

Jordan

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Jordan

Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Non - Compliance with FATF 40 + 9 Recommendations Not on EU White list equivalent jurisdictions
Medium Risk Areas:	US Dept of State Money Laundering Assessment Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
<p>Major Investment Areas:</p> <p>Agriculture - products: citrus, tomatoes, cucumbers, olives, strawberries, stone fruits; sheep, poultry, dairy</p> <p>Industries: clothing, fertilizers, potash, phosphate mining, pharmaceuticals, petroleum refining, cement, inorganic chemicals, light manufacturing, tourism</p> <p>Exports - commodities: clothing, fertilizers, potash, phosphates, vegetables, pharmaceuticals</p> <p>Exports - partners: US 16.6%, Iraq 15.1%, Saudi Arabia 11%, India 10.5%, Indonesia 4.2% (2012)</p> <p>Imports - commodities: crude oil, machinery, transport equipment, iron, cereals</p> <p>Imports - partners: Saudi Arabia 23.6%, China 9.4%, US 6.7%, Italy 4.7%, Turkey 4.6% (2012)</p>	

Investment Restrictions:

Jordan encourages foreign investment and to develop an outward-oriented, market-based, and globally competitive economy. In particular, banking, information and communication technology, pharmaceuticals, tourism, and services sectors have all experienced key reforms in recent years. Foreign and domestic investment laws grant specific incentives to industry, agriculture, tourism, hospitals, transportation, energy, and water distribution. Jordan is also uniquely poised geopolitically to host large scale investment focused on the reconstruction of Iraq and other regional markets.

Jordan's current investment laws treat foreign and local investors equally, with the following exceptions:

- Ownership of periodical publications is restricted to Jordanian citizens or entities wholly-owned by Jordanians.
- Foreigners are prohibited from wholly or partially owning investigation and security services, sports clubs (with the exception of health clubs), stone quarrying operations for construction purposes, customs clearance services, or land transportation services. The Cabinet, however, may approve foreign ownership of projects in these sectors upon the recommendation of the Investment Promotion Committee, comprised of senior officials from the Ministry of Industry and Trade, Income Tax Department, Customs Department, the private sector, and the Jordan Investment Board. To qualify for exemption, projects have to be deemed by the Prime Ministry as highly valuable to the national economy and must employ a large number of Jordanians.

Investors are limited to 50 percent ownership in a number of businesses and services, including printing/publishing companies and aircraft or maritime vessel maintenance and repair services.

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Section 1 - Background

Following World War I and the dissolution of the Ottoman Empire, the League of Nations awarded Britain the mandate to govern much of the Middle East. Britain demarcated a semi-autonomous region of Transjordan from Palestine in the early 1920s. The area gained its independence in 1946 and thereafter became The Hashemite Kingdom of Jordan. The country's long-time ruler, King HUSSEIN (1953-99), successfully navigated competing pressures from the major powers (US, USSR, and UK), various Arab states, Israel, and a large internal Palestinian population. Jordan lost the West Bank to Israel in the 1967 Six-Day War. King HUSSEIN in 1988 permanently relinquished Jordanian claims to the West Bank; in 1994 he signed a peace treaty with Israel. King ABDALLAH II, King HUSSEIN's eldest son, assumed the throne following his father's death in 1999. He implemented modest political and economic reforms, but in the wake of the "Arab Revolution" across the Middle East, Jordanians continue to press for further political liberalization, government reforms, and economic improvements.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Jordan is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Jordan was undertaken by the Financial Action Task Force (FATF) in 2011. According to that Evaluation, Jordan was deemed Compliant for 5 and Largely Compliant for 7 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2011):

Jordan is considered one of the advanced and stable economic systems in the Middle East, especially in the banking sector. The banking sector is characterized by a noticeable overall progress and the presence of a good level of awareness about the AML/CFT requirements. Crime rate is relatively low, even with existing activities of trafficking drugs and smuggling of antiques from Iraq. Jordan's economy is remarkably open to the international investment markets. These factors altogether create a degree of AML risk. As to the possibility of the presence of the financing of terrorism, some risks related to terrorism have existed, such as the formation of terrorist groups that feed terrorist activities in the region, in addition to the execution of some terrorist operations.

In general, and with some exceptions, Jordan has a legislative and supervisory framework that covers most of the sectors concerned with AML. The Jordanian AML system is among the new ones in the region, with the AML law issued in July 2007. The subject law has covered basic aspects of the legal framework needed for establishing a good AML system in Jordan. Regarding CFT, Jordan has criminalized this act in the Terrorism Prevention Law (TPL), regarded as a terrorist act. However, Jordan has not covered a sizeable number of obligations necessary to complete the combating system, including the inclusion of CFT within the jurisdiction of the AML Unit. In addition, it has failed to notice the obligations that should be imposed on financial and other institutions in this respect.

Moreover, one of the main remarks that can be highlighted in the Jordanian AML system is the non-issuance of all the legal instruments necessary for the completion of the legislative structure and sufficient basis for this system. To the date of the onsite visit and immediately thereafter, regulations that represent secondary legislations needed for complying with basic requirements mentioned in the 40+9 Recommendations for AML/CFT have not been issued.

In terms of regulation and supervision, a number of instructions for the various financial sectors addressing a reasonable part of the international requirements and standards have been issued. However, Jordan needs to increase the human and technical resources at many competent authorities that play a major role in the combating system, as the lack of such resources negatively affects the effectiveness of this system. On the other hand, the DNFBPs present in Jordan lack sufficient regulation in relation to AML/CFT. They also lack the necessary awareness of ML and TF risks on one side and of the possibility of being exploited for performing illicit transactions on the other side.

Extracted from IMF Report: Jordan Article IV Consultation (May 2012)

The authorities are to be commended for their ongoing efforts to strengthen Jordan's Anti Money Laundering (AML)/Combating Financing of Terrorism (CFT) framework. In November 2010, Jordan was recognized as the first MENA country to be in compliance with the recommendations of the Financial Action Task Force's (FATF) targeted review of its AML/CFT regime. The AML/CFT supervision of Jordanian financial transactions has been subsequently further strengthened, following amendments to the AML/CFT Law and the adoption of revised AML/CFT instructions covering banks, insurance companies, securities activities, and money exchangers. The Jordanian AML/CFT Unit has also requested technical assistance from the IMF in undertaking an assessment of their AML/CFT regime, with an eye to further enhancing its effectiveness.

US Department of State Money Laundering assessment (INCSR)

Jordan was deemed a Jurisdiction of Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

The Hashemite Kingdom of Jordan is not a regional or offshore financial center, it has a well-developed financial sector with significant banking relationships in the Middle East. Incidents of reported money laundering are rare, but anecdotal reports indicate Jordan's real estate sector has been used to launder illicit funds.

Jordan's long and remote desert borders with Iraq, Israel, Saudi Arabia, Syria, and the West Bank make it susceptible to the smuggling of bulk cash, gold, fuel, narcotics, cigarettes, counterfeit goods, and other contraband. Smuggling endeavors tend to be small scale, and there is no discernible connection between black market goods and large scale crime, such as terrorism. Black market cigarettes are widely available, and there is little government effort to curb sales. Jordan Customs sometimes interdicts drivers smuggling cheaper gasoline from Saudi Arabia in false tanks. Border security is becoming more stringent, however, which may have an impact on smuggling. In 2015, ongoing concerns about spillover violence from

areas held by the Islamic State of Iraq and the Levant (ISIL) in Iraq and Syria prompted the closure of Jordan's land border crossings with Iraq and Syria.

There are six public free trade zones (FTZs) in Jordan: the Zarqa Free Zone, the Sahab Free Zone, the Queen Alia International Airport Free Zone, the Al-Karak Free Zone, the Al-Karama Free Zone, and the Aqaba Special Economic Zone (ASEZ). With the exception of Aqaba, these FTZs list their activities as trade. There are approximately 70 designated private FTZs, a number of which are related to the aviation or chemical and mining industries. FTZ activities vary from industrial, agricultural, pharmaceutical, or vocational to multi-purpose. With the exception of ASEZ, the Ministry of Finance monitors all FTZs, which are regulated by the Jordan Free Zones Corporation Law. The ASEZ Authority, a ministerial level authority, controls the port city of Aqaba.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes
Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES
KYC covered entities: Banks, exchange companies, and money transfer companies; securities brokers and investment and asset managers; credit and financial leasing companies; insurance companies, brokers, and intermediaries; financial management companies, postal services, and real estate and development entities; and traders of precious metals and stones

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 282: January 1, 2015 – November 10, 2015
Number of CTRs received and time frame: Not applicable
STR covered entities: Banks, exchange companies, and money transfer companies; securities brokers and investment and asset managers; credit and financial leasing companies; insurance companies, brokers, and intermediaries; financial management companies, postal services, and real estate and development entities; and traders of precious metals and stones

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 0 in 2015
Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES
With other governments/jurisdictions: YES

Jordan is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The Anti-Money Laundering Unit (AMLU), Jordan's financial intelligence unit, continues to develop its capacity to address money laundering and terrorism financing. Prosecution of money laundering cases takes place in public courts. Although the number of suspicious transaction reports (STRs) increased by 48 percent in 2015 compared with 2014 because of additional caution taken by the banking sector and money exchange companies, no cases were prosecuted for money laundering in 2015. Successful prosecutions and convictions are one of the best indicators of the effectiveness of a country's AML/CFT regime.

Jordan should establish the necessary mechanisms to enable the seizure and forfeiture of assets. Jordanian law enforcement and customs authorities should raise their capacity to identify trade-based and other money laundering methodologies instead of relying on STRs to initiate money laundering investigations. The AMLU could then play a role in providing financial intelligence to buttress those investigations.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Jordan does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

EU White list of Equivalent Jurisdictions

Jordan is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Jordan is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2013:

Jordan is a transit country for opiates, cannabis, and synthetic drugs destined for markets in the Gulf states and Israel. There is no evidence that illicit drugs are produced within Jordan, and the country's domestic market for illegal drugs appears to be insignificant.

The Jordan Anti-Narcotics Department (JAND), which falls under the authority of the Public Security Directorate, is the country's primary counternarcotics enforcement agency. JAND officials maintain that internal drug distribution within Jordan is insignificant, and estimate that 85 percent of drugs entering the country are bound for further international markets. Heroin of Afghan origin enters Jordan from Syria on its way to markets in Israel. Cannabis originating from either Afghanistan or Lebanon enters the country from Lebanon, Syria and Iraq. Fenethylline (an amphetamine-type stimulant) enters from Syria for transshipment to Gulf states.

According to JAND, the number of people involved in drug cases fell by almost four percent between 2011 and 2012. In 2012, 4,713 people were arrested for drug possession and 732 were arrested for drug dealing. The majority of those arrested for drug-related crimes are foreign nationals.

As a result of more effective border interdiction operations, improved intelligence gathering, and stronger cooperation between Jordan and neighboring countries, the amount of opium and methamphetamine seized by JAND increased in 2012 from 2011. However, seizures decreased for hashish, marijuana, fenethylline, heroin, and cocaine. The majority of Jordan's drug seizures take place along the country's northern border with Syria. Airport seizures were rare in 2012; improved screening capabilities at Jordan's airports also appear to have deterred traffickers from attempting to smuggle drugs by air.

Cooperation between Jordan and neighboring countries has been critical to the success of Jordanian law enforcement operations. Jordan is one of the only countries in its region to have excellent working relations with all of its neighbors on counternarcotics, including Israel, as well as the United States. In 2012, Jordan and Israel conducted a large joint exercise targeting drug smuggling, and Jordan also partnered with Lebanon to conduct a controlled delivery exercise. JAND and the Public Security Directorate work closely with U.S. Immigration and Customs Enforcement, the Regional Security Office in U.S. Embassy Amman, and the U.S. Drug Enforcement Administration. In 2012, JAND officials took part in a Regional Targeting Conference to coordinate common action against top drug trafficking threats in the region and a seminar, organized by U.S. authorities, on the use of technical equipment to enhance and expand drug investigations.

US State Dept Trafficking in Persons Report 2014 (introduction):

Jordan is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Jordan is a destination and transit country for adults and children subjected to forced labor and, to a lesser extent, sex trafficking. Women from Sri Lanka, Bangladesh, Indonesia, and the Philippines voluntarily migrate to Jordan for employment as domestic workers. Some are subjected to conditions of forced labor after arrival, including through unlawful withholding of passports, restrictions on movement, nonpayment of wages, threats of imprisonment, and physical or sexual abuse. Although the government has instituted many policies to facilitate the repatriation of domestic workers, many are unable to return to their home countries due to pending criminal charges against them, as well as their inability to pay government overstay penalties, other fees, or the cost of a return plane ticket. Migrant workers from Egypt—the largest source of foreign labor in Jordan—experience forced labor in the construction, building maintenance, and agricultural sectors; Syrian workers, including Syrian refugee children, also face forced labor in the agricultural sector. Sri Lankan, Indian, Chinese, Malagasy, Bangladeshi, Burmese, Nepali, Pakistani, and Vietnamese men and women, as well as nationals of Taiwan, migrate for work in factories in Jordan's garment industry; approximately 3,000 Burmese workers were recruited to work in the garment industry in 2012. Women account for 63 percent of the total labor force in the garment industry. Some of these workers encounter forced labor through unlawful withholding of passports, delayed payment of wages, long working hours, forced overtime, unsanitary living conditions, indebtedness to recruitment agencies in the workers' home countries, and verbal and physical abuse; female factory workers are also vulnerable to sexual harassment. Workers in the garment sector continue to protest forced labor conditions. Jordan's sponsorship system binds foreign workers to their designated employers without the ability to switch employers and without adequate access to legal recourse when they face abuse, thereby placing a significant amount of power in the hands of employers and recruitment agencies. Migrant workers are further vulnerable to forced labor due to indebtedness to recruiters, negative societal attitudes toward foreign workers, high illiteracy rates, and legal requirements that foreign workers rely on employers to renew their work and residency permits.

Syrians continue to flee ongoing violence in Syria to neighboring countries including Jordan, and they are highly vulnerable to exploitation and trafficking. NGOs and government officials report that an increasing number of undocumented Syrian refugees—particularly women and children—are working illegally in the Jordanian economy, making them vulnerable to trafficking. The Jordanian Ministry of Labor estimates that 30,000 Syrian refugee children are working in Jordan.

Reporting suggests that Syrian refugee children peddle goods in Za'atri refugee camp and in Jordanian communities, and that there are increasing numbers of Syrian refugee children begging in Jordanian cities. Uncorroborated media reports suggest that Syrian refugee women are sold into "temporary marriages"—primarily for the purpose of sexual exploitation or prostitution; however, there were no known cases of such crimes. According to media reports, some Syrian refugee women and girls are reportedly forced into prostitution. An international organization reported a case of a Syrian woman whose Syrian husband forced her to work in prostitution in a nightclub in Jordan. Moroccan, Tunisian, Lebanese, Syrian, and

Eastern European women are forced into prostitution after migrating to Jordan to work in restaurants and night clubs. Some out-of-status Indonesian, Filipina, Bangladeshi, and Sri Lankan domestic workers are reportedly forced into prostitution after running away from their employers. NGO reporting suggests that some Egyptian women receive marriage offers from Jordanian men as second wives, but are then subjected to forced labor, forced begging, or forced prostitution. Small numbers of Jordanian adults are subjected to forced labor as low-skilled workers in Qatar and Kuwait, while Jordanian children employed within the country as mechanics, agricultural laborers, and beggars may be exploited in situations of forced labor. There are reports of organized child begging rings involving Jordanian, Syrian, and Egyptian children. Some Jordanian girls are forced to drop out of school to perform domestic service in contravention of their constitutionally-protected right to complete their education; these “homebound girls” are confined to the home and vulnerable to domestic servitude.

The Government of Jordan does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the year, the government prosecuted and convicted an increased number of trafficking offenders, and continued to identify and refer an increased number of trafficking victims to NGO-run shelter services. The government also improved prevention efforts by implementing public awareness campaigns. While the government officially designated a shelter to provide services to trafficking victims in February 2014, the government did not fund or provide adequate shelter services for victims of trafficking during the majority of the reporting period. Victims continued to face arrest, imprisonment, and punishment—particularly workers who ran away from abusive employers.

US State Dept Terrorism Report 2015

Overview: Jordan remained a key U.S. ally in countering terrorism and violent extremist ideology in 2015. Jordan’s location in a tumultuous region made it vulnerable to a variety of threats, yet also facilitated its regional leadership in confronting them. Jordan continued to take part in all key aspects of the Global Coalition to Counter Islamic State of Iraq and the Levant (ISIL). The Royal Jordanian Air Force (RJAF) participated in coalition military operations, and the Jordan Armed Forces (JAF) continued to bolster defenses against terrorist incursions in the northern and eastern border regions. Jordan continued to host U.S. and other coalition partners’ military units for Counter ISIL operations and joint counterterrorism exercises and training. Jordan worked to prevent flows of foreign terrorist fighters headed to Syria and Iraq and restricted terrorism financing.

2015 Terrorist Incidents: In February, ISIL released a video of the group burning alive a Jordanian pilot captured in Syria. In November, a Jordanian police officer killed two U.S. citizen trainers and wounded two others in a shooting at the Jordan International Police Training Center (JIPTC) outside Amman. He also killed a South African trainer and two Jordanian interpreters. All five personnel killed were working on U.S.-supported programs at the facility. The shooter, who was killed in the incident, had recently submitted his resignation from the police. An investigation into the attack by the Government of Jordan was ongoing at the end of 2015.

Legislation, Law Enforcement, and Border Security: The State Security Court (SSC) is the primary legal apparatus for trying and convicting alleged terrorists. The SSC oversees the prosecution of civilians charged with crimes effecting national security. The Counterterrorism Law, as amended in 2014, limits the court's jurisdiction to five crimes: treason, espionage, terrorism, drug-related offenses, and currency forgery.

The Government of Jordan used the SSC to prosecute crimes associated with terrorist activity. However, the Counterterrorism Law has a broad definition of terrorism, including: harming relations with a foreign state, exposing Jordan to hostile acts, using the internet to facilitate terrorist acts or promote terrorist ideas, forming a group with the intention of committing terrorist acts, and attacks on the life or liberty of members of the royal family. The penal code also provides a broad definition of terrorism to include acts intended to "contravene the public order."

Jordan has advanced capabilities to detect, deter, and prevent terrorism within its territory. The General Intelligence Directorate (GID) has the authority to investigate terrorism. The Public Security Directorate (PSD) has authority over non-terrorism related crimes, but frequently supports GID counterterrorism activities through PSD Special Branch, which includes a criminal intelligence function. The GID also coordinates with the JAF and its intelligence branch, particularly on cases involving border security, which the JAF oversees. Prosecutors typically are not consulted until the later stages of investigations, when terrorism cases are referred to the SSC. Jordan's security and intelligence services do not coordinate with one another in all situations, including in terrorism incident response.

Jordan remained committed to securing its borders and denying safe haven to terrorists, and continued to develop its border security infrastructure, largely through the Jordan Border Security Program (JBSP), which began in 2009. JBSP consists of a sophisticated package of sensors to improve situational awareness along the border and prevent infiltrations into, and unauthorized departures, from Jordan. Phases II and III were completed in 2015, covering most of the Syrian border and the border with Iraq. Jordan monitored airports and border crossings for potential foreign terrorist fighters. Jordan maintained a terrorist watchlist, used biographic and biometric screening, and actively engaged in passenger information sharing.

During 2015, Jordanian authorities arrested and began prosecuting men accused of seeking to join al-Nusrah Front and ISIL; recruiting for or otherwise supporting ISIL, including on the internet; and attempting to travel to or return from Syria to fight with violent extremist groups.

- In July, authorities arrested an Iraqi man found in Jordan with 45kg of explosives. Jordanian officials believed him to be a member of Iranian-supported Bayt al-Maqdis, and charged him with plotting to attack a JAF installation.
- In December, the SSC sentenced three unnamed defendants to 10 years in prison with hard labor for planning to attack a GID building in Ar Rusayfah with explosives, and to kill or incapacitate RJAF pilots. Jordanian officials believed the three were ISIL supporters.

- Security officials regularly arrested scores of ISIL supporters, many for posting pro-ISIL videos or statements on social media sites. The government charged them before the SSC for using the internet to propagate terrorist ideology.
- Security forces regularly arrested departing or returning Jordanian foreign terrorist fighters, charging them with joining armed groups, including al-Nusrah Front and ISIL.

The Government of Jordan's investigation into the November attacks targeting U.S. citizens at JIPTC was ongoing at year's end. Aside from the shooter who died in the attack, no other suspects have been named or arrested in connection with this incident.

Countering the Financing of Terrorism: Jordan is a member of the Middle East and North Africa Financial Action Task Force, a Financial Action Task Force-style regional body. Jordan's financial intelligence unit, the Anti-Money Laundering Unit (AMLU), is a member of the Egmont Group. Jordan has continued to develop its capacity to address money laundering and terrorism financing throughout 2015, which included amending the 2007 Anti-Money Laundering and Counterterrorism Financing Law, bringing Jordan more in line with international standards. However, the Anti-Money Laundering Law does not oblige non-profit organizations to file suspicious transaction reports (STRs). Although the number of STRs increased by 48 percent in 2015 compared with 2014, officials prosecuted no money laundering cases in 2015. Officials attributed the rise in STR filings to extra caution taken by the financial sector.

Countering Violent Extremism: Jordan has sought to confront and weaken the violent ideology that underpins ISIL and other violent extremist organizations. The Prime Minister's interagency anti-extremist strategy, announced in fall 2014, remained under-resourced and understaffed, however, and Jordan's leaders are reticent to acknowledge domestic radicalization, including self-radicalization. Jordan continued efforts to improve counter-radicalization in schools and mosques, but these efforts were rarely well-coordinated across government agencies.

King Abdullah II continued to promote his "Amman Declaration" of 2004, calling for tolerance and peace within the Islamic community, and rejecting "wanton aggression and terrorism." The Government of Jordan has also created two counter-extremist messaging entities and has become more involved in Coalition messaging efforts. The Ministry of Awqaf and Islamic Affairs conducted outreach to imams and *waedat* (female preachers) across the country, encouraging them to refute radical extremist ideology in their sermons. Civil society organizations conducted activities at schools, universities, youth organizations, community centers, and religious centers to promote moderation and encourage the rejection of violence and community engagement in anti-radicalization efforts.

Jordanian prisons have a religiously-based de-radicalization program that seeks to re-engage violent extremist inmates into the non-violent mainstream of their faith.

International and Regional Cooperation: Jordan is a founding member of the Global Counterterrorism Forum and the GCTF-inspired Institute for Justice and the Rule of Law; and is a member of the Arab League, the Organization for Islamic Cooperation, and the Global Initiative to Combat Nuclear Terrorism. In April, Jordan held the presidency of the UN Security Council (UNSC), and led an open debate on the role of youth in countering violent

extremism and promoting peace. In December, the UNSC adopted a Jordanian-sponsored resolution on youth, peace, and security, which focuses on the role of young men and women in peacebuilding and countering violent extremism.

Jordan continued to assist Palestinian Authority law enforcement institutions through training at JIPTC. In 2015, Palestinian law enforcement officers received both advanced-level and refresher courses, in addition to basic-level courses.

Jordan is not subject to international sanctions

Arab League

The Arab League (comprising 22 Arab member states), of which this country is a member, has approved imposing sanctions on Syria. These include: -

- * Cutting off transactions with the Syrian central bank
- * Halting funding by Arab governments for projects in Syria
- * A ban on senior Syrian officials travelling to other Arab countries
- * A freeze on assets related to President Bashar al-Assad's government

The declaration also calls on Arab central banks to monitor transfers to Syria, with the exception of remittances from Syrians abroad.

The Arab League has boycotted Israel in a systematic effort to isolate Israel economically in support of the Palestinians, however, the implementation of the boycott has varied over time among member states..

There are three tiers to the boycott. The primary boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary boycott prohibits individuals, as well as private and public sector firms and organizations, in member countries from engaging in business with any entity that does business in Israel. The Arab League maintains a blacklist of such firms. The tertiary boycott prohibits any entity in a member country from doing business with a company or individual that has business dealings with U.S. or other firms on the Arab League blacklist.

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	48
World Governance Indicator – Control of Corruption	64

US State Department

Jordanian law defines corruption as any act that violates official duties, all acts related to favoritism and nepotism that could deprive others from their legitimate rights, economic crimes, and misuse of power. The use of family, business and other personal connections to advance personal business interests is endemic and regarded by many Jordanians as simply part of the culture and part of doing business. In 2006, Parliament approved a Financial Disclosure Law which officially required public office holders and specified government officials to declare their assets. Parliament also enacted an Anti-Corruption Law in 2006 that created a commission to investigate allegations of corruption. Currently, the commission has referred a number of high profile corruption cases to the judiciary for investigation. In Transparency International's 2013 Corruption Perceptions Index, Jordan ranked 66 out of 177 countries.

Corruption and Government Transparency - Report by Global Security

Political Climate

Unlike other countries in the region, Jordan does not have a burdensome record of political violence and has generally been deemed as politically stable. However, in the wake of the Arab Spring that took place in mid-January 2011, Jordanians have voiced their discontent with government policies and high levels of corruption, which culminated in a call for its resignation. In an attempt to calm the growing unrest, Jordan's king, Abdullah II, dismissed Prime Minister Samir Rifai and his cabinet in February 2011, and designated Maruf Bakhit (who later resigned in October 2011) to form a new government. The new government is assigned to quickly launch new reforms in order to ensure more effective and transparent policies. In a January 2011 article by Foreign Policy, however, critics point out that reforms and more transparent rule of law in Jordan will not be achieved through the overthrow of the government, but through the overthrow of the King himself. Parliamentary elections were held in Jordan in January 2013 but were marred by a persistent concern with vote buying, as reported by a February 2013 article by The Carter Centre. The King has tried to appease the discontent with corruption by arresting the former chief of intelligence service in connection with a graft investigation. The former chief was sentenced to 13 years and three months in jail for embezzlement, money laundering and abuse of office, as reported in a November 2012 article by The Telegraph.

Efforts that have been put into fighting corruption in Jordan include the formation of an independent Anti-Corruption Commission (ACC), drafting a law to combat corruption, and a public sector Code of Conduct signed in 2008. According to an April 2011 article by Al-Dostour, the Prime Minister of Jordan stated that the King had urged quick and concrete political, economic and social reform, amongst other things, and raising public employees' salaries to fight corrupt behaviour. December 2011 marked the country's hunt for corrupt public figures as a series of cases were investigated and a portion of public officials were arrested. Amongst others, the former Mayor of Amman was arrested for corruption, bribery and mismanagement, as was the former-general director of the state-owned National Resources Investment and Development Corporation and the Minister of Public Works and Housing. Nevertheless, the article points out that there remain limitations to Jordan's fight against corruption as tribal affiliations and people of influence are still immune from investigation. In addition, the article discredits the government's crackdown on corrupt public figures as they spend their prison sentence in a 'hotel for VIP inmates'. In another corruption case, an August 2011 article by Arab Times writes that a businessman named Khakled Shaheen received a 3-year prison sentence for bribing public officials to secure his own company an expansion project for the Jordan Petroleum Refinery Company worth USD 2.1 billion. The three public officials were later sentenced for abuse of office.

Societal interests in Jordan are generally not channelled through political parties, but through informal networks. Favouritism, cronyism, nepotism, and bribery, as is the use of influence or personal and business connections to gain favours, such as jobs or access to goods and services, are covered by a particular phenomenon known as *wasta*. Literally, *wasta* means the middleman; the connection linking two parties. According to a corruption study by Jordan Transparency Forum and the Centre for Strategic Studies at the University of Jordan, cited in two December 2009 articles, public trust in the government was recorded as very low as only 48% of the public considered governmental anti-corruption efforts to be effective; 87% believed that the *wasta* phenomenon would persist while 91.3% did not even consider *wasta* and favouritism to be corruption. This suggests perhaps that corrupt behaviour has become a norm embedded into daily life and that anti-corruption efforts will therefore not pay off overnight in Jordan.

Business and Corruption

Despite the absence of any significant natural resources, Jordan has succeeded in attracting foreign investments through economic reforms and has achieved solid economic growth rates. During the reign of Abdullah II, Jordan has generally developed into a competitive and market-based economy, and many steps have been taken to attract foreign investors. The King, aware of the high costs of unrest, met in April 2011 with representatives of various economic sectors to listen to proposals in order to safeguard and improve Jordan's investment potential, according to an April 2011 article by The Jordan Times. The proposals include, for instance, reducing the cost of residential and commercial construction licenses, increasing the ownership of foreigners and facilitating residency measures and travel visas. The representatives have also suggested the establishment of a duty-free business zone. Foreign investors receive national treatment as far as the Heritage Foundation 2013 reports, but bureaucracy, red tape and the inconsistent enforcement of regulations seem to discourage new investors. According to the World Economic Forum Global Competitiveness Report 2012-2013, corruption is identified by companies to be relatively problematic in Jordan, but many other factors are considered to be larger

constraints, such as inefficient government bureaucracy and tax rates, as well as access to financing and inadequately educated workforce.

Occurrences of public-private corruption have been reported in the Qualified Industrial Zones (QIZ), in the Aqaba special economic zone, as well as in relation to the misappropriation of government oil revenues. The government encourages foreign investment, but companies should note that the use of *wasta* to advance business interests is widespread in Jordan. The 'middleman' or *wasta* is considered to be the most important 'currency'; one that is considered even more effective than bribery. An article states that *wasta* is deeply embedded into society and a family obligation, which makes it difficult for officials to uphold the law. According to the US Department of State 2013, the use of family, business and other personal connections to advance personal business interests is endemic and regarded by many Jordanians as part of the culture and a way of conducting business in the country. At the same time, positions in the public sector are often assigned based on *wasta*, which leads to overstaffing and employment of unqualified staff, thus resulting in public services of poor quality and unnecessary and inefficient administrative procedures. The prevalence of *wasta* also has an impact on the development of the private sector in Jordan, as companies tend to invest money in social relations that will secure them better *wasta*, rather than in the quality of their products or services. The use of *wasta* has in part affected some foreign companies and companies operating in Jordan have reported hidden costs stemming from bureaucracy, red tape, vaguely formulated regulations, and conflicting jurisdictions. It is recommended that foreign investors therefore implement integrity systems and carry out extensive due diligence when exploring investment opportunities, looking for partners, and concluding purchase agreements.

Since 1999, Jordan has privatised many of its state holdings. A special committee, the Executive Privatisation Commission (EPC) under the supervision of the Higher Privatisation Council and headed by the prime minister, is in charge of selecting and assessing privatisation projects, preparing offers for interested parties, appraising submitted offers, etc. Jordan's privatisation programme has been praised by the World Bank for finding a good balance between effectiveness and transparency. According to the Bertelsmann Foundation 2012, the government has announced plans to liberalise the state-owned oil sector gradually leading up to 2015. As a first step towards the change, four private companies will be allowed to take over 25% of the market. The report notes that the privatisation process of this sector will end the 50-year long monopoly of the Jordan Petroleum Refinery Company (JPRC).

Regulatory Environment

Foreign and local investors are equal before the law. However, companies should note that there are some exceptions with regards to which domains foreign companies can invest in. These include activities pertaining to military and national security, as well as customs clearance services and land transportation. In some sectors and services, such as printing/publishing and maintenance of aircrafts or maritime vessels, foreign companies are only allowed 50% ownership. Jordan offers investment incentives in the form of exemptions on income tax and customs duties. The level of exemptions varies depending on the geographical area where investments are made, meaning that investments in the least developed areas receive the highest level of tax exemptions and vice-versa. More information can be found under the Investment Promotion Law of 1995. In a March 2011 article in *Al-Dostour*, the government prepared to give exemptions and tax incentives

reaching up to 20 and 30 years in an effort to encourage investment and economic growth in Jordan. According to the US Department of State 2013, exemptions will be made in accordance with the value of the project as well as the number of Jordanians employed. It is also stated that an amount of JOD 50,000 (USD 70,000) is required in order for foreign investors to register in Jordan and explains that local and foreign investments are screened by the Jordan Investment Board's Incentives Committee and that the involvement of government officials in large projects helps to ensure overall governmental cooperation in project implementation. For more information on investment restrictions and incentives, see the US Department of State 2013.

According to the World Bank & IFC Doing Business 2013, Jordan is not ranked among the Arabic region's most efficient regulatory climates, but improvements have been made in relation to getting construction permits by extending the one-stop shop. Trading across borders has also eased as the government introduced X-ray scanners for risk management systems. Furthermore, the minimum capital requirement is no longer in place and licensing requirements have been simplified according to the Heritage Foundation 2013. Yet procedures for registering property, protecting investors and enforcing contracts remain relatively cumbersome. In addition, the US Department of State 2013 reports that the Jordanian government has been working towards making its procurement procedures, regulations and other services more transparent and accessible by promoting e-governance. The implementation of e-government has reportedly been slow, but company registration is now available online on the website of the Jordan Investment Board. Programs to register business, file complaints, and view tax records, existing and pending legislation, and traffic violations are now available online. In addition, a national call centre to answer government service-related questions was opened in 2008. Although numerous procedures have been streamlined, many remain non-transparent and, along with red tape and conflicting jurisdictions, continue to pose problems to foreign and local investors, as reported in the US Department of State 2013.

Private property is well defined and protected through sound legal processes, and there are no serious limitations to the acquisition, benefits and sale, or use of property. The acquisition of property by foreigners is based on the principle of reciprocity. However, some areas are subject to different provisions and procedures. Expropriation is not permitted unless it is deemed to be in the public interest, in which case fair compensation in convertible currency is then provided to the investor. With regards to the resolution of disputes, Jordanian law stipulates that companies can seek third party arbitration or an internationally recognised settlement of disputes. Jordan is member of the International Centre for the Settlement of Investment Disputes (ICSID) and of the New York Convention of 1958. While some observers have noted the lack of transparency in connection with the settlement of disputes, others report that the judiciary has ruled to the advantage of foreign companies and that the judiciary is not significantly corrupt. Access the Lexadin World Law Guide for a collection of legislation in Jordan.

Section 3 - Economy

Jordan's economy is among the smallest in the Middle East, with insufficient supplies of water, oil, and other natural resources underlying the government's heavy reliance on foreign assistance. Other economic challenges for the government include chronic high rates of poverty, unemployment, inflation, and a large budget deficit. Since assuming the throne in 1999, King ABDALLAH has implemented significant economic reforms, such as opening the trade regime, privatizing state-owned companies, and eliminating some fuel subsidies, which in the last decade spurred economic growth by attracting foreign investment and creating some jobs. The global economic slowdown and regional turmoil, however, have depressed Jordan's GDP growth, impacting export-oriented sectors, construction, and tourism. In 2011 and 2012, the government approved two economic relief packages and a budgetary supplement, meant to improve the living conditions for the middle and poor classes. Jordan's finances have also been strained by a series of natural gas pipeline attacks in Egypt, causing Jordan to substitute more expensive diesel imports, primarily from Saudi Arabia, to generate electricity. Jordan is currently exploring nuclear power generation in addition to the exploitation of abundant oil shale reserves and renewable technologies to forestall energy shortfalls. In 2012, to correct budgetary and balance of payments imbalances, Jordan entered into a \$2.1 billion, multiple year International Monetary Fund Stand-By Arrangement. Jordan's financial sector has been relatively isolated from the international financial crisis because of its limited exposure to overseas capital markets. In 2013, Jordan depended heavily on foreign assistance to finance the budget deficit, as the influx of about 600,000 Syrian refugees put additional pressure on expenditures.

Agriculture - products:

citrus, tomatoes, cucumbers, olives, strawberries, stone fruits; sheep, poultry, dairy

Industries:

clothing, fertilizers, potash, phosphate mining, pharmaceuticals, petroleum refining, cement, inorganic chemicals, light manufacturing, tourism

Exports - commodities:

clothing, fertilizers, potash, phosphates, vegetables, pharmaceuticals

Exports - partners:

US 16.6%, Iraq 15.1%, Saudi Arabia 11%, India 10.5%, Indonesia 4.2% (2012)

Imports - commodities:

crude oil, machinery, transport equipment, iron, cereals

Imports - partners:

Saudi Arabia 23.6%, China 9.4%, US 6.7%, Italy 4.7%, Turkey 4.6% (2012)

Banking

The banking system is comprised of 24 commercial banks, of which 8 are branches of foreign banks and two are Islamic banks in addition to a number of specialized credit institutions. The Central Bank of Jordan (CBJ) is the banking system's regulatory authority. A revised banking law, which aims at improving the industry's efficiency, came into force in August 2000. The law protects depositors' interests, diminishes money market risk, guards against the concentration of lending, and includes articles on new banking practices (e-commerce and e-banking) and money laundering.

The central bank of Jordan has issued a number of recent circulars to implement money-laundering regulations that are consistent with the recommendations of the OECD's financial action task force. Jordan's parliament passed an anti-money laundering bill that became law in July 2007. The law criminalizes money laundering and specifies that any money or proceeds gained from any felony offense or crimes stated in international agreements to which Jordan is a party are subject to the provisions of the law. The law is also the legal basis for the creation of the Anti-Money Laundering Unit, Jordan's Financial Intelligence Unit. Jordan has no record of major money laundering incidents.

In addition, the CBJ set up a separate and independent deposit insurance corporation in late 2000 to insure deposits of up to JD 10,000 (\$14,000). The corporation also acts as the liquidator of banks as directed by the CBJ.

Some banks have started adopting modern banking practices such as automated check clearing and the use of magnetic check processors, unified reporting forms and electronic data-transmission networks. Some banks have also started phone banking and e-banking services. Credit facilities include loans, discounted bills, and overdraft facilities. Investment banks are not permitted to extend overdraft facilities. Due to rigid interest rates and the absence of a secondary market, the corporate bond market remains underdeveloped and continues to be overshadowed by traditional direct lending. Increasingly, however, some banks have started introducing new products and corporate bond issues.

Stock Exchange

The three key capital market institutions are the regulator, the Jordan Securities Commission (JSC); the exchange, the Amman Stock Exchange (ASE); and the custodian for all transaction contracts, clearings and settlement, the Securities Depository Center (SDC). The government passed the most recent securities law in 2002, which brought the law more in line with international best practices. The ASE suffers from intermittent liquidity problems, which have meant that the bourse remains prone to speculative movements. The ASE's market capitalization has grown and shrunk rapidly and repeatedly since 2003. Since 2008, the worldwide financial crisis and economic slowdown reduced the market capitalization nearly 40 percent from its record high in June 2008 of USD \$57 billion. The market continued with the downward trend in 2009 with its index losing a further 8.1%. Trading volume stood at

USD \$13.7 billion compared to USD \$28.7 billion in 2008, a 52% drop. Market capitalization dropped to USD \$31.9 billion compared to USD \$35.9 at year end 2008, a decline of 11%.

Executive Summary

Since King Abdullah's 1999 ascension to the throne, Jordan has taken steps to encourage foreign investment and to develop an outward-oriented, market-based, and globally competitive economy. In particular, banking, information and communication technology, pharmaceuticals, tourism, and services sectors have all experienced key reforms in recent years. Foreign and domestic investment laws grant specific incentives to industry, agriculture, tourism, hospitals, transportation, energy, and water distribution. Jordan is also uniquely poised geopolitically to host large scale investment focused on the reconstruction of Iraq and other regional markets.

Jordan's economy improved in 2013, despite ongoing challenges both domestically and in the region. The government pursued economic reform measures as part of its IMF Stand-by Arrangement, receiving \$665 million in disbursements. Central Bank foreign reserves, supported by the transfer of loans and foreign grants, nearly doubled from \$6.6 billion at the end of 2012 to \$12.1 billion at the end of 2013. GDP grew at a rate of 2.7%, slightly higher than the 2.5% growth rate in 2012. Jordan's fiscal position continues to be burdened by the loss of Egyptian natural gas, resulting in the import of costlier fuels. However, the government was able to close its near-term financing gap with savings from reform measures, loans, and foreign assistance.

Despite multiple cabinet changes, the prime minister has remained in place since the fall of 2012, helping to guide the country through difficult economic reform efforts. However, many legislative reforms are still delayed. Jordan was not immune from the dramatic events taking place in the Arab region, and 2013 witnessed low-scale but persistent demonstrations. These demonstrations were well managed by Jordan's security forces, and the country remains politically stable. Notwithstanding the difficulties of the past three years and the challenges ahead for 2014, the general investment outlook for Jordan remains favorable and in several sectors advantageous.

1. Openness to, and Restrictions Upon, Foreign Investment

Jordan is largely open to foreign investment. Jordan acceded to the World Trade Organization (WTO) in April 2000. In addition, the U.S.-Jordan Free Trade Area Agreement (FTA) entered into force in December 2001 and came into full effect in January 2010. The United States and Jordan entered into a Bilateral Investment Treaty in 2003.

In 2012, the United States and Jordan agreed to Statements of Principles for International Investment and for Information and Communication Technology Services, and a Trade and Investment Partnership Bilateral Action Plan, each of which is designed to increase transparency, openness, and governmental and private sector cooperation. The two parties also began discussions on a Customs Administration and Trade Facilitation Agreement. The government of Jordan underwent an investment policy review by the Organization for Economic Cooperation and Development (OECD) and in November 2013 subscribed to the OECD Declaration on International Investment and Multinational Enterprises.

Local and foreign investments are screened by the Jordan Investment Board (JIB). A draft investment promotion law is currently pending parliamentary review. The draft law proposes consolidating three existing entities – the Jordan Investment Board and the two entities that oversee investment zones, the Jordanian Development Zones Commission and the Free Zones Corporation – into a new entity called the “Higher Investment Commission”. The draft law also proposes to provide a clear statement of investors’ rights and a legal framework for the “one-stop shop” located at the JIB.

With respect to ownership and participation in Jordan's major economic sectors, there is no systematic or legal discrimination against foreign participation other than the restrictions outlined below. In fact, many Jordanian businesses actively seek engagement with foreign partners as a way to increase their competitiveness and access other international markets. Governmental efforts have made Jordan's official investment climate welcoming; however, some large U.S. investors have reported “hidden costs” due to bureaucratic red tape, vague regulations, and conflicting jurisdictions.

Jordan's current investment laws treat foreign and local investors equally, with the following exceptions:

- Ownership of periodical publications is restricted to Jordanian citizens or entities wholly-owned by Jordanians.
- Foreigners are prohibited from wholly or partially owning investigation and security services, sports clubs (with the exception of health clubs), stone quarrying operations for construction purposes, customs clearance services, or land transportation services. The Cabinet, however, may approve foreign ownership of projects in these sectors upon the recommendation of the Investment Promotion Committee, comprised of senior officials from the Ministry of Industry and Trade, Income Tax Department, Customs Department, the private sector, and the Jordan Investment Board. To qualify for exemption, projects have to be deemed by the Prime Ministry as highly valuable to the national economy and must employ a large number of Jordanians.
- Investors are limited to 50 percent ownership in a number of businesses and services, including printing/publishing companies and aircraft or maritime vessel maintenance and repair services. The most up-to-date listing of limitations on investments is available in the FTA Annex 3.1 and may be found at <http://www.ustr.gov/trade-agreements/free-trade-agreements/jordan-fta/final-text>.

Over the last decade, the Jordanian government has engaged in a wide scale privatization program. Jordan's energy sector has witnessed the privatization of two distribution companies – the Electricity Distribution Company (EDCO) and the Irbid District Electricity Company (IDECO), and one generation company, the Central Electricity Generating Company (CEGCO). The Amman East Power Plant was built and is owned and operated by AES Jordan PSC, a consortium of AES Oasis (a subsidiary of U.S.-based AES Corporation) and Japan-based Mitsui and Company. AES Jordan PSC operates the plant on a 25-year build-own-operate (BOO) basis. The \$300 million plant project was financed jointly by the U.S. Overseas Private Investment Corporation (OPIC), Japan Bank of International Cooperation (JBIC), and the Sumitomo Banking Corporation (SMBC), with International Bank for Reconstruction and Development (IBRD) risk guarantees. AES Jordan PSC embarked on an

expansion plan expanding its current investment in Jordan through building an additional 250MW power plant near its existing facility. The project is scheduled to come online in July 2014 with an estimated cost of \$350 million financed by the shareholders (\$80 million), OPIC (\$170 million), and the European Bank Reconstruction and Development (EBRD) (\$100 million).

The government of Jordan concluded the ten year privatization process for Royal Jordanian Airlines (RJ) in 2008. With the completion of RJ's initial public offering, the role of the Jordan Civil Aviation Regulatory Commission consequentially evolved with a greater separation between regulation and aviation management. Management of Amman's Queen Alia International Airport was fully privatized during the same period. A privately managed build-operate-transfer (BOT) airport expansion is underway, with the first phase completed in March 2013 and completion of the second phase expected by 2017. The next phase of the project hopes to grow capacity from a current level of approximately nine million passengers per year—an increase from the pre-project levels of 3.5 million—to 12 million per year. The few remaining government assets not privatized, including Jordan Silos and Supply, elicit little private sector interest. The majority of future projects in Jordan are expected to be public-private partnerships (PPP) rather than pure privatization deals.

The Executive Privatization Commission will be dissolved upon the passing of the proposed Public Private Partnership Law. The draft law is currently at the legislative and opinion bureau, the first stage of the legislative process in Jordan. The commission currently has a number of important projects for consideration, including the establishment of a medical and industrial waste project. Jordan is also seeking investors for a passenger and cargo rail system, the postal system, the expansion and upgrading of the nation's sole refinery, large scale water desalination, and other projects. In 2012, Jordan passed a Renewable Energy and Energy Efficiency Law to encourage investments in this vital sector. A draft Energy and Minerals Law is currently under parliamentary review. The new law promises to open the hydrocarbon sector to local and foreign investors, and establish a new Energy and Minerals Commission linked to the Ministry of Energy and Mineral Resources. The new commission will have the existing regulatory function of the Jordan Atomic Energy Regulatory Commission and the National Resource Authority.

The Jordanian constitution establishes the judiciary as one of three separate and independent branches of government. Jordanian commercial laws do not distinguish between Jordanian and non-Jordanian investors. American laws and judicial orders have no legal authority in Jordan. Rulings by U.S. courts or other international arbitration committees, however, can be upheld through the successful filing in Jordanian courts of an "enforcement of ruling motion". Plaintiffs complain of backlogs and subsequent delays in legal proceedings. The same holds true with regard to Jordanian laws and decisions in the United States. Currently, the following laws and regulations govern investments in Jordan: the Companies Law, the Investment Promotion Law, the Investment Law and Regulation for the year 2000, and Regulating Non-Jordanian Investments Regulation.

Jordan ranked 119 out of 189 countries on the World Bank's 2014 Doing Business Report, unchanged from its 2013 ranking. Jordan ranked 11th in the MENA region, down one spot from 2013, behind United Arab Emirates, Saudi Arabia, Bahrain, Oman, Qatar, Tunisia,

Morocco, Malta, Kuwait, and Lebanon. Since 2010, Jordan has improved on several areas key to doing business:

- The minimum capital requirement for starting a business has been reduced from \$1,410 to \$1.41.
- Jordan now has in place a single reception service for company registration.
- Cross border trade has been facilitated through the implementation of a risk-assessment inspection regime for preapproved traders, reducing to 30% the number of containers subject to physical inspection.

The implementation of new software allowing online submissions of customs declarations and the introduction of X-ray scanners for risk management systems have reduced the customs clearance time to two days for exporters and three days for importers.

Measure	Year	Rank
Transparency International Corruption Index	2013	66/177
Heritage Economic Freedom	2013	33/177
World Bank Doing Business	2013	119/189

2. Conversion and Transfer Policies

Jordan's liberal foreign exchange law entitles foreigners to remit abroad all returns, profits, and proceeds arising from the liquidation of investment projects. Non-Jordanian workers are permitted to transfer their salaries and compensation abroad.

The Jordanian Dinar (JD) is fully convertible for all commercial and capital transactions. Since 1995, the JD has been pegged to the U.S. dollar at an exchange rate of approximately JD1 to \$1.41.

The Central Bank of Jordan (CBJ) supervises and licenses currency exchange businesses. These entities are exempt from paying commissions on exchange transactions and therefore enjoy a competitive edge over banks.

Other foreign exchange regulations include:

- Non-residents are allowed to open bank accounts in foreign currencies. These accounts are exempted from all transfer-related commission fees charged by the CBJ.
- Banks are permitted to purchase unlimited amounts of foreign currency from their clients in exchange for JDs on a forward basis. Banks are permitted to sell foreign currencies in exchange for JDs on a forward basis for the purpose of covering the value of imports.

- There is no restriction on the amount of foreign currency that residents may hold in bank accounts, and there is no ceiling on the amount residents may transfer abroad. Banks do not require prior CBJ approval for a transfer of funds, including investment-related transfers. However, stricter measures are now in place to monitor wire transfers in accordance with Jordan's efforts to deter illicit cash flows.

3. Expropriation and Compensation

Jordanian law stipulates that expropriation is prohibited unless deemed in the public interest. In cases of expropriation, the law also mandates the provision of fair compensation to the investor in convertible currency.

4. Dispute Settlement

Under Jordanian law, foreign investors may seek third party arbitration or an internationally recognized settlement of disputes. The Jordanian government recognizes decisions issued by the International Center for the Settlement of Investment Disputes (ICSID), of which Jordan is a member state. A small number of cases between mostly foreign investors and the Jordanian government have been brought before ICSID tribunals. Jordan is also a member of the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards. In cases where the government (or its agencies) is a party to the dispute, Jordan generally prefers settlement in local courts if an out-of-court settlement is not forthcoming. Jordan abides by WTO dispute settlement mechanisms, and dispute settlement mechanisms under the U.S.-Jordan FTA are consistent with WTO commitments. Article IX of the United States-Jordan Bilateral Investment Treaty (BIT) establishes procedures for dispute settlements between Jordanians and Americans.

The Commercial Code, Civil Code, and Companies Law collectively govern bankruptcy and insolvency. A temporary bankruptcy law was enacted in 2002 and remains in effect. A new Insolvency and Bankruptcy draft law is currently pending Parliamentary review.

5. Performance Requirements and Incentives

Investment and commercial laws in Jordan do not contain any trade-restrictive investment measures and have generally been in compliance with the WTO's Trade-Related Investment Measures (TRIMS). Investment incentives take the form of income tax and custom duties exemptions which are granted to both Jordanian and foreign investors. A new draft investment law is currently under parliamentary review.

The country is divided into three development areas: Zones A, B, and C. Investments in Zone C, the least developed areas of Jordan, receive the highest level of incentives while those in Zone A receive the lowest level. All agricultural, maritime, transport and railway investments are classified as Zone C, irrespective of location. Hotel and tourism-related projects along the Dead Sea coast, leisure and recreational compounds, and convention and exhibition centers receive Zone A designations. Qualifying Industrial Zones (QIZs) are zoned according to their geographical location unless granted an exemption. The three-zone classification scheme does not apply to nature reserves and environmental protection areas.

Under the current investment laws, the Investment Promotion Law Number 16 (1995) and subsequent amendments, and the Temporary Investment Law Number 68 (2003), the

Investment Promotion Committee, which falls under Jordan Investment Board, may offer the following incentives:

- Exemption from custom duties, general sales tax and social services taxes for projects and on capital goods for the project if delivered within three year, from Investment Promotion Committee's approval.
- Exemption from duties and taxes on imported spare parts related to specific projects, provided that their value does not exceed 15 percent of the value of the fixed assets requiring spare parts.
- Exemptions from duties and taxes on increases in the value of imported capital goods for the project if the increases result from higher freight charges or changes in the exchange rate.
- Two-year exemptions on income and social services taxes for industrial projects.
- Lifetime exemptions on property taxes for industrial projects.
- Exemptions from duties and taxes for machines and equipment used for the expansion and modernization of a project provided they result in at least a 25 percent increase in production capacity.
- Exemptions from duties and taxes for hotel and hospital furniture if the supplies are required for modernization and renewal.
- Exemptions from income and social service taxes on salaries and allowances payable to non-Jordanian employees.
- Exemptions from duties and taxes on goods imported to and/or exported from free zones, with the exception of goods released to the domestic market.

Free transfer of capital invested in free zones, including profits, is permitted. Additional incentives are provided for projects under the Industrial Estate Corporation, Development Zones Commission and the Aqaba Special Economic Zone. For further details please visit:

- Jordan Investment Board (<http://www.jordaninvestment.com>)
- Development Zones Commission (<http://www.dfzc.jo>)
- Jordan Industrial Estate Corporation (<http://www.jiec.com>)
- Aqaba Special Economic Zone (<http://www.aqabazone.com/>)

Exporters are granted the following incentives:

- Net profits generated from most export revenues are fully exempt from income tax. Exceptions include fertilizer, phosphate, and potash exports, in addition to exports governed by specific trade protocols and foreign debt repayment schemes. Under a WTO agreement, the exemptions are valid until the end of 2015.
- Approximately 95 percent of foreign inputs used in the production of exports are exempt from customs duties and all additional import fees on a drawback basis.

6. Right to Private Ownership and Establishment

Investment and property ownership laws permit domestic and foreign entities to establish and own businesses and to engage in remunerative activities. Foreign companies may open regional and branch offices; branch offices may carry out full business activities, while regional offices may serve as liaisons between head offices and Jordanian or regional clients. The Ministry of Industry and Trade manages the government's policy on the setting up of regional and branch offices.

No foreign firm may import goods without appointing an agent registered in Jordan; the agent may be a branch office or a wholly-owned subsidiary of the foreign firm. The agent's connection to the foreign company must be direct, without a sub-agent or intermediary. The Commercial Agents and Intermediaries Law governs the contract between foreign firms and commercial agents. Private foreign entities, whether licensed under sole foreign ownership or as a joint venture, compete on an equal basis with local companies.

Foreign nationals and firms are permitted to own or lease property in Jordan for investment purposes and are allowed one residence for personal use, provided that their home country permits reciprocal property ownership rights for Jordanians. Depending on the size and location of the property, the Lands and Surveys Department, the Ministry of Finance, or the Cabinet are the authorities that approve foreign ownership of land and property, which must be developed within five years after the date of approval.

7. Protection of Property Rights

Interest in property (movable and real) is recognized, enforced, and recorded through reliable legal processes and registries. The legal system facilitates and protects the acquisition and disposition of property rights.

Jordan has passed several laws in compliance with international commitments to the protection of intellectual property rights (IPR). Laws consistent with "Trade Related Aspects of Intellectual Property Rights" (TRIPS) now protect trade secrets, plant varieties, and semiconductor chip designs. The Ministry of Culture's National Library Department is responsible for registering copyrights, and patents are registered with the Registrar of Patents and Trademarks at the Ministry of Industry and Trade. Jordan is a signatory to the Patent Cooperation Treaty and the Madrid Protocol, and accordingly, amended its patent and trademark laws in 2007 to enable ratification of the agreements. Jordan is a signatory to World Intellectual Property Organization treaties on both copyrights and on performances and phonographs, and it has been developing updated laws for copyrights, trademark standards, and customs regulations to meet international standards. Jordanian firms are able to seek joint ventures and licensing agreements with multinational partners.

Jordan's record on IPR enforcement has improved in recent years, but more effective enforcement mechanisms and legal procedures are still needed. As a result, the government's record on IPR protection remains mixed. A large portion of videos and software sold in the marketplace continues to consist of pirated goods. Enforcement action against audio/video and software piracy is growing in frequency and improving in its targeting capability, resulting in the first jail sentence in 2007 for software piracy in Jordan. Over the past decade, 4818 violations of Jordan's current copyright law were referred to the judiciary,

including 462 cases in 2013. Additionally, 28 trademarks violation cases were referred to court during the past year.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>. If you experience IP theft, the embassy publishes a list of local lawyers who may be able to assist you: <http://photos.state.gov/libraries/jordan/231771/PDFs/List%20of%20Attorneys%20-%20June%202012.pdf>.

Embassy point of contact: Shaden Majali MajaliSA@state.gov

8. Transparency of the Regulatory System

The government is gradually implementing policies to improve competition and foster transparency. These reforms aim to change an existing system influenced in the past by family affiliations and business ties. Although the Jordan Investment Board (JIB) has worked to streamline the process, red tape and opaque procedures, particularly at the local government level, still present problems for foreign and domestic investors. A draft Competition Law (similar to the Antitrust Law in the U.S.) to modernize the Competition Law of 2004 is currently under parliamentary review. The new law aims to strengthen the local economic environment and attract foreign investment by providing incentives to improve market competitiveness, protect small and medium enterprises from restrictive anticompetitive practices, and give consumers access to high quality products at competitive prices. The Competition Directorate at the Ministry of Industry and Trade conducts market research, examines complaints, and reports violators to the judicial system. The government is continuing its e-government promotion strategy and pledging to make its services, regulations, and procurement procedures more accessible and transparent. Implementation to date has been slow, but programs to register businesses, file complaints, and view tax records, existing and pending legislation, and traffic violations online are now available.

9. Efficient Capital Markets and Portfolio Investment

The three key capital market institutions are the regulator, the Jordan Securities Commission (JSC); the exchange, the Amman Stock Exchange (ASE); and the custodian for all transaction contracts, clearings, and settlements, the Securities Depository Center (SDC). The 2002 Securities Law brought the law in line with international best practices. In 2011, the ASE modernized its technical infrastructure, enhancing the dissemination of information. It launched the Internet Trading Service in 2010, providing an opportunity for investors to engage in securities trading regardless of geographic location. Investors are permitted to open margin accounts and to engage in short-selling. Commercial banks hold securities for their clients in a sub-account format.

In spite of recent reforms and technological advances, the ASE suffers from intermittent liquidity problems and decreased trading activity. The bourse remains prone to speculative movements. The ASE's market capitalization has grown and shrunk rapidly and repeatedly since 2003. The ASE price index increased by 5.5%, from 1958 points in 2012 to 2066 at the end of 2013. Trading volume increased by 9% to 2.6 billion shares from 2.4 billion shares in 2012. The number of listed companies dropped to 240 companies at the end of 2013 compared to

243 at the end of 2012. The market capitalization of listed shares at the ASE amounted to \$25.7 billion, equaling 83% of GDP.

Key ASE Market Indicators

	2013	2012	2011
Market Capitalization (USD billion)	25.7	27.0	27.9
Market Capitalization as percent of GDP	83	93.5	102.7
Index (points)	2066	1958	1995
Number of Shares Traded (billion)	2.7	2.4	4.1
Number of Brokerage Firms	63	62	65
Number of Companies on ASE	240	243	247
Percentage of Shares Owned:			
Jordanians	50.1	48.3	53
Non Jordanians	49.9	51.7	47

Source: Amman Stock Exchange

The Central Bank of Jordan (CBJ) conducts regular government debt auctions of differing maturities on behalf of the Ministry of Finance. Treasury auctions traditionally take place on a monthly or biweekly basis, depending on maturity. The government issues development bonds as necessary. Treasury bonds in excess of \$6 billion and Treasury bills in excess of \$720 million were issued in the local market in 2013.

Foreign investors are allowed to participate in auctions and to purchase government securities through banks. Jordan issued its first and only bonds on international markets in 2010 with the fully subscribed offering of \$750 million in five-year bonds. The bonds were sold to approximately 220 international investors and carried a fixed annual interest rate of 3.875 percent, payable every six months.

In August 2012, the International Monetary Fund (IMF) approved a \$2.1 billion Stand-By Arrangement (SBA) to assist Jordan in addressing fiscal and external challenges and foster growth. Tranches of \$385 million and \$280 million were transferred by the IMF to the government of Jordan in April and October 2013, respectively, bringing total disbursements since August 2012 to just over \$1 billion. As part of this effort, the authorities further reduced subsidies in 2013 by increasing electricity prices in August and January 2014. The Jordanian government plans to continue with this policy for electricity and water prices.

In October 2013, Jordan issued a \$1.25 billion, dollar-denominated Eurobond on the international market, guaranteed by the United States government and priced at a coupon rate of 2.053 percent. The issuance was oversubscribed by 180 percent. Jordan plans to issue another dollar-denominated Eurobond worth \$1 billion in 2014, again guaranteed by the United States government. In 2012, the Jordanian parliament also approved the legal framework for issuing *sukuk*, or Islamic bonds, although no bonds have been issued to date.

The corporate bond market remains underdeveloped and continues to be overshadowed by traditional direct lending, primarily due to the absence of proper mechanisms for corporate debt creation. A few banks, however, are introducing new products and facilitating corporate bond issuances. The government of Jordan guaranteed \$1.4 billion of corporate bonds and bills in 2013 to fund activities related to the National Electric Power Company and the Housing and Urban Development Corporation.

Due to strict regulations on lending, particularly mortgage lending, and limited integration with global financial markets, Jordanian banks were reasonably resilient to international shocks. The banking sector's indicators remain strong; banks continue to be profitable and well-capitalized, and deposits are still the major funding base. Liquidity ratios and provisioning remain high. Non-Performing Loan ratios increased modestly over the past few years. The CBJ in December 2010 directed Jordanian banks to maintain a minimum JD100 million in capital and raised the requirement for foreign banks to JD50 million. Jordan does not distinguish between investment banks and commercial banks. Jordan has 26 banks in total, including commercial banks, Islamic banks, and foreign bank branches.

Banks in Jordan offer loans, discounted bills, and overdraft facilities. The CBJ permits banks to extend loans and credit facilities in foreign currency but only for exporting purposes. In such cases, it requires debt repayment to be in the same foreign currency. A number of banks have offshore mutual funds to avoid Jordanian taxes.

The Banking Law protects depositors' interests, diminishes money market risk, guards against the concentration of lending, and includes articles on electronic banking practices and money laundering. The Credit Information Law was passed as a temporary law in 2010 to lay the groundwork for the eventual establishment of a Credit Bureau to be supervised by the Central Bank of Jordan.

The CBJ set up an independent Deposit Insurance Corporation (DIC) in 2000 that traditionally has insured deposits of up to JD10,000 (\$14,000). DIC currently insures deposits up to JD50,000 (approximately \$71,000) and is expected to maintain the guarantee through the end of 2014 at a minimum. The DIC also acts as the liquidator of banks as directed by the CBJ. The CBJ established a credit bureau for bounced checks in 2001 which requires banks to report the names of account holders with bounced checks. Following the report of one bounced check, the CBJ circulates the names of the account holders to all banks with recommendations to carefully evaluate the account holders' access to banking services.

In 2010, Jordan amended its existing Anti-Money Laundering Law to comply with Middle East/North Africa Financial Action Task Force (MENAFATF) standards. Among other things, the 2010 amendments extended the range of predicate offenses to include certain crimes that would otherwise qualify as misdemeanors, whether those offenses are committed in Jordan or abroad. The amendments also created a legal framework to address terrorist financing. As

such, the law was renamed the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Law, and the existing financial intelligence unit renamed the AML/CFT Unit. The CBJ as well as other financial sector regulators are implementing the AML/CFT Law further through the issuance of circulars and other regulations under their own authority.

In a highly publicized November 2012 case, Mohammed al-Dahabi, a former head of Jordan's General Intelligence Directorate from 2005 to 2008, was convicted of embezzlement of public funds, money laundering, and abuse of public office. The courts handed him a maximum prison sentence of 13 years. The courts also fined him nearly \$30 million and ordered the return of \$34 million of embezzled funds. Al-Dhabi's lawyers have appealed the conviction to the Court of Appeal.

In a high-profile June 2013 corruption case, a Jordanian criminal court sentenced in absentia Walid al-Kurdi, former CEO of the Jordan Phosphate Mines Company and the King's uncle by marriage, to 37 years in prison and more than \$400 million in fines after finding him guilty of illegally profiting from his position. Al-Kurdi was also found guilty of three counts of shipping fraud. Jordan's Anti-Corruption Commission seized al-Kurdi's assets in December 2012. The court said al-Kurdi, who is believed to be living in the United Kingdom, would be granted a retrial if he returns to Jordan.

There are a number of internationally recognized accounting and auditing firms in Jordan. The government's accounting and auditing regulations are consistent with international standards and are internationally recognized.

10. Competition from State-Owned Enterprises (SOEs)

A number of SOEs exist in Jordan, such as the National Electrical Power Company (NEPCO), the National Food Security Company, and the Yarmouk Water Company. These companies exercise delegated governmental powers and operate in fields that are not yet open for investment, such as managing the transmission and distribution of electrical power. The government supports these companies as necessary. As an example, the government has issued and guaranteed corporate bonds for NEPCO since 2011 to ensure continuous power supply for the country.

SOEs compete under largely equal terms with private enterprises with respect to access to markets, credit, and other business operations. The laws do not provide preferential treatment to SOEs and they are held accountable by their Board of Directors, typically chaired by the sector-relevant Minister and the Audit Bureau.

11. Corporate Social Responsibility

There is general awareness of corporate social responsibility (CSR) among both manufacturers and consumers in Jordan, with many local and multinational companies voluntarily developing and adopting CSR programs.

12. Political Violence

The threat of terrorism remains high in Jordan. Transnational terrorist groups, as well as less sophisticated local elements, have the capability to plan and implement attacks in Jordan and have carried out a number of atrocities over the last ten years. The Jordanian security

forces, however, have demonstrated high levels of professionalism in maintaining public security, containing numerous demonstrations, and preventing terrorist attacks. Jordan has not been immune from the tumult of region wide Arab Spring protests, and the potential for politically motivated violence remains. Visitors should consult current State Department public announcements at www.travel.state.gov before traveling to Jordan.

13. Corruption

Jordanian law defines corruption as any act that violates official duties, all acts related to favoritism and nepotism that could deprive others from their legitimate rights, economic crimes, and misuse of power. The use of family, business and other personal connections to advance personal business interests is endemic and regarded by many Jordanians as simply part of the culture and part of doing business. In 2006, Parliament approved a Financial Disclosure Law which officially required public office holders and specified government officials to declare their assets. Parliament also enacted an Anti-Corruption Law in 2006 that created a commission to investigate allegations of corruption. Currently, the commission has referred a number of high profile corruption cases to the judiciary for investigation. In Transparency International's 2013 Corruption Perceptions Index, Jordan ranked 66 out of 177 countries.

14. Bilateral Investment Agreements

The U.S. Congress enacted the Qualifying Industrial Zone (QIZ) initiative in 1996 to support the Middle East peace process. Goods produced in the 13 designated QIZs in Jordan can be imported into the United States tariff and quota free under the agreement if 35 percent of the product's content comes from the QIZ, Israel, and the West Bank/Gaza. Of that 35 percent, a minimum 11.7 percent of value must be added in the QIZ, eight percent in Israel, and 15.3 percent in a Jordanian QIZ, Israel, or the West Bank/Gaza. The QIZs have attracted over \$1 billion dollars in capital investments, generated around \$9.2 billion dollars in exports to the U.S. between 2006 and 2013, and currently employs nearly 47,000 workers; about one-quarter of whom are Jordanians. The bulk of QIZ exports continue to be garments.

The U.S.-Jordan FTA, which entered into force in 2001 and came into full effect in January 2010, does not supersede or eliminate the QIZ initiative. Nevertheless, exports under QIZ requirements considerably shrank as exporters took advantage of the FTA's broader mandate. FTA rules of origin simply require 35 percent Jordanian content without other restrictions. Jordan's exports to the United States increased by 9.3% from 2012 to 2013 under the FTA to \$1.1 billion. A Bilateral Investment Treaty between Jordan and the United States entered into force in 2003. The agreement provides reciprocal protection of Jordanian and U.S. individual and corporate investments.

While the U.S. remains one of Jordan's top trading partners, Jordan maintains an active trade relationship with neighboring countries and has been actively pursuing enhanced trade arrangements globally. Jordan is a member of the Greater Arab Free Trade Area (GAFTA), which has been in force since 1998. The GAFTA reached full trade liberalization of goods in 2005 through full exemption of customs duties and charges for all 17 Arab member states, with the exception of gradual reductions for Sudan and Yemen. Jordan has also signed trade preference agreements and bilateral free trade agreements with various Arab

neighbors, including Egypt, Syria, Morocco, Tunisia, the UAE, Algeria, Lebanon, the Palestinian Authority, Kuwait, Sudan, and Bahrain.

An economic association agreement between Jordan and the European Union (EU) entered into force in 2002 to establish free trade over a twelve-year period. This agreement calls for the free movement of capital as well as cooperation on development and political issues. Jordan also signed a Free Trade Area Agreement in 2001 with the European Free Trade Association (EFTA) states (Iceland, Liechtenstein, Norway and Switzerland); this agreement seeks complete trade liberalization by 2014.

Jordan signed a Free Trade Agreement with Singapore in 2004. In addition to enhancing bilateral trade ties, the agreement aimed to create new export opportunities for Jordanian products worldwide through the possibility of diagonal accumulation of origin with countries that have concluded free trade agreements with both Jordan and Singapore. That same year Jordan completed the Agadir trade agreement with Egypt, Morocco, and Tunisia, and upgraded its trade agreement with Israel to take advantage of accumulation of content provisions in the European Union's Pan Euro-Mediterranean trade rules of origin. Jordan signed a Free Trade Agreement with Canada in 2009 which came into effect in October 2012. The FTA with Canada eliminates all non-agricultural tariffs and most agricultural tariffs. A similar agreement with Turkey was also signed in November 2009 and entered into effect on March 1, 2011. Jordan has also signed with Iraq a number of Memoranda of Understanding for bilateral cooperation in various sectors such as education, health, energy, transportation, and trade. The two countries have established a special free zone area at the Iraqi border to serve as a hub for industry and trade between the two countries.

15. OPIC and Other Investment Insurance Programs

Investments in Jordan are eligible for Overseas Private Investment Corporation (OPIC) insurance and private financing. All eligible projects require a minimum of 25 percent U.S. equity. Over the past four years, OPIC backed significant investments in Jordanian private equity ventures and in mortgage financing. In December 2012, OPIC announced the financing of a \$170 million, 240-megawatt electrical power plant construction project in Jordan. In 2011, OPIC signed a \$250 million loan guarantee program to support small and medium sized enterprises (SMEs) in Jordan. OPIC previously extended a \$250 million loan to support the \$1 billion Disi water project to bring water to Amman from the Disi aquifer in the south.

Jordan is a member of the Multilateral Investment Guarantee Agency (MIGA), a World Bank agency which guarantees investment against non-commercial risks such as civil war, nationalization, and policy changes. The program covers investments in Jordan irrespective of the investor's nationality in addition to Jordanian investments abroad.

16. Labor

The population growth rate is about 2.2 percent a year, according to a 2012 Jordan Department of Statistics estimate. As of year-end 2013, the population is estimated by the Department of Statistics at 6.56 million. Nearly 63 percent of the population is estimated to be under the age of 30. Literacy rates are approximately 96.4 percent for men and 90.1 percent for women. Jordan has a generally well-educated labor force of about 1.8 million. According

to the Department of Statistics, official unemployment in 2013 averaged 12.6 percent, a slight decline from the 12.15 percent 2012 average.

Of the 1.8 million people in the labor force, roughly 350,000 are registered foreign workers. However, unofficial indicators speculate that unregistered foreign workers are nearly double this number. With the exception of the approximately 35,000 who work in the QIZs as textile workers, most foreign workers are employed in construction, agriculture, and domestic service. The Ministry of Labor regulates foreign worker licensing, licensing fees, prohibited sectors, and employer liability. Along with the Ministry of Interior, the Ministry of Labor is responsible for approving the hiring of professional foreign workers by private businesses. Non-citizens are legally permitted to join unions, but do not enjoy the privilege of forming unions themselves or holding leadership positions in existing unions.

Labor unions serve primarily as intermediaries between workers and the Ministry of Labor and may engage in collective bargaining on behalf of workers. There are 17 recognized unions in Jordan, and they are all members of the General Federation of Jordanian Trade Unions. Estimates put union membership at less than 10 percent of the labor force. Additionally, there are 40 professional associations active in Jordan, including many that have mandatory membership. According to official figures, about 30 percent of the total labor force, including government workers, belongs to either a union or a professional association. The law does not require employers to include retirement plans in employment packages. However, if the employer agreed to provide retirement benefits when the worker was contracted, the employer must fulfill that commitment.

The government has been reforming and strengthening its legal framework and labor inspections since 2006. It amended its labor law in 2008 to expand coverage to domestic workers, formalize a tripartite Labor Affairs Committee, increase fines for violations of the labor law, and include sexual harassment provisions. Over the past few years, the Ministry expanded efforts to investigate allegations of child labor and to monitor hazardous working conditions in the country. In the past, Ministry of Labor inspections identified problems at some QIZ factories related to delayed payment of wages, length of overtime, and physical abuse of workers. The Better Work Jordan program was launched in 2008 as a five-year joint project between the Ministry of Labor, the International Labor Organization (ILO), and the International Finance Corporation to improve garment sector labor standards and conditions and raise compliance levels through public reporting and technical assistance. The Ministry of Labor made the program mandatory for all factories and subcontracting factories exporting to the U.S. or Israel as of December 2010.

17. Foreign Trade Zones/Free Ports

The Development and Free Zones Commission (DFZC) is the independent governmental body responsible for creating, regulating, and monitoring Jordan's Free Trade Zones, Industrial Estates and the five development zones. DFZC's mission is to increase foreign direct investment (FDI) through the enhancement of the investment environments inside these Zones. The DFZC Commissioners and an administrative team supervise and centrally approve investment-related matters. The DFZC can expedite the provision of government services and provide a number of investment incentives, tax and customs exemptions. The five development areas are the King Hussein Bin Talal Development Area (KHBTD) in Mafrq,

the Ma'an Development Area, the Irbid Development Area (IDA), the Dead Sea Development Zone, and the Jabal Ajloun Development Zone.

The Aqaba Special Economic Zone (ASEZ) is an independent economic zone not governed by the DFZC. It offers special tax exemptions, a flat five percent income tax, and facilitates customs handling at Aqaba Port. In recent years ASEZ has attracted projects mainly in hotel and property development valued at over \$8 billion. The government continues to implement development projects aimed at attracting commerce and tourism through the Port of Aqaba. The Aqaba New Port project, initiated in 2010 with completion expected by 2015, includes relocating the current port 20 km south, adding four new terminals, and expanding ship berthing, marine services, and capacity, including for energy resources such as natural gas, phosphates, and propane. In early 2014, Jordan announced a new public-private partnership committee tasked with enhancing Aqaba's investment climate.

As part of Jordan's efforts to foster economic development and enhance its investment climate, the government has created geographically demarcated industrial estates, free zones, and special economic zones.

The semi-governmental Jordan Industrial Estates Corporation (JIEC) currently owns six public industrial estates in Irbid, Karak, Aqaba, Amman, Ma'an and Muwaqar. In early 2014, Jordan announced plans for a new industrial site in Balqa governorate to help fulfil a government goal of establishing industrial sites in each Jordanian governorate. There are also several privately-run industrial parks in Jordan, including al-Mushatta, al-Tajamouat, al-Dulayl, Cyber City, al-Qastal, Jordan Gateway, and al-Hallabat. These estates provide basic infrastructure networks for a wide variety of manufacturing activities, reducing the cost of utilities and providing cost-effective land and factory buildings. Investors in the estates also receive various exemptions, including a two-year exemption on income and social services taxes, total exemptions from building and land taxes, and exemptions or reductions on most municipalities' fees.

Jordan also has public "free zones" in Zarqa, Sahab, Karak, Karama, and Queen Alia Airport that are run by the publicly-owned Free Zone Corporation (FZC). Over 30 private free zones have also been designated and are administered by private companies under the FZC's supervision. The free zones are outside of the jurisdiction of Jordan Customs, and provide a duty- and tax-free environment for the storage of goods transiting Jordan.

Both Jordanian and foreign investors are permitted to invest with few restrictions in trade, services, and industrial projects in free zones. Industrial projects must be related to one of the following industries:

- New industries that depend on advanced technology;
- Industries that require locally available raw material and/or locally manufactured parts;
- Industries that complement domestic industries;
- Industries that enhance labor skills and promote technical know-how;

- Industries that provide consumer goods and that contribute to reducing market dependency on imported goods.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Jordan does not maintain official detailed statistics of FDI but aggregate inflows tracked by the Central Bank of Jordan give an indication of the overall volume. The Jordan Investment Board approved 464 projects worth about \$2.7 billion in 2013, reflecting a 19.5% increase over 2012 figures. About \$1.1 billion of that investment went to the industrial sector. Foreign investment represented about 50 percent of all JIB-approved investments in 2013.

Foreign Direct Investment

Period	(\$ millions)
2013 (Jan-Sep)	1,468
2012	1,499
2011	1,473
2010	1,706
2009	2,433
2008	2,833

Source: Central Bank of Jordan

Sources of Portfolio Investments in Jordan

The registered capital stock by owner at the end of 2013 (USD million) was as follows:

Nationality	2013	2012	2011
Jordan	14,104	14,548	14,785
Lebanon	1,720	1,032	1,083
Kuwait	1,572	1,579	1,625
Qatar	1,328	1,247	1,304

Saudi Arabia	1,302	1,763	1,852
United States	1,180	1,744	1,654
Libya	732	768	777
Bahrain	715	631	535
Joint Arab	666	1,100	1,045

Source: Securities Depository Center as of December 31, 2013

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

Mixed legal system of civil law and Islamic religious law; judicial review of legislative acts in a specially provided High Tribunal

International organization participation:

ABEDA, AFESD, AMF, CAEU, CD, CICA, EBRD, FAO, G-11, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), LAS, MIGA, MINUSTAH, MONUSCO, NAM, OIC, OPCW, OSCE (partner), PCA, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMIL, UNMISS, UNOCI, UNRWA, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

There are no exchange control rules in Jordan

Treaty and non-treaty withholding tax rates

For further information - <http://www.jordan.gov.jo>

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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