

In Brief: Development & Free Zones in Jordan

Background

The Government of Jordan with the aim of attracting foreign investment; creating employment opportunities, and boosting exports has established a number of special economic zones and free zones in the Kingdom. Starting with setting up of **the Jordan's Free Zones Company (JFZC) in 1976 and the Jordan Industrial Estates Company (JIEC) in 1980**. Both of which were first established as public corporations and later registered as private companies with the Companies Controller Department/Ministry of Industry Trade and Supply as Master Developers to their respective zone (In 2016, the JFZC was merged with the Development Zones Company to become the Develop Jordan Group).

In 2000, the Government established **the Aqaba Special Economic Zone** situated in the coastal city of Aqaba that is overseen by the Aqaba Special Economic Zone Authority a financially and administratively autonomous institution responsible for the management, regulation, and the development of the Zone.

In 2008, the Government established **Development Zones (DZ)**, to reduce the disparities between the governorates and ensure the distribution of development gains across Jordan. These DZs were governed by the Development Zones Commission (DZC). However, in 2010, both Industrial Estates and Free Zones were brought under the oversight of the DZC, which was renamed the Development Zones and Free Zones Commission. Importantly, to unify the tools Industrial Estates would be merged with and treated as Development Zones.

The Investment Law No. (30) of 2014 came into force in October 2014 and formally established the Jordan Investment Commission (JIC) as a new agency of the GOJ. Its mandate is to attract and facilitate domestic and foreign investments, promote investment, ensure the sustainability and the attractiveness of the investment climate, thereby stimulating economic activity. In effect, the JIC merges Jordan Investment Board ("JIB" Jordan's investment promoting agencies before 2014) with the DZFC and assumes the responsibilities for export promotion that was formerly managed by the Jordan Enterprise Development Corporation ("JEDCO"- Jordan's export promotion agency prior to 2014). The Law also formally establishes the "Investment Window" to provide one-stop shop services and issue licenses for investments in Jordan and within the various development and free zones. However, the Investment Law excludes the Aqaba Special Economic Zone from its supervision.

It is important to make note of the Qualifying Industrial Zones (QIZs) which is a preferential trade arrangement, allowing goods from geographically circumscribed areas in Jordan to access the US market tariff and quota free when stipulate rules of origin requirements are met. the QIZ program, established in 1996, aimed at supporting peace through enhancing regional economic co-operation and business links, and as such is not a special economic zones.



Development Zones

Development Zone are any zone within the customs territory of the Kingdom declared to be a Development Zones pursuant to the provisions of the Investment Law.

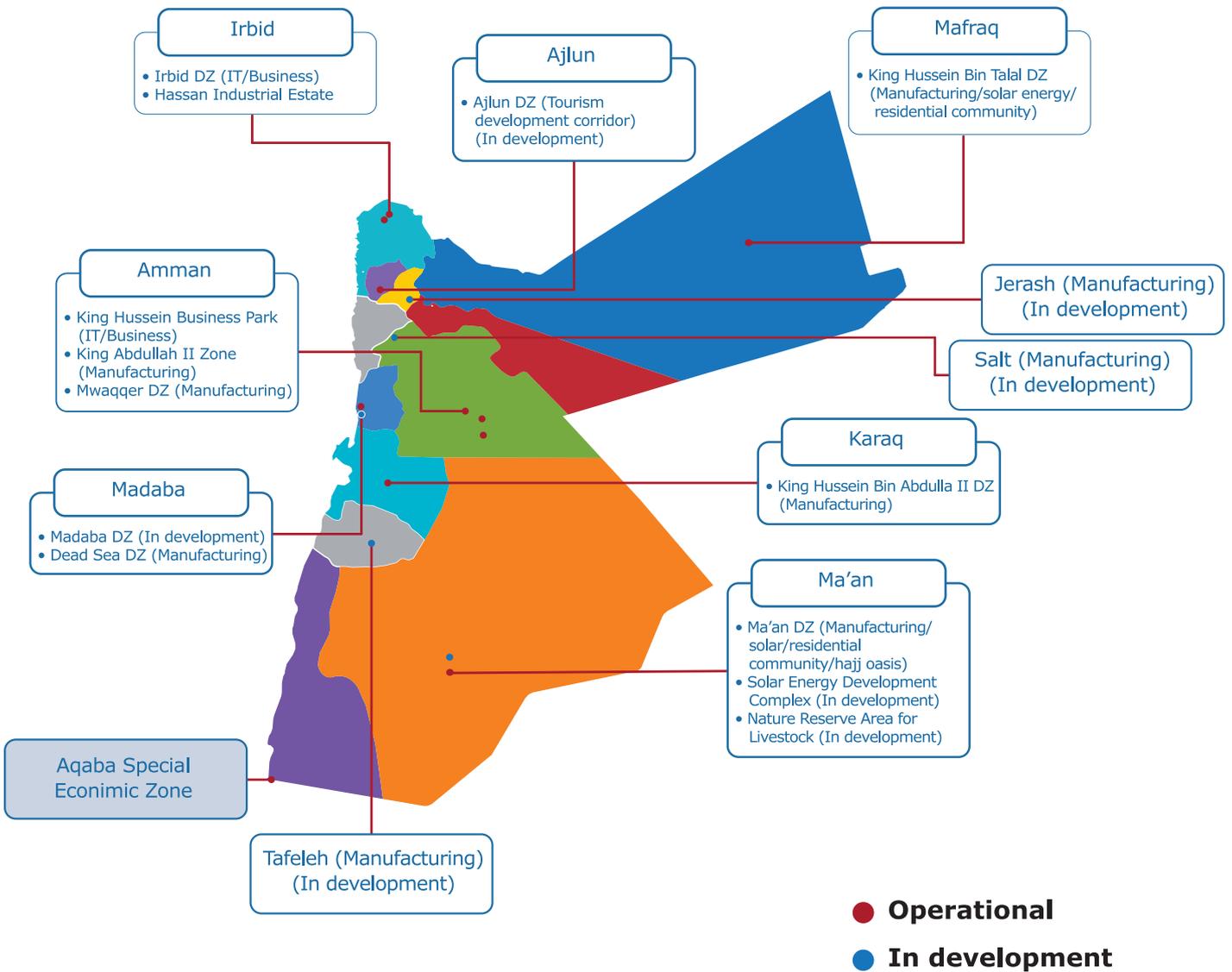
There are 16 development zones in the Kingdom of which nine (9) are operational and seven (7) have been formally established and are in development (design and construction) phase.

Table (1): List of Development Zones in Jordan

Title	Governorate	Year of est.	Economic Activity	Status
Ajlun Development Zone (Tourist Corridor)	Ajloun	2015	Tourism	In Development
King Hussain Business Park Development Zone	Amman	2010	Information Technology	Operational
King Abdallah II Development Area / Sahab	Amman	1980	Manufacturing	Operational
Al-Mwqar Development Zone	Amman	2010	Manufacturing	Operational
Dead sea Development Zone	Balaqa + Madaba	2009	Manufacturing	Operational
Al-Hasan Industrial Area	Irbid	1991	Manufacturing	Operational
Irbid Development Zone	Irbid \ Ramtha	2009	Smart city (service + scientific research + information technology + medical industries)	In development
Jerash Development Area	Jerash	2014	Manufacturing	In development
Al-Hussien Bin Abdallah II Development Zone	Karak	2003	Manufacturing	Operational
Ma'an Development Zone	Ma'an	2007	Industrial Park + Residential Community + Solar Park + Hajj Oasis	Operational
Solar Park Development Zone	Ma'an	2016	Solar Energy	In development
Mahmedieh Development Zone	Ma'an	2016	Matura Reserve Area for Livestock	In development
Madaba Development Zone	Madaba	2014	Manufacturing	In development
King Hussien Bin Tala Development Zone	Mafraq	2006	Manufacturing Solar Energy Residential community	First and second phase of the infrastructure is ready and the zone is operational The entire area of renewable energy is leased
Salt Development Zone	Salt	2014	Manufacturing	In development
Tafeleh Development Zone	Tafeleh	2014	Manufacturing	In development

Source JIC, 2016

Figure (1) Map of Development Zones in Jordan



Free Zones

Free Zones are part of the Kingdom’s territory that is defined; separating and walled in, and is designated for engaging in economic activities and commerce including storage of goods.

It is considered to be outside of the customs territory. As such goods and economic activities within the zone are treated as if outside the Kingdom. Jordan has (6) zones that are open to investors.

Figure (2) Map of Free Zones in Jordan

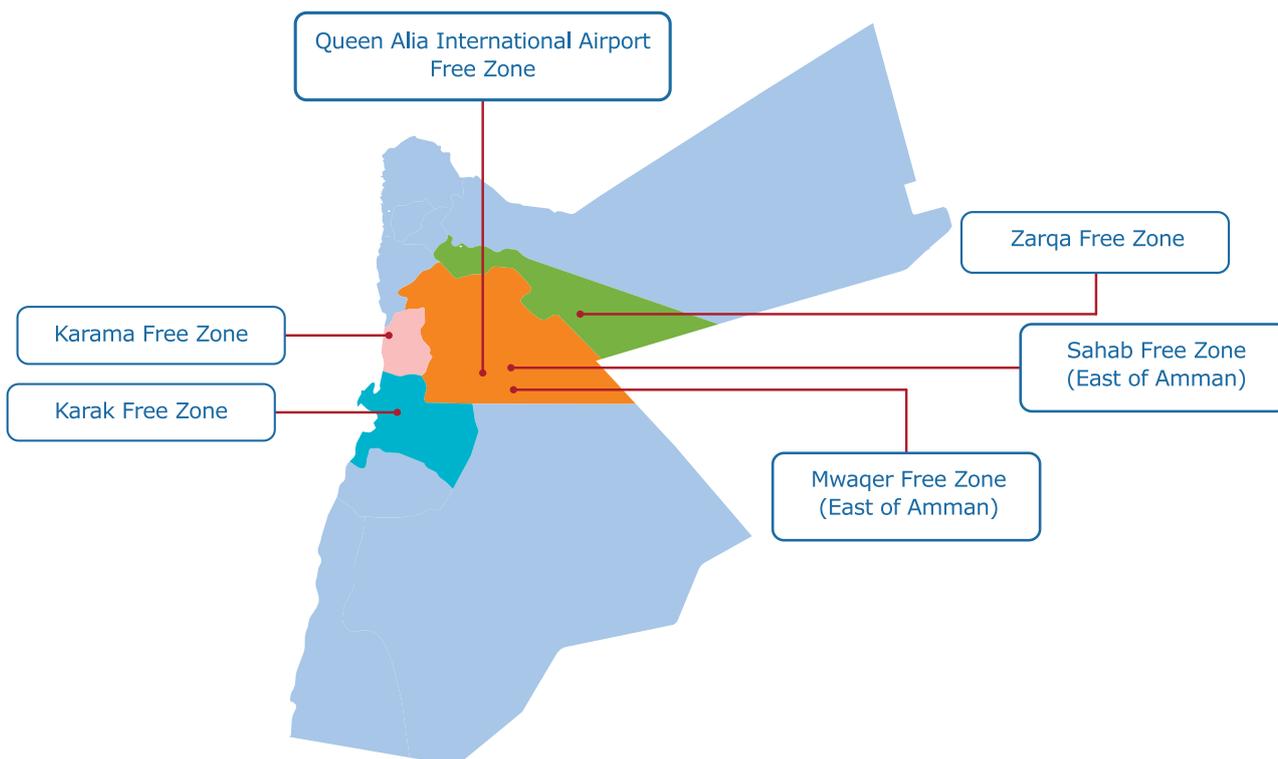


Table (2): List of Public Free Zones in Jordan

Master Developer	Location
Karak Free Zone Company	Karak
Karama Free Zone Company	Karama
Mwaqer Free Zone Company	Mwaqer
Queen Alia International Airport Free Zone Company	Queen Alia International Airport
Sahab Free Zone Company	Sahab
Zarqa Free Zone Company	Zarqa

Source JIC, 2016

Additionally, there are over 37 Private Free Zones in the Kingdom. These are individual companies enjoying free zone status; many of which are for a

single purpose such as the Jordanian Indian Chemical Company or the Jordan Bromine Company. A list is available @ <http://www.jfdz.jo/>.

Investment Incentives in the Zones

Table (3) Incentives offered in the different Zones*

Development Zones	ASEZ	Free Zones
5% Income Tax	5% Income Tax	Income Tax exemptions
0% Export Tax Exemptions	0% Export Tax Exemptions	Exemptions from customs duties
0% Sales Tax	0% Sales Tax	0% sales tax
0% Import Duties	0% Import Duties	Income tax exemption on foreign workers remunerations
0% Social Services Tax	0% Social Services Tax	Exemptions from land and building taxes as well as service charges for street paving, planning and improvements
0% Dividend Tax	0% Dividend Tax	

**Certain Requirements and Conditions Apply.*

Foreign Investments in the Zones Enjoy:

- 100% foreign ownership of the investment is allowed in all sectors.
- Facilitated visa and residency permits for investors, workers, and their families including for business persons.
- Repatriation of capital and profits in a convertible currency.



**The American Chamber
of Commerce in Jordan**

AmCham - Jordan AmCham-Jordan is a member of the United States Chamber of Commerce. Established in 1999 as a voluntary not-for-profit member-based organization that contributes to economic development through the promotion of US-Jordan trade and investment development, policy advocacy, human resources development and business community outreach.



**U.S. - Jordan
Free Trade Agreement Unit**

Based at AmCham-Jordan, **the Free Trade Agreement (FTA) Unit** was established in 2017 with support from the United States Agency for International Development's (USAID) Jordan Competitiveness Program (JCP). The FTA Unit services as Secretariat to the National Tijara Coalition serving Jordanian and American businesses to better understand and utilize the trade and investment opportunities made available under the JUSFTA and the BIT.



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