

JORDAN INDUSTRIAL ESTATES CORPORATION (JIEC)

The Hashemite Kingdom of Jordan*

The manufacturing sector has grown considerably since 1970. With a labour force of about 150,000 workers, its contribution to the gross domestic product (GDP) was 22 per cent according to 1998 values. Most of the industrial companies in Jordan are small and medium enterprises (SMES). The contribution made by these SMES to economic growth, job creation and social wellbeing has become more important in recent years. A well-prepared industrial infrastructure can play a great role in preventing unplanned urbanisation and environmental pollution, and in providing incentives for industry in underdeveloped regions to encourage new industries and promote investment opportunities. The Jordan Industrial Estates Corporation (JIEC) was established in 1980 to provide the growing manufacturing industry in Jordan with an efficient and well-organised management approach.

1. RESPONSIBILITIES OF THE JORDAN INDUSTRIAL ESTATES

In accordance with law No. 59 of 1985, the JIEC is authorised to establish and control industrial estates. Its main responsibilities include the following:

- Land use planning and zoning within the industrial estates.
- Purchase and ownership of land for the purpose of establishing serviced industrial estates.
- Construct buildings that are suitable for industrial projects and implement the required infrastructure networks.
- Perform all management and administrative duties and provide investors with the required services.
- Establish the policies and regulations and conclude agreements with investors for rental or sale of land plots and building within JIEC.
- Implement the necessary mitigating measures for protecting the environment and preventing industrial pollution within the estates.

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2. INCENTIVES AND FACILITIES OFFERED BY THE INDUSTRIAL ESTATES

1. All plots of land are levelled and developed in different sizes and supplied with all infrastructure services.
2. The area of land is the net area after deduction of all roads and sidewalks with more flexibility in the usage of land.
3. Different sizes of standard factory buildings with high standards to meet the requirements of different industries.
4. In addition to the exemptions that may be granted to an industrial project under the Investment promotion law, industrial projects established within the industrial estates are granted two years of income and social services tax exemption commencing from the date of production.
5. Exemptions from building and land tax (property tax) for the whole life of the project.
6. Full or partial exemptions from most municipalities and planning fees.
7. Building license will be ready in less than a week from the date of submitting the plans.
8. Save the industrial investor's time, efforts and money by enabling him to deal directly with the corporation and the services it offers.
9. Industrial investors have the right to choose between leasing or buying a plot of land or a standard factory building.

3. JIEC'S OPERATING INDUSTRIAL ESTATES

3.1. Amman Industrial Estates – Sahab

AIE accommodates 361 medium and small industries, employing more than 13370 workers, with a total investment of \$1183m, and including 86 foreign, Arab and joint venture industries. The industrial sectors within the estate consist of food processing, pharmaceuticals, engineering (metal, electrical and electronics), chemicals, plastics, wood industries, cotton and weaving, leather, packing and packaging, and construction industries.

3.2. Al-Hassan Industrial Estate at Irbid

Some 58 projects have been established within this industrial estate, employing more than 4155 workers, with a total investment of \$168m, and including 22 foreign, Arab and joint venture industries.

The Industrial Estate is fully occupied and due to numerous demands by new investors, the JIEC is in the process of developing an area of around 344,000 square metres adjacent to the Estate. The extension area is to be

completed by the end of August 1999. Twenty-four companies are committed to make a total investment of JD84m in it, creating thereby more than 10,000 jobs.

Al-Hassan Industrial Estate was designated as a qualifying industrial zone (QIZ) – the first ever QIZ in the world – which would provide duty-free treatment to all products exported to the US market, without the requirement for any reciprocal benefits.

3.3. The primary requirement for obtaining duty-free treatment

The primary requirement is that 35 per cent of the appraised value of a product (cost of content plus direct cost of producing operations) must be contributed by a manufacturer located within the QIZ, in one of two ways:

- First:** At least 11.7 per cent must be contributed by the Jordanian manufacturer in the QIZ and 8 per cent by an Israeli manufacturer (7 per cent for high-tech products). As for the remainder of the 35 per cent content, it may be fulfilled by production at the QIZ, West Bank/Gaza Strip, Israel, or the U.S.
- Second:** Jordanian and Israeli manufacturers must each maintain at least 20 per cent of the total production cost of QIZ produced good(s). Costs may include originating materials, wages and salaries, design, research and development, depreciation of capital investment, overhead expenses including marketing expenses, etc.
- Third:** A situation where one party contributes to the product in accordance with the first alternative and the other party contributes to the same product in accordance with the second alternative is permitted (i.e. mixing and matching of first and second between the two parties).

4. JIEC'S FUTURE DEVELOPMENT PLAN

- 1. Karak Industrial Estate:** Located on the highway between Karak Governorate centre and the desert highway, which connects Jordan with Saudi Arabia, the total area is 185.6 hectares. Phase one (58 hectares) will specialise in food and chemical industries depending on Dead Sea minerals. It will be completed by October 1999.
- 2. Mafraq Industrial Estate:** Located on the highway which connects Jordan with Syria and Iraq, near a populated area. The total area of this

estate is 225 hectares. Phase one consists of 60 hectares. It is expected to be completed by June 2000. It will specialise in food industries.

3. **Ma'an Industrial Estate:** Located on the highway connecting Jordan with Iraq and Saudi Arabia. The total area is 250 hectares. Phase one, which comprises 50 hectares, is expected to be completed by June 2001. It will specialise in transportation and engineering industries.
4. **Airport Industrial Estate:** Lying within the vicinity of Queen Alia International Airport and with a total area of 25 hectares, it is expected to be completed by June 2001. It will specialise in high-tech industries and high quality garments.
5. **Aqaba Industrial Estate:** Located near the Aqaba international Airport, close to the borders of Egypt, Saudi Arabia and Israel, its total area is 275 hectares. It will specialise in light industries.
6. **Al-Hasa Industrial Estate:** Located on the highway that connects Jordan with Iraq and Saudi Arabia, its total area is 406.4 hectares. It will specialise in chemical industries.
7. **Al-Muwaqar Industrial Estate:** Located on the highway that connects Jordan with Iraq and the Gulf countries, its total area is 600 hectares. It is considered as an extension to the already existing and fully occupied Amman Industrial Estate. It will specialise in medical and electricity engineering industries.
8. **Zarqa Industrial Estate:** Located on the highway that connects Jordan with Syria and Iraq, it has a total area of 250 hectares.
9. **Tafila Industrial Estate:** Located on the highway between Tafila governorate centre and the desert highway, which connects Jordan with the Gulf countries, it has a total area of 100 hectares. It will specialise in handicrafts and small industries.
10. **Salt Industrial Estate:** JIEC is in the process of finding a suitable location.
11. **Ma'adaba Industrial Estate:** JIEC is in the process of finding a suitable location.