

# JORDAN

## CHALLENGES IN 2003

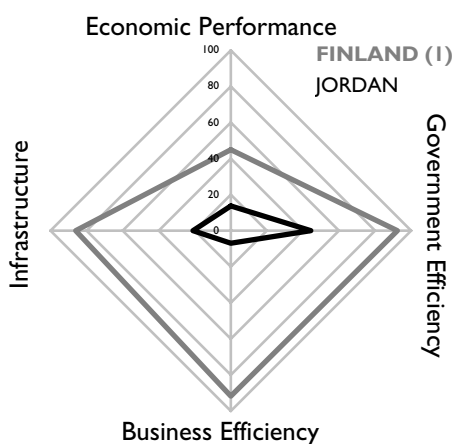
- Increase national exports and penetrate the higher value-added segments of international markets.
- Foster the development of “applied research” in universities and research centers and increase cooperation between them and business.
- Bridge the digital divide within Jordan, as well as with other countries.
- Gear into globalization and a knowledge-based economy.
- Manage the economic consequences of an increasing workforce vs. limited employment opportunities.

**Provided by :**

Ministry of Planning, Competitiveness Unit



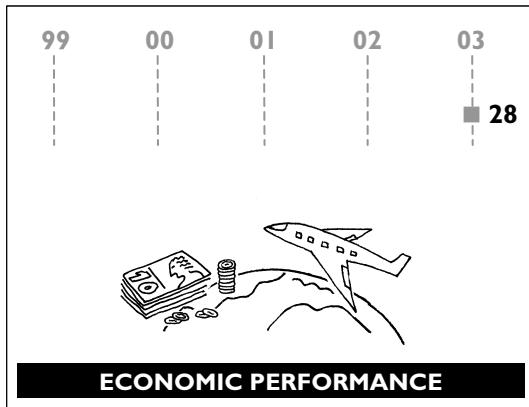
## OVERALL PERFORMANCE



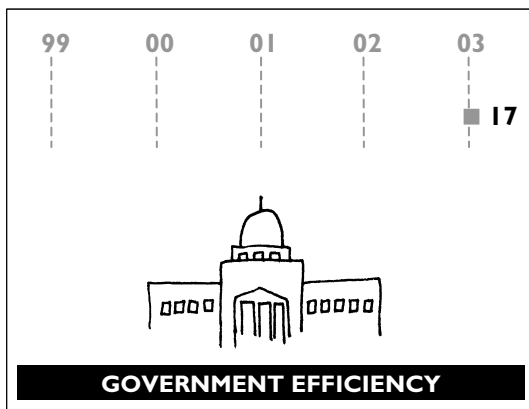
## BASIC FACTS

<b>Capital</b>	Amman
<b>Population (millions)</b>	5.3 (2002)
<b>Land area (km<sup>2</sup> '000)</b>	89.3 (2002)
<b>Exchange rate (per \$)</b>	0.71 (2002)
<b>GDP (\$ billions)</b>	9.3 (2002)
<b>GDP per capita (\$)</b>	1,744 (2002)
<b>Real GDP growth (%)</b>	4.9 (2002)
<b>Consumer Price Inflation (%)</b>	1.8 (2002)
<b>Unemployment rate (%)</b>	14.90 (2001)
<b>Labor force (millions)</b>	1.35 (2001)
<b>Current Account Balance (\$ bn)</b>	-0.004 (2001)
<b>Direct Investment</b>	
<b>Stocks Inward (\$ billions)</b>	1.68 (2001)
<b>Flows Inward (% of GDP)</b>	1.14 (2001)

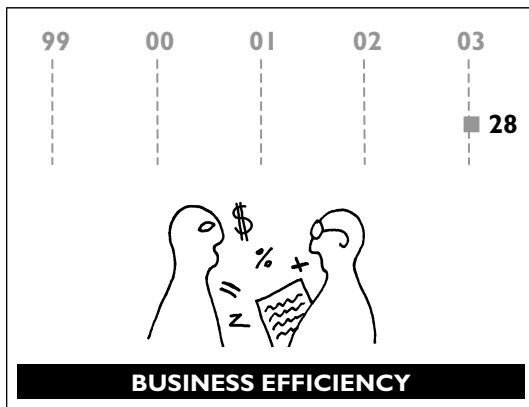
# JORDAN



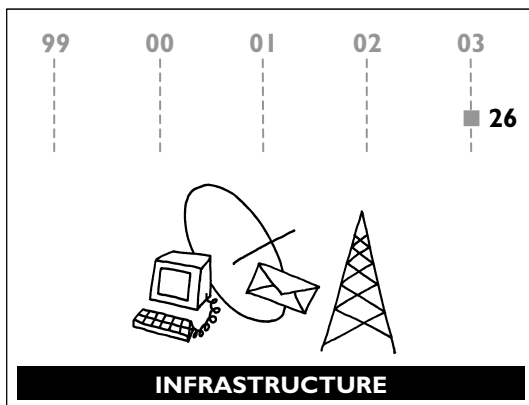
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These criteria are the 10 Strongest Criteria by Factor identified by taking the biggest value differences from the averages of the 29 economies.

	Rank
<b>I Economic Performance</b>	
1.4.03 <b>Employment - growth</b> Estimates: percentage change	1
1.2.09 <b>Exports of goods - real growth</b> Percentage change based on US\$ values	1
1.1.12 <b>Real GDP Growth</b> Percentage change, based on national currency in constant prices	3
1.2.11 <b>Exports of commercial services</b> Percentage of GDP	6
1.1.13 <b>Real GDP Growth per capita</b> Percentage change, based on national currency in constant prices	9
1.5.01 <b>Consumer price inflation</b> Average annual rate	10
<b>2 Government Efficiency</b>	
2.2.01 <b>Collected total tax revenues</b> Percentage of GDP	2
2.2.02 <b>Effective personal income tax rate</b> Percentage of an income equal to GDP per capita	2
2.3.07 <b>Exchange rate stability</b> Parity change from national currency to SDR, 2002/2000	2
2.3.06 <b>The exchange rate policy of your economy</b> supports the competitiveness of enterprises (Survey)	5
2.2.13 <b>Collected indirect tax revenues</b> Taxes on goods and services as a percentage of GDP	5
2.4.07 <b>Government subsidies</b> To private and public companies as a percentage of GDP	6
2.3.10 <b>New legislation</b> encourages the competitiveness of enterprises (Survey)	6
2.2.07 <b>Average corporate tax rate on profit</b> Percentage of profit before taxes	6
2.2.12 <b>Collected capital and property taxes</b> Percentage of GDP	7
2.2.04 <b>Employee's social security contribution rate</b> Compulsory contribution as a percentage of an income equal to GDP per capita	7
<b>3 Business Efficiency</b>	
3.2.01 <b>Compensation levels</b> Estimates: Total hourly compensation for manufacturing workers (wages + supplementary benefits), US\$	1
3.2.12 <b>Labor Force Growth</b> Percentage change	2
3.2.05 <b>Working hours</b> Average number of working hours per year	3
3.2.02 <b>Unit labor costs in the manufacturing sector</b> Percentage change	4
3.5.04 <b>Relocation of R&amp;D facilities</b> is not a threat to the future of your economy (Survey)	6
3.5.03 <b>Relocation of production outside the country</b> is not a threat to the future of your economy (Survey)	7
3.3.01 <b>Banking sector assets</b> Percentage of GDP	8
3.3.15 <b>Stock market index</b> percentage change on index	10
<b>4 Infrastructure</b>	
4.4.09 <b>Alcohol and drug abuse</b> do not pose problems at the work place (Survey)	2
4.3.14 <b>Interest in science and technology</b> is strong among the youth (Survey)	3
4.4.16 <b>Environmental laws and compliance</b> do not hinder the competitiveness of businesses (Survey)	6
4.5.12 <b>Qualified engineers</b> are available in your labor market (Survey)	9
4.3.13 <b>Science in schools</b> is adequately taught (Survey)	11
4.3.07 <b>Total R&amp;D personnel nationwide per capita</b> Full-time work equivalent (FTE) per 1000 people	11
4.2.05 <b>Mobile telephone costs</b> US\$ per 3 minutes in peak hours (local)	12
4.1.25 <b>Electricity costs for industrial clients</b> US\$ per kwh	15
4.4.14 <b>Sustainable development</b> is a priority in your economy (Survey)	15
4.5.07 <b>The educational system</b> meets the needs of a competitive economy (Survey)	15

These criteria are the 10 Weakest Criteria by Factor identified by taking the biggest value differences from the averages of the 29 economies.

	Rank
<b>I Economic Performance</b>	
1.4.02 <b>Employment</b> Percentage of population	29
1.1.23 <b>GDP per capita (PPP)</b> Estimates; US\$ per capita at purchasing power parity	29
1.1.22 <b>GDP per capita</b> US\$ per capita	29
1.4.08 <b>Youth unemployment</b> Percentage of labor force	28
1.4.07 <b>Unemployment rate</b> Percentage of labor force	28
1.2.10 <b>Exports of commercial services</b> US\$ billions	28
1.3.06 <b>Direct investment flows inward</b> Percentage of GDP	28
1.2.07 <b>Exports of goods</b> US\$ billions	28
1.3.05 <b>Direct investment flows inward</b> US\$ billions	28
1.3.03 <b>Direct investment stocks abroad</b> US\$ billions	28
<b>2 Government Efficiency</b>	
2.3.04 <b>Country credit rating</b> Rating on a scale of 0-100 assessed by the Institutional Investor Magazine ranking	29
2.3.13 <b>Political parties</b> do not understand today's economic challenges (Survey)	29
2.5.10 <b>Females in parliament</b> Percentage of total seats in Parliament	29
2.5.04 <b>The risk of political instability</b> is very high (Survey)	28
2.4.02 <b>Customs' authorities</b> do not facilitate the efficient transit of goods (Survey)	28
2.4.09 <b>Competition legislation in your economy</b> is not efficient in preventing unfair competition (Survey)	27
2.4.19 <b>Confidentiality of financial transactions</b> is not guaranteed (Survey)	27
2.4.20 <b>Cross border ventures</b> cannot be freely negotiated with foreign partners (Survey)	26
2.4.24 <b>Access to foreign capital markets</b> is restricted for domestic companies (Survey)	26
2.4.23 <b>Access to local capital markets</b> is restricted for foreign companies (Survey)	25
<b>3 Business Efficiency</b>	
3.2.11 <b>Labor force</b> Percentage of population	29
3.3.06 <b>Investment Risk</b> Euromoney country credit-worthiness scale from 0-100	29
3.1.03 <b>Overall productivity - real growth</b> Estimates: Percentage change of real GDP per person employed	29
3.4.08 <b>Marketing</b> is not conducted efficiently by enterprises in your economy (Survey)	29
3.1.01 <b>Overall productivity (PPP)</b> Estimates: GDP (PPP) per person employed, US\$	29
3.4.01 <b>Adaptability to market changes</b> is low for companies in your economy (Survey)	28
3.3.08 <b>Banking services</b> are not widely developed in your economy (Survey)	27
3.3.07 <b>Venture capital</b> is not easily available for business development (Survey)	27
3.2.07 <b>Worker motivation</b> is low in your economy (Survey)	27
3.2.09 <b>Employee training</b> is not a high priority in companies (Survey)	27
<b>4 Infrastructure</b>	
4.4.08 <b>Human development index</b> Combines economic - social - educational indicators / Source: Human Development Report	29
4.1.07 <b>Dependency ratio</b> Population under 15 and over 64 years old, divided by active population (15 to 64 years)	29
4.5.09 <b>Illiteracy</b> Adult (over 15 years) illiteracy rate as a percentage of population	29
4.2.03 <b>International fixed telephone costs</b> US\$ per 3 minutes in peak hours to USA (for USA to Europe)	29
4.2.04 <b>Mobile telephone subscribers</b> Number of subscribers per 1000 inhabitants	29
4.4.03 <b>Life expectancy at birth</b> Average estimate	29
4.2.02 <b>Fixed telephone lines</b> Number of main lines per 1000 inhabitants	29
4.2.10 <b>Internet users</b> Number of internet users per 1000 people / Source: Computer Industry Almanac	29
4.2.09 <b>Computers per capita</b> Number of computers per 1000 people / Source: Computer Industry Almanac	29
4.3.02 <b>Total expenditure on R&amp;D per capita</b> US\$ per capita	29

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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 29 economies)] / standard deviation

## 20 Strongest Criteria

Number	Name	Economy's Value	Economy's Rank	Average Value
<b>1.4.03</b>	<b>EMPLOYMENT - GROWTH</b> Estimates: percentage change	<b>11.63</b>	<b>1</b>	<b>1.08</b>
<b>3.2.12</b>	<b>LABOR FORCE GROWTH</b> Percentage change	<b>11.63</b>	<b>2</b>	<b>1.34</b>
<b>2.2.01</b>	<b>COLLECTED TOTAL TAX REVENUES</b> Percentage of GDP	<b>15.91</b>	<b>2</b>	<b>35.30</b>
<b>1.2.09</b>	<b>EXPORTS OF GOODS - REAL GROWTH</b> Percentage change based on US\$ values	<b>19.57</b>	<b>1</b>	<b>4.01</b>
<b>1.1.12</b>	<b>REAL GDP GROWTH</b> Percentage change, based on national currency in constant prices	<b>4.9</b>	<b>3</b>	<b>1.9</b>
<b>3.2.05</b>	<b>WORKING HOURS</b> Average number of working hours per year	<b>2,161</b>	<b>3</b>	<b>1,857</b>
<b>2.2.02</b>	<b>EFFECTIVE PERSONAL INCOME TAX RATE</b> Percentage of an income equal to GDP per capita	<b>5.47</b>	<b>2</b>	<b>20.36</b>
<b>3.2.01</b>	<b>COMPENSATION LEVELS</b> Estimates: Total hourly compensation for manufacturing workers (wages + supplementary benefits), US\$	<b>1.38</b>	<b>1</b>	<b>12.65</b>
<b>2.3.07</b>	<b>EXCHANGE RATE STABILITY</b> Parity change from national currency to SDR, 2002/2000	<b>0.010</b>	<b>2</b>	<b>0.095</b>
<b>2.4.07</b>	<b>GOVERNMENT SUBSIDIES</b> To private and public companies as a percentage of GDP	<b>0.21</b>	<b>6</b>	<b>1.38</b>
<b>2.2.12</b>	<b>COLLECTED CAPITAL AND PROPERTY TAXES</b> Percentage of GDP	<b>0.64</b>	<b>7</b>	<b>1.52</b>
<b>2.2.04</b>	<b>EMPLOYEE'S SOCIAL SECURITY CONTRIBUTION RATE</b> Compulsory contribution as a percentage of an income equal to GDP per capita	<b>5.47</b>	<b>7</b>	<b>12.05</b>
<b>2.2.07</b>	<b>AVERAGE CORPORATE TAX RATE ON PROFIT</b> Percentage of profit before taxes	<b>25.00</b>	<b>6</b>	<b>30.14</b>
<b>4.3.14</b>	<b>INTEREST IN SCIENCE AND TECHNOLOGY</b> (Survey) Interest in science and technology is strong among the youth	<b>6.91</b>	<b>3</b>	<b>5.60</b>
<b>4.4.09</b>	<b>ALCOHOL AND DRUG ABUSE</b> (Survey) Alcohol and drug abuse do not pose problems at the work place	<b>8.50</b>	<b>2</b>	<b>7.12</b>
<b>2.3.06</b>	<b>EXCHANGE RATE POLICY</b> (Survey) The exchange rate policy of your economy supports the competitiveness of enterprises	<b>6.81</b>	<b>5</b>	<b>5.53</b>
<b>2.5.02</b>	<b>PERSONAL SECURITY AND PRIVATE PROPERTY</b> (Survey) Personal security and private property are adequately protected	<b>8.51</b>	<b>9</b>	<b>7.16</b>
<b>2.4.14</b>	<b>CREATION OF FIRMS</b> (Survey) Creation of firms is supported by legislation in your economy	<b>7.83</b>	<b>8</b>	<b>6.66</b>
<b>4.4.16</b>	<b>ENVIRONMENTAL LAWS</b> (Survey) Environmental laws and compliance do not hinder the competitiveness of businesses	<b>6.94</b>	<b>6</b>	<b>6.15</b>
<b>2.3.10</b>	<b>NEW LEGISLATION</b> (Survey) New legislation encourages the competitiveness of enterprises	<b>6.54</b>	<b>6</b>	<b>5.79</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 29 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 **29**  To **22**

#### 20 Weakest Criteria

Number	Name	Economy's Value	Economy's Rank	Average Value
<b>1.4.08</b>	<b>YOUTH UNEMPLOYMENT</b> Percentage of labor force	<b>56.00</b>	<b>28</b>	<b>15.61</b>
<b>4.4.08</b>	<b>HUMAN DEVELOPMENT INDEX</b> Combines economic - social - educational indicators / Source: Human Development Report	<b>0.717</b>	<b>29</b>	<b>0.896</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>73.3</b>	<b>29</b>	<b>49.7</b>
<b>4.5.09</b>	<b>ILLITERACY</b> Adult (over 15 years) illiteracy rate as a percentage of population	<b>11.0</b>	<b>29</b>	<b>2.4</b>
<b>2.1.06</b>	<b>CENTRAL GOVERNMENT FOREIGN DEBT</b> Percentage of GDP	<b>75.767</b>	<b>23</b>	<b>14.965</b>
<b>3.2.11</b>	<b>LABOR FORCE</b> Percentage of population	<b>26.05</b>	<b>29</b>	<b>48.23</b>
<b>1.4.02</b>	<b>EMPLOYMENT</b> Percentage of population	<b>22.56</b>	<b>29</b>	<b>45.06</b>
<b>3.3.06</b>	<b>INVESTMENT RISK</b> Euromoney country credit-worthiness scale from 0-100	<b>45</b>	<b>29</b>	<b>84</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>38.7</b>	<b>29</b>	<b>79.7</b>
<b>4.4.03</b>	<b>LIFE EXPECTANCY AT BIRTH</b> Average estimate	<b>70.8</b>	<b>29</b>	<b>77.4</b>
<b>4.2.10</b>	<b>INTERNET USERS</b> Number of internet users per 1000 people / Source: Computer Industry Almanac	<b>56.30</b>	<b>29</b>	<b>384.50</b>
<b>1.4.07</b>	<b>UNEMPLOYMENT RATE</b> Percentage of labor force	<b>14.90</b>	<b>28</b>	<b>6.71</b>
<b>3.1.01</b>	<b>OVERALL PRODUCTIVITY (PPP)</b> Estimates: GDP (PPP) per person employed, US\$	<b>16,672</b>	<b>29</b>	<b>51,194</b>
<b>3.4.08</b>	<b>MARKETING</b> (Survey) Marketing is not conducted efficiently by enterprises in your economy	<b>4.72</b>	<b>29</b>	<b>6.35</b>
<b>2.3.13</b>	<b>POLITICAL PARTIES</b> (Survey) Political parties do not understand today's economic challenges	<b>2.36</b>	<b>29</b>	<b>4.69</b>
<b>2.5.04</b>	<b>RISK OF POLITICAL INSTABILITY</b> (Survey) The risk of political instability is very high	<b>5.80</b>	<b>28</b>	<b>7.93</b>
<b>4.4.17</b>	<b>QUALITY OF LIFE</b> (Survey) Quality of life in your economy/society is low	<b>4.97</b>	<b>27</b>	<b>7.38</b>
<b>2.4.02</b>	<b>CUSTOMS' AUTHORITIES</b> (Survey) Customs' authorities do not facilitate the efficient transit of goods	<b>5.60</b>	<b>28</b>	<b>7.10</b>
<b>3.3.08</b>	<b>BANKING SERVICES</b> (Survey) Banking services are not widely developed in your economy	<b>6.53</b>	<b>27</b>	<b>8.02</b>
<b>2.4.09</b>	<b>COMPETITION LEGISLATION</b> (Survey) Competition legislation in your economy is not efficient in preventing unfair competition	<b>4.57</b>	<b>27</b>	<b>6.04</b>