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The Way Leading to Business

Ms (Siham Dada)
BANCA UBAE's CONSULTANT FOR (JORDAN)

**Current and perspective
Business Opportunities
in MENA and Far East Countries."
10 November 2011
ROME**

AGENDA

1. COUNTRY OVERVIEW

- ❑ POLITICAL OUTLOOK
- ❑ ECONOMIC OUTLOOK
- ❑ FOREIGN TRADE

2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

- ❑ CURRENT AND PERSPECTIVE LOCAL BUSINESS OPPORTUNITIES
- ❑ CONSULTANT ROLE AND SUPPORT

1. COUNTRY OVERVIEW: POLITICAL OUTLOOK

BASIC DATA (2010) :

- **Population:** **5.1m**
 - **GDP** **\$25.0bn**
 - **Foreign exchange reserves** **\$13.0bn**
- Despite regional and domestic unrest, power in Jordan is expected to remain firmly in the hands of the king, Abdulla II, who retains the loyal support of the army and the security services.
 - The government, appointed in response to popular demonstrations in January 2011, and already facing opposition, will attempt to balance tactical political concessions with the expectations of entrenched elite.
 - Jordan's pro-western orientation will remain the corner-stone of the king's foreign policy, complimented by a strategy of maintaining good relations with all Middle Eastern states.
 - Ties with Iraq will continue to improve as commercial links between the two countries deepen, although Jordan will be wary of any resurgence in violence in Iraq.
 - Relations with the Gulf States are also expected to strengthen as Jordan seeks to join the G.C.C. and to gain the greater economic support expected to come with it.

1. COUNTRY OVERVIEW: ECONOMIC OUTLOOK

- Real GDP growth is likely to remain below the highs of 2004-08, as the economy struggles because of limited capital spending growth and the end of the construction boom.
- GDP will rise modestly in 2011 to 3.3% as a strengthening of some of Jordan's export markets offsets any short-term decline in tourism caused by regional unrest.
- The fiscal deficit is expected to remain wide over the forecast period, at an average of 6.8% of GDP a year, including foreign grants (mainly for U.S. and Saudi Arabia), as domestic revenue has fallen.
- Average inflation is expected to rise to 6.4% in 2011, in line with higher global commodity prices.
- The IMF has predicted Jordan's economic growth at 3.3%.
- Jordan is a small nation with insufficient supplies of water, oil, gas and other natural resources.
- The main challenges facing Jordan include reducing dependence on foreign grants, reducing the expanding budget deficit, attracting foreign investment and creating jobs (un-employment rate 12.5%).

1. COUNTRY OVERVIEW: FOREIGN TRADE

- Higher imports despite a rise in national exports, have widened the trade deficit by 9.7% during the first 8 months of 2011 to \$6.49bn.
- Total imports stood at \$11.85bn compared to \$10.06bn during the same period in 2010.
- Total exports and re-exports rose by 68% during the first 8 months of 2011 to \$3.07bn compared to \$1.8bn during the same period in 2010.
- The kingdom's energy bill rose by 68% during the first 8 months of 2011 to \$3.07bn compared to \$1.82bn during the same period in 2010.
- Given its limited natural resources and the structure of its economy, which is dominated by services accounting to more than 70% of GDP, Foreign Direct Investment (FDI) is particularly important.

Destination of Exports

U.S.	22.4%
Iraq	12.9%
U.A.E.	7.8%
Saudi Arabia	7.5%
Syria	4.9%

Origin of Imports

Saudi Arabia	21.0%
China	9.7%
Germany	7.5%
U.S.	4.7%
Egypt	4.4%

(**) Italy Euro400m

1. COUNTRY OVERVIEW: FOREIGN TRADE

(2010)

Primary Exports

Phosphates

Clothing

Fertilizers

Potash

Vegetables

Pharmaceuticals

Total Exports est.\$6.52bn

Primary Imports

Crude oil

Machinery

Transport equipment

Food

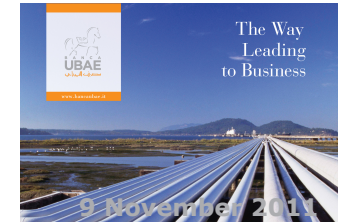
Live animals

Manufactured goods

Total Imports est.\$15.65bn

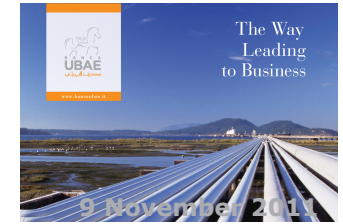
Italy – Jordan 2010

- Total Imports: Eur 62 Mln
- Total Exports: Eur 420 Mln



2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

- The Jordanian Kingdom is making efforts to galvanise economic recovery which includes its application to join the Gulf Cooperation Council (GCC) and the implementation of a government development program which considers the massive boost the GCC membership will bring to Jordan's economy.
- Jordan's 2011 development program allocated \$8.8bn steered for public and private sector investment.
- Jordan's industrial sector maintains a key role in the country's economy including the mining sector.
- At Jordan's only seaport, Aqaba, the government plans to create new industrial zones in the area, while considering the pivotal role that the coastal city plays as Jordan's primary logistics centre and a key tourist destination.
- Jordan's plan includes the expansion of its tourism industry, building on the main attractions of Petra and the Dead Sea.
- The Kingdom is charting upgrades that are underway across its transport sector as part of its 3-year plan to overhaul the nation's air, sea, and rail systems. Jordan's proximity to Iraq could play in the development of regional transport.



2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

- Jordanian and Italian Officials signed this year a memorandum of understanding and agreed to take steps towards building new partnerships and increase economic cooperation between the two states.
- Projected economic cooperation with Italy will cover water desalination, energy, infrastructure and railway (the regional railway project).
- Other opportunities include the cooperation in the City Port of Aqaba, Communications and technology sectors.
- Several Italian companies are already involved in infrastructure public works in Jordan. Such as the joint-venture consortium starting in 2012 for building the world's largest PV Plant in Maan-Jordan, with an initial capacity of 100 megawatts(MW) of electrical power, expandable to 200MW.



2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

CONSULTANT ROLE AND SUPPORT

- Act as an intermediate between Banca UBAE and Italian Exporters to furnish contact and communication between Italian companies interested in doing business with counterparts in the Levant region.
- Identify business opportunities.
- Facilitate meetings through UBAE between the Italian companies and local counterparties.

2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

CONSULTANT CV

- **1999 – 2010** **Senior Vice President – Regional
Head EMEA – North America -
Australia - New Zealand
Financial Institutions
Mashreqbank Dubai - U.A.E.**
- **1995 - 1999** **Vice President Bank of Bermuda -
Representative Office Manama –
Bahrain**
- **1977 – 1995** **Senior Director Head Financial
Institutions Middle East Region
New York (1977 – 1992) Manama
- Bahrain (1992-1995)**