

Our World

Jordan

a regional model of development and prosperity

In a region rife with conflict and turmoil, Jordan's stability and progressive domestic agenda has gained influence on the international stage, securing its role as a moderate voice in the Middle East and a valued ally to the West.

Policy analysts have described Jordan as an excellent friend to the United States, and the relationship has only grown stronger as events in the Middle East intensify. The two countries will mark 65 years of diplomatic relations this year, the alliance strengthened with a billion-dollar aid package and U.S. loan guarantees that will allow Jordan to access affordable financing from international capital markets.

"I think that the two countries have a very high level of mutual respect and I think we are closer than ever to creating a status of strategic interdependence at all levels," says Dr. Mohammad Al Momani, Jordan's Minister of State for Media Affairs. "We highly value the support that Jordan gets from the United States, such as the military aid. U.S. officials keep telling us what Jordan means and the value it holds for their country."

Jordan has recently stepped up its presence on the world stage. Its election to the UN Security Council, a post it will hold until December 2015, has allowed Jordan to wield its influence on matters of security and peace in the region and call for greater international support on issues like the rebuilding of Gaza and combating terrorism.

While the kingdom has made its presence felt in the international arena, it has also invigorated forces at home, embarking on an ambitious domestic program of economic and political reforms.

Jordan's 2025 vision is a 10-year economic blueprint aimed at attracting



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Minister of State for Media Affairs

Since King Abdullah's ascension to the throne, he has implemented significant economic reforms to encourage foreign investment and to develop an outward, market-based and globally competitive economy

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more business include new tax incentives and legislation to encourage company start-ups, the privatization of state-owned companies, and government partnerships with the private sector.

Jordan's reigning monarch is leading the effort to bring greater prosperity to the country's citizens. King Abdullah II, a former helicopter pilot who served in the Jordanian military and rose through the ranks to become a major general, recently showed his flair for hands-on leadership when he donned a pilot's uniform to inspire his troops.

"This is a country that is full of ambition – one that has been able to build a successful model when it comes to reform. It has been nurturing and solidifying social and political values of high respect," says Dr. Al-Momani. "We would like the U.S. society and the international community to see the ability of this country to maintain its security and stability, and to build a moderate and progressive reform model despite all the challenges in the Middle East."

Jordan's prime minister – the country's legislative leader – is traditionally appointed by the King. However the incumbent Abdullah Ensour was elected for the first time by parliamentary members in 2013, reflecting a move toward a more advanced democracy. "Continuing to build a gradual, credible political reform model is the true essence of the Jordanian

state; this helps the country to stay immune from regional conflict and turmoil," says Dr. Al Momani.

The country has also instituted reforms that have helped it to pull itself out of an economic crisis that saw double-digit inflation hammer consumers in 2008 and 2009. Efforts to transform the economy to a more market-based and globally competitive economy is setting the country on a path to stronger growth, with the World Bank predicting 3.4% growth predicted this year, up from 3% in 2013.

One of the areas the government will be looking to develop as part of its economic development plan is energy. Unlike its Arab neighbors, Jordan relies

heavily on fuel imports and is exploring renewable resources to supplement its needs. Analysts suggest that sourcing from renewables such as solar and wind can potentially provide 60 times the country's electricity consumption by 2050, adding up to billions in savings while providing thousands of jobs. The government has set a target of obtaining 10% of its energy requirements from renewable resources by 2020.

Tourism, trade, manufacturing, and technology are other sectors Jordan is looking to develop while supporting the backbone of its economy – small and medium-sized enterprises (SMEs). More than 99% of Jordanian companies are SMEs, which account for 40% of the country's GDP and the hiring of 70% of the overall work force.

The country hopes to appeal to foreign investors by capitalizing on its values and geographical location. It has the potential to serve as a regional business hub offering the kind of stable and secure environment currently lacking in some parts of the Middle East.

Dr. Al Momani adds, "The most meaningful way to solve the challenges of the Middle East is through cooperating with a country like Jordan."

Education investments equal 20% of GDP

The King has ordered the government to set out an educational reform plan aimed at positioning Jordan as a science and tech hub

Jordan has made education a top priority in its development plans for the country, and over the past few decades its investment in public education has been reflected in the quality of its institutions and the appeal of its graduates throughout the Middle East.

"Jordan's workforce is demanded in the Gulf as well as in other countries because of the professionalism and level of education that the workforce acquires," says Dr. Mohammad Al Momani, Minister of State for Media Affairs. "Education continues to be one of the most important assets of the country and we are willing to allocate enough resources in order to invest in the education of our people."



Queen Rania has spearheaded efforts to adopt a holistic approach to national education

To ensure that a skilled workforce is able to meet Jordan's ambitious economic and social objectives, the country, as one of the highest spenders on education in the region, is investing more than 20% of its GDP in the sector. Another

key area of Jordan's education policy is accessibility. Education is free for all primary and secondary school students and compulsory for all Jordanian children through the age of 15. More than half of all Jordanians are below the age

of 30, and almost one-third of the population is enrolled in an educational facility. More than 2.5% of the population is studying at a university, a level that is comparable to attendance levels in the U.K.

Over the past decade the focus has been on improving teaching methods, updating and diversifying student programs and expanding the quality and quantity of its higher education institutions in order to keep pace with international standards. Jordan currently has 10 public universities, 20 private universities and 54 community colleges.

Whatever Jordan lacks in natural resources, it is making up for in human resources. Jordan now boasts the highest rate of researchers per capita of the 57 member nations that make up the Organization for Islamic Cooperation (OIC). It also has more than 3,000 researchers per 1 million people, nearly

double the number in Tunisia that is ranked second with 1,588 researchers per million.

Those figures are no surprise as Jordan moves to position itself as the science and technology research hub of the Middle East. Despite strained resources, the country has developed a national curriculum that serves as a model for other countries. The Jordanian Ministry of Education is making it mandatory for students to be computer literate to be able to apply their IT knowledge to their other courses, particularly science and math. Jordan's higher education initiatives have seen enrollment climb particularly among women who now make up more than half of the university population. The country's reputation for quality has attracted 28,000 foreign students from all over the world.

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created the Scientific Research Support Fund to finance projects that reflect national priorities, and offer grants to outstanding graduates and students.

"In order to meet our goals for comprehensive development it is vital to provide an academic and social environment that supports creativity, excellence, innovation in order for Jordan to assume a position that is consistent with its status and strategic location," says Dr. Al Momani.

reform spells resilience for economy

A succesful combination of political and fiscal reform has helped to offset the impact of external pressures, the kingdom’s widening trade deficit, its dependence on energy imports and a double-digit unemployment rate, as well as to weather its own Arab Spring

Political stability has always been a key strength of Jordan, but in recent years the coun- try has been hit hard by the in- creased turmoil in the region. To invigorate a sluggish econ- omy and improve the lives of Jordanians, King Abdullah II has implemented a 10-year economic blueprint built on existing reforms to steer the country toward long-term stability and prosperity. Challenges are formidable: the country’s widening trade deficit, its dependence on energy imports, and a dou- ble-digit unemployment rate have been exacerbated by the adverse affects of war and po- litical turmoil in neighboring countries.

However, Jordan’s econo- my has proven to be resilient thanks to a combination of political reforms and fiscal policy changes to promote social inclusion and sustain- able economic growth, -be- lieves Minister of Finance Dr. Umayya Toukan.

Those changes helped Jordan in part to weather its own Arab Spring movement in 2011, when demonstrations were taking place across the country for higher wages and better benefits. “During that period we had to maintain a social balance and accommo-

date those demands, which made the budget deficit a real issue. We had to borrow to fund this deficit and our debt went up more than we would have liked,” says the minister.

Jordan has been successful at staving off the kind of ex- tremism that has swept other Arab nations by handling so- cial unrest professionally and instituting social reforms such as the right to free expression and assembly, which are still banned in other Arab coun- tries.

“Our parliament is a very active parliament, we have opposition and they are highly critical at times. We also have an active media as well as rule of law,” says Dr. Toukan. “If you believe that you can get fair treatment through the law, then you will not become an extremist. People become extremists if they feel mar- ginalized, excluded from the mainstream, or if they are not allowed to say what they want. The King is very open and encourages dialogue with everyone.”

Hurdles

There are plenty of pressing issues on the government’s agenda. Energy security has been particularly hard hit by volatility in the region. -Re- peated sabotage of the Arab Gas Pipeline in the Sinai Pen- insula have disrupted natural gas flows from Egypt, forcing suppliers to revert to expen- sive energy substitutes. The rise of militant groups has also fueled political instability in the Middle East, weakening foreign investment and dam- aging tourism; civil war in neighboring Syria has driven more than a million refugees into the country, straining al- ready limited resources.

These difficulties are- re- flected in Jordan’s balance sheets. Public debt rose from 65% of GDP to more than 75% of GDP in 2012, the budget deficit widened from 10.2% of GDP in 2011 to 15.2% in

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Governor of the Central Bank

2012, before shrinking in 2013 and 2014. Economic growth slowed to an average of 2.6% between 2010 and 2013, com- pared to an average of 6.5% over the previous decade. There were signs of recov- ery in 2014, with economic growth of 3%, although un- employment still lingered at rates above average compared to the rest of the region.

10-year plan

Jordan’s 10-year economic plan is aimed at addressing its fiscal challenges while making its economy resistant to external pressures. Policy changes introduced by the Central Bank of Jordan have been credited for making some headway in tackling these issues.

“We view Vision 2025 as a unique opportunity to con- solidate proposed policies and best practices within an overarching macroeconomic

framework,” says Dr. Ziad Fariz, Governor of the Cen- tral Bank of Jordan (CBJ). “The strategy aims to build synergies and to avoid dupli- cation. It is based on recent studies of various sectors, including water and energy, and is being developed in coordination with the World Bank, which is working to identify the constraints that inhibit growth.”

The Jordanian plan focuses on fiscal consolidation and reducing public sector financ- ing and public debt, while balancing the needs of Jorda- nians and mitigating the risk of a recession.

The elimination of gener- alized fuel subsidies, replac- ing them with targeted cash transfers to vulnerable parts of the population, thus -en- suring support for those who really need it, is one of the measures that has proven to be very effective

Jordan was the first among the MENA (Middle East and North Africa) countries to implement such a measure and it had a dramatic impact. The fiscal deficit dropped from 8.2% of GDP in 2012 to 5.5% in 2013, and continued decline in 2014.

The government is also moving to balance the cost of electricity and water by grad- ually reducing the subsidies it provides, which keep prices artificially low.

The stability of Jordan’s cur- rency is a critical component to its fiscal plan. “Monetary stability remains the CBJ’s most fundamental objec- tive, with a stability-oriented strategy geared toward mod- erating inflation, maintaining exchange rate stability, and global competitiveness,” says Dr. Fariz. “The CBJ plays a

critical role in enhancing the investment environment in Jordan by maintaining mon- etary and banking stability, which by reinforcing the do- mestic economy are key fac- tors in attracting domestic and foreign investment.”

Banking

With 26 banks in operation, Jordan’s banking sector is one of the most crowded in the world. Despite the number of players, the sector is perform- ing well partly due to a mon- etary policy framework that is geared toward giving its financial institutions greater flexibility.

The CBJ has introduced a set of new instruments, -in- cluding weekly repurchase agreements through auctions to manage liquidity and to guide interests in the inter- bank market. The central bank also has incorporated outright open-market opera- tions that enable it to buy and sell government securities in the secondary market with

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the aim of managing liquidity to meet market conditions. In addition, the CBJ has allowed banks, at their discretion, to conduct currency swaps with the CBJ to provide the neces-

sary cash flow to meet local lending needs.

The new monetary frame- work has helped the Jordanian economy withstand several nominal shocks and sustained the objective of price and fi- nancial stability. After a severe decline in official foreign -re- serves due to regional uncer- tainty, foreign reserves have been replenished to a comfort- able level, reaching in excess of \$14 billion in 2014 compared to \$6.6 billion in 2012.

Keeping prices and infla- tion in check requires contin- ued vigilance. To this effect the CBJ is monitoring macro- economic developments and reviews its interest rate policy regularly. The CBJ also keeps a close eye on credit growth rates and changes in assets and savings.

Energy sufficiency

One of the priorities the gov- ernment is undertaking is to reduce its dependence on en- ergy imports, which is one of the factors driving costs and gobbling up as much as 40% of its GDP.

Jordan currently imports more than 90% of its energy needs and recent develop- ments have only heightened concerns about the sector’s vulnerability, and the need to alleviate runaway energy costs. Efforts are underway to explore the feasibility of tapping the country’s own oil shale deposits and transi- tioning to alternative energy resources, including nuclear, solar and wind.

The government set some ambitious goals when it un- veiled its master energy plan. By 2020, 30% of all house- holds are expected to be equipped with solar water heating units, and 7% of its

U.S.-Jordan alliance 65 years strong in 2015

The U.S. is assising Jordan in its vision to develop thriving tourism, hi-tech, and SME sectors and was a strong supporter of the kingdom’s historic accession to the U.N. Security Council in 2014

Diplomatic rela- tions between Jordan and the U.S. were estab- lished on January 31, 1949. Three years later, Point IV of Presi- dent Truman’s foreign policy came into being, paving the way for the Jordan-U.S. part- nership for economic -de- velopment. When USAID evolved in the 1960s, this partnership grew exponen- tially and today USAID proj- ects in Jordan represent the largest per-capita U.S. assis- tance program in the world.

During the 1990s, -eco- nomic interdependence blos- somed as ties between the two nations were wrought tighter, leading in to the Jordan-U.S. Bilateral Invest- ment Treaty in 1997, and eventually to the 1999 Free Trade Agreement (FTA) – the first the U.S. signed with a Middle Eastern nation. Since then, King Abdullah II’s wide-ranging economic and political reform program has bolstered Jordan’s position as the United States’ key ally in the region, with shared for- eign policy agenda and inter- twined economic interests.

Due to its geo-political lo- cation and moderate stance in the region – Jordan recog- nizes Israel and retains a key



King Abdullah met with U.S. Secretary of State John Kerry at Al Husaineya Palace, Amman, in november 2014

role in advancing the two- state solution – U.S. military and financial aid has never been lacking; the U.S. has long viewed the kingdom as the natural peace-broker in the region. Jordan adminis- tered the West Bank until the 1967 Six-Day War, and last year announced its involve- ment in an initiative to form a proposed three-nation economic federation with Israel and Palestine, a topic that was first mooted during peace talks chaired by U.S. Secretary of State John Kerry.

Jordan has also played an active role in training and equipping Syrian anti-gov- ernment forces and Iraqi counter-terrorism troops. In January 2014, the kingdom began a two-year term as a non-permanent member of the UN Security Council.

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As the civil war in Syria escalated, King Abdullah was the first regional leader to call for Syrian President Bashar al-Assad to step down. Jordan has played an important role in sheltering refugees from the conflict. The UN estimates that this influx of Syrian immigrants cost the Jordanian state cof- fers \$3.2 billion in 2014.

Historically, Jordan has ac- ted as a haven for those fleeing conflict, and currently hosts

2 million Palestinians, ac- cording to UNWRA figures, more than any other country. Jordan has provided the vast majority of these refugees with full citizenship, as well as funding 173 schools and 23 primary health care centers.

“Jordan’s relationship with the U.S. is truly a special one, which I always take great care to remind people goes beyond friendship. It is a true partnership. The shared common interests that we have and the common chal- lenges that we face have molded a relationship that is more than 60 years old and continues to grow stronger by the day,” says Minister of Foreign Affairs Nasser Judeh.

Some \$12 billion of fore- gin direct investment (FDI) in Jordan has come from the U.S., a direct result of the FTA, under which there are several understandings -in- cluding an open-skies civil aviation agreement, a bilater- al investment treaty, a science and technology cooperation agreement, and a memoran- dum of understanding on nuclear energy cooperation.

“I think the FTA has done wonders for both our econo- mies. But even taking that into account, it’s still not utilized to its maximum potential,” says Mohammed Bataineh, Chairman of the American Chamber of Commerce in Jordan. “Although the FTA has increased the volume of bilateral trade 600-fold, it’s ac- tually raised from somewhere in the neighborhood of \$330 million to over \$2 billion in volume and is responsible for about 60–70,000 jobs. But, we feel that the potential is still there and it is much bigger than that.”

Total U.S. exports to Jor- dan are forecast at \$3.2 bil- lion in 2015, while Jordan’s exports to the U.S. are ex- pected to reach \$3.6 billion by the end of the decade. Meanwhile, USAID has been active in providing development assistance in infrastructure, public health, water supply, education, agriculture and assistance with refugee placement. Under the Millennium Chal-

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United States Agency for
international Development

standing, which was re- newed in 2014 alongside a loan guarantee scheme. President Obama visited Jordan in May 2013 and in February 2014 he and King Abdullah met to discuss the Syria situation, as well as diplomatic and trade ties; King Abdullah made two visits to the White House last year where the renewal of the memorandum and other issues concerning US cooperation were discussed.

In 2013 and 2014, the U.S. signed off on \$2.25 billion in loan guarantees, allowing Jordan access to affordable financing from international capital markets. The U.S. has also backed the Jordan Com- petitiveness Program, a \$45 million scheme to attract \$700 million in FDI and cre- ate 40,000 jobs over the next five years.

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nASSeR JUDeH,
Minister of Foreign Affairs

energy needs will come from renewable sources, resulting in 20% savings to the country's energy bill. Jordan plans to construct two nuclear reactors by 2022 that will provide 60% of its energy supply by 2035.

The 2012 Energy and Energy Efficiency Law passed in 2012 was one way to encourage private and foreign investors to help fund public work projects in this sector and drive much needed job growth. With unemployment among the country's youth at 30%, authorities are stepping up efforts to address skill mismatches, a key factor behind the country's high unemployment. Jordan has been updating its student programs, to align education curriculums with private sector needs and implementing more training programs to equip the unemployed with the necessary skills demanded in the modern market.

Mineral resources

Jordan has few natural resources. But it does have one in the Dead Sea, from which it mines potassium chloride used in fertilizer.

The mineral has spawned one of the country's largest and most successful industries. The Arab Potash Company, with its 2,000-strong workforce, has helped to make Jordan the eighth-largest producer of potash in the world and the only one in the Middle East.

"The potash business is unique. There are only about 13 countries that produce potash. There are high barriers to entry because it typically involves mining underground," says Brent Heimann, General Manager of the Arab Potash Company.

The industrial sector like the rest of the country is looking for ways to control expenses, and high-energy costs are inhibiting the company's ability to expand. High tax royalties are another factor stymieing growth.

"In light of this, the first thing we did was securing a gas deal with Noble Energy. It is a 15-year deal that should significantly reduce our energy cost. There is also the new dam that we are building to help decrease our water cost, along with a number of other initiatives to lower operational cost," says Mr. Heimann.

The company's Aqaba warehouse will help position itself as one of the biggest exporters of potash in the world.

"Nobody else is in the position quite like we are for getting potash to importers cheaper and faster from the Aqaba port. We do a bit of exporting to Europe, but India and China are some of our biggest importers. That is where the population growth is going to be. That is the underlying potential of potash. The future demand is going to be even higher in those markets, and we are well poised to serve them," adds Mr. Heimann.

Other economic growth initiatives include expanding trade, which will support the backbone of Jordan's economy: small and medium-sized enterprises, or SMEs.

The country has historically been a safe haven for migrants from Palestine, Iraq and now Syria. Many brought their savings and used their business know-how to establish small shops and companies. The inflow of immigrants has resulted in more demand for goods and services that feed the demand and supply side of the economy. Jordan is looking to make these businesses more competitive by searching out new markets for their goods.

According to the Jordan Enterprise Development Corporation (JEDCO), a body established by the state in 2006 to help enhance the competitiveness of the nation's enterprises, 99% of all employers are SMEs, and 52% of the private sector workforce makes its living within the SME segment. In addition, SMEs also account for virtually all of the

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Head of the IMF

net new jobs in Jordan, and provide 96% of all goods exported from the country.

A free trade agreement with the United States has helped to make it Jordan's largest trading partner. Jordan's exports to the U.S. have increased by 9.3% from 2012 to 2013. The country also has trade relationships with its neighbors and has been actively pursuing enhanced trade arrangements globally, and is in negotiations with the European Union and Latin American countries for further enhanced trading

Keeping a watchful eye on Jordan's progress is the International Monetary Fund, which has provided financial assistance to the tune of more than \$2 billion. "I am happy to see the good progress made by the authorities in moving forward on the economic reform program under the stand-by arrangement with the IMF," says Christine Lagarde, Managing Director of the IMF. "We want to help the Jordanian authorities take the necessary steps to strengthen the economy and public finances."

Strengthening the economy will have to go hand in hand with protecting the country in the wake of the growing threat from militants and Jordan's role as a coalition partner in the fight against ISIS.

"Our security is number one," said Finance Minister Toukan. "An equally important priority is the social safety net, unless you provide for the neediest in society, the social balance will not be stable. Those are my priorities."

Trilateral cooperation to ease strain on water resources

Jordan, Israel and Palestine are working together on the first ever trilateral project to help combat declining water levels, a result of the influx of Syrian refugees to the kingdom



Around 1.5 million displaced Syrians have taken refuge in Jordan

Jordan has taken in approximately 1.5 million Syrian refugees, who are immediately eligible for relief and services in the refugee camps. These services, though generous, are resulting in an increasing burden on the country's already scarce water supply, as well as on its education and medical resources.

Water is becoming a serious problem in Jordan, where 80% of drinking water comes from limited underground water aquifers. "We do not have more water after hosting six waves of refugees," says Dr. Hazim El Nasser, Jordan's Minister of Water and Irrigation. "Digging more wells would throw our resources out of sustainability. In 10 years' time our aquifers will be empty."

The Red-Dead Sea Water Conveyance Project, a

major undertaking that will employ the cooperation of the Israelis and Palestinians, is one way the country is working to address this issue. The goal of the project is to pass brine water from a desalination plant in the Red Sea to the Dead Sea, where half will be desalinated at a new plant in Aqaba and the remainder will be piped to the Dead Sea to help combat declining water levels.

"We are trying to transcend this challenge into investment opportunities in terms of investment, regional cooperation, and peace building," Dr. El Nasser says, adding, "This was the first trilateral project between Jordanians, Israelis, and Palestinians; we want this project to be successful because if it is, it will be 'the gateway' for regional cooperation among the three partners."

Meanwhile, the country is also dealing with increased costs for education, health and energy. To mitigate the impact of these rising costs, USAID has stepped up its aid efforts. Since financial

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Minister of Water & Irrigation

year 2012, USAID has provided an additional \$300 million in budget support and backed \$2.25 billion in loan guarantees. It has also built schools and renovated hospitals.

Though Jordan faces challenges, the way it is meeting them could be seen as a model among its neighboring nations. The new projects are rife with investment opportunities, and other countries are looking to Jordan as an example in water management.

"Whatever is being done in Jordan, other neighbors want to copy it because we have the same culture, the same language, and the same challenges," Dr. El Nasser remarks.

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a qaba: strategic location with access to market of 1bn consumers

For global investors interested in accessing the regional market, Aqaba offers unparalleled advantages as a springboard thanks to free trade access to more than 1 billion consumers. Investment in the Aqaba region has already reached \$20 billion, far greater than the Aqaba Special Economic Zone Authority’s initial goal of \$6 billion by 2020

Ever since the first traders in the Gulf of Aqaba exchanged goods in the time of the Ancient Egyptians, the eponymous city was destined to become an important regional hub. Taba and Eilat were connected with Aqaba as early as the third millennium BC and the port city in modern-day Jordan flourished. Its importance to the country’s development potential was recognized in 1965 when Jordan and Saudi Arabia negotiated a land swap deal that extended the former’s coastal territory in the south of the country by 11 miles. Today, that pre-scient exchange forms the basis of the Aqaba Special Economic Zone (ASEZ) encompassing both business and leisure on the doorstep of Aqaba, the gateway to one of the region’s most popular

tourist destinations located within easy reach of the World Heritage site of Petra. New developments and mega-projects are mushrooming in the Aqaba area. The real estate and construction sectors have enjoyed 6.3% and 13.1% growth respectively over the past five years, with investment forecast to exceed \$20 billion overall. A similar amount is expected to be generated by ambitious large development projects in leisure, tourism and the domestic housing industry. “People used to say that Lebanon is the Switzerland of the Orient and I can tell you for a fact that it is not Lebanon, it is Jordan,” says Mahmoud Zuaiter, CEO of Jordan Projects for Tourism Development (JPTD), which is the owner, developer and operator of the Tala Bay project in Aqaba. Operational for more than five years, Tala Bay is a fully integrated seaside village that includes real estate, contemporary hotels, a state-of-the-art marina that serves as an international port, and the entire supporting infrastructure for the burgeoning community. Thus far, only 10% of Tala Bay’s 2.7-million square meters has been developed, including 1,200 rooms and commercial enterprises, but Mr. Zuaiter says design and

planning work on a further 2,500 rooms across up to 10 hotels is well underway. Tala Bay already plays host to premier international hotel chains including Radisson Blu and Moevenpick. Mr. Zuaiter attributes the expansion of Jordan’s tourism industry to a boom in the European market among tourists wishing to experience the Middle East’s rich culture. “It is only four hours away,” he says. “Aqaba provides the ideal setting that will potentially lead to growth in the tourism market in Jordan. Instead of having a 14 or 15% contribution [to GDP] from the tourism market, I should think that this will go up to 20% in the coming years. Aqaba is a very important place for Jordan. It is the exit to the sea. It is nicely within proximity to other free countries and we have two other nations that are just a short distance away. All this makes it the ideal location for Jordanian economic growth.” The JPTD’s influence on Aqaba is the natural progression of a multi-sector development that was designed to embrace a wide variety of sectors covering real estate, tourism, industries and services. ASEZ came into being in 2001 and covers 375 square kilometers along Jordan’s Gulf of Aqaba coastline, encompassing high-tech firms, hotels, entertainment, and some of the best diving in the world. It also boasts logistics and distribution facilities, residential complexes and office space. ASEZ’s geographical location at the apex of the Gulf makes it a perfect entry point for access to the entire Middle East and North

Africa and, standing at the confluence of the Levant region, also a major export and logistics center. “The vision was very clear: we needed a hub for the eastern part of the Red Sea and at the same time a gateway for tourism and cultural activities,” says Dr. Hani Mulki, Chief Commissioner of the Aqaba Special Economic Zone Authority (ASEZA). “However, in order for us to do this with the restrictions of a 26 kilometer shoreline there had to be a great deal of prior thinking as to how we allocated different activities to different sites and areas. “Jordan had always been an open economy, but also a heavily regulated one. Over the past 15 years we have accomplished openness in terms of trade and industry, which is the backbone for

promoting investment. We were among the first countries to sign on the Arab Free Trade Greater Area, and we were the first among the Arab countries to go into a partnership with the European Union. We were also the first, and I think the only one, that has free trade with the U.S. Early in the game we joined the WTO. “So we have achieved a movement away from a bureaucratic open-market system to a dynamic open-market system. We have built a model where we have nurtured private-public partnership, as seen in the case of the Aqaba Container Terminal (ACT), full public-sector companies and government-related companies, or government-managed companies like the Aqaba Development Cooperation (ADC).” Part of the efforts of the Jordanian authorities to internationalize Aqaba was a 2003 agreement between ASEZA and the ADC to seek partners to increase the capacity and operational efficiency of the port. There was only one company to approach: APM Terminals, which has operations on five continents and is, in terms of geographical reach, the world’s largest port and terminal operating company. “When we started out in 2004 we got a management contract with the government to prove ourselves, and we finally got a 25-year concession from 2006,” says Jeppe Jensen, CEO of ACT, the company born out of the signing of a joint development agreement between the state-owned ADC and the private multinational



APM Terminals to run the operation as APM Terminals Jordan, which is also responsible for the optimization of the existing infrastructure and future expansion at Aqaba in accordance with ASEZA’s blueprint. “At that time, Aqaba – certainly in terms of its containerization capacity – was basically a small port and what you saw was weeks of congestion outside the terminal, with vessels waiting to berth,” says Mr. Jensen. “Today you have fixed berth-



“People used to say that Lebanon is the Switzerland of the Orient and I can tell you for a fact that it is not Lebanon, it is Jordan”
MAHMOUD ZUAÏTER,
Managing Director, Jordan Projects
for Tourism Development (Tala Bay)





ing windows and it is much more efficient. Back then we were handling around 200,000 to 300,000 TEUs, and we have more than tripled that today. If you look at Jordan, the only entry point is through Aqaba, so everything you buy in the supermarkets and everything that needs to be built goes via the port. Because of this, ACT is a major player when it comes to containerization.”

Although Jordan’s -geographical location oils the machinery of trade, the-re

gion’s volatility can also have a knock-on effect. Trade at the port dropped by around 100,000 TEUs – about 25 to 30% of ACT’s output – in 2014 due to the volume of business Jordan has drummed up in neighboring Syria and Iraq, Mr. Jensen estimates. He notes, however, that domestic demand has offset the decrease and forecasts for 2015 stand at 800,000 TEUs being unloaded at Aqaba.

Sheldon Fink, CEO of PBI Aqaba, says that misconceptions about the realities on

the ground in Jordan have largely been eroded and that there has never been a better time to explore business opportunities in the country. “I have been working in the Middle East for 40 years and in my experience Jordan is one of, if not the, most stable and safest places to work in the region. As far as we are concerned if you want to work in the Middle East this is the place to do it.”

PBI Aqaba is the management company for the Aqaba International Industrial

Estate (AIIE), a state-of-the-art facility for environmentally friendly industries, logistics, storage, and services. Registered in the U.K., PBI Aqaba is a cooperative of U.S., U.K. and Turkish interests, with the backing of Parsons Brinkerhoff International, and operates under a concession contract with affiliated local companies.

Companies that set up in the AIIE, which is located in the ASEZ, enjoy a series of investment incentives put in place by the Jordanian gov-

“Jordan had always been an open economy, but also a heavily regulated one. Over the past 15 years we have accomplished openness in terms of trade and industry, which is the backbone for promoting investment. We were among the first countries to sign on the Arab Free Trade Greater Area, and we were the first among the Arab countries to go into a partnership with the European Union”

DR. HANI MULKI,
Chief Commissioner of the Aqaba
Special economic Zone Authority

ernment, such as a flat 5% income tax on profits and duty-free imports. They also benefit from having King Hussein International Airport on the doorstep.

Unlike many similar projects worldwide, there is no restriction on foreign ownership within the AIIE. Over the past eight years since its inception, AIIE has attracted more than \$200 million in investment and created 1,000 jobs. As Mr. Fink notes, “If we get up to \$400 million we will have 2,500

jobs.” PBI Aqaba’s goal is to reach \$600 million of investment and an occupied area of 1 million square meters.

“Aqaba has a good port and is a good transportation hub for overland travel to Iraq,” says Mr. Fink. “The tax regime is excellent and Jordan has free trade agreements with many countries, considerably more than any country in the region and that is a big incentive we advertise. We market Jordan as a place for selling in the region and for achieving enough industrial added value to be able to market our products as made in Jordan – rather than in China – and to get the trade agreement benefits that will bring. There is a lot of money being pumped into the ports because everybody figured out Jordan could be a hub, but nobody initially realized the potential of turning it into a regional port instead of a port for Jordan. Now that has become apparent, a lot of money is being spent on that.”

Jordan is also investing heavily in its transport infrastructure. In order to attract major international investment, the government is working to develop its infrastructure across the kingdom, including that which will serve major real-estate projects, particularly its transport sector, including the rail system, Amman’s Queen Alia Airport, and the port of Aqaba. On the World Economic Forum’s 2014-15 Global Competitiveness Report, Jordan’s overall transport network scored 4.8 points out of a maximum seven, placing the kingdom 48th out of 144 countries included.

Challenges remain of course; while the well-developed road network formed the backbone of the transport sector’s 12% contribution to annual GDP in 2013, the need to drum up almost \$3 billion in investment to extend the country’s 1,000km of track into

“Aqaba has a good port and is a good transportation hub for overland travel to Iraq. The tax regime is excellent and Jordan has free trade agreements with many countries”

Sheldon Fink,
CEO of PBI Aqaba

an interstate rail network linking Aqaba with Jordan’s neighbors remains a government priority. Plans to ramp up a ferry service under the Arab Bridge Maritime joint venture established between Jordan and Egypt in 1985 are already on the table, which aim to increase the transfer volume of people and goods between the two nations. The concession to operate the Aqaba-Nuweiba ferry line was granted to AB Maritime, which plans to expand its current fleet of seven vessels to meet the growing demand for maritime trade between the regional partners.



“If you look at Jordan, the only entry point is through Aqaba, so everything you buy in the supermarkets and everything that needs to be built goes via the port. Because of this, ACT is a major player when it comes to containerization”

JePpe Jensen,
CEO of Aqaba Container Terminal



Kingdom aims to be energy self-sufficient by 2020

Energy imports are a major factor behind Jordan’s significant trade deficit. With demand for energy set to double by 2020, the government has laid out an ambitious to plan to harness the potential of the kingdom’s solar, shale oil, and nuclear resources

Surrounded by oil-rich nations, Jordan is wealthy in terms of minerals (for example, it is one of just four countries in the world with its own supply of potash), yet it must import most of its energy needs. And with stability in the region in flux, Jordan must seek out new solutions for sourcing power.

The government has developed a strategy to energize its electricity mix through several different avenues, with the aim of turning the country that at one point relied on foreign energy for 97% of its needs into a largely self-sufficient one. 2020 is the deadline for this overhaul.

National Energy Strategy

In 2007, Jordan’s Ministry of Energy and Mineral Resources (MEMR) drafted the National Energy Strategy (NES), which presented a roadmap for Jordan’s energy development through 2020. It calls for major diversification away from imported sources of energy, and recommends the development of domestic oil shale, nuclear power, and renewable energy capacities.

The NES dictates that renewable energy generation reach 7% of the total supply mix by 2015 and 10% by 2020. These targets have naturally attracted attention from renewable energy project developers. More than 60 local and international companies have submitted expressions of interest in establishing solar and wind plants through a direct proposal process that the Renewable Energy and Energy Efficiency Law has opened up.

On the consumption side, efforts are also ongoing to educate consumers and spread the word about the benefits of using renewable energy products. George Hanania, General Manager of Hanania Solar Systems, says, “We are working hand in hand with the Jordan River Foundation to help the Non-Profit Governmental Foundation with the efforts they are taking in conserving energy and the big challenges that Jordan is facing with regards to the energy bill,” he says.

“Hanania Solar Systems will continue to enhance awareness among the local communities in conserving energy and the uses of renewable energy products. Our engineers and technicians will be visiting each community to provide them with solar energy



Jordan is among the world’s top producers of potash, phosphate rock and bromine

awareness and to train them to operate and maintain their solar energy systems.”

Aside from solar, wind is also predicted to be one of Jordan’s key future renewable sources of energy. Negotiations for the kingdom’s first wind farm are in the final stages. The government wants the facility to be generating 600MW by the end of 2015 and for this capacity to have doubled by 2020. At the same time, the government also hopes to see 600MW coming from solar power generation and 50MW through waste-to-energy technology by 2020.

Solar power, naturally

Abundant solar resources (average peak sun hours in Jordan are 5.8, among the highest in the world), a rapidly growing demand for electricity, and energy security issues surrounding natural gas imports are some of the driving factors for growth in the solar energy sector.

In the past years, several significant deals have paved the way for Jordan’s power authority to begin buying solar electricity from the private sector. For example, U.S.-based First Solar and its affiliated Shams Maan Power Generation consortium will provide engineering, procurement and construction services for a

Average peak sun hours in Jordan are 5.8, among the highest in the world, and abundant solar resources along with a rapidly growing demand for electricity and energy security issues surrounding natural gas imports are some of the driving factors for growth in the solar energy sector

52.5MW solar PV facility earmarked for the Maan Development Area. Once completed in 2016, it will be the largest PV facility in the Middle East and could be expanded to produce 100MW.

A second contract has cleared the way for the Jordanian-Spanish-South Korean venture Arabia One for Clean Energy Investments to build a \$30 million solar-run power generation plant. The facility, which is also set to be located in the Maan region, will have a 10MW capacity and is expected to start feeding power into the national grid toward the end of 2015.

Jordan boasts an abundance of local companies active in solar photovoltaic (PV) industry, including Petra Solar, Kawar Energy, Mus-

takbal Clean Tech, Nur Solar Systems, KawKabuna, Hanania Solar Systems, ETA Max, Greenland Alternative Energy, and PanMed Energy.

Among these companies, Hanania is Jordan’s oldest solar system manufacturer and provider. Founded in 1973, Hanania has undertaken major solar housing projects for the public and private sectors in Jordan and abroad, in addition to numerous residential, industrial and commercial customized solar utilizations. The company even won a tender for the delivery and installation of more than 2,000 solar thermosiphon water heating systems in low-income households in various communities in Jordan. The \$1.8 million initiative was funded by the Ministry of Energy and Mineral Resources in cooperation with the Jordan River Foundation.

Jordan is expected to install a total of 298MW of solar PV capacity over the next five years, and the government is planning to build a new high voltage transmission line connecting Jordan’s south with the large electricity consumption in the north. This would allow for another 300MW of solar PV to be connected.

Although this is small compared to other Middle Eastern nations (Jordan consumes one-fifteenth of the electricity that Saudi Arabia does, for example), it could still be seen as an opportunity for industry participants as utility-scale installations will dominate the market, driven by both the government’s direct proposal framework and the Shams Maan project. Additionally, high electricity taxes for commercial users will act as an incentive for users to offset their electricity use through net-metered commercial-scale projects.

One hiccup the industry faces is the fact that the cost to produce electricity from residential systems is significantly larger than the tariff paid by residential customers (90% of which enjoy subsidized electricity rates), which can limit the residential PV market. This is another challenge that will have to be overcome in developing Jordan’s solar energy resource. However, based on the tariff offered in the first round of direct proposals, utility-scale project returns stand to be significant.

An oil shale giant

Oil shale is another significant energy source in Jordan, and one that could potentially lead

to energy self-sufficiency in the nation. According to Jordan’s Natural Resources Authority, the kingdom’s oil shale reserves are the fourth largest in the world. Mohammad Hamed, Minister of Energy, believes that the country’s deposits “offer the potential

Oil shale is another significant energy source in Jordan, and one that could potentially lead to energy self-sufficiency in the nation. According to Jordan’s Natural Resources Authority, the kingdom’s oil shale reserves are the fourth largest in the world

to significantly increase domestic energy resources and reduce the country’s reliance on energy imports.”

According to the National Energy Research Center, near-surface, exploitable reserves are estimated at more than 50 billion metric tons, with extractable crude oil equivalent to about 50 billion barrels of oil. Production of oil from oil shale in Jordan is expected to start in 2018. At first, this will be in small quantities, but it is expected to rise gradually to reach significant quantities by early 2020.

Last year, Jordan signed a \$2 billion agreement with the Saudi Arabian Corporation for Oil Shale, or Sacos, for the right to extract and develop oil shale resources from a 4.2-square mile area of Jordan’s Attarat Umm al-Ghudran region. By 2019, Sacos plans to start producing 3,000 barrels of oil per day from oil shale, with production rising to 30,000 barrels per day in 2025.

In addition, Royal Dutch Shell Plc., through its wholly-owned subsidiary Jordan Oil Shale Company (JOSCO), entered an initial appraisal phase in 2013. If this and the consequent pilot phase are successful, and the project is deemed viable, JOSCO should potentially start production in commercial quantities in the late 2020s.

A good deal of Jordan’s oil shale is expected to be used for electricity production, with plans for an Estonian-Malaysian consortium, Enefit, to build a 460 MW oil shale power plant. “The project is going as scheduled and we are in the process of negotiating the price of electricity

to be sold from the project to the National Electric Power Company,” Mr. Hamed told Jordanian press recently. He added that the government is expected to sign an agreement to build a \$2 billion oil shale-fueled power plant in the next year with a group of Chinese, UAE and Jordanian companies.

Rising import costs

Jordan’s reliance on foreign imports for its energy needs has cost the country increasing amounts of money in recent years. Jordan had previously relied on Egypt for up to 80% of its gas requirements. According to Mr. Hamed, natural gas supply from this neighboring country has completely halted as the pipeline exporting Egypt’s gas to Jordan has been sabotaged several times. After the cut in gas supply, Jordan switched to heavy fuel for power generation, which costs the kingdom about \$7 million per day.

Budget constraints also highlight the need to develop more alternative energy sources, and Jordan is working to meet this challenge. Current losses by the National Electric Power Company (NEPCO) continue to press on the budget, mainly a result of having to buy and import fuel from the open market at a time when prices were high. Finance Minister Dr. Umayya Toukan says the company lost around \$4.9 billion last year, accumulating a total debt of \$7 billion over the past three years. Jordan spends on energy imports the equivalent of more than 20% of GDP.

In recent efforts to procure energy from more reliable sources, in October 2014 Jordan signed a deal with Israel to begin importing 300 million cubic feet of gas per day from Israel’s newly discovered field, Leviathan. This will commence within three years’ time and will continue for 15 years, bringing the total amount of gas imported to 1.6 trillion cubic feet.

Although liquefied natural gas (LNG) is more expensive than natural gas, it is much more affordable than diesel. With work nearly finished on a new \$65 million natural gas import terminal in Aqaba, in January this year, the energy minister announced that Jordan would begin purchasing LNG from Shell in July. The 590 million cubic feet per day will meet approximately a quarter of NEPCO’s daily power needs.

Qa la arrivals jump 9%

Visitor numbers from the West have dropped due to the situation in Iraq and Syria. However Jordan has seen a rise in tourists from within the region itself, and Queen Alia Airport will have capacity for 12 million passengers following a \$100 million expansion

As the first and last thing a visitor generally sees, an airport can be considered a country’s calling card. Queen Alia International Airport (QAIA) has been greeting people to Jordan since 1983, when arrivals, departures and transit passengers in the kingdom had spiked to more than 2 million per year. Originally designed to handle 3.5 million passengers a year, by 2012 an average of 6.2 million were annually passing through the airport. Recently, QAIA made the headlines by registering over 700,000 passengers in August 2014 alone. Airport International Group (AIG), the company that was handed the task of managing QAIA

under a public-private partnership with the Jordanian government, announced year-end figures of 7,089,008 passengers during 2014, a 9% year-on-year increase. Aircraft movements also jumped by 7.6% to 73,125 during the calendar year.

The figures are particularly eye-catching given the socio-political situation in the region as a whole, as AIG CEO Kjeld Binger explains.

“What we are witnessing today is that incoming tourism is decreasing from the Western part of the world, specifically from the U.S. and from Europe,” he says. “This is due, I believe, to some kind of misperception of what is going on. The news headlines talk non-stop about Syria, Lebanon, Iraq, etc. and because Jordan is geographically located in the middle, potential visitors decide not to come here. Nevertheless we have seen a huge influx of tourists from the region. And despite the crisis in Syria and Iraq, we have noticed a massive increase in visitors from the region. In other words, the dif-

ficult political situation has provoked negative as well as positive impact.”

Due to the rise in passenger traffic into the kingdom, AIG was also charged with constructing a brand new passenger terminal at QAIA. After an investment of \$800 million, King Abdullah II officially transferred flight traffic from the old terminal to the new in March 2013. Designed by world-renowned architects Foster & Partners, the new terminal is among the most technologically advanced in the world and has increased QAIA’s capacity to 9 million passengers per year.

In line with the airport’s commitment to environmental standards, ISO-certified QAIA became the second airport in the Middle East to earn the Airport Carbon Accreditation, a voluntary program administered by WSP Environment & Energy that requires applicant airports to meet ISO14064: Greenhouse Gas Accounting.

A second phase of expansion, slated for completion in 2017 and at a cost of more than \$100





“Large oil shale deposits in Jordan offer the potential to significantly increase domestic energy resources and reduce the country’s reliance on energy imports”

MOHAMMED HAMED,
Minister of energy



“JBC is committed to long-term growth and excellence through customer and supplier partnerships, creating value for all. Our shareholder Albemarle Corporation views its partnership with APC as being strategic and further strengthens JBC’s global position as a key bromine producer”

JAMAL A. AL SARAYRAH,
Chairman of Arab Potash Company



“Here in Jordan, our biggest natural resource is actually the Dead Sea, which is full of minerals. The profitable one has turned out to be potassium chloride”

BRENT HEILMANN, General Manager
of Arab Potash Company

Mining for the power and agricultural sectors
With at least 35,000 tons of uranium ore deposits in its territory, it should come as no surprise that Jordan is also taking nuclear energy seriously. While solar and wind, LNG and natural gas will produce a significant share of power and energy each, by 2030, 30% of the kingdom’s electricity could very well be produced by nuclear power plants.

Late last year, Russia-apt proved a draft deal to build a two-unit plant with a total capacity of 2,000MW. The first unit of what will be Jordan’s first nuclear plant should be operational in 2024, the second, in 2026.

While it is estimated that Jordan will be able to export uranium by 2020, for now, the country has set its immediate sights on building a uranium extraction plant and is studying how to recover the heavy metal as a by-product of phosphate production.

Jordan is among the world’s top producers of potash, phosphate rock and bromine, and has also produced significant quantities of calcium carbonate, kaolin, limestone, silica sand and zeolitic tuff. Potash and phosphates are both used in the production of fertilizers – an agricultural booster that is constantly growing demand – and as such are cornerstones of the nation’s economy.

About 95% of global potash production goes into the agricultural sector – namely for fertilizers – which means that nearly every country in the world has a need for it, yet it is something that only Jordan and 11 other countries worldwide produce.

And Jordan is steeped in phosphates as well. More than 60% of the nation’s area has phosphate deposits at minable depth. The kingdom is the world’s sixth largest phosphate rock producer, holding 4% of the global supply, and is its second-largest phosphate exporter. Jordan is also one of the richest sources of potassium on the planet, producing some 2 million tons of potash annually, as well as sodium chloride and bromine from the eastern side of the Dead Sea.

“Here in Jordan, our biggest natural resource is actually the Dead Sea, which is full of minerals,” says Brent Edward Heimann, General Manager of the Arab Potash Company (APC). “The profitable one has turned out to be potassium chloride (KCl), which is used for fertilizer.”

Such abundant resources combined with Jordan’s Red Sea access put it in a prime position to export to Asian countries where demand is growing particularly strong, which means good news

for expanding the country’s potash and phosphate industries.

“Our company has been extracting KCl or potash from

About 95% of global potash production goes into the agricultural sector – namely for fertilizers – which means that nearly every country in the world has a need for it, yet it is something that only Jordan and 11 other countries worldwide produce

the Dead Sea since 1982, and we have grown to produce 2.2 million tons per year, with markets predominantly in Southeast Asia,” says Mr. Heilmann. “We have China, India, Malaysia, Indonesia, and now, we have grown our business in the Middle East. We also have more sales in Egypt, Saudi Arabia, and Jordan.”

APC is the eighth-largest potash producer worldwide by volume of production and the sole producer of potash in the Arab world. Established in Jordan in 1956 as a pan-Arab venture, APC operates under a concession from the Jordanian government that grants it exclusive rights to extract, manufacture and market minerals from the Dead Sea until 2058.

In addition to its potash operations, APC also invests in several downstream and complementary industries related to Dead Sea salts and minerals, including potassium nitrate, bromine and other derivatives.

In 1999, it partnered with the Louisiana-based Albemarle Corporation to set up the Jordan Bromine Company (JBC), which exports its varied products to diverse industries in 30 countries worldwide. Chairman of the Board at APC Jamal A. Al Sarayrah comments, “JBC is committed to long-term growth and excellence through customer and supplier partnerships, creating value for all. Our shareholder Albemarle Corporation views its partnership with APC as being strategic and further strengthens JBC’s global position as a key bromine producer.”

APC is one of the kingdom’s biggest exporters and one of its largest earners of foreign currencies. Via the port at Aqaba, it is able to export potash to some of its largest customers cheaper and faster than many of its competitors.

“India and China are some of our biggest importers,” Mr. Heimann adds. “That is where the population growth is going to be. That is the underlying

potential of potash. The future demand is going to be even higher in those markets, and we are well poised to serve them.”

Soaring demand and expanding markets are also prompting other major players in the industry to up their game. Last year, the Jordan Phosphate Mines Company (JPMC) announced plans to establish \$1.55 billion worth of joint Arab and foreign ventures as part of its strategic plan to gradually raise its phosphate production by 50%, to 12 million tons annually, by 2018.

“Because of the high value added, we plan to maximize the conversion of phosphate mineral to fertilizer products,” adds JPMC CEO Dr. Shafik Al-Ashkar. “In the coming five years some 80% of produced phosphate rock will be converted to fertilizers.”

The company has an \$860 million project in place called Jordan India Fertiliser Company (JIFCO), a joint venture with Indian Farmers Fertiliser Co-operative Ltd. JIFCO built a phosphoric acid plant in Eshidiya, Jordan, and production began in May 2014. One month later, the first consignment of 10,000 tons of phosphoric acid – which is used primarily for fertilizer production – was shipped to India.

JPMC’s other major phosphoric acid plant is operated by PT Petro Jordan Abadi, a JV with Indonesia’s Petrokimia Gresik.

With all of these power, energy and mining projects in the works, Jordan is certainly teeming with investment opportunities. And although challenges remain, most notably securing financing and keeping up with the pace of demand, the sectors should see major growth in the next two decades

According to Dr. Al-Ashkar, JIFCO and the \$220 million plant in East Java – which was inaugurated in October 2014 – “will consume about 2.6 million tons of phosphate rock per year, which is why we are increasing our production.

Dr. Al-Ashkar adds that two other projects are under study in Sumatra and Kalimantan. “Once completed, these projects will convert some 2.5 million tons per annum of Jordanian phosphate rock to fertilizer chemicals,” he says.

“We are also seeking new clients, rather than concentrating only on the Indian market. Australia, New Zea

land and Turkey were once our major clients, and we’re working to bring them back to JPMC.”

To keep up with growing demand, JPMC Chairman Amer Al Majali says: “We are also now going to expand and modernize our mining facilities and fertilizer manufacturing plants in Eshidiya and Aqaba in order to increase capacity and improve quality.”

JPMC has also recently established two mining companies with major Jordanian mining contractors.

In turn, to keep up with the consequent increase in production, JPMC has built a new \$240 million terminal at Aqaba Port, and construction has begun on another jetty for exporting JPMC (and its affiliated companies) and APC’s products.

Challenges and opportunities
Even with the new Aqaba facility and other programs to diversify Jordan’s energy sourcing, the country may still struggle to keep up with the demand for power, driven by a demographic boom and the influx of hundreds of thousands of Syrian refugees. According to energy ministry estimates, electricity requirements are set to double from the present level of 2,000MW to 4,000MW by 2020.

The country needs the private sector to invest in its oil shale, natural gas and renewable energy sectors to meet rising electricity demand.

With the government planning to eliminate electricity subsidies by 2017, it will want to have a cost-effective source of power in place by that time to try to keep price shocks to a minimum. This will help minimize the flow of price increases to the public and lessen their impact on the economy. As such, all renewable energy projects are expected to be linked to the national grid by 2018 and they will significantly increase Jordan’s electricity production capacity.

With all of these power, energy and mining projects in the works, Jordan is certainly teeming with investment opportunities. And although challenges remain, most notably securing financing and keeping up with the pace of demand, the sectors should



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Chairman of Jordan Phosphate Mines Co.



“Because of the high value added, we plan to maximize the conversion of phosphate mineral to fertilizer products. In the coming five years, some 80% of produced phosphate rock will be converted to fertilizers”

DR. SHAFIK AL-ASHKAR,
CeO of Jordan Phosphate Mines Co.

see major growth in the next two decades.

Therefore, this is a prime opportunity, for example, for U.S. manufacturers and suppliers of renewable energy equipment and technologies to export their products and increase the current 5% share of the market they currently hold. As Jordan continues working hard toward achieving its goals, the industry’s future looks bright in the kingdom.

million, will take the airport’s capacity to some 12 million passengers annually, with plans to handle approximately 16 million by 2032.

“Since we have reached our last agreement with the Jordanian government for the expansion of the airport and future construction plans, we have also slightly altered our investment profile,” says AIG’s CEO.

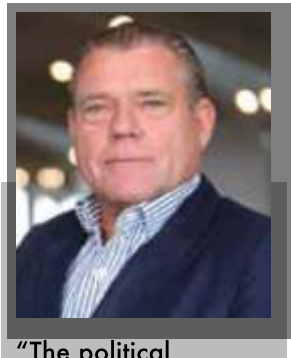
“From an investment in the region of \$900 million we were originally counting on, we have now changed our estimates, putting the total investment in the range of \$1.2 billion. We are a little bit more optimistic than we were earlier on, when we were talking about a capacity of approximately 12 million passengers after 25 years; we have revised this to 16 million passengers. By that time we will be well beyond \$1 billion in direct revenue but, of course, during that period of time we will have contributed to national GDP with another \$2-\$3 billion through investments and daily operations. QAIA is thus a huge contributor

to the everyday economy of Jordan.”

According to the World Travel and Tourism Council, Jordan’s tourism sector contributed 5.3% to GDP, including investments and induced income, with 67,000 jobs directly generated. Transportation as a whole is growing at an annual rate of 6% and currently accounts for one-tenth of annual GDP.

Aviation is one of the pillars of the tourism sector and AIG has been selected by Airports Council International to host the 10th Asia-Pacific Regional Assembly in Jordan between April 27 and 29, 2015. It is an event that gathers more than 500 key aviation industry stakeholders, including executives, government entities, specialists and service providers from across the world to discuss various topics pertaining to sustainable airport development – a key element of AIG’s joint strategy with the Jordanian government.

“We believe that we have to invest in the future,” says Mr. Binger. “This is why we have



“The political situation has in some respects had a negative impact, but in other respects it has had a positive impact as wells”

KLEED BINGER,
CeO of Airport International Group

changed our investment model. We truly believe that we need to show that this is not a hit and run; this is an attempt to create something sustainable, something that lasts beyond our time.

“Sustainability is playing a huge role in the way we go about our business. This is true both for AIG and the government, which is an extremely important factor because without this partnership it could not work.”





Nestled in the Fertile Crescent lies a peaceful nation with a long and rich history to share with the world. In this region lies the ‘Cradle of Civilization’, Jordan, home to some of the world’s most ancient and meaningful sites. It is bordered by Israel and the Dead Sea on the west, but it is also bordered by Syria on the north, Iraq on east and Saudi Arabia to the south. Despite instability among its neighbors, Jordan remains a safe and stable land that benefits from strong diplomatic ties with the U.S. With Jordan’s rich cultural heritage, its stunning beauty and mouthwatering foods, as well as the fact that tourism is considered an important economic sector, the country is poised to move ahead with its 25-year master plan for the sector’s development.

Recently, a memorandum of understanding was signed between USAID’s Economic Growth Through Sustainable Tourism Project and the Jordan Tourism Board to help promote and market Jordan, meaning USAID will fund Jordan tourism’s social media and TripAdvi



sor marketing efforts. This is big for the country, and it is one more avenue through which the countries will have strengthened their 60 year-long diplomatic ties. Thanks to Jordan’s storied and intricate cultural heritage, leisure demand remains the key tourism driver. One of the main elements of the kingdom’s tourism master plan is the development of this area. The current goal is to increase tourism receipts by 30% to JD4.2 billion (\$5.9 billion) for 2015, and one of the pillars toward achieving this goal has been product development. From 2004 to 2010, the number of hotels in Jordan increased 22%, and the number of tour

guides increased by nearly 60%. These benchmarks will make it easier for visitors to access the country’s impressive sites, and they will contribute toward strengthening Jordan’s brand as a distinctive, world-class destination for major international markets. Jordan is also diversifying its growing tourism sector. A variety of tactics have successfully attracted more Asian visitors over the course of one year. Visitors from Pakistan increased 64.2%, while visitors from both Bangladesh and Malaysia increased more than 40%. In light of this success, the country is looking toward Africa to attract more visitors by marketing the coun

Tourism industry gathers momentum

Jordan is moving ahead with its 25-year master plan for sector development, with tourism receipts growing yearly as more tourists are attracted to this mystic land



A variety of tactics have successfully attracted more Asian visitors over the course of one year. Visitors from Pakistan increased 64.2%, while visitors from both Bangladesh and Malaysia increased more than 40%. Jordan is now looking to attract more visitors from Africa by marketing the country’s numerous holy sites

The growing number of tourism arrivals has made the call for a new airline carrier louder. Although Royal Jordanian is experiencing difficulties, AIG’s heavy investment and concession agreement are reasons for optimism about future development. Mr. Binger says the total investment estimates have been changed from \$900 million to somewhere in the range of \$1.2 billion. Additionally, estimates for capacity after 25 years have been changed from 12 million passengers to 16 million.

“There is a tangible optimistic vibe materializing in higher investments,” Mr. Binger says.

Jordan’s tourism sector has been a major asset of the country since 1953. In over 60 years, the small bureau that started supervising tourist affairs in the kingdom has evolved into the current Ministry of Tourism, overseeing a sector of the economy that constitutes 13% of the country’s GDP.

try’s numerous holy sites.

As Jordan experiences more success in attracting tourists, Queen Alia International Airport (QAI), the largest airport, serves as an example of how developing infrastructure in the nation can help with tourism expansion. Despite declining tourism numbers from the West, the airport reached the record number of 700,000 passengers during August 2014.

“I have always said, and I maintain this, that infrastructure in itself does not create a new market,” says Kjeld Binger, CEO of Airport International Group (AIG), the Jordanian firm in charge of rehabilitating, expanding and operating QAI. “However, it is very helpful. So, having an infrastructure that makes people say ‘Wow!’ when they arrive I believe has a very positive effect on the country’s incoming visitors.”

