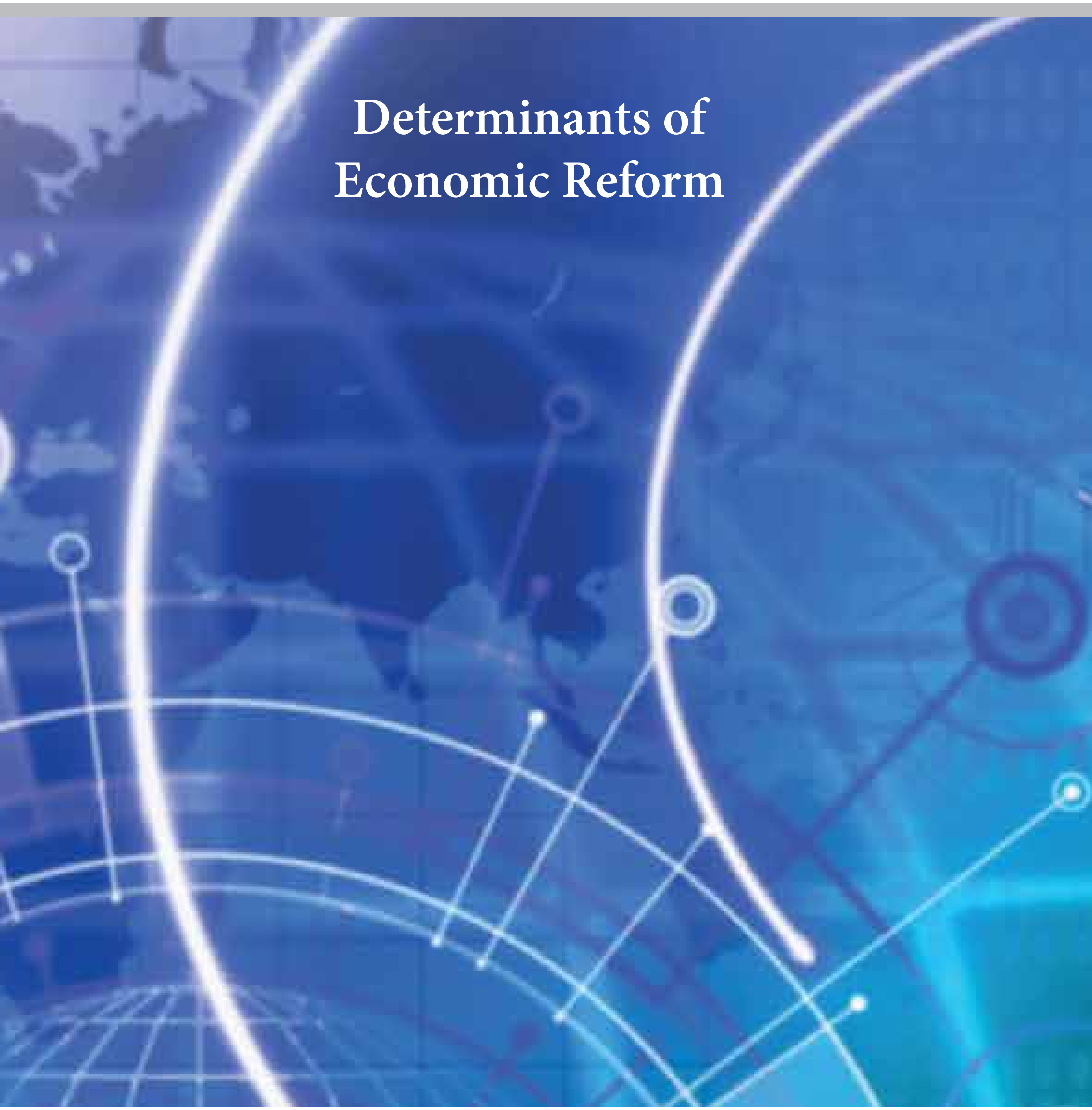
Konrad Adenauer Stiftung

A Specialized Economic Report
January 2015

Jordan's Economic Outlook 2015

Determinants of Economic Reform



issnaad consulting

This is a limited circulation report sponsored by Konrad Adenauer Stiftung and prepared by Issnaad Consulting

Table of Contents

Executive summary

For a third year in a row, Isnaad Consulting publishes an outlook study of Jordan's economy. As in last year's report, this report reviews Jordan's economic landscape for the year 2015, which draws primarily on a careful reading of the global and regional landscapes. It offers a comprehensive reading of the outcomes of the Global Strategy Forum (GSF) reached in its Dubai conference on the situations and scenarios of global and Arab economies. A clear reading was given of the status of Jordan's economy in light of the situations at the local, regional and international levels. Starting up with a reading of Jordan's landscape in 2014-2013, the report presents projections on that landscape for 2015. It has also provided an analytical reading of Jordan's state budget: Central Government and Government Units "Independent Institutions", by analyzing the assumptions underlying the structure of the budget. It studies all items of the government's budgetary items of the government and governmental units and how they reflected on Jordan's economy. All items of the budgetary items of the government and governmental units have been analyzed along with their impact on Jordan's economy. It analyses and studies the items of general expenditures and revenues and presents the main findings as affecting the macro indicators of national economy.

As in the reports of last two years, this one presents a reading of Jordan's economic prospects in 2015. It expects an improvement in the total level of the macro indicators of Jordan's economy except those related to the country's macro economy and total debt. Expectations show the possibility of achieving an average growth of not less than %4 for the next year according to the conservative scenario. The optimistic scenario shows that it is possible to achieve an optimistic average growth rate of up to %5, which agrees with global expectations of growth of non-oil economies in the region. The pessimistic scenario shows the possibility of achieving a real growth of up to %3.5 on the basis of some determinants addressed by the report in all of the above mentioned scenarios. However, the main determinant of achieving a real growth in Jordan's economy depends largely on the improvement of the environment in the labor and business market in the following period and during 2015. Expansionary policies must be introduced at the macro level to boost investment and inject into the economy money other than the Gulf Arab states' grants. There will also be a need for real investments that are mainly driven by governmental policies targeted to and motivating supply. It is hoped that the government will pursue participatory macro policies in full agreement and harmony and genuine partnership with the private sectors. This report presents for the first time an overview of the reform policies required for Jordan in the current period. This overview is an opinion well informed by the current situation of Jordan's economy, its history of performance and potentials.

In conclusion, this report comes along with other two reports that will be supported by Konrad Adenauer Stiftung- Jordan Office to be released to the economic community in Jordan and to be deliberated in specialized workshops by specialized people. Isnaad Consulting avails this opportunity to thank Konrad Adenauer Stiftung, particularly its resident representative in Jordan Dr, Otmar Oehring for making those reports available to a wide range of stakeholders and policy makers in the private and public sector as well NGOs and interested scholars.

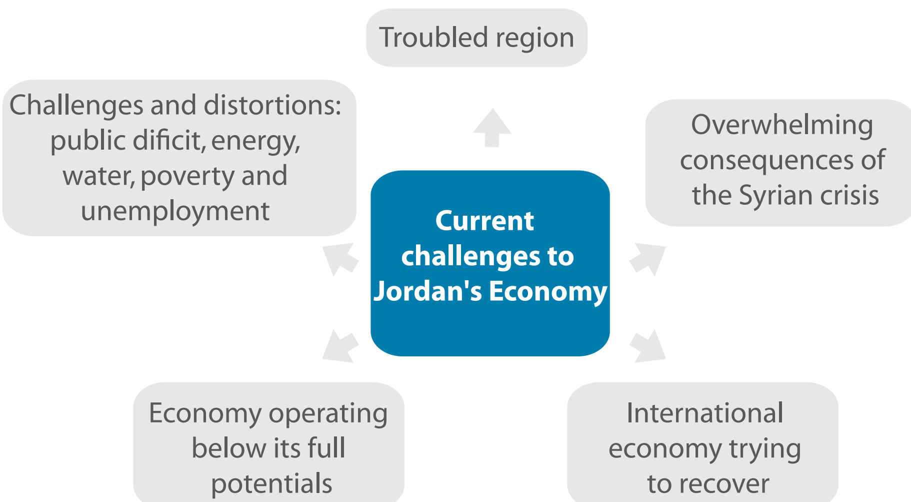
I. Jordan's Economic Landscape in 2015

1. Summary of Economic Conditions in 2013/2014

Jordan's overall economic conditions continued to be increasingly affected by the events in the region and the world. It has, though, made a number of significant achievements in economic growth, curbing financial deficit, increasing foreign reserves and reducing unemployment, according to official figures. The economy, however, still had to face more challenges and economic distortions, particularly in public debt, trade deficit and poverty indicators.

Figure (1) below shows Jordan's economic sphere and the challenges it started to face since late 2010. It is fair to say that the main challenge besetting Jordan's economy today is the volatile environment of the region and the unrest in the neighboring countries. The consequential burdens of the Syrian crisis and the deterioration of the Iraqi crisis on Jordan's economy are so huge and show clearly on the country's foreign trade and ability to attract investments. Jordan can no longer look for the expansion of its market, particularly given the uncertainties brought about by the two crises. Adding insult to injury, the burdens on Jordan's economy increase with the Syrian refugee crisis whose cost on the under-resourced country is estimated at over five billion Jordanian Dinars for the period 2011-2014.[1]
Internationally, the crisis reverberates in Europe adding up to the consequences of the regional crisis, especially because the Euro Zone is a key player in Jordan's foreign trade accounting for almost a third of exports. Once the most important partner of Jordan in trade, upon the execution of the Jordan-US free trade in early 2000s, the United States of America became busy wiping away the damages sustained by its economy due to the latest financial crisis.

Figure (1) Current Challenges on the local, regional and international levels



1 For more details on the socio-economic impact of the Syrian refugee Crisis on Jordan's Economy, see Al Wazani Khalid (2014), The Socio-Economic Implications of Syrian Refugees on Jordan's Economy and Host Communities, Isnaad Consulting and Konrad Adenauer Stiftug-Jordan

Nevertheless, preliminary indicators show a significant improvement in the European and American spheres, heralding the end of the financial crisis in 2014 and a better, though slow-paced, progress in 2015. Against this background, Jordan has been suffering for around seven years from accumulative local economic challenges. Financial deficit, public debt, trade balance deficit, poverty and unemployment and low growth rates are at the top of those challenges. Table (1) below shows key socio-economic indicators of Jordan for the period 2009-2014.

Table (1): Key Socio-Economic Indicators of Jordan (2010-2014)

Indicator	2010	2011	2012	2013	2014 (2015 budget)
Real GDP (%)	2.3	2.6	2.7	2.8	3.5
Financial deficit of the government and independent institutions after assistance (in JD Billions)	1.1	1.4	2.5	2.5	2.6
Financial deficit after assistance as a percentage of GDP (%)	5.6	6.8	12	7.9	8.6
Total public debt (in JD Billions)	11.4	13.1	16.5	19.2	21.4
as a percentage of GDP (%)	61	65	78	80	85
Unemployment rates (%)	12.5	12.9	12.2	12	11.8

Source: National official authorities.

As for economic growth, the Syrian and Syrian refugee crises have clearly been detrimental to the country since mid2011- and have severely affected both projected and achieved real growth. Undoubtedly, the Syrian crisis and the developments of the crisis in Iraq coupled with a number of local, regional and international shocks and challenges have affected the macro indicators of the national economy. The statistical figures in Table (3) below show a modest trend of real economic growth since early 2011 compared with that of previous periods including the period of the financial crisis (2008-2010). In the final analysis, the persistence of the negative bearings of the financial crisis, the Euro Zone crisis and the Iraqi and Syrian crises have largely contributed to the economic stagnation still facing the country and clearly challenging the growth rates achieved until late 2013.

Table (2): Growth of GDP at Market Fixed Prices

Period	Real Growth Rate (%)
2005-2007	8.24 (Average)
2008-2010	4.96 (Average)
2011-2013	2.70 (Average)
2014	3.30 (Primary)
2015	4.50 (Estimated Budget)

Source: Calculated on the basis of official reports and publications for different years.

Figures corresponding to the second quarter of 2014 shows a growth in GDP by 2.8% compared with the same period in 2013. In its latest review of September 2013, the International Monetary Fund (IMF) expects that real growth will inch up in 2014 to around 3.3%, which is in line with projections made by the 2014 general budget standing at 3.5%. In fact, most economic sectors have seen a real growth in the second quarter of 2014 topped by the water and electricity sector (11.2%) followed by wholesale and retailing trade, hotels and restaurants (7.1%). The private service producer sector, which serves households, achieved a growth rate of 6.5% followed by the social and personal service sector (4.7%). Net taxes on products grew by 3.6%, followed by the construction sector (3.2%), finance, insurance, real estate and business service sector (2.9%) and mining and manufacturing industries (1.6% and 1.3%, respectively).

II. Scenarios of World Economy in 2015

In light of the global and regional economic landscape, GSF held in Dubai a conference came up with a number of scenarios and challenges that could shape the trend of global and regional economies for the next period. The findings of that important meeting boil down to a number of points. Projections show that the most likely scenarios worldwide in 2015 are as follows:

The world economy is clearly heading in 2015 towards a cautious improvement in the Eurozone, while a better improvement is anticipated in the States, Latin America, India and China. Projections indicate that the emerging economies have become safe havens for a number of investors in the absence of projections and prevalence of stagnation from which Europe and the States are trying to pull themselves out, though slowly. Perhaps the main projections of the above scenarios can be summarized as follows:

- Increasing energy production in the United States, declining unemployment rates to below their average since the late 1990s and stabilizing residential real estate markets can lead to the ensuing recovery of the American economy.

- The economies of Latin American countries are expected to recover, particularly those overlooking the Pacific Ocean. Brazil, Argentina and Venezuela are expected to be in the lead.

- Despite political turbulences in Europe where the central focus is placed on the position of the French-German partnership, predictions of a UK cessation from the European Union and the rise of people's parties. There is much hope, however, that 2015 will see the beginning of a change into industries led real growth, creation of jobs and better standards of living.

- The decision on the continuation of sanctions against Russia is in the hands of Russian President Putin, but the crisis is expected to have some positive economic bearings on the relationship between Russia and the rest of Europe, particularly because the former is the main source of gas in Europe.

- African countries are expected to see a rapidly increasing growth. However, economic distortions and imbalances, along with the adverse effects of Ebola disease and necessary action to control the fatal disease, will remain key challenges to African economy.

- In India, economic reforms are expected to pay off with a relative slow increasing growth and higher production sustainability.

- China's economy, the world's second biggest economy, is expected to remain the focus of attention of investors, as the Chinese leaders are seeking economic reforms that can ensure financial stability and fight against corruption.

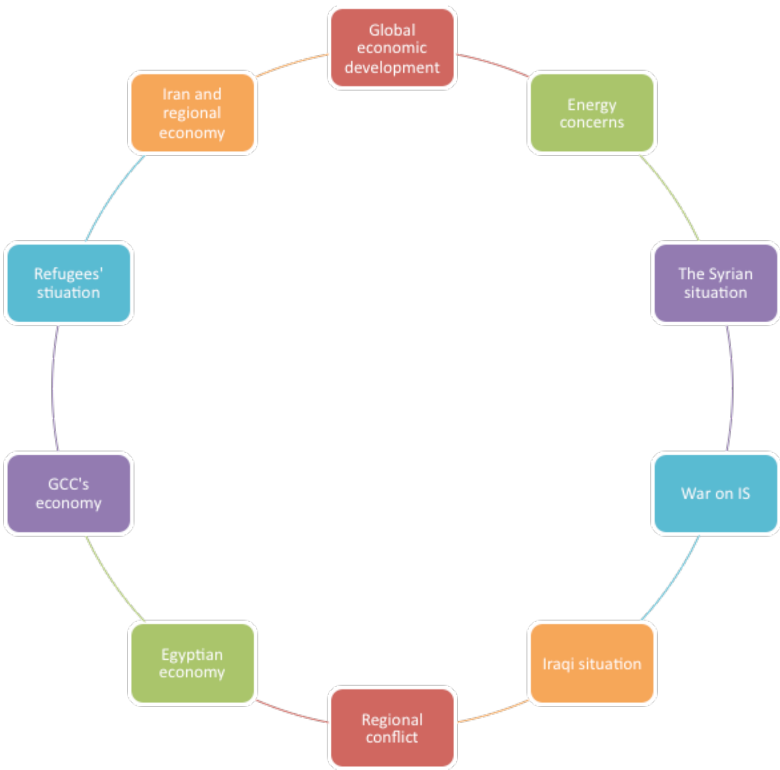
- Emerging economies will be safe havens, in the eyes of investors, given the prevailing stagnation in Europe and other parts of the developed world. Hungary, the Philippines and Mexico are expected to top the list of those safe havens in 2015.

Despite positive projections in most countries around the world, the projection of a continuous economic stagnation prevails worldwide with averages that make the 2015 usher into a natural continuation of the financial crisis, which started in 2008 and has become fierce as of 2009. Global projections, according to international indicators, show that world economy will rise by around %3.9 in 2015, which is expected to continue to rise in the next following five years as illustrated in Table (A3) in the Appendix. Growth in the advanced economies will obviously not be higher than %2.3 next year compared with %5.3 in the countries and around %4.5 in the Middle East and North Africa (MENA) region. Tables (A-4A7) show how investment and private consumption will both lead the economic growth drive in 2015 and how oil prices will continue to fall in 2015 and in the next five years, though to a less extent after 2015. The exchange rates of the US dollar are fluctuating and will likely decline in 2015, whereas global trade will grow by around %5. The price of consumer goods are expected to slightly decline in 2015, making inflation rates fall to its minimum level throughout the year.

III. Arab Economic Landscape in 2015

The Global Strategy Forum (GSF) contemplates ten potential scenarios for the Arab World in 2015. They are based on several factors including vulnerability to global economic changes, fears of energy prices, the situation in Syrian, the fight against the Islamic State Organization (IS), the situation in Iraq, the economic situation of Egypt, the development of the GCC's economies, the issue of refugees in the region and the integration of Iran in the region. The figure below shows

The potential scenarios of the Arab region in 2015



In light of the above mentioned scenarios, one can conclude that the economic facts of 2015 in the Arab world will be greatly influenced by the following factors:

- The development of world economy, particularly in the Eurozone, which is expected to achieve growth rates higher than %2.3 in average. The year 2015 is expected to herald a new beginning for the Eurozone, having undergone five straight years of economic setbacks starting with Greece by the end of 2009.

- Flourishing oil shale business in the United States, which will reflect on Arab oil prices and exports. The oil prices, however, are expected to rise to about US80$ per barrel by the end of the year with the possibility of prices remaining below US60$ per barrel in the first half of 2015. This will pose some challenges for oil producing countries but will have a good impact on Arab oil importing companies. On the whole, the result will be positive on the region in terms of GDP growth and production.

- The civil war in Syria will remain the greatest challenge in the region and has become an international concern after the involvement of IS, just as in the case of Iraq. The war against the Syrian regime is expected to abate, given the fragmentation of the opposition forces and the rise of a new armed actor, that is the IS, which has become more an international enemy than simply a local opposition fighting against a regime not favored internationally.

- The fight against IS has motivated as sort of regional cooperation between Iran, Saudi Arabia and Turkey, which may put an end to the differences between those powers. If this happens, it is likely to stimulate regional economy even to a larger positive extent than expected.

- The Iraqi crisis might ease if the involved parties unite themselves to address the main concern now, which is the stability of Iraq versus the IS. Any positive step in this matter can help Kurdistan Region to regain some of its stability as it will help Iraq resume its oil exports and boost pan-Arab economic and trade cooperation.

- Egypt's economy is expected to recover in 2015, and the GCC region will continue to attract investors, particularly in Saudi Arabia, the United Arab Emirates and Qatar. This means an improvement of the region's economic growth, thanks to the influential position that Egypt and the GCC countries maintain in the Arab region's economy.

- The Syrian refugee crisis remains the issue that most affects many countries in the region, particularly Lebanon and Jordan. Both countries are receiving almost two million Syrian refugees from a total of three million asylum seekers outside the country and six million internally displaced persons, adding to the burdens on the two already strained economies.

- A comprehensive agreement is likely to be concluded by the world powers and Iran on its nuclear program. This may pave the way for a more integrated Iran in the Arab and world economies and can have a positive impact on the economies of the region and Iran alike.

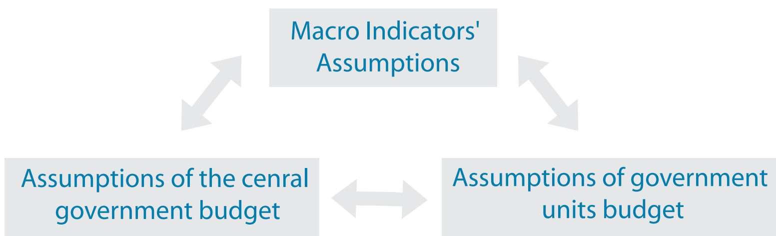
In the final analysis, periodical reports suggest, as shown in Table (A3) in the Appendix, that the Arab region will see the highest expected growth rates compared with those of the advanced economies and global average. Real growth is expected to rise in the Middle East and North Africa (MENA) region to around% in 2015 compared with %2.3 in the advanced economies and %3.9 as a global average. Table (A5) in the Appendix shows an expected %5 of growth in the region and the emerging market and developing countries throughout the period 2019-2016. Since the population growth rate stands at around %2.6, the income per capital in the region will grow during the same period by an estimated annual rate of %2.4.

IV. Jordan's Economic Outlook 2015

The above review of global and regional economies will provide for the background of this report's discussion of Jordan's economy in 2015. Two main elements will be addressed, which are, in particular, the state budget for 2015 and expected projections and scenarios for Jordan in this next year. This will be covered in the remaining part of this study.

1. Jordan's Economy under the 2015 Public Budget

Figure (2) below shows the basic principles of drafting Jordan's state budget, which are: General assumptions of macroeconomic indicators, the assumptions of



drafting the central government budget and the assumptions of budgeting governmental institutions.

1.1 Assumptions and Basic Principles Underlying the Central Government Budget

In his budget speech before the House of Representatives on November 11th, 2011, the Minister of Finance highlighted the principles of drafting the central government budget and the government units budget as follows:

a) The government expects real GDP to rise to %4.5 in 2015 with nominal growth reaching around %7.7 of the same year. The quoted rates are achievable since official figures show a growth of over %3 in 2014.

b) The government expects that inflation rates in 2015 as measured against the consumer price index will not exceed %2.4, which can be achieved if the prices of oil and basic commodities continue to fall worldwide. There are, however, other indexes in the global market showing it is difficult for the prices of consumer basic commodities, particularly foodstuff, to maintain its current declining trend. The current hard climate conditions in the world is one reason for the unlikelihood of such a decline. Others believe it is difficult for oil prices to keep declining next year, leading them to go up again in the second half of 2015.

c) The budget speech anticipated a growth in commodity exports by %3.8 in 2015 with commodity imports falling back by %1.6 in the same year. As for the current account, the budget estimates expects it not to exceed %2.8 of GDP in 2015. Quite relevant is the fact that none of the above cited rates are achievable if the economic conditions of primary Jordanian exports continue to deteriorate in the mining or manufacturing industries, not to mention the challenges of oil prices and access to global markets. It is likewise difficult to decrease commodity imports with a population steadily increasing by the influxes of Syrian refugees. Statistics show that over 155,000 Syrian refugees have been received in the first ten months of 2014 adding up to the already hosted Syrians estimated at around 1.4 million, which accounts for %20 of Jordan's population.

d) The figures in the budget were based on the assumption that the oil price would be US100$ per barrel. It is a conservative assumption, as the current indicators show oil prices will fall to lower than US60$ per barrel in the first six months of the year, with a possible upward spike in the second half of the year.

e) The government assumes that the foreign grants to amount to JD1,128 million and JD176 million for the government and government units, respectively. In light of the figures achieved in the last two years, it is safe to say that such assumptions are achievable in 2015.

f) The government underscores its commitment to refrain from issuing any budget annexes except under exceptional urgent circumstances, which the government did in the past two years.

g) The government continues to put a curb on operational expenses, particularly with regard to fuels, electricity, water, telephone services, travel allowances and car and furniture purchases.

2.1. An analytical overview of the assumptions and line items of the central government general budget 2015

Table (A1) in the appendix summarizes the chapters of the central government budget for the fiscal year 2015. The main assumptions of the budget of the central government for 2015 boiling down to the following:

a) Domestic revenues are %9 higher than those of 2014. Tax revenues are expected to increase by %9.4 from those in 2014 with the passing of the new income tax law, which was endorsed at the end of 2014 in an irrational and unexpected way. The result will be more income tax receivables amounting to around JD130 million in 2015, meeting an agreement concluded between the government and IMF with the aim of improving income tax revenues.

b) The government expects the foreign grants to reach around JD1,128 million, with a decline of JD37 million from last year. It also notes that total grants from the GCC amount to JD800 million. The foreign grant items accounts for around %20-15 of the country's total revenues, which is a real risk given the difficulty of sustaining such revenues. Financing current expenses will, as a result, be difficult in the future if the grants recede, which will exert huge pressures on the budget and increase its deficit.

c) Current expenses are expected to slightly rise by %2.9 in 2015 compared with an %11 increase in 2014. The increase was mainly in the standards of living of public servants, which places a huge pressure on expenses. However, this only means more pressures challenging the government's activities and abilities to achieve the goals and the required performance indicators.

d) The budget anticipates a %5 increase in capital expenses compared with a growth rate of %9 in 2014. The budgetary data show that %49 of capital expenses (around JD581 million) will go to ongoing projects, %45 (around JD530 million) on projects under implementation and less than %6 (around JD64 million) on new projects. This perhaps implies that we are ahead of a defamatory rather than a developmental budget, with the purpose of reducing as much expenses and financial deficit as possible at the expense of development and economic advancement.

e) The general budget expects a reduction in financial deficit by around JD223 million and %24 compared to that in 2014, bringing the central government's to around %2.5 of GDP.

Tables (3 and 4) below present the analysis of the line items of public expenses and revenues as in the central government's budget for 2015. The following points are relevant, in particular:

a) Current expenses account for around %86 of total expenses of the central government of which %74 go to the items of civil and military apparatus, pension expenses, compensations and public debt services. Such expenses account, in total, for around %87 of current expenses. It is yet difficult to talk about any proposed reductions in those expenses, all of which are payable and neither negotiable nor subject to any reduction. This renders the bulk of current expenses out of the competence of parliamentarians' constitutional rights to ask for a reduction of expenses.

b) The remaining amount of the current expenses (around %13) can hardly be amenable to any reduction or otherwise this would impinge upon some social aspects of people in terms of subsidization of foodstuff, fuels, universities, medical treatment and recurrent aid.

c) The bottom line is that the central government's current expenses, having increased to a limited extend in 2015 by %2.9, cannot be reduced given its structure mentioned above illustrated in Table (3).

d) Capital expense items show a decrease in the values of new projects to around JD64 million in 2015 compared with over JD100 million last year. The bulk of capital expenses are distributed among ongoing projects with a percentage of %49 of total capital expenses and projects under implementation with a percentage of %46. In the final analysis, therefore, the government's developmental role will be reduced in 2015.

e) On the public revenues issue, the main contributor to growth in such revenues amounting to %9 is the item of tax revenues, accounting for %56 of total revenues. The highest is the sales tax item, accounting for %69 of total tax revenues and around %48 of total domestic revenues.

Table (3): Analysis of public expenses in 2015's budget (JD Million)

Item	Amount	Change	Growth rate (%)	Ratio to total expenses (%)	Remarks
Current expenses	6922	193	2.9	86	
Civil apparatus	1806	115	6.8	22	26% of Current expenses
Military apparatus	1987	79	4	25	29% of Current expenses
Other expenses including: - Pension and compensations - Public debt interest rates - Fuel subsidy compensation - Food supply subsidization - Government unit subsidization - Medical treatment - Subsidization of Jordanian universities - Recurrent cash assistance	3128 1165 1020 180 225 118 155 57 89	0 55 - 12 - 30 0 - 86 0 0 89	0 5 - 1 -14 0 -42 0 0 --	39 14 13 2 3 1.5 2 1 1	17% of Current expenses 15% of Current expenses
Capital expenses	1175	248	24	14	
Ongoing projects	581	131	30	7	49% of capital expenses
Projects under implementation	530	275	87	7	45% of capital expenses
Ongoing projects	64	- 154	- 58	1	6% of capital expenses
Total public expenses	8096	920	13	100	

f) The increase in income tax amounts to around JD130 million by a growth rate of %17 compared with that of last year. However, the increase is basically subject to the Parliament's endorsement of the new income tax law, which did happen very shortly before the close of the year 2014! Realizing that increase, however, requires real revenues to accrue in 2015 through the income tax line item. This cannot be achieved expect in the wages item, deduced at source by new rates since the beginning of the new year, excluding the advanced payments that the government may get of taxes due in 2015 payable in the first third of 2016.

g) The above point raises controversy over the non-inclusion of any additional amounts for income taxes by broadening the tax base and combating tax evasions, accounting for over JD800 million in losses, according to the government. Neither does it involve any expected settlement of taxes arrears exceeding JD1 billion, according to the government's statement in the IMF SBA.

Table (4): Analysis of public expenses in 2015's general budget (JD Million)

Item	Amount	Change	Growth rate (%)	Ratio to total expenses (%)	Remarks
Domestic revenues	6280	516	9	85	
Tax revenues	4370	375	9	59	- The income tax increase comes in accordance with the new income tax law but it does combat tax evasion. - Sales tax account for 69% of total tax revenues and 48% of domestic revenues.
- Taxes on income and profits	880	130	17	12	
- Taxes on properties	140	10	8	2	
- Taxes on goods and services	3000	210	8	40	
- Taxes on business and international transactions	350	25	8	5	
Non-tax revenues:	1910	141	8	26	Miscellaneous revenues have doubled from last year and needs more clarification from the government.
- Retirement revenues	19	0	0	0.003	
- Property income revenues	294	-279	-49	4	
Revenues from selling goods and services	1014	138	16	14	
- Fines, penalties and expropriations	54	2	4	0.05	
- Miscellaneous revenues	529	281	113	11	
Foreign grants	1128	-41	-4	15	
Total general revenues	7408	475	7	100	

h) Table (4) above shows an increase over %110 in the Miscellaneous Revenues item. It seems to correlate with an increase in some miscellaneous fees described in the budget speech of the Minister of Finance. The miscellaneous revenues item rose by around JD281 million to account for about %11 of total government revenues or %28 of total non-tax revenues.

i) Overall, the above mentioned items show an increase of domestic revenues coverage of current expenses from around %86 in 2014 to %91 in 2015, a significant result that supports greater self-independence. The above data also show that total public expenses financed by total public revenues will reach in 2015 around %92 compared with %88 in 2014, which is another significant development, particularly because that rate did not exceed %82 in 2013. It seems that leaning on the principle of curbing and reducing expenses has contributed to that achievement. It should be noted, however, that the above conclusion can also lead to a failure in implementing several governmental projects and a consternation of spending on medical, educational and social projects of concern for the public. In other words, this means a decline in the government's performance indicator in relation to public service delivery.

3.1. An analytical overview of government units (independent institutions) budget

Table (A2) in the Appendix provides a summary of the budget allocated to government units for the year 2015. The main assumptions of the budget of the government units for 2015 boil down to the following:

a) The net revenues of governmental units after deducing foreign grants and governmental subsidies are expected to stand at JD580 million with an increase of JD151 and a growth rate of %35 from 2014, according to the re-estimated figures in the 2015 budget. Nevertheless, the revenues accrued from those units for the year 2014 have not exceeded %61 of the estimated amount for that year.

b) In light of the above, total revenues covering current expenses are expected to be around %73 compared with %87 in 2014. This decline is so clear that it contradicts the assumed independence of those institutions and the assumption that their increased burdens would not affect the state budget and debts.

c) Jordan National Electric Power Company (NEPCO) losses is expected to sustain around JD780 million in 2015, accounting for around %78 of total deficit of government units amounting to around JD997 million. The current cabinet estimated in the 2014 budget NEPCO's losses to be JD713 million, though the real amount exceeded JD1,100 million, an indication of failure to efficiently handling the power issue for the last two years.

d) Total expenses of independent institutions are expected to rise by around %6, which exceeds the growth of public expenses as stated in the central government budget. Current spending is expected to form the bulk of growth of total expenses of governmental units.

e) The governmental units are expected to borrow around JD1.8 billion, of which JD694 million will be used to pay off internal and external debts.

Tables (5) and (6) below analyze the total figures given of the budget allocations for government units for 2015, noting the following:

a) Total revenues of governmental units are inclusive of a JD175 million subsidies with an increase of JD17 million (%7) of those in 2013. As for the current expenses, they are expected to go up to JD1,104 million with capital expenses expected to rise to JD707 million for 2015. This foreshadows a deficit of JD1,232 for the year without subsidies and foreign grants and around JD998 million after subsidies and foreign grants.

Table (5): Analysis of public expenses of governmental units for 2015 (JD Million)

Item	Amount	Change	Growth rate (%)	Ratio to total expenses (%)
Current expenses	1104	1	0	61
- Compensations of workers	389	66	20	21
- Consumption of goods and services	526	34	7	29
- Interest rates on domestic and foreign loans	161	-11	-7	9
Capital expenses	707	94	15	39
Total expenses	1811	115	7	100

Table (6): Analysis of revenues of governmental units for 2015 (JD Million)

Item	Amount	Change	Growth rate (%)	Ratio to total expenses (%)
Net domestic revenues	580	150	35	71
- Revenues from selling goods and services	1060	89	10	130
- Difference between electricity sales and purchases	-587	250	26	-72
- Property income revenues	70	21	75	9
- Miscellaneous revenues	36	- 121	- 69	4
Subsidies and grants	234	16	5	29
- Subsidies	175	17	7	22
- Foreign grants	59	- 1	- 0.01	7
Total revenues	813	253	55	100

b) Domestic revenues cover around %45 of the current expenses of government units compared with %30 in 2014, a significant improvement in the understanding of the independence of governmental units. This rate, however, is still considered as very low and contradictory with the principle of independence of those institutions. It even rises to around %53 with the addition of the governmental subsidies and foreign grants compared with %25 last year. Therefore, around %47 of the work of government units is primarily dependent on indebtedness.

c) Obviously, the losses expected to be sustained by NEPCO in 2015 will remain the largest burden on the budgetary allocations of government units, totaling around JD780 million, i.e. %78 of total deficit of the budgetary allocations of government units. It should be noted, however, that those losses went up to over JD1.1 billion in 2014, signaling an expected reduction of around JD320 million, i.e. %30 from 2014. This can be achieved given the declining prices in heavy fuel and the government's reiteration to continue its policy of raising electric bill prices by %15 in 2015 regardless of any decline in oil prices. The move will be in line with the electric bill price raising policies adopted by the government since 2013 until 2017. The government will, thus, recover the entire electricity production cost in that year as per the relevant agreement it concluded with the International Monetary Fund (IMF).

d) Current expenses of governmental units are not expected to rise above one million Dinars in 2015, a trend adopted by the government to set a strict curb on the expenses of those units.

e) Capital expenses of governmental units are expected to increase by JD94 million in 2015 with a growth rate of around %15 compared with the reassessed figure of 2014.

f) Some independent institutions have made surplus that will be credited to the government amounting to around JD125 million in 2015, an increase of around JD8 million, i.e. around %7 from 2014. Therefore, if this amount is deduced from the subsidies given to government units amounting to JD175 million, the net subsidies allocated in the general budget to those units will amount to around JD50 million.

Table (A2) in the Appendix shows that government units will borrow around JD1.7 billion locally and around JD105 million from abroad. But, they will repay around JD646 million and JD48 million of payable domestic and foreign loans, respectively. Accordingly, the net amount added by the independent institutions to the country's debt will be around JD1.1 billion in 2015, which accounts for around %62 of the net increase of public debt in 2015.

In light of the above, the comparative tables (7) and (8) show the financial position of the country in terms of both the budget of the central government and that of the government units, i.e. independent institutions. The final outcome of the two budgets, as indicated in Table (7), show an expected decrease of total deficit by JD877 million after grants for the period 2015-2004, which is a %34 significant reduction. As for the deficit before grants, it is expected to fall by one billion Dinars, i.e. around %25. Perhaps this has a significant indication on the great vulnerability of Jordan's economy in the Foreign Grants line item on financing developmental projects and current expenses in the country. On another level, Table (7) shows that the net public debt will increase by around JD2 billion in 2015. This increase will be expected to be co-financed by domestic and external debts with the likelihood of seeking a US guarantee in borrowing from the Eurobond Market to reduce the costs of foreign borrowing. The debt is expected to stay constant at %85 of GDP in 2015 despite expectations that the Jordan-IMF agreement will reduce the debt to around %80 as of 2015.

Table (7): Comparison of budgets in Jordan 2014-2013 (JD Million)

Item	The government			Government units			TOTAL		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Public revenues	5759	6933	7408	507	429	814	6266	7362	8222
- Domestic	5120	5764	6280	198	114	580	5318	5878	6860
- Foreign grants	639	1169	1128	309	315	234	948	1484	1362
Total expenses	7077	7844	8096	1711	1716	1812	8788	9560	9908
- Current	6056	6728	6922	1163	1103	1104	7219	7831	8026
- Capital	1021	1116	1175	548	613	707	1569	1729	1882
Financial deficit									
- After grants	1318	911	688	950	1119	998	2522	2563	1686
- Before grants	1957	2080	1816	1269	1454	1232	3470	4047	3048
Net public debt (in JD Billions)							19.2	21.4	23.1
Ratio of GDP							80%	85%	85%
Real GDP							24260	25407	27520

Table (8) shows the main comparative indicators of Jordan's financial position and budget for the period 2015-2013. This shows clearly the following:

a) The budget is heavily reliant on the growth of domestic revenues accruing from taxes in 2015 compared with those of 2014, reaching above 8 percentage points. This fact reflects the current government's intentions to adopt deflationary policies that raise tax rates and non-tax fees and revenues. The government, having used all means possible, succeeded having the new income tax law ratified with the aim of securing a net amount exceeding JD130 million from income taxes. However, this result is unlikely to happen because the bulk of this amount can be realized in 2016 rather than in 2015.

b) Table (8) show that the public revenues covering public expenses will rise from %77 in 2014 to around %82 in 2015, which is another remarkable improvement. However, it still shows an %18 reliance on foreign loans in covering public expenses, indicating it is difficult to reduce external debt or mitigate its negative impact on national economy.

Table (8): A comparison of some key indicators in the budget (2015-2013)

Item	The government			Government units			Total		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Growth of revenues									
- Domestic	10.5	12.6	8.9	146	-42.4	408	18.5	9	16.7
- Public	23	20.4	6.8	35	-15	89	29.3	10.3	11.7
Growth of public expenses	4	10.8	3.2	21.7	0	5.6	7.3	11.6	3.6
Growth of current expenses	-.01	11.1	2.9	9.3	-5.2	0	0.01	9.5	2.5
Growth of capital expenses	51	9.3	5.3	53.2	11.8	15.3	51.9	20.9	8.8
Domestic revenues current expenses	84.5	85.6	90.7	17.0	10.3	52.5	78.1	78	85
Public revenues to cover public expenses	81.3	88.4	91.5	29.6	25.1	44.9	78.4	77.5	82.3
Financial deficit to GDP									
- After grants	5.5	3.5	2.5	3.9	4.3	3.6	7.9	8.6	6.1
- Before grants	8.2	8.1	6.5	5.2	5.6	4.4	11.9	14.4	11.9

c) The financing chapter of the general budget shows that the total loans as estimated for 2015 will hit JD6.168 million for the central government and around JD1.761 million for independent institutions. This adds up the debt with an additional amount of JD7.929 billion. The loan, however, will be used to repay previous domestic and foreign loans amounting to around JD4.823 billion and JD1.430 billion, respectively. This brings the additional debt for this year to around JD1.676 billion to cover the deficit of the government and independent corporations.

The government is expected to add to domestic and external debts around JD700 million and JD1 billion for the central government and the government units, respectively. In effect, the government becomes the largest borrower from the banking system in 2015, which constitutes a fierce crowding out on any surplus available for the private sector to borrow from.

2 Scenarios of Jordan's Economy 2015

With the above taken into consideration, it is fair to talk about the possible scenarios of Jordan's economic progress in light of the local, regional and world projections. Table (9) below analyses the possible alternative developments of real GDP growth in Jordan using three baseline scenarios: optimistic, conservative and pessimistic. Those can be summarized as follows:

A. The optimistic scenario is based on the following:

a. The situation in Iraq improves and trade with Iraq gets back to normal.
b. Inflows of Syrian refugees to Syria drop to the minimum with the maximum number of newcomers not exceeding 50,000 in 2015.
c. The conditions in Eurozone improve and projected growth rates are realized above %2.3
d. The American economy improves and recovery is sustained throughout 2015.
e. Prices of oil do not rise beyond the average of US60$ per barrel throughout the year.

f. Government expenses grow according to the estimates in the budget by %2.9.
If this scenario happens, Jordan's real GDP will likely hit %5 on the basis of private consumption and fixed capital formation by over %6. Government's expenses will grow in line with the rates stated in the budget, that is by %2.9, and foreign trade deficit will not increase above %1.

B. The conservative scenario is based on the following:

a. The situation in Iraq is prolonged and starts to improve in the second half of the year, hence leading to a delayed return of trade to normal with Iraq.
b. The situation of Syrian refugees persists in Jordan though at acceptable rates with newcomers amounting to not more than 100,000.
c. The conditions in the Eurozone are slow to improve with GDPs achieved below world estimates.
d. The American economy's improvement takes more time till the next half of the year and recovery is delayed throughout 2015.
e. Oil prices rise again in the second half of the year by an average of US80$ per barrel throughout the year.
f. Government expenses grow according to the estimates in the budget by %2.9.

In the above scenario, Isnaad Index shows a real growth of around %4 throughout the year 2015 with the bulk of weight given to growth of private consumption over %7. Less growing will be investment and foreign trade with the possibility still existing for growing governmental expenses as stated in the 2015 budget.

C. The pessimistic scenario is based on the following:

a. The situation in Iraq persists and trade with Iraq does not get back to normal.
b. Refugees continue to flow to Jordan in large numbers with a daily average of 250 refugees.
c. The conditions in Eurozone do not improve.
d. The American economic recovery is still slow.
e. Prices of oil rise again above US80$ per barrel in average throughout the year.
f. Government expenses grow according to the estimates in the budget by %2.9.

If this scenario happens, Jordan's economy growth overcomes the current situation in 2014. Consequently, the expected growth in 2015, according to this scenario, will be around %3.5 with the biggest weight given to private consumption rather than any other component of the country's GDP.

Table (9): Real growth of assumed scenarios (Isnaad Index) for the year 2014

Indicator	Optimistic scenario	Conservative scenario	Pessimistic scenario
Expected real GDP (%)	5	4	3.5

It can be concluded, therefore, that the components of Jordan's national accounts in private and public consumptions, investment and net trade account all indicate a likely continued improvement of the general conditions with real growth rates not less than those projected in the state budget. It is even expected that real growth for 2015 will not be more than %4 if the general situation of the region's economy improves and the Eurozone and American economies continue to recover. That the government continues to pursue its deflationary policies, however, may prevent better growth rates, hence making the expected growth fall between the conservative and pessimistic scenarios. Perhaps, the main determinant of achieving a real growth in Jordan's economy depends largely on improving the labor market and business environments in the next period and throughout 2015. This requires macro expansionary policies that could support investment and inject into the economy money through the GCC grant and real investments. The main driver of such a move should be supply oriented governmental policies. Hopefully, the government, through its ten-year vision of national economy under preparation, will pursue participatory macro policies in full cooperation and genuine partnership with the private sector. This is what Jordan's economy has missed for the last three years. It is also hoped that foreign investments will be attracted and current ones will be motivated to help in the realization of the intermediate scenario. It would lead up to a macro real growth above %4 and a growth in per capita income by %2, which Jordan's economy has missed since 2011. Eventually, the realization of the optimistic scenario largely depends on the improvement of overall conditions in the Arab region in 2015, which is difficult to predict given the declining oil prices and persistence of the Iraqi and Syrian situations. The Egyptian economy also shows no clues of recovery. In sum, preliminary forecasts show that Jordan's economy will grow in 2014 by above %3.3, meaning the conservative scenario is the most likely to happen with a growth rate of %4, which is closest to realty in 2015.

V. The Required Economic Reform

Jordan's history with reform dates back to 1990, when the first economic reform program began in the wake of the late 1980s economic crisis. The program was implemented in cooperation with the IMF and World Bank (WB) upon the request of the then creditors, who demanded an IMF seal of approval of good economic behavior before any negotiations for rescheduling the debts exceeding at that time %180 of GDP. That program, however, soon came to a halt after the Iraqi invasion of Kuwait, having been designed to last for 18 months until the end of 1992. Jordan, afterwards, negotiated a new reform program in 1991 with IMF and WB to cover the period 1998-1992. It was extended to several periods until the end of 2004, that is 15 years after it was launched. Although there is no need today to talk about those programs, outcomes and rational of this extension, it is worth noting that Jordan failed to achieve satisfactory results in terms of boosting economy, had it not been for the extension of the reform program, which was initially supposed to end in 1998. The main reason can be attributed to the fact that the Economic Reform Programs of Britain Woods institutions, IMF and WB relied on demand management policies to curb the deficit and debt. But, those programs, clearly failed to attend to supply side, which is essential for economic expansion, attraction of investment, job creation and boosting of growth. Those issues do not seem to worry WB and IMF as much as they worry about the countries they offer their programs for reaching the threshold of a curbed spending, reduced deficit and debt and better collection of tax revenues and proceeds. It is only by achieving those goals that, as IMF and WB believed, such countries could pay back the debts to the creditors, topped by IMF and WB. Jordan needed more than six additional years after the end of the first phase of the program to break the cycle of financial control and economic deflation and move a step forward towards the boosting of economy, attraction of foreign investments and stimulation of domestic investments. Nevertheless, Jordan seems to be in the cycle again with the execution of an agreement two years ago with IMF to curb demand and urge more tax revenues, referring timidly to supply, boosting the economy and stimulating investment. Yet, there is evidence that clearly shows the agreement will be in vain, having failed so far to propose a real reform program, insisting instead on curbing demand and controlling the state budget and the debt status. If anything has been realized, then it is the debt that soared from JD16 billion in 2012 to around JD22 billion in 2014 and the persisting deficit in keeping the expenses of the government and government units at high and unsafe rates rising from %7.9 of GDP in 2013 to %8.6 in 2014. Despite the fact that foreign reserves have improved by around US4$ billion for the past period, it can be noticed that the tributaries of the increase are linked to unsafe and unsustainable sources. US2.2$ billion of loans have been secured with a US guarantee to be paid back within the next five years. The remaining part of comes from the GCC grant and other assistance forwarded to the country to address the Syrian refugee crisis. This raises a question today, given this long yet very relevant introduction: What are the requirements of economic reform in the current stage? Are serious efforts being exerted to arrive at that required and due reform?

The reality today is that economic reform in Jordan is still an 'absent assumption'. But, first and foremost, it is necessary to admit that reform imposes a number of facts and requirements that must be relied on and believed on if such a reform is to materialize. On the top of such facts is upholding reform as a continuous, gradual and phased-out process. It means that reform does not expire with the end of structural adjustment programs introduced by international agencies or governments. Neither will it end with the fulfillment of any national program, agenda or ten-year vision. It is, rather, an ongoing ever evolving process that is phased out and streamlined in certain programs. The second fact is that reform is a participatory and consultative exercise. It requires the involvement of all production agents including the government, employers and workers as much as it involves consultation with civil society organizations. The process must not overlook any stakeholder representing the private sector (chambers of commerce and industry), political parties, non-profit organizations, universities, independent agencies, even individual specialized experts. Thirdly, there are two dimensions of reform: quick fixes and structural adjustments. What this means is that reform has quick fix effects felt by people in the short term but it also yields structural adjustments that need time to be felt by the public. The latter dimension seeks to affect a change in the very structure of the state along with hits socio-economic policies. It is the same as in the prices of educational reform, which requires at least a decade to give out tangible results. Lastly, reform is evolutionary but not revolutionary. It emerges and evolves gradually in different phases depending on the status and needs of a given economy, serving as a harmonization catalyst that observes and tunes itself to the conditions and needs of every economic phase or cycle. In periods of economic stagnation and downturn, reform needs to address the needs of expanding demand and boost economy rather than tighten up policies, increase taxes or impose additional fees. Any increase of taxes should be pursued by broadening the economic base and stimulating investments with the purpose of expanding the economy and creating new jobs. By doing so, the large numbers of the unemployed would change from aid-dependent into productive taxpayers. On expansion and prosperity, reform seeks to curb the governmental expansion and extravagance as it tries to balance the needs of the society with the requirements of governmental spending that is controlled and not subject to patronage or undue subsidies. Reform, in this sense, is a process that considers the two sides of economy: supply and demand. It does not consider managing demand before addressing the need to expand the economic base and stimulate supply in line with encouraging policies rather than following governmental biased too 'generous' advances in favor of given sectors.

What those facts show is that economic reform in Jordan has always failed to realize the basic needs for a reform that generates sustainable economic activity with tangible positive impact on the economy and people. In all phases of reform starting in 1990, Jordanians have suffered the bitter side of the process, culminating into the successive governments relinquishing the gains of reforms and getting the economy in a vicious cycle that would always lead up the people to suffer more. Eventually, nobody is accepting responsibility because governments are unstable and there is no institutional mechanism to punish those who are guilty or who renounced their responsibility in the national economic reform.

Given the latest Jordan-IMF agreement concluded in July 2012 on a loan exceeding US2$ billion, the government undertook to put in place a package of procedures. Those would curb demand according to certain policies that seek to impose more taxes and fees placing focus on raising the prices of electricity and water bills. Little emphasis was timidly made on stimulating growth and encouraging investment. The first requirement, that is to curb demand, has come within a matrix of clear procedures along the lines of raising electricity bill prices, reducing subsidies of cooking gas, floating the prices of petroleum products and raising taxes within specific and scheduled timelines. As for the second requirement, that is to stimulate growth, encourage investment and curb demand, it has been pronounced in some sort of general slogans rather than clearly identified goals subject to specific timelines and procedures.

The only exit that is left, therefore, is to draw up a national economic reform program with the participation of all stakeholders. The public and private sectors along with the civil society organizations must be involved in an exercise that stimulates supply, encourages investment and review all of the public procedures that severely obstruct any national or otherwise foreign investor from starting up their enterprises in the country. Such endeavors should begin by examining all notes and feedback on the investment environment in Jordan, as given in the Global Competitiveness Report of the Global Economic Forum and the Doing Business Report issued by WB's International Finance Corporation. The feedback should be acted upon by drafting such policies that are required to address all of the negative points made in those reports for years until Jordan's rank in international reports fell dramatically from 48 in 2008 to 68 in 2013. The sharp and continuous decline is alarming as it meant getting around twenty points down the scale of international and regional competitiveness. Reforming supply also requires refraining from tampering with the current tax levels or tax legislation, given the economic stagnation of the country and the region. What is needed is a sound application and enforcement of the investment law by granting any powers necessary to tackle issues and challenges of investors under a system that generates investors' trust in a body that seriously and practically seeks to protect their interests. Boosting supply also requires the creation of a sovereign fund that uses GCC grants with a more active involvement of major financial corporations, particularly big banks, investments and business men. The fund must have not less than US1$ billion half of which should be funded by the GCC grant while the second half should be subscribed by the above mentioned partners. The envisaged fund should work on three fronts, so to speak. First, it should finance small and micro sized enterprises, particularly in governorates other than the Capital with reasonable and appropriate average yields. Second, it should inject venture capitals into youth entrepreneurships with specific focus on women. The youth should be encouraged to apply for funds to cover such enterprises. Third, the fund should invest in the stock exchange market to keep active but also to free up some of its monies to help investors or Jordanian shareholders get out of the trap of having shares that nobody wants to buy at book value. This will, in effect, inject into the economy amounts of money that can help in liberating the purchasing powers of several persons who were trapped by their own shares.

On the demand side, the government must be serious in curbing the expenses of independent institutions. It should also abolish several commissions, ministries and corporations burdening the national economy, for it is legitimate to question, for example, the reason for having a ministry for transport in the presence of five authorities vested with regulatory powers of land, air and marine transportation. There should be only one transport regulatory body in Jordan, which means all other authorities, including the ministry, must be abolished. By the same token, the Ministry of Energy is made redundant by the existence of three or four energy regulatory bodies in Jordan. This vital sector can and should be regulated efficiently by one single authority. The same principle applies again to communication, tourism, labor, developmental zones, the latter of which proliferated into numerous corporations with all the expenses incurred. A real reform program must also expand the tax base and collect as much as possible of evaded taxes exceeding, according to official statements, US1$ billion. In addition, Article (112) of the constitution must be enforced by incorporating the real progressive concept on both income and sales taxes but at rates that do not discourage investment and stimulate the economy. The reform program must also rationalize the concept of assistance and subsidies so that such endeavors can accomplish the goal of reaching the right beneficiaries. In respect of energy, whose bills account for two thirds of the disclosed deficit, the gas port construction must be finalized and the private sector's initiatives for an alternative energy shift must be supported. Those initiatives, at the moment, are preyed by the volatile decision and obstacles of the government to the extent that some sectors are discouraged to use alternative energy because they had to pay electricity bills at double costs. Eventually, they become the main subsidizer of some parties and individual consumers. The real burden on the deficit should be blamed on the mismanagement of the energy and electricity file, rather than on the consumers, %90 of whom are paying electricity prices above regional and global averages.

In conclusion, the reform program that we need in this critical stage should be the work of a team because no single person can alone claim to be able to form a real reform program nationwide. The government, in turn, should now create a rescue and national economic reform cell so that we can move ahead in the second decade of this century in a recovered national economy, having been hampered by the successive governments over the past seven years. Economic reform is still an under-addressed obligation in Jordan with the blame set on the successive governments. But, it is the individual citizens that pay the price and the taxes without seeing any tangible result in growth and development indices. It is a fact most obvious in the modest growth, increased debt, rising deficit both as a percentage and a value, declining job opportunities and increased poverty pockets.

Statistical Appendix

Table (A1)

Summary of the general budget of 2015

Item	Amount (JD Million)	Item	Amount (JD Million)
Expenses		Revenues	
Current expenses	6922	Domestic revenues	6280
Civil apparatus	1806	Tax revenues	4370
Military apparatus	1987	Non-tax revenues	1910
Other expenses including:	3129		
- Pension and compensations	1165	Foreign grants	1128
- Public debt interest rates	1020		
- Fuel subsidy compensation	180		
- Food supply subsidization	225		
- Government unit subsidization	118		
- Medical treatment	155		
- Subsidization of Jordanian universities	57		
- Recurrent cash assistance	90		
Capital expenses	1175		
Ongoing projects	581		
Projects under implementation	530		
Ongoing projects	64		
Total public expenses	8096	Total general revenues	7408
		Budget deficit	688
Budget of financing			
Uses	Amount (JD Million)	Sources	Amount (JD Million)
Covering budget deficit	668	Foreign loans for funding capital projects	18
Repayment of payable foreign loan premiums	850	Loans from institutions to support the budget	395
Extinguishing JCB's debt securities	80	Other loans	1241
Extinguishing Eurobond debt securities	533		
Extinguishing internal debt	4017	Domestic loans	514 4
TOTAL	6168	TOTAL	6168

Statistical Appendix

Table (A2)

Summary of the consolidated budgetary allocations of governmental units (2015)

Item	Amount (JD Million)	Item	Amount (JD Million)
Expenses		Revenues	
Current expenses including:	1104	- Revenues from selling goods and services	1060
- Compensations of workers	389	JEPCO's losses	-587
Consumption of goods and services	526	Property income revenues	70
Interest rates on domestic and foreign loans	161	Miscellaneous revenues	36
		Subsidies	175
Capital expenses	707	Foreign grants	59
Domestic funding*	486		
Subsidies	58		
Foreign grants	105		
Foreign grants	59		
Total expenses	1812	Total revenues	814
		Net deficit before financing	998
The consolidated budget of financing			
Uses	Amount (JD Million)	Sources	Amount (JD Million)
Total deficit before financing	1124	Total savings before financing	126
Repayment of payable domestic loan premiums	646	Foreign loans for funding capital projects	105
Repayment of payable foreign loan premiums	48	Withdrawn domestic loans	1656
Transfer of savings from governmental units to the treasury	101	Using reserves to pay obligations	277
Reserves to pay obligations	236		
Housing loans granted to public servants	0.6		
Miscellaneous	9		
TOTAL	2164	TOTAL	2164

Statistical Appendix

Table (A3)

Real growth rates (2012-2019)

Year	2012	2013	2014	2015	2019
The World	3.2	3.0	3.6	3.9	3.9
Advanced economies	1.4	1.3	2.2	2.3	2.1
Emerging market and developing countries	5.0	4.7	4.9	5.3	5.3
MENA	4.1	2.2	3.2	4.5	4.4

Source: IMF: World Economic Outlook, April 2014

Table (A4)

Developed Economies: Components of Real GDP (2012-2015) (%)

Year	2012	2013	2014	2015
Private consumption				
	1.2	1.3	1.9	2.1
Public consumption				
	0.3	-0.1	0.4	0.4
Gross Fixed Capital Formation (Investment)				
	1.9	0.9	3.4	4.0
Foreign Trade (Exports-Imports)				
	0.4	0.3	0.3	0.2

Source: IMF: World Economic Outlook, April 2014

Statistical Appendix

Table (A5)

Summary of key global macro indicators (2012-2019) %

Year	2012	2013	2014	2015	2015-2012	2019-2016
World Growth	3.2	3.0	3.6	3.9	3.4	3.9
Growth of Advanced economies	1.4	1.3	2.2	2.3	1.8	2.3
Growth of Emerging market and developing countries	5.0	4.7	4.9	5.3	5.0	5.4
Volume of world trade	2.8	3.0	4.3	5.3	3.9	5.7
World prices in U. S. Dollars						
Oil	1.0	-0.9	-0.1	-6.0	-1.5	-3.0
Consumer prices						
Advanced economies	2.0	1.4	1.5	1.6	1.6	1.9
Emerging Market and Developing Economies	6.0	5.8	5.5	5.2	5.6	4.9
Interest rates						
Short-term	-1.1	-1.1	-1.1	-1.0	-1.1	1.3
Long-term	0.1	0.8	1.0	1.5	0.9	2.3
External debt						
Emerging market and developing countries	24.1	24.4	24.4	24.3	24.3	23.7
Debt service						
Emerging market and developing countries	8.3	8.6	8.5	8.5	8.5	8.5

Source: IMF: World Economic Outlook, April 2014

Statistical Appendix

Table (A6)

Summary of world trade volume and prices

Year	2012	2013	2014	2015
World trade	2.8	3.0	4.3	5.3
Prices and currencies				
U. S. Dollar	-1.8	-0.8	-0.2	-0.4
Special drawing rights (SDRs)	1.2	0.0	-1.6	-1.3
Trade volume: exports				
Advanced economies	2.1	2.3	4.2	4.8
Emerging market and developing countries	4.2	4.4	5.0	6.2
Trade volume: imports				
Advanced economies	1.1	1.4	3.5	4.5
Emerging market and developing countries	5.8	5.6	5.2	6.3

Source: IMF: World Economic Outlook, April 2014

Table (A7)

Summary of world trade: food and oil 2012-2015 (%)

Year	2012	2013	2014	2015
World trade (U. S. Dollar)				
Oil	1.0	-0.9	-0.1	-6.0
Food	-2.4	1.1	-5.3	-5.9
World trade in special drawing rights (SDRs)				
Oil	4.1	-0.1	-1.3	-6.9
Food	0.6	1.9	-6.6	-6.8
World trade (Euro)				
Oil	9.3	-4.1	-2.9	-7.7
Food	5.7	-2.1	-8.1	-7.5

Source: IMF: World Economic Outlook, April 2014

Konrad
Adenauer
Stiftung

Jordan's Economic Outlook 2015

Issnaad Consulting
P.O.Box 2225 Amman 11821, Jordan
Tel: +962 6 5544420
Fax: +962 6 5544430
www.issnaad.com

Konrad-Adenauer-Stiftung / Jordan Office
P.O.Box 831025 Amman 111823, Jordan
Tel: +962 6 5929777
Fax: +962 6 5933087
www.kas.de/amman

isSnaad
consulting