

# Doing Business in Jordan TRADE AND EXPORT GUIDE

Commissioned by the Netherlands Enterprise Agency

>> Sustainable. Agricultural. Innovative. International.

# Doing Business in Jordan

### TRADE AND EXPORT GUIDE







### Contents

1. Introducing Jordan	
1.1 Geography	4
1.2 Population	4
1.3 Political structure	4
1.4 Culture & language	5
1.5 Climate	5
2. Jordan's economic situation	6
2.1 General economic situation	6
2.2 (Un)employment	6
2.3 Private sector development	6
2.3 Trade balance	6
3. Opportunities for Dutch businesses	7
3.1 Jordan's import markets	7
3.2 Export flows from the Netherlands to Jordan	7
3.3 Export opportunities from the Netherlands to Jordan	8
3.3.1 Agri-food sector	8
3.3.2 Water sector	10
3.3.3 Renewable energy	11
3.3.4 Tourism sector	11
3.3.5 ICT	11
4. Doing business in Jordan	12
4.1 Be prepared	12
4.1.1 CSR & RBC	12
4.1.2 What to expect when exporting outside the EU	12
4.2 What does Jordan have to offer you?	12
4.2.1 Jordan's business climate	12
4.2.2 Trade agreements	12
5. Support from the Dutch Government	14
5.1 Support from the Netherlands Embassy in Jordan	14
5.2 Support from the Netherlands	14
5.2.1 RVO.nl (The Netherlands Enterprise Agency)	14
5.2.2 KVK (Kamer van Koophandel)	14
6 Heaful links	15



#### 1. Introducing Jordan

#### 1.1 Geography

The Hashemite Kingdom of Jordan, a country in the Middle East, lies at the intersection of three continents - Asia, Africa and Europe - and has for centuries been a transport hub due to its strategic location. The country shares borders with Syria, Iraq, Saudi Arabia, Israel and the Palestinian Territories. At its most south-western tip, Jordan has access to the Red Sea through its sole marine outlet, the Port of Aqaba. Jordan is connected to the region by a network of roads and connected to the rest of the world via a world class international airport from which 76 destinations worldwide can be reached directly. This makes Jordan a perfect access point from the European Union and other international markets to the Middle Eastern and North African (MENA) market with over 350 million consumers.

Positioned in the heart of a region that is characterised by unpredictability and conflict, Jordan has been able to remain a steady beacon in the Arab region and has as such become a hub for many international companies that want to grow their activities in the MENA region.

#### 1.2 Population

In 2019, 10.491.243 million people lived in Jordan. Between 2011 and 2015, Jordan experienced rapid population growth, due to the influx of refugees as a result of conflicts in surrounding countries Syria and Iraq. Jordan has been a generous host of approximately 1.3 million refugees from the region. This has put significant strain on Jordan's economy and public services. A large share of the Jordanian population is Palestinian or of Palestinian descent. There are no official numbers, however the UN Relief Works Agency estimates that over 2 million Palestinian refugees live in Jordan. These refugees came to Jordan in different waves since the first Arab-Israeli War in 1948.

Most of Jordan's population is concentrated in urban areas. Amman, the capital city, hosts over 4 million people, accounting for around 40% of the total population.



Figure 1 Map of Jordan

Two other significant large cities are Irbid, 60km north of Amman, with a population of 1.7 million, and Zarqa, north-east of Amman, with more than 1.3 million people. The three biggest cities host approximately 75% of Jordan's total population.

Jordan is a country with a young population, with more than 5.6 million people (54% of the total population) under the age of 25 in 2018. The median age of 22.1 in 2017 is the lowest in the region.

Compared to other countries in the region, Jordan's percentage of people with higher education is above average. In 2018, 12.4% of the population older than 15 years followed higher education.

#### 1.3 Political structure

Jordan is a constitutional kingdom. In 1946, the Hashemite Kingdom of Jordan gained sovereign independence from Great Britain and King Abdullah I was named the country's first monarch. The current king is Abdullah II bin Al Hussein. In his governance, King Abdullah II focuses on greater pluralism, stability, social inclusion, liberalisation, and transparency. Despite political reform, recent constitutional changes have strengthened the king's power; he continues to lead policymaking.



Omar al-Razzaz is the current Prime Minister. He is expected to implement essential economic reforms while maintaining political stability. Therefore, international assistance is needed and given to support the Jordanian government to meet part of the costs relating to the refugees.

#### 1.4 Culture & language

Religion plays an important role in people's life in Jordan. 92% of Jordanians are Sunni Muslim, followed by Christians (6%) who follow the Greek Orthodox Church. In all areas, everyone can freely practice their religion. In Jordanian culture and day-to-day life, Islam plays an important role. The king holds a special place within the Muslim community because of his lineage ties to the Prophet Muhammad.

Many Jordanian traditions and customs are traced back to the Bedouin people — an Arab group descended from nomadic desert tribes. The Bedouin people still have a large influence on Jordanian culture. A welcoming attitude is one of the Bedouin values which has survived to be an influential aspect of society. The hospitality can be traced back from always welcoming and helping visitors due to the harsh desert environment.

The official language of Jordan is Arabic and the local dialect is referred to as Levantine Arabic. While Arabic is used in the education system, media, literature, formal occasions and official communications, English is commonly used in business. Indeed, English is spoken throughout the country, particularly in urban areas, and the language is taught in most schools throughout Jordan.

#### 1.5 Climate

Jordan's climate is predominantly arid. A Mediterranean climate prevails in parts of the western side, such as the highlands of the Jordan Valley, the mountains east of the Dead Sea and the Wadi Araba valley. Amman experiences a semi-arid climate with yearly temperatures averaging between 8°C and 26°C. The south, in the area of Aqaba, has an arid desert climate, characterised by yearly temperatures averaging between 16°C and 33°C.

Jordan is known for its extreme low rates of precipitation, with 80% of the territory getting less than 100 mm rainfall each year. Rainfall is largely seasonal, with 80% occurring between December and March.



#### 2. Jordan's economic situation

#### 2.1 General economic situation

Jordan experienced strong economic growth up to 2008. After 2008, and as a result of the Global Financial Crisis, growth significantly slowed down. Before the crisis, growth rates were around 8% annually but after the crisis, growth rates slowed down to around 2 to 3% per year. When other countries started to recover after 2011, Jordan continued to face economic setbacks. The conflicts in Syria and Iraq impacted the Jordanian economy, directly and indirectly, as trade routes were disturbed, key export markets were affected and investments decreased. Even though Jordan has proved to be resilient in the face of these economic setbacks, the economy has still lagged behind its peers in terms of productivity, growth and levels of per capita income. Moreover, Jordan's economic growth has not been sufficient to improve job prospects or living standards.

2.2 (Un)employment

A large concern of the Government of Jordan is the high rate of unemployment. In 2019, the unemployment rate is 19.2%, compared to 11.9% in 2014. Unemployment is particularly high among women (30.8%) and youth (41.0%). The rate of employment is also very low – only around 33.6% of the workforce, which harms the economic growth of the country.

Table 1 Unemployment (%)

2014 <sup>a</sup>	2015 <sup>a</sup>	2016 <sup>a</sup>	2017 <sup>a</sup>	2018 <sup>a</sup>
11,9	13,1	15,2	18,3	18,4
2019 <sup>b</sup>	2020 <sup>b</sup>	2021 <sup>b</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>
19,2	17,7	17,3	17,0	16,5

a) actual unemployment rate, b) expected unemployment rate

The sectors which significantly contribute to employment in Jordan are government services (26%), trade (15%), education (12%), and manufacturing (10%).

The Jordanian economy is dominated by government services, which covers 22% of the GDP. Other important sectors are finance (20%), manufacturing (18%), and tourism and hospitality (10%).

#### 2.3 Private sector development

In the Jordan Economic Growth Plan of 2018-2022, the Government of Jordan emphasised the importance of the

development of the private sector for sustainable economic growth. The government promotes the private sector as the main engine for sustainable growth and employment opportunities and works towards fostering a more active role for the private sector in the following promising sectors: water, agriculture, tourism, ICT, and foreign trade.

#### 2.3 Trade balance

As a country with few natural resources, Jordan relies heavily on imported goods and services. As a result, Jordan has a large structural trade deficit, reflecting its strong dependence on food and energy imports. Even though the costs of these declined in 2015-16, the current-account deficit is large, having risen to an estimated 10.2% of GDP (€2.38 billion) in 2018.

Even though Jordan's trade deficit is still significant, the deficit declined during the first quarter of 2019. Where national exports rose by 9.3% year on year to €1.36 billion, and imports declined by 3.2% year on year, to €4 billion.



## 3. Opportunities for Dutch businesses

#### 3.1 Jordan's import markets

Figure 2 shows the 10 most important import partners for Jordan. Imports from Saudi Arabia, China and the United States of America represent a large share of the total imports of Jordan. In 2018, the Netherlands was ranked as the  $22^{\rm nd}$  most important import country to Jordan. Of all the European Union (EU) countries, the Netherlands was listed as the  $6^{\rm th}$  most important import country to Jordan.

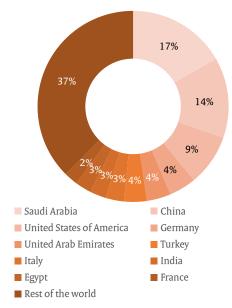


Figure 2 Top 10 most important import markets of Jordan, in 2018

Source: ITC, 2019

The following three sectors represent a large share of Jordan's total imports: i) mineral fuels, mineral oils and products of their distillation, ii) vehicles other than railway or tramway rolling stock, and part and accessories thereof, and iii) machinery, mechanical appliances, nuclear reactor, boiler parts thereof. Figure 3 provides a clear overview of the distribution of the most important import sectors of Jordan.

In this factsheet, HS (Harmonised System) codes are used to list product categories and sub-categories. HS codes are a commonly used tool in the transactions of commercially traded commodities.

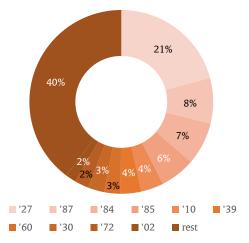


Figure 3 Top 10 import sectors of Jordan from the world in 2018. According to the HS coding.

HS Code	Description
27	Mineral fuels, mineral oils and products of their
	distillation; bituminous substances; mineral
87	Vehicles other than railway or tramway rolling stock,
	and parts and accessories thereof
84	Machinery, mechanical appliances, nuclear reactors,
	boilers; parts thereof
85	Electrical machinery and equipment and parts
	thereof; sound recorders and reproducers, television
10	Cereals
39	Plastics and articles thereof
60	Knitted or crocheted fabrics
30	Pharmaceutical products
72	Iron and steel
02	Meat and edible meat offal

#### 3.2 Export flows from the Netherlands to Jordan

Since 2013 trade flows between Jordan and the Netherlands have increased substantially. For Jordan, the Netherlands is currently the sixth most important trading partner inside the EU, for imports and exports. The total value of exports from the Netherlands to Jordan increased from €260 million in 2013 to almost €350 million in 2018. In 2018, the Netherlands' main export sectors to Jordan were: i) optical photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus, ii) machinery, mechanical appliances, nuclear reactors, boilers, parts thereof, and iii) tobacco and manufactured tobacco substitutes.

Figure 4 lists the share of the different sectors in the exports from the Netherlands to Jordan in 2018.



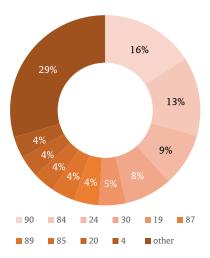


Figure 4 The Netherlands' export to Jordan per sector in 2018 (according the HS Codes)

HS Code	Description
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof
84	Machinery, mechanical appliances, nuclear reactors, boilers, parts thereof
24	Tobacco and manufactured tobacco substitutes
30	Pharmaceutical products
19	Preparations of cereals, flour, starch or milk, pastry cooks' products
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
89	Ships, boats and floating structures
85	Electrical machinery and equipment and parts thereof, sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles
20	Preparations of vegetables, fruit, nuts or parts of plants
04	Dairy produce: birds' eggs: natural honey: edible products of animal origin, not elsewhere specified or included

## 3.3 Export opportunities from the Netherlands to Jordan

The Netherlands is well known for its high tech, innovative mind-set and high-level knowledge in specific sectors like agriculture, water management, renewable energy, and ICT. There could be a role for the Netherlands to exchange knowledge and technologies with Jordan to contribute to the development of these sectors. RVO (The Netherlands Enterprise Agency) identified the agriculture, ICT, renewable energy, tourism, chemicals and pharmaceuticals, and textile and garment sector as promising sectors for Jordan. This report highlights the

export and investment opportunities of the agri-food sector, water sector, renewable energy sector, ICT sector and the tourism sector.

#### 3.3.1 Agri-food sector

The Agri-food sector is one of the top sectors of the Netherlands' economy. The Netherlands is the world's second largest exporter of agricultural products in value, after the USA. Moreover, together with the USA and Spain, the Netherlands is one of the world's three leading producers of vegetables and fruit. It supplies a quarter of the vegetables that are exported from Europe. The Dutch agricultural sector is diverse; it covers a wide range of livestock and plant-cultivation sectors that include, for example, arable and dairy farming, horticulture, tree-growing and pig farming.

For the Netherlands there could be potential to both export agriculture products to and invest in agricultural machinery in Jordan.

#### Food and live animals

Looking at export opportunities for Dutch food and live animal products to Jordan, interesting sectors are 'meat and edible meat offal' (sector 02) and 'dairy produce; birds' eggs; natural honey; edible products of animal origin' (sector 04).

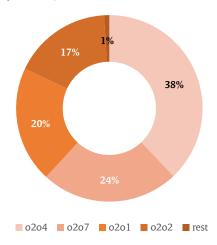


Figure 5 Import share (in %) of Jordan of 'Meat and edible meat offal', in 2018

HS Code	Description
0204	Meat of sheep or goats, fresh, chilled or frozen
0207	Meat and edible offal of fowls of the species Gallus
	domesticus, ducks, geese, turkeys and guinea fowls
0201	Meat of bovine animals, fresh or chilled
0202	Meat of bovine animals, frozen



The Netherlands' export of the 'meat and edible meat offal' sector to Jordan was very small (€229,000) in 2018, while the Netherlands exported more than €8.5 billion worldwide. In 2018, Jordan imported approximately €3.2 billion from the world.

Figure 5 shows that the subsector 'meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls' represents the second largest share of Jordanian imports. This subsector holds high potential for Dutch exporters. The Netherlands exported over  $\[ \in \] 2.3$  billion of this subsector to the world, of which only  $\[ \in \] 14,000$  to Jordan. There is a huge gap which can be filled. At the moment, Brazil is the biggest exporting country to Jordan in this field, owning nearly 80% of the market, followed by Ukraine, USA, and Belgium.

Moreover, the subsector 'meat of bovine animals, fresh or chilled' has potential for Dutch exporters. Worldwide, the Netherlands exports nearly €2.5 billion, while to Jordan only €136,000. Jordan imported nearly €64 million in 2018. Again Brazil is the biggest exporter to Jordan, followed by South Africa and Colombia.

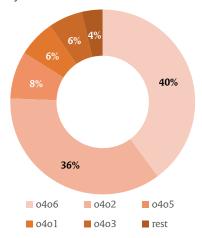


Figure 6 Import share (in %) of Jordan of 'Dairy produce; birds' eggs; natural honey; edible products of animal origin', in 2018

HS Code	Description
0406	Butter, incl. dehydrated butter and ghee, and other fats
	and oils derived from milk; dairy spreads
0402	Cheese and curd
0405	Milk and cream, concentrated or containing added
	sugar or other sweetening matter
0401	Milk and cream, not concentrated nor containing
	added sugar or other sweetening matter
0403	Buttermilk, curdled milk and cream, yogurt, kephir and
	other fermented or acidified milk and cream, whether
	or not concentrated or flavoured or containing added
	sugar or other sweetening matter, fruits, nuts or cocoa

Jordan's total import of 'dairy produce; birds' eggs; natural honey; edible products of animal origin' in 2018 nearly reached €230 million, making it one of the biggest food and live animals sectors. The sector represents 62.6% (more than €12.5 million) of the Dutch food and live animals export to Jordan in 2018. The Netherlands is, after Saudi Arabia, UAE, Egypt and New Zealand, the fifth biggest exporting country in this sector.

Of this sector, the Netherlands exports mainly butter, cheese and curd, and milk and cream (concentrated or containing added sugar or other sweetening matter). For this subsector, the Netherlands is even the biggest exporting country to Jordan, exporting over €4.5 million in 2018.

Cheese and curd is Jordan's biggest import subsector under 'dairy produce; birds' eggs; natural honey; edible products of animal origin' (over €90 million in 2018) and the Netherlands biggest subsector for exporting worldwide (nearly €3.5 billion). There is potential to increase Dutch exports of €3.7 million in 2018 to Jordan by competing with Egypt, Saudi Arabia, Poland and Turkey.

#### Innovative investments & machinery

The Government of Jordan highlights in its Economic Growth Plan that a strong agricultural investment programme would improve productivity and increase the share in GDP. Currently, the share of the agriculture sector of Jordan's GDP is around 4%. The Netherlands Embassy in Jordan works closely together with key stakeholders in the agricultural field in Jordan to explore potential investment and trade opportunities to develop Jordan's agricultural sector. So far, the Netherlands focus is on the horticulture sector, however other subsectors could be explored.

Opportunities for Dutch businesses are both innovative agricultural investments, like greenhouses and dripping irrigation technologies, and in export expansion opportunities for Jordanian farmers and exporters. Below a few interesting subsectors are highlighted.

**Sector 9406:** <u>Prefabricated buildings</u>, whether or not complete or already assembled (excl. of wood)

**Sector 9031**: Greenhouses, prefabricated, whether or not complete or already assembled, made entirely or mainly of iron or steel



The Netherlands' contribution to Jordan's import of prefabricated buildings is very small (€38000), while the Netherlands' export to the world is more than €540 million in 2018. There is a potential to compete with the biggest export country, Germany, and expand Dutch exports to Jordan.

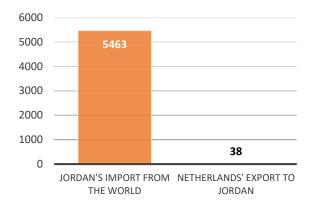


Figure 7 Import and export statistics of 'Prefabricated buildings, whether or not complete or already assembled (excl. of wood)' (x €1000), in 2018

**Sector 8436:** Agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, incl. germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof.

Subsector 8436 is a rather big export sector of the Netherlands to the world, representing €820 million in 2018. Jordan imported in 2018 nearly €9.3 million of which €456,000 originated from the Netherlands. This makes the Netherlands also one of the biggest export countries of subsector 8436 to Jordan, after Germany, Belgium and the USA.

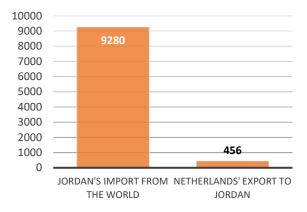


Figure 8 JOR-NED trade statistics (x  $\leq$ 1000) of 'Agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery', in 2018

**Sector 8438:** <u>Machinery</u>, not specified or included elsewhere in this chapter, <u>for the industrial preparation or manufacture of food or drink</u> (other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils); parts thereof.

The import of Jordan of this subsector was nearly €27 million in 2018. The Netherlands exports nearly €2 billion worldwide of sub-sector 8438. However, export to Jordan is only €1.7 million. Jordan's biggest import markets are Germany, Italy, China and the USA. There is potential to increase the export to Jordan and compete with these countries.

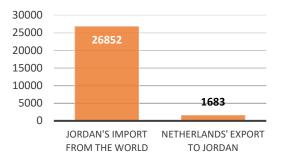


Figure 9 JOR-NED trade statistics (x €1000) of 'Machinery for the industrial preparation or manufacture of food or drink', in 2018

#### 3.3.2 Water sector

Closely related to the agriculture sector is the water sector. Water management is one of the greatest challenges faced by the agri-food sector today. Capacity building in the agricultural sector is linked to the usage of water and energy. In Jordan, 70% of the water usage is now dedicated to the agriculture sector, and capacity building in the agriculture sector could potentially increase this percentage. Water scarcity is a very important issue in Jordan, ranked as the second most water-scarce country in the world, Jordan has to limit its water usage.

The Netherlands is a world leader in managing water. Over the decades, the Dutch have mastered the art of flood protection and water supply and treatment. The Dutch are a major supplier of sustainable systems for the production and supply of water for the collection, treatment, and partial reintroduction of "used" water into the system. The Dutch water sector includes several large engineering firms with global operations. Platforms such as the Netherlands Water Partnership (NWP) promote international cooperation. The water sector is strongly focused on exports and continuous innovation.



The Netherlands acknowledges the importance of the problems in Jordan and hence is looking for solutions to deal with the water scarcity. One of the main priorities of the Netherlands Embassy in Jordan is to coordinate between and integrate the water, energy and agriculture programming and work towards sustainable water management. Combining techniques and information on soil fertility, soil moisture, water buffering capacity and irrigation is what we call an integrated approach to water and agri-food. Innovative information technologies play a crucial role.

In Jordan, there is potential for Dutch businesses to invest in innovative information technologies. Power efficient pumps for water treatment to reduce energy costs, efficient irrigation systems to reduce water usage in the agriculture sector and hydrological software could be interesting for Dutch business. Research in the possibility of using brackish water in the agriculture sector is also needed.

The Netherlands' Embassy in Jordan is actively working in the water sector in Jordan and linking the Dutch (private) water sector to Jordanian counterparts. In this regard, the Netherlands' Embassy and the Netherlands Water Partnership (NWP) organised, in line with the Energy – Food – Water nexus, a scoping mission to Jordan in November 2018 during which water usage innovations were discussed.

#### 3.3.3 Renewable energy sector

Jordan has recently been ranked as having the third best investment environment in the field of renewable energy, according to the Bloomberg's Climate scope 2018 Index. The index placed Jordan (among 103 countries), third after Chile and India in attracting investments into its renewable energy sector. The kingdom's new ranking will further boost the positive momentum for the country's renewable energy sector in the coming years.

The Netherlands has a strong standing in the areas of renewable energy and energy efficiency, and a leading position in wind energy at sea, biomass processing and greenhouse farming. Dutch companies could invest in the renewable energy projects of the Government of Jordan, or look into the opportunity of exporting energy saving and efficiency products.

#### 3.3.4 Tourism sector

The tourism sector currently accounts for about 10% of the Jordanian economy. Jordan is home to a diverse set of tourist attractions and many cultural heritage and natural sites, such as the Dead Sea, Petra, one of the 7 world wonders, the Mars-like landscape of Wadi Rum, and the stunning Roman ruins of Jerash. This has made Jordan one of the main tourist hotspots in the region, with much potential for further growth.

With the creation of the 'Jordan Trail', a 650km path that runs all the way from Northern Jordan to the most Southern parts near the Red Sea, there is much potential for growth in 'adventure tourism'. Hikers can explore the many 'Wadis' – or natural springs – that the country holds as well as tour the desert landscapes and spend the night with Bedouin tribes.

Transavia announced to fly directly from Amsterdam to Amman three times a week, as from October 2019. This could boost tourist arrivals from the Netherlands to Jordan.

#### 3.3.5 ICT sector

Jordan is moving away from seeing ICT as an isolated sector and towards digitising the entire Jordanian economy with emphasis on niche markets and global value chains. This vision is laid out in the national digitisation strategy REACH2025. REACH2025 aims to transform Jordan into a regional ICT hub. It recommends reforms, including improved access to finance, investor incentives and tax exemptions, many of which have been adopted recently.

The Netherlands' ICT infrastructure is high-tech and well-functioning. Some 70 per cent of innovation in the Netherlands is ICT-related, enabling crucial developments in areas such as water management, food and cut-flowers, and automotive. A large number of public-private partnerships, in which the government works closely with academia and the private sector, effectively push the boundaries in areas such as parallel computing, modelling, embedded systems, multimedia technologies and virtual laboratories. Dutch ICT companies could transfer their knowledge and technologies to Jordan in order to boost Jordan's IT structures.



#### 4. Doing Business in Jordan

#### 4.1 Be prepared

The Jordanian business environment is very accessible due to its familiarity with the large influx of expats and widely spoken English. However, before you start exporting to or investing in Jordan, it is important to become more familiar with the Jordanian context, culture, habits and all of the country's relevant regulations.

When visiting Jordan, a visa is required. For €50, Dutch nationals can purchase a tourist visa valid for 30 days at the airport upon arrival.

#### 4.1.1 What to expect when exporting outside the EU

When exporting outside the EU, there is no free trade of goods or services, which means that certain tasks need to be undertaken and documents need to be secured before exporting. When exporting outside the EU, the following steps need to be taken:

**Step 1:** An export declaration is required. The Dutch customs can assist you in the process of obtaining the export declaration.

**Step 2:** Make sure that you arrange the correct documents on time. The Dutch Chamber of Commerce can assist you with arranging the correct documents (see section 5.2 for more information).

**Step 3:** Keep in mind possible differences in trade regulations between the Netherlands and Jordan. This varies per product. It is also useful to check for possible trade barriers via the Market Access Database of the European Commission.

**Step 4:** It is useful to arrange clear conditions with partners for the transport, payments and responsibility for any damage and insurances (to overcome any misunderstandings). ICC Incoterms provides a tested and tried example of standardised international delivery conditions.

#### 4.1.2 Responsible Business Conduct

When doing business internationally, it is important to devote attention to Corporate Social Responsibility (CSR). CSR is a company's sense of responsibility toward the community and environment, both ecological and social, in which it operates. This means taking responsibility for

the impact on the environment, the society and employees while striving for economic success.

Next to CSR, there is the Responsible Business Conduct (RBC) in which companies take responsibility for the (potential) adverse impacts in the supply chain and discuss labour and safety conditions with the suppliers. To prevent violations on people and planet, companies must act in accordance with the OECD Guidelines and the UN Guiding Principles (UNGPs).

#### 4.2 What does Jordan have to offer you?

#### 4.2.1 Jordan's business climate

In 2018, Jordan's business climate was ranked 104th on the Ease of Doing Business-ranking which is the second highest in the region, after Turkey. One of the topics Jordan scores well on is 'Trade across Borders'. Again, the second highest score in the region after Turkey. Trade across Borders records the time and cost associated with the logistical process of exporting and importing goods.

Furthermore, Jordan ranked 73rd out of 137 countries in the Global Competiveness Index in 2018. Jordan facilitates a secure business climate compared to neighbouring countries and offers the opportunity to tap into a wealth of highly educated and qualified human capital. Education is one of the biggest expenditures of the government, constituting 9.7% of total government expenditures.

#### 4.2.2 Trade agreements

When exporting to or investing in Jordan, it is useful to take into account available benefits and trade agreements. Jordan has 16 Development Zones and 42 Free Zones distributed throughout the Kingdom. The aim of the Development Zones is to distribute gains of economic development to all regions within the Kingdom and to create jobs by stimulating competitive advantages within these zones based on specialisation. Development zones in Jordan provide non-Jordanian investors the opportunity to own property without requiring a Jordanian partner. The Free Zones help facilitate the transit of goods, stimulate economic activity and play an important role in contributing to Jordan's position as centre for trade.

In addition, Jordan is party to bilateral and regional trade agreements that contribute to enhancing the international competiveness of Jordanian exports by gaining access to



over 1 billion consumers worldwide, as well as improved trade conditions for Dutch businesses to export to Jordan. In addition, Jordan's membership of the **World Trade Organisation (WTO)** ensures access of Jordanian goods and services to 161 world markets. As part of the political and financial support to Jordan, the EU has granted Jordan easier access to the European market, and the other way around through the **Free Trade Agreement (FTA)** under which they agreed:

- To liberalise two-way trade in goods, so that all trade in industrial products takes place free of any import duties while trade in agriculture, agro-food and fisheries products has been liberalised on a selective and progressive basis.
- Rules and disciplines on non-tariff based trade measures such as quantitative restrictions and products standards.
- A general right to establish businesses and provide services in the other territory.
- To allow for current payments and capital movements.
- Common rules on competition and intellectual property.

Another agreement between the EU and Jordan is the Rules of Origin Agreement, an agreement under which Jordan originated products can be exported to the EU more easily without import duties, and the other way around. Rules of origin are the technical criteria which determine whether a specific product qualifies for duty free or other preferential access under a given trade agreement. The EU and Jordan worked on the relaxation of the Rules of Origin, which created new opportunities for national and international business and can turn the large numbers of Syrian refugees residing in Jordan into opportunity for economic growth. The agreed relaxation of rules of origin covers a wide range of manufactured products and includes both items that Jordan currently exports in small volumes to the EU and items for which currently there is no trade.



## 5. Support from the Dutch Government

How can we support your business? The Government of the Netherlands is ready to assist in promoting Dutch-Jordanian business collaboration, via multiple channels. Both government channels in the Netherlands and the embassy in Jordan are available for support.

## 5.1 Support from the Netherlands Embassy in Jordan

The Netherlands Embassy in Jordan is based in Amman. The embassy maintains a good network in several economic sectors in Jordan. When exporting to Jordan, the embassy can provide a business partner scan. This enables Dutch companies with an interest in Jordan to profit from the embassy's extensive network and market knowledge. For a small fee the embassy will provide a business scan consisting of a clear overview of possible business partners such as importers and distributors that have declared their interest in collaborating with Dutch counterparts, as well as information on the Jordanian market and relevant trends.

#### 5.2 Support from the Netherlands

Various support mechanisms are present in The Hague at different Ministries. For instance, subsidies and financial programmes are available, market studies are executed to explore interesting export markets, and international trade missions are organised by the Ministry of Foreign Affairs to promote Dutch business internationally.

#### 5.2.1 RVO.nl (The Netherlands Enterprise Agency)

The Netherlands Enterprise Agency (RVO) stimulates entrepreneurs in sustainable agricultural, innovative and international business. It aims to improve opportunities for entrepreneurs, strengthen their position and help them realise their international ambitions with funding, networking, know-how and compliance with laws and regulations.

RVO provides personal advice on doing business abroad for Dutch companies by regional experts. RVO can furnish general information on exporting and investing to foreign countries and subsidies and funding opportunities. Furthermore, RVO offers insights on market research, country comparison, and helps you to find local business partners. For more information on the support RVO provides and specific information on Jordan, please visit their website.

Moreover, multiple subsidies and financial programmes are open for Dutch companies investing in Jordan. For an overview of the current subsidies and financial programmes for Jordan, please check RVO's page on subsidies & financial programmes.

Part of RVO is the Centre for the Promotion of Imports from Developing Countries (CBI). CBI supports foreign entrepreneurs to become successful exporters to the European market through export coaching-projects. Moreover, CBI publishes market studies on a yearly base for different sectors. On their website, the results of the market studies are published, as well as information about the different programmes running in Jordan.

#### 5.2.2 KVK (Chamber of Commerce)

As already mentioned in section 4.1.2, when exporting internationally, it is essential to obtain the correct export documents. Every country has its own regulations regarding imports. The KVK (Chamber of Commerce) is there to provide information and assistance on export documents for doing business internationally. On their website detailed information is shared concerning exporting outside the EU.



#### 6. Useful Links

 The Netherlands Embassy in Jordan: https://www.nederlandwereldwijd.nl/landen/jordanie

 Jordanian Embassy in The Hague: http://www.jordanembassy.nl/

 The Netherlands Enterprise Agency (RVO) https://www.rvo.nl/

 Centre for the Promotion of Imports from Developing Countries (CBI) https://www.cbi.eu/

- "Kamer voor Koophandel" (KVK) (Chamber of Commerce)
  - o Export documents: https://www.kvk.nl/advies-en-informatie/internationaal-ondernemen/exportdocumenten/ & https://ondernemersplein.kvk.nl/exportdocumenten/
  - o Exporting outside the EU: https://www.kvk.nl/goederen-exporteren-buiten-de-eu/
- In case you encounter any trade restrictions (unfair competition, trade barriers, or protectionism), you could report to: Meldpunt Handelsbelemmeringen.
- International Trade Centre
  - o Trade Map:

o Import and export procedures guide - Jordan: https://euromed.macmap.org/euromed/en/market-access-info/customs-procedures-guides/download?reporter=400

Jordan Economic Growth Plan 2018-2022
 http://extwprlegs1.fao.org/docs/pdf/jor170691.pdf

European Commission: Procedures and Formalities
 This section tells you about import procedures & documents required by specific countries:
 <a href="http://madb.europa.eu/madb/datasetPreviewFormIFpubli.htm?datacat\_id=IF&from=publi">http://madb.europa.eu/madb/datasetPreviewFormIFpubli.htm?datacat\_id=IF&from=publi</a>

Jordan Investment Commission
 The Jordan Investment Commission works towards promoting investments as well as exports and manages Development
 Zones and Free Zones in the Kingdom.

https://jic.gov.jo/portal

Jordan's Investors' Guide
https://www.jic.gov.jo/wp-content/uploads/2018/10/Investor-Guide.pdf



This is a publication of
Netherlands Enterprise Agency
Prinses Beatrixlaan 2
PO Box 93144 | 2509 AC The Hague
T+31 (0) 88 042 42 42
E klantcontact@rvo.nl
www.rvo.nl

This publication was commissioned by the ministry of Foreign Affairs.

© Netherlands Enterprise Agency | October 2019
Publication number: RVO-122-1901/RP-INT

NL Enterprise Agency is a department of the Dutch ministry of Economic Affairs and Climate Policy that implements government policy for Agricultural, sustainability, innovation, and international business and cooperation. NL Enterprise Agency is the contact point for businesses, educational institutions and government bodies for information and advice, financing, networking and regulatory matters.

Netherlands Enterprise Agency is part of the ministry of Economic Affairs and Climate Policy.