

## DRUM COMMODITIES LIMITED (DCL)

### COUNTRY REPORT - JORDAN

#### 1. INTRODUCTION

- 1.1 Jordan is a country in the Middle East (31°N, 36°E) situated northwest of Saudi Arabia, east of Israel, west of Iraq and south of Syria. Jordan also shares a border with the West Bank and has a small shoreline along the Gulf of Aqaba in the Southwest.



Figure 1: CIA World Factbook: Jordan

- 1.2 Jordan has a total area of 89,342 square km making it the 112th largest country in the world.
- 1.3 Jordan's climate is hot and dry, characterised by long, hot summers and short, cool winters.
- 1.4 The current environmental issues Jordan faces include limited natural fresh water, deforestation, overgrazing, soil erosion and desertification.
- 1.5 Natural resources in Jordan include phosphate, potash and shale oil.
- 1.6 The population of Jordan is approximately 9 million and is the 98<sup>th</sup> most populated country in the world. The age structure shows a large proportion of young people with a population growth of 3.86% estimated for 2014. 35.8% of the population is between the ages of 0 and 14 years.

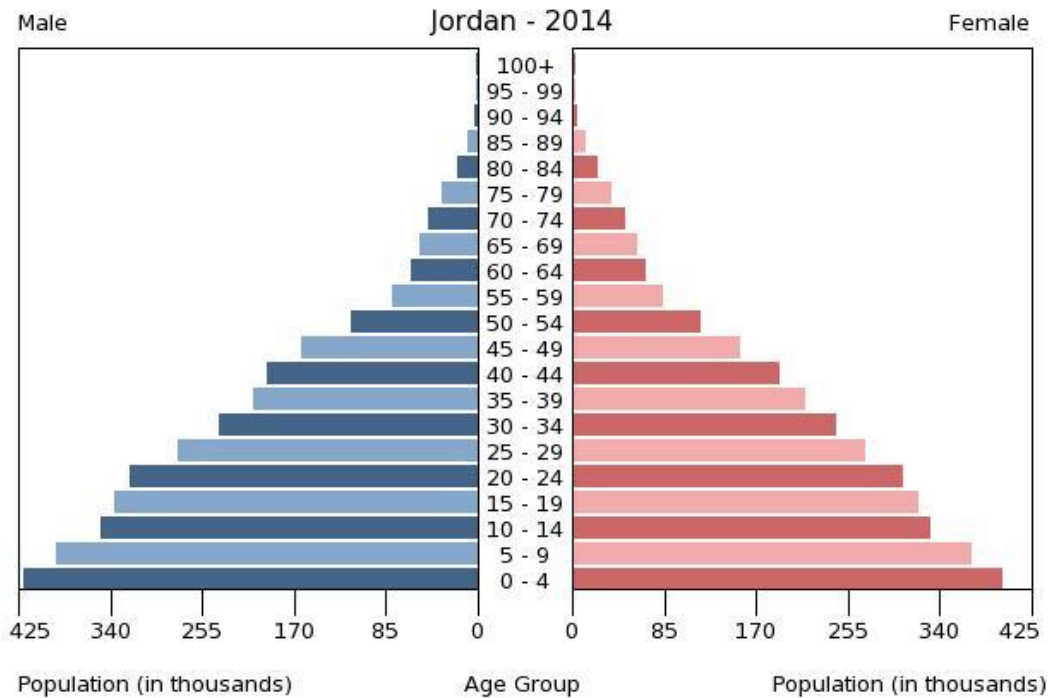


Figure 2: Jordanian Population Pyramid

- 1.7 The Capital city of Jordan is Amman with a population of approximately 4 million according to a recent report by the Greater Amman Municipality. The country has a single port city, Aqaba on the Red Sea.
- 1.8 The national currency is the Jordanian Dinar (JOD). At the date of this report, the exchange rate was around 0.71 JOD to 1 USD.
- 1.9 The official flag of Jordan is depicted below:



Figure 3: Jordanian Flag – CIA

## 2. HISTORY

- 2.1 The region of Jordan has undergone several occupations before the formation of the Kingdom of Jordan.
- 2.2 In 1946 Britain granted independence to the territory which became known as the Hashemite Kingdom of Jordan. In 1947 however, tensions between Palestinians and Israelis was reaching boiling point and King Abdullah proposed sending the Arab Legion to defend the Arabs of Palestine.
- 2.3 By 1948, the Arab-Israeli war was underway and Jordanian forces were reinforced with troops from Syria, Iraq, Lebanon and Egypt. However, each army only took orders from its own commanders and Israel was able to exploit this weakness. This conflict forced 500,000 Palestinian Arabs to flee from their homes in the region known as the 'West Bank'.

- 2.4 Jordan lost control over the West Bank in the Six-Day War in 1967. King Hussein permanently relinquished Jordanian claim over the West Bank in 1988. Hussein was the second Arab head of state to recognize the state of Israel in 1994.

### 3. POLITICS

- 3.1 Jordan's executive power rests with the King of Jordan. However, Jordan is a constitutional monarchy with a representative government.



Figure 4: His Majesty King Abdullah II

- 3.2 The current monarch, King Abdullah II assumed control of the throne after his father, King Hussein died in 1999. King Abdullah II has implemented modest political and economic reforms, but in the wake of the Arab Spring across the Middle East, Jordanians still push for more political reforms and liberalisation.
- 3.3 Jordan's legal system is based upon Islamic law. Judicial review of legislative acts occur in a special High Tribunal.
- 3.4 The head of the Jordanian government is the Prime Minister. This office is currently occupied by Abdullah Ensour, who was appointed by the King in October 2012.
- 3.5 The Parliament (Majlis al-Umma) comprises:
- 3.5.1 The Senate, also called the Upper House of Representatives (Majlis al-Ayan) (75 seats; members appointed by the monarch).
  - 3.5.2 The Lower House of Representatives (Majlis al-Nuwaab) (150 seats; 123 members elected using the single, non-transferable vote system and 27 seats elected using a closed national list system).
- 3.6 Political Parties play a minor role in Jordanian politics due to their lack of organisation; they only contest around a fifth of the seats in the Lower House. The Islamic Action Front is currently the main opposition in Jordanian politics.

### 4. MAIN INDUSTRY AND ECONOMY

- 4.1 The Jordanian economy is a market oriented economy. The economic system is based on free enterprise and personal initiative.

- 4.2 The lack of water, oil, and other natural resources underlies the government's heavy reliance on foreign assistance. The economy in Jordan has improved in recent years but Jordan still has economic challenges including: 12% unemployment, a \$6,100 GDP per capita and 14.2% of the population living below the poverty line.
- 4.3 Since acceding to the throne in 1999, King Abdullah II has implemented significant economic reforms, such as opening trade regimes, privatising state-owned companies and eliminating some fuel subsidies. The removal of fuel subsidies caused a temporary increase in inflation in 2012, which sparked protests across the country.
- 4.4 Jordan also has established 4 free-trade zones at Al-'Aqaba, Al-Zarqa', at the Queen Alia International Airport, and along the Syrian frontier near the Jordan-Syria rail link.
- 4.5 GDP growth in Jordan has declined since the global economic crash in 2008. However, Jordan's financial sector has been relatively isolated due to its limited exposure to overseas capital markets.
- 4.6 Jordan relied heavily on foreign assistance in 2012 to finance its budget deficit as the influx of up to 1.5 million Syrian refugees (as indicated by the Foreign Ministry of Jordan in June 2015) put additional pressure on expenditure.
- 4.7 Distribution of labour by industry (EU Trade 2014 estimate):
  - 4.7.1 Agriculture – 4.5%.
  - 4.7.2 Industry – 30%.
  - 4.7.3 Services – 65%.
- 4.8 Common agricultural products in Jordan include citrus fruits, tomatoes, cucumbers, olives, strawberries, stone fruits, sheep, poultry and dairy
- 4.9 Major industries include clothing, fertilizers, potash, phosphate mining, pharmaceuticals, petroleum refining, cement, inorganic chemicals, light manufacturing and tourism.



Figure 5: Phosphate



Figure 6: Potash



Figure 7: Pharma

- 4.10 Jordan's 2 largest exporting industries are the pharmaceutical industry and the phosphate and potash extraction industries, the latter being one of the largest in the world. 75% of Jordan's pharmaceutical production is exported.

## 5. CULTURE

- 5.1 The ethnic make-up of Jordan is 98% Arab, 1% Circassian, and 1% Armenian.
- 5.2 Arabic is the official language in Jordan, however, English is widely spoken and understood by the middle and upper classes.
- 5.3 Religion in Jordan is primarily dominated by the Islamic faith with 97.2% of Jordanians identifying as Muslims (Sunni). 2.2% of Jordanians are Christian, mainly from a variety of orthodox doctrines, Buddhist 0.4%, Hindu 0.1%, and Jewish less than 0.1%.

5.4 The average age of Jordanians is 21.8 years with a life expectancy of 74.1 years.

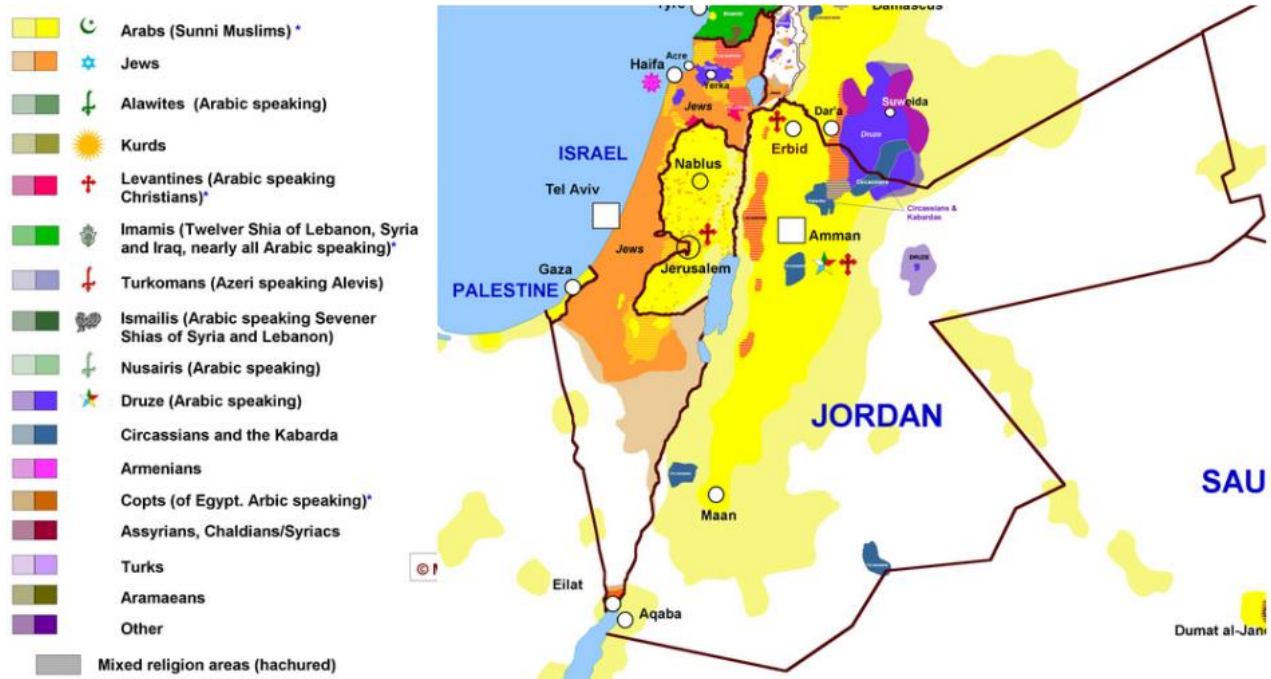


Figure 8: Jordanian Ethnic Groups

## 6. INFRASTRUCTURE

6.1 Transportation infrastructure along road, rail and air links is well developed in Jordan with various plans for improvement.

6.2 Jordan's finances have been strained by a series of natural gas pipeline attacks in Egypt, causing it to rely on more expensive diesel imports, primarily from Saudi Arabia, to generate electricity. Jordan is currently exploring nuclear power generation and the exploitation of abundant oil shale reserves and renewable technologies to forestall energy shortfalls.

6.3 The transport sector accounts for more than 10% of Jordan's GDP and is growing at an annual rate of 6%. The government developed a national transport strategy to upgrade the country's infrastructure to help the country capitalise on its geographical advantages.

### 6.4 Road Transport:

6.4.1 Jordan has excellent road connections all over the country, linking Jordan to all of its neighbouring countries. It has around 80,000 km of tarmac surfaced roads and highways. Investments on road improvement and development are expected to reach more than 1.8 billion USD within the next 25 years.

### 6.5 Rail Transport:

6.5.1 Jordan has an aging railway network which is operated by Jordan Hejaz Railway and Aqaba Railway Corporation. Plans to replace this were announced by the government in 2010 but are yet to come to fruition.

### 6.6 Air Transport:

6.6.1 Jordan has 2 principal airports:

6.6.1.1 Queen Alia International Airport (QAIA): QAIA started to undergo a 550 million USD rebuild project in 2008. A build-operate-transfer (BOT) contract was awarded to an international consortium led by "Aéroports de



Paris". Upon the final completion of the project in 2016, the capacity of the airport will expand from 3 million passengers to 9 million. The cargo capacity will also be greatly increased.

- 6.6.1.2 King Hussein International Airport (Aqaba): The National Air Services of Kuwait won a tender to equip, operate, and transfer the airport for 15 years. 15 million USD has been invested in upgrades. The cargo terminal serves as a sea-air linkage into Iraq and the rest of the region. KHIA has an Open Sky policy.

## 7. SUMMARY

- 7.1 Jordan has been brought into the global spotlight as a regional pioneer in political, economic, and social development. A small nation with a population of approximately 9 million, situated in the heart of the Middle East and North Africa but lacking many of the region's natural resources, Jordan represents a remarkable success story in its efforts to overcome tough challenges.
- 7.2 Jordan enjoys an environment of peace and political stability. The leadership of His Majesty King Abdullah II builds on the peace that Jordan has fostered with its neighbours in the past, guiding the nation to becoming a key regional player in international cooperation
- 7.3 Jordan is also well known for its remarkable achievements in economic development and liberalisation, taking full economic advantage of its strategic location in the Middle East at the crossroads between Europe, Asia, and Africa. Jordan became a member of the World Trade Organisation in 2000, and has signed free trade agreements with the USA, Canada, Singapore, and several European, Middle Eastern, and North African countries.
- 7.4 Jordan's achievements in the political and economic realms would not have been possible without its progressive society. Jordan's literacy rate is 91% and among the highest in the region. A very strong rate of female political participation, combined with the fact that 70% of the population is under the age of 30, reflects a progressive and youthful society.
- 7.5 Accessible education and healthcare, affordable housing, competitive wages, thriving cultural and entertainment scenes, among other factors, provide a high standard of living for many in Jordan. The Jordanian society is increasingly cultivating educated, skilful, and productive individuals who are well equipped for competing in the regional and international economy.

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