

## A Beacon of Stability

Despite lying at the epicenter of one of the most volatile regions in the world, The Hashemite Kingdom of Jordan is achieving what many other nations strive to – stability

The Hashemite Kingdom of Jordan has long been a beacon of stability in a region on fire, proudly reminding the world of its steadfast welcome for those in need. A symbol of hope for many and a global teacher in the art of compassion, Jordan has welcomed 1.4 million Syrian refugees to

political positioning and nuanced political diplomacy in order to maintain its stability and pro-growth attitude. In fact, it is testament to this resilience that Jordan has achieved moderate economic growth along the way with recent key indicators pointing to a rebound in exports,

supported by structural reforms and fiscal consolidation. These reforms include market liberalization, faster licensing procedures, enhanced investment law, flexibility in the labor market, and a notable reduction in the processing time for exports and imports.



**H.E. Imad Najib Fakhoury**  
Minister of Planning and International Cooperation

fed nine economic clusters that are critical for future growth under Jordan's Vision 2025. These targeted clusters will act as growth enabling catalysts according to the Minister, attracting more investment and "... helping Jordan deal with socio economic development challenges." One key cluster is ICT — not surprising since Amman was recently named one of the top ten destinations to create technology start-ups globally. In fact, twenty Jordanian start-ups in varying fields includ-

### “ Jordan is seriously committed to structural and fiscal reform in order to maintain our macroeconomic stability.”

H.E. Imad Najib Fakhoury, Minister of Planning and International Cooperation

date in a remarkable showcase of tolerance in the face of overwhelming odds. Despite these immediate pressures placed on its social and physical infrastructure, the Kingdom has drawn from its historically firm and determined resilience, unique geo-

remittances, and tourism in the first few months of 2017. Furthermore, real GDP is projected to grow by 2.3% by year's end according to the IMF's 2017 Article IV Mission Report. Over the medium-term, growth is set to accelerate gradually,

### A Clear Vision

Under the careful stewardship of His Majesty King Abdullah II bin Al-Hussein and through the development of a more attractive investment environment in each sector of the economy — Jordan is planning for the future. Imad Najib Fakhoury, the Jordanian Minister of Planning and International Cooperation describes how the country has identi-



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ing e-commerce, content, weather, and gaming were featured during the recent World Economic Forum (WEF) in Jordan.

**Banking on Growth**

The Jordanian banking sector, referred to as an “engine of growth” by Minister of Finance Omar Malhas, has traditionally been resilient with a highly diligent Central Bank at the forefront. According to the Minister, “...if you go back to 2008, our banking system was not impacted by the global financial crisis, unlike other regional banks. The reason is that the Central Bank is tough in implementing strict regulations when it comes to compliance.” More recently, the sector has witnessed substantial results with some stand-out performers. Jordan Islamic Bank (JIB) for instance, now has assets totaling 6.35 billion USD. It has been globally awarded and showered with recognition by magazines such as The Banker for its determined focus on finan-

reflected in a total capital adequacy ratio of 17.7%. During the last four decades, Housing Bank fostered the development of modern banking in corporate, retail, and investment banking, in addition to acting as a major lender to a host of strategic projects implemented by the government and public institutions. Led by the impressive Ihab Saadi as CEO, Housing Bank is a pioneer in financing such mega-projects in Jordan — blazing a trail by enabling key initiatives in sectors such as energy and tourism.

**Exports up Almost 30%**

According to Minister of Industry, Trade and Supply, Yarub F. Qudah, Jordan’s foreign trade policy is built around enhancing market access conditions for Jordanian products. The policy intends to increase and diversify national exports by providing technical support and capacity-building programs under the umbrella of the nation’s Vision 2025.

gion. His company, Classic Fashion Apparel Industry Co. Ltd. is now an undisputed export champion, adding clients to their portfolio such as Gap, American Eagle and JC Penny last year alone. They join an already impressive US customer list that includes Under Armor and Walmart. Kumar believes his company’s ‘secret weapon’ is its tireless focus on value addition. He continues, “We are always making sure that we are ahead of anything our customer needs, serving them on time with the highest quality products on the market and meeting all compliance standards. That is our motto and it has worked very well.” Employing over 20,000 people from around the world but based in Jordan, Classic Fashion Apparel Industry places high value on employee satisfaction — building a state-of-the-art 4,500m<sup>2</sup> indoor sports hall specifically for them, while all employees enjoy meals three times per day. In terms of social responsibility, the company actively engages with the local community by educating 2,500 women. The founder is a firm believer in empowering this communal base as he selflessly reports it is “... their factory as much as mine.”

Part of the Jordanian effort to economically rejuvenate, is boosted by the government’s intelligent focus on the development of strategic industrial estates and Special Economic Zones (SEZs), complete with tempting incentives. This forward-looking approach, has enabled Jordan to compete for world-leading companies. In King Hussein Business Park in the capital city of Amman for instance, the tenant list reads like something straight out of Silicon Valley. Microsoft, Dell, Samsung, Hewlett-Packard, LG and Schneider Electrical sit side by side with regional giants like Arabia Weather.



**Spotlight on Aqaba Container Terminal (ACT)**

**A Transformative Public Private Partnership**

The port of Aqaba, Jordan’s only seaport, was once the Kingdom’s chief inhibitor of trade. Yet with the vision of His Majesty King Abdullah II bin Al-Hussein and the right partner, a miracle was brewing. Upon taking over the management of Aqaba Container Terminal (ACT) in 2004, APM Terminals utilized their global expertise in order to radically transform what was once a stagnant and inefficient port. Within one year of their entry, the port was completely computerized and the anchorage waiting time — once 129 hours — vanished. Average port stays dropped from 8 days to just a few hours and shipping industry players observed a remarkable transformation. Soon after, the port was chosen by Lloyds as one of the 3 best terminals in the Middle East. Today, the port has grown into a mature main-liner facility, playing a fundamental role in the Jordanian and regional economies. APM Terminals, in partnership with Aqaba Development Corporation, have built a high-performance gateway for the Jordanian market, as well as for transit cargo regionally.

**“The ten-year blueprint for economic and social development, Vision 2025, represents a roadmap to achieving economic growth for Jordan.”**

H.E. Yarub F. Qudah, Minister of Industry, Trade and Supply

cial inclusion and their world-leading adherence to Islamic finance and Sharia principles. Furthermore, the bank received an appreciation letter from the International Organization for Standardization (ISO) in Geneva for its participation in social responsibility projects — putting Jordan on the map. Housing Bank for Trade and Finance (Housing Bank), also leads by example within the banking sector. The market leading institution closed 2016 with a net profit of 185 million USD representing an increase of 5.8% on the year before. This further bolstered the bank’s capital generation capacity, which is

Exports from Jordan went up 28.4% year-on-year to 465 JOD million in January of 2017, as sales rose for clothing and accessories (13.1%); pharmaceutical products (116.5%); vegetables and fruits (65.4%) and crude potash (7.4%). Within the apparel sector, the success of one company in particular is a remarkable example of what is possible in Jordan. Sanal Kumar from India, with global management experience in the multi-faceted garment industry, believed in Jordan and concluded that the country’s Free Trade Agreement (FTA) with the United States was second to none in the re-



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# Energy Security and Mineral Resources

## Responsible Natural Resource Management and Energy Security are Paramount to Jordan's Sustainable Future

As global demand for food continues to increase due to soaring population growth, so too does the importance of the Jordanian potash industry. Potash is a necessary ingredient for providing balanced fertilization for soils.

This, coupled with dwindling agricultural space translates into higher demand for fertilizers. Strategically positioned at the convergence of three continents, Jordan produces about 4% of the world's demand for potash, according to the President of Arab Potash, Brent E. Heimann. Employing 2,000 people, Arab Potash places an admirable emphasis on social responsibility and employee personal safety - utilizing their North American style

of management. As a company, "giving back is extremely important for us" explains Heimann. "We operate in Ghor Al-Safi, one of the poorest areas in Jordan and about 40% of our workforce comes from there. Our CSR encompasses all of Jordan but it is heavily focused on that area and we are just finalizing a 2.8 million USD addition to the local hospital and have built three complete schools in the region." The company is gearing up for expansion. Heimann continues: "What helps us in Jordan is our location relative to some of the world's biggest potash consumers like India and China and I think future growth for fertilizers is going to be in sub-Saharan Africa which



we are very well poised to serve."

Over the course of more than half a century, Jordan Petroleum Refinery Co. Ltd. (JPRC) managed to maintain energy security and supply the domestic market with all its petroleum needs. This has saved the Jordanian economy significant amounts of foreign currency.

As Abdel Karim Alawin, CEO of JPRC highlights, the economic and social role that the company has played cannot be overstated. "Since we started production, thousands of Jordanians have been employed by JPRC. Not only are we an employer, but we also train a vast number of individuals and thousands of people passed through JPRC to the

Gulf region." A proponent of the multiplier effect, JPRC contributed to supporting sectors such as electricity, transportation and construction. JPRC has always been an ambitious company and continues in impressive phases of expansion.

Today, in a liberalized market, JPRC remains the sole refinery and is majorly focused on the environment. For two years now, a Sulfur Recovery Plant has been operational, positively contributing to their environmental impact. Since Jordan is one of the poorest countries in the world in terms of water resources, this technologically capable company extensively uses air cooling rather than water cooling.



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## The Nucleus of Investment

Aqaba International Industrial Estate (AIIE) is one of the few regional projects where foreign investors may buy land and register it in the Land Registry

The Aqaba International Industrial Estate (AIIE) managed by PBI Aqaba, has been a magnet for intelligent global investment since commercial operations began in late 2005. The estate is home to an assortment of companies, from metal engineering firms to food producers with over 80 contracts being negotiated thus far. In the past two years alone, PBI Aqaba has marketed over 100,000m<sup>2</sup> of prime investment land, bringing the total marketed area to 800,000m<sup>2</sup>. Sheldon Fink, Chairman and CEO of PBI Aqaba believes that the Industrial Estate's careful planning and strong partnership approach to development, in tandem with the Aqaba Special Economic Zone Authority (ASEZA) has been a definite formula for success.

A success that is clear to see since job creation per dollar spent through PBI Aqaba is unmatched — approaching 400 million USD in total investment and creating 2,500 jobs. Ever ambitious, PBI Aqaba are working toward realizing the goal of 1 billion USD worth of investment attracted by the end of the next decade. In order to reach these heights, Fink explains that the company recently opened an office in Shenzhen, China and has already succeeded in attracting specialist Chinese manufacturers to Aqaba. Situated within the logistics hub of Aqaba, Fink concludes that the business hot-spot is ready to cater for all business types and particularly welcomes interest "...in sectors such as renewable energy (RE), energy efficiency (EE), metals engineering, building and construction efforts, plastics (conversion into products in particular), food processing, high-end garment manufacturers and of course, logistics companies.

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## Opportunities Abound

The Chairman of the Board of Develop Jordan highlights exciting untapped opportunities available now for investors

Jordan has managed to flourish and create a robust environment for investors according to Hamad Kasasbeh. The Chairman of Develop Jordan continues, "Jordan is among the most open economies in the Arab region, with a total of 20 trade agreements in force covering a total of 53 markets. Looking at that by trade as a percentage of GDP, it averaged at 81% during the period 2010- 2016."

Kasasbeh explains that structural reforms have been undertaken to address the imbalances in the economy and that there are several investment opportunities worth billions of dollars available within areas managed by Jordan Free and Development Zones Group. Many such opportunities exist in the renewable energy (RE) and energy efficiency (EE) sectors. Furthermore, they include opportunities sprouting from the Iraq-Jordan pipeline and the solar and wind power schemes nationwide, in addition to the expansion project of the Jordan Petroleum Refinery Company. Analysing the transport sector, potential opportunities include the Jordan Railway Project to connect different



**H.E. Hamad Kasasbeh**  
Chairman of the Board, Develop Jordan

cities nationally as well as developing efficient bus transit operations to link the Kingdom's governorates.

As for the water sector, there is the Red-Dead Water Conveyance Project whilst the tourism sector has plenty of available opportunities. Major attractions around such natural wonders as the Dead Sea are considered relatively underutilized and there is room for many commercial projects to be established to enhance competition and attract more tourists from both the region at large and internationally.

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