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MORE TRADE FOR MORE JOBS

IDENTIFYING THE EMPLOYMENT POTENTIAL OF JORDAN'S EXPORTS

International Labour Organization,
Amman Office
April 2019

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Foreword

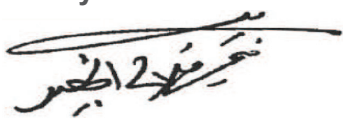
In recent years, the Hashemite Kingdom of Jordan has made concerted efforts to counter the negative effects of multiple regional crises on national employment and social stability. In this context, trade has been centre stage in the development of policy to support economic growth and job creation – but defining the actual potential of trade as a means of generating employment has remained elusive.

This report fills in this critical blank, estimating that one-third of the jobs that the country seeks to create for Jordanians can happen through improved exports.[1] It also provides concrete recommendations on the policies and programmes that would help link exports to job creation. More specifically, the promising sectors, products, and occupations identified in the report will serve as a benchmark for anticipating key skills and critical labour markets in the country, through the ILO's Skills for Trade and Economic Diversification (STED) methodology.

The 2012 ILO Call for Action on Youth Employment reminds us that an employment strategy is not merely a collection of programmes: it must include well-synchronised policies aiming at job creation. It is the goal of this report that the following results and analyses will be used as a starting point for a well-informed tripartite discussion on the trade-employment-skills nexus, as well as a critical discussion on the need for greater policy alignment toward a crucial goal: decent employment.

Ruba Jaradat
Regional Director of the ILO
For Arab States

Fathi Al Jaghbir
Chairman of the Jordan Chamber
of Industry



[1] The estimation of "one-third of the jobs to be created for nationals" through export relies on an extrapolation of DoS Employment and Unemployment figures compared to the total number of jobs that can be created through export (i.e. 100,000/300,000). The same estimate of 300,000 jobs to be created for nationals is also quoted several times by the Prime Ministry. However, it does not take into account the current low labour force participation rate – that may improve when the labour market recovers. It also assumes that none of the jobs created through export will be taken by non-Jordanians.

Acknowledgements

The ‘Applying the G20 Training Strategy Project: A Partnership between the ILO and the Russian Federation cover five countries: Jordan, Vietnam, Armenia, Kyrgyztan, and Tajikstan. One of the main objectives of the ILO project is to apply the Skills for Trade and Economic Diversification (STED) methodology to support the country’s endeavours in diversifying trade partners, increasing export levels, and introducing tangible improvements for skills development systems.

This research work was prepared by Ms. Eman Al Araj, ILO Project Coordinator; with research support from Mr. Anan Zeitoun, Director of the Centre of Economic & Industrial Studies at the Jordan Chamber of Industry (JCI), as well as Ms. Miral Bassaid, ILO Consultant; under the coordination and technical guidance of Mr. Patrick Daru, ILO, Senior Skills and Employability Specialist for the Arab States.

The ILO and JCI would like to express their special thanks to colleagues from the International Trade Centre (ITC), namely Ms Julia Spies and Mr Yvan Decreux who developed the Export Potential Model. Thanks are also due to ILO colleagues from the Skills and Employability Branch; Mr Cornelius Gregg, Ms Olga Strietska-Ilina and Ms Bolormaa Tumurchudur-Klok for their valuable inputs comments and technical recommendations.

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List of Abbreviations

CA	Cooperation Agreemen¬t
CBI	Netherlands Centre for the Promotion of Imports
CBJ	Central Bank of Jordan
DoS	Department of Statistics
EU	European Union
EP	Export Potential
EPI	Export Potential Indicator
FTA	Free Trade Agreement
GAFTA	Greater Arab Free Trade Area
GDP	Gross Domestic Product
GoJ	Government of Jordan
HS	Harmonized System
ILO	International Labour Organization
ITC	International Trade Centre
JCI	Jordan Chamber of Industry
MENA	Middle East and North Africa region
MoF	Ministry of Finance
MoL	Ministry of Labour
MIT	Ministry of Industry, Trade, and Supply
NTBs	Non Tariff Barriers
OECD	Organization for Economic Co-operation & Development
QIZ	Qualified Industrial Zone
RCA	Revealed Comparative Advantage
ROO	Rules of Origin
STED	Skills for Trade and Economic Diversification
World Bank	WB
WTO	World Trade Organization

Executive summary

Trade liberalisation can play an important role in fostering economic growth and job creation. A growing body of research conducted by the International Labour Organization (ILO), the Organization for Economic Cooperation and Development (OECD), and the World Bank (WB) highlights how open market policies have contributed to sustainable economic growth and job creation - provided that adequate employment policies are in place. [2]

Jordan is increasingly involved in global value chains, but the results do not match expectations. Several tariff and non-tariff incentives adopted by the GoJ over the past three decades testify to the country's readiness to diversify its target markets. This is clearly reflected by a growing number of cooperation agreements (CAs) and free trade agreements (FTAs) – both bilateral and multilateral – signed for the purpose of strengthening economic and diplomatic relations with various countries. According to the 2019 Index of Economic Freedom, Jordan is classified as the 53rd freest country in the world, and the fourth in the MENA region, with a score of 81.4 per cent on the trade freedom indicator – reflecting a considerable improvement due in large part to these policy decisions.[3] Nevertheless, the country's exports have remained consistently far below its imports, with a total trade deficit of JD9.2 billion (US$13 billion).[4]

There is a need to further engage in the trade-employment-skills nexus. Total unemployment in Jordan reached 18 per cent (27 per cent for women) in the third quarter of 2018, with youth unemployment at 40 per cent (64 per cent for young women).[5] It is therefore not only crucial that the country engages even further in free trade, but also that it adopts sound policies that support exporting sectors with the best potential for job creation. This paper proposes an analysis of the products, sectors, and markets that Jordan can focus on to increase exports, while at the same time creating jobs.

The paper analyses the results for Jordan of the International Trade Centre's (ITC) Export Potential (EP) model and links them to potential employment impact. The ITC EP methodology is a structural model that helps countries quantify their untapped potential in different export sectors and identify opportunities for product diversification. The paper also enumerates the anticipated direct, indirect, and induced job creation that could be realised if the country reached its estimated untapped export potential. The purpose of this model is to help policy makers adopt trade-for-jobs policies that can in turn help Jordan reach its estimated export potential, access new markets, and create jobs. This paper also sets the directions for adapting and enhancing the country's skill development system.

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[2] ILO, 2015; OECD, 2012; WB, 2018

[3] Heritage Organization, 2019

[4] CBJ, 2018

[5] DoS, 2017a

The results generated by this model are a stepping stone to identifying the skill needs of exporting sectors. As a first step, the ITC EP model allows for the quantification of potential export growth and, based on these figures, anticipated job creation. These results will feed into the implementation of the Skills for Trade and Economic Diversification (STED)[6] methodology in Jordan, which is a supply and demand approach that supports the identification of skills and competencies needed for anticipated occupations.

There is significant potential to increase exports – with chemicals and garment/textiles as the top export sectors, and neighbouring countries offering the greatest potential for export growth. Jordan's total unused export potential is estimated at US$4.4 billion. Possible export growth is highest for chemical products, which have an estimated untapped export potential of US$2.17 billion. This is followed by clothing and apparel, with potential growth of US$550 million. The chemical, clothing, live animal, jewellery, fertiliser, and metal sectors account for 67.3 per cent of the country's estimated unused export potential. Countries in the Middle East comprise 36 per cent of this estimated total unused export potential, while other promising markets include Southern Asia (US$696 million), North America (US$497.5 million), East Asia (US$437 million), and ASEAN countries (US$371.2 million). Potential export growth to the EU and Western Europe is also significant, estimated at US$336.5 million, while unused export potential in the African market is estimated at US$265.8 million.

Realising Jordan's full potential as an exporter would allow for the creation of over a third of the jobs needed to reach full employment for Jordan nationals. Trade would generate approximately 106,345 jobs out of the 315,000 necessary for full employment.[7] Of the total anticipated job creation from expanded exports, 32 per cent are expected to be direct jobs, 26 per cent indirect jobs, and 42 per cent induced jobs[8]. These results suggest that implementing the right policies for exports can create 33.6 per cent of the jobs required to reach the full employment of Jordanians. Out of this total number of jobs, around 26 per cent are expected to be filled by women (following historical trends in employment), amounting to 27,631 jobs. The **clothing industry** is expected to create the highest number of opportunities (33,713 in total), followed by the **fertiliser industry**, which would create around 14,362 jobs.

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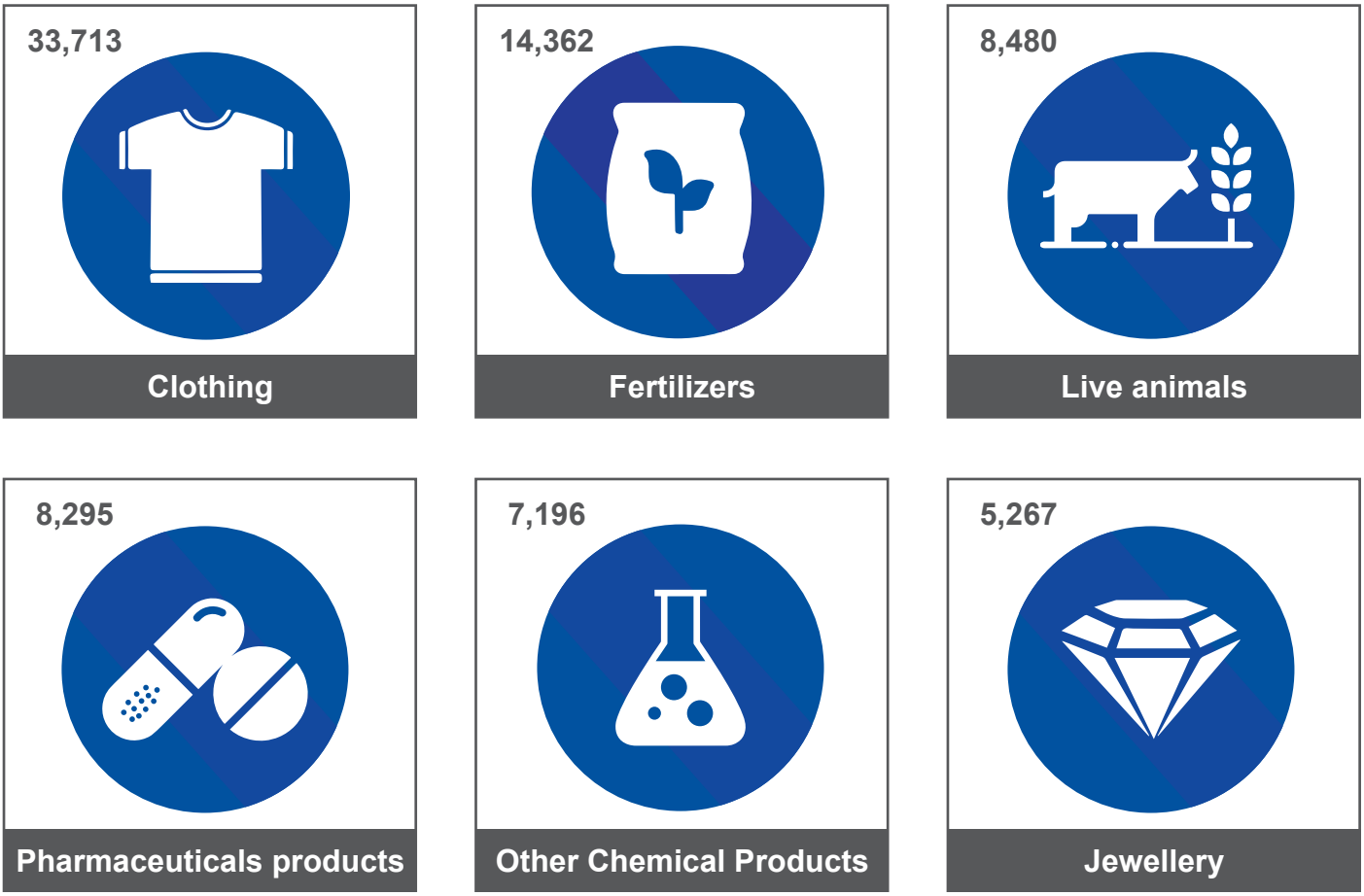
[6] The Skills for Trade and Economic Diversification (STED) is a methodology developed by the International Labour Organization (ILO) to help identify strategic skills needs in sectors that produce internationally tradable goods.

[7] Estimated based on a 39 per cent labour force participation rate and an 18.3 per cent unemployment rate. This does not mean that creating 315,000 jobs will allow for the full employment of Jordanians, as more job creation is expected to attract more entrants to the labour market.

[8] See definitions in the methodology part.

Figure 1: Top Six Product Groups in Terms of Job Creation According to the EPI Model



Chapter 1: Country Background

A number of recent studies have supported the assertion that trade can effectively contribute to countries' economic growth, provided that this trade is complemented by sound economic strategies and policies, including policies that specifically address employment issues.[9] In particular, increasing exports is recognised as a driver of economic growth, as it increases competition and enhances domestic productivity.[10] In Jordan, several national strategies, such as the Jordan National Vision and Strategy (2015-2025) and the Economic Growth Plan (2018-2022), have highlighted the importance of exports as a vehicle for job creation.

In the interest of seeking economic prosperity, the Hashemite Kingdom of Jordan has implemented a number of economic policies and structural reforms to promote investment and trade. These efforts began in 2000 when Jordan became a member of the World Trade Organization (WTO), prompting a progressive move towards a more liberalised and open market. According to the Index of Economic Freedom, Jordan is ranked the 53rd freest country in the world, and fourth regionally (out of 15 MENA countries).[11] Despite the high costs of conducting trade – the majority of import/export operations are exclusively carried out through the Red Sea – Jordan has gained a well-known reputation for having alleviated trade barriers through several cooperation agreements (CAs) and free trade agreements (FTAs) with numerous countries, from the Pacific to the Gulf.[12]

Table 1: List of Free Trade Agreements Signed by Jordan (MIT, 2018)

FTA	Type of FTA	Syrian workers without work permits
Greater Arab Free Trade Area (GAFTA)	Multilateral	1997
Jordan–EU Association Agreement	Multilateral	1997
Jordan–EU Rules of Origin (ROO) Agreement	Multilateral	Signed in 2016 and revised in 2018
Jordan–United States FTA	Bilateral	2000
Jordan–EFTA FTA (Switzerland, Liechtenstein, Iceland & Norway)	Multilateral	2001
Jordan–Singapore FTA	Bilateral	2004
Jordan–Canada FTA	Bilateral	2009

[9] WB, 2018; ILO, 2015; OECD,2012

[10] Wagner, 2007

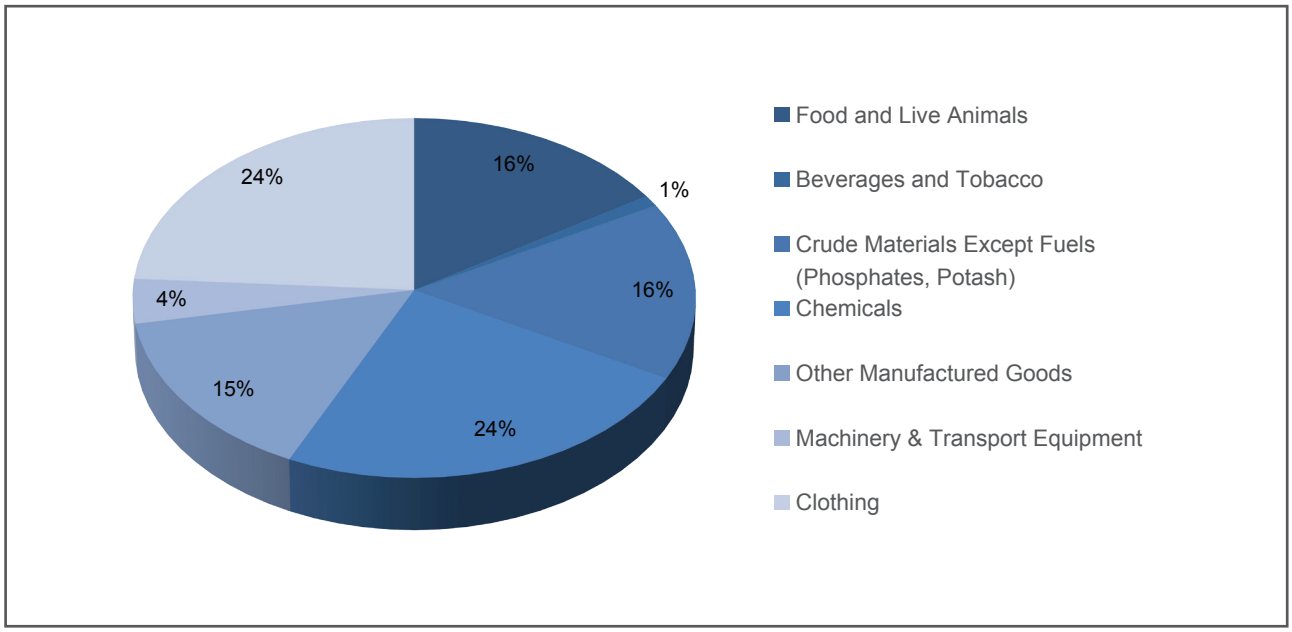
[11] Index of Economic Freedom, 2019

[12] WTO, 2018

Numerous geopolitical challenges have held sway over Jordan's domestic economy, making projections for economic growth difficult to ascertain with much confidence. Today's real GDP growth of two per cent appears quite trivial compared to the Kingdom's economic growth rate prior to 2010, when GDP growth peaked at 8.52 per cent. Furthermore, Jordan's trade deficit has increased from JD6 billion (US$8.46 billion) in 2010 to JD9.2 billion (US$13 billion) in 2017, with imports outpacing exports at a rate of three to one.[13] At the same time, unemployment has risen above 18 per cent, while female unemployment is particularly high, at 27 per cent. Even more concerning is the fact that, according to the ILO, youth unemployment in Jordan is estimated at around 40 per cent, the 12th highest youth unemployment rate in the world, making the need for job creation especially urgent.[14]

From 2010 to 2017, Jordan's total exports increased by 8 per cent, reaching JD5.3 billion (US$7.5 billion). Recent figures reported by the Central Bank of Jordan (CBJ) listed chemicals and apparel as the top products exported by the Kingdom, with each representing 24 per cent of the country's total exports. Other top exported goods include food and live animals (16 per cent) and crude materials (15.8 per cent).[15]

Figure 2: Breakdown of Jordanian Exports by Product Group (CBJ, 2018)



As of 2017, national figures indicate that the United States is Jordan's largest trade partner, accounting for 15 per cent of the Kingdom's exports (consisting mainly of garments and textiles products) and surpassing JD1 billion (US$1.4 billion) in value. Second on the list is Saudi Arabia, representing 13 per cent of the country's exports, followed by Iraq and India, at eight per cent each. As a result of regional turmoil, exports to Syria were perhaps the most notably diminished in recent years, dropping from around JD96 million (US$135 million) in 2013 to JD31 million (US$43.7 million)

[13] ILO has collaborated with DoS in 2017 to amend the methodology used for surveys measuring employment/unemployment in the Kingdom. This may have impacted the rates for the year 2017 as compared to the previous ones.

[14] ILO STAT, 2017

[15] CBJ, 2017

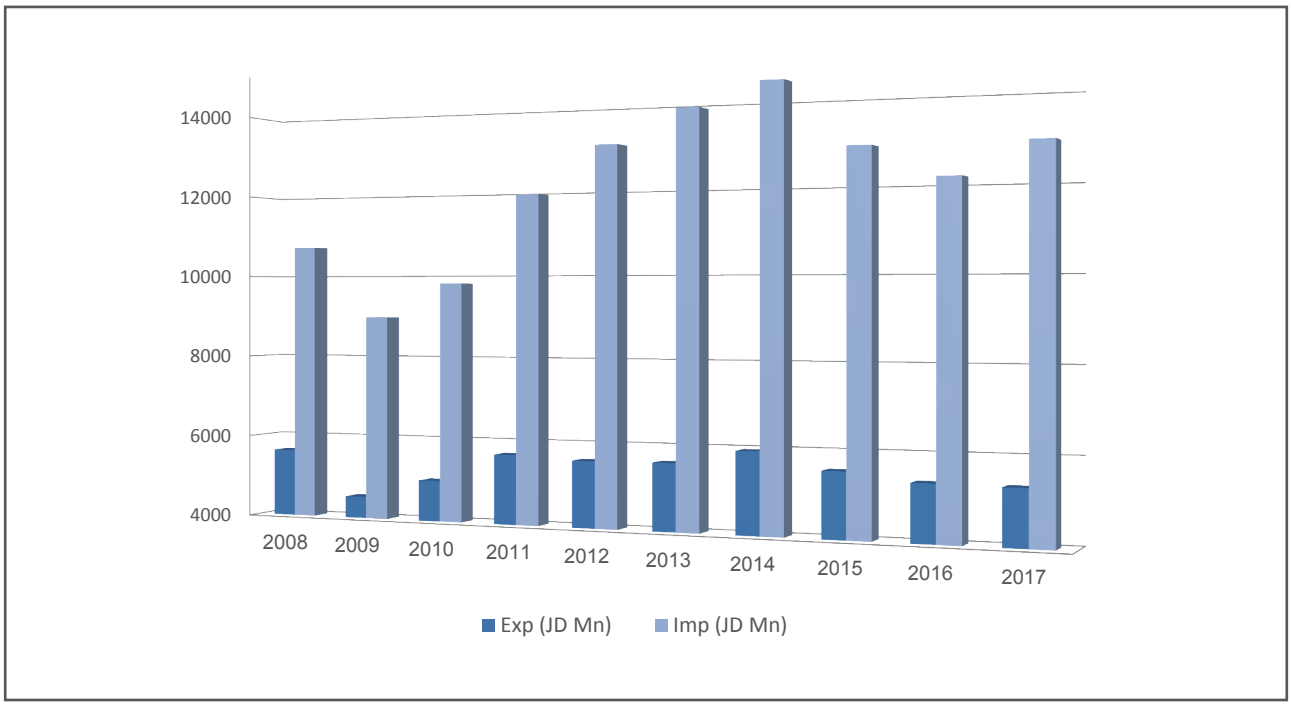
in 2017 – a reduction of 67 per cent. Similarly, exports to Iraq tumbled from JD883 million (US$1,245 million) in 2013, to nearly 367 million (US$517.5 million) in 2017 – a 58 per cent decrease. [16]

Compared to other regions of the world, the European Union accounts for a relatively modest fraction of Jordan's exports. The Kingdom's exports to EU countries have also dropped in recent years, from JD171 million (US$241 million) in 2013 to JD124 million (US$174.8 million) in 2017. The Netherlands topped the list of EU countries importing Jordanian products (25 per cent of Jordan's total exports to the EU), followed by Italy and the UK, each at 15 per cent of its total exports to the EU.[17]

To counter this trend and respond to the challenges brought about by the Syrian refugee crisis, Jordan and the EU in 2016 signed an agreement to provide the Kingdom with facilitated access to the European market through more relaxed rule of origin requirements. However, Jordan's exports to the EU have remained rather limited since, amounting to only 3 per cent of total exports.[18]

The country's imports, on the other hand, increased by more than 21 per cent over the 2010-2017 period, with a total value of JD19 billion (US$26.8 billion). Machinery and transport equipment accounted for 27 per cent of the overall imports, while crude materials and mineral fuels represented 18 per cent. Other main imports included food and live animals (17 per cent), rubber, paper, and wood (13.7 per cent), as well as chemical products (13 per cent). Countries of origin encompassed non-Arab Asian countries (31 per cent), Arab states (23 per cent), and EU countries (20 per cent).[19]

Figure 3: Jordan Trade Balance 2008-2017 (CBJ, 2018)



[16] ibid

[17] CBJ, 2017

[18] DoS, 2017c

[19] CBJ 2017

The widespread repercussions of regional turmoil have made it even more pressing for Jordan to achieve a better trade balance in order to promote economic growth. The World Bank outlined a series of key measures that Jordan should take to boost its economy, with a central focus on "raising productivity, expanding domestic markets through improved access to finance and stronger institutions for managing risk, and opening new external markets." [20]

While the need for stronger trade is clear, Jordan's domestic market must first overcome a number of challenges that make it difficult for Jordanian producers to engage in exporting activities. The National Export Strategy (2014-2019) outlines the constraints experienced by local exporters on issues related to supply, business environment, market entry, and development prospects.[21] These key constraints can be summarized as follows:

- ***Inability to compete in a global market*** and respond to the ever-changing and evolving needs of the market, as well as a struggle to meet the quality standards of certain markets – particularly those of developed countries.
- ***Limited research and development efforts,*** due in part to the fact that small- and medium-sized enterprises (SMEs) comprise the majority of Jordan's industrial entities.
- ***Dependency on the domestic market*** and industrialists' inherent unwillingness to connect with foreign buyers. This is also combined with "inefficient" marketing methods.
- ***Disconnect between educational outputs*** and the labour needs of the industrial sector.
- ***Underdeveloped and costly utilities,*** including transportation, ICT, and energy. The rising cost of energy, in particular, has emerged as a key concern for most industrial firms.
- ***Insufficient coordination among government entities*** and "overlapping" procedures.
- ***Industrialists' lack of awareness of Free Trade Agreements (FTAs),*** trade facilities, and WTO regulations. This has also been cited as one of the main factors impeding the operationalization of the ROO agreement.[22]
- ***High start-up costs for businesses*** and complex customs procedures, in addition to high costs associated with exporting through the port of Aqaba, which is perceived as an uncompetitive facility.
- ***Dependence on a few target markets***, despite the growing number of signed FTAs.
- ***Limited availability of trade information*** and market intelligence.

Based on the discussions presented above, this study sets out to examine Jordan's potential for export growth and job creation, using the International Trade Centre's Export Potential methodology.

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[20] WB, 2017

[21] MIT, 2014

[22] The EU-Jordan Rules of Origin Agreement (2016, amended in 2018) provides Jordan facilitated access to the EU market by way of simplified rules of origin, provided that exporting factories employ 15 per cent Syrian refugees. JFS, 2016

Chapter 2: Research Methodology

Promoting exports and alleviating trade imbalances have been touted as promising solutions to Jordan's longstanding economic and employment challenges. However, it has been pointed out that developing countries like Jordan often face challenges in maximising their export potential.[23] According to the Netherlands Centre for the Promotion of Imports from Developing Countries (CBI), there is often a gap between what countries can export and what they actually do export, due to difficulties in following trade procedures, complying with market regulations, and accommodating consumers' different tastes and preferences.[24] Whilst Jordan has made remarkable improvements in its exports of chemical products and textiles in recent years, it has yet to tap into its potential to export a much wider range of products. To help assess the potential of these exports and the subsequent impact on local employment, the ITC has devised a structural methodology based on trade and tariff data, distances between countries, economic and demographic growth, climatic conditions, and access to the sea.

Combining these different pieces of data together, the ITC has developed two main indicators to support the identification of 'promising products' and to quantify potential employment impact:

1. **The Export Potential Indicator (EPI):** This indicator is for countries seeking to boost already-established exports. For example, using this indicator to analyse the potential of Jordan's plastic products, which already account for 2 per cent of Jordan's exports, would work as follows: through a process of quantifying supply and demand capacities, the EPI would identify how to increase these exports by focussing on promising sub-products for both new or existing markets. First, demand is estimated for each plastic product in every market across the globe, taking factors like GDP and population growth projections into account. Supply, on the other hand, is projected using a "corrected version of Balassa's Revealed Comparative Advantage (RCA)."[25] The EPI also takes into account trade tariff advantages and disadvantages, by calculating the ease of entering a target market.

   A main indicator resulting from the EPI model is the "untapped" or "unused" potential, which is the difference between how much of a certain product a country already exports and its EPI value for that product. The analysis is carried out for products at the HS-6 level and is conducted only for the export of goods.

[23] MIT and USAID, 2017

[24] CBI, 2017

[25] RCA compares the share of exports of product x from a country's total exports against the share of exports of product x from total world exports.

Figure 4: EP Indicator (ITC, 2018)

$$EPI_{ijk} = Supply_{ik} \times Ease_{ij} \times Demand_{ijk}$$

Supply$_{ik}$: supply performance, based on expected world market share, corrected for tariff preference.
Ease$_{ij}$: ease of exporting to the market considered (regardless of the product)
Demand$_{ijk}$: projected demand in the market considered, corrected for tariff preference and product-specific distance sensitivity

2. **Employment Impacts:** According to the ITC model, the realisation of untapped export potential for both established and new products would require an increase in production, which, in return, would imply the availability of additional capital, natural resources, and labour. Assuming constant returns to scale, the expanding production of a certain product would mean higher needs in terms of human capital or '**direct employment impacts.'**

   Furthermore, an increase in production would entail an increase in production inputs, some of which are produced domestically. This would therefore translate into an increase in demand for local inputs, leading to **'indirect employment impacts.'** To calculate indirect impacts, the model uses Leontief's input-output matrix for a closed economy.

   Finally, increasing exports is expected to have **'induced effects'** on the overall economy through the associated value chains. Indeed, as higher production levels lead to higher income and consumption, growth is enhanced across all economic sectors. This is especially noticeable in more value-added sectors, where employment due to induced effects may indeed be greater than direct and indirect job creation. To calculate the induced impact of expanding exports, the aforementioned methodology uses a model that looks at the structure and income elasticity of the final demand, the share of revenues spent domestically, and the distribution of income by sector.

Despite this well-rounded approach, the ITC points out that employment impacts may sometimes be overestimated or underestimated, primarily because the model relies on the following assumptions:

(1) Factors of production are readily available;
(2) Exporting and non-exporting firms have similar characteristics and similar production structure and levels;
(3) Changes in technical coefficients such as inputs, technology, and price changes are overruled;
(4) The skills needed to increase production are available in the economy;
(5) The model only covers HS-6 digit products that the country already exports in significant amounts, and does not estimate the export potential of diversification into adjacent product categories.

It is also important to note the possibility that any new investments more capital intensive than existing operations in a sector could be more productive and therefore yield fewer direct or (perhaps, depending on pay) indirect and induced jobs than indicated by the model. The following section presents the results of implementing the ITC export potential methodology for Jordan's exports.

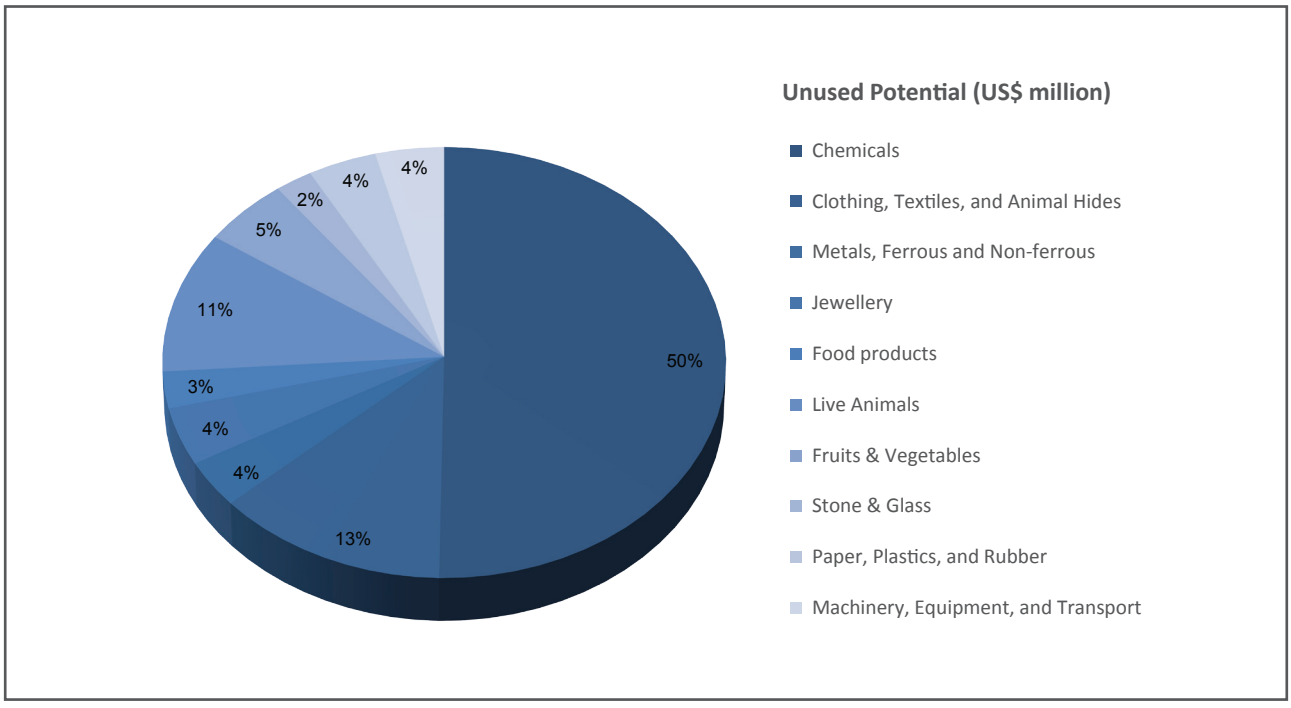
Chapter 3: Discussion of Results

Applied to the Jordanian market, the employment impact model shows that the Kingdom's economy could create approximately 106,345 direct, indirect, and induced jobs by fulfilling its estimated total unused export potential of US$4.4 billion. According to recent statements made by public officials, including the Prime Minister of Jordan, the total number of unemployed Jordanians is estimated at 315,000 persons.[26] This means that successfully fulfilling the total untapped export potential would put over a third of unemployed Jordanians to work. While this figure is subject to a certain margin of error (either overestimation or underestimation), it nevertheless can serve as an indicator of Jordan's capacity to boost job creation through the expansion of exports. This section will present the main results of the Export Potential Indicator (EPI) and of the employment impact model for Jordan.

The Export Potential Indicator (EPI)

According to the latest available figures, Jordan's total domestic exports reached US$6.34 billion in 2017.[27] The results achieved through the ITC model suggest that Jordan could increase this figure to around US$10.7 billion, thereby reducing its trade deficit from around US$13 billion to US$8.6 billion. The most promising sectors for growth include chemical products (including pharmaceuticals), with US$2.2 billion in untapped export potential; clothing and apparel (US$562 million in unused potential exports); and live animals (US$456.8 million in unused potential exports).

Figure 5: Distribution of Estimated Unused Export Potential by Product Category



[26] Calculated based on DoS data, 2017

[27] DoS, 2017c

For products at the HS-6 level, untapped potential is highest for "potassium chloride for use as fertiliser" (HS-310420), at an estimated value of around US$783 million. It is followed by "live sheep" (HS-010410), with an estimated unused export potential of US$441.2 million. "Phosphoric acids and poly-phosphoric acids'' (HS-280920) also have a potential export growth of approximately US$227.2 million, whereas "medicaments" under HS-3003xx have an estimated unused export potential of around US$214 million. Combined, these four products account for almost 38 per cent of Jordan's total unused export potential.[28]

Promising Destinations

The EPI model also helps in identifying key markets and products for export, based on demand and supply capacities. According to Jordan's EPI analysis, **countries of the Middle East account for 36 per cent of the estimated total unused export potential.** Other promising markets include Southern Asia (US$696 million), North America (US$497.5 million), East Asia (US$437 million), and ASEAN countries (US$371.2 million). Potential export growth to the EU and Western Europe is also significant, sitting at an estimated US$336.5 million, while unused export potential in the African market is estimated at US$265.8 million.

By country, **the untapped potential for Jordan as an exporter is highest in the Indian market, where EPI modelling identified potential to increase exports by US$598 million.** Unused potential exports to the US market is also significant: although Jordanian exports to the US account for 24 per cent of all domestic exports, the model shows that there is still room to increase domestic exports to this market by US$457 million. The US market is then followed by Iraq (US$400 million), Saudi Arabia (US$374.3 million), and China (US$320 million). Other markets that stand out for significant export potential include the UAE, Qatar, Kuwait, Malaysia, and Indonesia.

The following chapters of this report will present more detailed results of the ITC EP model, including regional data for export markets across the Middle East, EU, East Asia, ASEAN countries, and Africa.

Trade between Jordan and the Middle East

According to Jordan's Department of Statistics (DoS), total value of exports to Middle Eastern countries reached JD2.84 billion (US$4 billion) in 2017, 69 per cent of which was made up on exports to Saudi Arabia, and 25 per cent to the UAE.[29] Other strategic regional trade partners include Iraq and Syria, although exports to these two countries have declined considerably over the past decade due to regional unrest. Jordan's top exported products to Middle Eastern markets include vegetables, pharmaceutical products, chemical products, live animals, and fertilisers.[30]

It must be noted that although potential export growth to the Middle East is the highest, several countries in the region apply non-tariff barriers that could potentially hinder efforts to expand trade. On top of these barriers, trade infrastructure, regulatory environment, political instability, and other factors compound the challenges of expanding trade to these markets. The Index of Economic

[28] CBJ, 2017

[29] CBJ, 2017

[30] DoS, 2017c

Freedom classifies the UAE, Qatar, Bahrain, Kuwait, and Jordan as the only Middle Eastern countries above the global average for economic freedom and openness, while the remaining countries score below this average – some only marginally, others to an extreme degree.[31]

Jordan is part of the Greater Arab Free Trade Area (GAFTA), also known as the Pan-Arab Free Trade Area (PAFTA), which was sponsored by the Arab League and signed in Amman in 1997. In addition to Jordan, the agreement includes the participation of 17 other Arab countries, and aims to progressively remove tariff and non-tariff barriers (NTBs).[32] A study conducted in 2008 to analyse the trade impact of the GAFTA concluded that the agreement should go both 'deeper' and 'wider,' noting that deeper integration would allow for the consolidation and reinforcement of the current benefits, while wider integration of the excluded Arab countries could help promote economic growth and openness by increasing trade.[33]

In parallel with the GAFTA agreement, which has been in force since 1998, Jordan is also party to many other free trade agreements, preferential trade agreements, and cooperation agreements with numerous Arab countries. These include agreements with Egypt (1999), Syria (2002), Morocco (1999), Tunisia (1999), the United Arab Emirates (2001), Algeria (1999) Lebanon, (1993), the Palestinian National Authority (1995), Kuwait (2001), Sudan (2003), and Bahrain (2005).[34]

In 2011, the bilateral Jordan-Turkey Free Trade Agreement came into effect, granting both countries preferential treatment with regard to customs, quotas, anti-dumping measures, and rules of origin, among other incentives. However, the agreement was suspended by the Government of Jordan (GoJ) in March 2018, as it did not yield the expected benefits for the national economy.[35] According to the DoS, Jordan's exports to Turkey reached approximately JD79.7 million (US$112.4 million) in 2017.[36]

A report by the UN Economic and Social Commission for Western Asia (UNESCWA) highlighted the need for further economic and trade integration among Arab States in order to better respond to the region's economic and political challenges. The report argues that achieving greater economic cohesion among Arab countries would help them to better integrate into the global economy: by increasing regional economic cooperation, these countries would be able to more effectively realise their trade potential, which would allow them to promote sustainable industrial development and establish stronger links with both regional and global value chains.

The results of the EPI model show that unused potential for Jordan as an exporter to the Middle East stands at US$1.6 billion, 25 per cent of which is focused on the neighbouring market of Iraq. Despite the recent challenges in this market, increasing trade between Jordan and Iraq is increasingly becoming more feasible, thanks to the re-opening of the Karama-Trebeil border and a number of trade and investment agreements negotiated between the two governments in December 2018. Second on the list is Saudi Arabia, with an estimated unused potential of US$374 million, followed

[31] Index of Economic Freedom, 2018

[32] MIT, 2018

[33] Abedini and Péridy (2008)

[34] MIT, 2018

[35] JT, 2018

[36] UNESCWA, 2015

by the UAE, at US$228 million. Jordan also has significant potential to increase its exports to Kuwait and Turkey, where unused potential is estimated at US$129 million and US$83 million, respectively.

In terms of product groups, the results of the ITC EP model reveal the highest potential export growth to Middle Eastern markets as follows:

a. Live Animals (US$ 448 million)
b. Clothing (US$ 223 million)
c. Jewellery (US$ 151 million),
d. Vegetables (US$ 112 million)
e. Pharmaceuticals (US$104.5 million)

The table below presents the top 10 estimated unused export potential by specific product at the HS6-level for countries in the Middle East:

Table 2: Top Ten Jordanian Products with Unused Potential for Export to the Middle East

Product Group	Code	Product Label	Unused Potential (US$1,000)
Live Animals	010410	Live sheep	433,846
Jewellery	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	146,812
Vegetables	070200	Tomatoes, fresh or chilled	64,094
Clothing	610990	T-shirts, singlets, and other vests of textile materials, knitted or crocheted (excluding cotton)	42,631
Pharmaceutical Products	300310	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, or streptomycins or derivatives thereof, not in measured doses or put up for retail sale	41,700
Structural Metal Products	730300	Tubes, pipes and hollow profiles, of cast iron	38,717
Fabricated Metal Products	761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, for any material (other than compressed or liquefied gas), of a capacity of <= 300 l, n.e.s.	32,923
Stones, Marble & Products Thereof	680229	Monumental or building stone and articles thereof, simply cut or sawn, with a flat or even surface	32,353
Paper Products	480300	Toilet or facial tissue stock, towel or napkin stock and similar paper for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, etc.	31,523
Other Chemical Products	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	31,385

Trade between Jordan and South Asia

Jordan's exports to South Asian countries have been rather limited, witnessing a sharp decline (approximately 55 per cent) over the past decade. Estimated at JD925 million (US$1,304 million) in 2008 (11.4 per cent of total exports), Jordan's exports to South Asia had dropped to JD412.1 million (US$581 million) by 2017 (7.7 per cent of total exports).[37]

Of the eight South Asian countries, Jordan holds particularly solid relations with India, with Jordanian exports to India accounting for 93 per cent of its total exports to the region in 2017. Trade relations between the two countries date back to 1976, when they signed a bilateral free trade agreement.[38] This agreement was followed by a Memorandum of Understanding (MoU), signed in 2005, which led to successful cooperation in the fertiliser sector, worth US$860 million.[39] In 2015, the two countries signed six more agreements and memoranda to encourage establishing joint projects in a number of fields, including the manufacture and marketing of pharmaceuticals, renewable energy and ICT, and the garment industry.[40] Nevertheless, in spite of these developments, trade between Jordan and India decreased by 58 per cent between 2008 and 2017.[41]

Although it is Jordan's second-largest South Asian trade partner, Pakistan falls far below India in terms of trade value, with the total value of Jordanian exports amounting to JD15 million (US$21.15 million) in 2017. Leaders of both countries have shown keenness to strengthen trade and investment relations, especially in the energy and power sectors.[42] In 2006, a move was made to discuss a bilateral free trade agreement in the fields of agriculture, science, and technology, among other key sectors. However, the agreement is still under consultation and has not materialised to date.[43]

As for the remaining South Asian countries, efforts have been exerted to enhance trade and investment relations between Jordan and Bangladesh, although domestic exports have remained below the JD10 million (US$14.1 million) mark. In 2012, the two countries prepared a draft agreement to promote trade cooperation, grant a mutual 'favourable status,' and establish a bilateral trade committee.[44] Five years later, the potential for economic cooperation between the two countries was again discussed, but, thus far, no concrete initiative towards a free trade agreement has been taken.[45]

Results of the ITC EP model reveal that Jordan's total potential as an exporter to South Asia is estimated at US$1.2 billion, of which US$696 million has yet to be realised.

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[37] DoS,2017c

[38] Embassy of India in Jordan, 2018

[39] ibid

[40] JT, 2017

[41] DoS, 2017c

[42] JT, 2017

[43] ibid

[44] Revolvy, 2014

[45] JT, 2017

Potential export growth to South Asia was reported to be highest for the following product groups:

1. Fertilisers (US$476.4 million)
2. Other Chemical Products (US$142.7 million)
3. Pharmaceuticals products (US$17 million)
4. Clothing (US$ 7.4 million)
5. Machinery & Equipment (US$ 5.5 million)

The table below details the top 10 products with untapped potential for export to South Asian countries, in terms of estimated unused export potential at the HS-6 level:

Table 3: Top Ten Jordanian Products with Unused Potential for Export to South Asia

Product Group	Code	Product Label	Unused Potential (US$1,000)
Fertilisers	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	280,770
Fertilisers	310530	Diammoniumhydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	176,152
Other Chemical Products	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	95,515
Other Chemical Products	283650	Calcium carbonate	16,690
Other Chemical Products	2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	12,598
Fertilisers	310590	Mineral or chemical fertilisers containing the two fertilising elements nitrogen and potassium or one principal fertilising substance only, incl. mixtures of animal or vegetable fertilisers with chemical or mineral fertilisers	5,943
Other Chemical Products	280130	Fluorine; bromine	5,913
Pharmaceutical Products	3003Xb	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic uses, not in measured doses or put up for retail sale, etc.	5,204
Hides & Skins	410510	Skins of sheep or lambs, in the wet state "incl. wet-blue," tanned, without wool on, whether or not split (excluding further prepared and pre-tanned only)	4,809
Jewellery	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	4,749

Of the overall estimated unused export potential to South Asia, around 86 per cent is found in the Indian market (US$598 million), while potential export growth to Bangladesh follows at an estimated US$64.4 million, and another US$26 million for Pakistan. For the Indian market in particular, Jordan's untapped potential as an exporter is highest for 'potassium chloride for use as fertiliser' (HS-310420), with approximately US245.5 million in potential growth. This is followed by 'diammonium phosphate' (HS-310530), which is estimated at US$146.7 million in unused potential.

The table below summarises the top five products with untapped potential for export to India:

Table 4: Top Five Jordanian Products with Unused Potential for Export to India

Product Code	Product Label	Product Group	Unused Potential (US$1,000)
310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	**Fertilisers**	245,494
310530	Diammoniumhydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	**Fertilisers**	146,699
280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	**Other Chemical Products**	83,943
283650	Calcium carbonate	**Other Chemical Products**	14,517
2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	**Other Chemical Products**	12,436

Trade between Jordan and North America

The US is Jordan's largest trade partner, accounting for 24 per cent of the Kingdom's total exports (JD1.1 billion/US$1.55 billion) and around 9.7 per cent of its imports (JD1.4 billion/US$2 billion) in 2017.[46] Around 89 per cent of Jordanian exports to the US comprise textiles and apparel, an industry that has grown remarkably following the implementation of the US-Jordan Free Trade Agreement and the Qualified Industrial Zones initiative. Meanwhile, Jordan's imports from the US primarily consist of machinery, electrical appliances, and transport equipment, in addition to foodstuffs and vegetables, chemical products, and minerals.[47] In 2017, Jordan's exports to the US reached around JD743 million (US$1,047 million), reflecting a 48 per cent increase from 2008. During the same period, Jordan's imports from the US increased by 60.7 per cent.[48]

[46] DoS, 2017c

[47] DoS, 2017c

[48] ibid

By comparison, trade between Jordan and Canada has been much more modest. In 2017, Jordan's exports to Canada amounted to JD44.4 million (US$62.6 million), while imports reached JD42.7 million (US$60.2 million).[49] Similarly to the US, around 90 per cent of the country's exports to Canada are composed of textiles. Meanwhile, 32 per cent of Jordan's imports from Canada consisted of machinery and electrical appliances. In spite of their modest value, Jordan's exports to Canada increased 500 per cent increase between 2008 and 2017. However, in terms of absolute figures, bilateral trade between the two countries remains quite limited, especially in light of the fact that the Jordan-Canada Free Trade Agreement has been in effect since 2012, in addition to how highly Canada ranks in terms of freedom of trade, with a flexible and liberal trade policy.[50]

The results of the EPI model show that Jordan's potential exports to North America are estimated at a value of US$1.6 billion, out of which US$497.5 million is untapped. Around 23 per cent of the unused potential lies in pharmaceutical products, and approximately 18.3 per cent from other chemical products (excluding fertilisers).

The top five product groups in terms of estimated unused export potential to the North American market are as follows:

1. Pharmaceutical products (US$115.4 million)
2. Other chemical products (US$91 million)
3. Fertilisers (US$54 million)
4. Clothing (US$34.6 million)
5. Vegetables (US$22 million)

[49] ibid

[50] Index of Economic Freedom, 2018

For specific products at the HS-6 level, the following table shows the 10 products with the most unused export potential, according to the results of the EPI model:

Table 5: Top Ten Jordanian Products with Unused Potential for Export to North America

Product Group	Code	Product Label	Unused Potential (US$1,000)
Pharmaceutical Products	3004Xb	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	41,861
Other Chemical Products	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	34,182
Pharmaceutical Products	3003Xb	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic uses, not in measured doses or put up for retail sale, etc.	27,097
Pharmaceutical Products	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	21,660
Clothing	610520	Men's or boys' shirts of man-made fibres, knitted or crocheted (excluding nightshirts, T-shirts, singlets, and other vests)	20,515
Fertilisers	310530	Diammoniumhydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	18,770
Fertilisers	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	17,618
Stones, Marble & Products Thereof	680229	Monumental or building stone and articles thereof, simply cut or sawn, with a flat or even surface, etc.	15,544
Other Chemical Products	2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	15,148
Motor Vehicles & Parts	841112	Turbojets of a thrust > 25 kN	13,592

Trade between Jordan and East Asia

Historically, trade between Jordan and East Asian countries has been very limited, with only three per cent of the Kingdom's total exports (JD170.7 million/US$240.7 million) targeting these markets in 2017. Out of these, 68 per cent are exported to China, which is the biggest trade partner for Jordan in the region. In only 10 years, the value of Jordan's exports to East Asian countries has dropped by around 29.6 per cent, while its imports from the region witnessed an impressive surge. In 2017, Jordan's imports from the region surpassed JD3 billion (US$4.23 billion), a 48 per cent increase compared to 2008. Around 64.5 per cent of the total imports from East Asia, and approximately 14 per cent of Jordan's overall global imports, are of Chinese origin.[51]

According to the DoS trade data, the majority of Jordan's exports to the East Asian region consist of fertilisers, along with other chemical products and pharmaceuticals. Meanwhile, Jordan imports a wide variety of products from the region, ranging from electrical appliances, machinery, and clothing to chemicals, plastic and rubber, among many others. As such, Jordan's trade deficit with East Asia stands at JD2.7 billion (US$3.8 billion). It should be noted that despite peaceful diplomatic relations between Jordan and all East Asian countries, there have been no serious efforts put forth to enhance bilateral or regional trade.[52]

That said, some bilateral moves have been discussed, such as in 2015, when Jordan and China expressed their keenness to strengthen bilateral cooperation and establish solid relations at different levels, including economic and commercial ones.[53] Despite these expressed intentions, there are a number of challenges that hinder access to the Chinese market, such as trade policies and standards, non-tariff barriers (NTBs) and other obstacles to market entry, including the complexity of the Chinese business culture, hyper-competition, rising costs, language barriers, time and weather differences, bribery and corruption, and, most importantly, state dominance of large enterprises and financial institutions.[54]

It goes without saying that East Asia has established itself as a major exporting region, with China and Japan as the region's leading industrial states. Chinese exports of goods alone are estimated at US$2.27 trillion globally. This, however, does not rule out the possibility of Jordan increasing its exports to the region. According to the EPI, the estimated potential export value for Jordan in the East Asian region is estimated at US$773.7 million, of which US$434.2 million is unused.

The top five product groups with the highest export potential are:

1. Fertilisers (US$193.3 million)
2. Other Chemical Products (US$70.3 million)

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[51] DoS, 2017c

[52] JT, 2018

[53] JT, 2016

[54] Export.gov, 2018

3. Pharmaceuticals products (US$56 million)
4. Clothing (US$23.4 million)
5. Jewellery (US$19.3 million)

For specific products, the table below details the top 10 products at the HS-6 level that have the highest estimated unused export potential for Jordan as an exporter to East Asia:

Table 6: Top Ten Jordanian Products with Unused Potential for Export to East Asia

Product Group	Code	Product Label	Unused Potential (US$1,000)
Fertilisers	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	170,211
Other Chemical Products	2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	22,642
Pharmaceutical Products	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	22,608
Other Chemical Products	280130	Fluorine; bromine	20,374
Jewellery	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	17,523
Other Chemical Products	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	12,559
Pharmaceutical Products	3004Xb	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	11,836
Pharmaceutical Products	300320	Medicaments containing antibiotics, not in measured doses or put up for retail sale, etc.	9,683
Fertilisers	310520	Mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and potassium (excluding those in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	9,610
Motor Vehicles & Parts	841112	Turbojets of a thrust > 25 kN	8,160

According to the results of this model, 73 per cent of the total estimated unused export potential to East Asia lies in the Chinese market, eight per cent in Hong Kong (China), and eight per cent in South Korea. Accordingly, export growth to East Asia can be made scalable by enhancing trade relations with China. Per the results of the EPI, around 46 per cent of this potential lies in exports of 'potassium chloride for use as fertiliser (HS-310420).

The top five specific products that Jordan has the potential to export to the Chinese market can be found below:

Table 7: Top Five Jordanian Products with Unused Potential for Export to China

Product Code	Product Label	Product Group	Unused Potential (US$1,000)
310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	**Fertilisers**	146,490
2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	**Other Chemical Products**	22,341
280130	Fluorine; bromine	**Other Chemical Products**	19,729
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale	**Pharmaceuticals products**	16,571
310520	Mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and potassium (excluding those in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	**Fertilisers**	9,453

Trade between Jordan and ASEAN Countries

Jordan's total exports to the Association of Southeast Asian (ASEAN) countries reached JD162.5 million (UD$229 million) in 2017, 65.8 per cent of which were destined to Indonesia. The majority of these exports consisted of fertilisers and other chemical products. In the same year, Jordan imported goods valued at JD424 million (US$598 million) from the ASEAN region, 33.4 per cent of which came from Thailand, and 25.3 per cent from Vietnam. Most of Jordan's imports from this region include machinery and electrical equipment, metals, and textiles, as well as vegetable products and foodstuffs. Compared to their value 10 years ago, when Jordanian exports to the ASEAN reached JD191 million (US$269.3 million), the Kingdom's exports to the region experienced a decline of 15 per cent.[55]

Although Indonesia is Jordan's main export destination within the ASEAN region, business and trade relations between the two countries have not received a great deal of attention. Nevertheless,

[55] DoS, 2017

these ‘quiet ties’ could help the two countries boost their respective economies.[56] In 2018, trade relations between Indonesia and Jordan, along with several Palestinian entrepreneurs, took a step further with the signing of six transaction contracts in the food and beverage sector, worth USD21.4 million.[57]

However, it is important to point out that trade is not the most important engine for Indonesia’s GDP growth, constituting only 37 per cent of GDP growth for the country.[85] Non-tariff barriers hinder trade with Indonesia and render the business environment quite challenging and complex. Barriers to market entry include bureaucratic and regulatory requirements, which may entail delays in trade operations; rising transaction services; corruption; and a number of additional barriers, such as product labelling requirements and pre-shipment inspection requirements, among others.[59]

Despite being Jordan’s second-largest trade partner in the ASEAN region, Malaysia still does not have a free trade agreement with the Kingdom. In 1994, a bilateral investment promotion and protection agreement was signed, but trade value between the two countries continued to drop.[60] In 2017, Malaysia and Jordan discussed the possible development of economic relations, but these discussions focused primarily on the educational sector.[61] Restrictions imposed by the government of Malaysia still hinder foreign economic participation in various ways, including procurement of contracts, commercial services, and telecommunications – and doing business in Malaysia often requires having a local partner.[62]

According to the EPI, Jordan’s estimated export potential to the ASEAN is US$518 million, US$371.2 million is currently unused. Of this untapped potential, slightly less than 69 per cent lies in the fertilisers industry. Approximately 44 per cent of Jordan’s estimated unused export potential in the ASEAN region lies in the Malaysian market, and around 30 per cent is in the Indonesian market. Estimated unused export potential is lowest in the market of Singapore (US$14 million), given the size of the market.

The top five product groups with the highest unused potential for Jordan as an exporter to the ASEAN region are as follows:

1. Fertilisers (US$251.7 million)
2. Other chemical products (US$47.8 million)
3. Pharmaceutical products (US$23 million)
4. Vegetables (US$5.8 million)
5. Clothing (US$5.6 million)

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[56] JT, 2018

[57] ibid

[58] Index of Economic Freedom, 2018

[59] Export.gov, 2018

[60] Qistas, 2018

[61] Export.gov, 2018, 2018

[62] ibid

The table below proceeds to present the top 10 products at the HS-6 level with the highest unused potential for Jordan as an exporter to the ASEAN region:

Table 8: Top Ten Jordanian Products with Unused Potential for Export to ASEAN countries

Product Group	Code	Product Label	Unused Potential (US$ Thnds)
Fertilisers	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	218,006
Other Chemical Products	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	21,556
Fertilisers	310530	Diammoniumhydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	12,691
Fertilisers	310520	Mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and potassium (excluding those in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	11,618
Other Chemical Products	283421	Nitrate of potassium	8,285
Other Chemical Products	281520	Potassium hydroxide "caustic potash"	7,224
Pharmaceutical Products	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	7,123
Pharmaceutical Products	300320	Medicaments containing antibiotics, not in measured doses or put up for retail sale, etc.	7,004
Pharmaceutical Products	3004Xb	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	3,216
Fertilisers	310590	Mineral or chemical fertilisers containing the two fertilising elements nitrogen and potassium or one principal fertilising substance only, incl. mixtures of animal or vegetable fertilisers with chemical or mineral fertilisers, etc.	2,598

Trade between Jordan and the European Union

Trade relations between Jordan and the EU can be traced back to 1977, when the two parties signed a cooperation agreement with the aim of strengthening trade and investment relations. This agreement was later replaced by the Association Agreement, which came into force in 2002 to promote diplomatic and economic cooperation between the EU and the Kingdom.[63] Around the same time, in 1995, the Euro-Mediterranean Partnership (Euromed, also known as the Barcelona Process) was launched to help the EU gradually work toward developing a free trade area and liberalize trade in goods with several Mediterranean countries, including Jordan. Subsequently, the Deep and Comprehensive Free Trade Area (DCFTA, 2011) was launched, seeking to tackle trade-related issues that were still not covered by the existing Association Agreement. These included trade in services, government procurement, investment protection, and regulations, among other issues.[64]

Jordan and the EU enjoy a long history of trade, investment, and diplomatic relations, which has positioned Europe as a strategic partner in alleviating the burdens that the Syrian refugee crisis have placed on the Kingdom. The Jordan Compact, which was signed following the 2016 London Conference and estimated at a value of EUR747 million, aims to improve the livelihoods of Syrian refugees and host communities.[65] This agreement outlines its intent to shift the Syrian crisis from a humanitarian approach to a "development opportunity," with the goal of attracting investments while improving the livelihoods of refugees and their host communities.[66] In other words, it seeks to provide refugees with increased access to education and employment through the economic impacts of a preferential trade agreement.

This new approach to managing the Syrian crisis led to the signature of a 10-year Relaxing the Rules of Origin (ROO) Agreement between Jordan and the EU in 2016, which granted Jordanian industries preferential treatment in accessing the European market by reducing the origin requirements for the Kingdom's exported products. Under the first version of the agreement, Jordan was able to export a defined range of products from 18 Qualified Industrial Zones (QIZs), provided that these industries employ Syrians for no less than 25 per cent of their manpower.[67] However, only a handful of industrial firms were successfully using this framework to export to the European market, prompting a revision of the agreement in late 2018. Announced in December 2018, the new version of the agreement entails a geographical expansion of the deal, covering all the areas and factories across the Kingdom, while easing the conditions for Syrian refugees' employment.[68] Under these revised terms, each industrial institution or production line destined for export must now employ Syrian workers for no less than 15 per cent of their workforce; in the original version, it was stipulated that Syrian employees should account for 15 per cent during the first three years and 25 per cent

[63] European Commission, 2017

[64] ibid

[65] European Commission, 2017

[66] Carnegie Endowment for International Peace, 2015

[67] European Commission, 2017

[68] JT, 2018

thereafter. Furthermore, the agreement's end date, which was initially set for 2026, was extended to 2030.[69]

In general, Jordan's exports to the EU have been and remain rather low, constituting only four per cent of total exports in 2017 (JD124 million/US$174.8 million). Imports from the EU, on the other hand, account for around 22 per cent of the Kingdom's total imported goods. About 37.5 per cent of the country's exports of goods to the EU comprise chemicals and allied products, and around 13.4 per cent are textiles and apparel. Meanwhile, the Kingdom's imports from the EU mainly comprise machinery and electrical equipment, transport equipment, and chemicals. In 2017, the Netherlands accounted for around 24.8 per cent of Jordan's exports to the EU, followed by Italy with 14 per cent, and the United Kingdom with 13.5 per cent. In spite of the better-facilitated access for Jordan's export to the EU by way of the 2016 ROO Agreement, domestic exports to the EU dropped by 15.2 per cent between the January-September period of 2015 and the same period in 2018. From 2008 to 2017, Jordan's exports to the region declined by around 32 per cent.[70]

The results of the EPI show that Jordan's estimated total export potential to the EU sits at US$444 million, out of which US$338 million (76 per cent) is unused. Approximately 44 per cent of this potential stems from the clothing and textile industry, while 34 per cent comes from chemical products (including pharmaceuticals, fertilisers, and other chemicals). In terms of countries, potential export growth in the EU is highest for Spain, which accounts for 9.7 per cent of all unused potential. This is rather interesting, as Jordan's current exports to Spain hover around only JD5 million (US$7 million). This is followed by the Netherlands with a value of US$42 million in untapped potential, the United Kingdom at US$41 million, and Bulgaria at US$38 million. It should be noted that estimated export potential to the UK may change, as its upcoming plan to exit the EU makes it unclear whether it would remain a signatory of the ROO Agreement.

The list below enumerates the top five product groups for Jordan as an exporter to the EU:

1. Clothing (US$149.4 million)
2. Pharmaceutical products (US$50.2 million)
3. Other chemical products (US$44.4 million)
4. Fertilisers (US$21.4 million)
5. Vegetables (US$12.7 million)

The following table lists the top 10 products at the HS-6 level that have the highest unused potential for Jordan as an exporter to the EU.

[69] Ibid

[70] DoS, 2017c

Table 9: Top Ten Jordanian Products with Unused Potential for Export to the EU

Product Group	Code	Product Label	Unused Potential (US$ Thnds)
Clothing	611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excluding wadded waistcoats)	41,658
Other Chemical Products	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	20,063
Clothing	620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted or crocheted, panties and swimwear)	17,740
Pharmaceutical Products	300310	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, or streptomycins or derivatives thereof, not in measured doses or put up for retail sale	13,613
Fertilisers	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	11,734
Pharmaceutical Products	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale, etc.	10,244
Clothing	610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excluding panties and swimwear)	9,602
Other Chemical Products	283421	Nitrate of potassium	9,408
Clothing	610990	T-shirts, singlets, and other vests of textile materials, knitted or crocheted (excluding cotton)	9,239
Clothing	611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excluding wadded waistcoats)	8,746

Trade between Jordan and Africa

According to the DoS, Jordanian exports to Africa reached US$366 million in 2016, around 86 per cent of which were exported to Arab-African countries, including Egypt, Algeria, and Sudan.[71] The results of the ITC EP model indicate that Jordanian exports to the African market have an EP value of US$395 million and an unused potential of US$265.8 million. This means that Jordan may be able to significantly increase its exports to Africa if adequate support mechanisms are in place and trade barriers are overcome.

Of all African countries, Algeria tops the list of most promising potential growth, with an unused potential export value of US$84 million. The results for Jordan's estimated export potential to Algeria, however, appear to be overestimated. Indeed, the model does not take into account non-tariff barriers, which are of particular importance in this case. Algeria's trade and investment relations with the rest of the world are known to be quite reserved and its economy has been categorised as 'repressed' according to the Index of Economic Freedom.[72] Algeria has engaged in very few trade agreements, and in recent years has implemented a strict austerity policy, with the aim of sustaining its economic independence. This includes imposing new trade regulations and setting limits on industrial imports. These policies put great pressure on the country's foreign currency reserves, particularly in light of the fact that Algeria has limited financial institutions and money exchange infrastructure. These regulations and policies have been a major impediment to foreign investors and have placed an enormous strain on the Algerian economy.[73] Last year, as part of its 2018 Finance Act, Algeria announced the removal of import licensing for numerous products, in order to protect domestic production; the import of around 900 products have been temporarily suspended from the market (576 of which are agricultural).[74]

In spite of this, Algeria has shown some readiness to diversify its trade partners, and Jordan is well-placed to become a strategic one. In January 2018, both countries demonstrated this eagerness by signing seven cooperation agreements in various industrial sectors, including trade.[75] At the end of 2018, Jordan and Algeria again expressed their mutual interest in improving economic cooperation and trade exchange in the near future.[76]

Second on the list of African countries with untapped potential for Jordanian exports is Egypt, which offers potential export growth of US$62 million. Various factors position Egypt as a promising partner for expanded trade opportunities, including its territorial proximity – the North African country is adjacent to the Port of Aqaba – and its GAFTA membership. However, despite their expressed

[71] DoS, 2017c

[72] Index of Economic Freedom, 2018

[73] Reuters

[74] Sqhbqni, 2018

[75] Oxford Business Group, 2018, 2018

[76] JT, 2018

willingness to strengthen economic integration on several occasions, Jordan and Egypt have not yet signed any bilateral trade agreement.[77] In 2018, the two countries, along with eight other Arab states, signed a strategic agreement to enjoy further liberalisation of service-related trade within the framework of the GAFTA.[78] Still, trade only accounts for around 30 per cent of Egypt's GDP, and numerous non-tariff barriers remain that obstruct trade to and from the country.[79]

The EPI model results also highlight Sudan as important destination with export growth potential, with an estimated potential growth of US$30 million. Jordan's interest in promoting joint cooperation with Sudan was well-demonstrated through the 19 agreements and memoranda of understanding signed in 2014, which collectively cover a variety of sectors and administrative services.[80] These deals highlight the two countries' eagerness to capitalise on bilateral trade opportunities, by removing the barriers to market access and transactions, including measures such as simplifying export and transportation measures.[81] Nevertheless, Sudan's economy continues to be classified as 'repressed,' with trade accounting for only 22 per cent of the GDP and numerous non-tariff barriers considerably hindering trade. Furthermore, Sudan's political and regulatory instability, combined with weak infrastructure, have made it a challenging market for exporters to enter.[82]

Overall, according to the EPI model, the top five product groups that offer potential for Jordan as an exporter to the African market are as follows:

1. Fertilisers (US$68.8 million)
2. Pharmaceutical products (US$41 million)
3. Clothing (US$40.2 million)
4. Other chemical products (US$23 million)
5. Machinery and equipment (US$15 million)

[77] Alghad, 2017

[78] State Information Service, 2018

[79] Index of Economic Freedom, 2018

[80] JT, 2014

[81] ibid

[82] Index of Economic Freedom, 2018

At the HS-6 level, the following table illustrates the top 10 specific products with unused export potential, according to the results of the EPI:

Table 10: Top Ten Jordanian Products with Unused Potential for Export to Africa

Product Group	Code	Product Label	Region	Unused Potential (US$1,000)
Fertilisers	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	North Africa	21,088
Fertilisers	310430	Potassium sulphate (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	North Africa	10,945
Fabricated Metal Products	761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, for any material	North Africa	10,253
Pharmaceutical Products	300320	Medicaments containing antibiotics, not in measured doses or put up for retail sale	East Africa	9,898
Fertilisers	310530	Diammoniumhydrogenorthophosphate "diammonium phosphate"	East Africa	9,669
Clothing	611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excluding wadded waistcoats)	North Africa	8,153
Pharmaceutical Products	300310	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, or streptomycins or derivatives thereof, not in measured doses or put up for retail sale	North Africa	5,716
Machinery & Equipment	841582	Air conditioning machines incorporating a refrigerating unit but without a valve for reversal of the cooling-heat cycle	North Africa	5,381
Fertilisers	310590	Mineral or chemical fertilisers containing the two fertilising elements nitrogen and potassium or one principal fertilising substance only	North Africa	5,315
Pharmaceutical Products	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packaging for retail sale	East Africa	5,231

According to latest figures by the DoS, over 1.16 million people are currently employed in Jordan, only 26 per cent of whom are women.[83] Around 65 per cent of these employed people work in the sectors of education, health, retail, and manufacturing.[84] Since 2011, the large influx of Syrian refugees stemming from the regional turmoil has caused a sharp increase in Jordan's population (UNDP, 2015),[85] which negatively influenced economic growth and Foreign Direct Investment (FDI) rates in the country. Today, the Jordanian labour market comprises three main groups: Jordanian nationals, migrant workers, and Syrian refugees (Razzaz, 2017).[86] According to the DoS, unemployment in 2017 stood at 18.3 per cent, compared to 12.5 per cent in 2010, one year prior to the outbreak of the surrounding regional crises.[87] Female unemployment has reached even higher levels, standing at 31.2 per cent, more than double the unemployment rates amongst males (14.7 per cent).[88]

The economic downturn witnessed in recent years has greatly challenged the government's fiscal policy, and the country's civil service has become unable to adequately absorb new entrants. According to Jordan's Ministry of Finance, wages and pensions of government employees constituted 32.6 per cent of total government expenditures in 2018, putting a great strain on the Kingdom's struggling national budget.[89] Still, some studies have indicated that post-secondary graduates continue to expect a guaranteed government job, proving that youth employment expectations and workforce reality have become strikingly disconnected (Rand, 2014).[90] With the lack of jobs created in the public sector, however, the private sector has been a major provider of jobs, employing over 70 per cent of the workforce in Jordan and around 67 per cent of all employed Jordanians (DoS, 2017, Rand, 2014 and Razzaz, 2017).

According to the Organization for Economic Cooperation and Development (OECD), keeping global markets open is a key way in which countries can foster economic growth and employment.[91] The organisation's research in different regions of the world has confirmed that increasing trade leads to a rise in per capita income, which has a discernible effect on real wages. The OECD has also argued that trade can help create 'better' employment opportunities as it increases productivity, which in turn allows for higher skills and better paying jobs.[92] For example, the number of jobs in the United States supported by exports reached 11.8 million in 2011. Another study by the ILO has also demonstrated cases where the adoption of an export-led development strategy has not only helped

[83] DoS, 2017a
[84] ibid
[85] UNDP, 2015
[86] ILO, 2017a
[87] The increase change in unemployment rate can also be attributed to changing the definition of unemployment at DoS in 2017
[88] DoS, 2017
[89] MoF, 2017
[90] RAND, 2014
[91] OECD, 2012
[92] Ibid

some countries (e.g. Cambodia) expand their exports and achieve economic growth, but has also created formal jobs across different sectors.[93]

As previously mentioned, fulfilling a country's estimated unrealised export potential leads to an increase in production, which requires an increase in the utilisation of the factors of production. This causes a multiplier effect, which assumes that there is unused capacity across all sectors of the economy, meaning that production could be increased at current costs. In other words, more exports lead to more jobs, particularly when production inputs are locally sourced. An increase in exports also leads to an increase in income, which then translates to an increase in household spending. These induced effects create additional contributions to employment across numerous sectors.

This chapter seeks to explore the direct, indirect, and induced employment impacts of Jordan realising its untapped export potential.

According to the ITC EP model, Jordan's total unrealised export potential is estimated at US$4.4 billion. According to the "employment impacts" methodology, realising this potential could potentially create around 106,345 jobs, 42 per cent of which would be induced jobs, 32 per cent direct jobs, and 26 per cent indirect jobs. Of the total jobs that could be created by fulfilling the Kingdom's estimated untapped export potential, 26 per cent are expected to be occupied by women (27,631), based on historical employment trends in the country. For Jordan, where female unemployment is particularly high, this potential job creation for women is especially important.

With the DoS' reported number of employed persons in the Kingdom currently standing at 1.16 million, realising this untapped export potential would lead to a 10 per cent increase in employment.[94] The clothing industry is expected to create the most jobs (33,713 in total), 40 per cent of which are anticipated to be filled by women (mostly through direct jobs), given the already relatively high rate of female employment in the sector. The second-largest sector in terms of forecasted employment creation is the fertiliser industry, which is expected to create around 14,362 jobs. However, only 21 per cent of these jobs are expected to be filled by women, due to the historically low rate of female employment in this sector.[95]

Other key product groups include 'other chemical products, 'pharmaceutical products,' 'live animals,' and 'jewellery.' Of course, it is worth reiterating that the results of this model may be over- or under-estimated, as it largely depends on the extent to which inputs are locally sourced. The more production inputs for these targeted products that are sourced from Jordan, the more jobs will be created as a result of increasing exports. The table below shows the top 15 product groups with the greatest potential for job creation:

[93] ILO, 2015

[94] DoS, 2017a

[95] Ibid

Table 11: Top Fifteen Product Groups by Number of Anticipated New Jobs

Export sector	Direct jobs (female)	Direct jobs (total)	Indirect jobs (female)	Indirect jobs (total)	Induced jobs (female)	Induced jobs (total)
Clothing	10,750	19,659	1,256	5,643	1,629	8,411
Fertilisers	221	1,346	1,366	5,457	1,464	7,559
Other Chemical Products	190	1,158	451	1,902	801	4,137
Pharmaceutical Products	322	915	694	2,884	871	4,496
Live Animals	92	1,456	643	3,012	777	4,012
Jewellery	379	1,427	255	1,316	489	2,524
Vegetables	31	497	178	980	324	1,672
Paper Products	71	335	134	554	205	1,059
Stones, Marble & Products Thereof	16	598	189	779	226	1,165
Machinery & Equipment	29	673	132	547	185	953
Plastic Products	35	406	104	437	145	750
Electrical Machinery	20	226	100	414	142	736
Structural Metal Products	32	804	134	558	152	782
Other Manufacturing Industries	121	455	52	242	124	642
Motor Vehicles & Parts	47	597	73	295	114	589

Chapter 5: Conclusion and Recommendations

CONCLUSIONS

Creating quality jobs is a matter of urgency for Jordan, as the Kingdom is witnessing its highest rate of unemployment (18.3 per cent) in two decades.[96] Employment is quoted as a key objective in a number of strategies, although not all national strategies are necessarily well-coordinated towards this goal, particularly as the National Employment Strategy is no longer in use.

The study at hand seeks to present the results of the International Trade Centre's (ITC) Export Potential model for Jordan. The ITC model helps countries identify their untapped potential in existing export sectors and discover opportunities for diversifying their export products. This report also aims to present the anticipated impacts of such export growth in terms of direct, indirect, and induced job creation for the Kingdom. Ultimately, the purpose of this study is to provide a basis for discussion that will ideally help policy makers adopt a coherent set of policies for increasing both export and jobs.

For Jordan, the results of this model show an estimated total unused export potential of US$4.4 billion. It also suggests that fulfilling this potential growth could create over 100,000 jobs – a third of the total number of currently unemployed Jordanians. According to the model's results, possible export growth is highest for chemical products, with an estimated untapped export potential of US$2.17 billion, followed by clothing and apparel, with potential growth of US$550 million. Chemicals, clothing, live animals, jewellery, fertilisers, and metals account for 67.3 per cent of the country's unused export potential.

Countries in the Middle East account for 36 per cent of Jordan's total unused export potential, while other promising markets include Southern Asia (US$696 million), North America (US$497.5 million), East Asia (US$437 million), and ASEAN countries (US$371.2 million). Potential export growth to the EU and Western Europe is also significant, at an estimated value of US$336.5 million. Estimated unused export potential in the African market, meanwhile, sits at US$265.8 million.[97]

Based on existing economic trends, the ITC model allows for the quantification of Jordan's potential exports by identifying booming industries and promising markets by both country and region. The results generated through the model are a stepping stone to identifying the skills needed to promote the growth of Jordan's exporting sectors. These results will ultimately feed into the implementation of Jordan's Skills for Trade and Economic Diversification (STED) methodology – a supply and demand approach that supports the identification of skills and competencies needed for anticipated economic growth.

[96] DoS, 2017a

[97] CBJ, 2017

However, the model does not account for the non-tariff barriers, a consistent impediment to international trade and market access. Moreover, it is founded upon five assumptions that do not systematically apply to the Jordanian context: (1) the availability of products to be exported, (2) the homogeneity of exporting firms, (3) the stability of technical coefficients, (4) the availability of the skills needed to increase production, and (5) the fact that the model only covers HS-6 digit products that the country already exports in significant amounts. As such, this model does not estimate export growth potential from diversification into adjacent product categories.

RECOMMENDATIONS

It is recommended that both policy makers and industrialists work together to identify priority products and promising markets, giving precedence to those that generate employment based on the findings of this study. The government can then adopt a set of integrated policies and measures to support production, exports, and job creation in these sectors. These policies and measures can include the following:

a. Fiscal incentives to facilitate the diversification of industries towards identified products. By extending tax exemptions, tax credits, and other incentives to job-creating sectors, Jordan can reduce the costs of doing business for these industries, which would be particularly useful in light of current economic challenges. This may in turn attract more investment to target sectors and boost their capacity to both retain their existing workforce and create new jobs.

b. Increased awareness of existing Free Trade Agreements (FTAs), particularly among Small- and Medium-sized Enterprises. While Jordan has signed several bilateral and multilateral trade agreements with various countries, the benefits of these are yet to be fully realised. This is mostly due to a general lack of awareness of how to capitalize on the preferential market access Jordan enjoys with these countries. For instance, although Jordan has had a longstanding FTA with Norway, Iceland, Switzerland, and Liechtenstein – some of the most open and free markets in the world, according to the Index of Economic Freedom – the Kingdom's exports to these countries have remained minimal.[98]

c. New trade agreements with non-traditional markets. Per the results of the EPI, Jordan has high estimated untapped export potential in several African and ASEAN countries that currently represent only a small fraction of the Kingdom's current export volume. There is room for more persistent engagement in trade negotiations with these countries.

d. Platforms that link domestic producers with foreign buyers. Jordan currently exports a variety of products, but these exports are largely limited to a few target markets. The ITC EP model, however, suggests that Jordan holds considerable untapped potential across a multitude of new and established markets. However, Jordanian producers still need to link with buyers in these markets in order to realise this potential. This will also allow them to understand

[98] Index of Economic Freedom, 2018

consumer preferences, quality standards, and other specifications relevant to these target markets.

e. Aligning skill development and education programmes with the demand created by these new exports. The ITC EP model assumes that the skills needed to fulfil Jordan's estimated unused export potential are readily available in the market. This may not be the case. Quality technical and vocational education and training that correspond to market needs are imperative for realising the estimated untapped export potential.

f. Introducing policy reforms that address challenges faced by industrialists in the country. According to the Jordan National Export Strategy, industrialists face a wide range of challenges that hinder their ability to increase production, and therefore export capacity. Impediments such as the high cost of starting a business, weak infrastructure, high cost of utilities, regulatory instability, bureaucracy, and complex government procedures, among others, must be thoroughly addressed in order to fully realise the Kingdom's estimated unused export potential. Just as non-tariff barriers applied by other markets are perceived as major hindrances to trade, production-related barriers may have an even stronger barricading effects.

g. Incorporating labour rights and standards as a requirement within trade agreements. The challenging work environment and labour conditions in the industrial sector have contributed to high turnover rates.[99] Whether as part of the FTAs themselves or in separate agreements, many countries are gradually committed to integrating labour rights and social provisions in their FTAs. For instance, the Jordan-Canada FTA includes provisions on labour standards, with specific articles on occupational health and safety, migrant workers, wages, overtime pay, and more.[100] Furthermore, in 2011, the Jordan Ministry of Labour made it mandatory for factories wishing to export to the USA and Israel under the Qualified Industrial Zones (QIZs) Agreement to enrol in the ILO's Better Work Jordan Programme.[101] Similarly, the EU-Jordan Rules of Origin Agreement gives preferential access to the European market to industries and companies that commit to providing decent job access to Syrian refugees.[102]

In summary, the results of the ITC EP and employment impact model show that Jordan does have the potential to position itself as a strong exporting nation and an economy that creates quality jobs. It is nonetheless important to point out that this exercise only looks at this issue from a quantitative perspective, while many contributing and correlating factors may ultimately impact these predictions in significant ways. Successfully achieving these results would require additional studies that explore non-tariff barriers, production-related challenges, and decent work deficits in the labour market.

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[99] DOS,2017c

[100] Government of Canada, 2015

[101] Better Work Jordan Programme by is an ILO Project supported by Jordan's Ministry of Labour and the US Department of Labor, USDOL

[102] European Commission, 2017

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Annex 1: The Top 50 Products in Terms of Unused Export Potential for Jordan as an Exporter

Country market	Regional market	Product code	Product group description	Export sector	What is the product's export potential…?		
					EP Value (US$ thousand)	Unused potential (US$ thousand)	% of unused potential
Saudi Arabia	Middle East	010410	Live sheep	Live animals	319,098	270,099	85%
India	South Asia	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	360,308	245,494	68%
India	South Asia	310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	206,249	146,699	71%
China	East Asia	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	300,578	146,490	49%
Malaysia	ASEAN	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	154,170	113,526	74%
India	South Asia	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	Other Chemical Products	345,206	83,943	24%
Indonesia	ASEAN	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	116,118	64,510	56%
Kuwait	Middle East	010410	Live sheep	Live animals	80,810	57,860	72%
United Arab Emirates	Middle East	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	Jewellery	61,883	57,173	92%
Iraq	Middle East	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	Jewellery	54,826	54,826	100%
Iraq	Middle East	070200	Tomatoes, fresh or chilled	Vegetables	83,081	53,081	64%
United States of America	North America	3004Xb	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale (excluding medicaments containing antibiotics, medicaments containing hormones or steroids used as hormones, but not containing antibiotics, medicaments containing alkaloids or derivatives thereof but not containing hormones or antibiotics and medicaments containing provitamins, vitamins or derivatives thereof used as vitamins)	Pharmaceuticals products	40,348	40,080	99%

Country market	Regional market	Product code	Product group description	Export sector	What is the product's export potential…?		
					EP Value (US$ thousand)	Unused potential (US$ thousand)	% of unused potential
Bangladesh	South Asia	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	34,358	34,358	100%
United States of America	North America	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	Other Chemical Products	31,575	31,575	100%
Oman	Middle East	010410	Live sheep	Live animals	31,543	31,543	100%
Israel	Middle East	010410	Live sheep	Live animals	35,443	28,270	80%
Saudi Arabia	Middle East	300310	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, or streptomycins or derivatives thereof, not in measured doses or put up for retail sale	Pharmaceuticals products	93,352	27,173	29%
United States of America	North America	3003Xb	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic uses, not in measured doses or put up for retail sale (excluding antibiotics containing hormones or steroids used as hormones, but not containing antibiotics, alkaloids or derivatives thereof, hormones or antibiotics or goods of heading 3002, 3005 or 3006)	Pharmaceuticals products	26,394	26,394	100%
Iraq	Middle East	610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	Clothing	26,214	26,214	100%
China	East Asia	2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	Other Chemical Products	62,463	22,341	36%
Viet Nam	ASEAN	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	24,167	21,442	89%
United States of America	North America	610520	Men's or boys' shirts of man-made fibres, knitted or crocheted (excluding nightshirts, T-shirts, singlets and other vests)	Clothing	119,966	20,515	17%
Qatar	Middle East	010410	Live sheep	Live animals	24,166	20,263	84%
Iraq	Middle East	310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	20,163	20,163	100%
Bangladesh	South Asia	310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	19,745	19,745	100%
China	East Asia	280130	Fluorine; bromine	Other Chemical Products	36,898	19,729	53%

Country market	Regional market	Product code	Product group description	Export sector	What is the product's export potential…?		
					EP Value (US$ thousand)	Unused potential (US$ thousand)	% of unused potential
United States of America	North America	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale (excluding medicaments containing penicillins or derivatives thereof with a penicillanic structure, or streptomycines or derivatives thereof)	Pharmaceuticals products	42,050	19,706	47%
Qatar	Middle East	730300	Tubes, pipes and hollow profiles, of cast iron	Structural Metals Products	19,286	19,286	100%
United States of America	North America	310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	18,606	18,606	100%
Korea, Republic of	East Asia	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	18,791	18,519	99%
Saudi Arabia	Middle East	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	Other Chemical Products	37,886	17,720	47%
United States of America	North America	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	17,002	17,002	100%
Iraq	Middle East	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale (excluding medicaments containing penicillins or derivatives thereof with a penicillanic structure, or streptomycines or derivatives thereof)	Pharmaceuticals products	16,937	16,937	100%
China	East Asia	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale (excluding medicaments containing penicillins or derivatives thereof with a penicillanic structure, or streptomycines or derivatives thereof)	Pharmaceuticals products	16,571	16,571	100%
Qatar	Middle East	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	Jewellery	15,938	15,924	100%
United Arab Emirates	Middle East	761290	Casks, drums, cans, boxes and similar containers, incl. rigid tubular containers, of aluminium, for any material (other than compressed or liquefied gas), of a capacity of <= 300 l, n.e.s.	Fabricated Metal Products	15,599	14,872	95%
United States of America	North America	2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	Other Chemical Products	14,848	14,687	99%
India	South Asia	283650	Calcium carbonate	Other Chemical Products	14,915	14,517	97%

Country market	Regional market	Product code	Product group description	Export sector	What is the product's export potential…?		
					EP Value (US$ thousand)	Unused potential (US$ thousand)	% of unused potential
Hong Kong, China	East Asia	711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	Jewellery	13,966	13,966	100%
Iraq	Middle East	680229	Monumental or building stone and articles thereof, simply cut or sawn, with a flat or even surface (excluding marble, travertine, alabaster, granite and slate, those with a completely or partly planed, sand-dressed, coarsely or finely ground or polished surface, tiles, cubes and similar articles of subheading 6802 10 00, setts, curbstones and flagstones)	Stones, marble & products thereof	13,920	13,560	97%
Egypt	North Africa	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	30,637	13,010	42%
United States of America	North America	841112	Turbojets of a thrust > 25 kN	Motor vehicles & parts	13,376	12,987	97%
India	South Asia	2908Xa	Derivatives containing only halogen substituents and their salts, of phenols or phenol-alcohols	Other Chemical Products	12,609	12,436	99%
United States of America	North America	680229	Monumental or building stone and articles thereof, simply cut or sawn, with a flat or even surface (excluding marble, travertine, alabaster, granite and slate, those with a completely or partly planed, sand-dressed, coarsely or finely ground or polished surface, tiles, cubes and similar articles of subheading 6802 10 00, setts, curbstones and flagstones)	Stones, marble & products thereof	12,282	12,273	100%
Thailand	ASEAN	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	12,565	11,837	94%
Turkey	Middle East	310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	Fertilizers	12,178	11,700	96%
United States of America	North America	480300	Toilet or facial tissue stock, towel or napkin stock and similar paper for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls of a width > 36 cm or in square or rectangular sheets with one side > 36 cm and the other side > 15 cm in the unfolded state	Paper products	11,670	11,613	100%
Indonesia	ASEAN	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	Other Chemical Products	23,793	11,577	49%
Pakistan	South Asia	280920	Phosphoric acid; polyphosphoric acids, whether or not chemically defined	Other Chemical Products	11,514	11,514	100%

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