



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

Tourism in the Jordanian Economy: A Sector that Deserves Special Attention

October 2022

Table of Contents

1. Background:	4
2. The Trading Performance of the Jordanian Economy & Tourism Sector	6
3. The Travel & Tourism Development Index 2021: Where Does Jordan Stand?	9
4. Destination Jordan: The Tourism Aspect	18



منتدى الاستراتيجيات الأردني JORDAN STRATEGY FORUM

The Jordan Strategy Forum (JSF) is a not-for-profit organization, which represents a group of Jordanian private sector companies that are active in corporate and social responsibility (CSR) and in promoting Jordan's economic growth. JSF's members are active private sector institutions, who demonstrate a genuine will to be part of a dialogue on economic and social issues that concern Jordanian citizens. The Jordan Strategy Forum promotes a strong Jordanian private sector that is profitable, employs Jordanians, pays taxes and supports comprehensive economic growth in Jordan.

The JSF also offers a rare opportunity and space for the private sector to have evidence-based debate with the public sector and decision-makers with the aim to increase awareness, strengthening the future of the Jordanian economy and applying best practices.

For more information about the Jordan Strategy Forum, please visit our website at www.jsf.org or contact us via email at info@jsf.org. Please visit our Facebook page at Facebook.com/JordanStrategyForumJSF or our Twitter account [@JSFJordan](https://twitter.com/JSFJordan) for continuous updates about Jordan Strategy Forum.

#JSFJo

@JSFJordan

/JordanStrategyForumJSF

Jordan Strategy Forum

Amman, Jordan

T: +962 6 566 6476

F: +962 6 566 6376

Policy Papers: A policy paper is a research piece which focuses on a specific issue or problem and provides clear recommendations for policy makers.

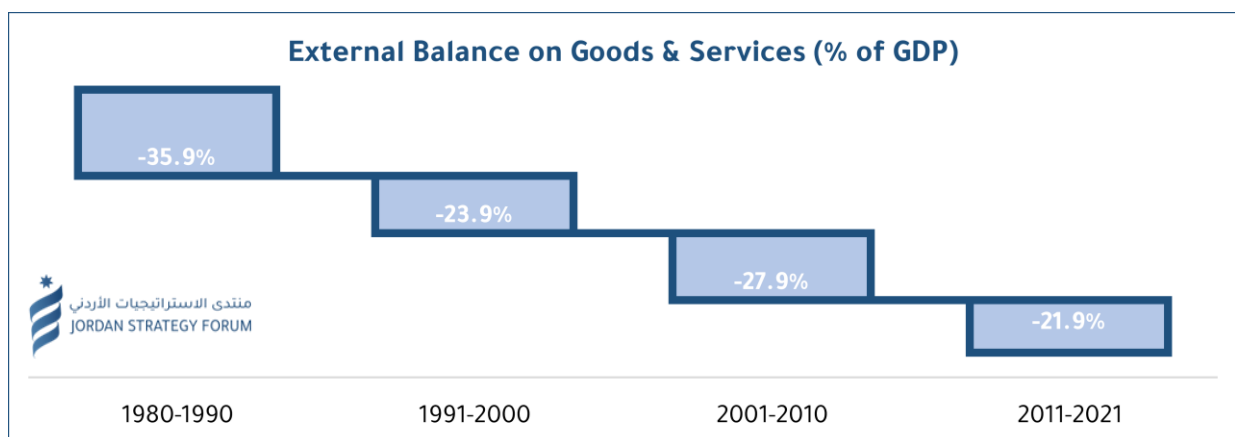
1. Background:

Nations have always traded with each other. On its own, no nation has sufficient resources, or even the capacity to satisfy all of its own needs and wants. One way or another, all nations must get involved in international trade and exports and imports from each other.

International trade brings in a myriad of socio-economic benefits. Trade encourages countries to specialize in the production of goods and services that they can produce more effectively and efficiently, and at a lower cost. Trade promotes competition, and hence, promotes efficiency and encourages innovation. Trade encourages the transfer of technology between countries. In addition, international trade fosters goodwill, and mutual understanding among nations.

Within the context of the economic benefits of trade, it is informative to understand that any country's trade performance can be looked at in terms of what is called the **"balance of trade"** or **"trade balance"**. This measure refers to the difference between the monetary value of a country's imports and exports of goods and services over a given time-period. Here, it is useful to note that the realization of **persistent trade deficit** is an indication of competitiveness problems. Such an economy is not competitive enough to realize a surplus in its trading balance.

Relative to the above, it is unfortunate that the trading performance of Jordan has been, and for too long, performing poorly in its trade balance. Indeed, since 1980, while the trade deficit to GDP ratio has been getting lower, it has been consistently in deficit (World Bank Database).



Source: World Bank Database.

In this Policy Paper, the Jordan Strategy Forum (JSF) sheds light on the importance of the tourism sector in the trading performance of the Jordanian economy. In more specific words, the Paper makes a case for the importance of this sector (tourism) and outlines few policy recommendations whose objective is to enhance the contribution of this sector to the Jordanian economy.

Within the context of the objective of this Policy Paper, it is informative to note two recent developments.

1. The World Economic Forum (WEF), in May 2022, has published its **“Travel & Tourism Development Index 2021: Rebuilding for a Sustainable and Resilient Future”**.
2. His Majesty King Abdullah II launched the **“Economic Modernization Vision”** on Sunday 5 June 2022. The produced vision, to be implemented in three phases over 10 years, covers 8 national economic drivers, and 366 initiatives in various sectors. One of the economic drivers is **“Destination Jordan”**. The strategic objective of this driver (pillar) is to “position Jordan as a prime tourism and film production destination”.
3. Based on the **Travel & Tourism Development Index 2021: Rebuilding for a Sustainable and Resilient Future**, we outline few observations about where Jordan stands on the index. In addition, based on the **Destination Jordan in its tourism sector alone**, we **outline the main proposed initiatives**. Naturally, the implicit objective of this effort is to recommend some policy measures whose objective is to increase the contribution of tourism in the national income of Jordanians.

2. The Trading Performance of the Jordanian Economy & Tourism Sector

As stated in the background section, we outline, in this section, few observations about Jordan's trading performance and highlight the relative importance of the tourism sector.

1. It is important to note that the "Trade to GDP ratio" is an indicator that measures the degree of economic openness to international trade. For example, Jordan is a relatively open economy. Indeed, during the period 2016 - 2020, the mean annual total exports and imports of goods and services to GDP ratio was equal to 83.7%. This ratio is higher than in many countries including the Japan (33.6%), Egypt (40.1%), UK (60.2%), and others.

Total Trade to GDP Ratio (2016-2020)					
Country	Trade / GDP	Country	Trade / GDP	Country	Trade / GDP
Singapore	317.7%	Qatar	90.6%	S. Arabia	61.4%
UAE	169.8%	Sweden	86.5%	UK	60.2%
Bahrain	143.8%	Germany	85.8%	Turkey	58.1%
Malaysia	126.0%	Oman	85.7%	Chile	56.7%
Switzerland	118.8%	Jordan	83.7%	Algeria	53.4%
Georgia	105.0%	Morocco	83.5%	Egypt	40.1%
Kuwait	98.8%	Iraq	62.2%	China	36.5%
Tunisia	95.6%	Lebanon	62.0%	Japan	33.6%

Source: World Bank Database.

2. Jordan suffers from persistent trade deficit. This deficit is relatively large.

Trade Balance to GDP Ratio (2016-2020)					
Country	Balance / GDP	Country	Balance / GDP	Country	Balance / GDP
Singapore	28.3%	Sweden	3.3%	Turkey	-1.5%
UAE	25.5%	China	1.6%	Morocco	-9.3%
Qatar	12.6%	Chile	1.2%	Algeria	-9.4%
Switzerland	11.1%	Japan	0.3%	Egypt	-9.9%
Bahrain	9.1%	UK	-1.0%	Tunisia	-11.9%
Iraq	8.1%	Germany	6.4%	Georgia	-13.0%
Malaysia	6.8%	Kuwait	6.0%	Jordan	-18.0%
Oman	6.8%	Saudi Arabia	6.0%	Lebanon	-20.4%

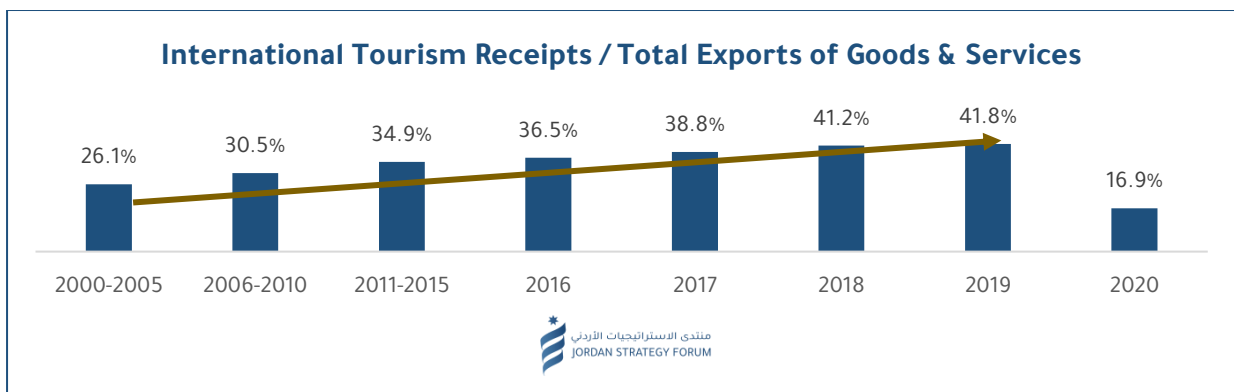
Source: World Bank Database.

3. Jordan's "commodity" exports are highly concentrated. Few exported good items account for a large proportion of total commodity exports. This observation implies that it would not be easy for the Jordanian economy to expand its commodity exports significantly in the near future.

Jordan's Main Domestic Commodity / Goods Exports			
Exported Commodity	2018	2019	2020
1. Clothes	26.3%	27.7%	23.0%
2. Phosphates & Potash	13.8%	13.9%	12.4%
3. Phosphoric Acid & Fertilizers	6.3%	6.4%	10.0%
4. Medical & Pharmacy Products	9.6%	8.7%	8.4%
5. Fruits & Vegetables & Live Animals	8.6%	8.1%	7.7%
Percent of Total National Exports	64.6%	64.8%	61.4%

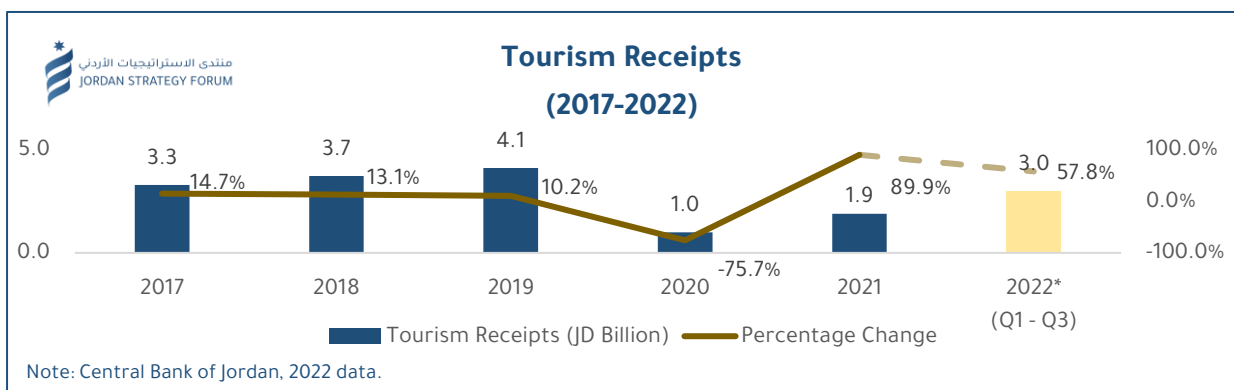
Source: Department of Statistics / Jordan.

4. Jordan's international tourism receipts to total exports are not only high but have been increasing as well. International tourism receipts to total exports have risen from 26.4% in 2000 to 41.2% in 2019. However, due to Covid-19 this ratio decreased to 16.9% in 2020.

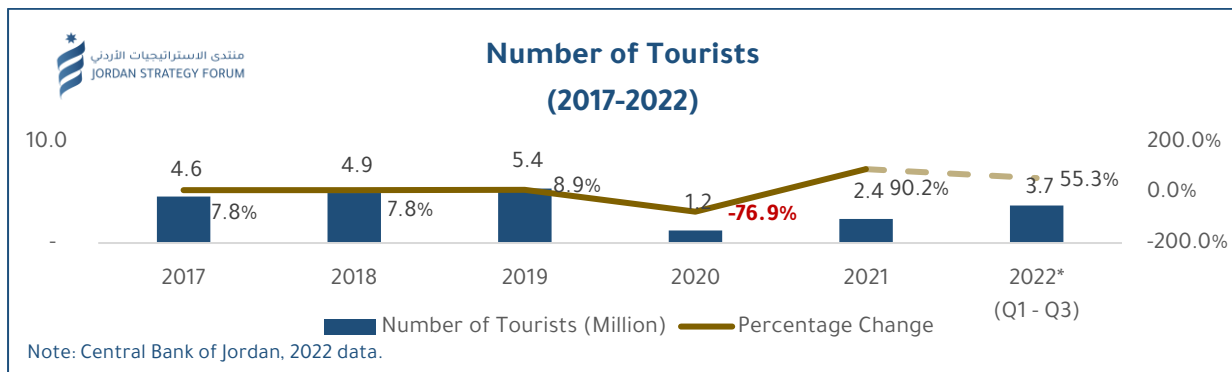


Source: World Bank

5. It is encouraging to note that the tourism sector has started to witness some recovery after the onslaught of COVID-19. Indeed, tourism receipts increased from JD 1.0 billion in 2020 to JD 1.9 billion in 2021. In addition, it is also useful to note that tourism receipts have increased to JD 3.0 billion in the first three quarters of 2022. This healthy increase is mainly due to the increase in the number of tourists to 3.7 million.

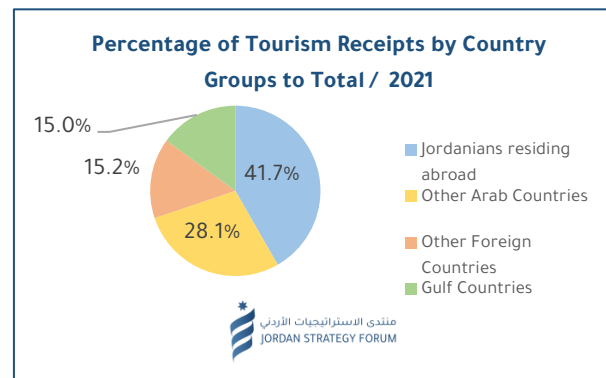
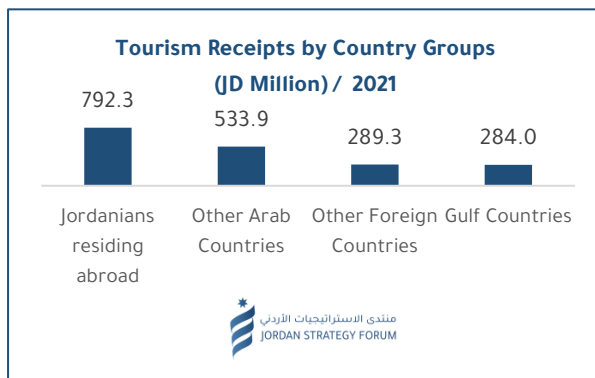


Source: Ministry of Tourism and Central Bank of Jordan



Source: Ministry of Tourism and Central Bank of Jordan

6. Mainly, tourism receipts are composed from Jordanians residing abroad (41.7%), other Arab countries (28.1%), other foreign countries (15.2%), and gulf countries (15.0%), respectively.



Source: Ministry of Tourism

7. Jordan's receipts from international tourism are also high. During the period 2016-2019, this inflow was equal to about 40% of total exports. Indeed, it is only in few countries like Lebanon, the Bahamas, and the Maldives that this ratio is higher.

Regional & International Tourism Receipts to Total Exports					
Country	2016-2019	2020	Country	2016-2019	2020
Maldives	84.3%	78.9%	Tunisia	11.5%	6.3%
Bahamas	79.4%	61.2%	France	8.0%	4.7%
Lebanon	43.7%	27.0%	Oman	7.0%	2.0%
Jordan	39.6%	16.9%	Saudi Arabia	6.3%	3.2%
Greece	27.5%	10.5%	Japan	4.7%	1.4%
Morocco	22.8%	12.0%	Iraq	4.4%	1.9%
Cyprus	18.3%	3.5%	Netherlands	3.1%	1.5%
Qatar	16.9%	20.2%	Kuwait	1.3%	1.1%
Turkey	15.0%	6.8%	Algeria	0.5%	0.2%

Source: World Bank Database.

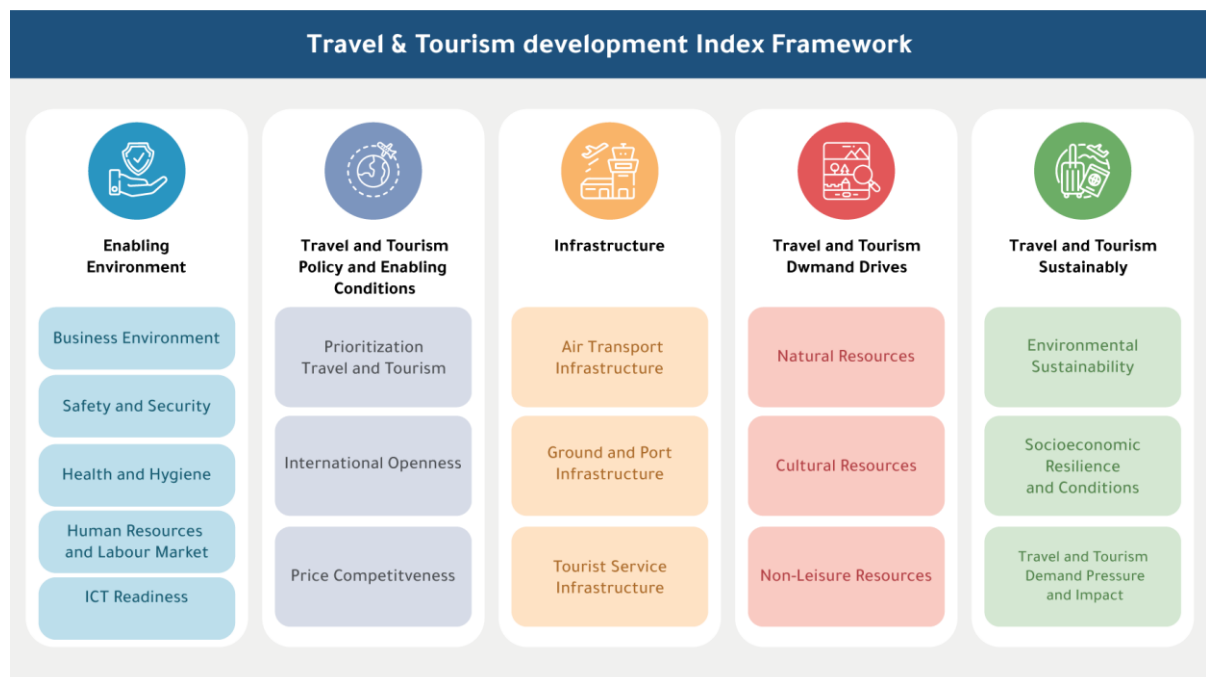
No one should underestimate the economic importance of the tourism sector in the Jordanian economy. Indeed, all stakeholders should work tirelessly and continuously on improving the performance of this sector. Surely, this is one way to not only decrease the trade balance, but also increase the economy's national income.

3. The Travel & Tourism Development Index 2021: Where Does Jordan Stand?

The Travel & Tourism Development Index 2021: Rebuilding for a Sustainable and Resilient Future” was published in May 2022. This index “provides a strategic benchmarking tool for business, governments, international organizations, and others to develop the T&T sector. By allowing cross-country comparison and by benchmarking countries’ progress on the drivers of T&T development, it informs policies and investment decisions related to the development of T&T businesses and the sector as a whole”.

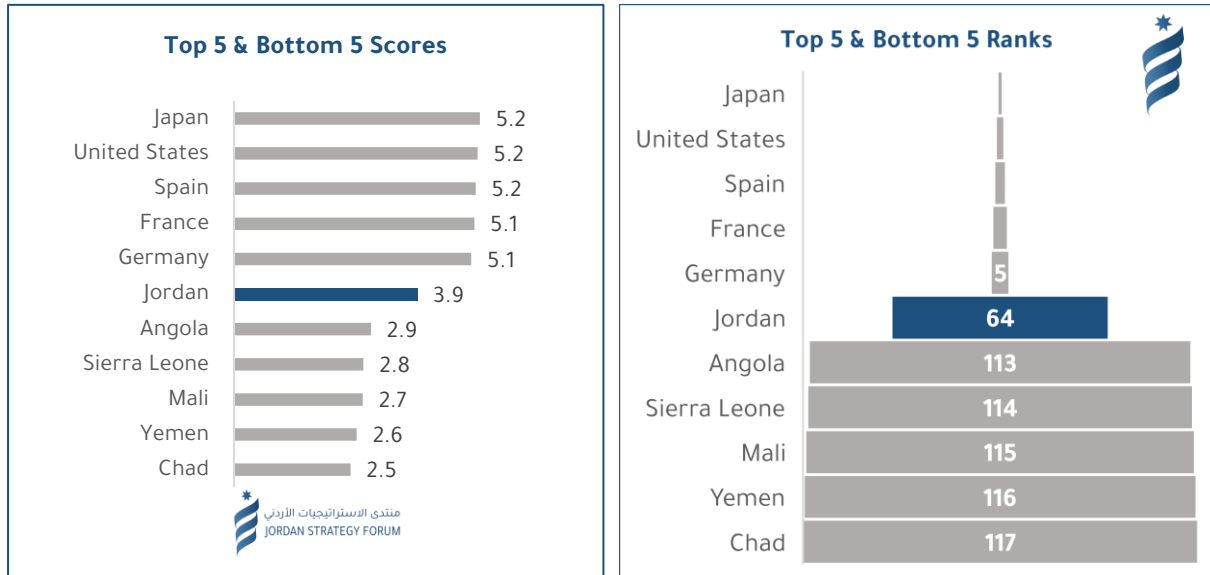
The index is comprised of five sub-indices, 17 pillars and 112 individual indicators.

1. The Enabling Environment sub-index captures the general conditions necessary for operating in a country.
2. The Travel and Tourism Policy and Enabling Conditions sub-index captures specific policies or strategic aspects that affect the T&T sector more directly.
3. The infrastructure sub-index captures the availability and quality of physical infrastructure in each economy.
4. The Travel and Tourism Demand Drivers sub-index captures the principal “reasons to travel”.
5. The Travel and Tourism Sustainability sub-index captures the current or potential T&T sustainability challenges and risks.

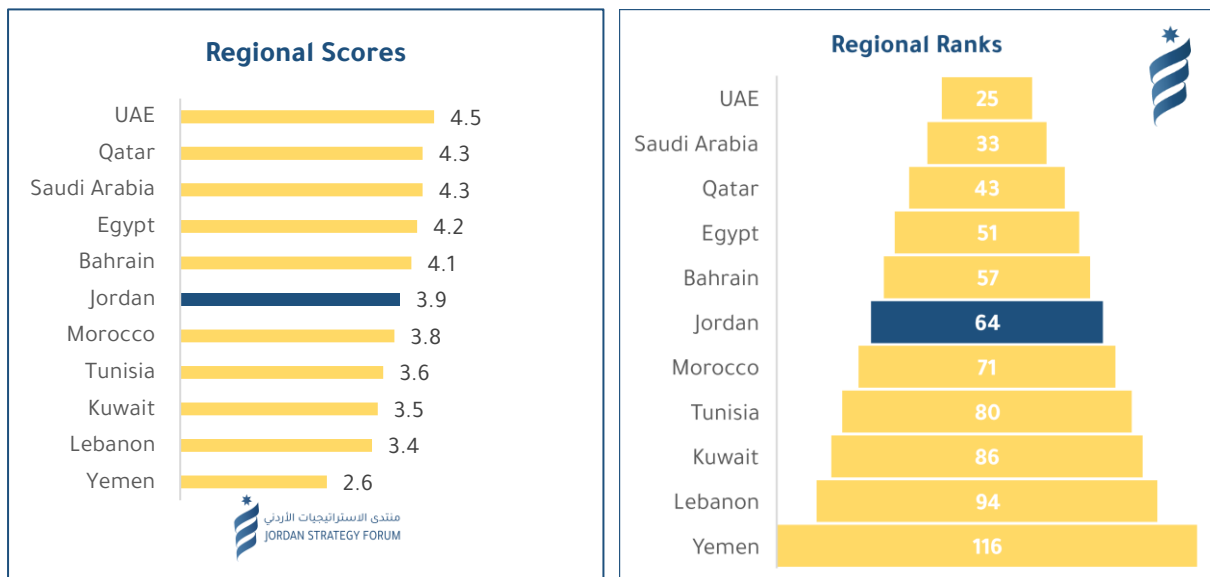


Based on the 2022 report, we outline a few observations about where Jordan stands on the index.

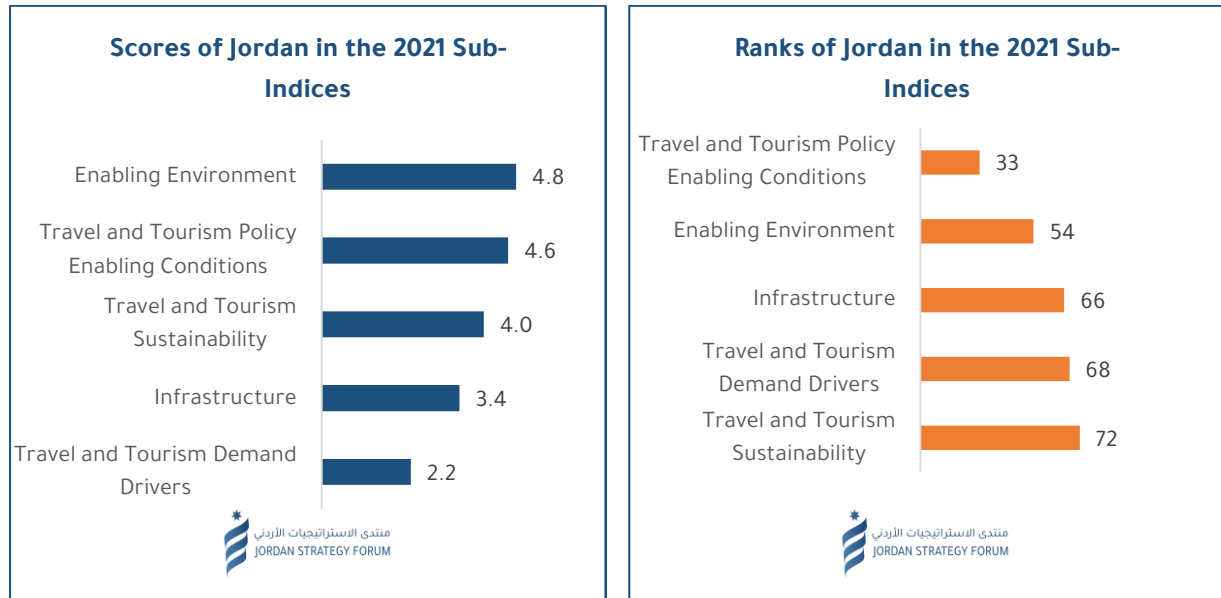
1. With a score of 5.2 (1 - 7 Best), Japan tops the world. At the other end of the scores, Chad's score is equal to 2.5, and ranks last (117th). Jordan's score is equal to 3.9 and ranks 64th globally.



2. At the regional level, the United Arab Emirates (UAE) tops the Arab countries and ranks 25th globally. With a score of 3.9, Jordan comes in 6th regionally.

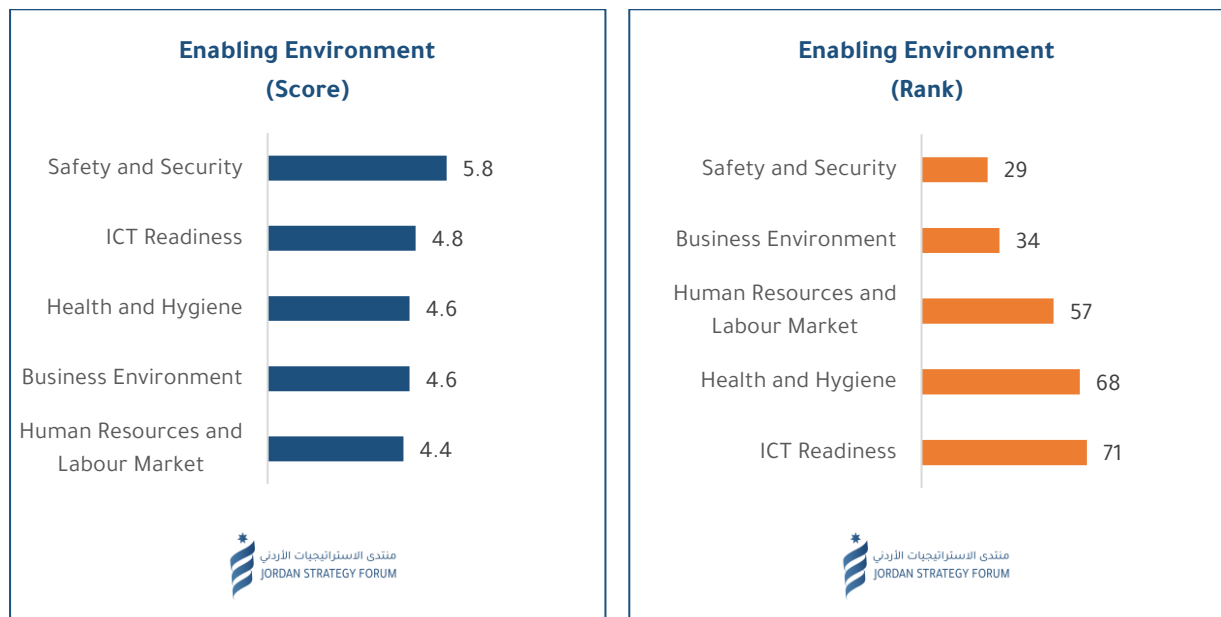


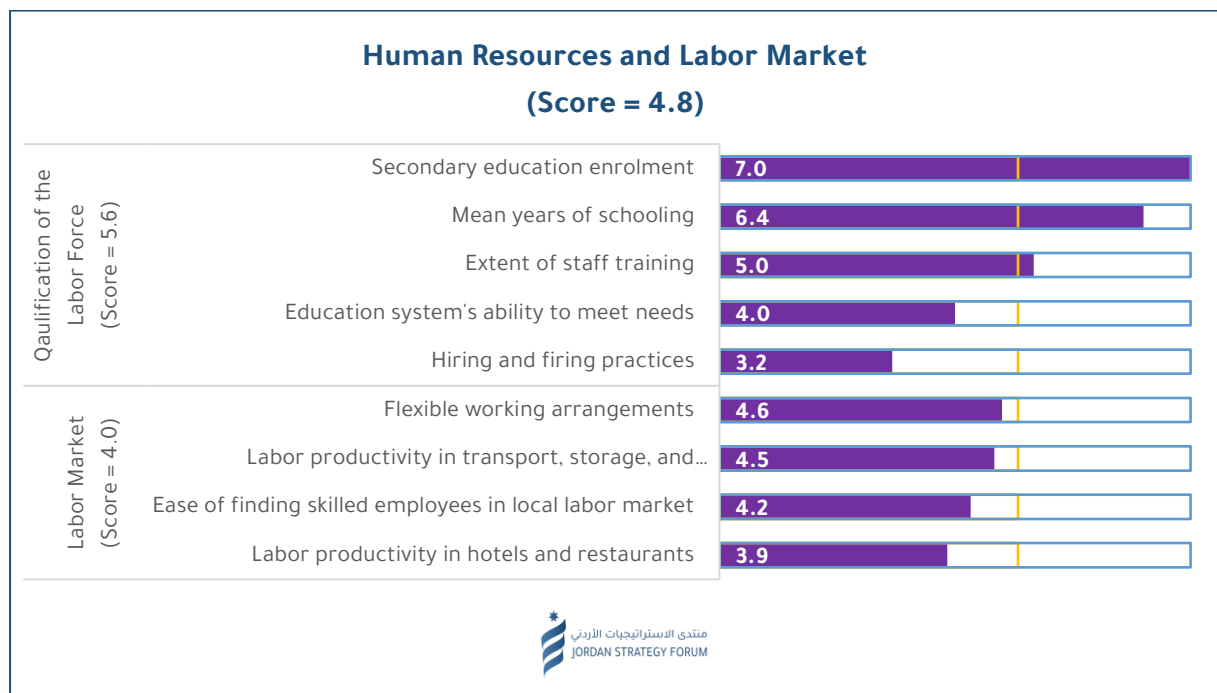
3. The ranks of Jordan differ widely in the five sub-indices of the Index. At 33rd, Jordan's rank is the best in the travel and tourism policy and enabling conditions. At 72nd, Jordan's rank is the worst in travel and tourism sustainability.



All Jordanian stakeholders should look at where Jordan's ranks are relatively poor and adopt all the necessary remedial measures.

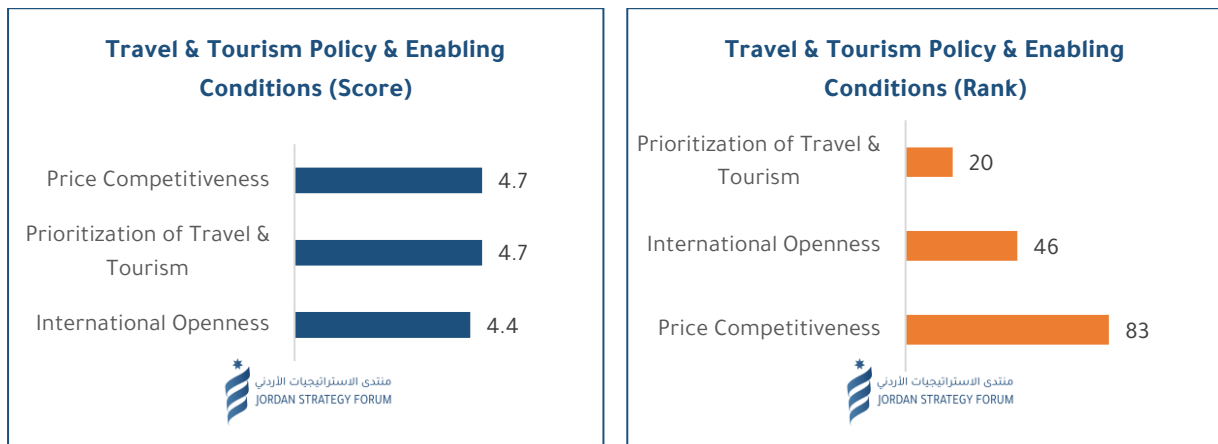
- 1. Enabling Environment Sub-Index:** Jordan's rank in ICT readiness is 71st. Similarly, Jordan's rank in health and hygiene is 68th.



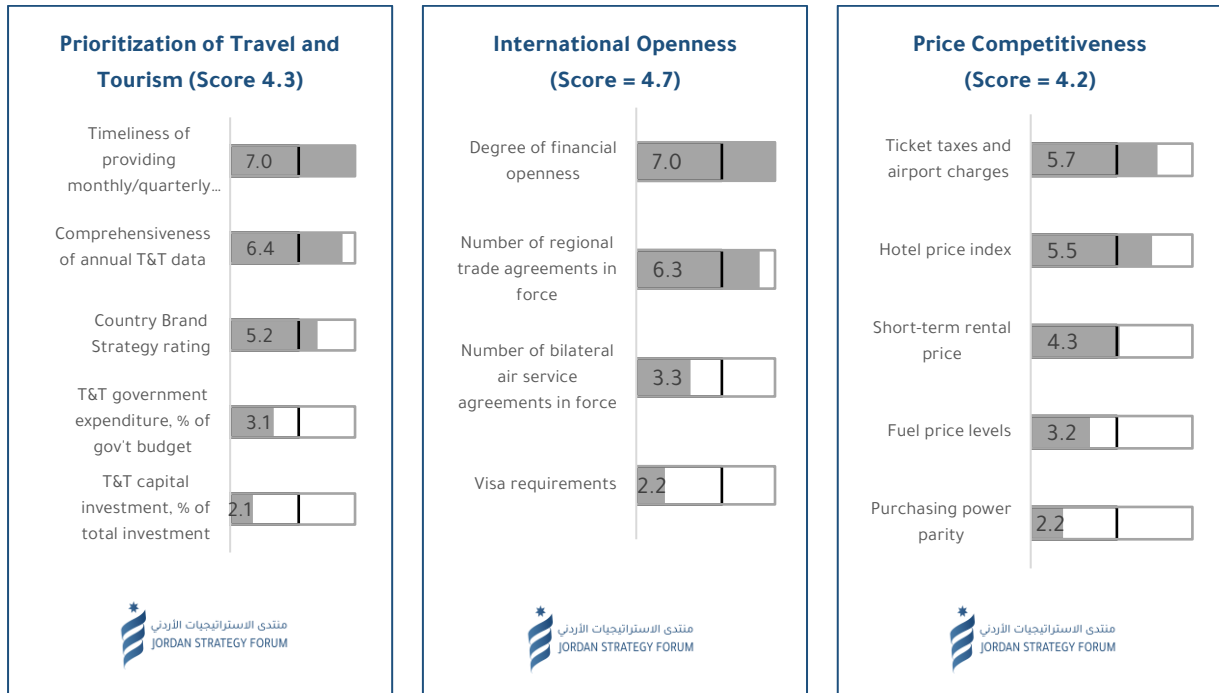


Weakest Sub-Indicators: Impact of rules on FDI, Burden of government regulation, Government ensuring policy stability, Efficiency of legal framework in challenging government actions, Corruption Perception Index, Reliability of police services, Safety walking alone at night, Global Terrorism Index, Business costs of crime and violence, Accessibility of healthcare services, Number of physician per 1,000 pop, Education system's ability to meet needs, Hiring and firing practices, Flexible working arrangements, Labor productivity in transport, storage, and communications, Ease of finding skilled employees in local labor market, Labor productivity in hotels and restaurants, Broadband internet subscribers per 100 pop, Use of digital platform for providing hotels, restaurants, and leisure activities services, Use of digital platform for providing financial services, and Use of digital platform for providing transportation and shipping.

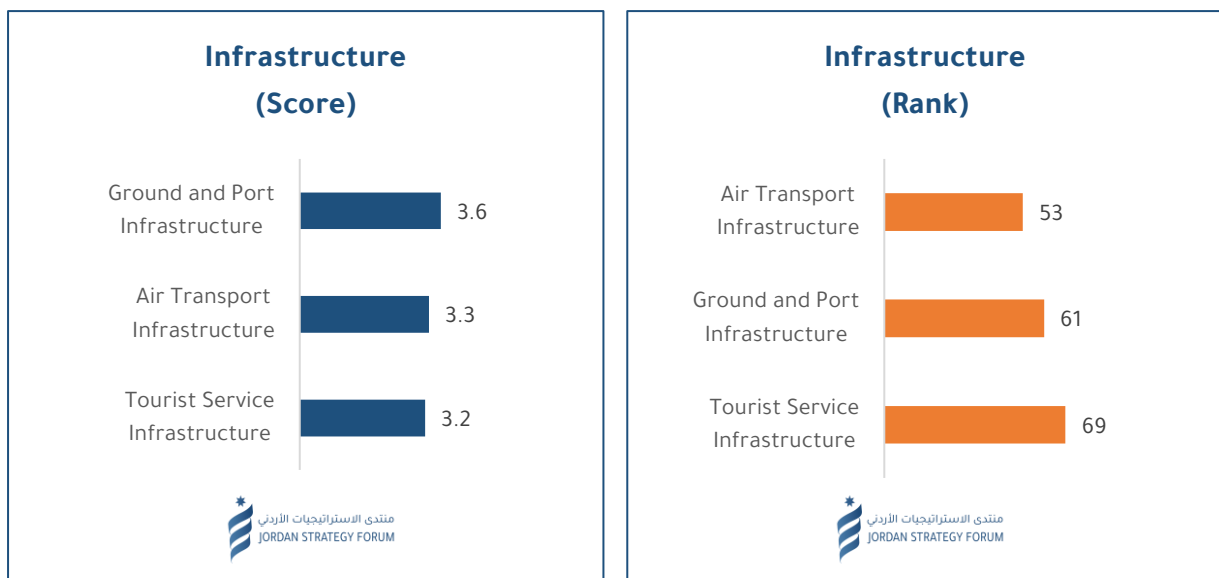
2. T&T Policy and Enabling Conditions Sub-Index: In price competitiveness, Jordan's rank is 83rd.



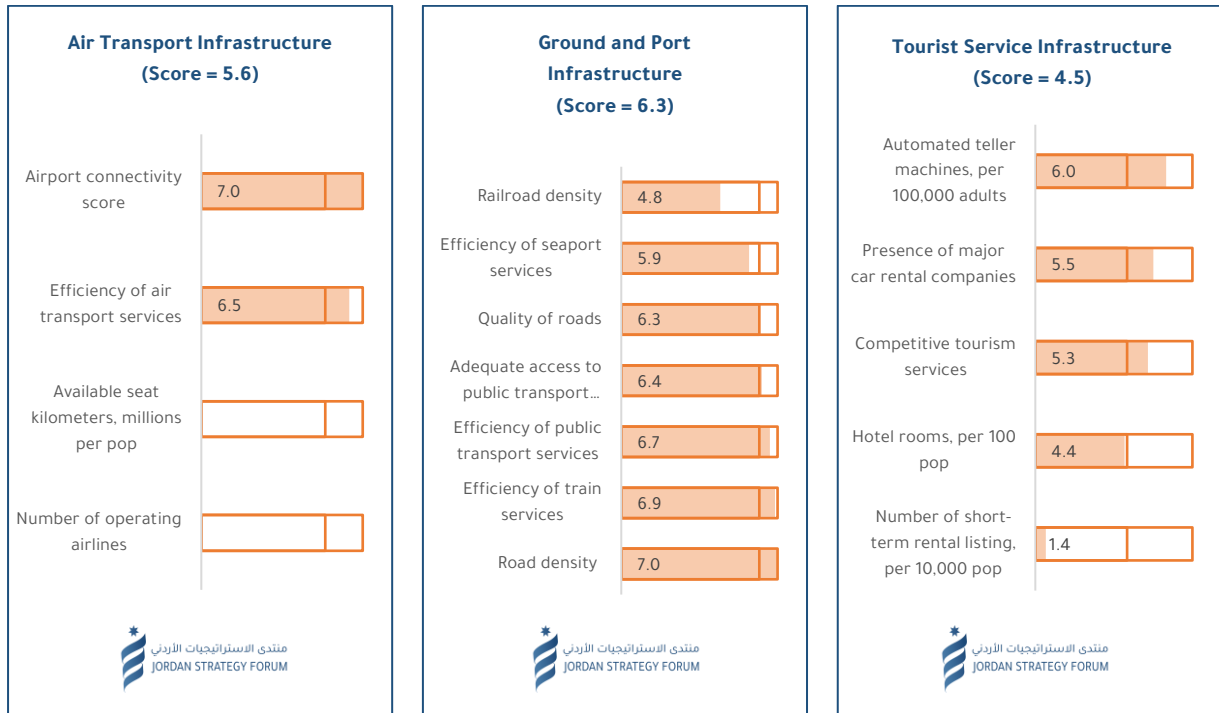
Weakest Sub-Indicators: T&T government expenditure (% of gov't budget), T&T capital investment (% of total investment), Visa requirements, Number of bilateral air service agreements in force, Fuel price levels, and Purchasing power parity.



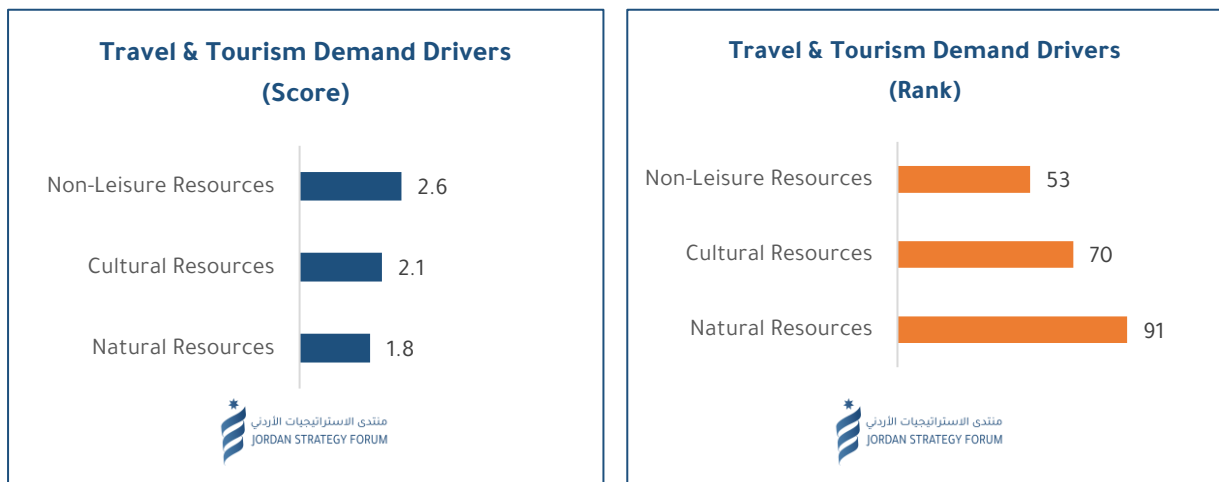
3. Infrastructure Sub-Index: Jordan's rank in tourist service infrastructure and ground and port infrastructure are 69th and 61st respectively.



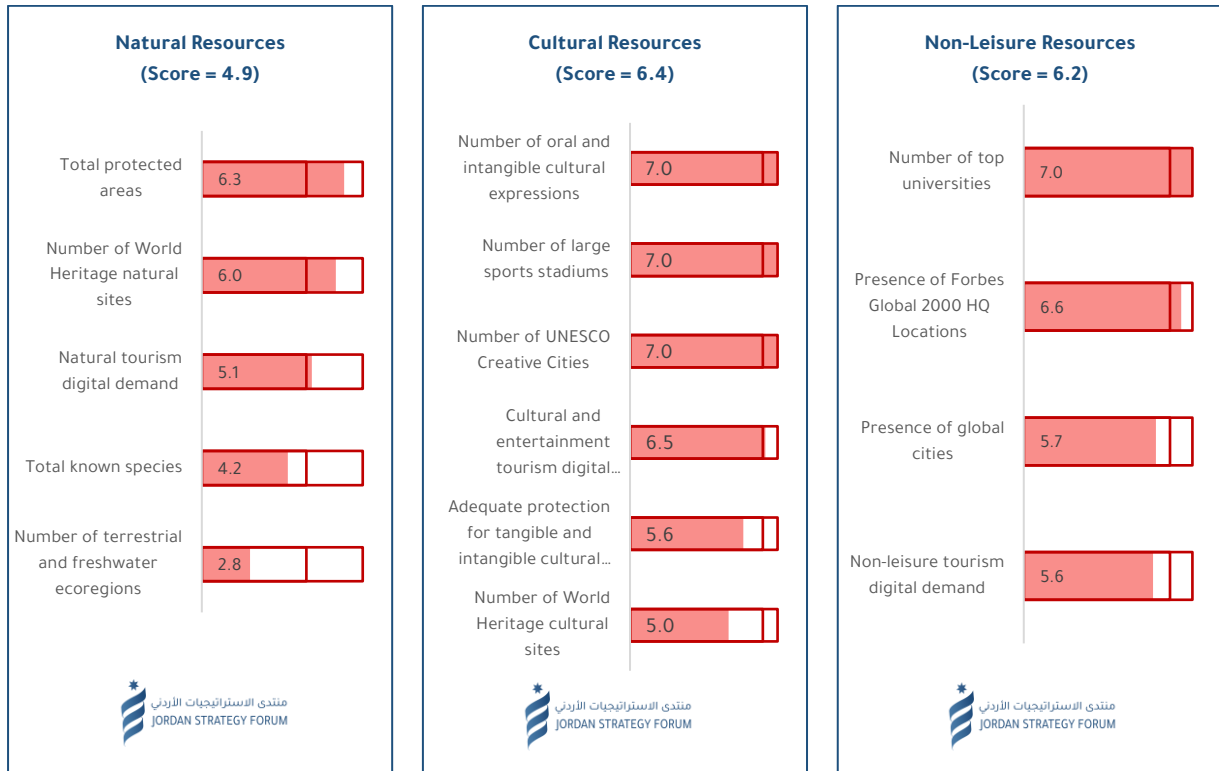
1. Weakest Sub-Indicators: Available seat kilometers per week (millions per pop), Number of operating airlines, Quality of roads, Efficiency of seaport services, Railroad density, Hotel rooms (per 100 pop), and Number of short-term rental listing (per 10,000 pop).



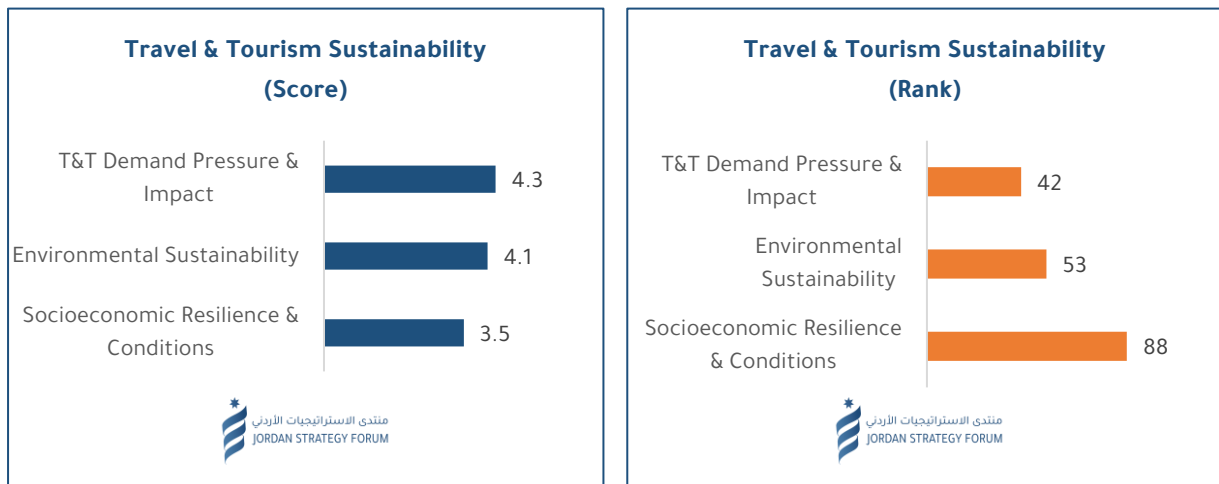
4. T&T Demand Drivers Sub-Index: Jordan's rank in natural resources and cultural resources are 91st and 70th respectively.



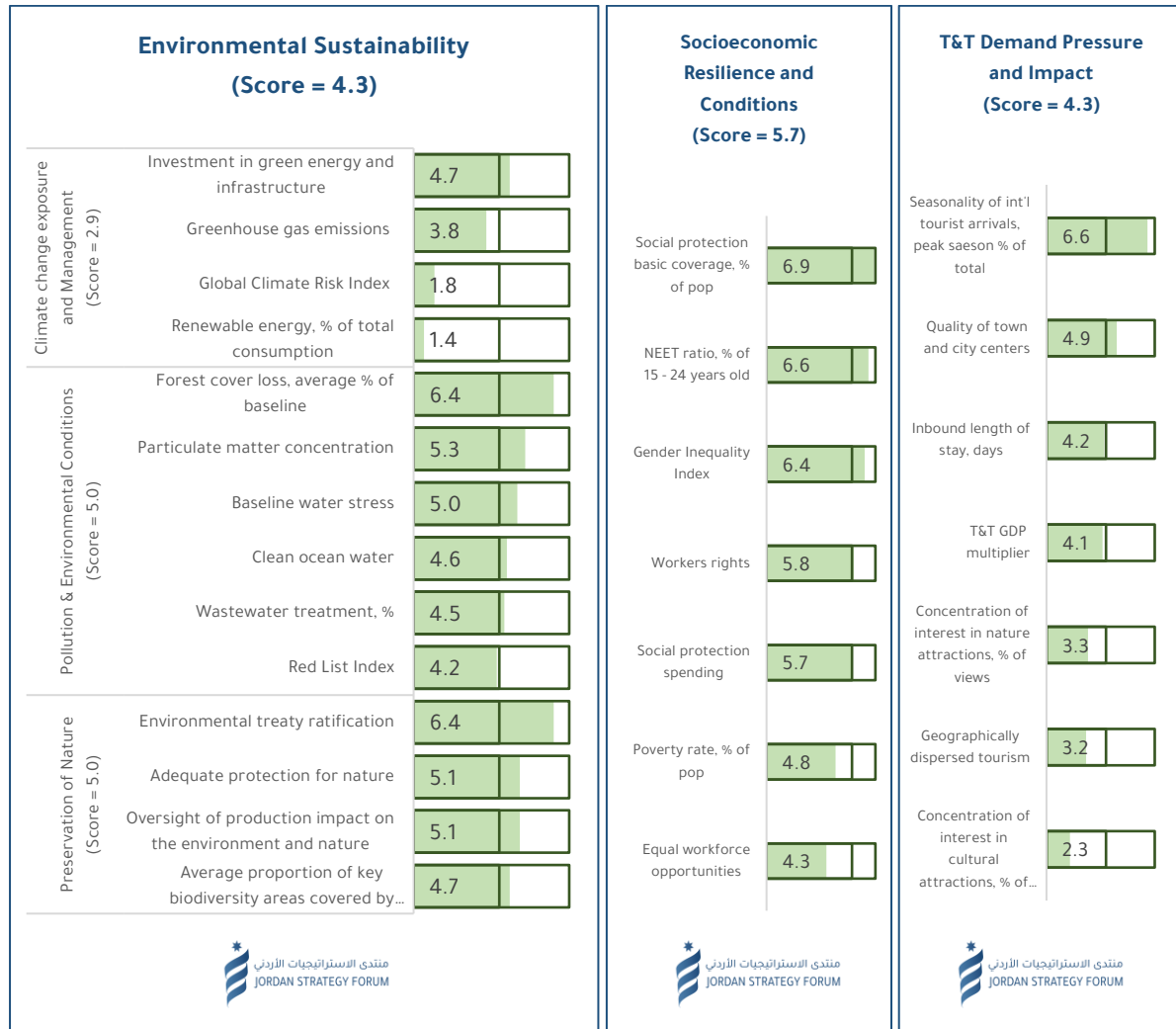
Weakest Sub-Indicators: Total known species, Number of terrestrial and freshwater ecoregions, Adequate protection for tangible and intangible cultural heritage, Number of World Heritage cultural sites, Presence of global cities, and Non-leisure tourism digital demand.



5. T&T Sustainability Sub-Index: Jordan's rank in socioeconomic resilience and conditions is 88th.



Weakest Sub-Indicators: Greenhouse gas emissions, Global Climate Risk Index, Renewable energy (% of total consumption), Red List Index, Social protection spending, Poverty rate (% of pop), Equal workforce opportunities, Inbound length of stay (days), T&T GDP multiplier, Concentration of interest in nature attractions (% of views), and Geographically dispersed tourism, Concentration of interest in cultural attractions (% of views).



4. Destination Jordan: The Tourism Aspect

His Majesty King Abdullah II launched the **“Economic Modernization Vision”** on Sunday 5 June 2022. This vision is the outcome of the National Economic Workshops (“Advancing into the Future: Unleashing Potential to Modernize the Economy”), which was launched upon the King’s directives in his letter in late January 2022.

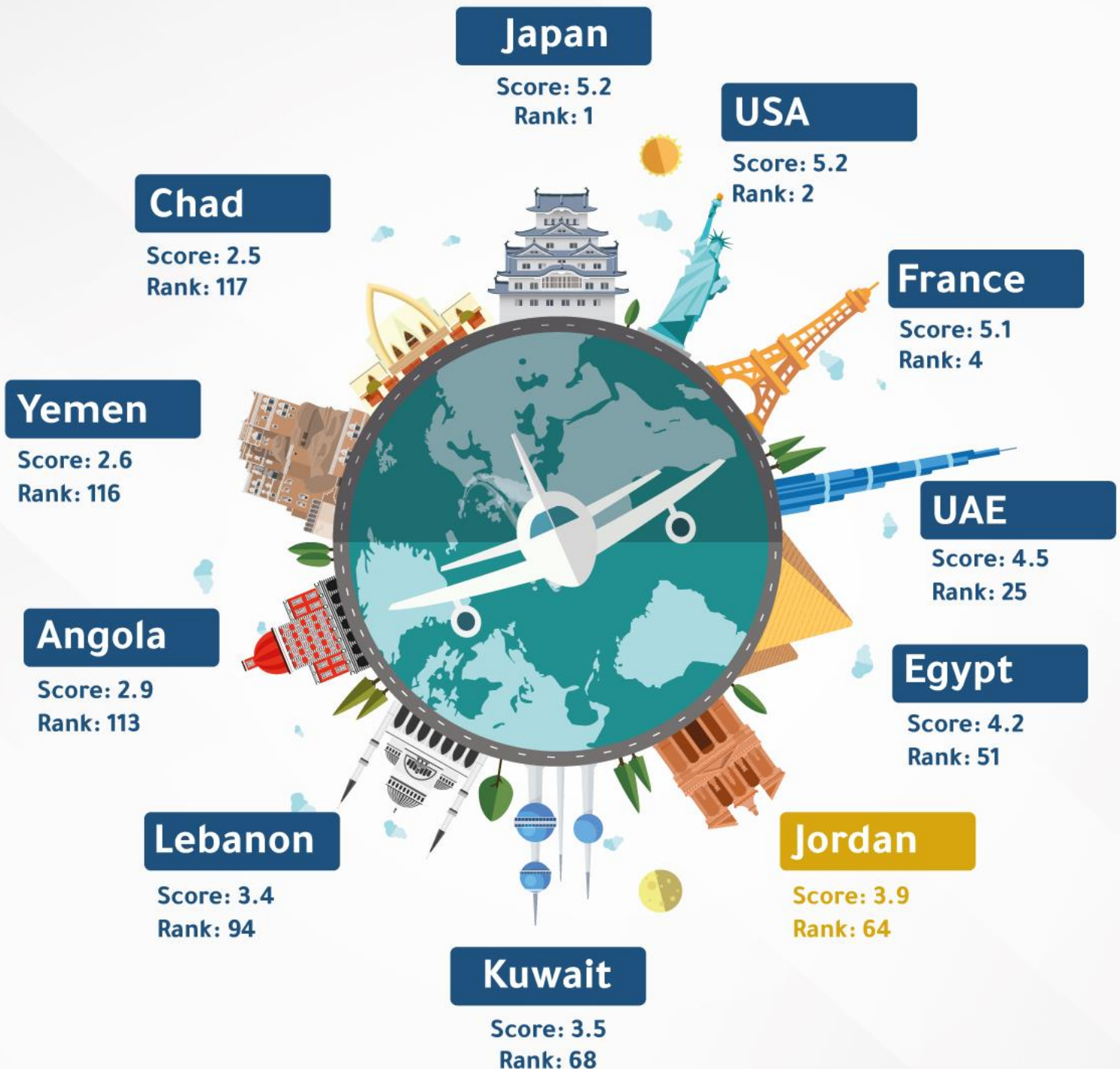
The produced vision, to be implemented in three phases over 10 years, covers 8 national economic drivers, and 366 initiatives in various sectors. One of the economic drivers is “Destination Jordan”. The strategic objective of this driver (pillar) is to “position Jordan as a prime tourism and film production destination”. As far as tourism is concerned, the stated initiatives should enhance Jordan’s standing on the Travel and Tourism Development Index:





If the government and the private sector succeed in delivering these initiatives, Jordan's score, and rank on the Travel & Tourism Development Index should improve.

The Rank & Score of Some Countries on the Travel & Tourism Development Index 2021



Date: October 2022



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

www.jsf.org

www.jsf.org



[/JordanStrategyForumJSF](https://www.facebook.com/JordanStrategyForumJSF)



[@JSFJordan](https://twitter.com/JSFJordan)