

Economic Monitor Jordan

1.8% Economic growth (GDP) in Q2-2019 compared to 2.1% in Q2-2018

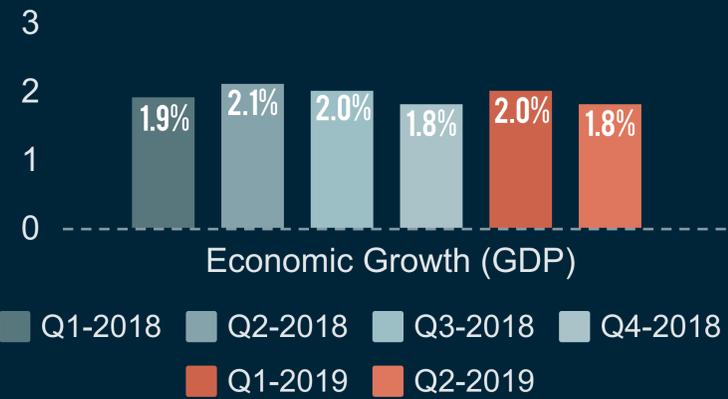
3.3% Growth in the Social and Services sector

2.8% Growth in the Finance & Insurance Sector

2.7% Growth in the Agriculture sector

2.9% Growth in the Transport, Communication & Storage Sector

-0.7% Contraction in the Construction sector



Macroeconomic Issues

Unemployment deteriorated in 2019

19.2% Unemployment rate in Q2 2019, climbing from 19% in Q2 2018.

Males: **17.1%** compared with 16.5% in 2018
 Females: **27.2%** compared with 26.8% in 2018

The unemployment rate among university-degree holders registered an increase to reach 25.9%. Unemployment was most prevalent among the 15-19 and 20-24 age groups, reaching 46% and 40%.

Monetary Development

Stable Monetary Environment

+3.1% Increase in credit extended to the private sector in the first seven months of 2019, to reach JD25,412 million.

+0.4% MoM increase in foreign currency reserves in August 2019, to reach \$12,321 million.

+0.4% Inflation Rate during the first eight months of 2019 compared to 2018.

Fiscal Policy

By the end of July 2019

GROSS public debt increased to

94.4% OF GDP

the same as 94.4% of GDP at the end of 2018.

NET public debt increased to

90.0% OF GDP

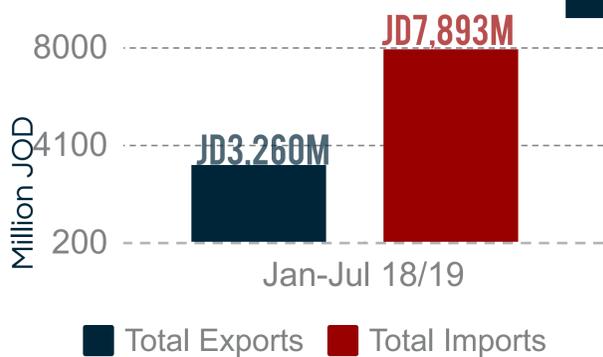
compared to 89.7% of GDP at the end of 2018.

The budget deficit (including grants) amounted to

JD739M

increasing by 12.2% from the same period in 2018.

Trade Performance Jan- Jul 18/19



Trade Development

The trade sector is performing positively



New Plan to Boost Exports to the EU

The Ministry of Industry has begun implementing a plan to boost exports to the EU. The plan was prepared in cooperation with the EU, the Jordan Investment Commission and the Jordan Chamber of Industry, and includes the creation of an online portal that aims at increasing Jordan's exports to European markets.

The plan comes in light of the new simplifications of the rules of origin agreement signed between Jordan and the EU, and the latest amendment to increase the duration from 2016-2026 to 2016-2030.

Investment Climate

Foreign Direct Investment

-21.6% Decrease in the value of foreign direct investments (FDI) inflows into Jordan in Q2 2019 to reach JD150 compared to Q2 2018.



Some of the government's efforts at attracting investments are bearing fruit. Following a Cabinet decision to lower prices in the new industrial cities of Tafileh, Madaba and Salt, the Jordan Industrial Estates Company (JIEC) was able to attract six new industrial investments in Salt and Madaba within less than a month of implementing the decision. Furthermore, a government source recently revealed that negotiations are currently taking place with 14 Turkish investors interested to set up investments project at the Mafraq industrial city worth JD50 million.

The Investment Commission is trying to enhance its services to investors for a smooth investment process. The most recent measure has been the issuance of electronic cards for investors. The Commission is expected to launch 11 e-services in the coming two months to enhance the business environment in Jordan.



Other Investment Developments

The King inaugurated the new free zone at the Queen Alia International Airport which will be a trade and investment hub for various sectors, offering a comprehensive package of logistical services to support investments and exports. The free zone was revamped at a cost of JD38 million.

The Greater Amman Municipality (GAM) stated that the year 2020 will be the year of investments for Amman, as GAM is planning to launch dozens of projects in partnership with the private sector.

A comprehensive revision of the National Railway project is currently underway. The revised project is envisioned to connect the Kingdom's southern governorate of Aqaba, some 330km south of Amman, with the northern town of Ramtha bordering Syria, through a route to transfer passengers and goods.

For the first time, the Jordan Chamber of Commerce will host a business and entrepreneurship incubator that includes all economic sectors and geographical areas.



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