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NUSACC EXPERT ROUNDTABLE SERIES:
REFLECTIONS ON JORDAN’S PROMISING FUTURE

“Jordan has the second-fastest growing economy in the Middle East and North Africa.” – Jordanian Ambassador Dina Kawar

“Jordan is one of the most stable countries in the region because of its leadership and America’s commitment.” – U.S. Ambassador Alice Wells

“Jordan is a hub for the Middle East.” – Senator Na’el Al Kabariti

U.S. Exports to Jordan Rose Nearly 10 Percent in 2016

Washington, DC – This week, the National U.S.-Arab Chamber of Commerce (NUSACC) hosted three high-level policymakers who offered observations on “The Way Forward: Reflections on Jordan’s Promising Future.” The policymakers included: Her Excellency Dina Kawar, Ambassador of the Hashemite Kingdom of Jordan to the United States; the Honorable Alice Wells, U.S. Ambassador to Jordan until March, 2017; His Excellency Senator Na’el Raja Al Kabariti, Chairman of the Jordan Chamber of Commerce and President of the Union of Arab Chambers.

To a “standing room only” audience at NUSACC, the panel provided an overview of promising sectors within the Jordanian economy, including but not limited to such sectors as healthcare, renewable energy, education, water & wastewater, security, training, tourism, and Information & Communications Technology (ICT) -- a field in which Jordan has become a regional leader. The
Panelists praised the strong bilateral relationship with the United States, which has allowed Jordan to flourish as a stable nation in the Middle East. Senator Al Kabariti thanked the U.S. Government and the American people for their direct and indirect support of Jordan financially, and for working with Jordan to promote stability in the region.

Commenting on the U.S.-Jordan partnership, NUSACC President and CEO David Hamod said, “Despite living in a tough neighborhood, Jordan has found innovative ways to promote itself as a regional hub. There are larger countries in the Middle East and North Africa (MENA), but few can provide the stability and value that Jordan has to offer. In almost every respect, the Hashemite Kingdom punches well above its weight.” Hamod went on to thank the Roundtable’s sponsors: General Atomics, the event’s Lead Sponsor, and Black & Veatch, a Gold Sponsor.

State of the Jordanian Economy

Ambassador Kawar presented an overview of Jordan’s economic and investment climate, highlighting the significance of Jordan’s geopolitical position in the region, as well as its bilateral and regional trade agreements. She noted that Jordan’s Free Trade Agreements allow businesses operating in Jordan to access an estimated 1.5 billion consumers worldwide. Kawar observed that even with the difficult political developments in neighboring countries, Jordan was able to successfully maintain positive GDP growth.

Despite the international community’s assistance, she said, Jordan has been left to shoulder most of the responsibility for the refugees. This includes providing them with a quality education. “Refugees tend to stay on for years and years, and leaving them without an education could be a disaster,” noted Kawar. To date, Ambassador Kawar: “Jordan has dedicated itself to finding clean energy sources.”
she pointed out, over 200,000 Syrian refugees have been enrolled in school in Jordan. Jordanian families have taken many refugees into their homes, Kawar noted, but there is growing concern about how many the economy can absorb.

Political turmoil in the Middle East has had an outsized impact on the Jordanian economy. Despite trade routes being closed to both Iraq and Syria, Jordan remains hopeful that the passage to Iraq will re-open in the near future. “The rebuilding of Iraq and Syria must go through someplace. Jordan is the place for this,” stated Senator Al Kabariti.

He characterized Jordan as a “hub for the Middle East,” which helps to explain why Jordan has become the second-fastest growing economy in the MENA region. In the same spirit, with gas shipments from Egypt dropping, Jordan is working to diversify its energy mix to include traditional hydrocarbons, renewable energy, and solar energy.

Overview of a Strategic Relationship

The three panelists highlighted the fact that United States and Jordan have long enjoyed strong diplomatic relations built on common goals and mutual respect. Jordan has been a key figure in assisting the United States in its fight against extremism, Ambassador Wells noted, suggesting that past and present U.S. Administrations have looked to Jordan as an “invaluable ally” due to its strategic location, stability, and reputation as a voice of tolerance. Jordan was the first Arab partner to join the United States in the anti-ISIS (Islamic State) coalition, Wells said, and His Majesty King Abdullah II was the first Arab leader to meet with U.S. President Donald Trump. In 2016, U.S. assistance to Jordan exceeded $1.6 billion.

Ambassador Wells highlighted Jordan as a priority country for the United States. “Jordan is one of the most stable countries in the region because of its leadership,” Wells observed. She went on to say that “Jordan is a strategic pillar in stabilizing the Middle East and serving as a voice of moderation.” The United States respects the role the Hashemite Kingdom has taken in hosting a large influx of refugees, and U.S. assistance to Jordan enjoys broad bipartisan support. And from a business point of view, she noted, “You can go into Jordan knowing that you have the full backing of the U.S. Government” and a Free Trade
Agreement that has produced steady and balanced growth in exports and imports. The U.S. Embassy in Amman is one of the largest in the world, Wells pointed out, “and there is no issue that we can’t raise with our Jordanian colleagues.” During her tenure in the Kingdom, Wells said, she received more than 800 American VIPs, including over 400 Members of Congress and staff members. “When a country like Jordan succeeds,” she opined, “the Middle East wins, and we win.”

**Strong Environment for U.S. Trade and Investment**

Wells emphasized that trade and investment play a critical role in the U.S. – Jordan relationship. “Investing in Jordan is investing in a Middle East that we want to see,” she noted. She highlighted many of the successful steps that Jordan has taken to attract U.S. trade and investment: Signing a Bilateral Investment Treaty (BIT) in 1997; acceding to the World Trade Organization (WTO) in 1999; and signing a Free Trade Agreement (FTA) with the United States in 2001. She pointed out that bilateral trade between the United States and Jordan has grown exponentially from 2001 to 2016, surging by more than 800 percent.

The panelists stressed the importance of strengthening the private sector. They noted the key role played by such U.S. companies as Cargill, Amazon Web Services, Microsoft, Cisco, Sun Edison, First Solar, and AES, which is America’s top investor in Jordan. MasterCard, Accela Consulting, and Under Armour are among those companies which have opened – or are in the process of opening – regional offices in Jordan.
All three panelists highlighted changes taking place in traditional development models, which historically relied on “top-down” support from governments. The catalyst for economic growth today and in the future lies with the private sector, Al Kabariti suggested, referring to the coming of a new “industrial revolution” that will shape the future of world economies, including those of the MENA region.

Al Kabariti attributed Jordan’s commercial success to four factors: Good leadership from the top, stability, a strong economic foundation, and a highly-skilled labor force, most of whom receive university degrees. “Don’t come late” to the rebuilding of Iraq and Syria, Al Kabariti admonished, touting Jordan as an epicenter of training and services for the rebuilding of those war-torn nations.

With two operating free trade zones and the ability to make investments without local partners, Jordan’s business climate is increasingly friendly to commerce. Moreover, Jordan’s proximity to many regions of the world makes it an attractive location for foreign companies, which can reach consumers in the Middle East, Africa, Europe, and Asia from a single location.

Al Kabariti invited Roundtable participants to come to Jordan in late September, when the Jordan Chamber of Commerce and the Union of Arab Chambers will be convening back-to-back conferences focused on Africa and the Gulf Cooperation Council (GCC) nations. (The National U.S. – Arab Chamber of Commerce, working in partnership with the Embassy of Jordan, expects to lead a significant U.S. business delegation to those conferences. Click HERE to sign up for more information.)
On May 22, NUSACC partnered with the U.S. Department of State, the U.S. Department of Commerce, the U.S. Embassy in Amman, and others to hold a commercial forum that allowed U.S. business leaders to meet with senior Jordanian government officials and Jordanian business executives. The purpose of this “regional hub” event was to gain a better understanding of the bilateral trade relationship, as well as to identify potential investment opportunities in Jordan. To read more about the May 22 event, please click HERE.

Promising Sectors

Jordan’s strategic location makes it attractive for cutting-edge technologies, and the Hashemite Kingdom is excelling in at least four areas: Healthcare, ICT, alternative energy, and tourism.

Healthcare accounts for approximately five percent of GDP. Al Kabariti referred to Jordan as a “hub for all things medical,” and providing healthcare for residents and visitors has been a top priority for the Jordanian government. With its advanced technologies and well-established medical tourism industry, panelists agreed, Jordan’s healthcare sector is widely touted as a regional success story.

Jordan’s ICT sector is also among the most developed in the Middle East, bolstered by the number of young, highly-skilled workers. 85 percent of software in use in the Arab world is developed in Jordan, panelists suggested, and 75 percent of all Arabic internet content is created in Jordan.

The energy sector continues to grow in significance. With no oil resources, Kawar noted, the country has dedicated itself to finding clean energy sources. There are currently 2000 megawatts of power projects, especially solar, under development in Jordan. When discussing high energy prices and truncated gas shipments

Ahmad Mukaddam (left), Director of Fraud and Forensics at PricewaterhouseCoopers, a Platinum Plus member of NUSACC. He is joined by Larry Kahn (right), President of NTELX International, Inc.
from Egypt, she added, “Shocks can be good sometimes because they teach you to look for alternatives.” In 2016, she pointed out, Jordan was ranked second in the region -- following Tunisia -- in creating a favorable environment for renewable energy.

“Tourism is a sector where we can really focus,” stressed Al Kabariti. With a rich history, Jordan does not have a shortage of places to visit, he suggested, including many locations besides Petra. With such diverse hospitality offerings, he noted, tourism as a sector has room to grow.

Recent data show that tourism in the region is declining, so investment in the tourism industry is crucial to ensuring that this trend is reversed. Medical tourism is a particularly bright spot, with Jordan ranked seventh in the world in this niche. Medical treatment is roughly 60 percent less expensive than it is in the United States, Al Kabariti suggested, which helps to explain why more than 500,000 visitors came to Jordan last year for medical tourism purposes.

U.S.-Jordan Free Trade Agreement (FTA)

The U.S.-Jordan FTA was implemented in December, 2001. Since then, bilateral trade has increased from less than $400 million in 2001 to over $3 billion in 2016. Kawar referred to the FTA as the “stepping stone that has allowed Jordan to become a center for exporting.” The U.S. Congress established Qualifying Industrial Zones (QIZs) with Jordan in 1996, which allowed Jordanian goods to enter the U.S. duty-free, thus incentivizing trade.

Imports and exports between the United States and Jordan are roughly comparable in size, prompting Wells to call the FTA “an agreement of equals.” Recent trends show growth in FTA products and services and a decline in QIZ goods, signaling diversification in Jordan’s economy.

Wells noted that the first quarter of 2017 saw a 74 percent increase in U.S. exports to Jordan and a 17 percent increase in Jordanian exports to the United States, compared to the first quarter of 2016. U.S. exports to Jordan increased 9.28 percent in 2016 compared to the previous year. NUSACC’s analysis of the most recent figures for U.S. – Jordan trade may be found HERE.

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Senator Al Kabariti (left) thanked the U.S. Government and the American people for their direct and indirect support of Jordan financially, and for working with Jordan to promote stability in the region.

NUSACC Expert Roundtable Series

In addition to Ambassador Kawar, Ambassador Wells, and Senator Al Kabariti, distinguished guests at the Jordan Roundtable included representatives of Fortune 500 companies, owners of SMEs, and U.S. Government officials.

The NUSACC Expert Roundtable Series, held at the Chamber’s offices, provides NUSACC members and stakeholders with in-depth insights on commercial opportunities in the Middle East and North Africa.

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To learn more about the benefits of membership in NUSACC, please click HERE.

The National U.S.-Arab Chamber of Commerce, widely regarded as the voice of American business in the Arab world, is in touch with business communities across the United States and serves as the U.S. point of contact for the national chambers of commerce in the 22 Arab nations. On a daily basis, NUSACC works closely with leaders throughout the Arab world, as well as high-level decision makers in the U.S. business community, public policy research centers,

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