significance lies in its exceptional diversity, boasting the highest rate of female employment among economic activities within the industry and service sectors of Jordan.

4 IMPORTANT DEVELOPMENTS

4.1 Labour market policies

4.1. The amendments made to Labour Law No. 10 of 2023 in the Kingdom of Jordan. These amendments allow the Ministry of Labour to contract with domestic and foreign entities to employ Jordanians and regulate employment and worker recruitment. Notably, gender-based discrimination among workers is strictly prohibited under the new law. Additionally, the law includes provisions to protect pregnant and breastfeeding women, individuals with disabilities, and night workers, ensuring a safe working environment for these groups. The amendments signify Jordan's commitment to promoting an equitable and inclusive workforce and upholding the rights of its labour force.

4.2. Issuing the instructions of the Flexible Employment Regulation for 2018 according to Article No. 13 of the Flexible Employment Regulation No. 22 for 2017, which aims at enhancing the participation in the labour market, especially women, through the activation of the part-time work and minimizing the number of working days and hours, conditional to providing at least 21 working hours per week. The instructions also allowed for remotely work, whether from home or elsewhere, so that the required work can be delivered personally through modern technology applications.

4.3. Approving Flexible Employment Regulation No. 22 of 2017, which allows employees in coordination with the employer to set flexible working hours, in a manner that suits the worker's needs and circumstances and considers the work requirements. Thus, helping to promote the economic participation of many groups in society, especially women, and create a more open working environment for new and pioneer opportunities. This benefits a worker who spent three consecutive years in his/ her job, a worker with family responsibilities, a regular university student worker, and a disabled worker.

4.4. The government has initiated the "National Employment Program 2022" with the primary objective of generating 60,000 job opportunities for Jordanian citizens within private sector establishments. The programme seeks to stimulate the private sector to create sustainable employment prospects by introducing employment windows. It involves direct financial support from the government, providing workers with a monthly wage subsidy of 150 dinars for a period of 6 months, contingent upon the employer and worker entering into a work contract spanning at least one year. To launch and execute the programme, an allocation of 80 million dinars has been earmarked in the general budget for the year 2022. The programme significantly contributes to mitigating the issue of unemployment while fostering a genuine partnership between the public and private sectors.

4.5. The Ministry of Labour has inaugurated the inaugural virtual laboratory in Jordan, representing a significant milestone in capacity-building and the advancement of vocational and technical education and training systems. Recognized as the first virtual electronic training laboratory dedicated to enhancing vocational and technical training programs in the country, this facility plays a crucial role in realizing the objectives of sustainable development. The implementation of virtual reality software within the programme not only cultivates students' skills but also elevates the competence of qualified personnel, thus effectively supplying the labour market with skilled Jordanian workforce and trainers.

4.2 Business environment

4.6. A number of legislations aimed at enhancing the business environment in the Kingdom were adopted:

4.7. Monitoring and Inspection of the Economic Activities Law No. 33 of 2017, which aims at unifying the terms of reference of inspections, and reducing the overlapping and duplication in the power and functions of the officials institutions concerned with the supervision and inspection of economic activities. Thus contributing to the development of the business environment in the Kingdom.

4.8. The government regulators have launched a computerized inspection system with the goal of continuously improving inspection procedures across various sectors. The system aims to provide high-quality inspection services by simplifying processes and reducing the time, effort, and costs associated with controlling and inspecting economic establishments. It utilizes risk analysis and classification to minimize the need for unregulated inspections by regulatory authorities and optimize the use of government resources. The system aims to enhance inspection efficiency, transparency, and clarity for the private sector, leading to increased compliance with legal and technical requirements and improving the competitiveness of businesses in different sectors.

4.9. Issuing the instructions regarding home based business within the municipal areas. These instructions aimed at regulate the practice of occupations enabling informal workers, who practice occupations from home to work formally, reducing the size of the informal economy, and increasing economic participation rates, especially among females.

4.10. Amended Corporate Law No. 34 of 2017, in which the venture capital company was added as a new type of companies that can be established in the Kingdom, in addition to regulating the provisions of these companies. This amendment is expected to encourage the establishment of such companies.

4.11. The Law of Security of Rights in Movable Properties number 20 for the year 2018 (Movable Properties Law), which established a legislative framework for registering and enforcing security interests over movable assets. The law introduced a publicly accessible electronic registry managed by the Directorate of Central Trade Registration at the Ministry of Industry, Trade and Supply ('Registry'), providing creditors with a mechanism to secure priority over movable assets by publishing their claims in the registry. This enhanced system offers future lenders greater security and ease of due diligence, while instilling confidence among lenders with registrable rights over movable assets. The primary objective of the Movable Properties Law is to ensure priority for registered security interests, resulting in significant positive impacts on various industries.

4.12. Approving the Insolvency Law No. 21 for 2018, which will fulfil a number of important requirements that is expected to contribute to improve the economic conditions and the ranking of Jordan in international competitiveness reports, through establishing a legislative framework of a debtor insolvency (whether it is a corporate or an individual), and encouraging the debtor to adjust his financial position, thus enabling him to emerge from the financial insolvency, and providing effective mechanisms for cooperation with debtors and insolvents.

4.13. The Council of Ministers decided to approve the insolvency By-law. 8 for the year 2019, issued in accordance with Article 141 of the Insolvency Law No. 21 of 2018. Under the By-law, a unified electronic record called the "insolvency record" is created in the Companies Control Department, through which data, information, and procedures related to insolvency procedures set forth in law and Bylaw are published. The By-law determines the terms and conditions necessary for licensing and supervising insolvency agents and handling insolvency cases in the absence of funds. According

to this *By-law*, the creditors committee is formed and its functions and conditions are defined, in addition to the sale of movable and immovable funds in the event of liquidation, specifying the selling procedures and determining the criteria for the insolvency agents' fees.

4.14. Simplifying sectoral licences, efforts are currently underway to streamline and expedite the process of commencing business operations for investors and employers within the Jordanian market by eliminating the sectoral licence requirement specifically applicable to the tourism sector. The objective behind this initiative is to significantly reduce administrative procedures and complexities associated with obtaining licences in the tourism domain. This strategic move is aimed at fostering a more investor-friendly environment, facilitating smoother entry and establishment of businesses, and ultimately enhancing the overall business climate in Jordan.

4.15. The Competition Law No. 33 of 2004 in Jordan underwent significant amendments to its provisions in 2023 through Law No. 12 of 2023, giving greater powers to the Competition Directorate under the Ministry of Industry, Trade, and Supply, enhancing the transparency of decision-making, the amendments included new economic standards and indicators in relation to market dominance. Merger control and weak impact agreements, the law also introduced stricter penalties for violations in the market. These amendments reflect Jordan's commitment to fostering a competitive market that encourages innovation and fair business practices.

4.16. Public-private partnerships (PPPs) have assumed a fundamental role in Jordan's comprehensive strategy aimed at attracting private investment, stimulating economic growth, and advancing infrastructure development and public service provisions.

4.17. The Cabinet has granted approval to the draft law concerning Public Private Partnership (PPP) projects for the year 2023. The proposed legislation aims to create an investment-friendly environment by establishing partnerships with the private sector in line with Jordan's Economic Modernization Vision. Its primary objective is to harness the expertise of the private sector in infrastructure, public facilities, and services, thus contributing substantively to the nation's economic growth and social development. The amendments accentuate the importance of inter-ministerial collaboration, streamlining the procedures for feasibility studies and bidding, with particular emphasis on the pivotal role assumed by the Ministry of Investment. Furthermore, the legislation enforces stringent timelines, requiring a response from the government regarding its financial commitment to each project within 30 days. Moreover, all partnership initiatives necessitate financial backing from government agencies, and the draft law facilitates this process by ensuring government funding is secured prior to the commencement of the bidding and implementation phases.

4.3 Government procurement

4.18. Jordan is continuing its efforts in the field of procurement reforms. Launching a new Government Procurement Bylaw No. 8 for the year 2022 and its amendments, which includes:

- Harmonizing procurement procedures in all ministries, government agencies, and institutions; harmonizing procurement procedures pertaining to public works, goods and services by Replacing 56 government procurement systems in one government procurement system.
- Release the Jordanian electronic procurement system (JONEPS) to improve the involvement of both (SMEs) and large companies in government procurement opportunities. JONEPS aims to digitize contract execution and management for all stakeholders involved, including the procuring entity, the requesting entity, and the contractor. By adhering to the contractual requirements, the system facilitates efficient management of implementation and payments throughout the procurement process. This significant advancement is expected to greatly enhance the overall efficiency and transparency of public procurement procedures in Jordan.
- Strengthening decentralization through separating the regulatory activities from operational activities through establishment of the Higher Procurement Commission (Regulatory Commission).

- Introducing new buying methods such as reverse auctions, open and closed framework agreements, according to the best international standards.
- Promoting the application of the concepts of governance, transparency, integrity and corruption reduction.
- Creating a career with regard to the purchasing function by subjecting workers in the field of purchasing and supplies management in the government sector to intensive training.
- Determining a ceiling for the maximum amount of fines resulting from the delay by only 15%.
- Supporting SME's by giving them the opportunity to compete within the government procurement.
- Introducing mechanisms for remedies, complaints, and dispute resolution.

4.4 Women's empowerment

4.19. The Executive Plan for the National Strategy for Women in Jordan for the period 2023-2025 has received official approval. This plan serves as a crucial guiding document for policymakers and donors dedicated to addressing women's issues in the country. It encompasses six fundamental axes, namely: economic empowerment, political empowerment, and participation in decision-making processes, safeguarding human rights, combating violence against women and girls, fostering societal culture, and integrating a gender perspective at the institutional level within both public and private sectors.

4.20. The plan encompasses a total of 50 initiatives and 267 programs and projects, which are scheduled for implementation through collaboration with 76 partners and implementing agencies. These initiatives are geared towards achieving tangible progress and advancements in gender equality and women's empowerment in Jordan over the specified period.

4.21. In terms of legislative developments, amendments to the Labour Law were ratified in 2019, introducing provisions for equal pay, the establishment of childcare centres for workers' children, three days of paternity leave, as well as flexible working arrangements. Additionally, the Maternity Social Protection was introduced in 2020, aimed at empowering working mothers and retaining their participation in the workforce. In 2021, there were amendments to the agricultural workers system, and in 2023, alternative instructions for nurseries were implemented. Furthermore, legislation related to harassment was amended in 2023, removing restrictions on women's employment and working hours in specific occupations.

4.22. The Jordanian government has issued a directive of paramount importance, mandating the establishment of dedicated units within all ministries of the country, aimed at promoting the economic empowerment of women. The primary objectives of this directive encompass bolstering the economic participation of Jordanian women, cultivating an enabling business environment, and effectively advancing the nation's sustainable development goals.

4.23. These specialized units are entrusted with a diverse array of responsibilities, including the development of pertinent policies, vigilantly monitoring international reports, conducting risk analyses, fostering constructive collaborations with stakeholders, identifying and removing impediments, establishing a national platform to disseminate essential economic information pertaining to women, and actively promoting skills development initiatives tailored to women-owned businesses.

4.24. By undertaking this comprehensive approach, the ministry seeks to shatter existing gender barriers, harnessing the untapped potential of women to yield substantial economic gains. The direct affiliation of these units with the respective ministries' secretary generals underscores their pivotal significance in achieving these ambitious objectives.

4.25. In essence, this initiative represents a momentous stride towards fostering an inclusive and gender-responsive approach to policymaking and governance in Jordan. By providing targeted

support and dedicated resources, the government endeavors to create an equitable and enabling environment that will empower women to play a pivotal role in driving the nation's economic progress and sustainable development.

4.26. In accordance with the national strategic objectives aimed at enhancing women's access to leadership roles within both the public and private sectors, as well as complementing the initiatives designed to empower women in alignment with the vision of economic modernization, certain provisions within the Companies Law, specifically Articles 135 and A/151, have undergone revision. These amendments have been introduced to facilitate the representation of women on the boards of directors of public shareholding companies.

5 FOREIGN TRADE POLICY

5.1 Jordan and World Trade Organization (WTO)

5.1. Jordan has been an active Member of the WTO since its accession on 11 April 2000. The country has undergone a rigorous process of aligning its trade policies and regulations with WTO standards, demonstrating its commitment to upholding the principles and participating in the activities of the organization. As a WTO member, Jordan engages in regular trade policy reviews, receives technical assistance and capacity-building support, and actively participates in trade negotiations. Jordan has also endeavored to harmonize its technical standards and regulations with international norms. Its WTO membership has played a pivotal role in shaping its trade policies, fostering transparency, and facilitating integration into the global economy.

5.2. Furthermore, Jordan is a signatory to the Information Technology Agreement (ITA) under the WTO. This agreement allows Jordan to eliminate tariffs on a wide range of IT products, thereby promoting market access, encouraging the growth of the IT sector, and facilitating trade in IT goods. Being part of the ITA enables Jordanian firms to actively participate in global supply chains, collaborate with other ITA participants, and provide consumers with access to technology at more affordable prices. Jordan's engagement in the ITA underscores its dedication to fostering an open trade environment for IT products, thereby contributing to the development and competitiveness of the IT sector within the country.

5.3. During the review period, the Hashemite Kingdom of Jordan exhibited a steadfast commitment to its open market and liberal trade policies, refraining from imposing any protective measures, despite the significant challenges and disruptions experienced globally due to the COVID-19 crisis, including the closure of borders. Jordan's proactive approach entailed providing essential sterilizers, safety materials, and personal protective equipment to neighboring countries and international organizations. Additionally, Jordan implemented national programs aimed at bolstering the resilience of productive sectors in confronting the COVID-19 crisis. This demonstrated the solidity and prudence of the Jordanian economy, affirming its determination to navigate the crisis while upholding its principles of multilateral free trade and international cooperation.

5.4. In a move to adhere to its international commitments within the framework of the World Trade Organization, Jordan opted to terminate the regulation exempting profits from goods and services exports from income tax for the year 2016. Consequently, the Industry Support and Development Fund Regulation No. (45) for the year 2022 was established in collaboration with the World Bank. This fund serves as a strategic initiative aimed at bolstering investments and exports within the manufacturing sector through the modernization and upgrading of industries. Additionally, it aims to foster export development and promotion with full aligned to international commitments while incentivizing companies to excel in areas vital to the sector's growth, such as enhanced climate-responsiveness and increased female employment.

5.5. Trade Facilitation Agreement (TFA): Jordan continues adherence to the principles of WTO Trade Facilitation Agreement (TFA). The Customs Law No. 33 of 2018 and its subsequent amendment, Law No. 10 of 2019, have been enacted to establish comprehensive regulations and procedures governing customs in Jordan. The primary objectives of these laws are to facilitate international trade, ensure adherence to international standards, and safeguard national security and public health. The legislation encompasses various key provisions, including the utilization of advanced information technology, automation, and risk management techniques. It also introduces measures

such as accepting original documents without the need for consular or chamber of commerce attestation.

5.6. Additionally, the legislation reorganizes procedures related to the protection of intellectual property rights. It emphasizes the acceptance of electronic documents by the Department, such as cargo manifests and commercial documents attached to customs declarations. Furthermore, the law provides provisions for the facilitation of trade to entities that comply with its regulations and relevant legislations, as exemplified by the establishment of "golden and silver lists". Moreover, the law includes a provision for the issuance of a regulation governing the transit of hazardous and dual-use goods through Jordan. Notably, the procedures have been simplified, with owners of goods now required to provide a concise statement prior to the arrival of their goods in the Jordan. These legislative measures signify Jordan's commitment to modernizing its customs procedures, enhancing efficiency, and promoting compliance with international standards.

5.7. Jordan Customs has launched the Jordan Trade Facilitation Portal, an online platform aimed at providing traders with access to a comprehensive Trade Facilitation Repository and Detailed Procedures concerning the import, export, and transit of over 70 products. This initiative seeks to improve compliance and reduce transaction delays for traders. Additionally, the portal aligns with the WTO TFA measures and implements best practices and standards, specifically focusing on TFA Arts. 1.1 and 1.2. The establishment of this portal is part of a broader initiative to enhance the Hashemite Kingdom of Jordan's compliance with the WTO TFA and ultimately boost the competitiveness of Jordanian SMEs.

5.8. Tariff reform: The restructuring of the customs tariff, effective from 13 January 2022, has led to a reduction in the number of customs duty categories from 16 to 4. This strategic initiative aims to eliminate distortions in customs tariffs and commercial operations, stimulate commercial trade, and enhance overall efficiency within the national economy. Under the new structure, the applicable categories are as follows: exempt, 5%, 15%, and 25%. It is important to note that goods subject to the tax rates of 15% and 25% are those that have a local equivalent. Furthermore, starting from 1 January 2025, the fees imposed on tariff items falling under the 25% rate will gradually decrease to 20% until 31 December 2026. Subsequently, from 1 January 2027, the fees on tariff items subject to a 20% rate will be further reduced to 15%. Consequently, the fee categories will be consolidated into three categories: exempt, 5%, and 15%. This revised customs tariff structure reflects a commitment to streamlining trade procedures, promoting transparency, and fostering economic growth within the country.

5.9. Ecommerce: In line with WTO negotiations on trade-related aspects of electronic commerce to enabling e-commerce, openness and e-commerce, trust and e-commerce, cross-cutting issues, telecommunications, and market access, Jordan has taken significant steps to boost its digital economy. The Council of Ministers has approved the Jordan National E-Commerce Strategy 2023-25, which aims to create an enabling environment for e-commerce, attract investments and businesses, and offer better income opportunities for Jordanians. Additionally, the strategy seeks to enhance the competitiveness of micro, small, and medium-sized enterprises and their entrepreneurs through e-commerce solutions and modern trading technologies, both locally and globally. Implemented over three stages within a 10-year timeframe, aligned with Jordan's Economic Modernization Vision, the first stage (2023-25) focuses on establishing a national mechanism for e-commerce activities and launching pilot projects to enhance competitiveness.

5.10. Jordan supports special and differential treatment provisions to aid developing countries in global trade, emphasizing a fair and balanced outcome for development and economic growth. It aims to strengthen free and fair global trade, fulfilling its commitments as a WTO Member. Jordan seeks additional flexibilities for food security as a net food importer developing country. The successful implementation of the Trade Facilitation Agreement and the Bali Agreement is a priority for Jordan. In services negotiations, Jordan emphasizes harmonizing domestic regulations to improve market access.

5.11. Jordan expresses its appreciation for the outcome of the Twelfth Ministerial Conference, which signifies the endorsement of member states towards the efforts of the WTO and its consensus-based decision-making mechanism. Furthermore, Jordan reiterates its steadfast dedication to actively engage in the ongoing negotiations on diverse matters. Additionally, it is worth noting that Jordan has initiated the ratification process of the fisheries subsidy agreement in adherence to the prevailing regulations and guidelines within the jurisdiction of Jordan.

5.12. Jordan emphasizes the need to ensure that different Joint Statements do not undermine the multilateral trading system and consensus-based decision-making.

5.2 Jordan's export strategy

5.13. As part of its economic modernization vision for the period 2023-25, the Jordanian government has developed a comprehensive national export strategy with ambitious objectives. The primary goal of this strategy is to cultivate a favorable business environment for Jordanian industrial and agricultural goods and services, thereby fostering balanced and stable economic growth.

5.14. The strategy is built upon several pillars, including the identification of productive opportunities and challenges within the industrial sector, the enhancement of export competitiveness and quality, the diversification of the product portfolio for goods and services, and the facilitation of access to non-traditional markets, as well as the exploration of new markets. To achieve the outlined objectives, an action plan comprising more than 100 activities has been devised and is aligned with the key pillars of the national export strategy.

5.15. Jordan's export strategy places a strong emphasis on promoting innovation, providing support to small and medium-sized enterprises (SMEs), and investing in infrastructure to create an enabling environment for businesses. Jordan's export strategy encompasses a range of measures aimed at diversifying exports, enhancing competitiveness, and expanding the country's presence in international markets. These measures include trade agreements, sector-specific strategies, export promotion agencies, export financing and incentives, market diversification, compliance with quality standards, entrepreneurship and innovation support, skills development, and market intelligence.

5.16. Jordan Exports (JE) institution which is established jointly between public and private sectors with the aim of coordinating national export initiatives. JE serves as the overarching organization responsible for designing, developing, and promoting the products (goods and services) of small and medium-sized enterprises (SMEs) in Jordan. By employing innovative and demand-driven approaches, JE empowers and enhances the capabilities of Jordanian companies, accelerates export development, increases export volume, and strengthens Jordan's global connections.

5.17. JE provides various services aimed at supporting development and promotion of SMEs products in foreign markets. Key services offered by JE include Export Readiness Assessment (ERA), which evaluates the preparedness of companies for engaging in exports; Export Market Information, which offers valuable insights into target markets; Export Financing Information, providing guidance on available funding options; Outbound Trade Missions, facilitating business trips for companies in Jordan to explore foreign markets; and Inbound Trade Missions, involving the hosting of foreign delegations and arranging meetings with local businesses.

5.18. Furthermore, JE extends its support through an array of additional services, such as providing information on events, requirements, and registration processes; evaluating the readiness of products or services for export; offering support for promotion, marketing, and related activities; arranging visits to relevant organizations; organizing briefings, business-to-business (B2B) meetings, and side events; providing logistical assistance for inbound and outbound trade missions; offering information on potential funding opportunities; facilitating site visits; providing support regarding event locations; and delivering training and capacity-building programs tailored for Jordanian exporters.

5.19. Through its comprehensive range of services, JE aims to equip Jordanian exporters with the necessary tools, knowledge, and resources to thrive in international markets, contributing to the growth and success of Jordan's export sector.

5.3 Regional and bilateral trade liberalization

5.20. Jordan has actively engaged in a broad spectrum of regional and bilateral trade agreements with the objective of bolstering trade opportunities and attracting foreign investment, as part of its long-standing pursuit of an export-led economic growth strategy. Through effective negotiation and implementation, Jordan has established bilateral Free Trade Agreements (FTAs) with various entities, including GAFTA, the United States, the European Union, Canada, Singapore, and EFTA states. These FTAs have played a pivotal role in granting Jordan privileged market access, reducing

tariffs, eliminating non-tariff barriers, and fostering trade and investment with these esteemed trading partners. Furthermore, Jordan has assumed the role of a signatory to the Agadir Agreement, a regional trade agreement encompassing Jordan, Egypt, Tunisia, and Morocco.

5.21. During the review period, Jordan underwent significant changes in its free trade agreements (FTAs), including the signing of a new Association Agreement with the United Kingdom on 1 May 2021, and the subsequent termination of its Free Trade Agreement (FTA) with Türkiye.

5.22. The decision to simplify rules of origin with the European Union (EU), denoted as No. 1/2018 of the EU-Jordan Association Committee, was officially issued on 4 December 2018, as an amendment to Decision No. 1/2016. It grants more lenient rules of origin to Jordanian products manufactured in all Jordanian territories, encompassing 50 Harmonized System (HS) non-agricultural chapters, allowing access to the EU market for a significant majority of Jordanian products. To qualify, each factory under the decision must employ at least 15% Syrian workers as a proportion of the total workforce. This percentage will remain valid until 31 December 2030.

5.23. In accordance with the strategic vision of the Government of the Hashemite Kingdom of Jordan, which prioritizes enhancing food, health, and agricultural security, as well as fostering integrated industrial projects with various Arab nations, the government has undertaken the proactive initiative of entering into agreements with several Arab countries. The objective behind these agreements is to implement comprehensive measures and strategies to achieve the aforementioned goals effectively.

5.24. The trilateral collaboration between Jordan, Iraq, and Egypt has been established with the overarching objective of attaining success in cost optimization and efficient implementation. This collaboration culminated in the signing of an agreement on industrial integration, which is now in effect across all three nations. The core purpose of this integration is to foster effective cooperation and synergy between the respective industrial sectors of Jordan, Egypt, and Iraq, with the ultimate goal of achieving substantial savings and maximizing efficiency in their industrial endeavors.

5.25. The establishment of the Integrative Industrial Partnership for Sustainable Economic Development among Jordan, the United Arab Emirates, Egypt, and Kingdom of Bahrain. The partnership aims to create synergistic industries, diversify the economy, generate employment opportunities, and leverage the resources and capabilities of the four countries. The collaboration resulted in the signing of agreements for nine projects with an expected total investment of USD 2 billion, creating around 13,000 jobs and a projected gross domestic product return of USD 1.66 billion. The focus is on developing competitive industries, enhancing economic value, and achieving self-sufficiency and security in food and health.

5.26. Jordan maintains the belief that its trade agreements with diverse countries and regional blocs provide Jordanian exporters with favorable access and tariff advantages.

6 TECHNICAL ASSISTANCE NEEDS

6.1. Jordan's commitment to trade liberalization has yielded significant benefits, expanding trade opportunities, attracting foreign investment, and diversifying export markets. Through the reduction of trade barriers and the promotion of economic integration, Jordan aims to enhance its competitiveness, stimulate economic growth, and generate employment opportunities.

6.2. To support its trade-related capacity-building and development efforts, Jordan has identified several technical assistance needs from the WTO. These needs encompass various areas, including:

6.3. Trade Policy Formulation: Jordan seeks technical assistance in developing and formulating trade policies that adhere to WTO rules and regulations. This assistance may involve training and support in trade data analysis, policy research, and the formulation of strategies to enhance trade competitiveness.

6.4. Trade Facilitation: Jordan aims to improve trade facilitation measures by streamlining customs procedures, simplifying documentation requirements, and enhancing border management. Technical assistance from the WTO can help Jordan implement best practices, improve trade logistics, and enhance the efficiency of trade-related infrastructure.

6.5. Trade-related Capacity-Building: Jordan seeks assistance in building its institutional capacity to effectively participate in WTO negotiations and implement WTO agreements. This includes training government officials and stakeholders on WTO rules and procedures, enhancing policy analysis capabilities, and strengthening legal and regulatory frameworks related to trade.

6.6. Agriculture and Food Safety: Given the significance of agriculture in Jordan's economy, technical assistance in the agricultural sector is crucial. Jordan seeks support in areas such as agricultural policy development, market access, food safety standards, and compliance with Sanitary and Phytosanitary (SPS) measures to enhance the competitiveness of its agricultural products.

6.7. Technical Standards and Quality Infrastructure: Jordan aims to align its technical standards and quality infrastructure with international norms and standards to facilitate trade. Technical assistance in areas such as conformity assessment, accreditation, and metrology can help Jordan improve product quality and meet international requirements.

6.8. Trade-related Intellectual Property Rights (TRIPS): Assistance in understanding and implementing intellectual property rights regulations, as stipulated by the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), is essential for Jordan. This may include support in strengthening intellectual property protection, enforcement mechanisms, and promoting innovation and technology transfer.

6.9. Trade in Services and WTO Initiatives: Jordan actively seeks technical assistance to evaluate its potential accession to various WTO member-state initiatives. These include the Domestic Regulation in Services Initiative and the Trade Facilitation for Development Initiative. The objective of seeking accession to these initiatives is to strengthen Jordan's engagement in the multilateral trading system and further facilitate the liberalization of its economy.

6.10. Trade and environment: Jordan is actively pursuing technical support in the area of trade and environment to strengthen the harmonization of its procedures and standards with international norms and foster a deeper comprehension of these matters. The objective is to ensure that trade activities are conducted in a manner that is environmentally sustainable and complies with international standards and obligations. Jordan recognizes the importance of striking a balance between economic growth and environmental conservation, and seeks technical assistance to enhance its capacity in integrating environmental considerations into trade policies and practices. This support will aid Jordan in developing effective strategies for sustainable trade, promoting green growth, and contributing to global efforts in environmental preservation.

6.11. These identified technical assistance needs highlight Jordan's efforts to enhance its trade capacity, promote economic growth, and further integrate into the global trading system. Assistance in these areas will enable Jordan to achieve its trade-related goals and maximize the benefits of its participation in international trade.
