The Essential Elements of a Successful National Export Strategy

A COUNTRY PAPER
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Introduction

Recent years have witnessed a major increase in Jordan exports to new markets through capitalizing on the various trade agreements, which Jordan enjoys with many countries (bilateral and multi). The U.S. market has topped the list as being the major destination for many Jordanian exports through benefiting from the Jordan-US Free Trade Agreement (JUSFTA), the Qualifying Industrial Zones (QIZ), and the Generalized System of Preference (GSP). The diversification and high standards of products and services offered by Jordanian entrepreneurs has contributed to an increase in demand worldwide.

The commitment of the Jordanian Government through taking steps towards a market-oriented economy and placing increased emphasis on the private sector, has contributed towards creating a solid platform for doing business in Jordan.

Referring to all the efforts exerted by both the public and private sectors in Jordan to further enhance and develop export markets, following are the ten essential elements of a successful national export strategy:

1. Identification of the clusters that have a competitive advantage

Jordan has identified various clusters that have a competitive advantage to include the Dead Sea cosmetic industry (based on the mineral rich salts and mud extracted from the Dead Sea), apparel and garment industry, pharmaceutical industry, food and beverage industry, the information technology sector, tourism, and health services. Taking into consideration the big potential of penetrating major markets via Jordan through the various trade agreements, many existing industries need to expand to meet the high demand of markets, continuously develop its products and services, work on attracting investments and know how.

2. A well-defined export strategy that coordinates the work of the various institutions involved in export promotion

Many institutions in Jordan, being in the public or private sectors, are working towards creating a strong, viable, sustainable and internationally competitive export sector. To maximize the efforts and avoid duplication, the work of all institutions should be coordinated in order to increase the development and exploitation of available resources with a view of achieving efficiency, competitiveness, higher productivity, and self-sustaining growth. It is the intention of the Government of Jordan to promote export-oriented industries in order to widen the export base with the objective of establishing small and medium sized industries in various parts of the country through the establishment of industrial estates. Such work can be realized through a strong well-defined public private partnership. A recent public private partnership was developed in Jordan, the Jordan Vision 2020, a plan to achieve a private sector strategy to guide Jordan’s economic growth.

3. Export Incentives

To achieve a high level of competitiveness, the significance of incentives as a tool for export promotion has increased. Exporters’ ability to penetrate new markets and to compete globally does not only depend on the quality and price of their products, but also relies on the payment terms offered to the buyer. There are financial institutions in Jordan that offers Export Credit Insurance that covers political and commercial risks. In addition, exports working capital guarantee scheme is being offered which assists Jordanian exporters in obtaining short-term loans from local commercial banks to finance their working capital needs with minimum collateral in order to produce exportable goods. Jordanian exporters can benefit from the duty drawback scheme, which offers refunds of import duty paid on the importation of raw materials and intermediate goods required for the production of exportable products. Profits acquired through exports are exempted from income tax payment. There should be a regular review of incentives being offered and to introduce more incentives, which will contribute to a vibrant and competitive export sector. Export promotion, research and development, and training schemes should be developed and institutionalised for the development of new exportable products, and for enhancing the quality and increasing production of exportable products.
4. An export promotion program to cover key markets

A well-structured, measurable export promotion program that meets the needs of the Jordanian export sector and Jordan’s economic development should be put in force. Jordan has been successful in implementing an aggressive drive in various sectors to include the information technology, the garment industry, tourism. Further more, Jordan has prioritized export markets based on many factors to include the availability of trade agreements such as the FTA with the United States, availability of donor support for the promotion of exports, markets where Jordanian products have a comparative advantage…etc. Available support for promoting Jordanian exports worldwide includes the opening of trade offices in key markets (USA, Algeria, Dubai), organizing trade missions, market research, participating in trade shows, publishing export directories. There is lots of room for strengthening available support and introducing new programs. More trade offices should be established in selected European and African markets, promote the establishment of export trading companies that specializes in purchasing domestic industrial products and exporting them worldwide. There is a need to look into the establishment of permanent exhibitions in selected markets, increase the participation in specialized exhibitions, and concentrate on e-commerce.

5. Cooperation with countries within the region to enhance exports

The various trade agreements that Jordan enjoys lends itself for the need of regional cooperation to meet the needed requirements for cumulative rules of origin especially in the Qualifying Industrial Zones and the Free Trade Agreement with the USA. Regional cooperation is desirable to benefit from the low cost of transportation and labor and to share the knowledge and resources available.

6. Promote investments in Jordan of highly exportable products

Investment promotion has been a priority for Jordan. An aggressive investment promotion drive by both the public and private sectors has been adopted for the promotion of domestic and foreign investments. The Jordan Investment Board (JIB), a government body, has been working on improving the investment climate through changing various laws and regulations (investment promotion law, companies law, customs exemptions on imported fixed assets, export industries are not subject to customs duties on imported raw materials, free repatriation of capital, profits and salaries) thus converting it to a more conducive investment environment capable of competing at the international level for the attraction of domestic and foreign direct investments. This has been necessary to bridge the gap in investment requirements needed for the inflow of technology and know how and the development of competitive capability. JIB has been successfully targeting industries worldwide identified, as being major beneficiaries of what Jordan has to offer. Further more, the various bilateral and multi lateral agreement Jordan enjoys with many countries has been a major tool for attracting investments. For example, the FTA with the United States, which extends duty free status to goods manufactured in Jordan and exported to the U.S. market, has been a major reason for attracting investments into Jordan. The private sector has also been working on attracting investments into Jordan. Many privately owned Qualifying Industrial Zones, which allows goods manufactured in those zones free access to the U.S. market, attracted investments from all over the world. Government efforts are directed towards increasing public investments in human and infrastructure development in order to further improve the investment climate thus adding to its attractiveness by further strengthening Jordan’s competitive and comparative advantages.

7. Acknowledgement of exporters

Recognizing exporters achievements by the various public and private sector bodies is an important gesture to expand and develop the export base in Jordan. At present there is one achievement award offered to industrialists who excel in their field, the King Abdullah Award for Excellence. There is no specific award for exporters although there are efforts by the private sector to launch the Best Exporter Award, which will recognize new and existing exporters.
8. Improve the standards of exportable products

Realizing the importance of competing in world markets, the quality of Jordanian exports should meet the highest standards. Jordanian exports have reached markets in Europe and the U.S. and were known for their superior quality, but in certain sectors, the quality should be tested from time to time in order to improve the standards of exportable products thus all necessary information should be made available for that purpose. Work is being done on developing packaging technology to maintain high quality standards of exportable products.

9. Specialized market information for exporters through the various trade promotion organizations

Market data is an important source of information needed by exporters to assist them in their decisions to enter new markets. There are many public and private sector organizations that effectively provide such services to include desk and field research, special sector specific reports, Internet research, and statistical data. There are many trade promotion organizations of the private sector that represents a certain sector, such as the Association of Jordanian Exporters of Fruits and Vegetables, or a certain market, such as the Jordanian American Business Association. The Department of Statistics, the Ministry of Industry and Trade, and the Jordanian Institute for Standards and Specification are government bodies that provide information needed by exporters.

10. Human resource development

Jordan realizes that the development of its manpower to enhance the competitive edge and to support and create growth in a knowledge-based economy is vital for the development of the industrial and export sector. Institutions of the public and private sectors are offering training in Jordan based on the needs of the industrial and export sectors. Specialized seminars and workshops are being offered covering topics on trade related opportunities resulting from the various trade agreements that Jordan is a signatory of. Other areas include training relating to technology, marketing, and export procedures required for export promotion. For example, the Jordan Exporters Association has adopted the ITC's Certified Trade Advisors Program. This program creates a national capacity to provide training and advisory services to improve the international competitiveness of Jordanian SME's in the areas of exporting, management, and the application of information and communications technology to trade. Jordan's public and private sectors are working closely in further develop the quality of training programs and activities offered to the industrial and export sectors. Training in Jordan is conducted mostly by local experts and at times by foreign consultants.