

# Investment Opportunities

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One notable feature of today's world of globalisation and open markets is that countries compete to enhance their competitiveness in order to attract FDI and encourage private sector participation in their economies. The Jordanian Government, which spares no effort to encourage private sector investment, both local and international, assigned the crucial task of creating opportunities and attractive incentives for investors to the Jordan Investment Board (JIB). The JIB works to promote Jordan as a unique destination for FDI and to sustain domestic investment to ensure economic growth, new employment opportunities, increasing exports and technology transfer. The JIB's services to investors focus on three principal areas:

1. Providing market information through reports and studies, conferences, and the media, and even providing pre-feasibility studies in certain sectors.
2. Lobbying Government on private sector and SME issues, particularly in relation to incentives such as reductions or exemptions from customs duties and corporate taxes.
3. Cooperating with other Government organizations to streamline registration and licensing procedures for projects and provide continuing post investment support.

Jordan's present investment laws offer incentive packages that can include tax holidays, exemption from fees and taxes on imported fixed assets and spare parts at the establishment or expansion stages, which remain effective even if the project changes ownership during the exemption period.

A most important provision in Jordan's investment laws is that non-Jordanian investors receive the same treatment as Jordanians. They have the right to invest through ownership, partnership, or shareholding; they may own a project wholly or partially; they may mortgage the fixed assets of a project as security for extended credit facilities and they have the right to manage the project as they see fit. In addition, they are entitled to remit the foreign capital transferred to Jordan for investment together with any returns and profits overseas. Non-Jordanian employees also have the right to transfer their salaries abroad.

These laws were crucial to the success of efforts aiming to promote Jordan as an investment hub.

They attracted investments in 3,121 projects to the value of JD5.5 billion (£4.2 billion) between the end of 1996 and May 2006, creating 188,000 new job opportunities of which more than 48 per cent were of high added value.

To build on this success, the Government of Jordan submitted to Parliament new draft legislation in 2006 in order to upgrade its incentives to investors. The new investment law focuses on tax incentives, expanding the definition of fixed assets, and according to the Council of Ministers the power to grant additional exemptions. According to the new law, all projects in exempted sectors will enjoy total exemption from customs duties on fixed assets and production inputs.

More incentive packages await investors in special investment zones, which fall into three categories: Qualified Industrial Zones (QIZs), Industrial estates, and free zones.

Products manufactured in Jordan's QIZs enjoy duty-free and quota-free access to the US market. As a result, QIZs have been extremely successful in promoting growth of exports to the U.S. and in creating employment opportunities. The value of goods traded from QIZs accounted for the highest growth (59 per cent) in the years 2003-2004.

Industrial estates offer to investors 100 per cent exemption for two years of income and social services tax. There is also 100 per cent exemption of taxes and fees on fixed assets for the establishment, expansion, or modernisation of a project, and on spare parts. The body responsible for industrial estates, the Jordan Industrial Estates Corporation (JIEC), is a semi-governmental corporation with both public and private ownership, whose catalytic role is to contribute to the development of small and medium-sized industries (SMIs) by providing a suitable base for both local and foreign investors. In 2006 the JIEC inaugurated its Centre of Excellence, which functions as an incubator for new enterprises and as a catalyst for the interaction between industry and academia.

Free zones were established to promote export-oriented industries such as processing, trading, warehousing, and other activities. Commodities and goods of various origins can be deposited in the Free Zone areas for storage and manufacturing without

