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Doing Business in Jordan

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Introduction

Jordan, officially known as the Hashemite Kingdom of Jordan, sits at the intersection of Asia, Africa, and Europe—making it a natural crossroads for commerce, ideas, and innovation. Its unique geographic position, combined with a tradition of political stability that is rare in the region, has turned Jordan into an increasingly attractive destination for entrepreneurs and investors looking beyond global business generalities. With a young, educated workforce, ongoing economic reform efforts, and a government eager to stimulate growth, the country offers both immediate opportunities and long-term potential for those who understand its unique business climate.

But doing business in Jordan is not as straightforward as simply applying global business practices in a new location. This is a landscape shaped by specific legal frameworks, regulatory idiosyncrasies, administrative processes, and cultural customs that require careful navigation. From the intricacies of company formation to the complexities of foreign ownership restrictions, or the peculiarities of local tax law, Jordan's environment demands tailored strategies and localized knowledge.

At the heart of the nation's business transformation is the drive for modernization and competitiveness. Initiatives like the ten-year Economic Modernization Vision signal a commitment not just to growth but to attracting the right kind of investment, spurring innovation, and ensuring sustainability. Key reforms—ranging from easing bureaucratic bottlenecks to opening up strategic sectors—are making it easier to start and run businesses, yet hurdles remain. Entrepreneurs must be prepared to work within evolving regulatory landscapes and negotiate processes that can sometimes feel labyrinthine to outsiders.

Equally important are the factors that underpin daily business life: understanding local labor laws, structuring employee contracts, complying with tax and social security obligations, and building strong relationships with stakeholders across government, industry, and the broader community. Business is rarely impersonal in Jordan. Navigating the relational nature of deal-making, respecting cultural hierarchies, and adapting to different communication styles are all as critical to success as having a sound business plan and sufficient capital.

This book is designed as a practical, comprehensive reference for anyone considering establishing or expanding business operations in Jordan. It draws on the very latest data, legal frameworks, and policy developments to offer clear, actionable guidance at every stage of the entrepreneurial journey—from initial research to daily management, across sectors as varied as technology, tourism, manufacturing, and

renewable energy.

Throughout, the goal is simple: to provide you with the sharpest possible understanding of the specific opportunities, challenges, and requirements of doing business in Jordan. Whether you are a first-time entrepreneur, an experienced investor, or an executive planning a strategic move, this guide will help you avoid common pitfalls, leverage the local advantage, and make your business a lasting success in the Hashemite Kingdom.

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CHAPTER ONE: Understanding Jordan's Economic Landscape

Embarking on a business venture in Jordan means stepping into an economy that is both uniquely shaped by its geography and history, and actively striving towards a modern, diversified future. Nestled strategically at the convergence of continents, the Hashemite Kingdom presents a distinct economic profile: an upper-middle-income nation heavily reliant on services, grappling with resource constraints, yet leveraging its relative political stability and skilled workforce to carve out a niche in a complex region. Understanding this intricate landscape is the essential first step for any prospective entrepreneur aiming to navigate the opportunities and challenges ahead.

Historically, Jordan's economic trajectory has been influenced significantly by regional dynamics, including geopolitical events and relationships with neighboring states. Post-independence, the focus was on building state institutions and basic infrastructure. Periods of conflict in the region invariably sent ripples through the Jordanian economy, impacting trade routes, tourism flows, and sometimes bringing influxes of people seeking refuge, which strained resources but also added to the human capital pool. Unlike some of its neighbors blessed with vast oil reserves, Jordan had to forge a different path, relying more on human resources, strategic alliances, and international support. This resource scarcity, particularly in water and energy, remains a defining characteristic and a constant driver for innovation and efficiency, especially in sectors like agriculture and industry.

Today, Jordan's economy is characterized by the dominance of the services sector, which consistently contributes the lion's share to the Gross Domestic Product (GDP). This includes bustling trade activities facilitated by its crossroads location, a resilient tourism sector drawing visitors to world-renowned historical sites, a robust financial services industry, and increasingly, a dynamic information and communication technology (ICT) hub. This service orientation shapes the nature of many business opportunities available within the Kingdom.

Recent macroeconomic indicators paint a picture of steady, albeit modest, progress and relative stability, especially when viewed against the backdrop of regional volatility. In 2024, the economy recorded a GDP growth rate of 2.5 percent. While not meteoric, this represents consistent positive movement. Perhaps more reassuringly for businesses planning budgets and managing costs, inflation has remained remarkably subdued, registering at just 2.21 percent in the same year. This low inflationary environment provides a degree of predictability often missing in emerging markets. GDP per capita stood at 3,228 Jordanian Dinars (JOD) in 2024, offering a snapshot of

the average purchasing power within the domestic market.

Fiscal management has also shown discipline, with the government keeping the budget deficit relatively low. This is crucial for maintaining macroeconomic stability and investor confidence. A significant buffer is provided by Jordan's healthy foreign currency reserves, which reached an impressive \$22 billion in March 2025. This stockpile is sufficient to cover approximately 8.5 months of imports, signaling a strong capacity to manage external financial pressures and maintain the stability of the Jordanian Dinar. The Dinar itself has been pegged to the US Dollar for decades (at a rate of 1 USD = 0.709 JOD), providing exchange rate predictability – a boon for importers, exporters, and foreign investors managing cross-border transactions, though it does limit independent monetary policy maneuvers.

Foreign Direct Investment (FDI) is a critical component of Jordan's economic strategy, reflecting the country's need for external capital to fuel growth and job creation. In 2024, FDI inflows reached 1,122 million JOD. While levels can fluctuate based on regional sentiment and global economic conditions, the government remains intensely focused on attracting and retaining foreign investment through ongoing reforms and targeted incentives, recognizing its vital role in technology transfer, skills development, and accessing international markets.

Looking closer at the structure of the economy reveals distinct sectoral contributions. The services sector, as mentioned, is the heavyweight champion, encompassing a broad range of activities. Wholesale and retail trade flourishes due to Jordan's position as a conduit for goods moving within the region. Transport and logistics benefit from infrastructure investments and the strategic location, particularly the Port of Aqaba on the Red Sea. Financial services are well-established, with a mature banking sector and developing capital markets. Tourism, despite periodic setbacks from regional instability, remains a cornerstone, leveraging Jordan's rich cultural heritage and natural wonders. And critically, the ICT sector has emerged as a powerful engine of growth and high-value job creation, positioning Jordan as a regional leader in software development, digital content, and tech startups.

The industrial and manufacturing sector, while smaller than services, plays a vital role, particularly in exports. Key areas include pharmaceuticals, where Jordanian companies have gained regional prominence for quality and affordability. The textiles and apparel industry saw significant growth, partly fueled by the establishment of Qualifying Industrial Zones (QIZs) that grant duty-free access to the US market under certain conditions. Chemical industries, leveraging the country's phosphate and potash resources, also contribute significantly to manufacturing output and exports. Food processing is another important area, linking closely with the agricultural sector. Government initiatives often focus on boosting industrial competitiveness through infrastructure development, access to finance, and streamlining regulations.

Agriculture's contribution to GDP might seem modest, typically hovering in the low single digits, but its importance transcends mere economic statistics. It is crucial for food security, rural livelihoods, and exports of high-value horticultural products like fruits and vegetables, particularly to Gulf markets. However, the sector faces the immense challenge of water scarcity, forcing innovation in water-efficient irrigation techniques and a focus on crops suited to arid conditions. Government policies increasingly emphasize sustainable agriculture and bolstering domestic food production to reduce reliance on imports.

Mining is another foundational pillar of the Jordanian economy, primarily centered on the extraction and export of phosphates and potash. Jordan ranks among the world's top producers and exporters of these essential fertilizer components. The revenue generated from mining is significant for the national budget and export earnings. There is ongoing exploration and potential for developing other mineral resources, representing opportunities for investment in extraction and downstream processing industries.

Finally, the construction sector often mirrors the overall health of the economy, driven by population growth, urbanization, government infrastructure projects (roads, schools, hospitals), private real estate development, and large-scale investment initiatives like tourism resorts or commercial complexes. It is a major employer, though often reliant on both skilled and unskilled labor, including foreign workers.

Overlaying this sectoral landscape is the government's ambitious Economic Modernization Vision (EMV), launched to guide development over the decade from 2023 to 2033. This isn't just another policy paper; it represents a strategic roadmap aimed at fundamentally transforming the economy. Its core pillars focus on accelerating investment, enhancing the quality of life for citizens, positioning Jordan as an attractive global destination for business and talent, and ensuring the sustainable management of resources. The EMV actively seeks to shift the economic center of gravity towards higher value-added industries, foster innovation and entrepreneurship, embrace the digital economy, and promote green growth, particularly in renewable energy. Entrepreneurs will find that government support, incentives, and regulatory reforms are increasingly aligned with the objectives outlined in this vision, creating tailwinds for businesses operating in targeted sectors.

Despite the challenges, Jordan possesses several inherent strengths that make it an attractive proposition for entrepreneurs. Foremost among these is its strategic geographic location. Situated at the heart of the Levant, it offers preferential access to markets across the Middle East and North Africa (MENA). Major markets in the Gulf Cooperation Council (GCC) countries are within easy reach, and established trade corridors connect Jordan westward towards Europe and eastward towards Iraq and beyond. This positioning is further enhanced by a network of free trade agreements,

including landmark deals with the United States and the European Union, which provide Jordanian-based businesses with privileged access to some of the world's largest consumer markets.

Complementing its location is Jordan's remarkable political stability, especially when contrasted with the turbulence often seen in neighboring countries. The Hashemite monarchy has historically provided a steady hand, navigating regional complexities while maintaining internal security and moderate foreign policy. This stability is a precious commodity for businesses, reducing political risk and providing a more predictable environment for long-term investment planning and operations compared to many other locations in the region.

Perhaps Jordan's most valuable asset is its human capital. The country boasts a young and relatively well-educated population. Literacy rates are high, and Jordanian universities produce a significant number of graduates each year, particularly in fields like engineering, medicine, pharmacy, and information technology. This creates a pool of skilled labor available at competitive wage levels compared to Western Europe or North America. English proficiency is widespread, especially within the business community and among younger generations, facilitating international business communication. This technically proficient and often multilingual workforce is a major draw for companies in sectors like ICT, healthcare, engineering services, and regional customer support centers.

Furthermore, the tangible efforts to improve the business environment cannot be ignored. While bureaucratic hurdles can still exist, significant progress has been made in streamlining procedures, enhancing investor protections, and improving access to credit. The notable jump in international rankings like the World Bank's Doing Business report (specifically the 2020 edition where Jordan was highlighted as a top improver) reflects concrete reforms initiated domestically. Areas like protecting minority investors, simplifying tax payments, and making it easier to resolve insolvency have seen targeted improvements. The government's ongoing commitment to reform, driven partly by the Economic Modernization Vision and the desire to attract FDI, signals a positive trajectory, even if the pace of change can sometimes feel uneven. The establishment of bodies like the Ministry of Investment, tasked specifically with facilitating and supporting investors, underscores this commitment.

However, a realistic appraisal of Jordan's economic landscape must also acknowledge the persistent challenges. Resource scarcity remains a fundamental constraint. Jordan consistently ranks among the most water-scarce countries globally. This impacts not only agriculture but also water-intensive industries and potentially increases operational costs for businesses requiring significant water usage. Similarly, Jordan is heavily reliant on imported energy, primarily oil and natural gas, exposing the economy to fluctuations in global energy prices. While the country has made impressive strides in developing renewable energy sources, particularly solar and wind

power (aiming for a 50% share in the energy mix by 2030), energy costs can still be a significant factor for businesses.

High rates of unemployment and underemployment, particularly among the youth (including university graduates) and women, represent a major socio-economic challenge. While there is a supply of educated labor, matching skills with available jobs and generating sufficient employment opportunities remains difficult. This can have knock-on effects on domestic consumer demand and social stability. It presents a paradox: a wealth of human potential alongside insufficient job creation in certain sectors. Entrepreneurs may find skilled labor readily available, but the overall health of the domestic market can be constrained by employment levels.

The level of public debt is another significant macroeconomic consideration. While actively managed through fiscal consolidation efforts and international support programs, high debt levels can limit the government's fiscal space for public investment and may necessitate unpopular austerity measures or tax adjustments down the line, potentially impacting the business environment.

The very stability that makes Jordan attractive internally also exists within a volatile neighborhood. Regional instability inevitably casts a shadow, impacting trade routes (especially overland routes to Iraq and Syria historically), tourism arrivals, and overall investor sentiment. Jordan has also borne a significant humanitarian and economic burden from hosting large refugee populations over several decades, primarily Palestinians, Iraqis, and more recently Syrians. While demonstrating remarkable generosity, this influx places strain on infrastructure, public services, and the labor market.

Furthermore, the Jordanian economy relies significantly on external financial flows, namely foreign aid from international partners and remittances sent home by Jordanians working abroad, particularly in the Gulf states. These inflows are crucial for financing the trade deficit and supporting the currency peg. However, this reliance also makes the economy vulnerable to shifts in donor priorities or economic downturns in the Gulf, which could impact remittance levels.

Finally, the relatively small size of Jordan's domestic market (around 11 million people) means that many businesses, particularly in manufacturing and specialized services, need to adopt an export-oriented strategy from the outset to achieve scale and sustainable growth. Success often hinges on leveraging Jordan's trade agreements and strategic location to access larger regional and international markets.

Understanding Jordan's trade profile provides further context. The country's main exports are dominated by raw materials and intermediate goods like phosphates and potash, alongside manufactured products such as pharmaceuticals and textiles/apparel, and agricultural produce. Key import categories reflect the country's

resource needs and industrial inputs: crude oil and petroleum products, machinery and transport equipment, grains and other foodstuffs, and various manufactured consumer goods. Jordan's primary trading partners include the United States (benefiting significantly from the FTA), neighboring Arab countries like Saudi Arabia and Iraq (though trade volumes can fluctuate with regional stability), China, India, and the European Union. Navigating customs procedures, understanding rules of origin under different trade agreements, and identifying target export markets are critical considerations for businesses involved in international trade.

Looking ahead, the economic outlook for Jordan is cautiously optimistic, contingent on continued reform momentum, regional stability, and successful implementation of the Economic Modernization Vision. Projections generally anticipate continued modest growth and contained inflation. The key trends shaping the future economic landscape include a determined push towards economic diversification away from traditional sectors and aid reliance, focusing instead on knowledge-based industries, ICT, high-value manufacturing, and renewable energy. The digital transformation of both government services and the private sector is accelerating, creating opportunities in FinTech, EdTech, HealthTech, and e-commerce. The green transition is also a major theme, driven by the need for energy independence and water security, opening doors for investment in solar power, wind energy, water management technologies, and sustainable agriculture.

Integrating Jordanian businesses more deeply into regional and global value chains is another strategic priority. This involves not just exporting finished goods but also specializing in specific stages of production or service delivery where Jordan has a comparative advantage, such as R&D, software development, or specialized manufacturing components. Ultimately, fostering a vibrant ecosystem for entrepreneurship and innovation is seen as crucial for unlocking Jordan's potential, creating quality jobs for its young population, and driving sustainable economic growth in the years to come. For the savvy entrepreneur prepared to understand and navigate this complex but evolving landscape, Jordan offers a unique platform for building a successful enterprise with regional reach.

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