

# JORDAN

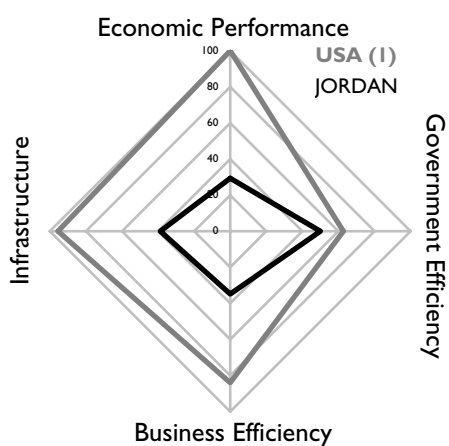
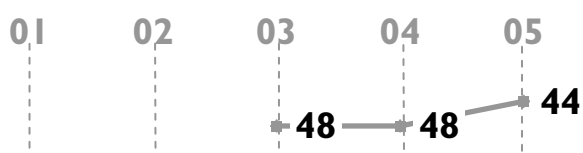
## CHALLENGES IN 2005

- Reduce external debt through fiscal consolidation and debt management.
- Increase water supply and improve operations and maintenance.
- Enhance productivity through structured micro reforms.
- Improve the educational system to better meet the needs of the market..
- Increase private investment in R&D.

**Provided by :**  
Ministry of Planning, Competitiveness Unit



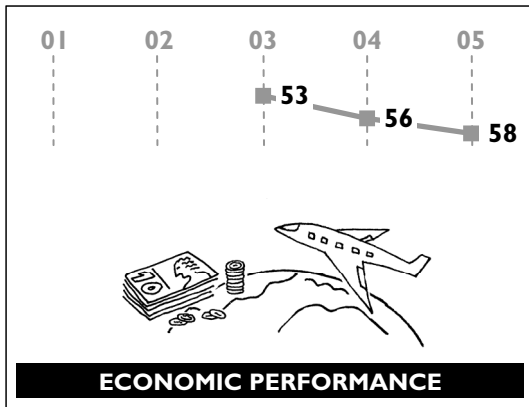
## OVERALL PERFORMANCE



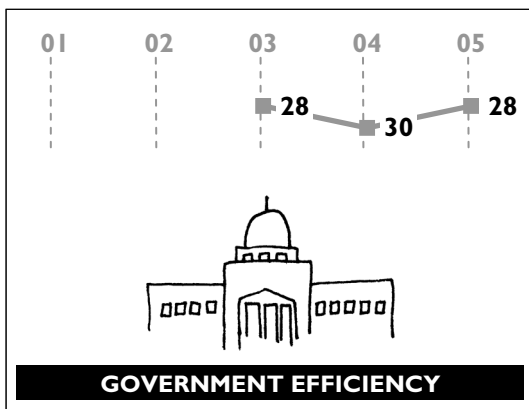
## BASIC FACTS

<b>Capital</b>	Amman
<b>Population (millions)</b>	5.35 (2004)
<b>Land area (km<sup>2</sup> '000)</b>	89.3 (2004)
<b>Exchange rate (per \$)</b>	0.71 (2004)
<b>GDP (\$ billions)</b>	11.2 (2004)
<b>GDP per capita (\$)</b>	2,093 (2004)
<b>Real GDP growth (%)</b>	7.5 (2004)
<b>Consumer Price Inflation (%)</b>	3.4 (2004)
<b>Unemployment rate (%)</b>	12.50 (2004)
<b>Labor force (millions)</b>	1.27 (2003)
<b>Current Account Balance (\$ bn)</b>	-0.147 (2004)
<b>Direct Investment</b>	
<b>Stocks Inward (\$ billions)</b>	2.79 (2003)
<b>Flows Inward (% of GDP)</b>	3.78 (2003)

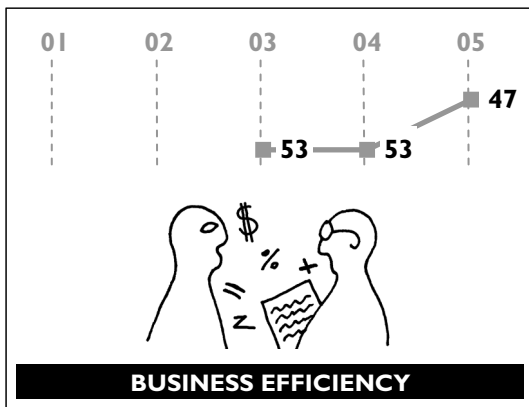
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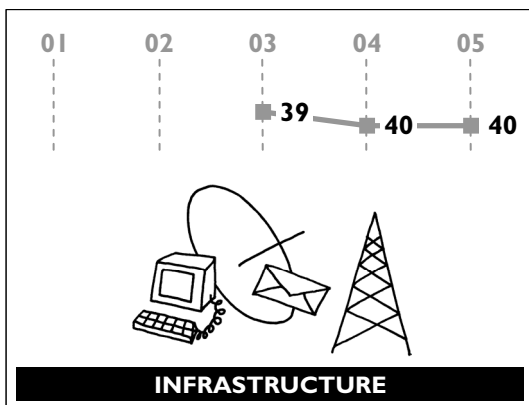
	2005
Domestic Economy	51
International Trade	40
International Investment	47
Employment	60
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Public Finance	50
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Institutional Framework	32
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Productivity & Efficiency	59
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	2005
Basic Infrastructure	58
Technological Infrastructure	47
Scientific Infrastructure	29
Health and Environment	30
Education	39

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These criteria are the 10 Strongest Criteria by Factor identified by taking the biggest value differences from the averages of the 60 economies.

	Rank
<b>I Economic Performance</b>	
1.2.20 <b>Tourism receipts</b> International tourism receipts as a percentage of GDP	2
1.2.11 <b>Exports of commercial services</b> Percentage of GDP	8
1.1.12 <b>Real GDP Growth</b> Percentage change, based on national currency in constant prices	9
1.3.13 <b>Relocation of production</b> is not a threat to the future of your economy (Survey)	9
1.3.14 <b>Relocation of R&amp;D facilities</b> is not a threat to the future of your economy (Survey)	10
1.3.06 <b>Direct investment flows inward</b> Percentage of GDP	12
1.2.18 <b>Trade to GDP ratio</b> (Exports + Imports) / (2 x GDP)	13
1.4.03 <b>Employment - growth</b> Estimates: percentage change	19
1.1.13 <b>Real GDP Growth per capita</b> Percentage change, based on national currency in constant prices	19
1.3.15 <b>Relocation of services</b> is not a threat to the future of your economy (Survey)	22
<b>2 Government Efficiency</b>	
2.3.06 <b>Exchange rate policy of your economy</b> supports the competitiveness of enterprises (Survey)	4
2.2.09 <b>Corporate tax rate on profit</b> Maximum tax rate, calculated on profit before tax	7
2.2.08 <b>Effective personal income tax rate</b> Percentage of an income equal to GDP per capita	11
2.5.02 <b>Personal security and private property</b> are adequately protected (Survey)	12
2.4.03 <b>Public sector contracts</b> are sufficiently open to foreign bidders (Survey)	13
2.1.09 <b>Management of public finances over the next two years is likely to improve</b> (Survey)	13
2.2.01 <b>Collected total tax revenues</b> Percentage of GDP	14
2.4.19 <b>Unemployment legislation</b> provides an incentive to look for work (Survey)	14
2.3.10 <b>Adaptability of government policy to changes in the economy is high</b> (Survey)	16
2.4.16 <b>Creation of firms</b> is supported by legislation in your economy (Survey)	17
<b>3 Business Efficiency</b>	
3.2.12 <b>Labor force growth</b> Percentage change	2
3.3.16 <b>Stock market index</b> Percentage change on index in national currency	2
3.2.05 <b>Working hours</b> Average number of working hours per year	10
3.3.13 <b>Stock market capitalization</b> Percentage of GDP	13
3.3.17 <b>Shareholders' rights</b> are sufficiently protected (Survey)	13
3.2.01 <b>Compensation levels</b> Estimates: Total hourly compensation for manufacturing workers (wages + supplementary benefits), US\$	14
3.3.01 <b>Banking sector assets</b> Percentage of GDP	15
3.4.06 <b>Shareholder value</b> is efficiently managed (Survey)	20
3.5.06 <b>Values of society</b> support competitiveness (Survey)	20
3.3.18 <b>Financial institutions' transparency</b> is sufficiently implemented in your economy (Survey)	22
<b>4 Infrastructure</b>	
4.2.01 <b>Investment in telecommunications</b> Percentage of GDP	5
4.4.16 <b>Environmental laws and compliance</b> do not hinder the competitiveness of businesses (Survey)	5
4.3.14 <b>Youth interest in science</b> is strong (Survey)	6
4.2.12 <b>Broadband costs</b> US\$ per 100 kbits/s per month	7
4.3.13 <b>Science in schools</b> is sufficiently emphasized (Survey)	7
4.4.09 <b>Health problems (AIDS, alcohol, drug abuse, etc...)</b> do not have a significant impact on companies (Survey)	7
4.4.13 <b>Ecological footprint</b> Area units per person, hectares of biologically productive space	9
4.5.13 <b>Qualified engineers</b> are available in your labor market (Survey)	10
4.4.01 <b>Total health expenditure</b> Percentage of GDP	12
4.1.22 <b>Electricity costs for industrial clients</b> US\$ per kwh	13

These criteria are the 10 Weakest Criteria by Factor identified by taking the biggest value differences from the averages of the 60 economies.

	Rank
<b>I Economic Performance</b>	
1.4.02 <b>Employment</b> Percentage of population	60
1.3.04 <b>Direct investment stocks abroad - real growth</b> Percentage change based on US\$ values	59
1.2.07 <b>Exports of goods</b> US\$ billions	59
1.3.03 <b>Direct investment stocks abroad</b> US\$ billions	59
1.1.01 <b>Gross domestic product (GDP)</b> US\$ billions	59
1.2.10 <b>Exports of commercial services</b> US\$ billions	58
1.3.07 <b>Direct investment stocks inward</b> US\$ billions	58
1.1.02 <b>GDP (PPP)</b> Estimates; US\$ billions at purchasing power parity	58
1.1.20 <b>GDP (PPP) per capita</b> Estimates; US\$ per capita at purchasing power parity	56
1.4.08 <b>Youth unemployment</b> Percentage of labor force	54
<b>2 Government Efficiency</b>	
2.5.10 <b>Gender income ratio</b> Ratio of estimated female to male earned income globally	58
2.5.08 <b>Females in parliament</b> Percentage of total seats in Parliament	57
2.3.04 <b>Country credit rating</b> Rating on a scale of 0-100 assessed by the Institutional Investor Magazine ranking	54
2.4.20 <b>Immigration laws</b> prevent your company from employing foreign labor (Survey)	52
2.3.03 <b>Interest rate spread</b> Lending rate minus deposit rate	51
2.1.06 <b>Central government foreign debt</b> Percentage of GDP	50
2.3.12 <b>Political parties</b> do not understand today's economic challenges (Survey)	50
2.4.08 <b>Government subsidies</b> To private and public companies as a percentage of GDP	48
2.3.07 <b>Exchange rate stability</b> Parity change from national currency to SDR, 2004/2002	48
2.1.10 <b>Total reserves</b> Including gold and official reserves (gold = SDR 35 per ounce)	46
<b>3 Business Efficiency</b>	
3.2.11 <b>Labor force</b> Percentage of population	60
3.3.04 <b>Number of credit cards issued</b> Per capita	60
3.2.14 <b>Female labor force</b> Percentage of total labor force	58
3.2.10 <b>Labor force</b> Employed and registered unemployed	56
3.3.06 <b>Investment risk</b> Euromoney country credit-worthiness scale from 0-100	55
3.4.09 <b>Marketing</b> is not conducted efficiently by enterprises in your economy (Survey)	55
3.2.07 <b>Worker motivation</b> is low in your economy (Survey)	50
3.1.08 <b>Large corporations in your economy</b> are not efficient by international standards (Survey)	50
3.1.01 <b>Overall productivity (PPP)</b> Estimates: GDP (PPP) per person employed, US\$	48
3.4.10 <b>Social responsibility of business leaders</b> is low towards society (Survey)	47
<b>4 Infrastructure</b>	
4.1.07 <b>Dependency ratio</b> Population under 15 and over 64 years old, divided by active population (15 to 64 years)	60
4.2.19 <b>High-tech exports</b> Percentage of manufactured exports	60
4.3.03 <b>Total expenditure on R&amp;D</b> Percentage of GDP	57
4.3.02 <b>Total expenditure on R&amp;D per capita</b> US\$ per capita	55
4.1.08 <b>Roads</b> Density of the network	55
4.2.04 <b>Mobile telephone subscribers</b> Number of subscribers per 1000 inhabitants	54
4.2.08 <b>Computers per capita</b> Number of computers per 1000 people / Source: Computer Industry Almanac	54
4.3.05 <b>Business expenditure on R&amp;D per capita</b> US\$ per capita	54
4.2.02 <b>Fixed telephone lines</b> Number of main lines per 1000 inhabitants	53
4.2.09 <b>Internet users</b> Number of internet users per 1000 people / Source: Computer Industry Almanac	53

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This section highlights the economy's 20 strongest criteria, that is those with the highest standardized values (STD values).\*

\* STD Values = [(economy's value) - (average of 60 economies)] / standard deviation

## 20 Strongest Criteria

Number	Name	Economy's Value	Economy's Rank	Average Value
<b>1.2.20</b>	<b>TOURISM RECEIPTS</b> International tourism receipts as a percentage of GDP	<b>8.53</b>	<b>2</b>	<b>2.78</b>
<b>3.2.12</b>	<b>LABOR FORCE GROWTH</b> Percentage change	<b>4.35</b>	<b>2</b>	<b>1.21</b>
<b>3.3.16</b>	<b>STOCK MARKET INDEX</b> Percentage change on index in national currency	<b>62.40</b>	<b>2</b>	<b>23.21</b>
<b>4.2.01</b>	<b>INVESTMENT IN TELECOMMUNICATIONS</b> Percentage of GDP	<b>1.50</b>	<b>5</b>	<b>0.73</b>
<b>3.2.05</b>	<b>WORKING HOURS</b> Average number of working hours per year	<b>2,178</b>	<b>10</b>	<b>1,922</b>
<b>4.4.13</b>	<b>ECOLOGICAL FOOTPRINT</b> Area units per person, hectares of biologically productive space	<b>1.9</b>	<b>9</b>	<b>4.2</b>
<b>2.2.01</b>	<b>COLLECTED TOTAL TAX REVENUES</b> Percentage of GDP	<b>15.31</b>	<b>14</b>	<b>29.12</b>
<b>2.2.08</b>	<b>EFFECTIVE PERSONAL INCOME TAX RATE</b> Percentage of an income equal to GDP per capita	<b>5.51</b>	<b>11</b>	<b>16.71</b>
<b>3.2.01</b>	<b>COMPENSATION LEVELS</b> Estimates: Total hourly compensation for manufacturing workers (wages + supplementary benefits), US\$	<b>2.26</b>	<b>14</b>	<b>12.68</b>
<b>2.2.09</b>	<b>CORPORATE TAX RATE ON PROFIT</b> Maximum tax rate, calculated on profit before tax	<b>25.00</b>	<b>7</b>	<b>30.45</b>
<b>1.1.12</b>	<b>REAL GDP GROWTH</b> Percentage change, based on national currency in constant prices	<b>7.5</b>	<b>9</b>	<b>4.7</b>
<b>4.2.12</b>	<b>BROADBAND COSTS</b> US\$ per 100 kbits/s per month	<b>2.75</b>	<b>7</b>	<b>9.95</b>
<b>4.4.01</b>	<b>TOTAL HEALTH EXPENDITURE</b> Percentage of GDP	<b>9.3</b>	<b>12</b>	<b>7.6</b>
<b>4.4.16</b>	<b>ENVIRONMENTAL LAWS</b> (Survey) Environmental laws and compliance do not hinder the competitiveness of businesses	<b>7.16</b>	<b>5</b>	<b>5.87</b>
<b>2.3.06</b>	<b>EXCHANGE RATE POLICY</b> (Survey) Exchange rate policy of your economy supports the competitiveness of enterprises	<b>6.99</b>	<b>4</b>	<b>5.14</b>
<b>4.3.14</b>	<b>YOUTH INTEREST IN SCIENCE</b> (Survey) Youth interest in science is strong	<b>6.35</b>	<b>6</b>	<b>4.97</b>
<b>4.3.13</b>	<b>SCIENCE IN SCHOOLS</b> (Survey) Science in schools is sufficiently emphasized	<b>6.26</b>	<b>7</b>	<b>4.73</b>
<b>4.4.09</b>	<b>HEALTH PROBLEMS (AIDS, ALCOHOL, DRUG ABUSE, ETC...)</b> (Survey) Health problems (AIDS, alcohol, drug abuse, etc...) do not have a significant impact on companies	<b>8.40</b>	<b>7</b>	<b>6.77</b>
<b>1.3.13</b>	<b>RELOCATION THREATS OF PRODUCTION</b> (Survey) Relocation of production is not a threat to the future of your economy	<b>5.56</b>	<b>9</b>	<b>4.42</b>
<b>2.4.03</b>	<b>PUBLIC SECTOR CONTRACTS</b> (Survey) Public sector contracts are sufficiently open to foreign bidders	<b>7.25</b>	<b>13</b>	<b>6.07</b>

## What if ?

Competitiveness Simulations help policy makers focus on and prioritize the key competitiveness issues facing their economies. We replace the economy's 20 weakest values with the average values of the 60 economies to compute a simulated overall competitiveness ranking. However, this is a theoretical exercise and should not be perceived as policy advice. Consideration must be given to each economy's development level, political constraints and social value system.

### Simulated Ranking Changes

From **44** To **36**

#### 20 Weakest Criteria

Number	Name	Economy's Value	Economy's Rank	Average Value
<b>3.2.14</b>	<b>FEMALE LABOR FORCE</b> Percentage of total labor force	<b>14.90</b>	<b>58</b>	<b>42.11</b>
<b>1.4.08</b>	<b>YOUTH UNEMPLOYMENT</b> Percentage of labor force	<b>55.80</b>	<b>54</b>	<b>17.58</b>
<b>3.2.11</b>	<b>LABOR FORCE</b> Percentage of population	<b>24.42</b>	<b>60</b>	<b>47.99</b>
<b>1.4.02</b>	<b>EMPLOYMENT</b> Percentage of population	<b>20.18</b>	<b>60</b>	<b>44.26</b>
<b>4.1.07</b>	<b>DEPENDENCY RATIO</b> Population under 15 and over 64 years old, divided by active population (15 to 64 years)	<b>69.2</b>	<b>60</b>	<b>49.6</b>
<b>2.1.06</b>	<b>CENTRAL GOVERNMENT FOREIGN DEBT</b> Percentage of GDP	<b>67.40</b>	<b>50</b>	<b>13.68</b>
<b>2.3.04</b>	<b>COUNTRY CREDIT RATING</b> Rating on a scale of 0-100 assessed by the Institutional Investor Magazine ranking	<b>43.1</b>	<b>54</b>	<b>72.8</b>
<b>3.3.06</b>	<b>INVESTMENT RISK</b> Euromoney country credit-worthiness scale from 0-100	<b>48.67</b>	<b>55</b>	<b>76.08</b>
<b>4.2.02</b>	<b>FIXED TELEPHONE LINES</b> Number of main lines per 1000 inhabitants	<b>114</b>	<b>53</b>	<b>406</b>
<b>1.1.20</b>	<b>GDP (PPP) PER CAPITA</b> Estimates; US\$ per capita at purchasing power parity	<b>4,607</b>	<b>56</b>	<b>21,061</b>
<b>4.2.04</b>	<b>MOBILE TELEPHONE SUBSCRIBERS</b> Number of subscribers per 1000 inhabitants	<b>241.9</b>	<b>54</b>	<b>651.9</b>
<b>4.2.09</b>	<b>INTERNET USERS</b> Number of internet users per 1000 people / Source: Computer Industry Almanac	<b>103.40</b>	<b>53</b>	<b>382.68</b>
<b>4.2.08</b>	<b>COMPUTERS PER CAPITA</b> Number of computers per 1000 people / Source: Computer Industry Almanac	<b>45</b>	<b>54</b>	<b>361</b>
<b>3.4.09</b>	<b>MARKETING</b> (Survey) Marketing is not conducted efficiently by enterprises in your economy	<b>5.17</b>	<b>55</b>	<b>6.29</b>
<b>2.4.20</b>	<b>IMMIGRATION LAWS</b> (Survey) Immigration laws prevent your company from employing foreign labor	<b>4.62</b>	<b>52</b>	<b>5.67</b>
<b>3.2.07</b>	<b>WORKER MOTIVATION</b> (Survey) Worker motivation is low in your economy	<b>4.53</b>	<b>50</b>	<b>5.79</b>
<b>4.1.13</b>	<b>WATER TRANSPORTATION</b> (Survey) Water transportation (harbors, canals, etc.) does not meet business requirements	<b>4.55</b>	<b>49</b>	<b>6.25</b>
<b>3.1.08</b>	<b>LARGE CORPORATIONS</b> (Survey) Large corporations in your economy are not efficient by international standards	<b>5.70</b>	<b>50</b>	<b>6.83</b>
<b>3.4.10</b>	<b>SOCIAL RESPONSIBILITY</b> (Survey) Social responsibility of business leaders is low towards society	<b>4.62</b>	<b>47</b>	<b>5.58</b>
<b>2.3.12</b>	<b>POLITICAL PARTIES</b> (Survey) Political parties do not understand today's economic challenges	<b>3.08</b>	<b>50</b>	<b>4.23</b>