

OVERVIEW

There is no doubt that Jordan was the country most severely affected by the Gulf Crisis and the aftershocks will continue to be felt for the foreseeable future. While the crisis might have had many negative impacts, it also created significant non-traditional opportunities in a variety of sectors which should encourage rather than discourage exporters. Canadian exports, partially assisted by an increasing aid programme, grew three-fold in 1991 to reach a record of CDN \$20 million in goods and approximately CDN \$15 million in services in 1991.



The Kingdom, not well endowed with natural resources, relies heavily on imports for its domestic consumption. The influx of over 300,000 "returnees" from Kuwait boosted the population by almost 10% in the space of months, stretching social infrastructure. The Planning Ministry estimated the cost to resettle the returnees will be at least CDN \$5.0 billion, generating additional demands for imports of all types, notably foodstuffs and raw materials.

The flood of returnees from Kuwait has already created a construction boom and a build-up of bank deposits and it is only a matter of time before spin-offs to other sectors take place. The new residents, mostly skilled professionals, face limited job prospects and it is equally unlikely they will find work in other countries. Many bring substantial savings from years of employment in the Gulf and are actively pursuing investments to establish themselves.

This, combined with an increasing awareness of the need for economic restructuring and diversification, should induce greater investments in technology to boost output of existing industry. The emphasis on private investment has produced what is being heralded as a new era of industrialization in Jordan. One local bank estimates that over 300 new industrial firms were started in the second quarter of 1991 alone, concentrated in agro-industry and light manufacturing in metal, electrical, plastics, pharmaceutical and chemical industries. The future now appears more secure as Jordan has just signed a new IMF programme and is rescheduling foreign debts. In addition, substantial aid from western and OECD countries, the vast majority of it untied, should be forthcoming at a special donors consultative group about to be convened. There is also a wide expectation that the eventual lifting of sanctions on Iraq will result in enormous benefits to Jordan-based companies, especially in agriculture, transportation, consulting engineering and construction services.

Given the effects of the Gulf Crisis on Jordan's economy, the priority attached to agricultural development by the Jordanian Government has grown, predicated on the need for security of food supply and import substitution of basic commodities and staples. As a result, a multitude of new agricultural investments are taking place in the northern and southern regions of the country both by the government and private sector. The Jordan Valley, Jordan's historic agricultural centre, is also witnessing significant investment in new technology in order to boost output.

Agriculture varies widely in Jordan and can be divided into four major regions: the Jordan Valley, the Northern Highlands, the Desert Region and the Southern Plains.