



HOW **EUROPEAN UNION INVESTMENTS** CONTRIBUTE TO **ECONOMIC GROWTH** AND **JOB CREATION IN JORDAN**





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FOREWORD

MARIA HADJITHEODOSIOU

**EU AMBASSADOR
TO JORDAN**



I am very pleased to introduce the European Union Investment Mapping in Jordan, an exercise that lays out the presence of European Union (EU) businesses in Jordan and their impact on the economy. In the pages that follow, you will find a comprehensive update of the economic exchanges, trade relations and impact of EU investments, as well as challenges and opportunities of doing business in Jordan.

The mapping confirms that the EU is a major trade and investment partner for Jordan. At the same time, enhancing private investment can be mutually beneficial for both Jordan and the EU as it can contribute to the creation of jobs and growth for Jordan and open further investment opportunities for the EU.

This mapping exercise shows that a sample of 80 European companies operating in the country have a combined annual turnover of around €2,5 billion, pay close to €230 million annually in corporate tax, and contribute to 22,000 direct and indirect jobs (including 92% Jordanian citizens, of which almost 20% are women). European companies also make important contributions to innovation, social and environmental protection. The mapping also identifies areas for improvement for optimising investment opportunities.

The EU's cooperation in Jordan focuses on both systemic changes and direct delivery assistance to enterprises: the EU's programmes assist the Government to engage in business enabling reforms as included in the Jordan Vision 2025, incentivising sustainable and inclusive growth, with a particular attention on social and economic inclusion of women and youth. In parallel, the EU supports activities that increase economic participation of private sector actors, with a focus on SMEs facilitating increased investment and competitiveness at enterprise level.

The private sector is at the forefront of the EU's support, with a special focus on Small and Medium Enterprises (SMEs); they are an embodiment of the Jordanian potential and key players for growth and job creation. In the past decade, the EU has invested over €200 million to support over 1,300 SMEs through direct grants or technical assistance in various sectors (services, manufacturing, agro-business, innovation, etc.).

In February 2021, the European Union published the Joint Communication "Renewed partnership with the Southern Neighbourhood - A new agenda for the Mediterranean". One of the directions included in this new agenda proposes an "Economic and Investment Plan for the Southern Neighbours" to help spur long term socio-economic recovery, foster sustainable development, address the region's structural imbalances, and tap into the region's economic potential and aims to increase the region's attractiveness for investors.

Against this new backdrop, Jordan offers a compelling setting: a well-educated labour force, quality infrastructure, a dynamic banking system and macroeconomic soundness that help support the country's attractiveness. Moreover, the country is strategically positioned to serve as a platform for businesses supplying regional markets.

The EU remains committed to intensifying its efforts with the Government of Jordan and the private sector to consolidate the attractiveness and potential of Jordan and encourage further investment that would lead to sustainable economic development. We hope that this mapping exercise will incentivise the dialogue among all stakeholders.



EU-JORDAN ECONOMIC OVERVIEW



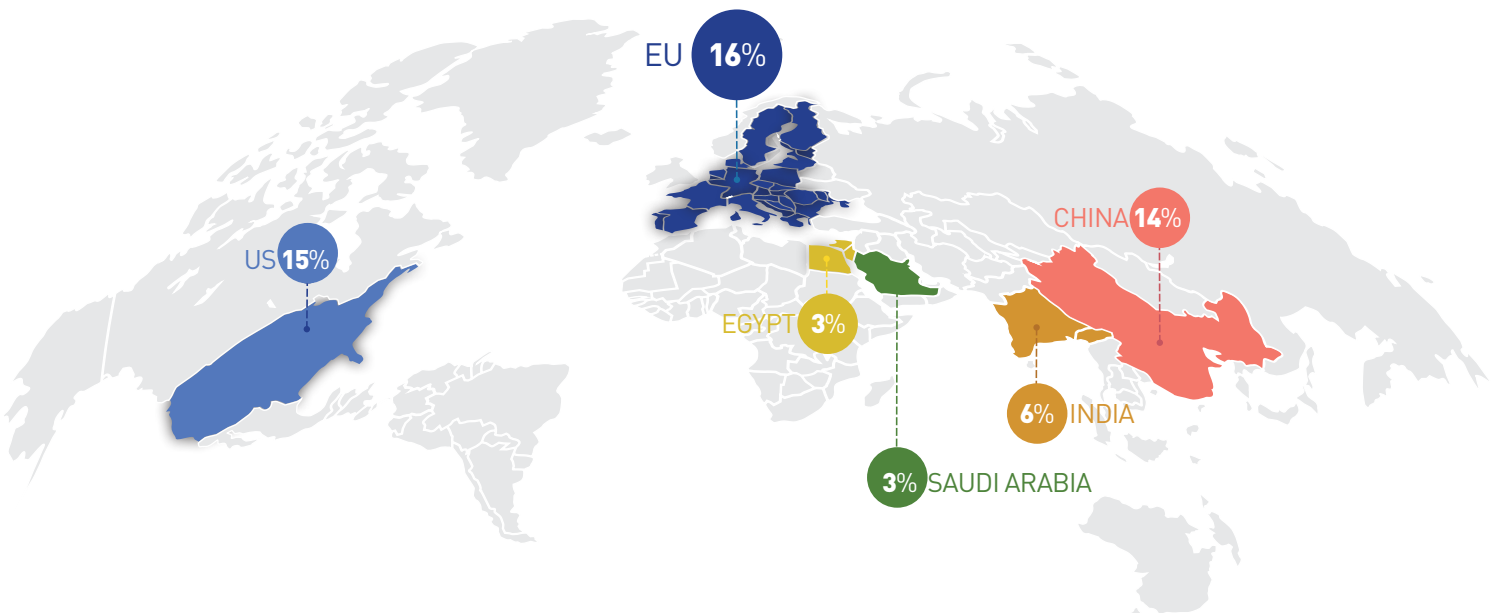
EUROPEAN UNION



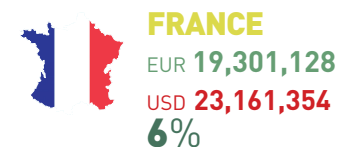
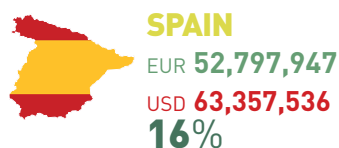
JORDAN



JORDAN TRADE WITH THE WORLD

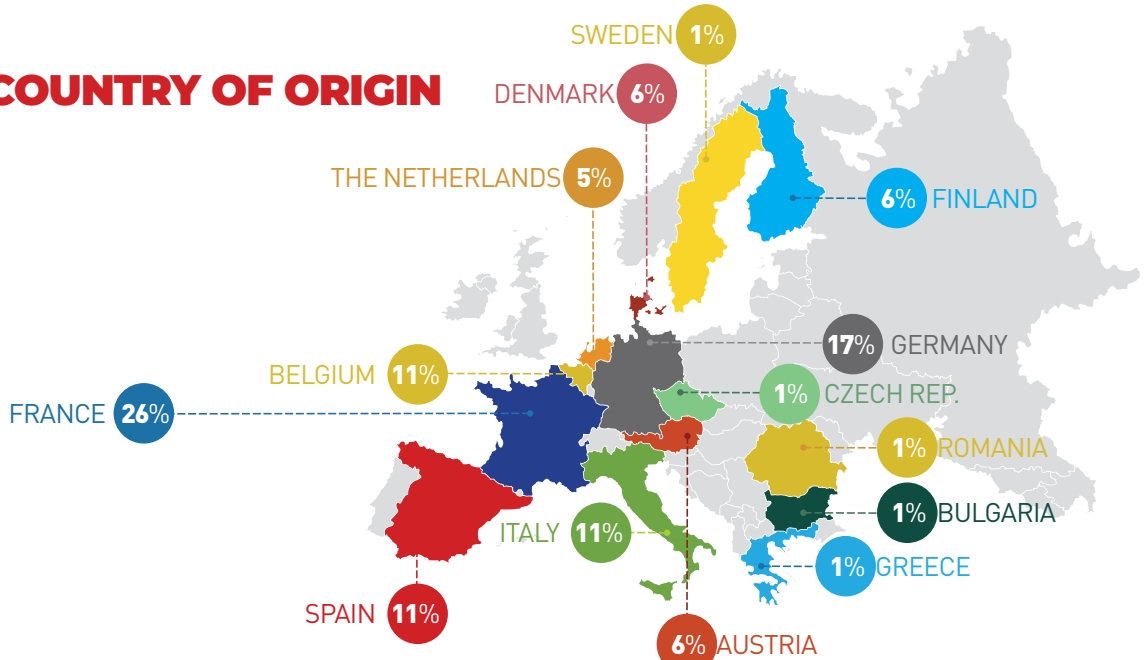


JORDAN TRADE WITH THE EU

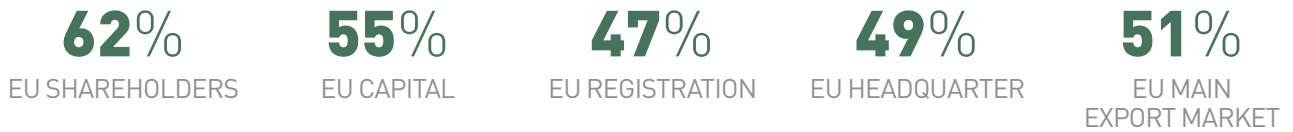


EU INVESTMENT IN JORDAN

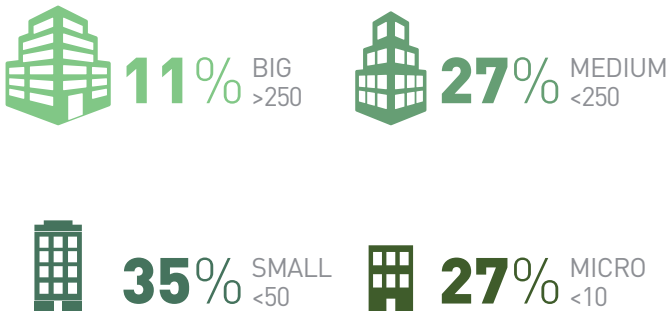
FIRMS COUNTRY OF ORIGIN



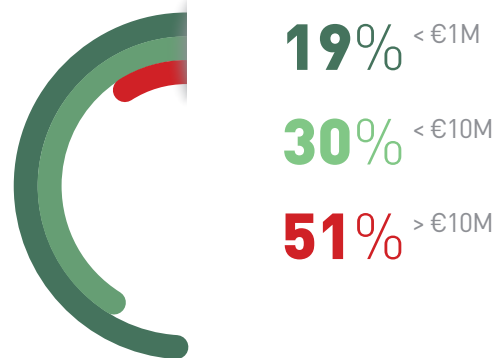
RELATION TO THE EU



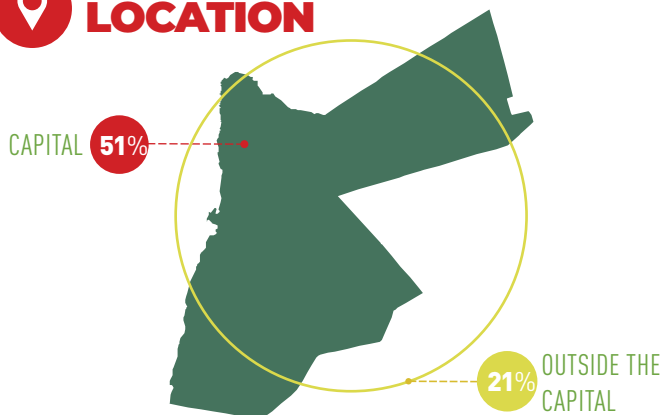
SIZE



TURNOVER



LOCATION



AGE



Source: 2021 EU investment mapping - This brochure is based on a survey to EU firms established or operating in Jordan. The replies represent 30% of the estimated number of EU firms in Jordan

INVESTMENT MOTIVATION

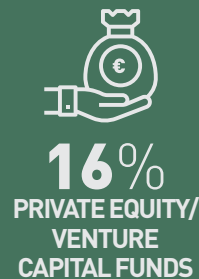


MARKET OUTLOOK

THE LOCAL MARKET IN 5 YEARS



SOURCE OF FUNDING





ECONOMIC IMPACT



ANNUAL TURNOVER
EUR **2,511,419,757**
USD **3** BILLION



TAXES PAID ANNUALLY
EUR **228,211,862**
USD **274** MILLION



INVESTMENT PLACED
EUR **5,637,165,000**
USD **6.7** BILLION



INVESTMENT 2021-2026
EUR **752,250,000**
USD **1** BILLION

*Economic figures include average data as per the replies received from firms on the 2021 EU investment mapping



SOCIAL IMPACT



DIRECT EMPLOYEES
6,835



LOCAL EMPLOYEES
92%



WOMEN EMPLOYEES
19%



LOCAL SUPPLIERS
15,295



CORPORATE SOCIAL RESPONSIBILITY

GREEN ACTIONS

CARBON FOOTPRINT,
ENVIRONMENT & BIODIVERSITY
ANNUAL ACTIONS PER FIRM
ANNUAL BUDGET PER FIRM



5
EUR **10,618**
USD **12,742**

SOCIAL ACTIONS

LABOR POLICIES
AND FAIR TRADE
ANNUAL ACTIONS PER FIRM
ANNUAL BUDGET PER FIRM



7
EUR **34,094**
USD **40,913**

INNOVATION ACTIONS

TRAINING AND R&D
ANNUAL ACTIONS PER FIRM
ANNUAL BUDGET PER FIRM



7
EUR **8,882**
USD **10,658**

TOTAL CSR

20 ANNUAL ACTIONS PER FIRM
EUR **53,594** ANNUAL BUDGET PER FIRM
USD **64,313**



SECTORS



ENERGY & ENVIRONMENTAL SERVICES
18%



HEALTH & SOCIAL SERVICES
7%



DISTRIBUTION SERVICES
6%



WOOD & PAPER
5%



CONSTRUCTION MATERIALS
4%



COMPUTERS & IT SERVICES
1%



CHEMICALS
13%



PROCESSED AGRO PRODUCTS & FISHERIES
6%



EDUCATION SERVICES
5%



TOURISM SERVICES
4%



YARN, FABRICS, TEXTILES OR LEATHER
2%



COMPUTER & ELECTRONICS
1%



LEGAL SERVICES
1%



MISCELLANEOUS MANUFACTURING
8%



COMMUNICATION SERVICES
6%



TRANSPORT SERVICES
5%



CONSTRUCTION & ENGINEERING SERVICES
4%



ACCOUNTANCY & FINANCIAL SERVICES
2%



TRANSPORT EQUIPMENT
1%



FRESH AGRO PRODUCTS & FISHERIES
1%

Source: 2021 EU investment mapping



BARRIERS TO FIRMS (ranking of importance)

1	INFRASTRUCTURE POLICY AND REGULATION INCL. ENERGY	2	TAX POLICY AND ADMINISTRATION
3	PUBLIC - PRIVATE DIALOGUE	4	LABOUR LAW, EMPLOYMENT POLICY & CAPACITY BUILDING
5	TRADE REGULATION AND POLICY	6	COMMERCIAL JUSTICE AND DISPUTE RESOLUTION
7	GOVERNANCE AND RULE OF LAW, JUSTICE, ANTI-CORRUPTION	8	MACROECONOMIC STABILITY
9	BUSINESS SIMPLIFICATION	10	INVESTMENT POLICY



COVID IMPACT ON FIRMS (% of firms affected)

PROBLEMS IN THE SUPPLY CHAIN / LOGISTICS
60%



CANCELLATION OF ORDERS
42%



DEFERRED/CANCELLED INVESTMENTS
41%



LIQUIDITY CONSTRAINTS
35%



OWN PRODUCTION LOSSES / SICK EMPLOYEES
27%



MISSING GOODS/SERVICES
25%



KEY AREAS TO IMPROVE THE BUSINESS CLIMATE IN JORDAN

GOVERNMENT ENGAGEMENT WITH STAKEHOLDERS

Establish and incentivise a formal and constructive mechanism for public-private sector policy dialogue to increase mutual trust and collaboration.

PRIORITISATION OF BUSINESS CLIMATE REFORMS

Establish a transparent, evidence-backed approach that reconciles the large number of strategies, plans and mandates into a comprehensive and practical business climate reform.

INVESTMENT FACILITATION AND PROMOTION

Improve the capacity to analyse investor segments and develop a tailored service offering to build up investor confidence.

DIGITAL TRANSFORMATION

Develop and implement an integrated digital transformation strategy to increase competitive advantages.

PARTICULAR ATTENTION TO MICRO, SMALL AND MEDIUM ENTERPRISES

Design and implement public institutional support to streamline and simplify government policies and regulations particularly impacting MSMEs.

PREDICTABLE AND STABLE REGULATORY ENVIRONMENT

Continue promoting a predictable regulatory environment that helps investors to assess the return on their investment and reduces the risks of investing.

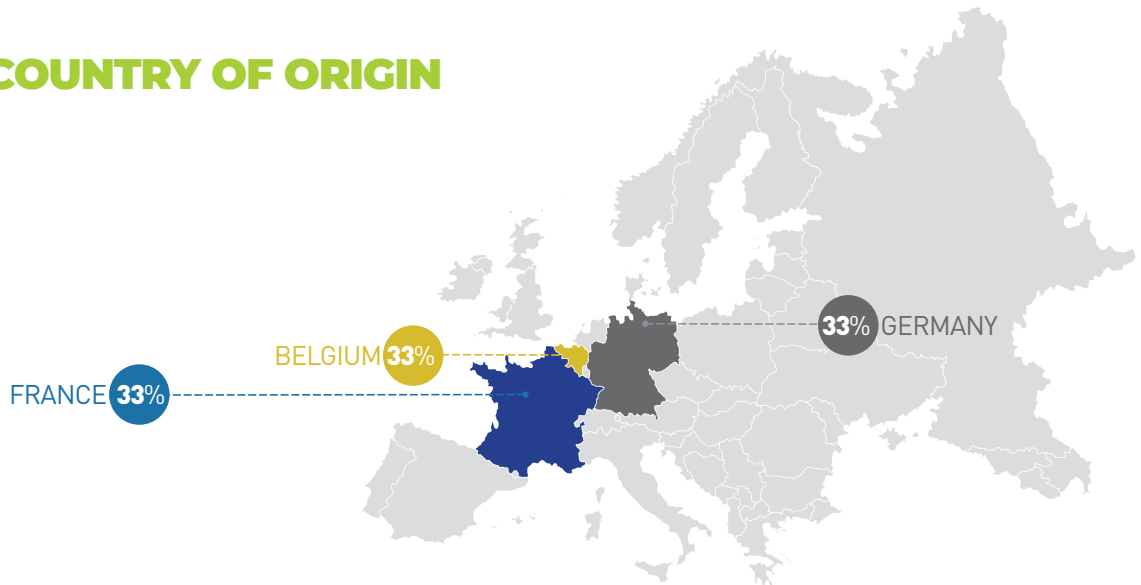
ADMINISTRATIVE BARRIERS

Tackle red tape and bureaucratic procedures that hinder the services extended to both domestic and international entrepreneurs.

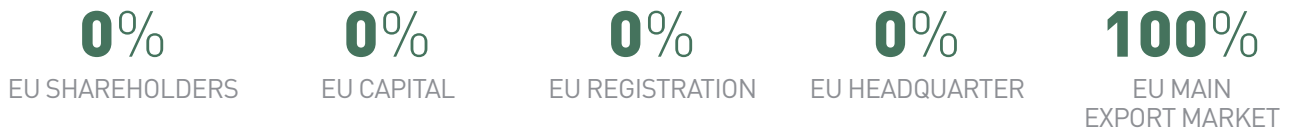
EU INVESTMENT PER SECTOR

AGRICULTURE

FIRMS COUNTRY OF ORIGIN



RELATION TO THE EU



ECONOMIC AND SOCIAL IMPACT

ANNUAL TURNOVER
 EUR **17,085,000**
 USD **20,502,000**

TAXES PAID ANNUALLY
 EUR **347,713**
 USD **417,256**

INVESTMENT PLACED
 EUR **2,045,000**
 USD **2,454,000**

INVESTMENT 2021-2026
 EUR **2,600,000**
 USD **3,120,000**

JOBS
152

LOCAL EMPLOYEES
97,3%

WOMEN EMPLOYEES
33%

KEY SECTORS



INVESTMENT MOTIVATION

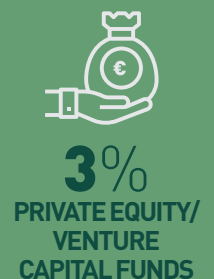


MARKET OUTLOOK

THE LOCAL MARKET IN 5 YEARS



SOURCE OF FUNDING



CORPORATE SOCIAL RESPONSIBILITY

GREEN ACTIONS

CARBON FOOTPRINT, ENVIRONMENT & BIODIVERSITY

ANNUAL ACTIONS PER FIRM **3**
 ANNUAL BUDGET PER FIRM EUR **15,000**
 USD **18,000**



SOCIAL ACTIONS

LABOR POLICIES AND FAIR TRADE

ANNUAL ACTIONS PER FIRM **8**
 ANNUAL BUDGET PER FIRM EUR **4,667**
 USD **5,600**



INNOVATION ACTIONS

TRAINING AND R&D

ANNUAL ACTIONS PER FIRM **5**
 ANNUAL BUDGET PER FIRM EUR **5,833**
 USD **7,000**

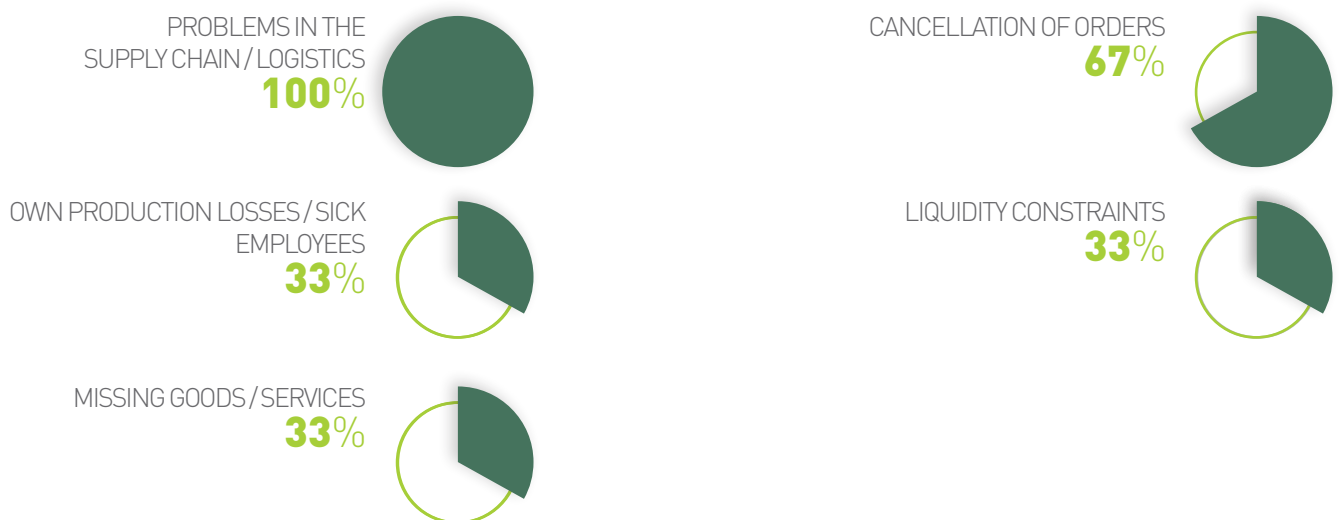


TOTAL CSR **17** ANNUAL ACTIONS PER FIRM
 EUR **25,500** ANNUAL BUDGET
 USD **30,600** PER FIRM

BARRIERS TO FIRMS (ranking of importance)

- | | |
|------------------------------------------------------------|---------------------------------------------------------------|
| 1 TAX POLICY AND ADMINISTRATION | 2 COMMERCIAL JUSTICE AND DISPUTE RESOLUTION |
| 3 INFRASTRUCTURE POLICY AND REGULATION INCL. ENERGY | 4 GOVERNANCE AND RULE OF LAW, JUSTICE, ANTI-CORRUPTION |
| 5 BUSINESS SIMPLIFICATION | 6 PUBLIC - PRIVATE DIALOGUE |
| 7 INVESTMENT POLICY | 8 MACROECONOMIC STABILITY |
| 9 LABOUR LAW, EMPLOYMENT POLICY & CAPACITY BUILDING | 10 TRADE REGULATION AND POLICY |

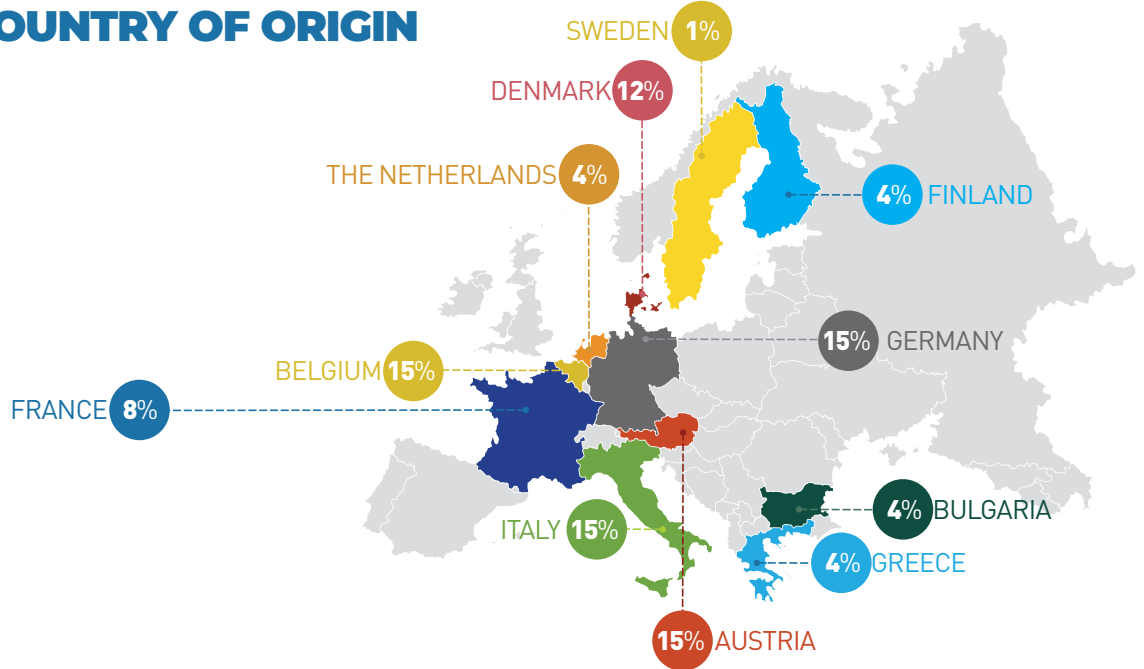
COVID IMPACT ON FIRMS (% of firms affected)



EU INVESTMENT PER SECTOR

INDUSTRY

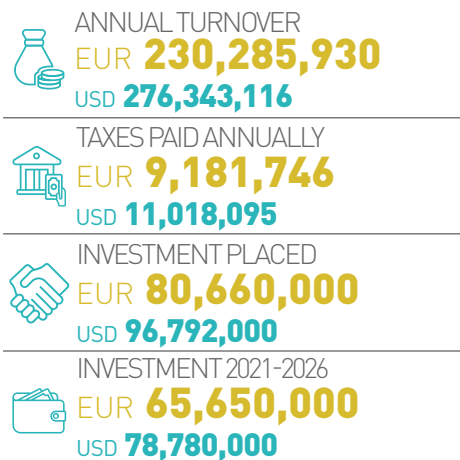
FIRMS COUNTRY OF ORIGIN



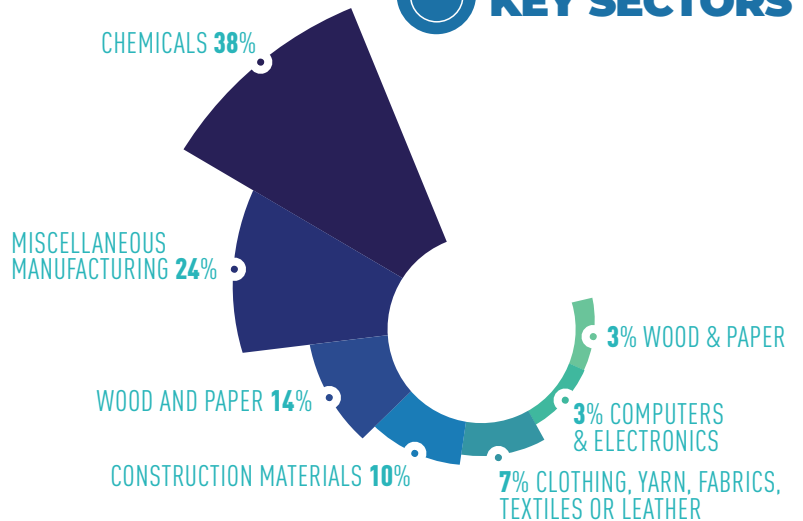
RELATION TO THE EU



ECONOMIC AND SOCIAL IMPACT



KEY SECTORS

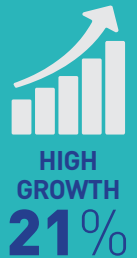


INVESTMENT MOTIVATION

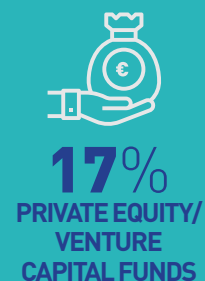


MARKET OUTLOOK

THE LOCAL MARKET IN 5 YEARS



SOURCE OF FUNDING





CORPORATE SOCIAL RESPONSIBILITY

GREEN ACTIONS

CARBON FOOTPRINT, ENVIRONMENT & BIODIVERSITY



ANNUAL ACTIONS PER FIRM **4**
 ANNUAL BUDGET PER FIRM **EUR 7,241**
USD 8,689

SOCIAL ACTIONS

LABOR POLICIES AND FAIR TRADE



ANNUAL ACTIONS PER FIRM **4**
 ANNUAL BUDGET PER FIRM **EUR 12,103**
USD 14,524

INNOVATION ACTIONS

TRAINING AND R&D



ANNUAL ACTIONS PER FIRM **3**
 ANNUAL BUDGET PER FIRM **EUR 1,207**
USD 1,448

TOTAL CSR

11 ANNUAL ACTIONS PER FIRM

EUR 20,552 ANNUAL BUDGET
USD 24,662 PER FIRM

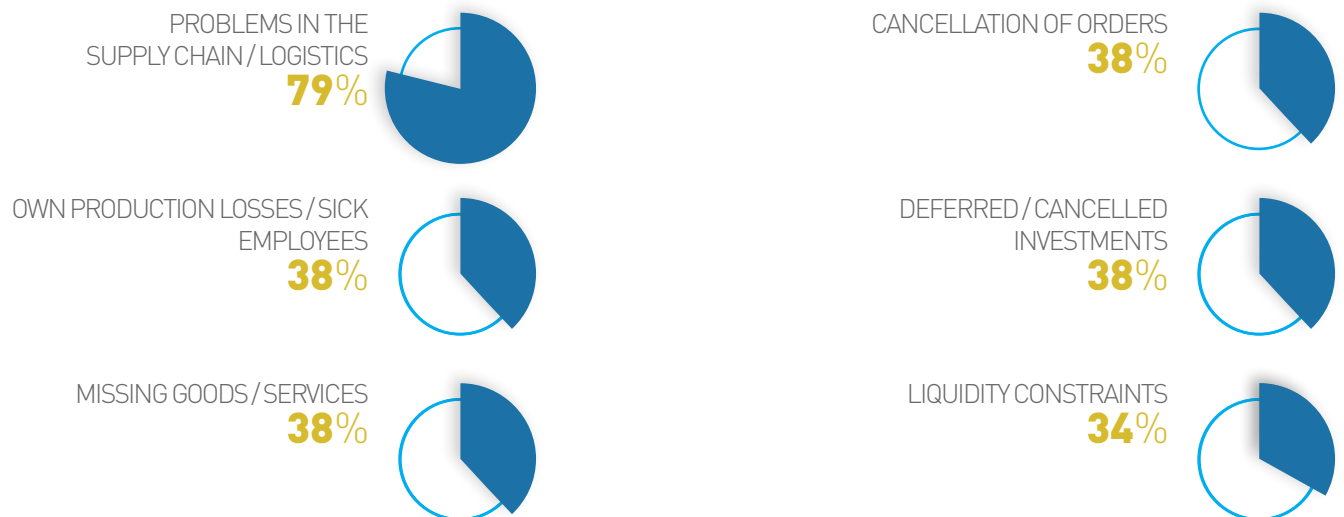


BARRIERS TO FIRMS (ranking of importance)

- | | |
|------------------------------------------------------------|---------------------------------------------------------------|
| 1 TAX POLICY AND ADMINISTRATION | 2 INFRASTRUCTURE POLICY AND REGULATION INCL. ENERGY |
| 3 TRADE REGULATION AND POLICY | 4 PUBLIC - PRIVATE DIALOGUE |
| 5 LABOUR LAW, EMPLOYMENT POLICY & CAPACITY BUILDING | 6 INVESTMENT POLICY |
| 7 COMMERCIAL JUSTICE AND DISPUTE RESOLUTION | 8 GOVERNANCE AND RULE OF LAW, JUSTICE, ANTI-CORRUPTION |
| 9 MACROECONOMIC STABILITY | 10 BUSINESS SIMPLIFICATION |



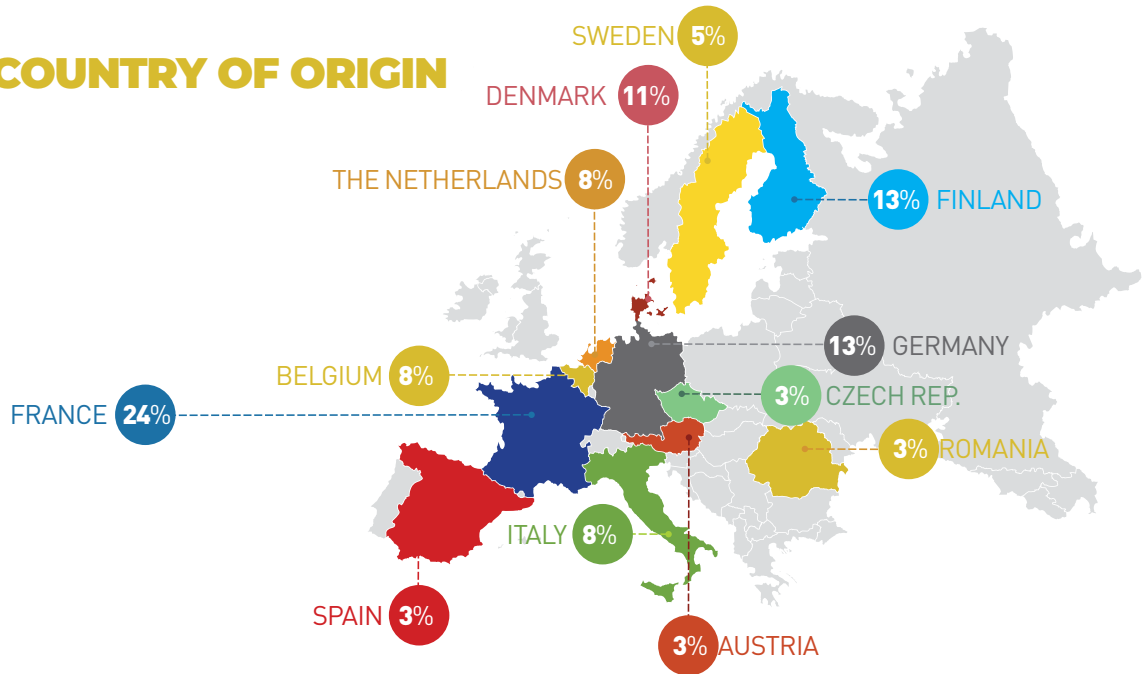
COVID IMPACT ON FIRMS (% of firms affected)



EU INVESTMENT PER SECTOR

SERVICES

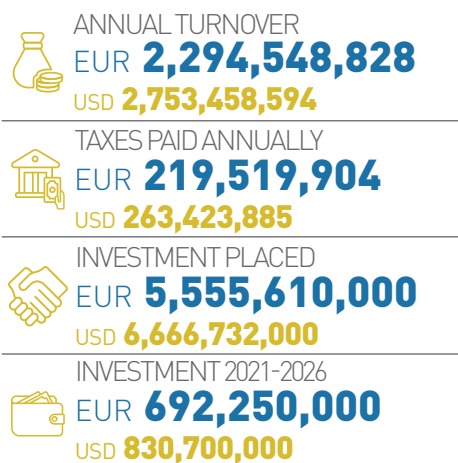
FIRMS COUNTRY OF ORIGIN



RELATION TO THE EU



ECONOMIC AND SOCIAL IMPACT

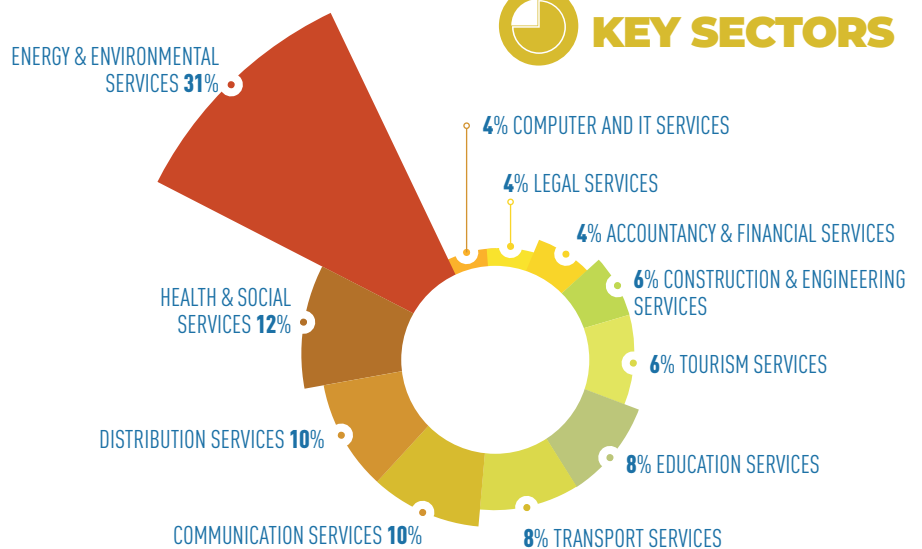


JOB
19,949

LOCAL EMPLOYEES
94.4%

WOMEN EMPLOYEES
20%

KEY SECTORS



INVESTMENT MOTIVATION

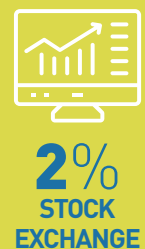
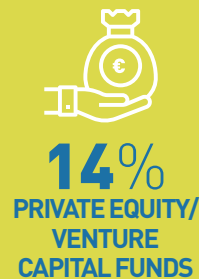


MARKET OUTLOOK

THE LOCAL MARKET IN 5 YEARS



SOURCE OF FUNDING





CORPORATE SOCIAL RESPONSIBILITY

GREEN ACTIONS

CARBON FOOTPRINT,
ENVIRONMENT & BIODIVERSITY

ANNUAL ACTIONS PER FIRM

ANNUAL BUDGET PER FIRM



7

EUR 12,602

USD 15,122

SOCIAL ACTIONS

LABOR POLICIES
AND FAIR TRADE

ANNUAL ACTIONS PER FIRM

ANNUAL BUDGET PER FIRM



9

EUR 53,143

USD 63,772

INNOVATION ACTIONS

TRAINING AND R&D



ANNUAL ACTIONS PER FIRM

ANNUAL BUDGET PER FIRM

10

EUR 11,633

USD 13,960

TOTAL CSR

26 ANNUAL ACTIONS
PER FIRM

EUR 77,378 ANNUAL BUDGET
USD 92,854 PER FIRM



BARRIERS TO FIRMS (ranking of importance)

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1 TRADE REGULATION AND POLICY</p> <p>3 LABOUR LAW, EMPLOYMENT POLICY & CAPACITY BUILDING</p> <p>5 COMMERCIAL JUSTICE AND DISPUTE RESOLUTION</p> <p>7 TAX POLICY AND ADMINISTRATION</p> <p>9 BUSINESS SIMPLIFICATION</p> | <p>2 INFRASTRUCTURE POLICY AND REGULATION INCL. ENERGY</p> <p>4 MACROECONOMIC STABILITY</p> <p>6 PUBLIC - PRIVATE DIALOGUE</p> <p>8 GOVERNANCE AND RULE OF LAW, JUSTICE, ANTI-CORRUPTION</p> <p>10 INVESTMENT POLICY</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



COVID IMPACT ON FIRMS (% of firms affected)

DEFERRED / CANCELLED INVESTMENTS
53%



CANCELLATION OF ORDERS
49%



MISSING GOODS / SERVICES
20%



PROBLEMS IN THE
SUPPLY CHAIN / LOGISTICS
49%



LIQUIDITY CONSTRAINTS
39%

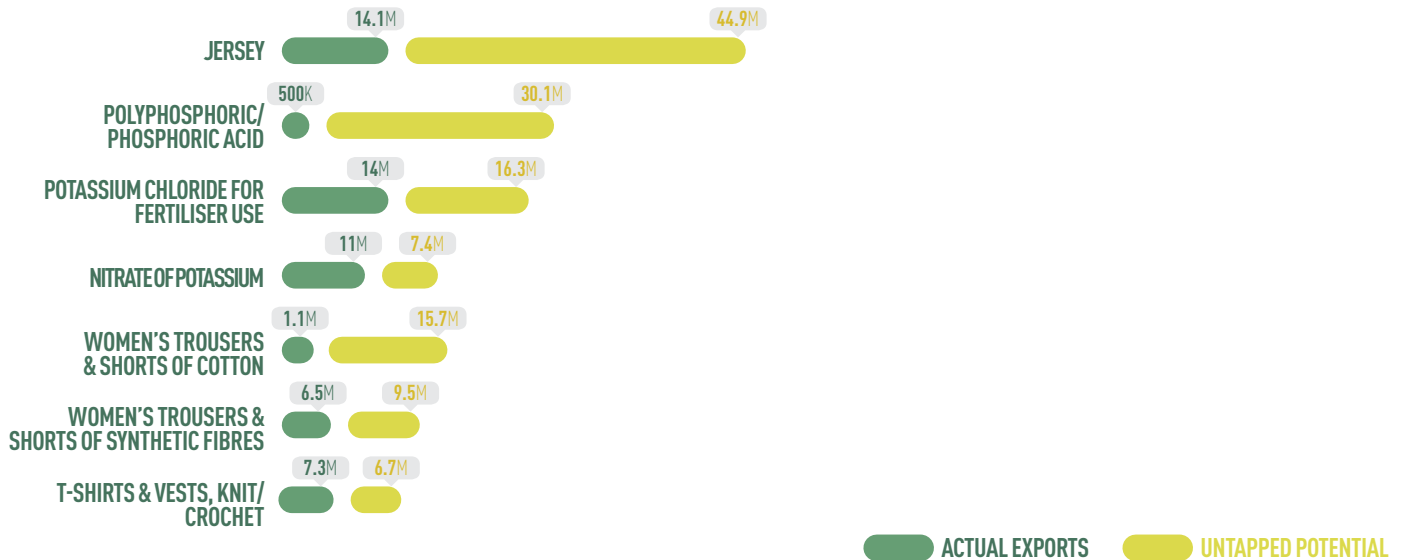


OWN PRODUCTION LOSSES / SICK
EMPLOYEES
18%

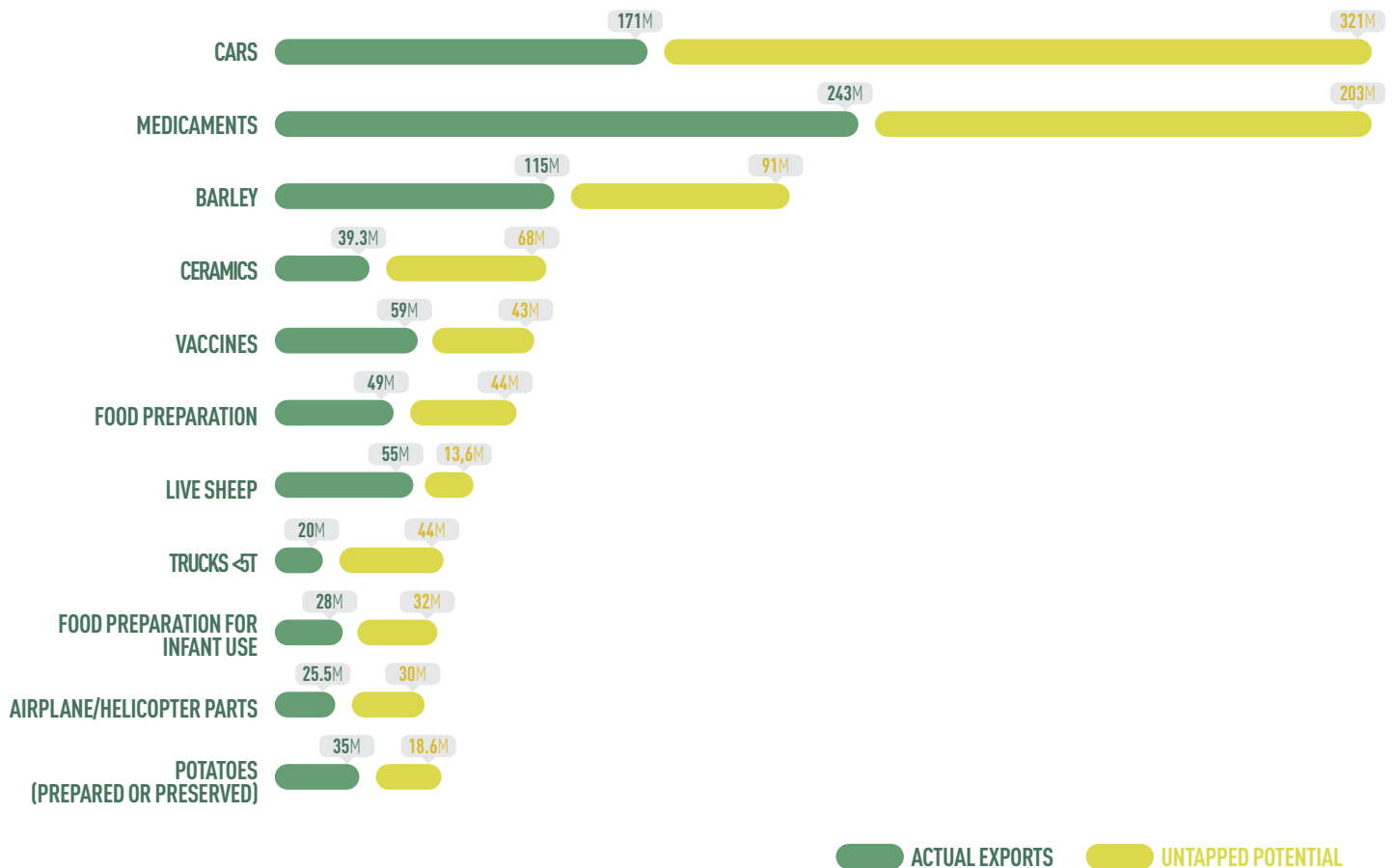


EU-JORDAN TRADE OPPORTUNITIES

FROM JORDAN TO THE EU



FROM EU TO JORDAN



*The Export Potential Indicator (EPI) identifies products in which the exporting country has already proven to be internationally competitive & which have good prospects of export success in new or existing target markets. The criteria to calculate the EPI are the export performance, target market's demand & tariff conditions as well as bilateral links between the exporting country & target market.



THE EUROPEAN UNION EXTERNAL INVESTMENT PLAN

The EU's ambitious External Investment Plan (EIP) will encourage investment in partner countries in the EU Neighbourhood region and in Africa. The External Investment Plan focuses on a number of priority investment areas, such as sustainable energy and sustainable connectivity; micro, small and medium enterprises financing; sustainable agriculture, rural entrepreneurs and agroindustry; sustainable cities and digitalisation for sustainable development.

The Plan will encourage private investors to contribute to sustainable development in countries outside of Europe. The European Fund for Sustainable Development Plus (EFSD+) is the financing mechanism used to support investments by public financial institutions and the private sector.

HOW DOES THE EXTERNAL INVESTMENT PLAN WORK?

EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT PLUS (EFSD+)

- **Guarantees** – the EU works with banks to share the risk so that investors & development banks will finance entrepreneurs or development projects.
- **Blending** – the EU covers part of the costs of a development project to get it off the ground, with public & private investors financing the rest.

TECHNICAL ASSISTANCE: the EU funds experts to help firms to develop new projects, draft bankable business plans or to support governments in their investment policies.

INVESTMENT CLIMATE: the EU funds business reforms & brings together governments & firms to address investment challenges.

The Trade & Private Sector Development & Engagement (TPSD) Facility is an on-demand advisory service managed by the department for International Partnerships (DG INTPA). It was launched in 2017, to increase the capacity of partner countries & European Union (EU) staff in Delegations & Headquarters to understand & implement private sector & trade policy orientations & further improve the quality of INTPA interventions.

The team of experts provides technical assistance, knowledge management & communication support to EU staff. In 3 years, the TPSD Facility conducted 38 short term missions in 29 countries, dealing with value chain analyses, feasibility studies for the operationalisation of the External Investment Plan, the state of play of public-private & private sector mappings, including the EU investor mappings. This work has provided EU Delegations with valuable data & indications to tackle the issues refraining investment and promoting projects on cross-cutting key issues for the private sector such as access to finance or digitalisation.

This brochure has been put together by the Trade and Private Sector Development Facility.



**DELEGATION OF THE EUROPEAN UNION
TO JORDAN**

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