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## Foreword

The course of the market and economic policy debate in our world today has deviated from the traditional and conventional stabilisation and recovery mindset to one that strongly constitutes the rudiments of growth and convergence. The competitive foothold many countries have affirmed in today's increasingly integrated and global economy is largely an outcome of the outward-oriented standpoint adopted in their market policy, and their focus on insuring that institutions are productive, innovative, efficient, and engaged in technology transfer. Collectively, such constituents have created a new perception and understanding of competitiveness and market success, eliminating the conventional barriers and red-tape regulations and opening way to globalisation and market forces to determine the resilience and fortes of a country's economy.

Therefore, on a national level, determinants of a country's competitiveness are strongly linked to its ability to enact sound macro and micro economic policies within the market economy to foster and enhance the competitive advantage of local industries and secure a globally integrated and constructive dynamic environment. The level of economic competitiveness is largely determined by the economy's ability to generate a high and rising per capita income, while simultaneously create jobs and sustain a low level of unemployment. This ability, however, is intrinsically dependent on the level of growth in productivity. Therefore, enhancing productivity growth in a market economy that fosters the competitiveness of local economic activities has been a top priority on the government's agenda.

Today, Jordan stands at the forefront of all Middle Eastern economies that have gained wide recognition for their policy reforms and economic endeavours. Recognizing the importance associated with increased involvement in the dynamics of the global economy, through enhanced productivity, efficiency, global outreach and innovation, has prompted us to vest substantive efforts towards fostering these traits within our sectors and labour force through a multifaceted and aggressive socio-economic reform program and the implementation of timely and ambitious initiatives, such as our indigenously developed Social and Economic Transformation Program, Enhanced Productivity Program, and the establishment the Competitiveness Unit amongst others.

The Competitiveness Unit was established at the Ministry of Planning and International Cooperation with the main objective of enhancing local productivity through collaborating with, and advising the private sector on main economic aspects pertinent to the growth and competitiveness of their industries, in addition to promoting increased private sector participation in Jordan's steadfast mission for greater development and global integration. A prime function of the Unit is to conduct evaluation studies of the economic activities and trends in various sectors within the country, and highlight the main challenges impeding their competitiveness, by providing solutions to combat the apparent weaknesses and discretion in their adopted strategies, policies, management practices and modes of production.

This publication is part of the Ministry of Planning and International Cooperation's numerous efforts towards accelerating the dissemination of functional information, and will second the Ministry's support in raising the awareness of local industries to the relevance and importance of competitiveness in today's vibrant global economy. The reader is provided with a wealth of analyses that highlight the strengths and weaknesses of

various economic sectors, ultimately affording a perceptive grasp of Jordan's economic realities and providing sectorial leaders an invaluable tool for their future planning and strategic formulation.

I would like to extend my gratitude and appreciation to the members of the Competitiveness Unit for their tireless efforts in putting together such a resourceful document. The Unit's growing expertise in the field of competitiveness, and the crucial role it plays in spreading awareness in this regard, has provided a valuable tool for growth and prosperity. Finally, I would also like to thank the various private sector members and the concerned government entities that have distinguished themselves through their continuous cooperation and support to the work of the Competitiveness Unit.

**Bassem I. Awadallah**

A handwritten signature in black ink, appearing to read 'B. Awadallah', written over a vertical line that extends downwards from the signature.

**Minister of Planning and  
International Cooperation**

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The Jordan National Competitiveness Team (JNCT) would like to express its sincere gratitude and appreciation to His Excellency Dr. Bassem Awadallah, the Minister of Planning and International Cooperation, and Her Excellency Mrs. Hala Latouf, the Secretary General, for their continuous support of the Team and encouragement of this initiative.

JNCT is thankful to the United States Agency for International Development (USAID), for its generous funding of our work and continuous confidence in the Team's vision and capabilities. USAID support has contributed tremendously to JNCT success in highlighting key economic clusters for the Kingdom and describing the means to best exploit the country's competitive industries.

Our sincere thanks are also due to past JNCT leaders, Dr. Yusuf Mansour and Mrs. Nesreen Barakat, whose effective leadership of the Team is depicted in the establishment of a unique microeconomic database of the main economic activities in Jordan. These activities represent the core of the book at hand.

This book could not have taken its present shape without the continuous dedication of Farah Nasif, who has been unstinting in her commitment, patience and graceful efforts throughout the documentation, in addition to Mohammad Jaljouli's unceasing efforts, time, and creativity, devoted to designing the layout of the book. Their valuable contributions are highly appreciated.

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**Naseem Rahahleh,**  
Director of the JNCT



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## List of Acronyms

ACC	Agricultural Credit Corporation
AFTA	Arab Free Trade Area
AMIR	Achievement of Market Friendly Initiatives and Results Program
APC	Arab Potash Company
ASE	Amman Stock Exchange
AWCR	Arab World Competitiveness Report
CCI	Current Competitiveness Index
CGMP	Current Good Manufacturing Practice
CHT	Critical Harvest Time
CMT	Cut, Make and Trim
DAP	Diammonium Phosphate
DOS	Department of Statistics
ECC	Economic Consultative Council
EJADA	Euro-Jordanian Action for the Development of Enterprise
EPP	Enhanced Productivity Program
ESOP	Employee Share Ownership Plans
EU	European Union
FDI	Foreign Direct Investment
FFC	Fauji Fertilizer Company
FJFC	Fauji-Jordan Fertilizer Company

FOB	Free On Board
FORFAS	The National Policy and Advisory Board for Enterprise, Trade, Science, Technology and Innovation in Ireland
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GCI	Growth Competitiveness Index
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
GTZ	The GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) is a government-owned corporation for international cooperation with worldwide operations.
HCST	Higher Council for Science and Technology
HS-Code	Harmonization Code System
ICT	Information and Communication Technology
IDD	Industrial Development Directorate
IJC	Indo-Jordan Chemicals Company
IMD	Institute for Management Development
Int@j	Information Technology Association of Jordan
IOOC	International Olive Oil Council
IPM	Integrated Pest Management
IPRs	Intellectual Property Rights
ISO	International Organization for Standardization
ISP	Internet Service Providers
IT	Information Technology

JAMP	Jordan Association of Manufacturers of Pharmaceuticals and Medical Appliances
JEDCO	Jordan Export Development and Commercial Centers Corporation
JIB	Jordan Investment Board
JICA	Japan International Cooperation Agency
JISM	Jordan Institute for Standards and Metrology
JNCT	Jordan National Competitiveness Team
JOOEG	Jordan Olive Oil Export Group
JPMC	Jordan Phosphate Mines Company
JUST	Jordan University of Science and Technology
LA	Los Angeles
LC	Letter of Credit
MENA	Middle East and North Africa
MFA	Multi Fiber Agreement
MICE	Meetings, Incentives, Conferences and Exhibitions
MoA	Ministry of Agriculture
MoGA	Municipality of Greater Amman
MoH	Ministry of Health
Mol	Ministry of Interior
MoIT	Ministry of Industry and Trade
MoL	Ministry of Labor
MoPIC	Ministry of Planning and International Cooperation
MoT	Ministry of Transport

MoTA	Ministry of Tourism and Antiquities
NAFTA	North America Free Trade Agreement
NAT	National Agricultural Team
NCARTT	National Center for Agricultural Research and Technology Transfer
NCC	National Competitiveness Council
NGO	Non-Governmental Organization
NJFC	Nippon-Jordanian Fertilizers Company
NPK	Nitrogen Phosphorus Potassium
NTR	Normal Tariff Rate
NY	New York
PAH	Polycyclic Aromatic Hydrocarbons
PC	Personal Computer
PET	Polyethylene Terephthalate
PII	Public Institutions Index
PM	Prime Ministry
PPP	Purchasing Power Parity
QIZ	Qualifying Industrial Zone
QPR	Qualifying Product Request
R&D	Research and Development
RCA	Revealed Comparative Advantage Index
RJGC	Royal Jordanian Geographic Center
RSS	Royal Scientific Society

SEI-CMM	Software Engineering Institute–Capability Maturity Model
SME's	Small and Medium Enterprises
TIJARA	Trade, Investment, Jordan–America Reciprocal Agreement
TPP	Technology Pilot Program
TRIPs	Trade Related Intellectual Property Rights
UK	United Kingdom
UAE	United Arab Emirates
UNIDO/ IPU	United Nations Industrial Development Organization/ Investment Promotion Unit
USA/ US	United States of America
USAID	United States Agency for International Development
VC	Village Clusters
WEF	World Economic Forum
WTO	World Trade Organization
YEA	Young Entrepreneurs Association



## Preface

The Jordan National Competitiveness Team (JNCT) was established in 1997 as a research-oriented unit of the Ministry of Planning and International Cooperation (MoPIC) with the initial mandate of creating a database at the micro level. Accordingly, the Team has conducted detailed studies with a view to assessing the competitiveness of various sectors and identifying their impact on the Jordanian economy. Over the years, further responsibilities have been added to JNCT tasks. For example, the Unit's work scope has been expanded to include the production of an annual economic overview of the Jordanian economy, which has proved to be an effective tool for both foreign and domestic businessmen. Furthermore, the Unit has been appointed as a local counterpart of the World Economic Forum (WEF), taking over the task of monitoring Jordan's performance in the Global Competitiveness Report (GCR)<sup>1</sup>.

As a result of its accumulated experience, the Team has decided to document the major part of its work and findings in book form – the result is this volume, which seeks to disseminate data and information, spread awareness, and strengthen and promote the concept of competitiveness in Jordan. By taking Jordan as a case study, however, the book is distinctive in that it helps its reader make a gradual transition from theory to practice in the various areas of both competitiveness and clustering. In order to help complete the reader's transition, the book is divided into four main parts, each laying out the necessary foundations for the next.

To begin with, Part One introduces the JNCT by acquainting the reader with its mission, goals and objectives and focusing on its role in enhancing Jordan's competitive advantage. It also defines the concept of competitiveness in terms of the role it plays in the penetration of international markets, as well as its relevance in today's world. Part One also provides details on the various methodologies and approaches, which the Team has adopted as research tools. One of the major tools, if not the very pillar on which the Team's entire work is based, is the analytical framework developed by Michael E. Porter<sup>2</sup> of Harvard Business School.

Part Two documents nine of the JNCT cluster analyses. These in-depth examinations illustrate the practical application of the models, tools and approaches, which the Team employs in its research. Each cluster analysis provides an extensive competitive analysis of a specific cluster. The documented clusters are: Agriculture in the Jordan Valley, the Olive Oil Cluster, the Dead Sea Cosmetics Cluster, Phosphate- Mining Cluster, the Pharmaceuticals Cluster, Qualifying Industrial Zones (QIZs), the Higher Education Cluster, the Information and Communication Technology Cluster (ICT), and the Tourism Cluster.

The analyses seek to explore the competitive potential of key clusters in Jordan's economy by assessing their performance. This is accomplished by highlighting areas of weakness that need to be addressed in order to enhance their competitiveness and cluster pervasiveness. It is noteworthy, however, that since each cluster analysis is conducted at a particular point in time, the qualitative and quantitative data pertaining to each analysis reflect the reality of the cluster at the time of conducting the analysis.

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<sup>1</sup> The GCR is a report published annually by the World Economic Forum, ranking and assessing all participating countries according to their economic and competitive performance for a specific year.

<sup>2</sup> Michael E. Porter is a Professor of Business Administration at the Harvard Business School in Massachusetts. He is also an advisor to leading firms all over the world.

Part Three provides an assessment of the current overall competitiveness of the Jordanian economy and its prospects for future growth. The GCR and the Arab World Competitiveness Report (AWCR), both published by WEF, are used as primary sources of information and work tools. In conjunction with Part Two, the assessment helps the reader understand the position the Jordanian economy has attained among the world economies today. In addition, it is instrumental in helping the reader identify the key economic areas that Jordanians need to focus on and improve in order to enhance Jordan's competitiveness worldwide. In short, it provides a comprehensive overview of the strengths and weaknesses of the Jordanian economy.

Wrapping up the findings of the preceding chapters, Part Four articulates a JNCT vision for the future. Keeping in line with its original mission, the Team defines its future goals in terms of what it hopes to achieve through its dedicated work in the way of empowering citizens – the cornerstone of future growth and prosperity – to assume the responsibility for their role in enhancing Jordan's competitiveness.

