

Jordan

Jordan's economy is among the smallest in the Middle East, with insufficient supplies of water, oil, and other natural resources, underlying the government's heavy reliance on foreign assistance. Other economic challenges for the government include chronic high rates of unemployment, budget and current account deficits, and government debt. King ABDALLAH, during the first decade of the 2000s, implemented significant economic reforms, such as expanding foreign trade and privatizing state-owned companies that attracted foreign investment and contributed to average annual economic growth of 8% for 2004 through 2008. The global economic slowdown and regional turmoil contributed to slower growth from 2010 to 2017 - with growth averaging about 2.5% per year - and hurt export-oriented sectors, construction/real estate, and tourism. Since the onset of the civil war in Syria and resulting refugee crisis

Jordan is nearly completely dependent on imported energy—mostly natural gas—and energy consistently makes up 25-30% of Jordan's imports. To diversify its energy mix, Jordan has secured several contracts for liquefied and pipeline natural gas, developed several major renewable projects, and is currently exploring nuclear power generation and exploitation of abundant oil shale reserves. In August 2016, Jordan and the IMF agreed to a \$723 million Extended Fund Facility that aims to build on the three-year, \$2.1 billion IMF program that ended in August 2015 with the goal of helping Jordan correct budgetary and balance of payments imbalances.

The most important economic indicators of Jordan	2018
GDP (billion dollars)	42.6
Real GDP growth rate (%)	2.5
GDP per capita (\$)	6,011
Inflation (average consumer prices)	1.5
Total government expenditure as percentage of GDP (%)	30.7
Current account balance (billion dollars)	-3.6
Current Account Balance as% of GDP (%)	-8.5
Total exports (goods and services / billion dollars)	14.8
Total imports (goods and services / billion dollars)	22.9
Total official reserves (billion dollars)	16.8

Number of months of imports covered by reserves	8.8
Gross external debt as a percentage of GDP	70.3

Source: international monetary fund (IMF)

FDI in Jordan:

Historically, the Jordanian economy has benefited from massive investment by the Gulf countries, which continued to skyrocket until 2006. However, since then FDI has declined due to the international economic crisis, followed by geopolitical instability, and have since remained stable. However, in 2016, Jordan secured substantial loans and financial assistance from several international donors (including the IMF and the World Bank) and partners. Thus, the United States decided to raise the amount of their annual aid to USD 1,275 billion. These funds aim to support Jordan in its reception of Syrian refugees. In 2017, FDI inflows totaled USD 1.6 billion. Estimated at USD 33.8 billion, the total stock of FDI represents 83.7% of the country's GDP (UNCTAD 2018 World Investment Report).

In 2014, Jordan enacted an investment law, which strengthens in particular the Jordan Investment Commission, whose purpose is to support investors. However, some observers criticized the focus on tax exemptions, instead of trying to improve the overall business climate. In addition, the World Bank continues to assess negatively the national business climate in Jordan. Thus, the country had lost several places in the Ease of Doing Business ranking, but it has recently regained a slightly better place on the 2018 Doing Business report, ranking 103rd out of 190 countries.

In order to boost FDI flows, the Government has planned large-scale infrastructure projects (water, transportation, nuclear energy) for which it needs foreign and private funds. A project linking the Dead Sea to the Red Sea is expected to start in 2018 and will require FDI. Jordan is trying to become a regional logistics hub, notably for electric and transport networks. Investments are mainly concentrated in the field of real estate (residential and commercial), financial services and large tourism projects. The country's attractiveness lies mainly in the quality of its infrastructure, its solid and dynamic banking system, as well as its level of economic openness, which has allowed the establishment of free trade zones and public-private partnerships. Problems linked to bureaucracy, corruption and investment protection are obstacles to FDI.

Year	Foreign Direct Investment (million :USD)
2012	1,548
2013	1,947
2014	2,178
2015	1,600

2016	1,553
2017	1,665

Source: United Nations Conference on Trade and Development (UNCTAD)

Jordanian -Egyptian Economic Relations

Jordanian -Egyptian Economic cooperation is an exemplary example. Jordan represents Egypt's gateway to the Iraq and the Arab Gulf markets, while Egypt represents a gateway to Jordanian exports to European and African market. And it is worth noting that the bilateral relations between the two countries have improved significantly over the past years.

International trade between Jordan and Egypt during the period (2015-2017)

year	the value of Jordanian export to Egypt/ million JD	the value of Jordanian import from Egypt/ million JD	trade balance/ million JD	total trade/ million JD
2017	80.4	336	-255.3	416.1
2016	70.1	336.5	-266.4	406.6
2015	76.9	348.1	-271.2	425

The most important products exported by Jordan to Egypt:

product type	Jordanian exports to Egypt (million JD)	Export Product Share (%)
Products of the chemical industry	44	60.81%
Textile materials	13	17.39%
Plastics and rubber	4	6.01%

The most important products imported by Jordan from Egypt:

product type	Jordanian import from Egypt (million JD)	import Product Share (%)
Food industry products	59.8	26%
Kingdom Plant Products	43.7	19%
Ordinary metals and articles thereof	44.9	19%
products Chemical industry	42.8	18%

Articles of stone ,glass and articles thereof	32.2	14%
Machinery and equipment, electrical equipment.	24.7	11%