

# **JORDAN'S NATIONAL COMPETITIVENESS REPORT 2008-2009**

“Entering A New Era of Global Competitiveness”



# FOREWORD

The Ministry of Planning and International Cooperation is pleased to release Jordan's Second Competitiveness Report 2008-2009. This report is a part of our overall efforts to put forward an understanding of the factors influencing economic growth and ways to successfully support the business environment and enhance Jordan's state of competitiveness globally.

Competitiveness is vital to Jordan's future prosperity, as strong and competitive economies produce sustained improvements in standards of living, the ultimate goal of economic policy. This underlines the need for Jordan to further enhance its competitiveness through continued and committed efforts to create an environment that supports a rise in productivity where all institutions take an active role in ensuring vigorous yet responsible competition.

This year's report comes at a time of existing unpredictability of global economy, and the repercussions of the global economic crisis on all of our economies, with varying degrees. The need to focus on increased competitiveness has now become even more profound.

Competitiveness is the key word in economic development today as the world economy has entered a new era of competition. As a country with limited natural resources, Jordan will only succeed economically if it adopts a distinct strategy and practice. It is obvious that Jordan's reform efforts have corresponded to new global trends, and success has been accomplished creating a favorable investment environment, in which businesses can flourish and prosper.

Analyzing specific sectors namely; banking, insurance and processed meat, the report at hand provides up-to-date data pointing out Jordan's competitiveness on the macro and micro levels. It also moves a step further to update the sectors of 2007 report: pharmaceuticals, tourism, medical tourism, higher education and ICT sectors, providing an overview of the major initiatives taking place in those sectors.

We also take pride that Jordan is the first country in the region to take up the recommendations of the Arab Responsible Competitiveness Index (ARCI), launched under the patronage of Her Majesty Queen Rania Al Abdullah at the World Economic Forum this year through introducing the "Responsible Competitiveness Report" created in cooperation with Sustainability Excellence and Accountability, with support from the Swiss State Secretariat for Economic Affairs (SECO). Launched together, the two reports will provide a complete picture of our economy's competitive framework.

I would like to take this opportunity to commend the National Competitiveness Team at the Ministry of Planning and International Cooperation for their commitment and hard work to present this report along with ABICO consulting group, our partners in preparing this report. Sincere gratitude goes also to the public and private sector policy makers and stakeholders, whose contribution has truly enriched this study through direct dialogue and surveying. We also express genuine appreciation for their insights, views, unbiased opinions and valuable feedback.

We hope that this report will provide you with the necessary information that enables you to recognize the attractive investment opportunities available in Jordan. We are also hoping that this effort will assist policymakers as well as all related stakeholders in the sectors it encompasses in navigating the new era of global competitiveness.

**SUHAIR AL-ALI**



**MINISTER OF PLANNING AND  
INTERNATIONAL COOPERATION**



# ACKNOWLEDGMENTS

With gratification and pride we present the Second Jordan Competitiveness Report 2008-2009 prepared by the Jordan National Competitiveness Team (JNCT). JNCT presents this effort in line with its mission of continuous economic sectors' researching, and benchmarking to regional and international best practices.

We extend sincere gratitude to Her Excellency Mrs. Suhair Al Ali, Minister of Planning and International Cooperation and His Excellency Mr. Nasser Shraideh the Secretary General for giving this report their full support and strong intellectual leadership, without their encouragement and guidance this achievement would not have been possible.

The team is particularly appreciative for the stakeholders and key national figures both of public and private sectors of the Banking, Insurance and Processed Meat sectors, whose expertise, understanding, and patience added considerably to this report. We are grateful for them for taking time out from their busy schedules to contribute to meetings, roundtables, surveys, external readings and feedback. We are also truly thankful for stakeholders of last year's report sectors; ICT, tourism, medical tourism, pharmaceuticals and higher education for their valuable contribution to our work in updating the sectors analyzed in last year's report.

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We are thankful for all staff members of policies & studies directorate within the Ministry of Planning and International Cooperation. I thank each and every one of them for all support and assistance they offered all through this project. This distinguished team was an example of commitment, professionalism and dedication.

Last but not least attribution goes to Jordan National Competitiveness Team members; I was delighted to work hand in hand with this outstanding team and take part in carrying out this distinguished conquest. I thank Hiba Abu Taleb, Kawthar Al Zoubi, Hussein Abwini, Nour Tarawneh and Aktham Al-Zubi for their exceptional efforts, this study would not have been accomplished without their hard work, clear vision and inspiring determination.

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# ACRONYMS

ACII	Association of the Chartered Insurance Institute	IMD	Institute for Management Development
AFIRC	Arab Forum of Insurance Regulatory Commissions	IMF	International Monetary Fund
AIG	American International Group	ILO	International Labor Office
ASE	Amman Stock Exchange	INTAJ	Information Technology Association Jordan
ARIG	Arab Insurance Group	IP	Internet Protocol
ATM	Automatic Teller Machine	IPR	Intellectual Property Rights
BFH	Bahrain Financial Harbour	IPL	Investment Promotion Law
BIBF	Bahrain Institute for Banking and Finance	IPT	Insurance Premium Tax
BMA	Bahrain Monetary Agency	ISIC3	Third Revision of the International Standard Industrial Classification of All Economic Activities
BMELV	The Federal Ministry of Nutrition, Agriculture and Consum	ISO	International Organization for Standardization
BSE	Bovine spongiform encephalopathy	ISP	Internet Service Provider
CAB	Current Account Balance	IT	Information Technology
CBB	Central Bank of Bahrain	IVF	In vitro fertilization
CBC	Central Bank of Cyprus	IVR	Interactive Voice Response
CBJ=CB	Central Bank of Jordan	JAPM	Jordanian Association of Manufacturers of Pharmaceuticals & Medical Appliances
CBO	Central bank of Oman	JFDA	Jordan Food and Drug Administration
CDs	Certificates of Deposit	JEA	Jordan Engineers Association
CFR	Code of Federal regulations	JHA	Jordan Hotel Association
CILA	Chartered Institute for Loss Adjusters	JIB	Jordan Investment Board
CIP	Certificate of Insurance Practice	JIF	Jordan Insurance Federation
CMA	The Capital Market's Authority	JISM	Jordan International Standardization and Metrology
CRO	Clinical Research Organizations	JNCT	Jordan National Competitiveness Team
DBR	Doing Business Report	JOD=JD	Jordanian Dinar
DFID	Department for International Development	JOIF	The Jordan Insurance Federation
DIFC	Dubai International Financial Center	JIC	The Jordan insurance commission
DOS	Department of Statistics	JTDP	Jordan Tourism Development Project
DWTC	Dubai World Trade Centre	JUSTFA	Jordan-US Free Trade Agreement
EU	European Union	JV2020	Jordan Vision 2020
EFTA	European Free Trade Association	KMO	Kaiser-Meyer-Olkin criterion
EET	Exempt-Exempt Taxed	KPI	Key Performance Indicator
FAOSTAT	Food and Agriculture Organization of the United Nations Statist	KSA	Kingdom Saudi Arabia
FDI	Foreign Direct Investment	LTD	Limited
FSA	Financial Services Authority	MCD	Mad-Cow Disease
FSAP	Financial Sector Assessment Program	MDM	Mechanically Deboned Meat
FSRG	Financial Sector Review Group	MENA	Middle East North Africa
FTA	Free Trade Agreement	META	Medicines Transparency Alliance
FVO	Food and Veterinary Office	MIS	Management Information System
GAFTA	Greater Arab Free Trade Area	MOE	Ministry of Economy
GATS	General Agreement on Trade and Services	MOICT	Ministry of Information and Communications Technology
GBL	General Budget Law	MOPIC	Ministry Of Planning And International Cooperation
GBP	British Pound Sterling	MTPL	Motor Third Party Liability Insurance

GCC	Gulf Cooperation Council	NGO	Non-governmental Organization
GCI	Global Competitiveness Index	NPL	Non-performing loans
GCP	Good Clinical Practices	OECD	Organization for Economic Cooperation and Development
GDP	Gross Domestic Product	OMR	Omani rial
GIC	Group Insurance Commission	PCs	Personal Computers
GLP	Good Laboratory Practices	PDCA	Plan,Do,Check,Act
GMT	Greenwich Mean Time	PHA	Private Hospitals Association
GNI	Gross National Income	PLC	Public Limited Company
GNP	Gross National Product	PPW	Premium Payment Warranty
GSLI	Global Services Location Index	QAIA	Queen Alia International Airport
GWP	Gross Written Premiums	QC	Quality Control
HACCP	Hazard Analysis and Critical Control Points	QFC	Qatar Financial Center
HCAC	Health Care Accreditation Council	QIZ	Qualified Industrial Zone
HERfKE	Higher Education Reform for Knowledge Economy	R&D	Research and Development
HR	Human Recourse	RCA	Relative Comparative Advantage
IBNR	Incurred But Not Reported	RJ	Royal Jordanian
ICT	Information and Communication Technology	RMA	Relative Import Advantage
IC	Insurance Commission	ROA	Return on assets
IEEE	Institute of Electrical and Electronics Engineers	ROE	Return on equity
IMD	Institute for Management Development	RSI	Related and supporting industries
IMF	International Monetary Fund	RTA	Relative Total Advantage
ILO	International Labor Office	RXA	Relative Export Advantage
INTAJ	Information Technology Association Jordan	SABEQ	USAID Jordan Economic Development Program
IP	Internet Protocol	SMEs	Small and Medium Size Enterprises
IPR	Intellectual Property Rights	SSOP	Small Shrink Outline Package
IPL	Investment Promotion Law		
SVC	Standing veterinary committee		
SWOT	Strengths,Weaknesses,Opportunities,Threats		
TEMPUS	Trans-European Mobility Program for University Students		
TRIPS	Agreement on Trade Related Aspects of Intellectual Property Rights		
TPA	A third party administrator		
TRC	Telecommunication Regulatory Commission		
T&T	Travel and Tourism		
UAE	United Arab Emirate		
UK	United Kingdom		
UNDP	United National Development Program		
UNIFEM	United Nations Development Fund for Women		
USD	United States Dollar		
USDA	United States Department of Agriculture		
VAT	Value Added Tax		
WCY	World Competitiveness Yearbook		
WHO	World Health Organization		
WRAP	Waste & Resources Action Program		
WTO	World Trade Organization		
ZMP	German Statistical Bureau		

