



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

The Reality of the Tourism Sector in Jordan - Between recovery time and the turmoil in the region - Performance Expectations in 2024

February 2024





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](https://www.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

Knowledge is Power Report: It is a report that presents facts, figures, and observations from various sources on a specific topic within one report.

The Jordan Strategy Forum (JSF) is pleased to make this publication available to all users to benefit and quote from provided that they the JSF is explicitly and properly cited as the reference.

[Rate this paper](#)



1. Background

The barbaric bombing of Gaza by the Israeli army has already surpassed 120 continuous days. Such bombardment is a tragedy that has been causing immense human suffering. Indeed, this war has been unprecedented in both physical destruction and deaths. Already, more than 70% percent of the homes have been destroyed, more than 27,000 people have been killed and more than 66,000 wounded. In addition, the War has already plunged the population of Gaza into even more deprivation and multidimensional poverty.

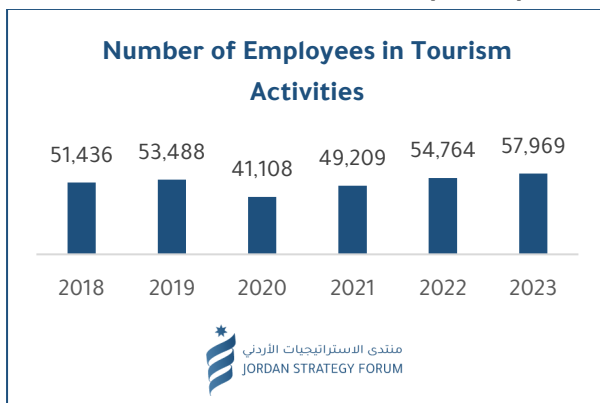
On top of its direct human impact, the War has already had serious implications to the Middle East and North Africa region (MENA) in general, and Jordan in particular. If the War continues, and the almost daily skirmishes between the Israeli army and Hezbollah, and the US and UK strikes against Houthi targets in Yemen develop into a regional and large-scale conflict, Jordan would face major socio-economic challenges. Regardless, it can be stated that some of these implications have already started to affect the economy, including the tourism sector which has witnessed significant growth in various indicators following Covid-19 and the resultant 202 closures.

To deal with many of the questions and concerns that have been raised recently about the impact of the War on Gaza on the tourism sector and the rest of the economy, the Jordan Strategy Forum (JSF), in this publication, provides a short analytical economic reading to measure the potential impact on the tourism sector and the rest of the economy.

2. The Status of the Tourism Sector in Jordan:

1. Employment

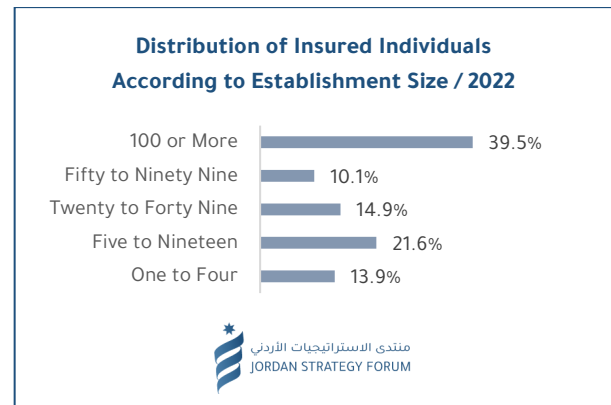
In terms of employment levels, total number of individuals who work in the sector has recovered from its low point in 2020 to reach **around 58,000 individuals in 2023**. On average, **about 20%** of these individuals (**11,390**) are non-Jordanian.



Source: Ministry of Tourism & Antiquities.

The numbers of socially insured tourism establishments and compulsory insured individuals are equal to **5,996 and 55,514** respectively. The individuals number is equal to **4.0%** of the

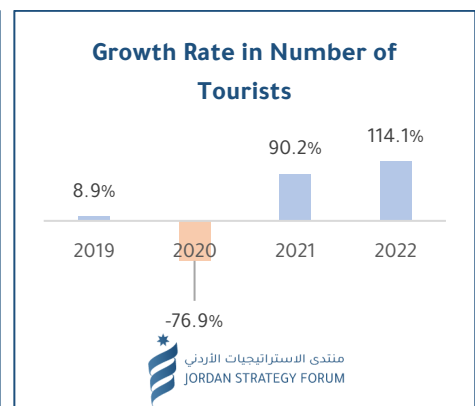
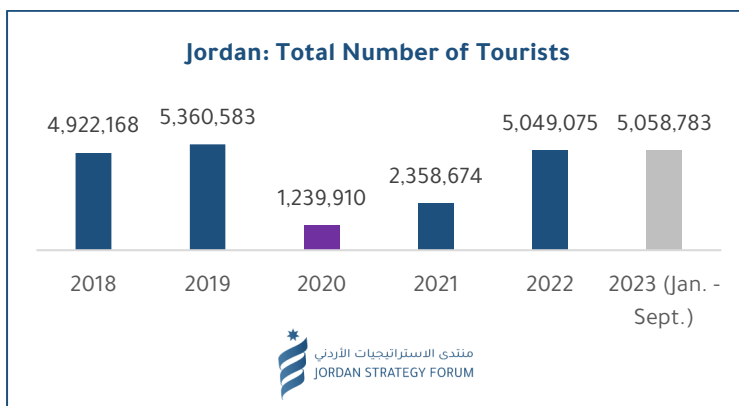
total number of insured individuals. A large proportion of these individuals work for establishments which employ fifty or more individuals (49.6%).



Source: Social Security Corporation / Annal Report.

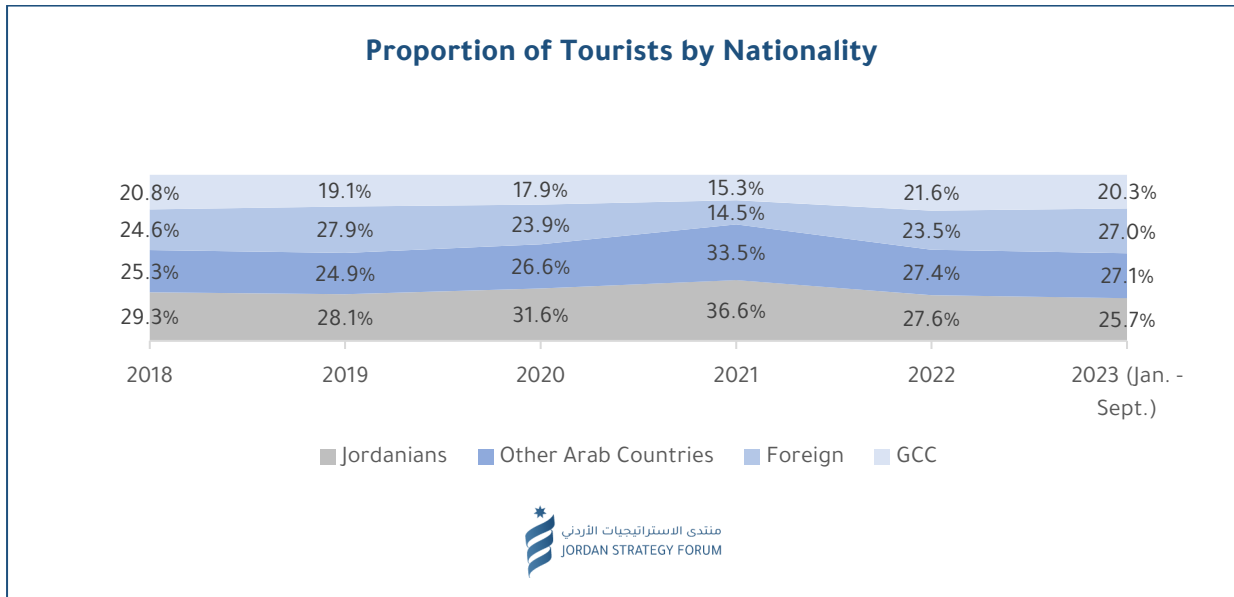
2. Number of Tourists and their Nationalities

The total number of tourist arrivals has increased significantly from its low point in 2020 (as a result of Covid-19). Indeed, in 2021 and 2022, and the first nine months of 2023 (January - September) the total number of tourist arrivals in Jordan has increased by 90.2% and 114.1% respectively.



Source: Central Bank of Jordan Database.

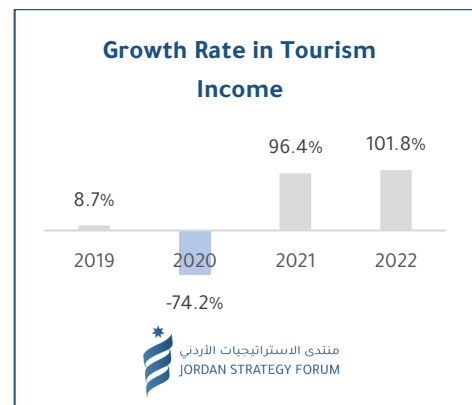
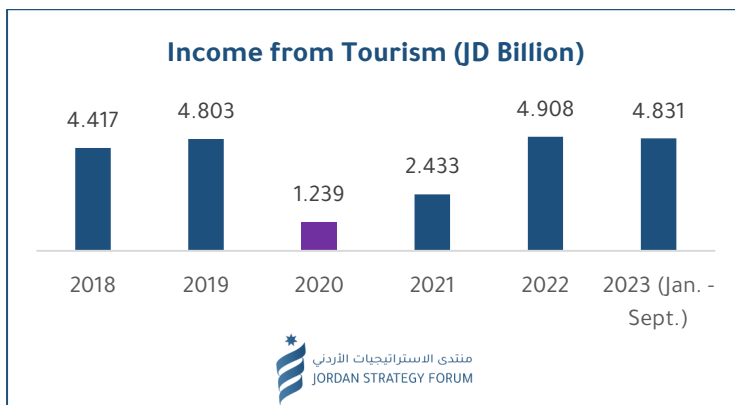
Based on nationality, the available figures indicate that **the tourism industry in Jordan is “diversified” in its composition.** Indeed, the number of tourists are more or less equally divided between Jordanians, Gulf nationals, other Arab nationals, and foreigners.



Source: Central Bank of Jordan Database.

3. Tourism Income

Income from tourism is simply huge. In 2022 and 2023 (January - September), tourism income was equal to JD 4.9 billion and JD 4.8 billion respectively. Indeed, this income has increased by 96.4% in 2022 and 101.8% in 2023.



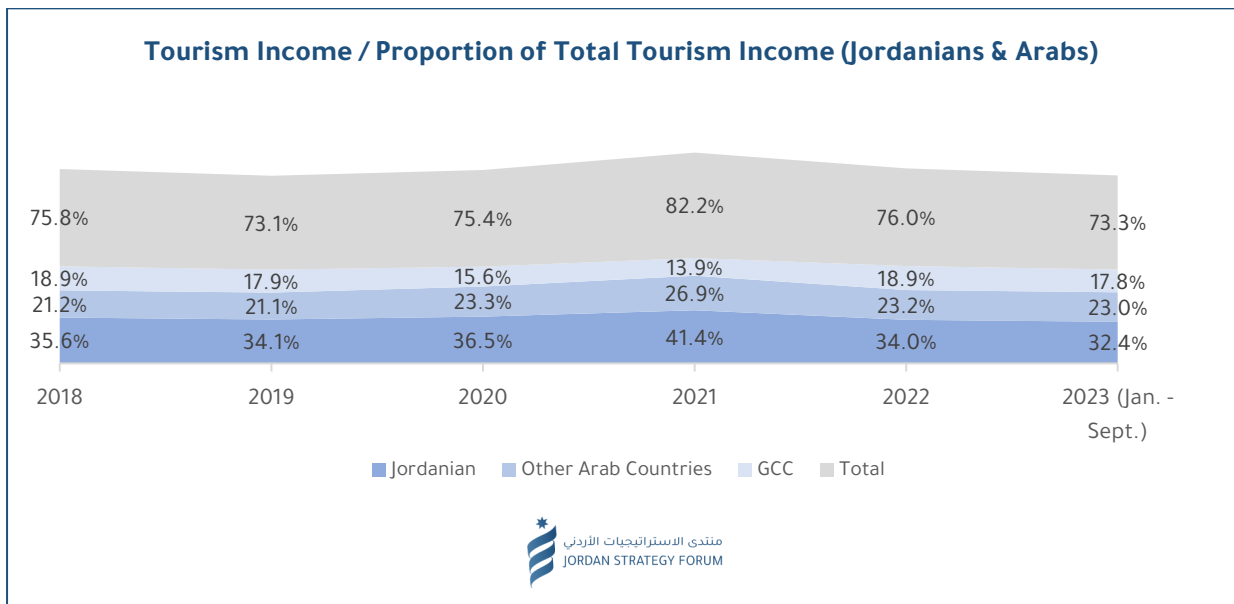
Source: Central Bank of Jordan Database.

Following the collapse in tourism income to national exports (as a result of Covid-19), it is worth noting that this ratio has been increasing. However, this proportion has not yet reached the 2018 and 2019 levels.



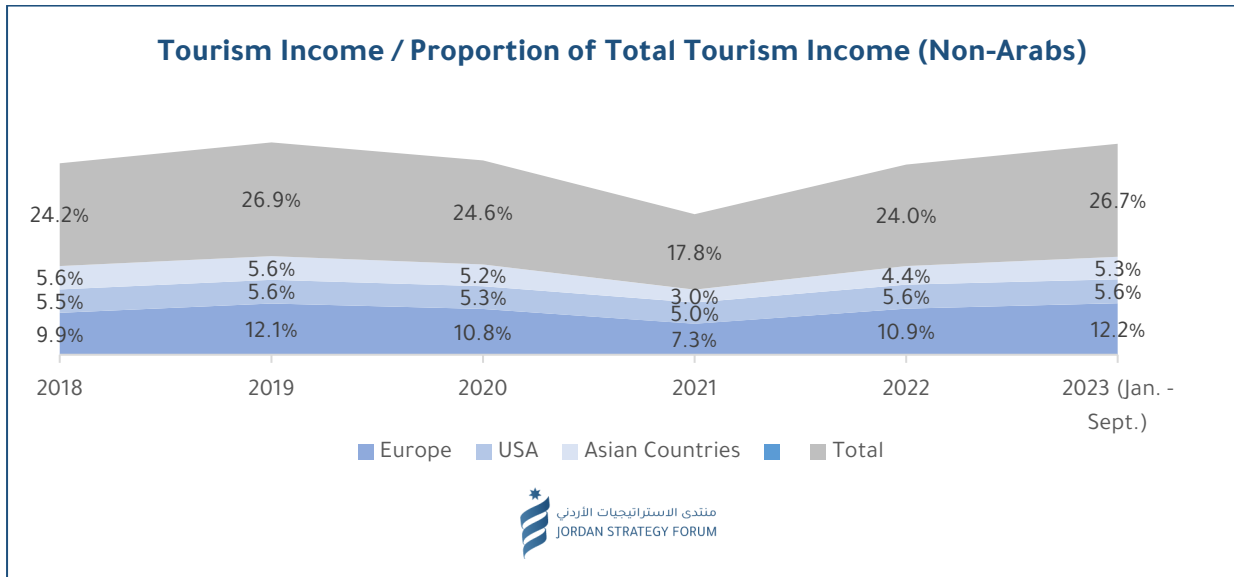
Source: Central Bank of Jordan Database.

Jordanians constitute the largest source of the tourism income. The second and third largest sources of income are from “others Arab countries and the GCC countries”. In 2022 and the first nine months of 2023 (January - September), these three sources accounted for 76.0% and 73.3% of total tourism income respectively.



Source: Central Bank of Jordan Database.

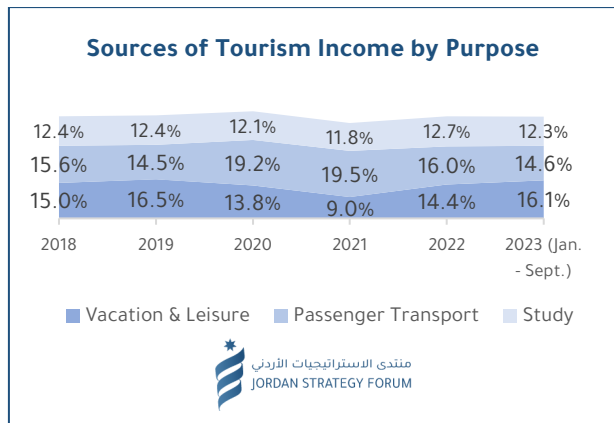
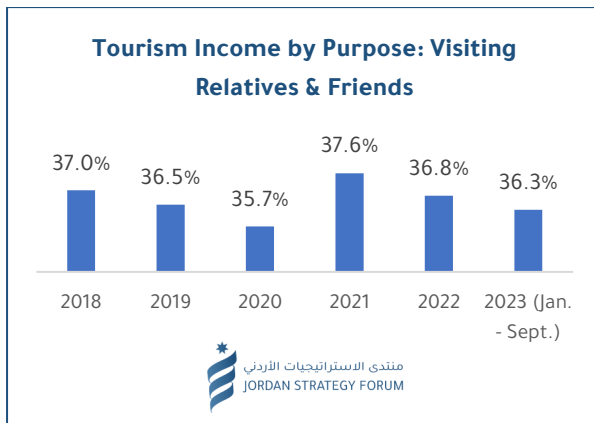
Non-Arabs (Europe, USA, Asian countries, and others) accounted for 24.0% and 26.7% of total tourism income in 2022 and the first nine months of 2023 (January - September) respectively.



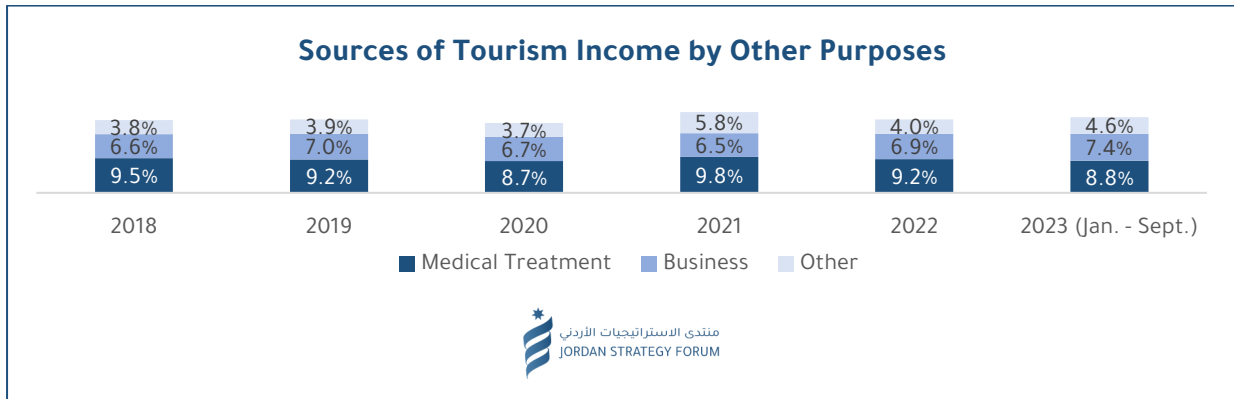
Source: Central Bank of Jordan Database.

4. Tourism Income by Main Purpose of Visit

The largest source of tourism income is “visiting relatives and friends”. The 2nd, 3rd, and 4th largest sources of income are “vacation and leisure”, “passenger transport”, and “study” respectively. “Medical treatment”, “business”, and “other” account for smaller proportions of total tourism income. Based on these types of visits, one can argue that “vacation and leisure” is the main source of income which is most likely to be adversely affected by the War on Gaza.



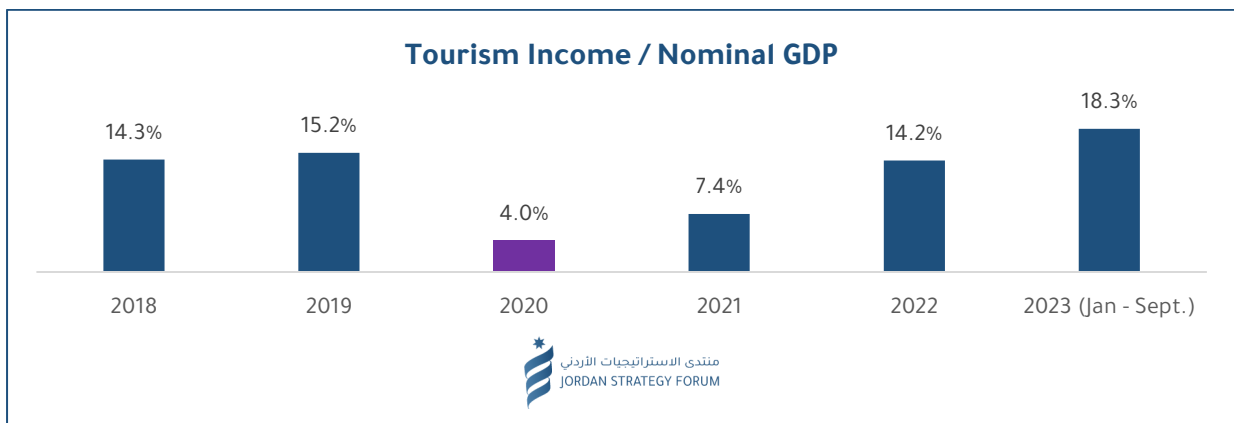
Source: Central Bank of Jordan Database.



Source: Central Bank of Jordan Database.

3. Contribution of the Tourism Sector to Jordan's Gross Domestic Product

There are no official estimates of the contribution (value added) of the tourism sector to GDP. However, it is useful to note that tourism income to the nominal value of GDP was equal to 14.3% in 2018, 15.2% in 2019, 4.0% in 2020, 7.4% in 2021, 14.2% in 2022, and 18.3% in 2023 (January - September). These ratios, however, are not the contribution of tourism income to GDP as reported (wrongly).

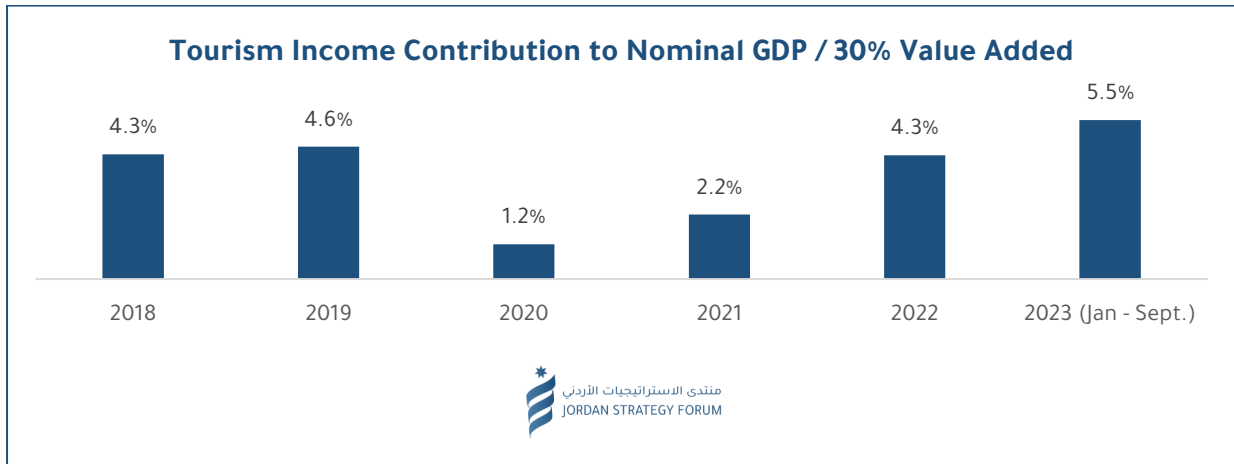


Source: Central Bank of Jordan Database.

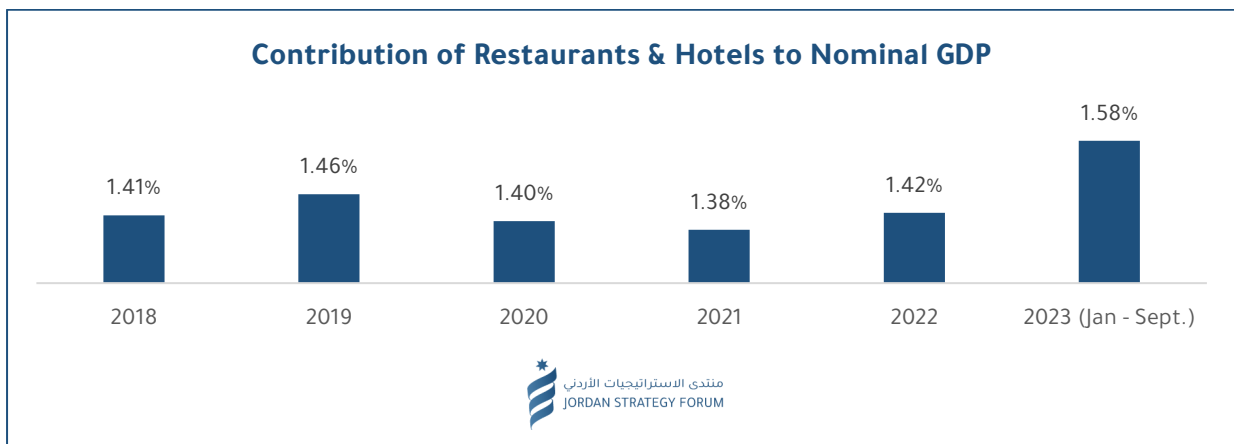
The contribution of tourism income to GDP depends on its **“value added”**. If we assume a value added of **30%**, the tourism sector’s **contribution to GDP would be around the 4.5% mark, and not the 14% mark as reported in the national press based on total tourism income.**

Value-Added

The contribution of any economic activity or sector to gross domestic product - whether a product, individual, industry or sector - is estimated by calculating the added value of this activity. To avoid double-counting, this value is the final market value of the goods or services produced, minus the value of primary goods (such as raw materials) and the value of intermediate goods (which are used in the production of other goods). In other words, value added is the value of the final output minus the value of intermediate consumption.



This ratio (**4.5% of GDP**) makes sense given the fact that the contribution of “**restaurants and hotels**” contributes about **1.5% to nominal GDP**.



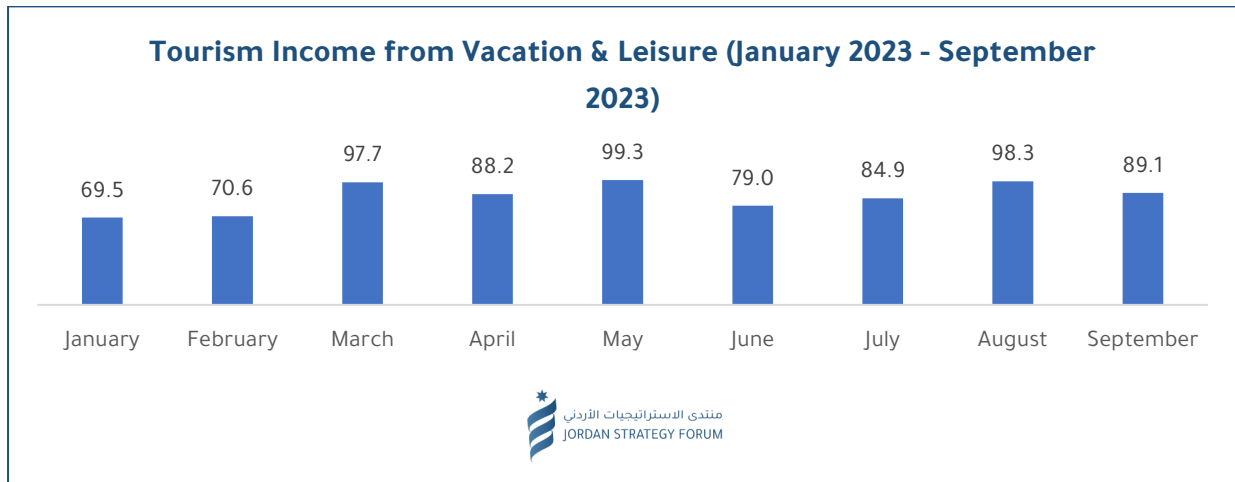
Source: Central Bank of Jordan Database & JSF calculation.

4. Impact on Tourism Income

Based on the above-mentioned observations, the following key messages can be outlined:

- A. Tourism provides employment to 55 to 58 thousand individuals (Ministry of Tourism & Social Security Corporation numbers). However, these numbers are underestimated as they do not include those who work in the informal sector (not estimated), and those who work in other sectors that indirectly service tourism.
- B. The contribution of tourism receipts to GDP is around the **4.5% mark**.
- C. Jordanians and GCC and other Arab nationals account for about **75%** of total tourism receipts. **The arrival date of these nationals is seasonal**. These sources of income are not expected to be much affected. Similarly, tourism income from passenger transport, study, and medical treatment are not expected to be adversely affected.

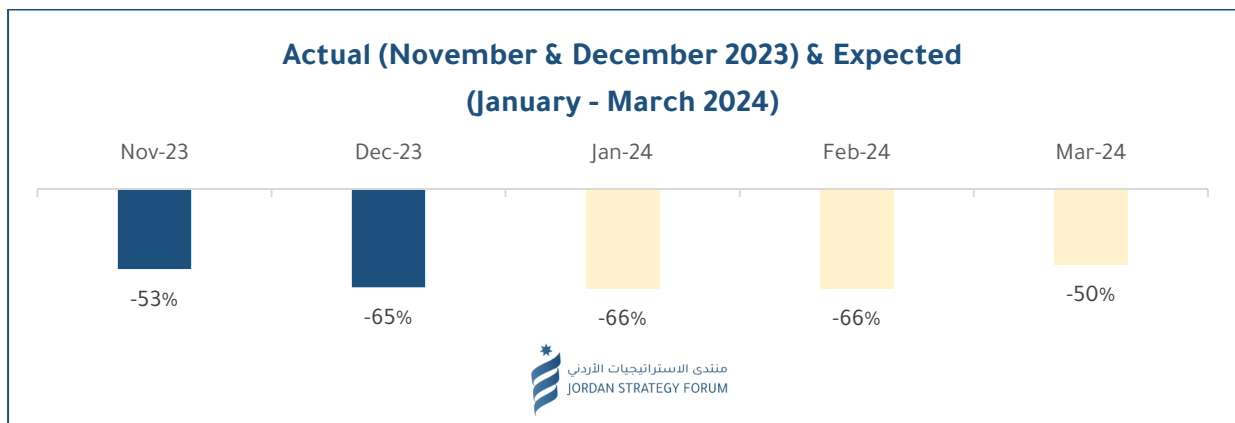
D. Based on the purpose of the visit, **“vacation and leisure”** accounted for **14.4%** of total tourism income in 2022 (or **JD 704.7 million**) and **16.1%** of total tourism income in the first nine months of 2023 (or **JD 776.6 million**). **If this source of tourism income is the most affected by the War on Gaza, then one talks about a maximum monthly loss of around JD 90 million per month since October 2023.**



Source: Central Bank of Jordan Database.

IN A NUTSHELL, if the war on Gaza continues, its impact will largely fall on tourism income from visitors coming for the purpose of “vacation and entertainment”. Within this context, it is worth noting that the establishments which operate in this field are the largest employees in the tourism sector.

In actual fact, based on the estimates of the Hotels in Jordan, the reported figures indicate that the actual incomes of hotels in November 2023 and December 2023 declined by 53% and 65% respectively relative to November 2022 and December 2022. In addition, the Association expects this income to decrease by 66% in January 2024, 66% in February 2024, and by 50% in March 2024 as a result of cancellations in reservations.



Assuming that the direct impact of the war on Gaza and its repercussions on the Jordanian tourism sector will be limited to a decline in tourism income from “vacation and entertainment”, at a rate of 50% on a monthly basis (compared to the same months last year), the JSF estimates, based on the hotels’ figures, that the direct impact of the war tourism income may take two scenarios:

The First Scenario: If the war continues until the end of the first quarter of 2024), the size of the direct loss to the sector is estimated at approximately JD 135 million.

The Second Scenario: If the war continues until the end of the first half of 2024, the size of the direct loss will double (JD 270 million).

Relative to the above-mentioned two scenarios, it is worth noting that even if the war stops completely, the tourism sector will need time (two to three months) to recover. Therefore, attention must be paid to this sector, especially to its income sources from other sub-activities such as “passenger transportation,” “study,” and “medical treatment.” In addition, some supportive measures should be adopted to support the “vacation and entertainment,” sub-sector to maintain the sustainability of their businesses and employees, as well as to contain the decline in its income.



55.5 K

Number of compulsory insured individuals



5.99 K

Number of tourist establishments in 2022



5.01 M

Number of tourists during the first nine months of 2023



Jordan: Tourism Income According to Nationality

%26.7

Foreigners

%73.3

Jordanians and Arabs



Jordan: Sources of Tourism Income by Main Purpose to Visit



%36.3

Visiting Relatives and Friends



%16.1

Vacation and Leisure



%14.6

Passenger Transport



%12.3

Study



%20.7

Others

The source of tourism income most affected by the war on Gaza



Cancellation of upcoming reservations for the purpose of vacation leisure
Vacation and entertainment to Jordan



Expected decrease in tourism income due to hotel cancellations by %50 on average

JSF estimates the losses of the tourism sector if the war on Gaza continues



135M JD

Decrease in tourism income
End of the first quarter of 2024



270M JD

Decrease in tourism income
End of the first half of 2024



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

[Rate this paper](#)



www.jsf.org

www.jsf.org  [/JordanStrategyForumJSF](https://www.facebook.com/JordanStrategyForumJSF)  [@JSFJordan](https://twitter.com/JSFJordan)