



منتدى الاستراتيجيات الأردني
JORDAN STRATEGY FORUM

The Resilience of Jordan's Trade Balance in the Face of the New Global Trade Landscape

April 2025

**Position
Paper**



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.

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Position Paper: A detailed paper that presents the Jordanian Strategies Forum's observations and analysis on a specific issue or law. It provides comprehensive and well-founded recommendations aimed at improving and modifying policies or practices to address the identified challenges effectively.

To evaluate the study



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Introduction

Foreign trade is one of the primary drivers of global economic growth. Trade plays a pivotal role in stimulating economic activity and promoting sustainable development. International trade closely interacts with a variety of economic and social variables, such as Gross Domestic Product (GDP), investment, exchange rates, and employment levels. Indeed, the importance of commodity trade is highlighted by its equivalence to approximately 22% of global GDP, and its total value (\$23.6 trillion in 2023).

The World Bank report "Leveraging Trade for More and Better Jobs" emphasizes the positive impact of foreign trade on both advanced and developing economies. Based on data from 60 countries (24 high-income and 36 low- and middle-income nations between 1995 and 2019), **the findings show that increased exports correlate with higher employment levels, improved productivity, and rising wages.**

Foreign trade holds special significance for Jordan's economy, **Total trade (exports and imports) is equivalent to 81% of GDP.** Within this context, however, it is known that the economy has a chronic trade deficit. Indeed, this deficit is equivalent to around 27% of GDP. This is why and as part of Jordan's pursuit of sustainable economic growth, the country has adopted the "Economic Modernization Vision" which includes several objectives including "to achieve an average annual growth rate of 5.6% in the country's real GDP and 11.7% in the economy's national exports".

Considering recent developments in global trade policies, particularly the imposition of tariffs by the United States on the exports of many countries, including Jordan, it is essential to assess the impact of such a decision on the national economy. Within this context, it is essential to note that Jordan recorded a surplus of nearly JD 1 billion in 2024 with the US.

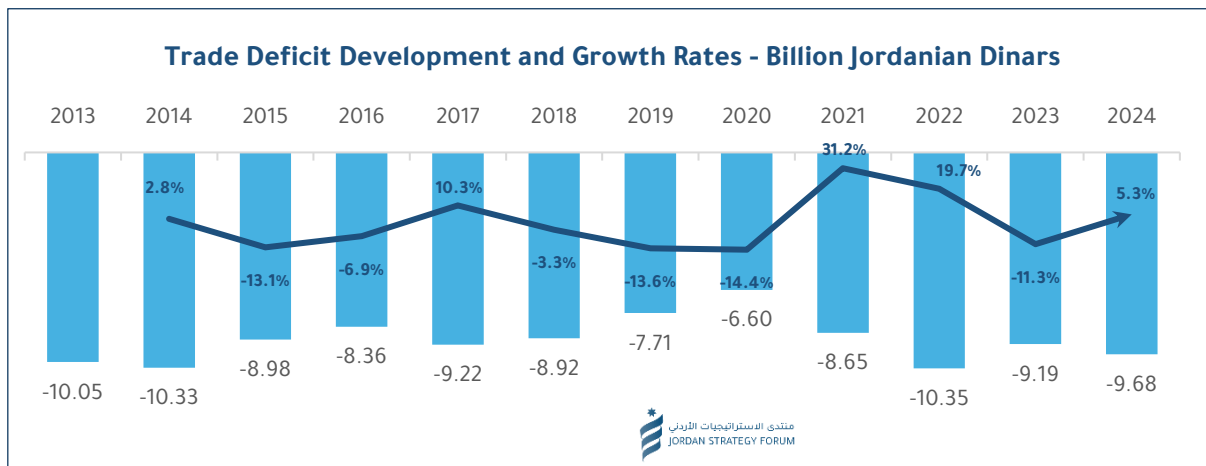
This Policy Paper, published by the Jordan Strategy Forum (JSF), provides a **comprehensive analysis of the impact of the US decision on Jordanian exports and the broader economy.** It aims to guide policymakers with potential scenarios and recommendations to mitigate the severity of this decision. Reviewing the key **features of Jordan's trade balance** in 2024.

1. Section one reviews the **key features of Jordan's trade balance** in 2024.
2. Section two provides an overview of trade relations with the United States. Offering **solutions and recommendations to reduce the impact of the decision.**
3. Section three assesses the **impact of the US tariffs on Jordanian exports.**

4. Section four explores **opportunities for export market expansion and import substitution.**
5. Section five outlines some **solutions and recommendations to reduce the impact of the decision made by the US.**

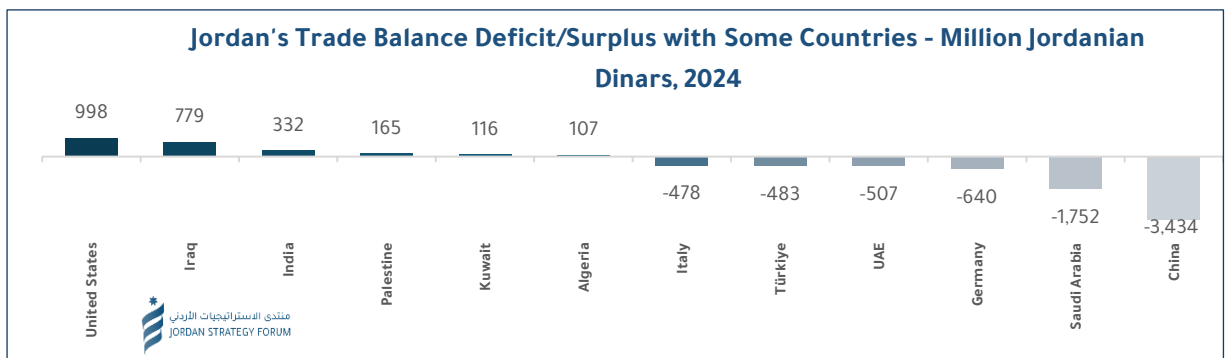
1. Key Features of Jordan's Trade Balance

- Despite noticeable improvement in foreign trade indicators in 2024, including a 4.1% rise in national exports compared to 2023, **Jordan's trade deficit continues to widen year after year. The deficit reached approximately JD 9.7 billion in 2024.**
- The primary factor driving the growth of the trade deficit in recent years is the faster growth of imports compared to exports. The trade deficit experienced a relative decline between 2015 and 2020 but resumed an upward trend thereafter.



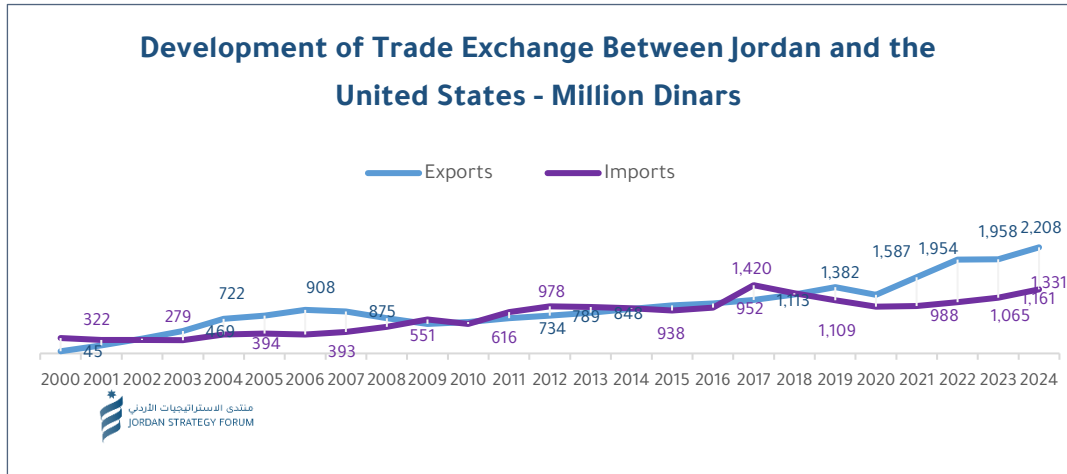
Source: Department of Statistics Database

- While Jordan has 22 trade agreements (free trade, bilateral, and partial) with 57 countries worldwide, most have not significantly reduced the trade deficit.
- In 2024, Jordan recorded trade deficits with 96 countries, the largest being with: China (JD 3.43 billion), Saudi Arabia (JD 1.75 billion), Germany (JD 640 million), and the UAE (JD 507 million). However, Jordan achieved trade surpluses with 63 countries, the most notable being: The United States (JD 998 million), Iraq (JD 779 million), and India (JD 332 million).



Source: Department of Statistics Database

- The United States is a strategic trading partner for Jordan. Indeed, **the US accounts for about 26% of Jordan's national exports. In 2024, Jordan's exports to and import from the US were equal to JD 2.21 billion and JD 1.33 billion respectively.**
- **Trade volume between Jordan and the US has steadily increased over the past two decades, with an annual growth rate of 10.4%**, particularly after the Free Trade Agreement (FTA) between the two countries came into effect in 2001.



Key **export categories to the US** in 2024 included:

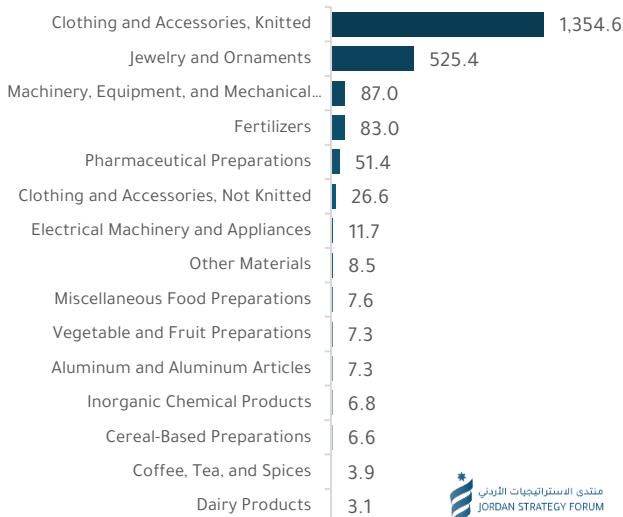
- **Apparel** (all types): **63%** of total exports
- **Jewelry**: **24%** of total exports
- **Machinery and equipment** (air conditioners, etc...): **3.9%** of total exports
- **Fertilizers**: **3.8%** of total exports

On the other hand, the key **Jordanian imports from the US** were:

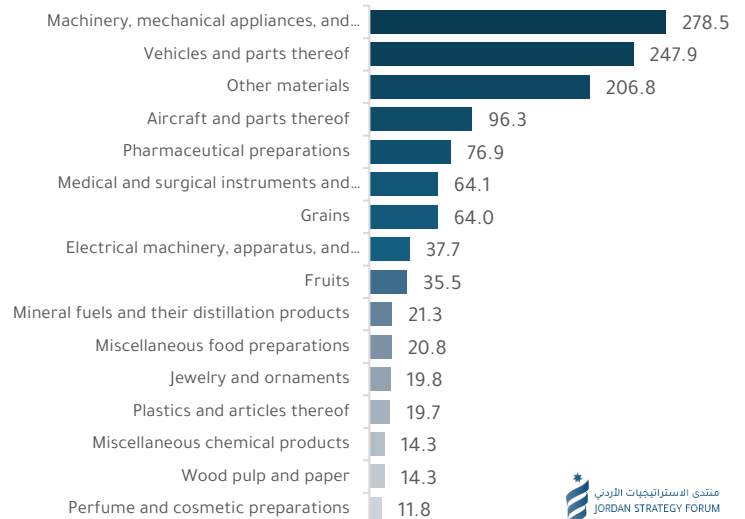
- **Machinery and mechanical appliances**: **20.9%** of total imports
- **Vehicles**: **18.6%** of total imports
- **Aircraft parts**: **7%** of total imports
- **Pharmaceuticals**: **5.8%** of total imports

Jordan achieved a trade surplus with the US in 16 product groups, the most notable being apparel, jewelry, fertilizers, aluminum products, inorganic chemical products. However, Jordan recorded trade deficits in 75 product groups, primarily in machinery, vehicles, grains, medical tools.

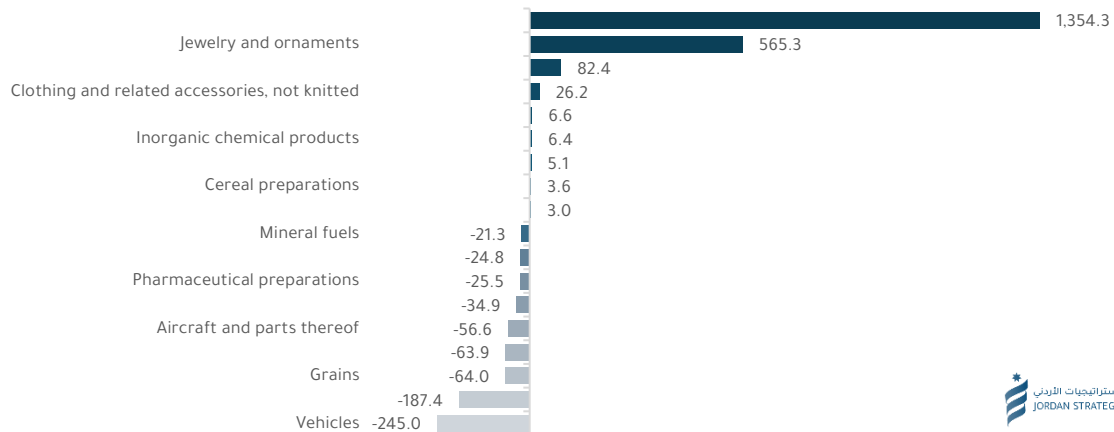
Top National Exports to the US market in 2024 - Million Jordanian Dinars



Top National Imports from the US Market in 2024 - Million Jordanian Dinars



The Most Prominent Commodity Groups with a Trade Surplus/Deficit Between Jordan and the United States in 2024 - Million Jordanian Dinars



Source: Jordan Strategy Forum analysis based on the Data from the Department of Statistics

3. Impact of US Tariffs on Jordanian Exports

Recently, the United States announced new tariffs ranging from 10% to 49% on imports from various countries. Jordanian exports, previously tariff-exempt under the FTA, now face a 20% tariff as part of this new policy. This measure, **part of a “trade protectionism policy,” aims to safeguard US. industries, increase customs revenues, and reduce trade deficits with countries**, including Jordan.

This decision directly violates the FTA signed between the two countries, which explicitly prohibits imposing new tariffs or quantitative restrictions on bilateral trade. The agreement, fully implemented by 2010, ensured all goods traded between the two countries were duty-free. Moreover, Jordanian imports have caused no harm to US domestic industries to warrant such protectionist measures.

This decision also contravenes Article XXIV of the General Agreement on Tariffs and Trade (GATT 1994) under the World Trade Organization (WTO) framework, which permits member states to establish FTAs **provided they reduce or eliminate trade barriers between the parties without imposing new barriers on other states.**

The decision is expected to **negatively impact the competitiveness of Jordanian exports in the US market. The extent of this impact will depend on the market share of national exports, the price elasticity of demand** (how price changes affect demand), **the ability to redirect exports to alternative markets, and the competitiveness of Jordanian products compared to rivals under the new tariff structure.**

To evaluate the potential impact, the Jordan Strategy Forum **analyzed the nature of Jordan’s exports to the US, identified the most affected sectors, and developed possible scenarios** based on the following assumptions:

- **Tariffs will apply to all goods exported by affected countries.**
- **Countries will not find alternative markets for their exports.**
- **The price elasticity of demand for affected goods is -1** (i.e., a 1% price increase leads to a 1% decrease in demand, all other factors constant).

Based on the assumptions specified above, **the following two scenarios were established:**

3.1. Pessimistic Scenario:

- **Expected impact:** A decline of approximately JD 441.7 million in Jordanian exports to the US., equivalent to 5% of total national exports for 2024

Pessimistic Scenario: Decline in Domestic Exports to the US Market

Commodity group HS 4 Digits	Market share of total exports to the US.	Share in the US market for the same product	Export value (2024)	Value of decline in exports (million Jordanian dinars)
Clothing and Apparel	63%	3.0%	1,381.20	276.2-
Jewelry and parts thereof	23.8%	6.4%	525.4	105.1-
Air conditioning machines and equipment and their parts	3.9%	2.9%	87	17.4-
Nitrogenous fertilizers	3.8%	8.2%	83	16.6-
Medicines*	2.3%	0.1%	51.4	10.3-
Semiconductors (wires)*	0.5%	0.1%	11.7	2.3-
Food preparations*	0.3%	0.1%	7.6	1.5-
Preserved and canned vegetables*	0.3%	0.1%	7.3	1.5-
Aluminum structural parts*	0.3%	0.1%	7.3	1.5-
...
Total of all exported products	100%	-	2,208.40	441.7-

Source: International Trade Centre database, Department of Statistics

- Considering that a significant portion of Jordan's national exports relies on importing raw materials and production inputs, **a decline in exports (based on the assumptions above) would subsequently lead to a decrease in Jordanian imports of these materials.** For instance, the apparel sector imports approximately JD 800 million worth of raw materials (such as fabrics, threads, textiles, and fibers). A 20% reduction in apparel exports (equivalent to JD 276.2 million) would result in a decline in imports of production inputs by about JD 167 million (assuming imports decrease at the same rate). **This would ultimately increase the trade balance deficit by nearly JD 270 million.**
- **Sectoral Impact Distribution: The apparel sector is expected to be the most affected by the decision,** as its exports account for 63% of Jordan's total exports to the US, followed by the jewelry sector. Other affected sectors include air conditioning equipment, fertilizers, and pharmaceuticals. Notably, the economic complexity of the apparel sector in Jordan is considerably low compared to other sectors, according to the Economic Complexity Index published by Harvard University.

- **Impact Distribution at the Apparel Company Level:** An analysis of Jordan's national exports to the US at the company level, specifically for the apparel sector, reveals that **20 companies (including their production branches) dominate the majority of apparel exports to the US**. Many of these major apparel companies involve direct foreign investments and collectively employ over 55,000 workers, of whom approximately 73% are foreign laborers. Remarkably, around 60% of the total impact of the recent US decision is concentrated within this group of companies.
- **This decision poses a direct threat to existing foreign investments in Jordan**, particularly in the apparel sector. It also potentially **undermines efforts to attract new foreign investments** across various sectors. Additionally, the decision could **negatively impact local employment**, especially in remote areas.
- **The scenario becomes even more pessimistic** if some **existing foreign investments in Jordan relocate to competitive markets with preferential tariff advantages** (countries with lower tariffs compared to Jordan), particularly in neighboring regional economies. This is because some of these investments initially entered the Jordanian market to benefit from the US-Jordan Free Trade Agreement, with most of their production directed toward the US market.

3.2. Optimistic Scenario

- The analysis indicates that **countries competing with Jordan in the US market**—particularly in products such as apparel, jewelry, and air conditioning equipment—**have also faced higher tariff increases compared to Jordan. This could mitigate the competitive pressure on Jordanian exports**. These countries include China (34%), Vietnam (46%), Cambodia (49%), Bangladesh (37%), and India (26%).
- **Some Jordanian products**, such as apparel and jewelry, **may gain a relative competitive advantage** since the tariffs imposed on them are lower than those on competing countries. Consequently, the performance of Jordanian exports in the US market is expected to improve moderately, as Jordan capitalizes on **opportunities arising from the decline in exports of competing nations**.

Optimistic Scenario: Increased Domestic Exports to the US Market

Commodity group HS 4 Digits	Competitive Markets Within the US Market ¹	The Value of Exports of Competing Countries of the Same Export Product	Impact Based on the Imposed Tariff Rates (%)	Decrease in Demand for Exports of Competing Countries According to the Assumption
Clothing and accessories	China	10,634.3	34	-3,615.7
	Vietnam	8,520.7	46	-3,919.5
	Cambodia	2,793.5	49	-1,368.8
	Bangladesh	2,627.0	37	-972.0
	India	2,411.9	26	-627.1
	Indonesia	2,298.0	32	-735.3
	Honduras	2,030.6	10	-203.1
	Nicaragua	1,674.9	18	-301.5
Jewelry and parts thereof	Switzerland	14,969	31	-4,640.5
	India	11,889	26	-3,091.2
	South Africa	8,577	30	-2,573.0
	Australia	3,210	10	-321.0
	Colombia	2,175	10	-217.5
	Thailand	1,835	36	-660.7
	China	1,800	34	-611.9
	United Kingdom	1,217	10	-121.7
Air conditioning machines and equipment and their parts	China	3,063	34	-1,041.6
	Thailand	1,404	36	-505.5
	Japan	386	24	-92.6
	Malaysia	149	24	-35.8

Source: International Trade Centre database, Department of Statistics

- It is also important to note that some other countries exporting the same product categories to the US have been subjected to lower tariff rates than Jordan.** These include Honduras, Nicaragua, Australia, Colombia, the United Kingdom, and others. **This underscores the urgency for Jordan to expand its presence in the US market before products from these countries begin to compete more directly with Jordanian exports.**

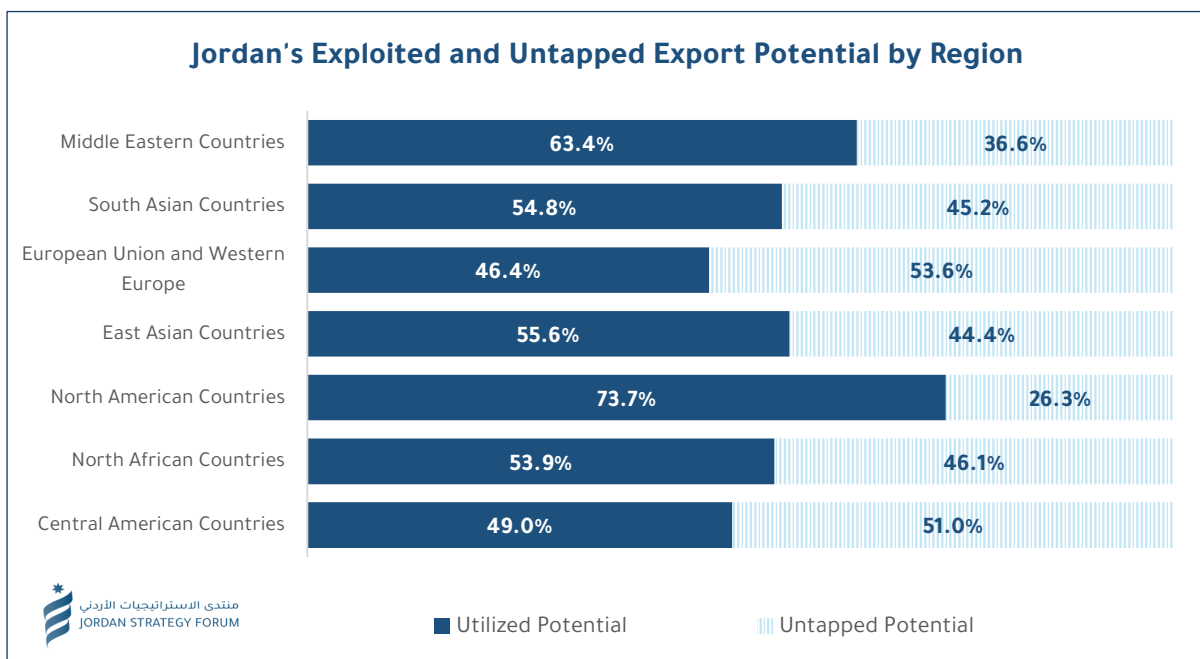
¹ Canada and Mexico were excluded from the competing markets due to the lack of available data on the tariffs imposed on their exports within the published regulations as of the date of preparing the paper.

4. The Possibility of Expanding into Export Markets and Substituting Imports

4.1. Exploiting and Diversifying the Export Potential of Jordanian Products

Analysis by the International Trade Center indicates that a significant export gap between Jordan's potential and actual export performance exists. The total export potential is estimated at approximately JD 13.3 billion, of which only 55% (equivalent to JD 8.6 billion) is currently utilized. This leaves an **untapped export potential of about JD 4.7 billion (45% of total potential)**. This gap represents a genuine opportunity to reduce dependence on the US. market by **diversifying export destinations and leveraging the following opportunities:**

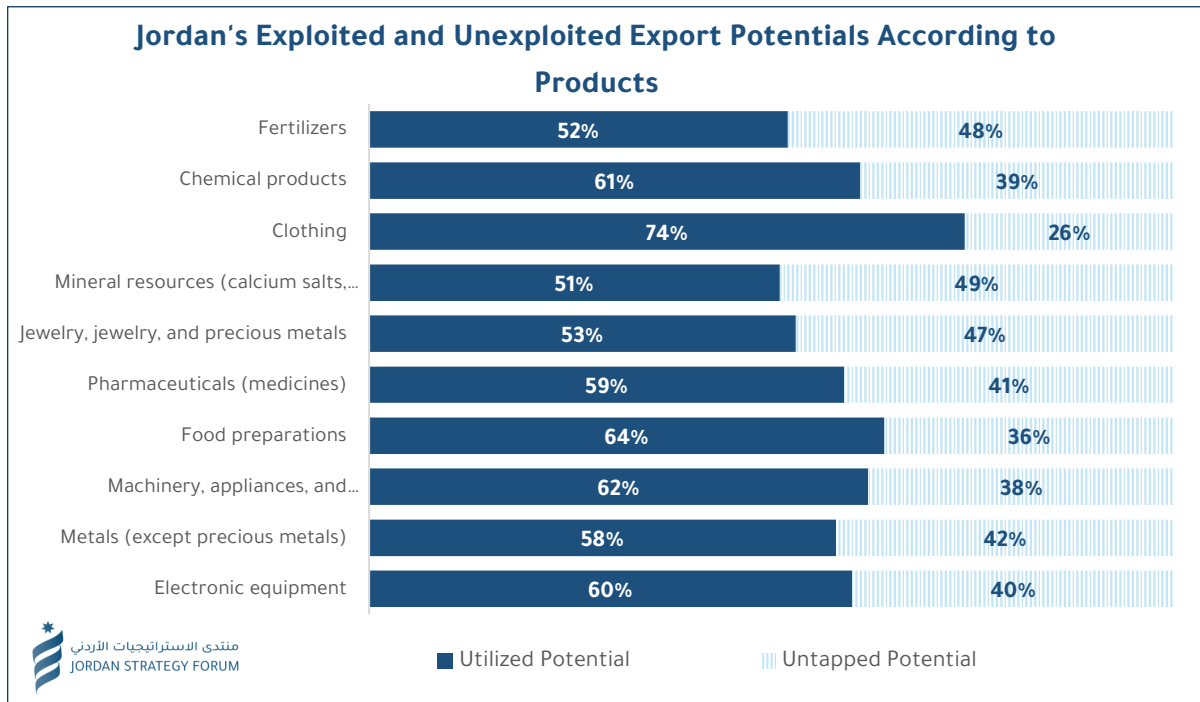
1. **Middle Eastern** countries (Saudi Arabia, UAE, Qatar) with potential **exports valued at JD 1,064 million.**
2. **South Asian** countries (India, Nepal, Pakistan) with potential **exports worth JD 993 million.**
3. **European Union and Western Europe** (Netherlands, Switzerland) with potential **exports valued at JD 551 million.**
4. **East Asian** countries (China, South Korea, Japan) with potential **exports of JD 477 million.**
5. **North American** countries (Canada, Mexico) with potential **exports of JD 100 million.**



Source: Analysis by the Jordan Strategy Forum based on the International Trade Center database, Export Potential Map.

As for the commodity level, these opportunities came within a wide range of commodity groups, the most prominent of which are:

1. Fertilizer products worth 993 million Jordanian dinars.
2. Chemical products worth 780 million Jordanian dinars.
3. Clothing products worth 560 million Jordanian dinars.
4. Mineral resources (calcium salts, etc.) worth 545 million Jordanian dinars.
5. Jewelry, ornaments, and precious metals worth 348 million Jordanian dinars.



Source: Jordan Strategy Forum analyses based on the International Trade Centre's database, Export Potential Map

The table below shows the geographical distribution of the most prominent Jordanian commodity groups with export opportunities:

The Geographical Distribution of Unexploited Jordanian Export Opportunities in JD Million

Commodity Group	Country	
Fertilizers	India (361.6)	Malaysia (84.4)
	China (103.5)	Brazil (62.4)
	Indonesia (87.9)	South Korea (20.6)
Chemical products	India (214.1)	UAE (26.2)
	China (61.0)	Netherlands (26.2)
	Saudi Arabia (48.2)	Belgium (17.7)
Clothing	Saudi Arabia (77.3)	Netherlands (19.1)
	Spain (30.5)	Kuwait (19.1)
	UAE (29.1)	Germany (14.9)
	Switzerland (29.1)	France (13.5)

Commodity Group	Country	
	Italy (22.7)	
Mineral resources	India (278.6)	Australia (12.8)
	Malaysia (24.1)	New Zealand (12.8)
	South Korea (22.0)	Lebanon (12.1)
	The Philippines (17.0)	Lithuania (6.8)
	China (15.6)	
Jewelry and precious metals	UAE (107.0)	Hong Kong (23.0)
	Switzerland (45.0)	Qatar (18.0)
	Saudi Arabia (27.0)	United Kingdom (12.0)
Pharmaceuticals (Medicines)	China (19.9)	Switzerland (9.2)
	Saudi Arabia (15.6)	Australia (5.8)
	Egypt (9.9)	Canada (5.7)
	Japan (9.2)	
Food preparations	Palestine (12.1)	Bahrain (2.7)
	Saudi Arabia (6.3)	Kuwait (2.1)
	China (3.9)	Australia (1.8)
	Egypt (3.1)	
Machinery, appliances and electrical equipment	Saudi Arabia (6.4)	Egypt (2.4)
	India (4.2)	Singapore (1.6)
	Kuwait (3.8)	Italy (1.3)
	UAE (3.3)	
Metals (except precious metals)	India (12.8)	
	Saudi Arabia (7.8)	Mexico (1.2)
	Malaysia (3.2)	Taiwan (0.7)
	Indonesia (1.8)	Tunisia (0.6)
	Thailand (1.6)	
Electronic equipment	Saudi Arabia (5.1)	Australia (1.0)
	India (4.5)	United Kingdom (0.9)
	UAE (3.5)	Japan (0.7)
	Netherlands (1.3)	Portugal (0.6)
	Spain (1.1)	Morocco (0.6)

Source: International Trade Centre's database, Export Potential Map

These figures highlight the potential for diversifying Jordanian exports in both **geography and commodity** without the need for radical changes in production structures. Instead, this can be achieved by **enhancing international promotion and marketing efforts, improving logistical capabilities, and activating bilateral and multilateral trade agreements**. This represents a **strategic opportunity to offset the negative impacts of the decision by the US**.

4.2. Replacing Imported Products with Local Alternatives

Within the framework of efforts aimed at reducing the trade deficit and mitigating the impact of the American decision on national exports, **the Jordan Strategy Forum conducted a comprehensive analysis of imports at the commodity classification level**. This analysis was based on the International Trade Centre's foreign trade

database and the industrial survey of the Department of Statistics, through the following steps:

- **Identifying imported products** according to the HS-9 customs classification.
- **Conducting a comparison with local exports** under the same customs classification.
- **Analyzing local production of similar products** (Gross Output).
- Calculating the compound annual growth rates (CAGR) for **local substitution capacities**.
- **Excluding raw materials, production inputs, and goods** not locally produced.

As a short-term strategic option, **some export-oriented production directed towards the US market could be redirected to meet local demand**. This could be achieved by enhancing the competitiveness of national industries against imports, especially in sectors identified by the analysis as having promising local alternatives. **The results of the analysis revealed significant opportunities for local substitution in several sectors. Below are the key findings for these sectors:**

- **Food industries:** The volume of imports with local alternatives in the food industries, according to the methodology mentioned above, is **estimated at no less than 700 million Jordanian dinars**. These mainly consist of consumer food industries (end-use), with the most prominent products listed in the table below:

The Most Prominent Imported Products in the Food Industries Sector with Local Alternatives	
Existing production (million dinars)	2,200
Total imports (million dinars)	3,260
Total exports (million dinars)	699
Cocoa products and confectionery (chocolate and sweets)	Canned legumes, prepared and preserved
Dried and preserved dates	Tobacco products and manufactured substitutes
Some dairy products and cheeses	Preserved and dried vegetables
Preserved food preparations made from meat, vegetables, or flour	Food pastas and pastries, including (chips...)
Ice creams, even if they contain cocoa	Non-alcoholic beverages (juices...)

Source: Jordan Strategy Forum analysis based on the International Trade Centre's database and the industrial survey of the Department of Statistics

- **Clothing and textiles industries:** The volume of imports with local alternatives in the clothing, footwear, and accessories industries is estimated at around **300 million Jordanian dinars**. These mainly consist of consumer goods for final use, with the most prominent products listed in the table below:

The Most Prominent Imported Products in the Clothing and Textiles Industries Sector with Local Alternatives	
Existing production (million dinars)	2,198
Total imports (million dinars)	422
Total exports (million dinars)	1,754
Clothing manufactured from textile materials	Carpets with tufted pile made from other textile materials
Clothing manufactured from cotton	Floor coverings made from textile materials
Sweaters, t-shirts, trousers, jackets, and shirts with or without sleeves	Unfinished dresses
Suits (manufactured)	Clothing accessories (headwear, etc.)

Source: Jordan Strategy Forum analysis based on the International Trade Centre's database and the industrial survey of the Department of Statistics

- Paper and packaging industries:** The volume of imports with local alternatives in these industries is estimated at around **170 million Jordanian dinars**. These mainly consist of consumer goods for final use, with the most prominent products listed in the table below:

The Most Prominent Imported Products in the Paper and Packaging Industries Sector with Local Alternatives	
Existing production (million dinars)	390
Total imports (million dinars)	411
Total exports (million dinars)	200
Toilet paper made from paper pulp	Cosmetic paper and toilet paper
Paper boxes and cartons	Tissues for removing softening agents and towels
Foldable boxes made of paper and cardboard	Trays, plates, cups, and similar items
Prepared paper bags	

Source: Jordan Strategy Forum analysis based on the International Trade Centre's database and the industrial survey of the Department of Statistics

- Plastic industries:** The volume of imports with local alternatives in these industries is estimated at around **150 million Jordanian dinars**. These mainly consist of consumer goods for final use, with the most prominent products listed in the table below:

The Most Prominent Imported Products in the Plastic Industries Sector with Local Alternatives	
Existing production (million dinars)	431
Total imports (million dinars)	756
Total exports (million dinars)	171
Bottles, jars, and similar items	Pipes, tubes, and other hoses
Boxes, containers, and similar items	Bags and other sacks
Tableware and kitchenware made of plastics	Printed transparent rolls

Source: Jordan Strategy Forum analyses based on the International Trade Centre's database and the industrial survey of the Department of Statistics

Although the process of identifying all replaceable products is complex, the results of the analysis confirm that the **manufacturing industries possess production capacities capable of expanding their contribution to filling the gap in local demand and enhancing self-reliance in meeting market needs**. This would help **reduce the trade deficit** and mitigate unexpected fluctuations and disruptions in global markets.

6. Conclusion and Recommendations

In light of the recent US decision to impose new tariffs, and the direct impact it will have on Jordanian exports, there is an increasing **need to adopt a flexible and comprehensive economic and trade approach aimed at enhancing the resilience of the national economy and its ability to absorb external shocks, while simultaneously reducing the chronic trade deficit**. In this context, the Jordan Strategy Forum presents a set of recommendations based on the results of the analysis across four main areas, as follows:

First: The need to open an official diplomatic dialogue with the US to review the decision and discuss its alignment with the provisions of the agreement, highlighting the imbalance in the bilateral trade gains, which would strengthen Jordan's negotiating position and **push for the cancellation of the imposed tariffs**. This can be done through:

- **Rejecting this decision as a violation of the Free Trade Agreement between the two countries.**
- **Confirming that such a decision should be made within the framework of the provisions of the Free Trade Agreement signed between the US. and Jordan since 2001**, by renegotiating its terms in a way that benefits both countries.
- **Clarifying that this decision did not take into account the surplus American companies generate from their dealings with Jordanian companies, especially in the services sector** (information technology and communications services, financial, and consultancy services that use several software and systems like Microsoft, Google, Oracle, and others). **It is worth noting that the US. trade surplus in services (exports minus imports of services) has reached approximately 290 billion dollars.**
- Clarifying that **generalizing the trade surplus ratio across all goods is unfair to Jordan**, as there is a recorded deficit in 75 product groups out of the ones traded between the two countries, compared to a surplus in only 16 product groups in favor

of Jordan. **It is also noted that two product groups accounted for 91% of the total trade surplus Jordan has with the US.**

- **If the tariff is insisted upon**, it must be restructured to align with the rationale behind its imposition and within the framework of the Free Trade Agreement, **applying the tariff gradually and on a limited scope, focusing on goods that have a significant surplus in the trade balance.**

Second: Resorting to dispute resolution mechanisms in the WTO, as this decision is contrary to the organization's rules and policies that member states must adhere to.

Third: Strengthening high-value-added industries and diversifying export markets:

To reduce the trade deficit and minimize the impact of fluctuations and disruptions in global markets, there is a need to develop a **production base based on capital, technological, and engineering industries, while geographically diversifying export markets and reducing excessive reliance on specific markets.** This can be achieved through:

- **Encouraging investment in high-value "technological and engineering" industries** (such as electronics, medical equipment, software, including engineering services), and **supporting startups in the technology and innovative industries.**
- **Enhancing commercial coordination and cooperation with sister and friendly countries with similar economic and demographic characteristics to Jordan.** The aim of forming flexible trade alliances is to contribute to unifying collective positions within international forums and facilitating entry into multilateral free trade agreements amid the growing challenges in the global trade system.
- **Expediting procedures at the border crossings with Syria**, especially the Syrian-Turkish crossing, due to its strategic importance in enhancing the flow of Jordanian exports to European markets.
- **Removing all obstacles and challenges that limit the ability of national exports to enter Arab markets**, In other words, it is important to review and activate the bilateral agreements signed with these countries, improve the intra-trade environment, and enhance the prospects for Arab economic integration.
- **Industrial SMEs should work on improving and developing the quality of their products** and adhere to international standards and specifications, to avoid non-tariff barriers imposed by global markets.

- **Improving transport and port infrastructure to speed up export processes and reduce operational costs.** This can be done by developing a railway network that connects industrial areas with Aqaba port and border crossings.
- **Enabling and supporting SMEs to access global markets through e-commerce and digital platforms.** This would reduce promotion and marketing costs and maximize the reach of local products to various markets.
- **Activating the role of Jordanian embassies and commercial attaches around the world** to enable networking between local producers and international customers. In addition, embassies should be aware of the promising export opportunities Jordan has as outlined in the above analysis.
- **Studying the possibility of signing bilateral agreements with countries** where Jordan has export opportunities and increasing demand for Jordanian products, such as in Asia and Africa. Additionally, **reviewing existing trade agreements periodically to assess their effectiveness.**
- **Developing a digital export platform** that is flexible, seamless, and updated, providing data on foreign markets, export requirements, and market studies, to assist Jordanian companies in discovering export opportunities for their products.
- **Providing specialized programs to build the capacity of Jordanian companies in export mechanisms, foreign market requirements, and how to develop specialized export strategies.**
- **Conducting a dialogue between the government and companies to better understand the impact of tariffs at the company level** and to develop strategies to mitigate the effects of the decision, through establishing a national committee to follow up on the decision's impact and strengthen the role of local institutions in decision-making.

Fourth: Maximizing local substitution opportunities for imported products:

Given that there are national industries capable of producing alternatives for many consumer imports, it becomes possible to redirect part of the production intended for export to meet local demand, especially in sectors like food industries, textiles, plastics, and packaging. This can be done through:

- **Adopting a protectionist policy for national products by reconsidering tariffs, non-tariff barriers, and fees imposed on imported products that have local alternatives.** These measures reduce price competition between local products and foreign products and enhance their presence in the local market.

- **Activating partnerships between the industrial and agricultural sectors to create industrial-agricultural clusters that contribute to meeting local needs.**
This would reduce the cost of imported production inputs for the industrial sector by providing them with local and improve demand in the agricultural sector, thus enhancing food security.
- Activating **government procurement tools to encourage demand for local products**, and legislating instructions to prioritize national products in public tenders and bids.

Trade Relations Between Jordan and the United States

The United States of America is Jordan's largest trading partner, accounting for the largest share of national exports

25.7%



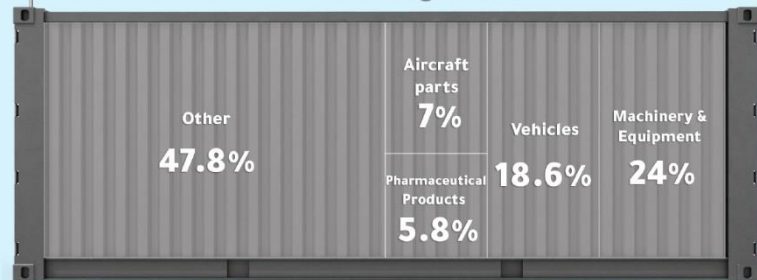
Exports
JD 2.21 Billion

During 2024



Imports
JD 1.33 Billion

During 2024



75 Commodity groups recorded a **trade deficit** with the USA

16 Commodity groups recorded a **trade surplus** with the USA



The U.S. maintains a substantial **services trade surplus with Jordan**, particularly in sectors such as ICT, financial services, and consulting

Expected Scenarios Following the Decision to Impose Tariffs on Jordanian Exports

In **April 2025**, the United States announced a new package of **tariffs** on imports from several countries. This decision included a **20% tariff** on Jordanian exports.



This decision is a clear **violation** of the terms of the **Free Trade Agreement** signed between the two countries.



It also contradicts Article **XXIV** of the **GATT 1994** Agreement under the World Trade Organization (**WTO**).

Impact of the Decision – According to Forum Analysis

Most Optimistic Scenario



Increased competitiveness of Jordanian exports in the U.S. market.



Competing countries—especially in apparel, jewelry, and air conditioning sectors—faced higher tariff increases. These countries include China, Vietnam, Cambodia, Bangladesh, and India.



This may **boost the competitiveness** of Jordanian exports in the U.S. market, since the tariffs imposed on Jordan are lower than those on its competitors.

Pessimistic Scenario



Decline in Jordanian exports to the U.S. market.



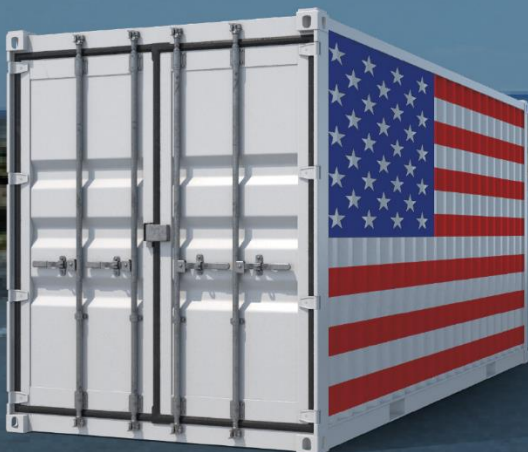
JD 441.7 million Estimated drop in Jordan's exports to the U.S. (Equivalent to **5%** of total national exports in **2024**).



A decrease in Jordan's imports of raw materials used to produce those exports will increase the trade deficit to **JD 270 million**.



Garment sector The most vulnerable to the impact of the U.S. decision. Concerns deepen if foreign investments in this sector shift to competing markets.



01



Pursue Diplomatic Action and Negotiation with the United States

-  **Initiate a formal dialogue** to review the recent tariff decision under the Free Trade Agreement.
-  **Highlight the trade imbalance** in favor of U.S. companies.
-  **Reject the blanket application of tariffs** on all goods.

02



Activate Legal Channels through the World Trade Organization (WTO)

-  **Initiate dispute resolution** procedures through the WTO.
-  **Highlight the violation** of international trade rules and agreements.
-  **Demand U.S. compliance** with its international trade commitments.

03



Strengthen High-Value Exports and Competitive Industries

-  **Invest in** technological and engineering industries and promote innovation.
-  Expand and **diversify export markets**, regionally and globally.
-  **Upgrade export infrastructure** and promote digital trade and e-commerce.

04



Promote Local Substitution to Reduce Import Dependence

-  Adjust tariff and non-tariff measures to **protect domestic products**.
-  **Support agro-industrial** integration to lower production costs and improve food security.
-  **Prioritize local products** in public procurement and government tenders.



منتدى الاستراتيجيات الأردني
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To evaluate the study



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