Jordan:
Tourism & Hotels
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MAP OF JORDAN

Source : PRS Group

EXECUTIVE SUMMARY

As the second largest private employer, and the second highest generator of foreign exchange, Jordan's tourism industry plays a vital role in its economy. In 2014, the sector directly contributed to 6.2% of Jordan's GDP, while the industry's total contribution to the GDP (including indirect and induced contribution) stood at 23%. Jordan's role as a regional peacemaker, on-going support from the government, and its diverse touristic offerings, including antiquities, hospitality, medical tourism, and adventure activities, will encourage growth in the industry in the coming years. Despite this, issues related to regional conflict have deterred visitors in recent years, while a large portion of government expenditures have been re-directed to address the influx of over 600,000 refugees to the country since 2014.

An increasingly popular tourism destination, Jordan boasts a wide array of cultural offerings. Jordan boasts numerous historical and UNESCO World Heritage sites, in addition to numerous medieval mosques and churches, along with unspoiled natural locations such as the Jordan River. Jordan is also a popular destination for medical and health tourism, with many wellness resorts concentrated on the coast of the Red Sea. Adventure tourism has also become increasingly popular, featuring activities such as scuba diving, hiking and rock climbing. Wildlife and wetland reserves also offer activities such as bird watching and wildlife parks. The country is also a popular nightlife destination, ranging from high-end nightclubs in Amman to beach raves at the Dead Sea. Finally, Jordan remains a premier destination for luxury business and leisure travel due to its strong tourist infrastructure in the form of luxury hotels, spas and shopping outlets.

Jordan's economy is known for being one of the freest in the region and the country has free trade agreements with the United States, Canada, and the European Union. However, the country remains dependent on outside assistance and policymakers are hard-pressed to enact reforms for fear of losing their jobs in one of the systematic cabinet purges that has occurred in recent years. Beginning in 2011, as a result of the Arab Spring protests that swept the region, Jordan's economy took a significant hit: FDI declined sharply by 34%, shrinking exports, which make up 70% of GDP. Tourism declined 5% and foreign reserved were reduced by 8%, and Jordan's credit rating was downgraded from 'stable' to 'negative.' Despite this, Jordan's tourism sector and greater economy has started to rebound over the last year, supported by relative political stability and visitors originating from the GCC and Europe.

Despite being one of the most stable countries in the Middle East and North African (MENA) region, turmoil in neighbouring countries will continue to pose a challenge to Jordan's tourism industry going forward due. While there have been reports of terrorist attacks in the country since the start of the Syrian war, none have been focused on the country's capital of Amman or any popular tourist areas. Regionally, the situation remains tumultuous; the situation in Syria has continued to deteriorate, while the prolonged Israeli-Palestinian conflict poses a threat on the country's western border. Despite Jordan's relative stability amidst regional chaos, sustained

INDUSTRY STRUCTURE

The tourism and hotels industry consists of the array of products and services designed to attract, accommodate and serve people travelling outside their usual place of residence. This includes both people arriving from outside the country (international tourism), and residents of a country travelling to internal locations or attractions (domestic tourism). A country's national tourism industry is normally promoted and managed by the government, which takes responsibility for launching marketing campaigns, and developing infrastructure, regulations and services to facilitate tourism, such as airports, visa protocols and tourist information centres. Governments also normally regulate access to national heritage sites and museums. Airlines, transport services, travel agencies, tourism companies, museums, restaurants and other services aimed at tourists operate within this framework, offering various tiers of accommodation, transport, activities and dining options for visitors.

The Jordanian government has played an active and critical role in the development of Jordan's tourism industry. Ever since the initiation of the first National Tourism Strategy in 2004, the government has continued to develop the industry through a series of private-public partnerships by working with international, regional and local investors. The revised National Tourism Strategy – initiated in 2011 – will continue to be led by the private sector with the facilitation of public-sector partnerships. The Jordanian government is committed to facilitating the development of the industry through marketing, human resource development, product development and by strengthening the regulatory framework related to the industry.

MARKET OVERVIEW

As the second largest private employer, and the second highest generator of foreign exchange, Jordan's tourism industry plays a vital role in its economy. In 2015, the sector directly contributed to 3% of Jordan's GDP, while the industry's total contribution to the GDP (including indirect and indirect contribution) stood at 9.8%. Jordan's role as a regional peacemaker, on-going support from the government, and its diverse touristic offerings, including antiquities, hospitality, medical tourism, and adventure activities, will encourage growth in the industry in the coming years.

In the past decade, Jordan's tourism sector has witness periods of robust growth and exhibited a level of resiliency against occasional inhospitable global circumstances. In the period following the 2001 World Trade Centre attacks, Jordan's tourism industry continued to grow despite a regional downturn. Between 2004 and 2008, the industry would continue grow almost five-fold, assisted largely by the first National Tourism Strategy (2004-2010). The industry also faired surprisingly well following the 2008-2009 financial crisis, dropping by only 1% during in 2010. Unfortunately, Jordan was negatively impacted by the events surrounding the Arab Spring, though not as adversely as neighbouring countries. In the first quarter of 2011, the industry saw near stagnant growth and a 1.5% drop in overnight visitors. The Minister of Tourism and Antiquities, Nayef Fayez, announced that the industry lost US$ 1 bn in 2011 as a result of regional turmoil.

Even so, the industry has started to rebound beginning in 2015. The World Travel and Tourism Council (WTTC) estimates that the industry saw 4.7% growth in direct contribution to GDP in 2015. Currently, foreign tourists account for an overwhelming majority of Jordan's tourism receipts at 88.9%, and leisure travel makes up some 90% of all of Jordan's tourist receipts. The Jordanian government has taken in active role in ensuring that the industry continues to thrive, and that reaches a broad network of potential visitors. The National Tourism Strategy spanning 2011-2015 aimed to address a number of issues plaguing the sector. In addition to the continued development of public-private partnerships, the Jordanian government aimed to combat seasonality, improve and strengthen the industry's regulatory framework, improve products offered within the industry, and develop human resources, thus creating 25,000 full-time jobs directly related to the industry and a half a million full time jobs supported in one way or another by the industry.

In addition to enacting the pillars of the National Tourism Strategy, the Jordanian government has selected targeted areas for which it's focusing growth efforts. One such area, the Special Economic Zone in Aqaba, is the site a wealth of tourism projects, including the US$ 10 bn Marsa Zayed development. Other targeted areas are scattered throughout the region, and generally have either a significant historic site or natural habitat that has yet to attract the average tourist. Additionally, King Abdullah recently announced the development of a US$ 1.5 bn Star Trek themed park, a project for which he will serve as the chief financier. Infrastructure supporting the tourism industry is also being developed in conjunction with these projects. The Queen Alia International Airport in Amman is undergoing a US$ 800 mn expansion, as is the King Hussein Airport in Aqaba. Both projects are expected to bring more visitors to the region.

Accommodation Supply

City	Number of Hotels / Apartments & Suites	Number of Rooms	Number of Beds
Amman	321	18,584	27,895
Petra	42	2,240	4,129
Aqaba	55	4,125	8,304
Dead Sea	5	1,481	2,496
Maín	1	128	145
Al Tafileh	6	64	159
Irbid	11	210	478
Ajloun	3	50	124
Karak	7	58	112
Jarash	3	39	84
Zarqa	6	87	210
Azraq	2	42	92
Madaba	10	224	437
Rwaished	2	40	81
Al Fuhais	1	14	40
Maán	4	37	98
Al shobak	1	30	90
Wadi Rum	9	585	1,232
Total	489	28,038	46,206

Source : Ahli Investment

Though forecasts for Jordan's tourism industry remain positive, the industry's success is contingent on the development of fruitful public-private partnerships. Jordan's suffers from a significant account deficit, and is therefore dependent on foreign aid. As such, the Jordanian government cannot foot the bill for large-scale tourism developments independently. Additionally, the industry is highly susceptible to ongoing regional unrest. Jordan has exhibited relative political stability compared with neighbouring countries, but could potentially feel the negative impacts of less visitors to the region overall due to political turmoil. Additionally, the influx of over 600,000 refuges since 2014 has seen a large portion of government expenditures diverted towards refugee services at the expense of the tourism sector.

Jordan's tourism industry is the second largest private sector employer in the country, and the second highest producer of foreign exchange. The industry is also one of the country's largest export sectors. In the past fifteen years, Jordan's tourism industry has exhibited a level of resiliency in light of events that upended much of the global and regional economy. While tourism suffered in the Middle East following the 2001 attacks on the World Trade Centre in the United States, Jordan's experienced growth in the years following, at 12% and 35% for 2002 2003 respectively. The sector continued to grow almost five fold between 2004 and 2008, largely due measures enacted from the 2004-2010 National Tourism Strategy. Jordan's tourism sector also weathered the global financial crisis fairly well, experiencing only a 1% drop in tourism receipts in 2009. In 2010, receipts regained momentum, growing by 17.5% compared to 2009 and reaching US$ 3.4 bn by the end of the year. Like other countries in the region, Jordan's tourism industry was negatively impacted by the events of the Arab Spring despite its own relative stability. In the first quarter of 2011, the industry had experienced only .9% growth compared to the same period the previous year, and experienced a 1.5% drop in overnight visitors.

Jordan's tourism receipts more than quadrupled between 2000 and 2008, increasing by 309% from US$ 721 mn to US$ 2.95 bn. A large influx of travellers from Arab countries – particularly GCC countries – contributed to this figure, with a 45% increase in the number of Arab travellers to Jordan between the year 2000 and 2002. Following the 2001 attacks on the World Trade Centre, the number non-Arab visitors to Jordan actually began to decline. This figure rebounded in 2006 and by 2010, the number of non-Arab tourists visiting Jordan had increased from 24.3% to 30%, with their expenditures rising from US$ 522 mn in 2006 to US$ 1 bn in 2010 – a figure that surpassed the tourism receipts of Jordanians living abroad and Arab tourists. While growth has remained relatively stagnant since 2010, future growth projections are promising. According to the WTTC, the travel and tourism industry directly accounted for 3% of Jordan's GDP in 2015 at US$ 2.2 bn. The total contribution of tourism, however, including indirect and induced spending actually accounted for 2014 was 9.8% of the GDP at US$ 7.1 bn. Looking ahead, the sector's total contribution to GDP is expected to rise to US$ 10.9 bn, or 10.8% of GDP by 2025, while visitor exports are expected to grow by 4.3% annually to reach US$ 2.0 bn in 2025, from US$ 1.3 bn in 2015.

At the end of 2015, the tourism sector directly employed 107,000 people, accounting for 3.6% of total employment. Direct employment in the sector is slated to rise by 4% annually through 2025 to reach 135,000 jobs, or 4% of total employment. The tourism sectors total contribution to employment in 2015 reached 9.5% of total employment, or 283,000 jobs. Total employment contribution is expected to rise by 2.5% annually through 2025 to reach 370,000 jobs and 11% of total employment. Within Jordan's tourism sector, leisure spending (both domestic and inbound) accounts for around 92% of the industries direct GDP, while business travel accounts for around 8% of the sectors direct GDP. Domestic tourism spending accounts for around 11% of the tourism GDP, versus the 89% provided by foreign tourist receipts.

Government Role

Beginning in 2004, when the Ministry of Tourism and Antiquities launched the Jordan National Tourism Strategy (NTS), the Jordanian government has played an active and crucial role in supporting the tourism industry. Effective through 2010, the first NTS aimed to develop the industry and increase its contribution to the Jordanian economy by engaging in private-public partnerships. The strategy was based off four pillars, marketing and promotion, product development, the strengthening of human resources, and providing a strong regulatory and institutional framework. The strategy proved to be overwhelmingly effective: two years prior to the strategies deadline, tourism receipts in Jordan reached US$ 2.8 bn, with overall visitor numbers growing by 48% and total receipts exhibiting 257% growth.

In 2011, Jordan implemented its second National Tourism Strategy (NTS). Effective through 2015, the second NTS serves as an extension of the initial strategy and is a significant driver in the trajectory of Jordan's tourism. Tough many of the basic objectives are similar to the first NTS, the new NTS aimed to increase the length of stay, limit seasonality, provide improved tourism products, capitalize on the Kingdom's geographic attributes and limit inactivity among tourists. The latest National Tourism Strategy, like the first, is built off four pillars: marketing and promotion, product development, labour market development and enabling the environment. While the ultimate goal was to increase tourism receipts to US$ 2.4 bn by 2015 and increase the number of arrivals to 9.4 million, regional unrest has limited these numbers considerably. In 2015, visitor arrivals stood at 4.8 mn, compared to 5.3 mn in 2014.

Tourism Sector Employment

	Jordanian	Non-Jordanian	Total	%share
Hotels	13,236	1,792	15,028	35.7%
Travel Agencies	4,095	152	4,247	10.1%
Tourist Restaurant	11,645	6,000	17,645	42.0%
Car Rental Offices	1,504	16	1,520	3.6%
Tourist Shops	797	26	823	2.0%
Tourist Guides	953	0	953	2.3%
Horses Guides	713	0	713	1.7%
Tourist Transportation	906	33	939	2.2%
Diving Centers	34	14	48	0.1%
Water Sports	119	6	125	0.3%
Total	34,002	8,039	42,041	

Source : Ahli Investment

Due to issues related to regional instability and the domestic refugee crisis, the new NTS had a limited impact on the landscape of Jordan's tourism industry and the role it plays in both the economy and society. The government targeted areas that are not traditionally visited by tourist for development including, Mount Aljoun in the Aljoun mountain range, which has a 12th century castle; the Desert of Castles and Fortes in central Jordan; Al-Azraq, the only body of water in Jordan's eastern desert; the Dana nature reserve, which offers hiking and camping opportunities; and Shobak, which has a large crusader castle. While some development has taken place in recent years, government expenditures continue to be focused on maintaining economic and political stability and improving the country's refugee situation.

Looking ahead, the government is focused developing the quality of the visitors' experience. As part of the Product Development pillar, 100% of hotels and 80% of restaurants are to be approved and classified under a national system. The government also seeks to enact 20 separate demand-driven infrastructure projects, while also facilitating border-crossing regimes and developing effective land transport. As part of the human resource development pillar, the government aims to increase the number of women employed in the industry from 10% to 15%. Additionally, it aims to train 5,000 students at vocational centres designated for the hospitality industry. The end goal is to create 25,000 new full-time jobs directly supported by the industry, and half a million jobs indirectly supported by the industry. As some estimates place Jordan's unemployment rate as high as 30%, this could have a significant impact on the development of its overall economy.

Hospitality

In terms of hotel stock, Jordan has around 500 hotels, 30,000 rooms and 50,000 beds. Amman, the capital, accounts for 65% of hotel stock, followed by the port city Aqaba at 12%, Petra at 10%, and Irbid and Madaba, both around 2%. Jordan's hotels generally have the highest occupancy in April, August and October, and the lowest in January, February and December. The Ministry of Tourism and Antiquities classifies Jordan's lodging facilities in three categories: classified hotels, hotel apartments and camps. Camps have the lowest occupancy rate, at 9.2% in 2014, while classified hotels constituted the highest occupancy rate at 42%, followed by hotel apartments and suites at 35%.

The hotel segment of Jordan's tourism industry has seen a recent rise in the quantity of high-end, luxury establishments. Many such establishments come in the form of mixed-use developments, in which the developments usage is divided among residential, hospitality, and commercial endeavours. GCC companies are currently some of the biggest contributors to this segment. Al Maabar International Investment, a UAE-based company, is behind the US$ 10 bn Marsa Zayed, the largest tourism and real estate project in Jordan's history. Located in the Special Economic Zone, Aqaba, Marsa Zayed's development space covers 3.2 million sqm, including 2 km of beach space. The space includes the Sheikh Zayed Grand Masjid (which will accommodate approximately 2,000 worshipers), nearly 400 townhouses and village flats, 3,000 hotel rooms, a luxury marina, a cruise ship terminal, and a shopping district. This project is aligned with Aqaba's goal of increasing its hotel room supply from 4,000 to 20,000 over the next decade. While a number of projects within the development have been completed, while others, such as the private residential neighbourhood of Al Raha Village, are currently undergoing construction.

In Amman, several major mixed-use projects are underway or have been recently completed. In 2014, the 18,000 sqm St. Regis Amman and Residences at the St. Regis Amman opened. The St. Regis Hotel consiss of 261 guest rooms, 86 of which are suites, four restaurants, and 25 high-end shops, each ranging from 40-200 sqm. Additionally, the development contains 2,800 sqm of meeting and event space, a business centre and 380 parking spaces Another such development is the Abdali Urban Regeneration Project in downtown Amman. Abdali Investment Development Company is the primary developer of the US$ 5 bn project, which is built on approximately 384,000 sqm of land and a built up space of over 1.7sqm. The project is intended to create a new and vibrant city centre for Amman and serve as a major business district. The property will be divided into residential space (43%), commercial office spaces (29%), retail space (18%), and hotel space (9.85%). Currently in phase one of construction, the project has encountered a series of delays since 2011.

Additionally, Amer Group recently embarked on an ambitious development project on the Dead Sea. The Porto Dead Sea resort is a 800,000 sq m development consisting of four 5-star luxury hotels, an international health and spa centre, three malls, medical facilities and 11,000 serviced apartments. The development also features four lakes, an amusement park, and a cinema. The US$ 1 bn project broke ground in 2014 but has encountered issues related to tribal land agreements. Given that the project does not experience significant delays, the development is slated for completion in 2017.

Tourism Infrastructure

With two airport expansion plans underway, Jordan is enacting measures to become a regional aviation hub and to increase the number of visitors to the country. In Aqaba, the recently completed expansion of the King Hussein International Airport is focused primarily on the latter goal. Overseen by the Aqaba Development Corporation, the project will increase arrivals terminal by 1,120 sqm and increase the overall arrivals by 2 mn passengers per year. Phase two of the project, which includes landscaping and parking, is estimated at US$ 100 mn. With a project budget of US$ 600 mn, King Abdullah inaugurated the expansion in 2013.

The expansion and renovation of the Queen Alia International Airport in Amman will both increase regional connectivity and the number of visitors coming to Jordan. The first phase of the project, a state of the art terminal, was valued at US$ 800 mn and was completed in 2013. The terminal enables a capacity of 9 mn passengers annually, a dramatic increase from the previous capacity of 3.5 million. In the years to come, the aim is a 6% annual increase, bringing 12 million passengers per year by 2033. Airports Group International (AIG), a private firm whose largest shareholder is Abu Dhabi Investment Company, is responsible for expanding and operating Queen Alia International Airport. Increasing the airport is in line with the government's goals to double tourism revenues over the 2011-2015 period.

Though Jordan's railway remains relatively underdeveloped, the government is undertaking projects to improve their efficiency. Launched in 2007, the Light Railway BOT project is a US$ 300 mn project that will provide daily service for 90,000 passengers between Amman and Zarqa. Additionally, the Jordanian Ministry of Public Works and Housing is currently mid-way through a 25-year plan (initiated in 2002) to develop an extensive modern road network in the country. The plan, which includes the constructions of ring roads around Amman, will cost an estimated US$ 1.8 bn.

Cultural Tourism

Jordan's wealth of antiquities and historical sites make it one of the most sought-after tourist destinations in the region. An average of 4 mn tourists visit these sites annually. Out of 20 separate sites, 53% of visitors travelled to Petra, Mount Nebo, Jarash and Madaba. Elected a seventh wonder of the world in July of 2007, Petra accounts for around 25% of total visitors. The popularity of Petra is believed to have benefited other historical and religious sites. Other popular sites include Jerash, famous for its ancient Roman architecture, Ajloun, a medieval Crusader castle, and Qasr Amra, one of the best-preserved Umayyad Islamic period monuments.

Jordan also boasts a number of religious tourism sites. The Jordan River, where Jesus was baptised by John the Baptist, according to Christian tradition, is particularly popular with European tourists. Other religious sites include Madaba, well known for its mosaics and the Madaba Map, the oldest surviving depiction of the Holy Land, and Mount Nebo, a viewpoint where Moses stood before his death.

Adventure Tourism

Jordan's compelling landscape and warm weather also make it a prime destination for eco and adventure tourism. The Wadi Rum serves as a prime location for outdoor activities, from camping, rock climbing to off-roading. Jordan is also home to a number of nature and wildlife reserves that offer a number of recreational activities. The Azraq Wetland Reserve is a unique wetland oasis that includes several natural and ancient pools, and a seasonally flooded marshland that attracts a wide variety of bird species for bird watching. The 308 sq km Dana Biosphere Reserve is composed of a number of valleys and mountains and is home to around 600 species of plans and over 190 species of birds. Additionally, the Shaumari Wildlife Reserve was established in 1975 as a breeding centre for endangered or locally extinct wildlife.

To further develop tourism activities that appeal to both foreigners and locals, plans are underway to develop The Red Sea Astrarium (TRSA), a 184-acre Star-Trek themed entertainment resort in Aqaba. King Abdullah II is the chief investor for the project, which is priced at US$ 1.5 bn and expected to open in 2017. Rubicon Group Holding (RGH) will design and produce the TRSA. The model for the theme park will incorporate green energy and use renewable technology and is expected to attract 350 million residents from across the Middle East.

Medical Tourism

The medical tourism industry is focused on the cost-effective provision of private medical care in tandem with the tourist industry. The World Bank ranks Jordan's medical tourism industry as number one in the Arab region and fifth worldwide. Since 2009, the industry has brought in billions of dollars in revenue. Jordan's medical tourism industry has grown 10% annually since 2004, with Iraqis representing the greatest number of foreign patients at around 19%, followed by Palestinians (16%), Saudi Arabians (15%), Yemenis (14%), Sudanese (13%) and Libyans (9%). Jordan's medical tourism industry still faces competition from Egypt and Turkey; however, it remains at an advantage in that its entry visa process is easier.

At least 56 hospitals in Jordan are involved with medical tourism, majority of which run at full capacity with capital from both private and government sectors being invested for the expansion of the facilities and additional training of Jordanian doctors. Among the most popular operations are kidney replacements, orthopaedic procedures, neurological operations, heart surgeries and dental work, many of which are done in state-of-the-art facilities and, in some cases, at 10% of the standard US price. Two of the main body's responsible for maintaining the high standards within this industry include the non-profit Private Hospitals Association and the non-profit Joint Commission International.

KEY PLAYERS

The King Abdullah II Fund for Development

Established by royal decree in 2001, the King Abdullah II Fund for Development (KAFD) is a non-governmental organization aimed at supporting human and infrastructure development. KAFD is working to development Jordan's infrastructure and related sectors, with projects focused on microfinance, tourism, real estate, agriculture, information technology, and forums and conferences. Within the real estate sector, the KAFD works with the Dead Sea Touristic and Real Estate Investment, the Al-Mafraq Development Company, the South Development and Ima'ar Company, the King Hussein Bin Talal Convention Center, the King Hussein Institute for Cancer and Biotechnology, and the National Company for Urban Studies to capitalise on real estate and development opportunities in Jordan.

Emaar International Jordan

Emaar Properties PJSC was established in 1997, and is a Dubai-based public joint stock company. Emaar currently has six business segments and over 60 companies worldwide. Emaar International launched in 2004 to identify and develop opportunities in untapped and emerging markets, with a focus in the Middle East, North Africa and the Indian Subcontinent. Emaar Jordan operates under this umbrella to develop the Samarah Dead Sea Resort, which includes residential units, two hotels, a golf course, spa and retail and leisure space. Completed in 2013, the project value exceeds US$ 1 bn.

Abdali Investment & Development Psc (Abdali Psc.)

Abdali Investment & Development Psc is a private land development company that formed in 2004 from a partnership between government owned developer, Natural Resources and Development Corporation (MAWARED) and international construction conglomerate, Horizon. Abdali Psc. is the company overseeing the Abdali Urban Regeneration Project. The United Real Estate Company joined as a partner (Under the Group Kuwait Projects Company KIPCO) to work with the urban regeneration project. The company also has specialised and strategic ventures in Jordan District Energy (JDE), Abdali Communication Co. (ACC), Abdali Boulevard Company (ABD), Abdali Mall Company (AMC) and the Abdali Security Company (ASC). The mixed-use project in Abdali, which includes hotels, is priced at more than US$ 5 bn, with phase one recently completed at the beginning of 2014.

Saraya Holdings

Saraya is a real estate development and investment company with offices based in Amman and Dubai. Saraya Holdings creates Special Purpose Vehicles in countries where it has investments and often engages in private-public partnerships to develop projects. In Jordan, Saraya Aqaba is the vehicle overseeing the Saraya Development on the Red Sea, a projected priced at more than US$ 1 bn. Covering over 1.5 km of beachfront, the area will include residential units, a commercial zone, hotels, and leisure and entertainment facilities. Saraya Holding also has developments in the Dead Sea through Saraya Dead Sea, as well as developments in the UAE, Oman and Russia. In 2006, Saraya launched the Saraya Real Estate MENA Fund. This closed-end fund, managed in by AB Invest in Bahrain, and closed at US$ 250 mn. Saraya and Arab Bank provided US$ 50 mn in seed capital and offered 2,000 investments united at US$ 1 mn each. These were taken up by investors in Bahrain, Saudi Arabia, the UAE, Jordan and Palestine. The Saraya Development Group manages and advises projects considered for the fund, which will target tourism and real estate in the GCC and Levant.

Airports Group International

Airports International Group (AIG) is the private shareholding company charged with the expansion, operation and rehabilitation of Queen Alia Airport. In 2007, the company signed an agreement with the Jordanian government, granting it the aforementioned responsibilities for the next 25 years. AIG's largest shareholder is the UAE-based Invest AD at 38%, followed by Kuwait-based Noor Financial Investment at 24%, and Jordanian-based Edgo Group, Greece-based J&P Avex, Cyprus-based J&P Limited, and the French-owned Aeroports de Paris Management, each of which hold 9.5% respectively. By February of 2012, the Queen Alia International Airport had already seen a 22% increase in passengers.

Jordan Dubai Properties

Jordan Dubai Properties (JD Properties) is the investment arm of Jordan Dubai Capital in real estate and tourism. JD Properties is a public shareholding company, listed on the Amman Stock Exchange as REIN, and has share capital of US$ 98.5 mn. JD Properties was formed in 2008 from Aqarco, a transformation that led JD Properties share capital to increase from US$ 10.5mn to US$ 98.5 mn. JD is currently focused on creating niche real estate products. Projects include the Munya Tourism Resort, Zara Dead Sea Resort, Wadi Rm Project, an investment in Ayhaa Amman to develop old neighbourhoods in Amman, a 4.2% stake in Saraya Aqaba, and a 30% in Marawed's project in Zarqa.

Aqaba Development Corporation (ADC)

The Aqaba Development Corporation (ADC) was launched in 2004 by ASEZA and the Government of Jordon to develop the Aqaba Special Economic Zone. The ADC currently owns Aqaba's seaport, airport and various portions of land. ADC is a private shareholding company, wholly owned by the Government of Jordan and ASEZA, each with a 50% stake. Operated as a private sector organization, ADC works with multi-nationals of the private sector to develop and manage its assets. ADC oversaw the expansion of the King Hussein International Airport.

Arab International Hotels PLC (AIHC)

Established in 1975 with capital of just US$ 4.2 mn, Arab International Hotels PLC operates a number of luxury hotels and resorts in Jordan, and is a stakeholder in several other companies. Owns and operates the Amman Marriott. IN 1995, AIHC worked with investors to establish the Business Tourism Company (BTC), which undertook the development of a Marriott in Petra and one at the Dead Sea. Another Marriot, in Aqaba, is in the pipeline. Additionally, AIHC holds a 25% stake in Al Dawliyah for Hotels and Malls, the owner of the five-star Sheraton in Amman.

Dead Sea Touristic & Real Estate Investment

The Dead Sea Touristic & Real Estate Investment was created n 2003 as a private shareholding company, with tenders among both local and regional investors. The company owns the King Hussein Bin Talal Convention Centre at the Dead Sea. The company is also developing the East Shore of the Red Sea, where it is working with the Samarah Dead Sea Resort development. In addition to the convention centre, the primary aim is to develop real estate and establish hotels and touristic projects.

Private Hospitals Association (PHA)

The Private Hospitals Association was established in 1984 and is comprised of independent, private Jordanian hospitals. The aim of the PHA is to make the best use of the sectors potential and to ensure that Jordan becomes a globally competitive medical hub. Upholding this level of competitiveness among hospitals will ensure that Jordan remains a premier destination for medical tourism in the Middle East. In 2007, the PHA signed a Memoranda of Understanding the USAID-funded Sustainable Achievement of Business Expansion Quality Program (implemented by Bearing Point, Inc.) and a team of international and Jordanian partner firms for assistance in sector that would increase the quality of services provided, market access, the number of incoming patients, the development of medical professionals, and assistance in ensuring standards are aligned with international standards and certification requirements.

Jordan Projects for Tourism Development (JPTD)

Jordan Projects for Tourism Development is a public share company that operates in the tourism sector. JPTD oversaw the Tala Bay project, which included 450 luxury apartments, 130 leased retail units, three hotels, a marina and a dry dock. The four-stage project (of which the first stage is completed) is priced at US$ 250 mn.

Al Maabar

Based in Abu Dhabi, Al Maabar is a property development company that offers services in property investment, development and asset management. Al Maabar is oversaw the US$ 10 bn Marsa Zayed in Aqaba and the US$ 300 mn St. Regis development in Amman. Al Maabar was founded in 2007, and in addition to Jordan, has projects underway in Morocco and Libya.

Zara Investment Holdings (ZARA)

Founded in 1994, with the focus of bringing first-class hotels to Jordan. The company owns a network of five-star hotels and resorts, including multiple Movenpick resorts, Intercontinental, Grand Hyatt and Nabatian Castle. Major shareholders include Jordan's Social Security Corporation (14.8%), Libyan Foreign Investment Company (13%), Al Masira Investment Company (12.2), Arab Supply and Trading Company (7.3%) and Cairo Amman Bank (6.6%).

ECONOMIC OVERVIEW

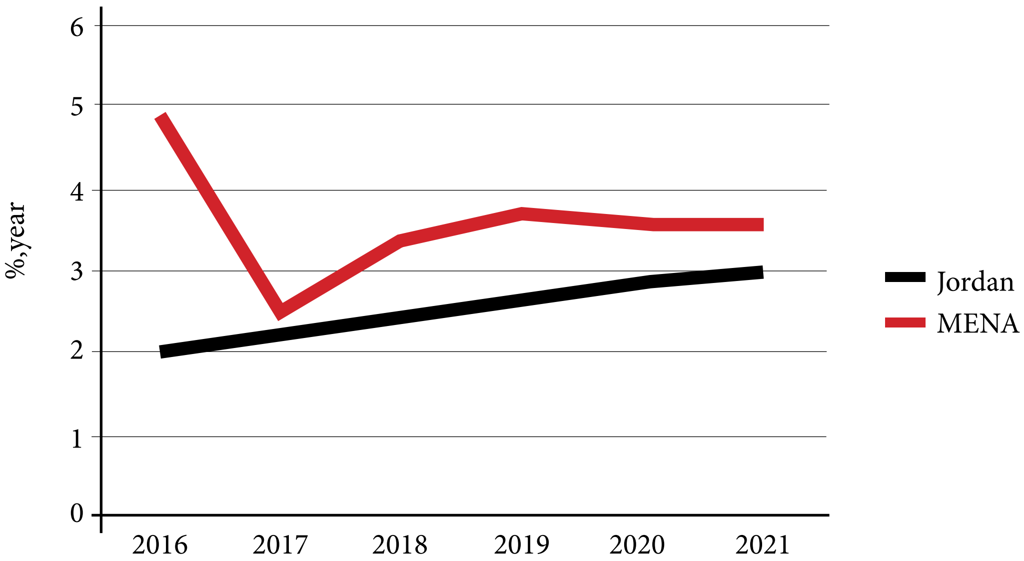
Economics forecasts

Subject Descriptor	Units	2016	2017	2018	2019	2020	2021
GDP, constant prices	% change	2.0	2.3	2.5	2.7	2.9	3
GDP, current prices	US dollars	38.7	40.5	42.6	44.8	47.2	49.88
GDP per capita, current prices	US dollars	5,549	5,677	5,837	6,011	6,202	6,405
Total investment	%, GDP	18.9	20.3	21.2	22.5	22.7	22.8
Inflation, average consumer prices	% change	-0.8	3.3	1.6	2.5	2.5	2.5
Volume of imports of goods and services	% change	-2.9	-2.8	3.3	2.5	2.2	2.5
Volume of Imports of goods	% change	-4.7	-4.1	3.1	3.8	3.1	3.4
Volume of exports of goods and services	% change	0.8	2.0	3.2	3.8	4.2	4.2
Volume of exports of goods	% change	4.4	1.4	4.6	4.7	5.1	5.1
Unemployment rate	%, total labour force	15.3	n/a	n/a	n/a	n/a	n/a
Population	Millions	7.0	7.1	7.3	7.5	7.6	7.8
General government structural balance	%, potential GDP	-3.4	-2.5	-0.4	-0.2	1.2	1.2
General government gross debt	%, GDP	95.1	95.6	93.5	90.8	86.4	82.0
Current account balance	%, GDP	-9.3	-8.7	-8.5	-7.9	-7.0	-6.5

Source: IMF

Annual economic growth remained stable at 2.6% for the final quarter of 2015, the same as the reading for the previous three months. Strong agriculture and utilities output offset falls in mining activity and subdued manufacturing sector. This translated into annual growth of 2.4%, a five-year low. The breakdown of the figures showed that manufacturing output fell by 6.3%, albeit better than an 8% annual drop previously. Mining output rose by 3.8% y/y while electricity output stagnated in the face of cheap natural gas supplies from Egypt. The Jordanian government itself has lowered its growth forecasts for 2015 several times. The slower growth in the first two quarters of 2015 largely reflected increased regional tensions linked to the Islamic State (IS) insurgency earlier this year taking a toll on exports and tourism. The IMF used its April 2016 economic forecasts to cut its outlook for medium term growth. The fund now expects Jordan to attain growth of 4.0% by 2017 compared with the 4.5% it had expected to achieve six months earlier. Even that recovery will leave the outlook it well below the range of 5%-10% seen in the decade before 2011 since when high oil prices, a slump in tourist numbers, disruptions to energy supplies from Egypt, and the spill over of regional tensions and military conflict in Lebanon, Iraq and Syria have impacted on economic growth, business confidence and foreign investment.

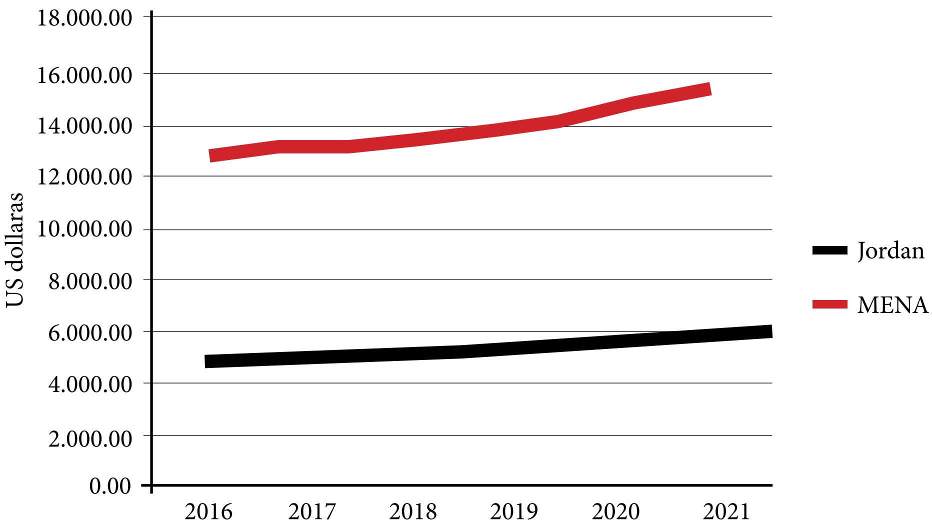
GDP Growth



Source: International Monetary Fund, World Economic Outlook database, April 2018

Jordan's economy may be on track for growth of around 3.2% in 2016, up from 2.5% in 2015 but still well below expectations of GDP growth of almost 4% seen at the start of 2015. The government assumed growth of 3.7% in 2016 when it set out its 2016 Budget in October 2015. At the time it said for 2017 and 2018 the economy was expected to grow by 4.5% although those may be revised in time. As a relatively small economy within the region with an annual output of $36bn and a GDP per capital around US$ 5,000 a year, standards of living in Jordan have been hurt by the influx of refugees from neighbouring countries that now make up 10% of its population. Growth will be supported by a rise in exports and an increase in domestic demand, especially for services that make up 60% of the economy. In 2014 the government announced a 10-year development plan with a focus on human resources, social policy, economic development, and de-centralisation and governance.

GDP per capita

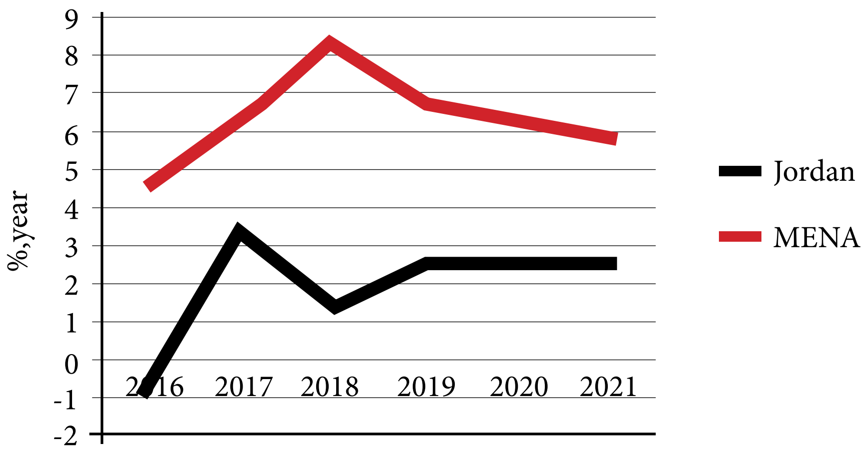


Source: International Monetary Fund, World Economic Outlook database, April 2018

The instability in the region continues to cast a cloud over the political outlook, while there is still pressure for constitutional reform that could lead to domestic volatility. The civil war in Syria and the increasing insecurity in Iraq will dominate the political landscape in Jordan for some time to come as it struggles to deal with the massive inflow of refugees and the potential for the violence to spill over their border. Census data released in January 2016 showed that Jordan was now hosting 1.27 million Syrians, of whom about 630,000 are registered with the UN, and most live outside refugee camps alongside Jordanians. These are on top of 2 million Palestinians in a country with a population of 9.5 million — severely draining Jordan's economy and limited natural resources. The Prime Minister, Abdullah Ensour, indicated in February 2016 that Jordan was prepared to allow thousands of Syrians to work in the kingdom if the international community agreed to extend billions of dollars worth of economic aid. Jordan took part in two overseas conflicts abroad in 2014 and 2015, taking part in air strikes against Islamic State (IS) militants in Iraq and Houthi rebels in Yemen. While Jordan has been relatively unscathed by atrocities by Islamic State, the terror group claimed responsibility for the 45 people killed and 110 wounded in January 2016 by a car bomb and two suicide bombers in Damascus. In March 2016 Jordan's security services said they had thwarted a plot by sleeper cells of IS militants to blow up civilian and military targets. On the domestic front, Jordan has been largely immune from the public protests that swept the region after the 2011 Arab Spring after fears of regional contagion persuaded the monarchy to announce a raft of reforms.

Another month of falling prices kept Jordan in a deflationary environment for the tenth month a row in April 2016. Rising costs of rents, entertainment, clothing and health reduced Jordan's annual deflation rate to 1.2% from 1.7% in the previous month. Prices last rose in June 2015. Falling prices of transport, utilities, meat and fresh produce helped keep prices in Jordan in negative territory. Meat and poultry charges declined 6.9% year-on-year, fresh fruits fell 6.6% and transport shrank 7.3%. As a net oil importer, Jordan is one of the few countries in the Middle East region to benefit from the sharp fall in world oil and gas prices. The IMF expects inflation to decline further to just 0.2% in 2016 before rising back to modest levels of 2.0%-2.5.

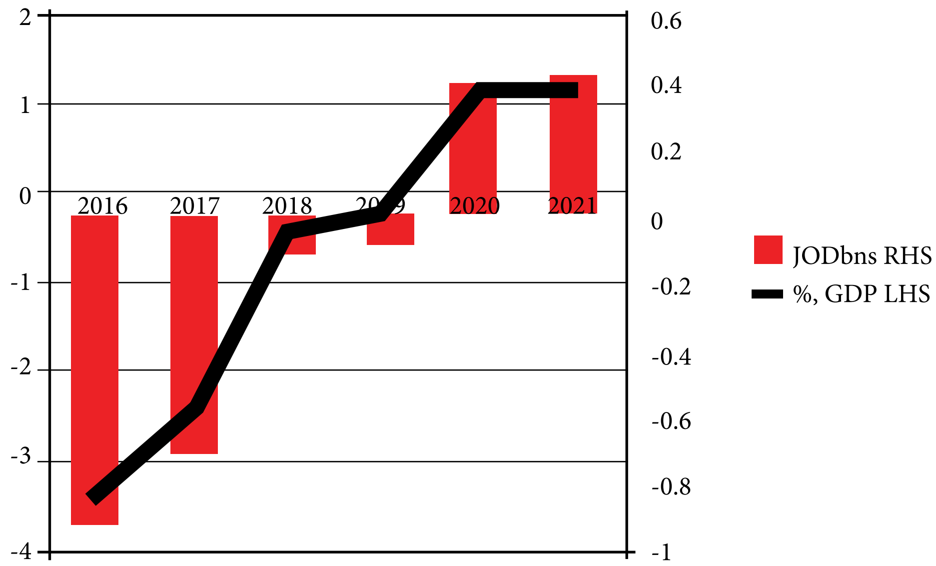
CPI inflation



Source: International Monetary Fund, World Economic Outlook database, April 2018

The state budget deficit for the fiscal year of 2015 reached JOD 929 mn, or 3.4% GDP, according to numbers released in March 2016. This marked an increase of JOD 346 mn registered in 2014 when the deficit/GDP ratio was 2.3%, mainly due to a JOD 350 mn drop in foreign grants. The Finance Ministry said that deficit ratio to the gross domestic product (GDP) in 2014 was 2.3%. Preliminary data for the first two months of 2016 showed a 5.2% expansion on the same period a year earlier as both revenue and spending increased. The deficit in the public finances will fall to 2.1% in 2016 and 1.7%, the government said ahead of the approval of its 2016 Budget by the Lower House in January 2016. The finance ministry presented the House with a budget deficit at JOD 905 mn slightly down from the JOD 911 mn recorded in the previous year. The government seeks to cut the deficit to zero by 2025 and thus gradually reduce overall debt from 82.3% of GDP in 2014 to 47.4% by 2025. The government has used an assumption of 3.7% GDP growth, which is exactly in line with the latest IMF forecasts. It assumes an average oil price of US$ 60 per barrel compared with the US$ 100 assumption in the 2015 Budget but still above market prices of around $50 in May 2016. Local revenues are forecast to grow by 11.2% compared with 2015, thanks to an expected increase in non-tax revenues by JOD 120 mn, and the rise in collected income tax by 11% in 2016. Capital expenditure is estimated at JOD 1.3 bn in 2016, higher by around JOD215m, or 19.6%, than the re-estimated expenses in 2015. The local development sector accounted for the largest share with 21.5%. The direct cost of hosting 1.5 million Syrians is estimated at hundreds of millions of dinars. The government has been able to rely making a saving from the fall in the price of oil as Jordon imports 97% of its energy needs. The government is phasing out oil subsidies and has raised electricity prices by 16% every year since it secured a US$ 2.1 bn Stand-By Arrangement from the IMF in 2012. These reforms will help reduce Jordan's relatively high government debt level of 90% of GDP in 2015. The government has made a commitment to reduce public debt to around 70% of GDP by 2020. This would involve slimming the annual deficit from 3.5% of GDP in 2015 to 0.5% in 2019.

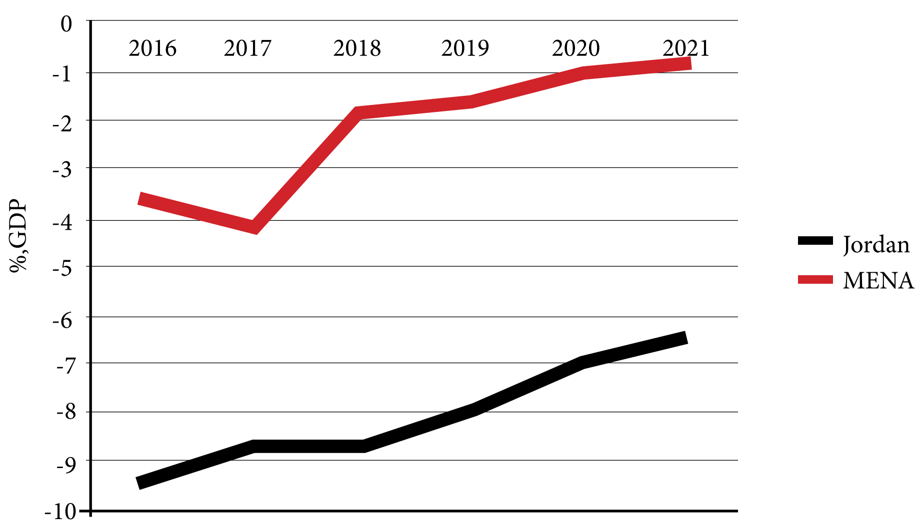
Government net lending



Source:International Monetary Fund, World Economic Outlook database, April 2018

The current account deficit rose in 2015 to 9% of GDP, up from 7.3% in 2014. In nominal terms the deficit expanded by 28% to JOD 2.4 bn (US$ 3.3 bn). This trend looks set to continue into 2016 after official figures showed exports fell by 12.7% in the first quarter of 2016 while imports rose 4%. The IMF forecasts the current account deficit will halve from 10.3% in 2013 to 5.7% by 2019. It is projected at about 6.4% of GDP for 2016, lower than the previous thanks to lower oil prices, and to broadly stay at this level for the next three years. In any event Jordan has amassed a large volume of foreign reserves. The reserves held by the central bank had risen to US$ 16.3 bn by the end of February 2016, a slight increase from the US$ 16.1 bn recorded a year earlier. It also benefits from strong external financial support in the form of a US$ 5 bn fund from the Gulf Cooperation Council as well as the IMF's US$ 2.1 bn Stand-By Arrangement. In 2014 Jordan successfully issued a $1bn sovereign bond that was guaranteed by the United States. In November 2015 it issued printed its first non-US guaranteed standalone deal from the country for five years with a US$ 500 mn offer that attracted US$ 2.6 bn of deals. It has been reported Jordan will issue sukuk debt in 2016.

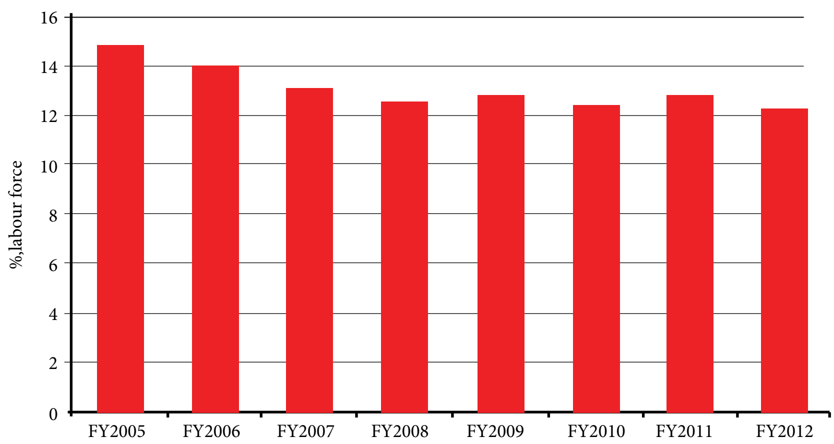
Current account deficit



Source: International Monetary Fund, World Economic Outlook database, April 2018

Unemployment continues to act as a drag on economic growth and a barrier to raising living standards of Jordanians. More than one in seven is out of work according to the latest data. The jobless rate rose to a fresh high of 14.6% in the first quarter of 2016 from 13.6% in the final three months of 2015 and just 13% in the equivalent quarter a year earlier. The Department of Statistics blamed weak jobs creation in the construction and industrial sectors. Male unemployment rose to 12.7% in Q1 from 11.7% while the female rate increased to 23.7% from 23.0%. The jobless rate among people with high education spiked to 20.2% in Q1 from 17.6% in Q4 2015The challenge of reducing the jobless total, which rose even during the years of strong growth, will be tougher in the light of lower economic growth forecasts. Employment is markedly low with only 32% of working-age people employed, a rate that is lower than the MENA average of 44% and well short of the world average of about 60%. Unemployment among women climbed to 23.0% from 20.0% in the second quarter of 2015. The influx of Syrian refuges means that Jordanians find it harder to find work in low-skilled sectors such as construction, agriculture and manufacturing. The Jordanian government has set out a plan designed to replace foreign workers with the local workforce. To absorb the new entrants to the labour market, Jordan would need to increase employment by around 400,000 by 2020. The IMF estimates that this would require average annual growth of 6%. Current growth forecasts would only generate 275,000 jobs.

Unemployment



Source: World Bank, Global Economic Prospects, January 2015

Jordan looks reasonably well placed to be able to cope with a tough external environment. After a sharp slowdown in 2013 economic growth looks to accelerate to a new trend rate of 4.5%, albeit half the level of the pre-2001 levels. The country and economy have proved resilient in the face of challenges and should do so in 2016. Growth in 2016 is likely to continue to be driven by domestic demand based on the growth in population from the refugee inflows. Inflation is also likely to remain low and stable thanks to sharp declines in fuel and transport prices, which will give a boost to Jordanians' living standards. The government should succeed in its plan to lower the deficit while the narrowing current account of rising official reserves will put it in a strong position to deal with future volatility in the region. The implementation of the Vision 2025 development plan beginning in 2016 and a consequent growth in public spending should offset the fall in export volumes. Implementation of solar and wind projects will increase the country's renewable capacity and support its energy mix that will become important if oil prices rise further.

Weaker global growth and a volatile regional security situation threaten to add to Jordan's economic challenges. There is a real risk that volatility could indeed increase. Any further deterioration in the Syrian conflict and the Iraqi situation, which affect trade, tourism, and investor confidence. It could lead to a fresh influx of refugees, which will add to social security costs and increase the labour supply at a time of high unemployment. Policymakers will face a challenge of managing the impact on the formal labour market. Further rises in unemployment could fuel tensions between the indigenous and refugee populations. Jordan needs the international community to continue to support it financially through grants, and any backward step would be highly damaging.

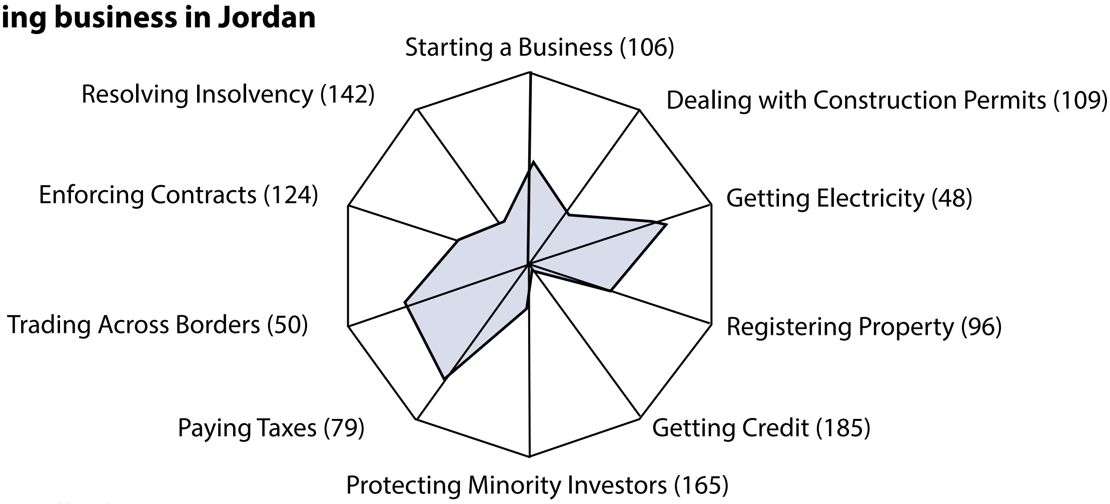
Weaker than forecast economic performance as well as the slight dip in activity expected in 2016 will impact on revenue. Any intensification in regional conflicts would lead to further declines in exports that would worsen the current account position. There is also risk that the government may fail to fully implement the reform package being pushed by the IMF, particularly in terms of improvements in the quality of public institutions, the business environment, and labour markets. Further appreciation in the US dollar would make Jordan's exports of goods and services more expensive to overseas customers. A further rebound in the oil price would hit economic growth and living standards. The last public protests in Jordan were over the impact of the rise in electricity prices as subsidies started to be withdrawn. There is a risk of renewed protests as that process continues. On the political front, the government is confronted by the different demands of loyalists and tribes and the opposition, particularly the Islamic Action Front, a political arm of the Muslim Brotherhood.

The main risk to Jordan's financial stability comes from the pressure on its public finances and external balance sheet from the conflicts in neighbouring countries. Hosting refugees continues to put social and economic pressures on the economy. These will mean that Jordan will continue to carry a debt of more than 80% of GDP over the coming five years. The windfall from lower oil prices and the successful implementation of the 2015 Budget measures and the income tax hike should help to reduce debt and restore the fiscal buffers. This will provide assurances that public debt will move onto a downward path, starting in 2016. However any failure or delay in implementing those measures will raise concerns over Jordan's ability to finance its debt while a rebound in oil prices will raise Jordan's imports costs. The central bank has focused on preserving comfortable reserve buffers. Reserves were US$ 15.2 bn at the end of 2015, only slightly down by 0.9% or US$ 137 mn from a year earlier, covering nine months of imports. The current account balance is at risk of deterioration from a combination of weaker exports due to the conflict and stronger imports because of the growing population.

Jordan is a relatively open economy when it comes to doing trade and investment. There are major opportunities in the areas of healthcare, where it is a regional leader, ICT, which is the third largest contributor to Jordan's economy, and energy with a focus on renewable power. Full ownership of ventures by foreign investors is allowed in most industries although activities in the defence and security sectors would need to be cleared by the relevant authorities. The authorities have set out different to improve the investment framework by reviewing procedures and related legislation.

However there are still bureaucratic hurdles that has left Jordan ranked 113th out of 189 countries in the World Bank's Doing Business report of 2016 — a relatively poor ranking within the region. This a slight fall on its adjusted ranking of 107 in the 2015 report which is due to Jordan seeing a fall in all bit three of the sub-categories. Weak areas included obtaining credit where at 185th, protecting minority investors (163) and resolving insolvency (146). Jordan ranked 45 (with Bahrain) out of 175 countries in Transparency International's 2015 Corruption Perceptions Index, an improvement on 55 in 2014 and 66 in 2013 with a score that was third best in the MENA.

Doing business in Jordan



Source: World Bank, Doing Business Report, 2017

CHALLENGES TO INDUSTRY

Regional turmoil will continue to pose a challenge to Jordan's tourism industry going forward. According to the Minister of Tourism and Antiquities, Nayef Fayez, the industry lost US$ 1 bn as a result of regional political instability in 2011. Regionally, the situation remains tumultuous; the situation in Syria has continued to deteriorate, while the prolonged Israeli-Palestinian conflict poses a threat on the country's western border. Despite Jordan's relative stability amidst regional chaos, sustained regional violence and unrest will continue to deter visitors from travelling to Jordan until the security situation improves.

At nearly 90%, receipts produced by foreign tourist significantly outweigh those produced domestically. Jordan's dependency on foreign receipts could hurt the performance of the industry if tourism continues to decline in the region due to political unrest. A greater input from domestic travellers would hedge the industry against potential downturns. Unfortunately, Jordan's high unemployment rate will continue to limit the number of individuals with disposable incomes to be spent on leisure activities.

Jordan will also have to work to combat trends within its industry if it is to meet goals set forth by the National Tourism strategy. Two objectives set forth by the NTS are to limit seasonality and to increase the length of stay for visitors. Eliminating seasonality will be particularly crucial to meeting the full-time employment objectives outlined in the strategy. If Jordan is unable to encourage more year-round tourists, then the likelihood of seeing significant growth in the number of full-time jobs will diminish.

The ability to quell domestic instability may be a significant determinant of the dynamics of Jordan's tourism growth. Though Jordan's domestic stability is better than that of its neighbours, political dissent following the Arab Spring has potential to derail progress in the tourism sector. Following the dissolution of parliament in June 2016, King Abdullah appointed new Prime Minister Hani Mulki. New elections are scheduled for this year and could be the source of renewed protest and unrest if the government is not able to appease the needs of Jordanian citizens.

SWOT CHART

Strengths

- Compared with its neighbours, Jordan maintains a more stable political environment and has historically been internationally viewed as a regional peacemaker.

- Jordan experienced minimal unrest during the Arab spring, when compared to neighbours such as Egypt, Tunisia, Bahrain and Syria.

- Jordan offers a wealth of human resources. As per the revised National Tourism Strategy, the development of said human resources will remain a focus of the Jordanian government in the coming years.

- Jordan offers investors a strong banking system due to recent reforms including strengthening of regulatory measures, and increased bank lending for infrastructure projects related touristic developments.

- Jordan's tourism is diverse, thus offering a wide array of opportunities for development and investment. Additionally, Jordan's antiquities will forever maintain a somewhat 'timeless' attraction, thus encouraging tourist to visit the destinations for years to come.

Weaknesses

- Jordan's tourism industry is subject to seasonality, which stymies its ability to create stable full time jobs and contribute on a regular basis to the economy.

- Jordan's tourism industry is heavily reliant on foreign visitors. Should political unrest continue to upend the regional tourism industry writ large, then this could also hurt the performance of Jordan's tourism sector.

- Jordan suffers from high levels of unemployment, which will therefore indirectly limit the number of Jordanians with disposable income to spend on leisure activities that are part of the industry.

- Jordan has a reputation for having high levels of corruption, particularly within the commercial sphere. Coupled with the lack of an independent judiciary, this can make for an inhospitable investment environment.

Opportunities

- Jordan's potential bid to join the GCC would boost GCC tourism to Jordan.

- Investors and operators have the opportunity to capitalise on the country's adventure tourism segment, offering travel packages and value-added services.

- As medical tourism gains popularity, opportunities abound when it comes to the creation of new health clinics and facilities.

- Jordan has a strong construction sector, which can facilitate and provide better costs for the development of large-scale tourism-related infrastructure projects.

- The pillars and objectives of the National Tourism Strategy offer great opportunity for investors across a number of segments, particularly business tourism and infrastructure development.

Threats

- Regional turmoil could deter tourist from the MENA region as a whole, thus negatively impacting Jordan's tourism industry.

Jordan's dependency on foreign aid and imported energy mean that any global economic downturn could derail current high-priced developments in the sector or encourage investors to cancel their projects.

- If the new Prime Minister and his government fail to meet the demands Jordanian citisens, the political situation in Jordan could easily denigrate and thwart foreign tourism.

- Any hint of terrorist activity within the country's main tourist areas would be devastating for the sector.

PROJECTIONS

Economic Projections

	2016	2017	2018	2019	2020
Nominal GDP (US$ bn)	40.1	41.6	43.1	44.7	46.5
Real GDP Growth (%)	3.7	3.5	3.9	4.0	4.1
GDP Per Capita (US$)	5,917	6,135	6,350	6,598	6,862
Population (mn)	7.7	7.8	8.0	8.1	8.2

Source: Noozz

Industry Projections

	2016	2017	2018	2019	2020
Visitor Arrivals (mn)	5.4	5.6	5.9	6.1	6.3
Direct Contribution to GDP (%)	3.7	3.6	3.7	3.8	3.8
Total Contribution to GDP (%)	9.8	9.8	9.9	10.1	10.3

Source: Noozz

NEEDS ASSESSMENT

• Jordan's goal of providing 25,000 full-time jobs directly supported by the tourism industry, along with a half a million supported indirectly or directly by the industry, will be contingent on the industry's ability to perform and thrive. As part of the NTS, the Jordanian government has committed to training 5,000 students at vocational centres designated for tourism, as well as providing hospitality skills training for 40,000. Should the industry fail to gain predicted momentum, this will generate more educated yet unemployed Jordanians.

• In order to boost tourist receipts, the government will need to continue to secure private-public partnerships that can effective develop targeted areas. Additionally, the sector needs to buffer itself from potential losses related to regional unrest.

• The 'Product Development' aspect of the National Tourism strategy is heavily dependent the private sector to undertake projects that will improve the quality of the visitor experience. Specific objectives within this pillar – such as developing themed culinary activities and events and revolutionizing museums – will depend largely on fund and the enterprises of private sector investors.

• The industry should pursue efforts to attract tourists from non-western countries to expand the potential base of visitors. Asian and African markets should be assessed for their potential benefit to the sector, particularly as western tourists have started to avoid the region.

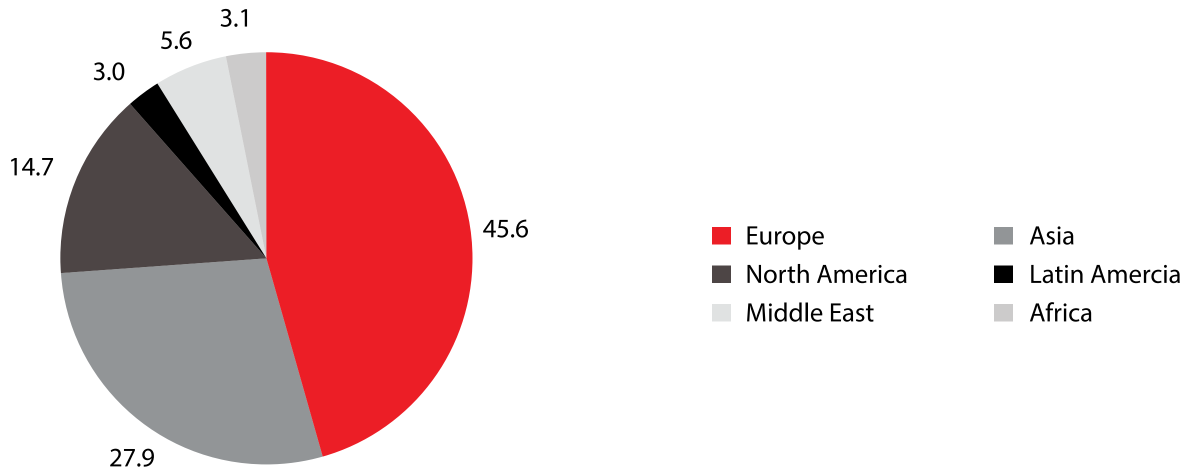
• In order to realize additional potential of the industry, the government must invest an annual US$ 500 mn towards updating and building additional tourism-related infrastructure, with a focus on new roads, trains, public ground transportation, and airports, as well as updates to existing infrastructure.

• The promotion of domestic tourism should remain a major focus of the Jordanian government. Since 2011, Jordanians have taken a greater interest in in-country travel, leading to rising numbers of domestic visitors to beaches and heritage sites within the country, and the establishment of new annual festivals and events that attract large numbers of middle and upper middle class Jordanians.

MENA-WIDE OVERVIEW

The tourism and hotels industry is a key segment for many economies in the Middle East and North Africa. With long histories, rich natural features and favourable climates, regional countries have much to offer visitors from around the world. Despite this, development in the regional tourism industry remains uneven and the sector has fluctuated dramatically in the past as a result of political and economic instability. Since the outbreak of the Arab Spring in 2011, and particularly since the rise of the Islamic State in 2014, the entire region has witnessed dropping numbers of arrivals, with negative consequences for MENA economies.

Global Tourism Share (%)



Source : Scotia Bank Group

The effects of the Arab Spring and subsequent political instability on tourism have been felt throughout the region, threatening the recovery of economies that rely heavily on tourism, such as Tunisia and Egypt. As uncertainty persists across the region and travel warnings discourage international tourists from visiting Tunisia and other countries in the region, MENA markets will continue to suffer the consequences of on going political instability.

While leisure tourism has suffered regionally as a result of recent events, business tourism remains a strength regionally due to MENA's status as a business hub and investment destination. Despite their relative lack of touristic sites and attractions, the GCC countries such as Qatar have managed to maintain a consistently high level of tourist arrivals, building upon a large hospitality infrastructure to build a strong convention and business tourism segment. In Oman, the government recently passed a new income tax law, and lowered the corporate tax rate to 12% for both foreign and local firms, a move which continues to attract greater business tourism inflows to the country. While competition from the stable GCC is high, economies like Jordan, which enjoy closer proximity to Europe, lower costs, and broader diversity of attractions, have strong potential to make gains in the business segment.

While the GCC countries have taken proactive steps to build the number of tourist attractions available in country by, for example, franchising museums and investing heavily in arts and culture development projects, the fact remains that destinations like Tunisia, Egypt, Morocco, Lebanon, and Jordan will always hold a strong attraction for international travellers due to their favourable climates, natural beauty, and rich cultural heritage. Proactive investment in diversifying tourism industries to take full advantage of these assets will bolster recovery in the medium and long term.

Innovation in the regional tourism sector is critical to the future of MENA economies. The World Travel and Tourism Council (WTTC) estimates that tourism's direct contribution of to MENA GDP was US$ 73.7 bn (2.7% of total GDP) in 2014. This is forecast to rise by 4.7% in 2015, and to rise by 4.6% annually between 2015 and 2025, to reach US$ 121 bn (3.1% of total GDP) by 2025. The total contribution of travel and tourism to the region's GDP was US$ 200.5 bn (7.4% of GDP) in 2014, and is forecast to rise by 4.6% in 2015, and to rise by 4.6% annually to US$ 328.1 bn (8.3% of GDP) in 2025. These figures reflect the key importance of tourism to the regional economy and the need for robust and strategic investment in recovery and growth.

As regional governments struggle to address the needs and demands of increasingly politically aware populations, the stability that growth in the tourism sector could offer in terms of expanding employment will be essential to achieving meaningful change. A key employer in many regional economies, tourism directly supported 2.3 mn jobs, or 3.2% of total employment, in 2014. This figure is expected to rise by 4.5% in 2015 and increase thereafter by 3.1% annually to 3.2 mn jobs (3.4% of total employment) by 2025.

While domestic tourism should be promoted in order to take advantage of renewed patriotism and interest among post-revolution populations in the region and to create a stable base for tourism industries, international tourism will remain a cornerstone of the MENA tourism sector. Visitor exports, or spending by international visitors, from the Middle East declined slightly, from US$ 70.1 bn in 2011 to US$ 67.2 bn in 2013. Visitor exports accounted for 4.5% of total exports in 2013. The Middle East generated US$ 68.3 bn in visitor exports in 2014. In 2015, this is expected to grow by 2.5%, and the region is expected to attract 58.5 mn international tourist arrivals. By 2025, international tourist arrivals are forecast to total 104.8 mn, generating expenditure of US$ 109.1 bn, a yearly growth rate of 4.5%.

Within the Middle East, several economies have emerged as premier tourism hubs, particularly the United Arab Emirates (UAE), where the industry accounts for 20% of GDP. The UAE and other stable GCC countries such as Qatar will continue to pose the greatest competition Tunisia's tourist industry in the coming years. In Bahrain and Qatar, extensive efforts have been made to bolster the industry as a means of diversifying away from oil. Bahrain has engaged in both Formula One Racing, and planned to host the European Volvo Golf Championship, but the event was ultimately cancelled due to unrest.

Regional investment levels in tourism remained robust in 2014 and continue to grow in 2015, on the back of major projects in the GCC region. Investment in 2014 reached US$ 43.8 bn, or 6.8% of total investment. The WTTC estimates that this figure will increase by 6.6% in 2015, and rise by 4.9% per annum over the next ten years to reach US$ 75.6 bn in 2025. While the GCC accounts for a large majority of this investment, particularly with Qatar set to host the World Cup in 2022, economies like Oman can expect to attract modest investments from longstanding partners in the short term, and more significant commitments in the medium and long term.

Given its relative political stability and its diverse array of tourism offerings, it is likely that Jordan will become an increasingly sought-after tourist destination in the Middle East if regional stability can be regained. As neighbouring countries grapple with the tumult that can accompany nascent democracies or continued, and in some cases worsening, unrest, Jordan has great potential to thrive. Whether or not the industry reaches its full potential is heavily contingent on meeting the goals of the National Tourism Strategy, and whether unrest spurs travellers away from the Levant and into more stable countries, such as the UAE or Qatar.