

# Economic Monitor Jordan

## 2.0% Economic growth (GDP) during the first three quarters of 2018

3.9% Growth in the Social and Services sector

3.6% Growth in the Finance & Insurance Sector

3.2% Growth in the Agriculture sector

3.0% Growth in the Transport, Communication & Storage Sector

2.4% Growth in the Real Estate Sector

**BUT,**  
-0.3% Contraction in the constructions sector



### Macroeconomic Issues

Unemployment deteriorated in 2018

**18.7%** Unemployment Rate in the 4th quarter of 2018, up from 18.5% in the 4th quarter of 2017.



This dire unemployment situation is leading to a worrying social crisis among Jordanians. During February, groups of unemployed Jordanians from different governorates began marching towards Amman demanding jobs.

This began with a group of unemployed marching from Aqaba but soon after, similar marches and protests began taking place in different areas of Jordan including Tafileh, Ma'an, Karak, Mafraq, Madaba and Irbid.

### Monetary Development

Negative Monetary Environment

**-1.4%** MoM decrease in foreign currency reserves in January 2018, to reach \$11,361 million



**+2.0%** Inflation Rate in January 2019 compared to 2018.



**BUT,**

**+5.8%** Increase in credit extended to the private sector during 2018, to reach JD35,232 million.



### Fiscal Policy

By the end of 2018

GROSS public debt decreased to

**94.0% OF GDP**

compared to 95.3% of GDP at the end of 2017.

NET public debt increased to

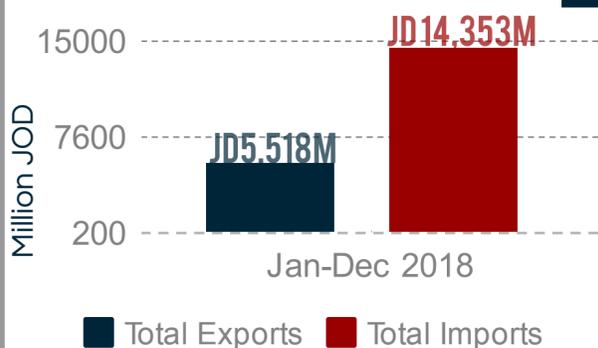
**89.4% OF GDP**

compared to 88.9% of GDP at the end of 2017.



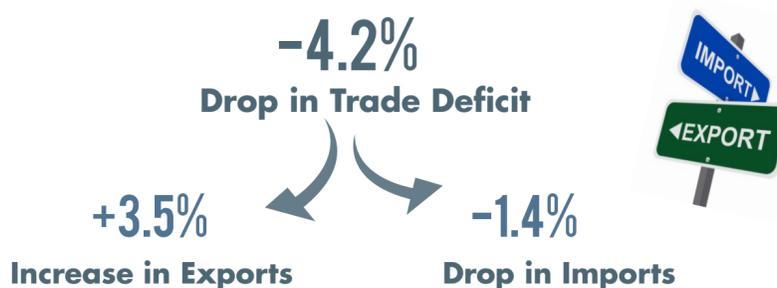
The budget deficit (including grants) amounted to **JD728M** decreasing by -2.7% compared to the same period of last year.

### Trade Performance Jan-Dec 2018



### Trade Development

The Jordanian trade sector performed positively in 2018



### Positive Trade Developments

According to an IMF statement released following the 2nd review of the Jordanian economy, exports have increased in 2018 supported by the re-opening of the border with Iraq.

The IMF says that the outlook for exports is positive, stimulated by the opening of borders with neighbouring countries and the extension and broadening of the trade agreement with the EU. The IMF also added that authorities' efforts at reducing energy costs on the private sector will help boost competitiveness.

### Investment Climate

#### Jordan's Economic Prospects Boosted by London Initiative

Jordan's reforms, investment potential and vision for creating jobs and driving economic growth were highlighted at a major international conference held in London on February 28th



The London initiative, which was co-hosted by British and Jordanian governments and entitled "Jordan: Growth and Opportunity, is the start of a long marathon that will be followed with several meetings with various groups of investors. While no private sector investment deals were made at the Conference, the main aim of the initiative was to promote Jordan as an investment destination. The London Conference succeeded in securing a great deal of concessional financing, which should help Jordan reschedule its debt towards favourable conditions. These include

- \$1.9 billion by the World Bank over two years.
- 1.6 billion Euros by the EU over two years.
- 1 billion Euros by the French Development Agency.
- 870 million Euros by the European Investment Bank.
- 460 million Euros by Germany.

#### Other Investment Developments

The Economic Freedom Index (2019) ranked Jordan 53rd in economic freedom out of 180 countries globally, and 4th among 14 MENA countries.

The government announced recently that it is planning to amend the foreign investments bylaw of the Investment Law, in order to allow 100% foreign ownership in investment projects across some sectors in Jordan.

The Aqaba Special Economic Zone Authority (ASEZA) said that it re-launched its unified investment window after it was developed and modernized to serve the needs of investors. The Aqaba Chamber of Commerce also inaugurated a new business incubator.

The Prime Minister inaugurated the Mafraq industrial city which is supposed to attract exporters to Iraq and Syria. It also added the Ma'an Development Zone to the list of areas where incentives and privileges are offered for investors in production branches (i.e. satellite factories) and employment initiatives.

His Majesty King Abdullah urged the expediting of infrastructure work at the Madaba Industrial Estate project, which is currently 75% completed.



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