JORDAN

Jordan’s economic freedom score is 60.1, making its economy the 87th freest in the 2022 Index. Jordan is ranked 5th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Over the past five years, the Jordanian economy grew through 2019, contracted in 2020, and revived in 2021. A slow decline in economic freedom over the past half-decade has accelerated. Pushed down by a steep drop in its fiscal health score and declines in rule of law scores, Jordan has registered a stark 6.6-point overall loss of economic freedom since 2017 and has fallen to the bottom of the “Moderately Free” category. Monetary freedom is relatively strong, and the burden of taxes on the economy is comparatively light, but business freedom and labor freedom are flawed.

**IMPACT OF COVID-19:** As of December 1, 2021, 11,633 deaths had been attributed to the pandemic in Jordan, and the government’s response to the crisis ranked 144th among the countries included in this Index in terms of its stringency. The economy contracted by 2.0 percent in 2020.

**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. The king appointed Bisher al-Khasawneh to serve as prime minister in October 2020 and tasked him with focusing on economic reform that includes a realistic government budget. 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.
The legal system reliably facilitates and protects the acquisition and disposition of property rights. Interest in real property is recognized and enforced after it is recorded in a legal registry. The judiciary’s independence is limited. A large case backlog delays judicial proceedings. The use of family, business, and other connections to advance business and individual interests is endemic and regarded by Jordanians as part of their culture.

The top individual income tax rate is 30 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 14.8 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 88.5 percent of GDP.

Businesses struggle with excessive red tape, trouble starting and closing businesses, and regulations and laws that are interpreted differently over time. Many occupations are closed to foreign workers. Most foreigners labor in construction, agriculture, and domestic housekeeping. The government’s capacity to fund subsidies is constrained by its high debt-to-GDP ratio.

Jordan has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.1 percent, and 19 nontariff measures are in effect. In general, foreign and local investors are treated equally under the law. Banking regulations generally conform to international standards. In 2020, the central bank increased the financial system’s liquidity and allowed banks to postpone loan repayments in sectors affected by COVID-19.