



## **PART III: CONCLUSION: THE FUTURE OF JORDAN'S COMPETITIVENESS**



This report has presented a point-in-time assessment of Jordan's competitiveness in 2007. Extensive analysis of the macro-economy, micro-economy and five sectors have revealed a number of key themes that can provide the basis for Jordan's competitiveness agenda in 2008:

- 1) **Jordan has accomplished a great deal.** Jordan has achieved many improvements in the quality of its business environment. Jordan's businesses also boast many accomplishments in the international arena.
- 2) **Yet there is urgency for action.** Across the public and private sector, leaders are impatient for reform, and for a vision of competitiveness that is consistently and aggressively pursued. Many strategies and reform initiatives developed over the past five years are struggling to gain traction. At the same time, other countries are making tangible, highly visible progress in reforming and transforming their economies.
- 3) **Jordan's economic openness and current foreign investment flows into Jordan are an opportunity to invest in productive activities.** Foreign investment can provide capital needed for productive activities. If structured and channeled effectively, FDI can serve as a source of knowledge and linkages to other markets. Yet, currently the majority of foreign investment flows appear to be going to unproductive real estate investments that risk driving inflation, and the cost of living, higher. Equally, Jordanians are investing in their economy, although not at the levels and with the productivity that is desirable.
- 4) **But Jordan's business environment still presents major obstacles for business.** An environment that enables businesses, and that does not create barriers to business investment and operations, is critical to attracting investment and keeping talented Jordanians in Jordan. Globally competitive investors and skilled workers require an environment in which they can maximize productivity, implement competitive strategies, and fairly capture a high return. Jordan's business environment imposes numerous constraints that are limiting labor productivity, efficient operation and the return on financial capital.
- 5) **Jordan's human capital, the foundation of its competitiveness, is at risk.** Jordan is a seedbed of skilled and experienced professionals in the Middle East. But 'brain drain', the migration of professionals to other regions, and education and training systems that do not meet business' needs are immediate and significant threats to Jordan's long-term prosperity. With limited physical resources, Jordan's future prosperity will be determined by its ability to train and retain highly skilled and productive workers.
- 6) **Public-private cooperation must be based in fact and focused on action.** The challenges facing Jordan require a coordinated effort to act. Formal dialogue that builds consensus across the public and private sectors is critical for Jordan's economic leadership to build the momentum for change and action

Finally, while Jordan faces competitiveness challenges and risks, Jordan also has enormous opportunities to emerge in the next 5 years as a recognized competitiveness leader, in the region and globally. Many of Jordan's competitiveness "basics" are well ahead of most other countries. **The optimistic conclusion of this report is that, with focus, and applying the lessons learned from best practices world-wide, Jordan can establish a world-class business environment, with streamlined regulations and procedures that are implemented effectively, with strong services and infrastructure, and with an education and training resource that is in tune with and responsive to the needs of world-class business.** Jordan is already taking many steps towards this goal. Jordan has been successful in attracting foreign investment and encouraging domestic investment; this can be dramatically increased, **especially encouraging investment that offers innovation, market linkage and knowledge transfer.** Jordan's businesses and industries can focus on the key strategies and international best practices that will enable them to emerge as world-class competitive leaders; indeed, some Jordanian firms are already accomplishing this competitive leap forward. There may be challenges in learning and adopting the improvements and changes that lead to a truly competitive business and economic performance. But the models are available to Jordan, **and with clear vision, and concerted implementation of aggressive competitiveness initiatives, Jordan will achieve remarkable results.**







JORDAN NATIONAL COMPETITIVENESS TEAM  
P.O.Box 555 AMMAN 11118 JORDAN  
TEL: (+962 6) 4640624  
(+962 6) 4644466  
[WWW.JNCO.GOV.JO](http://WWW.JNCO.GOV.JO)