

private sector | development

# **Jordan Aqaba Special Economic Zone**

## **Building a Special Economic Zone The Aqaba Experience**

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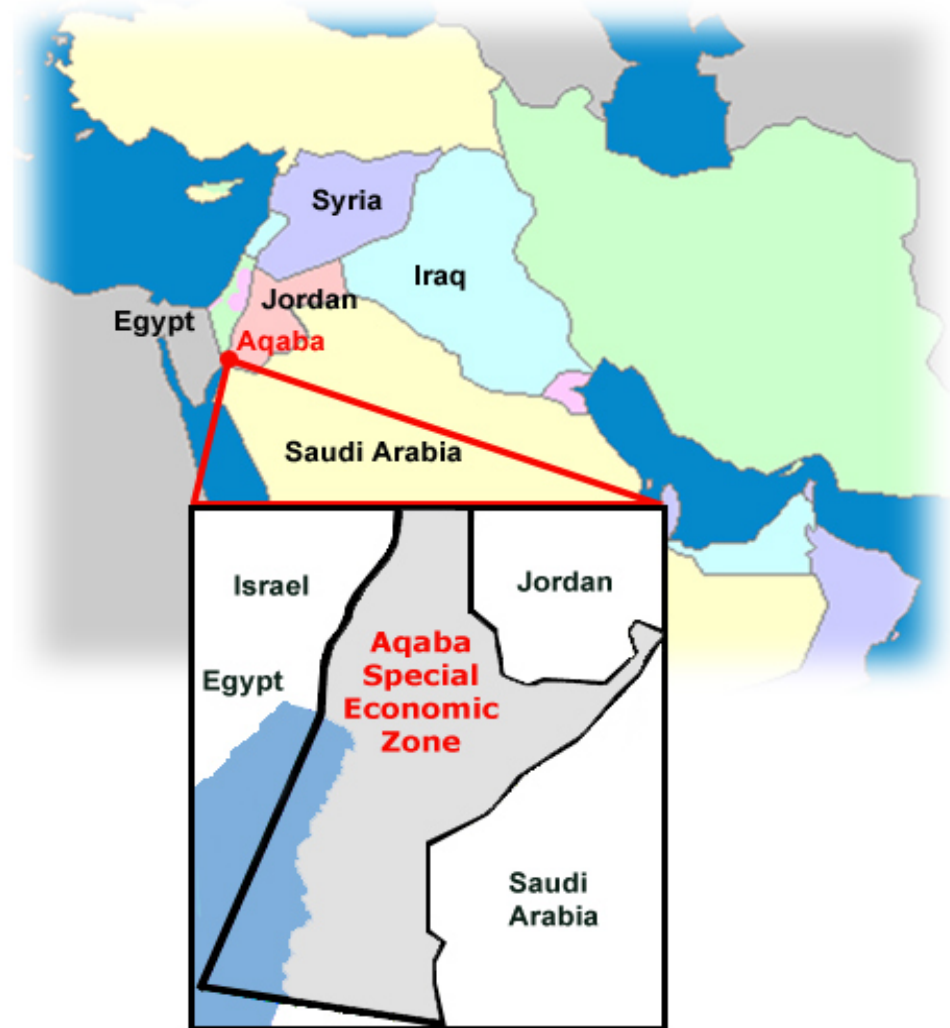
**December 14-15, 2004  
BRAC Centre,  
Dhaka, Bangladesh**

## Jordan's Economic Reform Strategy

- Decentralization of government
- Education Reform for Knowledge Economy (ERFKE)
- Socioeconomic Reform Strategy

# ASEZ is Perfectly Set as an SEZ

- Established in 2001
- 375 km<sup>2</sup>
- Aqaba commercial center
- 27 km coast line
- Borders
  - Egypt
  - Saudi Arabia
  - Israel
- Seaports:
  - Main
  - Container terminal
  - Industrial
- International open-skies airport
- Land resources and water supplies
- World-class tourist attractions (the Golden Tourist Triangle)



# Governance

- **Aqaba Special Economic Zone Authority (ASEZA)** *An autonomous powers, regulatory independence and controls, customs, taxation, business registration, environmental regulation, land use, building regulation reporting to the Prime Ministry with 5 commissions*

- Administration and Finance
- Revenue and Customs
- Investment and Economic Affairs
- Land Infrastructure and Services
- Environment and Health Control

- **Aqaba Development Corporation (ADC)**

*ASEZA and the GoJ established ADC on December 31 2003. ADC is a private shareholding company with an equal ownership between GoJ and ASEZA*

# ASEZ Laws Provide for Investment Incentives

- **Investment incentives:**
  - No customs duties
  - 100% foreign ownership
  - Flexible labor policies with up to 70% foreign workers allowed
  - 7% sales tax on a limited range of goods and services sold in ASEZ
  - Low 5% flat income tax for enterprises
  - 6% national tax on land purchases
  - No income tax on dividend transfers
  - No sales tax on imported goods
- **Favorable business benefits under Jordanian law:**
  - Economic & transactional freedoms
  - Private sector friendly policies
  - Free capital repatriation
  - Full ownership and management rights
  - Free share transfers
  - International dispute resolution measures

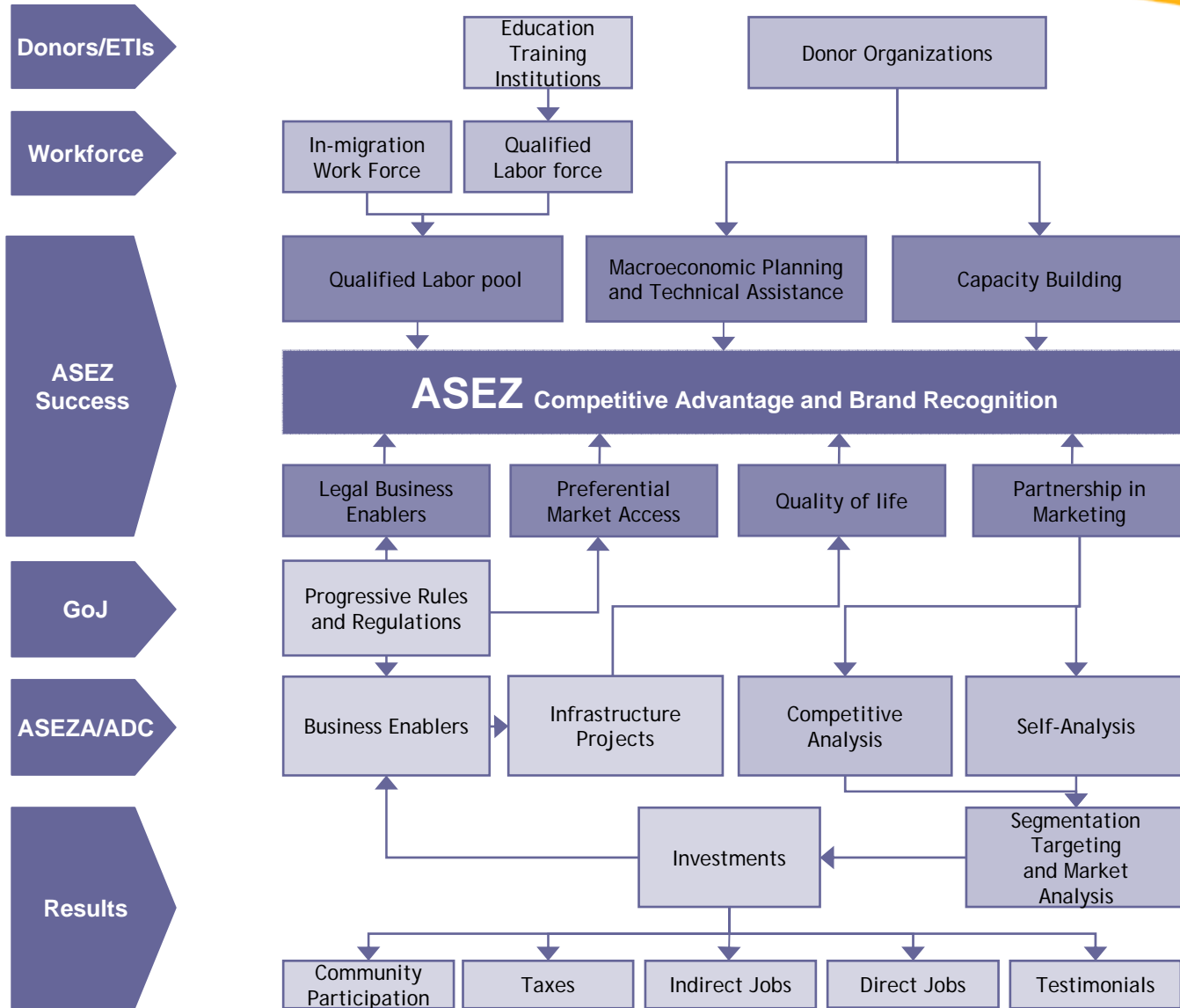
# Zone's Larger Picture Governance

Entity	Type of Management Organization	Executor
<b>Aqaba Special Economic Zone Authority (ASEZA)</b>	Public	
<b>Aqaba Development Corporation (ADC)</b>	Management contract	Bearing Point
<b>Aqaba Port</b>	Private	ADC
<b>Aqaba Container Terminal</b>	Management contract	APM Terminals of Denmark
<b>King Hussein International Airport (KHIA)</b>	Proposed management contract	RFP in preparation phase
<b>Aqaba International Industrial Estate (AIIE)</b>	Joint venture	Parsons Brinckerhoff & Suta Cons of Turkey

# ASEZA Services & Best Practices

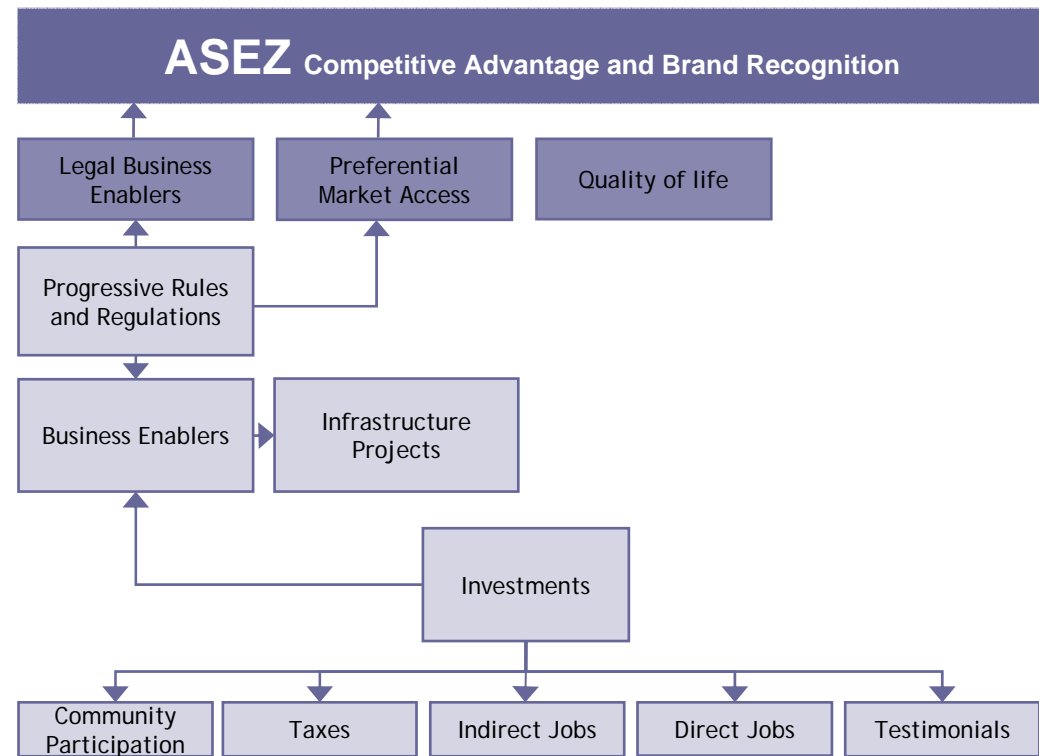
- Investor services one-stop shop. A redesigned automated business process for obtaining the required permits and licenses for operations from 14 entities
- Aftercare services
- Aqaba International Industrial Estate (AIIE)
- Municipal services
- Land lease/sale
- Port access
- Customs consolidation

# Best Practices and Keys to Success



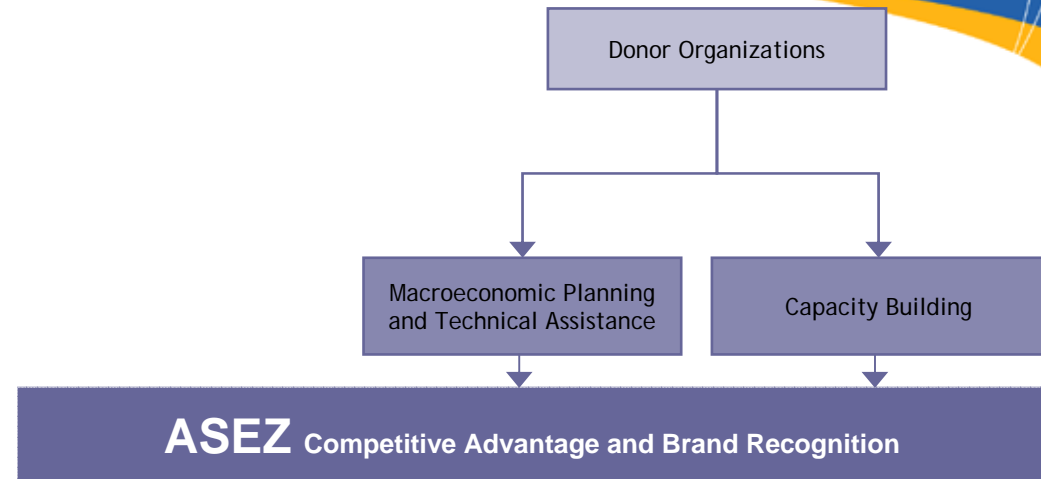
# Legal & Business Enablers

- Preferential market access:
  - WTO
  - USA
  - EU
  - GAFTA
- Legal/regulatory business enablers



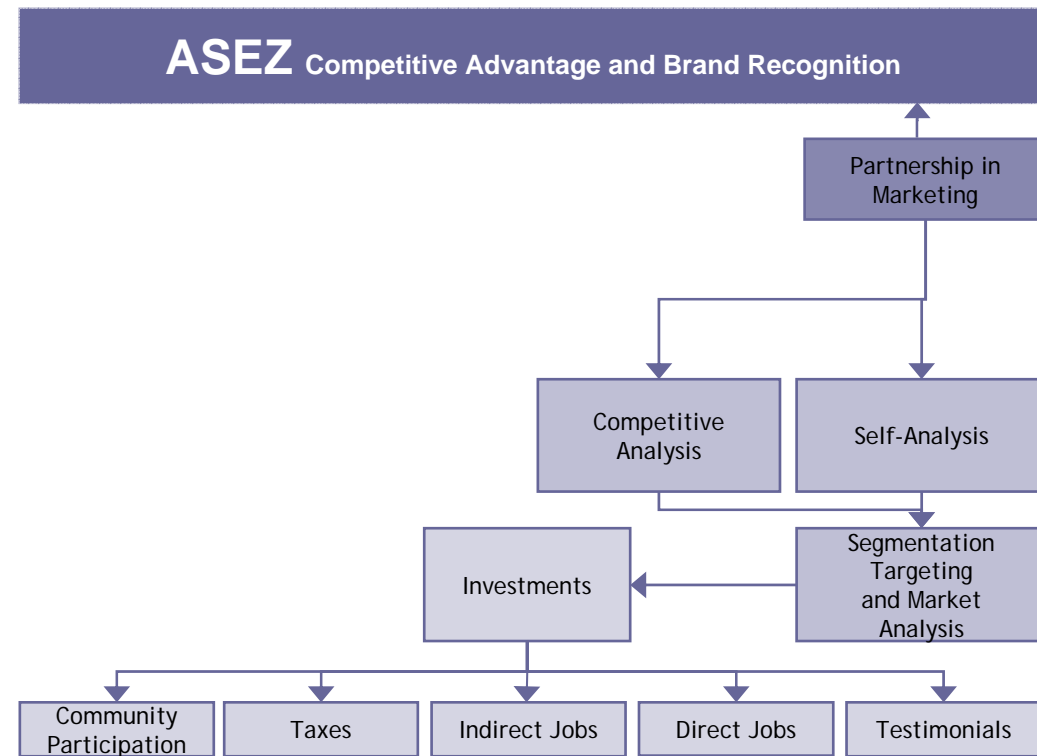
# Donor Roles in Capacity Building

- Training
- Assistance in planning
- Investor ID search support
- Fiscal and financial reform
- Best practices
- Governance
- Public administration reform



# Best Practices in Sector & Market Selection

- Self-analysis
  - Existing customer base
  - Historical trends of investments in Jordan
  - Rules and regulations
  - Review of methodology and business model
- Competitive analysis
- Customer segmentation



# Partnership in Marketing: Shared Responsibilities



# Work in Progress and Challenges

- Long-term macroeconomic plan
- Intensified business development and marketing
- Business enabling projects
  - International K-12 school
  - American University of Aqaba
  - ICT projects
  - Port improvements and expansion
- ASEZA ISO certification

- \$450M investments to date, including:
  - 2 mega tourism projects (\$1B over by 2015 & 10K new jobs)
  - 310 land sale/lease agreements
  - 800% cumulative increase in licensed construction
  - 4 grand shopping malls, 2 operating 2004, and 2 to open early 2005
  - 1,500 additional hotel rooms by 2007
- Employment increase of 63% over the last three years
- Revenue increase to the GoJ Treasury from ASEZA collection

Category	2001/2000	2002/2001	2003/2002
Sales Tax	600%	125%	110%
Income Tax	128%	102%	215%