JORDAN

Jordan’s economic freedom score is 66.5, making its economy the 53rd freest in the 2019 Index. Its overall score has increased by 1.6 points, with a surge in the score for fiscal health far surpassing declines in labor freedom, monetary freedom, and judicial effectiveness. Jordan is ranked 4th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The government is trying to balance its goals of economic modernization, higher growth, and job creation with the need to consolidate public finances and maintain political stability. The Economic Policy Council has launched a range of economic reforms and infrastructure projects, funded by both the government and the private sector, to improve the business environment. There has been little progress on labor market reform, and economic freedom is further constricted by corruption and the judicial system’s vulnerability to political influence.

**ECONOMIC FREEDOM SCORE**

**WORLD RANK:** 53

**REGIONAL RANK:** 4

ECONOMIC FREEDOM STATUS: MODERATELY FREE

**ECONOMIC FREEDOM STATUS:**

REGIONAL RANK: 
WORLD RANK: ... per capita
UNEMPLOYMENT:  
14.9%
INFLATION (CPI):  
3.3%
FDI INFLOW:  
$1.7 billion
PUBLIC DEBT:  
95.6% of GDP

**BACKGROUND:** Independent from the United Kingdom since 1946, the Hashemite Kingdom of Jordan is a constitutional monarchy with relatively few natural resources. King Abdullah II assumed the throne in 1999 with an ambitious reform agenda. The economy, one of the region’s smallest, is supported by foreign loans, international aid, and remittances from expatriate workers. In 2000, Jordan joined the World Trade Organization and signed a free trade agreement with the United States. In June 2018, the king appointed Omar al-Razzaz prime minister to defuse popular protests over tax hikes. Ongoing conflicts in Iraq and Syria have severely disrupted Jordan’s economy and regional trade, and more than 1.3 million Syrian and Iraqi refugees have strained its limited resources.
Property rights are largely respected. The judiciary is generally independent, but the king has ultimate authority. A large case backlog delays justice. The use of family, business, and other connections to advance business and individual interests is endemic in Jordan. Weak investigative journalism, limited access to information, and limited institutional jurisdiction undermine efforts to combat widespread corruption.

The top individual income tax rate is 14 percent. The standard corporate tax rate is 20 percent. The overall tax burden equals 16.3 percent of total domestic income. Over the past three years, government spending has amounted to 29.8 percent of the country’s output (GDP), and budget deficits have averaged 3.6 percent of GDP. Public debt is equivalent to 95.6 percent of GDP.

Despite persistent bureaucratic obstacles and delays, reforms carried out in recent years have made business formation and operation more efficient and dynamic. Progress toward reforming bloated public-sector employment has been dismal. The government tried to remove subsidies on bread in 2018 but backed down after a public outcry and imposed price controls on bread instead.

The combined value of exports and imports is equal to 92.6 percent of GDP. The average applied tariff rate is 4.3 percent. As of June 30, 2018, according to the WTO, Jordan had 20 nontariff measures in force. In general, foreign and local investors are treated equally under the law. Banking regulations generally conform to international standards. About 51 percent of adult Jordanians have an account with a formal banking institution.