

COUNTRY PROFILE:**HASHEMITE KINGDOM OF JORDAN**

IES/02: ATTACHMENT A

DATED:**JUNE 2007****CREDIT GUARANTEE:**

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	3C	ILC Specified Bank

Recent Political Highlights

- King Abdullah II has been chief of state of this constitutional monarchy since 1999 with his eldest son Prince Hussein as the first in line to inherit the throne;
- King Abdullah has urged the US to support an urgent drive to make peace in the Middle East, as he fears the ongoing conflict is pulling the world towards greater danger. He suggested that a solution to the Israeli-Palestine war was more urgent than the conflict in Iraq.

Recent Economic Highlights

- Jordan has a population of 6m that is estimated to grow at a rate of 2.4% in 2007;
- Jordan has retained its status as the Arab world's most competitive mobile phone market in a research conducted by the Arab Advisors Group. In addition to hosting 4 fully licenced and operational operators, Jordan has the highest number of prepaid plans after Algeria and Egypt. Jordan's Telecom Group recently celebrated the re-branding of Wanadoo, the Group's internet arm, to Orange, the commercial brand of the world's leading telecommunications operator France Telecom Group. Orange has a network of 100m customers in 220 markets;
- Jordan's economy expanded 6.4% in 2006 from 7.2% in 2005. The IMF expects GDP growth of 6% in 2007 and 2008, with inflation of 5.7% in 2007 and 3.5% in 2008. Inflation averaged 6.3% in 2006. The economy grew 5.9% in the first quarter of 2007;
- The pharmaceutical sector is the second-largest export industry in Jordan after garment manufacturing. About three quarters of its output is earmarked for exports and in 2006 exports of pharmaceutical products amounted to 7.3% of total exports. The size of the domestic pharmaceutical industry was estimated at \$120m in 2004 and is expected to exceed \$200m by 2010;
- The International Finance Corporation (IFC), (the private investment arm of the World Bank), is investing \$15m in loans and equity that will help make Jordan the centre of worldwide luggage manufacturing operations for the Boscan Group. The loans will allow the company to triple production at its facility in the Qualifying Industrial Zone in northern Jordan and create 2.300 jobs in a region with high unemployment. The majority of the Boscan Group is owned by a group of Chinese entrepreneurs;
- The IMF has advised that Jordan and other emerging Middle East markets need to adopt fiscal reforms to broaden the tax base, reduce exemptions, improve tax administration and reduce subsidies. It advised that there is a need to strengthen banking system soundness, monitor market risks, and increase the depth and liquidity of capital markets to reduce asset market volatility and use the region's large savings efficiently;
- Foreign direct investments soared to \$3bn last year and its reserves stood at \$6.1bn at the end of 2006 from \$4.7bn a year earlier.

Latest Trade Developments

- Main exports: clothing, pharmaceutical, potash, phosphates, fertilizers, vegetables and manufactures;
- Main imports: crude oil, textiles, fabrics, machinery, transport equipment, manufactures goods;
- Major trading partners: US, Iraq, India, Saudi Arabia, Syria, China and Germany;
- Saudi Arabia and Jordan expressed their keenness to promote cultural relations and encourage cultural exchange between the countries. They called for holding cultural activities to get the two nations acquainted with the cultural heritage of both countries;
- Jordan and Yemen have highlighted the importance of increasing trade exchanges between the two countries and will enhance the bilateral ties in trade, economic and investment domains. Jordan's exports to Yemen was JD25m in 2006, while imports totaled JD3m. Yemeni investments in Jordan reached JD520.000 in 2006;
- Jordan and Tunisia will focus on garment, textile and motor-parts industries to increase bilateral trade from the current level of JD12m;
- Jordan and China signed three cooperation agreements where the latter will provide funds to finance development projects in Jordan and will also train local officials from the public sector and the Civil Defence Department. China's assistance to Jordan has exceeded \$82m since 1999;
- SA's exports to Jordan totaled R145m in 2006 and R51m in the year to April 2007. Exports to Jordan have been steadily declining from R257m in 2003.

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