



Central Bank of Jordan

# Recent Monetary & Economic Developments in Jordan

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#### **OUR VISION**

To continue maintaining monetary and financial stability and thereby contributing to the achievement of economic and social growth in the kingdom.

#### **OUR MISSION**

Maintaining monetary stability represented in maintaining the stability of the Jordanian Dinar exchange rate and the general prices level. And contributing to providing an investment environment that is both attractive and motivating for the economic and social development through providing a convenient interest rate structure and implementing macro and micro prudential supervision policies that maintain financial and banking stability. In addition to providing safe and efficient national payments systems, promoting financial inclusion, and protecting the financial customer. To this end, the Central Bank of Jordan employs optimally its human, material, financial, technical and knowledge resources.

#### **OUR VALUES**

- |                            |   |   |
|----------------------------|---|---|
| <b>Loyalty</b>             | : | Commitment, responsibility, and dedication to the institution, its staff and clients.   |
| <b>Integrity</b>           | : | Dealing with the highest standards of professionalism and credibility to ensure equality and equal opportunities to all partners, clients, and workers.       |
| <b>Excellence</b>          | : | To make a difference in the quality of services provided in accordance with international standards and practices.  |
| <b>Continuous Learning</b> | : | Aspiring to continuously improve professional and academic levels in accordance with international best practices.  |
| <b>Involvement</b>         | : | Working together, on all levels, in a team spirit to achieve our national and organizational goals with high efficiency.                                      |
| <b>Transparency</b>        | : | Disclosing information and knowledge, and simplifying and clarifying procedures and regulations in accordance with professional standards and pertinent rules |



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### Executive Summary

#### □ Output, Prices and Employment

Real GDP at market prices grew by 2.1 percent during the first three quarters of 2021, compared to a contraction of 1.5 percent during the same period of 2020. The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during 2021 by 1.4 percent, compared to a rise of 0.3 percent in 2020. The unemployment rate during the third quarter of 2021 reached 23.2 percent, compared to 23.9 percent during the same quarter of 2020.

#### □ Monetary and Financial Sector

- The CBJ's gross foreign reserves amounted to US\$ 18,043.2 million at the end of 2021. This level of reserves covers around 9.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 39,509.2 million at the end of 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,028.5 million at the end of 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 39,522.3 million at the end of 2021, compared to JD 36,789.1 million at the end of 2020.
- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,118.6 points at the end of 2021, compared to 1,657.2 points at the end of 2020.

- **Public Finance:** The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,487.4 million (5.1 percent of GDP) during the first eleven months of 2021, comparing to a fiscal deficit of JD 1,767.6 million (6.2 percent of GDP) during the same period of 2020. Government domestic debt (budgetary and guaranteed) increased by JD 1,509.0 million at the end of November 2021, compared to its level at the end of 2020, to reach JD 20,442.7 million (63.8 percent of GDP). Moreover, outstanding external debt (budget and guaranteed) went up by JD 811.8 million, to reach JD 14,910.1 million (46.5 percent of GDP). Accordingly, outstanding government debt (domestic and external) rose up to reach JD 35,352.8 million at the end of November 2021 (110.3 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,807.1 million (43.1 percent of GDP). While the outstanding external debt (budget and guaranteed) stand at JD 14,540.5 million (45.4 percent of GDP). As a result, the outstanding government debt (domestic and external) stand at JD 28,347.6 million (88.5 percent of GDP) compared to 85.4 percent of GDP at the end of 2020).
- **External Sector:** Total merchandize exports (domestic exports *plus* re-exports) increased by 18.3 percent during the first eleven months of 2021 to reach JD 5,997.2 million. Meanwhile, merchandize imports increased by 24.2 percent to reach JD 13,821.6 million. As a result, the trade balance deficit increased by 29.2 percent compared to the same period of 2020, to reach JD 7,824.4 million. The preliminary data during 2021 showed an increase in travel receipts by 89.9 percent, to reach JD 1,899.6 million, and an increase in travel payments by 131.6 percent, to reach JD 627.0 million, compared to 2020. Moreover, total workers' remittances receipts increased by 1.0 percent, to reach JD 2,412.1 million during 2021, compared to 2020. The preliminary data for the balance of payments during the first three quarters of 2021 displayed a deficit in the current account amounted to JD 2,835.5 million (12.1 percent of GDP) compared to a deficit of JD 1,775.5 million (7.8 percent of GDP) during the same period of 2020. Meanwhile, the current account deficit excluding grants increased to reach 14.8 percent of GDP compared with 11.0 percent of GDP during the same period of 2020. Moreover, direct investment recorded inflow of JD 269.4 million during the first three quarters of 2021, compared to inflow of JD 398.9 million during the same period of 2020. Furthermore, the international investment position (IIP) registered a net obligation to abroad in the amount of JD 34,571.6 million at the end of the third quarter of 2021 up from JD 33,685.0 million at the end of 2020.



## First: Monetary and Financial Sector

### □ Summary

- The CBJ's gross foreign reserves amounted to US\$ 18,043.2 million at the end of 2021. This level of reserves covers around 9.5 months of the Kingdom's imports of goods and services.
- Domestic liquidity amounted to JD 39,509.2 million at the end of 2021, compared to JD 37,011.9 million at the end of 2020.
- The outstanding balance of credit facilities extended by licensed banks amounted to JD 30,028.5 million at the end of 2021, compared to JD 28,639.1 million at the end of 2020.
- Total deposits at licensed banks amounted to JD 39,522.3 million at the end of 2021, compared to JD 36,789.1 million at the end of 2020.
- The interest rates on all types of credit facilities extended by licensed banks and all types of deposits held by licensed banks had decreased at the end of 2021, compared to its level at the end of 2020.

- The Share Price Index (SPI) weighted by market capitalization of free float shares at Amman Stock Exchange (ASE) reached 2,118.6 points at the end of 2021, compared to 1,657.2 points at the end of 2020. Moreover, the market capitalization reached JD 15,495.7 million at the end of 2021, compared to JD 12,907.8 million at the end of 2020.

**Main Monetary Indicators**

JD Million, and Percentage Change Relative to the Previous Year

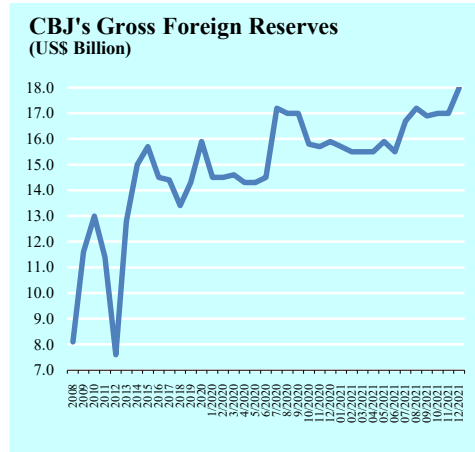
	End of December	
	2020	2021
CBJ's Foreign Reserves*	US\$ 15,919.7 11.1%	US\$ 18,043.2 13.3%
	8.7	9.5
Money Supply (M2)	37,011.9 5.8%	39,509.2 6.7%
Credit Facilities, of which:	28,639.1 5.7%	30,028.5 4.9%
Private Sector (Resident)	25,526.5 6.4%	26,708.6 4.6%
Total Deposits, of which:	36,789.1 4.2%	39,522.3 7.4%
In JD	28,233.9 4.2%	30,684.6 8.7%
In Foreign Currencies	8,555.2 4.4%	8,837.7 3.3%
Deposits of Private Sector (Resident), of which:	28,851.1 2.0%	30,988.2 7.4%
In JD	22,708.6 2.6%	24,723.7 8.9%
In Foreign Currencies	6,142.5 -0.3%	6,264.5 2.0%

\* Including gold reserves and special drawing rights.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

### □ CBJ's Foreign Reserves

The CBJ's gross foreign reserves amounted to US\$ 18,043.2 million at the end of 2021. This level of reserves covers around 9.5 months of the Kingdom's imports of goods and services.



### □ Domestic Liquidity (M2)

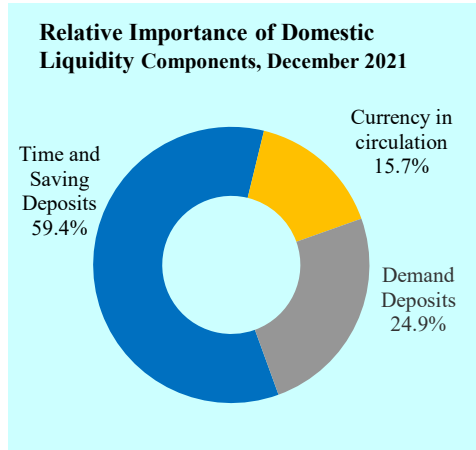
■ Domestic liquidity amounted to JD 39.5 billion at the end of 2021, compared to JD 37.0 billion at the end of 2020.

◆ **Developments in the components and the factors affecting domestic liquidity at the end of 2021, compared to their levels at the end of 2020, reveal the following:**

#### ● Components of Domestic Liquidity

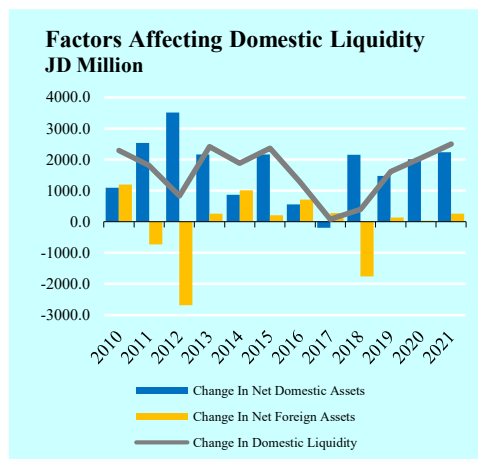
- Total liquidity deposits amounted to JD 33.3 billion at the end of 2021, compared to JD 31.1 billion at end of 2020.

- Currency in circulation amounted to JD 6.2 billion at the end of 2021, compared to JD 5.9 billion at the end of 2020.



• **Factors Affecting Domestic Liquidity**

- Net domestic assets of the banking system amounted to JD 31.7 billion at the end of 2021, compared to JD 29.4 billion at the end of 2020.



- Net foreign assets of the banking system amounted to JD 7.8 billion at the end of 2021. The net foreign assets of the CBJ amounted to JD 12.1 billion at the end of 2021.

**Factors Affecting Domestic Liquidity (M2)**

JD Million

	End of December	
	2020	2021
<b>Foreign Assets (Net)</b>	<b>7,562.0</b>	<b>7,822.5</b>
CBJ	10,798.6	12,088.0
Licensed Banks	-3,236.6	-4,265.5
<b>Domestic Assets (Net)</b>	<b>29,449.9</b>	<b>31,686.7</b>
CBJ, of which:	-4,297.3	-5,239.4
Claims on Public Sector (Net)	1,026.9	1,185.3
Other Items (Net*)	-5,347.4	-6,447.2
Licensed Banks	33,747.2	36,926.1
Claims on Public Sector (Net)	11,929.9	13,319.0
Claims on Private Sector	26,238.4	27,535.9
Other Items (Net)	-4,421.0	-3,928.8
<b>Money Supply (M2)</b>	<b>37,011.9</b>	<b>39,509.2</b>
<b>Currency in Circulation</b>	<b>5,939.4</b>	<b>6,225.4</b>
<b>Total Deposits, of which:</b>	<b>31,072.5</b>	<b>33,283.8</b>
In Foreign Currencies	6,219.6	6,328.7

\* This item includes Certificates of Deposit in Jordanian Dinar.

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

□ Interest Rates Structure

■ Interest Rates on Monetary Policy Instruments and CBJ's procedures

◆ The CBJ cut its monetary policy interest rates twice during March 2020. On March 5, the CBJ cut the interest rates on all its instruments by 50 basis points. Moreover, on March 17, the CBJ cut the overnight deposit window rate by 75 basis points, and by 100 basis points on the other policy rates, to become as follows:

- The CBJ main interest rate: 2.50 percent.
- Re-discount Rate: 3.50 percent.
- Interest Rate on Overnight Repurchase Agreements: 3.25 percent.
- Overnight Deposit Window Rate: 2.00 percent.
- Weekly/ Monthly Repurchase Agreements: 2.50 percent.
- The interest rate on weekly certificates of deposit: 2.50 percent.

The CBJ conducted a set of procedures aimed to contain the repercussions of the “emerging COVID-19 virus” impact on the national economy. Also, these measures aimed to reduce the financing costs to all economic sectors and to ensure the continuity of economic activity and recovery after the crisis:

- The CBJ has decided to cut the Required Reserve Ratio (RRR) on the deposits held by banks from 7% to 5%, which provides additional liquidity to banks in the amount of JD 550 million.

Interest Rates on Monetary Policy Instruments, percentage points

	December	
	2020	2021
CBJ main rate	2.50	2.50
Re-discount Rate	3.50	3.50
Repurchase Agreements Rate (overnight)	3.25	3.25
Overnight Deposit Window Rate	2.00	2.00
Repurchase Agreements rate (one week and one month)	2.50	2.50
Certificates of Deposits (one week)	2.50	2.50

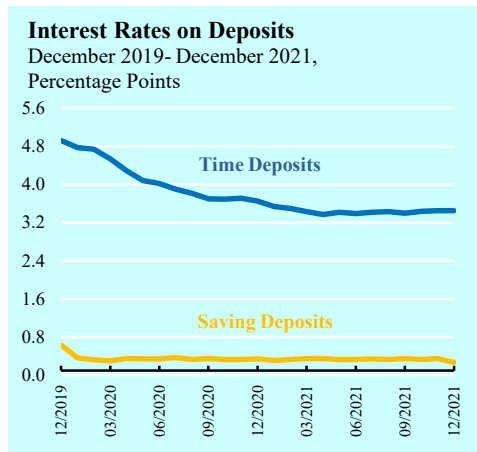
Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- The CBJ has also conducted repurchase agreements (REPO) with commercial banks by JD 850 million, with maturity up to one year.
- Moreover, the CBJ has introduced financing program to support SMEs companies, by a total amount of JD 500 million, and with a customer lending rate by 2%. Recently, in March 2021, the ceiling of this program was raised to JD 700 million.

### ■ Interest Rates in the Banking Sector

#### ◆ Interest Rates on Deposits

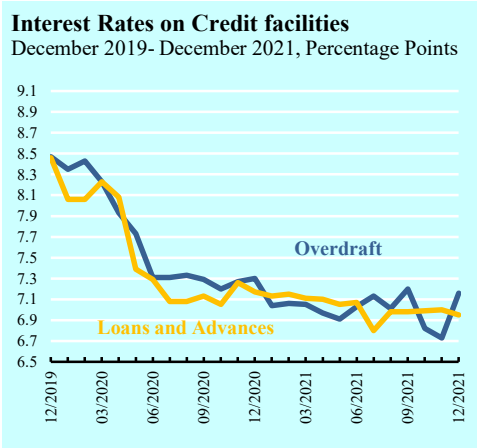
- Time Deposits: The weighted average interest rate on time deposits maintained the same level registered in the previous month to stand at 3.45 in December 2021. This rate is lower by 20 basis points than its level registered at the end of 2020.



- Saving Deposits: The weighted average interest rate on saving deposits decreased by 8 basis points at the end of December 2021, compared to its level registered in the previous month to stand at 0.27 percent. This rate is lower by 7 basis points than its level registered at the end of 2020.
- Demand Deposits: The weighted average interest rate on demand deposits increased by one basis point at the end of December 2021, compared to its level registered in the previous month to stand at 0.26 percent. This rate is lower by one basis point than its level registered at the end of 2020.

◆ Interest Rates on Credit Facilities

- **Overdraft Accounts:** The weighted average interest rate on overdraft accounts increased by 43 basis points at the end of December 2021, compared to its level registered in the previous month to stand at 7.16 percent. This rate is lower by 14 basis points than its level registered at the end of 2020.



- **Discounted Bills and Bonds:** The weighted average interest rate on “discounted bills and bonds” decreased by 8 basis points at the end of December 2021, compared to its level registered in the previous month to stand at 7.94 percent. This rate is lower by 57 basis points than its level registered at the end of 2020.

**Weighted Average Interest Rates on Deposits and Credit Facilities at Licensed Banks, percentage points**

	December 2020	December 2021	Change Relative to the Preceding Year Basis Points
<b>Deposits</b>			
Demand	0.27	0.26	-1
Saving	0.34	0.27	-7
Time	3.65	3.45	-20
<b>Credit Facilities</b>			
Discounted Bills and Bonds	8.51	7.94	-57
Loans and Advances	7.17	6.95	-22
Overdraft	7.30	7.16	-14
Prime Lending Rate	8.33	8.37	4

Source: Central Bank of Jordan / Monthly Statistical Bulletin.

- **Loans and Advances:** The weighted average interest rate on “loans and advances” decreased by 5 basis points at the end of December 2021, compared to its level registered in the previous month to stand at 6.95 percent. This rate is lower by 22 basis points than its level registered at the end of 2020.



- The prime lending rate stood at 8.37 percent at the end of December 2021, increasing by two basis points compared to its level in previous month. This rate is higher by 4 basis points than its level registered at the end of 2020.

#### □ Credit Facilities Extended by Licensed Banks

- Total credit facilities extended by licensed banks increased by JD 1,389.4 million, or 4.9 percent, at the end of 2021, compared to its level registered at the end of 2020, against an increase by JD 1,556.9 million, or 5.7 percent at the end of 2020.
- In terms of borrower sectors, the credit facilities at the end of 2021 had shown an increase in credit extended to the private sector (resident) by JD 1,182.1 million, or 4.6 percent, the public institutions by JD 120.5 million, or 21.3 percent, the private sector (non-resident) by JD 75.0 million, or 12.2 percent, and the central government by JD 12.3 million, or 0.7 percent. In contrast, the credit facilities extended to the non-banking financial institutions had decreased by JD 0.5 million, or 0.4 percent, compared to their levels at the end of 2020.

#### □ Deposits at Licensed Banks

- Total deposits at licensed banks stood at JD 39.5 billion at the end of 2021, compared to JD 36.8 billion at the end of 2020.
- The currency composition of deposits at the end of 2021 revealed that the JD deposits amounted to JD 30.7 billion, and the deposits in foreign currencies amounted to JD 8.8 billion, compared to JD 28.2 billion of JD deposits, and JD 8.6 billion of deposit in foreign currency at the end of 2020.

**□ Amman Stock Exchange (ASE)<sup>(1)</sup>**

The ASE main indicators showed a mixed performance during 2021, compared to its level in 2020. This can be demonstrated as follows:

**■ Trading Volume**

Trading volume at ASE totaled JD 158.6 million in December 2021, increasing by JD 24.8 million, or 18.5 percent, compared to its level registered in the previous month. As for 2021, the trading volume totaled JD 1,963.6 million.

**■ Traded Shares**

The number of traded shares in December 2021 totaled 118.3 million shares, increasing by 5.1 million shares, or 4.5 percent, compared to its level registered in the previous month. As for 2021, the number of traded shares amounted to 1,538.2 million shares.

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<sup>(1)</sup> The trading at ASE has been suspended during the period 17/3/2020 to 9/5/2020, with the aim to protect investors and local companies from the repercussions of COVID-19.

### ■ Share Price Index (SPI)

The SPI weighted by market capitalization of free float shares at ASE increasing by 60.9 points or 3.0 percent, at the end of December 2021, compared to

its level in the previous month, to stand at 2,118.6 points. Furthermore, the SPI increased by 461.4 points, or 27.8 percent compared to its level at the end of 2020. The aforementioned increase was an outcome of the increase in the SPI of the industrial sector by 1,546.2 points, or 72.9 percent, the financial sector by 432.8 points, or 19.9 percent, and the services sector by 179.4 points, or 15.6 percent, compared to their levels at the end of 2020.

### ■ Market Capitalization

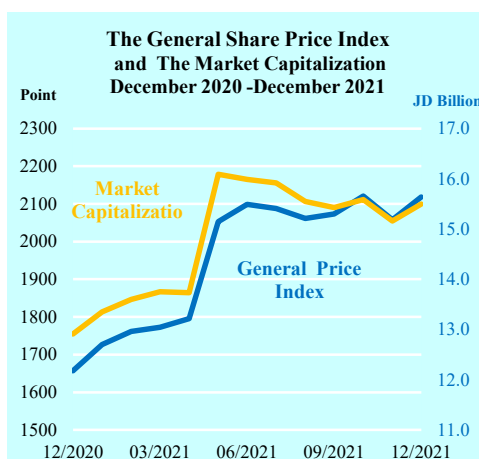
The ASE's market capitalization totaled JD 15.5 billion at the end of December 2021, increasing by JD 337.5 million, or 2.2 percent, compared to its level registered in the previous month. Furthermore, the

ASE's market capitalization increased by JD 2,587.9 million, or 20.0 percent compared to its level at the end of 2020.

Share Price Index Weighted by Market Capitalization of Free Float Shares, by Sectors

	December	
	2020	2021
<b>General Index</b>	<b>1,657.2</b>	<b>2,118.6</b>
Financial Sector	2,171.7	2,604.5
Industrial Sector	2,119.7	3,665.9
Services Sector	1,148.0	1,327.4

Source: Amman Stock Exchange.



### ■ Non - Jordanian Net Investment

Non-Jordanian net investment at ASE recorded an outflow amounted of JD 28.8 million in December 2021. The value of shares buying by non-Jordanian in December 2021 amounted to JD 5.8 million, while their selling amounted to JD 34.5 million. The Non-

Jordanian net investment as for 2021, recorded an outflow amounting to JD 60.9 million.

Main Amman Stock Exchange Trading Indicators, JD Million	December	
	2020	2021
Value Traded	181.2	158.6
Average Daily Trading	7.9	7.2
Market Capitalization	12,907.8	15,495.7
No. of Traded Shares (million)	168.4	118.3
Net Investment of Non-Jordanian	-1.8	-28.8
Non-Jordanian Buying	9.8	5.8
Non-Jordanian Selling	11.7	34.5

Source: Amman Stock Exchange.

## Second: Output, Prices and Employment

### □ Summary

- Gross Domestic Product (GDP), at constant market prices, grew by 2.7 percent during the third quarter of 2021, compared to a contraction of 2.2 percent during the same quarter of 2020. At current market prices, GDP grew by 4.2 percent during the third quarter of 2021, compared to a contraction of 3.1 percent in the same quarter of 2020.
- Accordingly, the real GDP grew by 2.1 percent during the first three quarters of 2021, compared to contraction of 1.5 percent during the same period of 2020. At current market prices, GDP grew by 3.1 percent during the first three quarters of 2021 compared to a decline by 1.8 percent during the same period of 2020.
- The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during 2021 by 1.4 percent, compared to a rise of 0.3 percent in 2020.
- The unemployment rate during the third quarter of 2021 reached 23.2 percent (21.2 percent for males and 30.8 percent for females), compared to 23.9 percent (21.2 percent for males and 33.6 percent for females) during the same quarter of 2020. The highest unemployment rate was among youth, which reached 61.9 percent for the (15-19) years old category and 46.1 percent for the (20-24) years old category.

### □ Developments of GDP

Gross domestic product (GDP), at constant market prices, grew by 2.1 percent during the first three quarters of 2021 compared to a contraction of 1.5 percent during the same period of 2020. When excluding “net taxes on products” (which grew by 2.2 percent during the first three quarters of 2021 compared to a contraction of 2.7 percent during the same period of 2020), GDP at constant basic prices, grew by 2.1 percent during the first three quarters of 2021, compared to a contraction of 1.4 percent during the same period of 2020.

**Quarterly Growth Rates of GDP at Market Prices (2019 – 2021)**

Percentages

	Q1	Q2	Q3	Q4	Year
<b>2019</b>					
GDP at Constant Prices	2.0	1.7	1.9	2.1	<b>2.0</b>
GDP at Current Prices	3.8	3.3	3.5	4.0	<b>3.7</b>
<b>2020</b>					
GDP at Constant Prices	1.3	-3.6	-2.2	-1.6	<b>-1.6</b>
GDP at Current Prices	3.0	-4.7	-3.1	-1.9	<b>-1.8</b>
<b>2021</b>					
GDP at Constant Prices	0.3	3.2	2.7	-	-
GDP at Current Prices	0.5	4.7	4.2	-	-

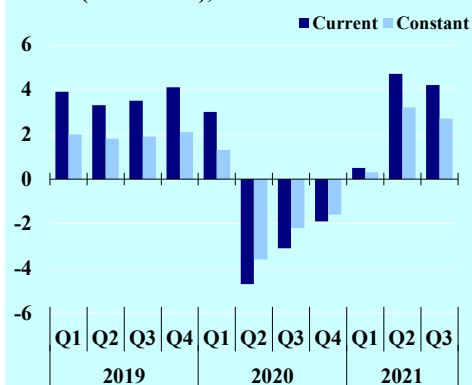
Source: Department of Statistics.

At current market prices, GDP grew by 3.1 percent during the first three quarters of 2021 compared to contraction of 1.8 percent during the same period of 2020. This was in light of the increase of the general price level, measured by the GDP deflator, by 1.0 percent during the first three quarters of 2021 compared to a contraction of 0.2 percent during the same period of 2020.

The economic growth recorded during the first three quarters of 2021 was mainly driven by the significant improvement in the external sector indicators, such as; tourism income, total exports, and the gradual return to work in all economic sectors during this period.

As for the economic sectors contribution to growth rate during the first three quarters of 2021, all sectors contributed positively to the growth rate. Most notably; manufacturing contributed by 0.4 percentage point, “finance and insurance services” (0.3 percentage point), “mining and quarrying” (0.2 percentage point), “real estate” (0.2 percentage point), and “producers of government services” (0.2 percentage point). These sectors accounted for 62.0 percent of the real growth recorded during the first three quarters of 2021.

**Quarterly Growth Rates of GDP at Market Prices (2019- 2021), %**



**Main Sectors Contributed to Economic Growth at Constant Market Prices**

Sectors	Relative change		Contribution	
	2020 Jan-Sep	2021 Jan-Sep	2020 Percentage Point Jan-Sep	2021 Percentage Point Jan-Sep
<b>GDP at Constant Market Prices</b>	-1.5	2.1	-1.5	2.1
Agriculture	1.7	3.0	0.1	0.1
Mining And Quarrying	-0.1	10.1	0.0	0.2
Manufacturing	-2.8	2.1	-0.5	0.4
Electricity And Water	-1.4	1.6	0.0	0.0
Construction	-4.1	3.0	-0.1	0.1
Wholesale And Retail Trade	-2.2	2.0	-0.2	0.2
Restaurant And Hotels	-8.1	2.0	-0.1	0.0
Transport, Storage And Communications	-5.0	1.8	-0.4	0.1
Finance And Insurance Services	3.0	4.1	0.2	0.3
Real Estate	0.7	1.5	0.1	0.2
Social And Personal Services	-3.0	0.7	-0.3	0.1
Producers of Government Services	1.1	1.4	0.2	0.2
Producers of Private Non-Profit	-2.6	1.4	0.0	0.0
Domestic Services of Households	0.1	0.1	0.0	0.0

Source : Department of Statistics.

### Microeconomic Indicators

Most of the microeconomic indicators witnessed an improvement in their performance during the available period of 2021. Most notably; “licensed areas for buildings” (52.9 percent), “mining and quarrying production quantity index” (6.6 percent), “manufacturing production quantity index” (14.6 percent), and “number of passengers through Royal Jordanian” (108.7 percent). The following table displays the performance of the main available microeconomic indicators:

#### Main Sectoral Indicators\*

		Percentage Points			
2019	2020	Item	2020	Available period	2021
-1.2	-13.8	<b>Manufacturing production quantity index</b>	-14.3	<b>Jan-Nov</b>	14.6
-6.3	-19.5	Food products and beverages	-19.6		-10.7
7.1	3.0	Tobacco products	2.6		-2.8
3.1	-16.7	Refined petroleum products	-16.1		102.7
-6.5	-29.8	Wearing apparel	-29.8		-4.5
-9.0	-28.3	Non-metallic mineral products	-28.2		-11.7
15.2	13.4	Chemical products	12.6		3.8
5.4	1.3	<b>Mining and quarrying production quantity index</b>	0.8		6.6
2.9	55.4	Extraction of crude petroleum and natural gas	60.6		22.9
5.5	0.9	Other mining and quarrying	0.3		6.4
-35.1	-19.2	<b>Licensed areas for buildings</b>	-19.2	<b>Jan-Dec</b>	52.9
-12.0	-26.2	<b>Value traded at the real estate market</b>	-26.2		46.8
13.8	-5.2	<b>Production of phosphate</b>	-5.2		14.2
14.5	-76.6	<b>Number of departures</b>	-76.6		89.8
1.2	-77.2	<b>Number of passengers through Royal Jordanian</b>	-77.2		108.7
-16.4	-40.3	<b>Cargo through Royal Jordanian</b>	-40.3		20.4

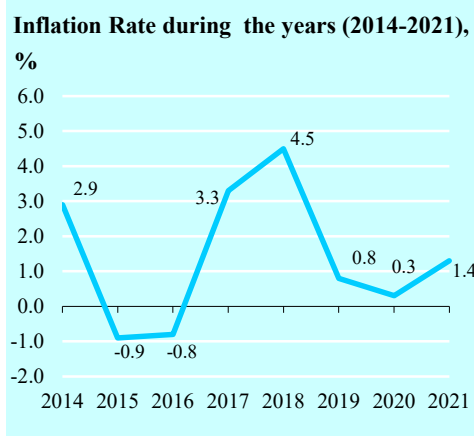
\*: Computed based on the data from Department of Statistics, Department of Land and Survey, and Royal Jordanian.



## Prices

The general price level, measured by the percentage change in the Consumer Price Index (CPI) increased during 2021 by 1.4 percent, compared to a rise of 0.3 percent during 2020. This was an outcome of the following:

- An increase in the prices of some items and groups, most notably:
  - “meat and poultry” prices increased by 6.4 percent, compared to increase by 0.6 percent during 2020.
  - rents prices increased by 1.5 percent compared to decline by 0.2 percent during 2020.
  - transportation prices increased by 4.5 percent compared to a decrease by 2.0 percent during 2020.



### Inflation Rate during 2020-2021

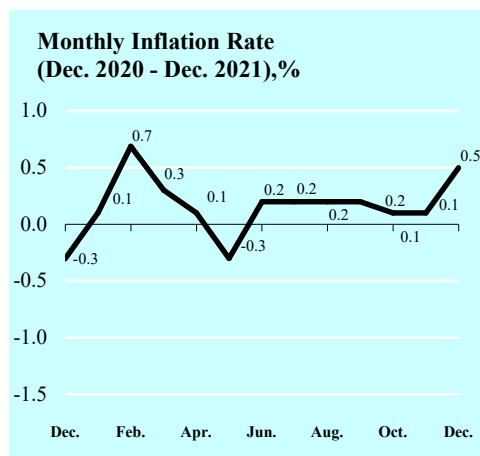
Expenditure Groups	Relative Imp.	Relative change		Contribution	
		2020	2021	2020	2021
All Items	100.0	0.3	1.4	0.3	1.4
<b>1) Food and non-Alcoholic Beverages</b>	26.5	2.3	0.1	0.6	0.0
<b>Food</b>	23.8	2.5	0.1	0.6	0.0
Cereals and Products	4.2	1.5	1.9	0.1	0.1
Meat and Poultry	4.7	0.6	6.4	0.0	0.3
Fish and Sea Product	0.4	3.0	0.6	0.0	0.0
Dairy Products and Eggs	3.7	4.2	0.2	0.2	0.0
Oil and Fats	1.7	0.2	6.1	0.0	0.1
Fruits and Nuts	2.6	4.4	-1.8	0.1	0.0
Vegetables and Legumes Dry and Canned	3.0	5.5	-12.9	0.2	-0.4
<b>2) Alcohol and Tobacco and Cigarettes</b>	4.4	3.0	2.6	0.1	0.1
Alcohol	0.0	5.8	14.7	0.0	0.0
Tobacco and Cigarettes	4.4	3.0	2.5	0.1	0.1
<b>3) Clothing and footwear</b>	4.1	-0.9	-1.2	0.0	0.0
Clothing	3.4	-1.0	-1.1	0.0	0.0
Footwear	0.7	-0.5	-1.6	0.0	0.0
<b>4) Housing</b>	23.8	-1.8	1.6	-0.4	0.4
Rents	17.5	-0.2	1.5	0.0	0.3
Fuels and Lighting	4.7	-8.5	1.3	-0.4	0.1
<b>5) Household Furnishings and Equipment</b>	4.9	0.6	0.5	0.0	0.0
<b>6) Health</b>	4.0	2.7	0.8	0.1	0.0
<b>7) Transportation</b>	16.0	-2.0	4.5	-0.3	0.7
<b>8) Communication</b>	2.8	0.9	1.3	0.0	0.0
<b>9) Culture and Recreation</b>	2.6	1.0	0.6	0.0	0.0
<b>10) Education</b>	4.3	1.8	0.3	0.1	0.0
<b>11) Restaurants and Hotels</b>	1.8	2.1	1.4	0.0	0.0
<b>12) Other Goods and Services</b>	4.8	2.2	0.3	0.1	0.0

Source: Department of Statistics.

The above groups and items collectively contributed to raising the inflation rate 2021 by 1.3 percentage point, compared to a negative contribution of 0.3 percentage point during 2020.

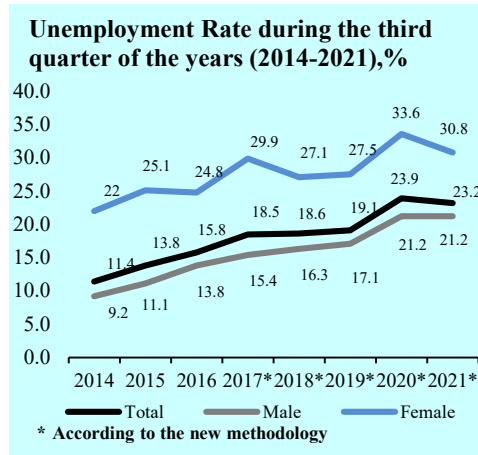
- A decline in the prices of some items and groups, notably, “vegetables and legumes dry and canned” (12.9 percent), “fruits and nuts” (1.8 percent) and clothing (1.1 percent). These groups and items contributed to a contraction of the inflation rate during 2021 by 0.4 percentage point, compared to a positive contribution of 0.3 during 2020.

In December 2021, the CPI witnessed an increase compared to the previous month (November 2021) by 0.5 percent. This was an outcome of the increase of the prices of some items and groups, mainly “meat and poultry” (2.1 percent), “fruits and nuts” (1.6 percent), on the one hand, and the decrease of the prices of some items mainly “vegetables and legumes, dry and canned” (1.7 percent), “drinks and refreshments” (0.2 percent) on the other hand.



□ Labor Market

■ The unemployment rate reached 23.2 percent (21.2 percent for males, and 30.8 percent for females) during the third quarter of 2021, compared to 23.9 percent (21.2 percent for males and 33.6 percent for females), during the same quarter of 2020.



- The unemployment rate among youth, during the third quarter of 2021, remains high reaching 61.9 percent for the category (15-19) years old, and 46.1 percent for the category (20-24) years old.
- The unemployment rate among academic degree holders (Bachelor and higher) reached 27.8 percent during the third quarter of 2021.
- The refined economic participation rate (the ratio of the labor force to the population of 15 years and over), was 34.4 percent (54.4 percent for males, and 14.5 percent for females), compared to 34.4 percent (53.5 percent for males and 14.9 percent for females) during the same period of 2020.
- The employment rate among population (15 years and older) reached 26.4 percent.



### Third: Public Finance

#### □ Summary:

- The general budget, including foreign grants, recorded a fiscal deficit in the amount of JD 1,487.4 million (5.1 percent of GDP) during the first eleven months of 2021, comparing to a fiscal deficit of JD 1,767.6 million (6.2 percent of GDP) during the same period of 2020. When excluding foreign grants (JD 583.9 million), the general budget deficit increases to JD 2,071.3 million (7.1 percent of GDP), compared to a deficit of JD 2,479.8 million (8.7 percent of GDP) in the same period of 2020.
- Government domestic debt (budgetary and guaranteed) increased by JD 1,509.0 million at the end of November 2021, compared to its level at the end of 2020, to reach JD 20,442.7 million (63.8 percent of GDP). When excluding the domestic debt holding by the Social Security Investment Fund, the government domestic debt (budgetary and guaranteed) stand at JD 13,807.1 million (43.1 percent of GDP).
- Outstanding external debt (budget and guaranteed) went up by JD 811.8 million at the end of November 2021, compared to its level at the end of 2020, to reach JD 14,910.1 million (46.5 percent of GDP). When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) stand at JD 14,540.5 million (45.4 percent of GDP).
- As a result, outstanding government debt (domestic and external) rose by JD 2,320.8 million at the end of November 2021, to reach JD 35,352.8 million (110.3 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the government debt holding by the Social Security Investment Fund, the outstanding government debt (domestic and external) stand at JD 28,347.6 million (88.5 percent of GDP), compared to JD 26,499.3 million (85.4 percent of GDP) at the end of 2020.

□ The performance of the general budget during the first eleven months of 2021 compared with the same period of 2020:

■ Public Revenues

Public revenues (domestic revenues *plus* foreign grants) increased by JD 120.6 million, or 24.9 percent, in November 2021 compared to the same month in 2020, to stand at JD 605.6 million. As for the first eleven months of 2021, public revenues went up by JD 951.5 million, or 15.0 percent, compared to same period of 2020, to stand at JD 7,303.1 million. This came as an outcome of the increase in domestic revenues by JD 1,079.8 million, and drop in foreign grants by JD 128.3 million.

**Main Government Budget Indicators During the First Eleven Months of 2021**

(JD Million and Percentages)

	November		Growth Rate	Jan.-Nov.		Growth Rate
	2020	2021		2020	2021	
<b>Public Revenues</b>	<b>485.0</b>	<b>605.6</b>	<b>24.9</b>	<b>6,351.6</b>	<b>7,303.1</b>	<b>15.0</b>
Domestic Revenues, of which:	478.6	595.3	24.4	5,639.4	6,719.2	19.1
Tax Revenues, of which:	369.0	468.6	27.0	4,511.8	5,193.6	15.1
General Sales Tax	305.7	383.6	25.5	3,180.4	3,695.0	16.2
Other Revenues	109.0	126.3	15.9	1,121.0	1,519.0	35.5
Foreign Grants	6.4	10.3	60.9	712.2	583.9	-18.0
<b>Total Expenditures</b>	<b>743.7</b>	<b>809.1</b>	<b>8.8</b>	<b>8,119.2</b>	<b>8,790.5</b>	<b>8.3</b>
Current Expenditures	658.6	718.0	9.0	7,557.9	7,926.2	4.9
Capital Expenditures	85.1	91.1	7.1	561.3	864.3	54.0
<b>Overall Deficit/ Surplus (Including Grants)</b>	<b>-258.7</b>	<b>-203.5</b>	<b>-</b>	<b>-1,767.6</b>	<b>-1,487.3</b>	<b>-</b>
<b>Overall Deficit/ Surplus (Including Grants) as a Percent of GDP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-6.2</b>	<b>-5.1</b>	<b>-</b>

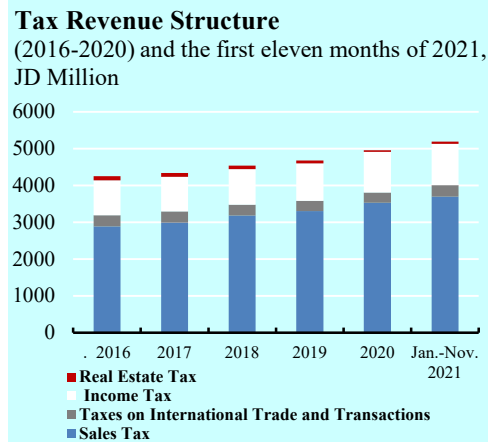
Source: Ministry of Finance/ General Government Finance Bulletin.

### ◆ Domestic Revenues

Domestic revenues witnessed an increase of JD 1,079.8 million, or 19.1 percent, in the first eleven months of 2021, compared to the same period of 2020, to reach JD 6,719.2 million. This increase was a result of the rise in the proceeds of “tax revenues”, and “other revenues” by JD 681.8 million, JD 398.0 million, respectively.

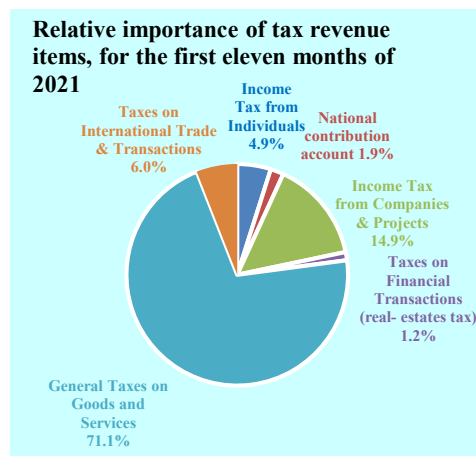
#### ● Tax Revenues

Tax revenues increased by JD 681.8 million, or 15.1 percent, during the first eleven months of 2021, compared to the same period of 2020, to reach JD 5,193.6 million (77.3 percent of domestic revenues). Following are the main developments in tax revenue items:



- An increase in the proceeds of **general sales tax on goods and services** by JD 514.6 million, or 16.2 percent, to reach JD 3,695.0 million, accounting for 71.1 percent of total tax revenues. This result was driven by the increase in the proceeds of sales tax on commercial sector by JD 242.4 million, and on imported goods by JD 186.4 million, and on domestic goods by JD 45.1 million, and on services by JD 40.7 million.

- An increase in the proceeds of **income and profit taxes** by JD 86.6 million, or 8.3 percent, to reach JD 1,127.2 million, accounting for 21.7 percent of total tax revenues. This increase came mainly as a result of the increase in the proceeds of national contribution account item, which was included in the Amending Law of Income Tax Law, in the amount of JD 34.2 million, or 52.0 percent, to reach JD 100.0 million, and the increase in the proceeds of “income taxes from individuals” by JD 13.4 million, or 5.6 percent, to reach JD 254.4 million. Moreover, the proceeds of “income taxes from companies and projects” increased by JD 38.8 million, or 5.3 percent, to account for 68.6 percent of total proceeds of income and profits taxes, amounting to JD 772.7 million.
- An increase in the proceeds of **taxes on international trade and transactions** (including customs duties and fees) by JD 56.5 million, or 22.3 percent, to reach JD 309.4 million.
- An increase in the proceeds of **taxes on financial transactions (real-estates tax)** by JD 24.2 million, or 64.0 percent, to reach JD 62.0 million.



#### ● Non-Tax Revenues

- “Other revenues” increased by JD 398.0 million, or 35.5 percent, during the first eleven months of 2021 to reach JD 1,519.0 million. This increase was chiefly due to the following:



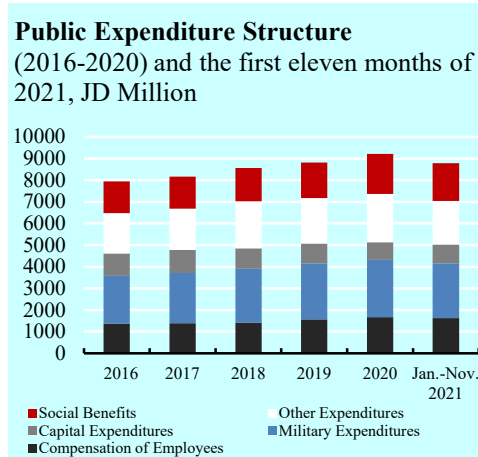
- An increase in revenues from **selling goods and services** by JD 213.7 million to reach JD 767.3 million.
- An increase in the **property income** by JD 99.3 million to stand at JD 310.8 million (of which financial surplus of independent government units amounted to JD 291.2 million against JD 190.3 million during the same period of 2020).
- An increase in **miscellaneous revenues** by JD 85.0 million to stand at JD 440.9 million.
- Pension contributions maintaining the same level achieved during the first eleven months of 2021 compared to the same period of 2020, standing at JD 6.6 million.

◆ **Foreign Grants**

Foreign grants decreased by JD 128.3 million, or 18.0 percent, during the first eleven months of 2021, standing at JD 583.9 million, compared to JD 712.2 million during the same period of 2020.

■ **Public Expenditures**

Public expenditures increased by JD 65.4 million, or 8.8 percent, in November 2021 compared to the same month in 2020, to stand at JD 809.1 million. As for the first eleven months of 2021, public expenditures increased by JD 671.3 million, or 8.3 percent, compared to the same period in 2020 to stand at JD 8,790.5 million. This increase was a result of the rise in capital expenditures by 54.0 percent, and in current expenditures by 4.9 percent.

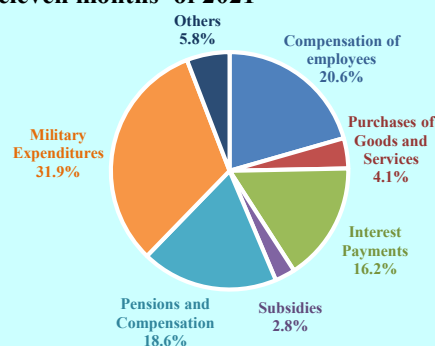


### ◆ Current Expenditures

Current expenditures went up by JD 368.3 million, or 4.9 percent, during the first eleven months of 2021, to reach JD 7,926.2 million (90.2 percent of public expenditures). Because of the increase in domestic revenues at a higher rate than current expenditures, the coverage ratio (measured by the ratio of domestic revenues to current expenditures) increased by 10.2 percentage point, to reach to 84.8 percent compared to 74.6 percent during the first eleven months of 2020. The increase in current expenditures is due to the evolution of its components, as follow:

- An increase in **interest payments** (commitment basis) by JD 137.6 million, to stand at JD 1,282.9 million.
- An increase in the **compensation of civil sector's employees (wages, salaries and social security contributions)** by JD 125.1 million, to reach JD 1,629.9 million.
- An increase in **military expenditures** by JD 92.8 million, to total JD 2,528.4 million.
- An increase in the **purchases of goods and services** by JD 51.1 million, to reach JD 326.8 million.
- An increase in **pensions and compensation** by JD 18.2 million, to stand at JD 1,476.3 million.
- A decrease in **subsidies** by JD 64.6 million, to stand at JD 219.0 million.

Relative importance of current expenditure items, for the first eleven months of 2021

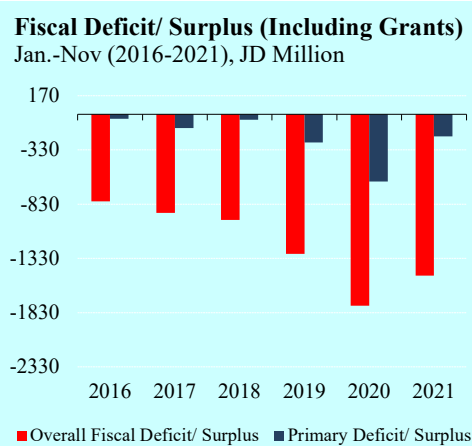


### ◆ Capital Expenditures

Capital expenditures increased by JD 303.0 million, or 54.0 percent, during the first eleven months of 2021 compared to same period of 2020, to reach JD 864.3 million.

### ■ General Budget Deficit/ Surplus

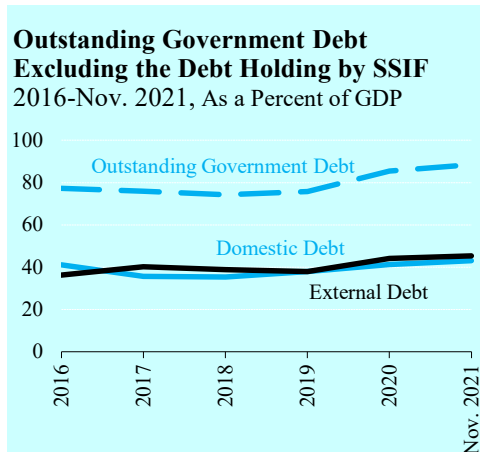
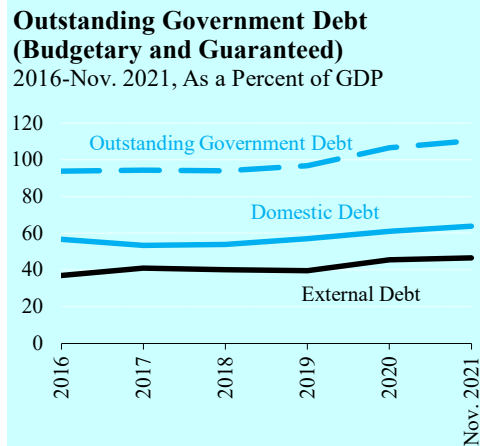
- ◆ The overall fiscal deficit, including foreign grants, decreased by JD 280.2 million, during the first eleven months of 2021, to reach JD 1,487.4 million (5.1 percent of GDP), compared to a fiscal deficit of JD 1,767.6 million (6.2 percent of



- GDP), in the same period of 2020. When foreign grants are excluded, the general budget deficit increases to reach JD 2,071.3 million (7.1 percent of GDP), compared to a fiscal deficit of JD 2,479.8 million (8.7 percent of GDP) in the same period of 2020.
- ◆ The primary deficit, excluding foreign grants, (domestic revenues *minus* total public expenditures excluding interest payments on public debt) reached JD 788.4 million (2.7 percent of GDP) in the first eleven months of 2021, against a primary deficit of JD 1,334.5 million (4.7 percent of GDP) in the same period of 2020. When foreign grants are including, the primary deficit of the general budget reached JD 204.5 million (0.7 percent of GDP), compared to a primary deficit of JD 622.3 million (2.2 percent of GDP) in the same period of 2020.

### □ Outstanding Government Debt

- Government domestic debt (budgetary and guaranteed) increased by JD 1,509.0 million, at the end of November 2021 compared to its level at the end of 2020, to stand at JD 20,442.7 million (63.8 percent of GDP compared to 61.0 percent of GDP at the end of 2020). This increase was an outcome of the rise in the domestic debt of the budget by JD 1,513.6 million, and the decrease in the domestic debt of guaranteed by JD 4.7 million, compared to their levels at the end of 2020, standing at JD 18,008.3 million and JD 2,434.4 million, respectively.



- When excluding the domestic debt holding by the Social Security Investment Fund (SSIF), the government domestic debt (budgetary and guaranteed) increased by JD 1,023.1 million, at the end of November 2021 compared to its level at the end of 2020, to stand at JD 13,807.1 million (43.1 percent of GDP).

- Outstanding external debt (budget and guaranteed) went up by JD 811.8 million at the end of November 2021, compared to its level at the end of 2020, to reach JD 14,910.1 million (46.5 percent of GDP compared to 45.5 percent of GDP at the end of 2020). It is worth mentioning that the external debt denominated in the U.S. Dollar accounted for 71.2 percent of the total external debt, and the debt in Euro accounted for 12.1 percent. However, the SDR accounted for 6.9 percent, Kuwaiti Dinar (4.1 percent), Japanese Yen (3.7 percent).
- When excluding the external debt holding by the Social Security Investment Fund, the outstanding external debt (budget and guaranteed) increased by JD 825.3 million, at the end of November 2021 compared to its level at the end of 2020, to stand at JD 14,540.5 million (45.4 percent of GDP).
- In light of the above-mentioned developments, outstanding government debt (domestic and external) increased by JD 2,320.8 million at the end of November 2021 to reach JD 35,352.8 million (110.3 percent of GDP), compared to JD 33,032.0 million (106.5 percent of GDP) at the end of 2020. When excluding the debt holding by the Social Security Investment Fund, the outstanding government debt (budget and guaranteed) stand at JD 28,347.6 million (88.5 percent of GDP), compared to JD 26,499.3 million at the end of 2020 (85.4 percent of GDP).
- External debt service (budget and guaranteed) increased by JD 27.2 million during the first eleven months of 2021 compared to the same period of 2020, to reach JD 1,757.2 million (including principal payments of JD 1,344.7 million and interest of JD 412.5 million).

## □ Fiscal and Price Measures of 2022

### ◆ February

- The Oil Derivatives Pricing Committee decided to maintain the prices of all oil derivatives unchanged, and rise of fuel oil, all kinds of fuel for airplanes and asphalt, as follows:

**Development of Oil Derivatives Prices**

	Unit	2022		Percentage Change
		January	February	
Unleaded Gasoline 90	Fils/ Liter	850	850	0.0
Unleaded Gasoline 95	Fils/ Liter	1,085	1,085	0.0
Unleaded Gasoline 98	Fils/ Liter	1,235	1,235	0.0
Gas Oil (Diesel)	Fils/ Liter	615	615	0.0
Kerosene	Fils/ Liter	615	615	0.0
Liquid Gas (12.5kg)	JD/ Cylinder	7.0	7.0	0.0
Fuel oil (1%)	JD/ Ton	417.2	459.6	10.2
Fuel for airplanes (local companies)	Fils/ Liter	484	548	13.2
Fuel for airplanes (foreign companies)	Fils/ Liter	489	553	13.1
Fuel for unplanned flights	Fils/ Liter	504	568	12.7
Asphalt	JD/ Ton	412.1	454.5	10.3

Source: Jordan Petroleum Refinery Company (1/2/2022).

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2022.

### ◆ January

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2022.

- Reduce and unify customs tariffs on goods, excludes imported goods such as cars, alcoholic beverages, and tobacco, to become 4 categories (exempt, 5%, 15%, 25%) instead of 11 categories (between 0% to 40%), as follows:
  - Reduce customs tariffs on goods subject on 1 percent to become exempt.
  - Reduce customs tariffs on goods subject on 6.5 percent and 10 percent to become subject 5 percent.
  - Reduce customs tariffs on goods subject on 25 percent and 30 percent 35 percent 40 percent to become subject 5 percent, except for those produced by Jordanian engineering, construction, furniture and food industries, will be subject to:
    - 25 percent to 31/12/2024.
    - 20 percent starting from 1/1/2025.
    - 15 percent starting from 1/1/2027.
- Reduce the sales tax on cakes, wafers and biscuits from 16 percent to 5 percent.
- The expiry of the Cabinet decides taken in July 2018, according to which the special tax imposed on cars that partially operate on electricity (hybrid) was reduced and raised gradually during the period (2018-2021), to become the special tax imposed on it 55 percent, as of 1/1/2022.
- Issuing the amending by-law for the year 2022 for the work permit fees to non-Jordanian workers, in which a fee for issuing or renewing a work permit for one year or part of the year shall be collected from the employer JD 350, for every worker in all sectors and economic activities, except the following:

- Collect JD 225 for each worker with institutions and companies operating in the clothing and textile industry sector registered in the Investment Commission in development zones.
- Collect JD 800 for each worker from Day laborers for a free permit in the agricultural sector, or construction sector, or loading and unloading sector, or whoever the Minister of Labor decides to consider them in this category.
- Collect a fee for issuing or renewing a work permit for each worker with specialized skills in excess of the numbers or percentages of expatriate workers allowed, as following:
  - o JD 2,150 for issuance of a work permit for a period of one year.
  - o JD 1,250 for issuance of a work permit for a period of six months.
  - o JD 645 for issuance of a work permit for a period of three months.

#### □ Fiscal and Price Measures of 2021

##### ◆ December

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for December 2021.
- The Cabinet decided to extend the previous decision related to exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/3/2022.

##### ◆ November

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for November 2021.



**◆ October**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for October 2021.

**◆ September**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for September 2021.
- Approving a supplementary law for the General Budget Law for the year 2021, which included an additional foreign grant in the amount of JD 263 million (exceptional grant from USA), to cover the costs of the stimulus and mitigating measures announced by the government earlier, to confront the repercussions of the COVID-19 pandemic. It was distributed at JD 78.5 million to cover current expenditures, and JD 184.5 million to cover capital expenditures.

**◆ August**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for August 2021.

**◆ July**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for July 2021.
- The Cabinet decided to reduce the general sales tax on paper and cardboard used in the manufacture of eggs dishes, and cartons that are remanufacture or recycled and used for the manufacture of egg dishes, and egg cartons, to be subject to reduced tax rate of 4 percent.

**◆ June**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for June 2021.

- The Prime Minister issued a defense order to set an upper limit for the costs of transporting imported goods to the place of their entry for the purpose of determining the customs value of goods imported into the Kingdom, starting from 1/7/2021 until 31/12/2021, as follows:

Source goods	Maximum Dollar freight rates, for a 20-foot container	Maximum Dollar freight rates, for a 40-foot container
East Asia and the Far East	2,000	4,000
Europe	1,500	3,000
USA	1,700	3,400

- The Cabinet decided to exempt Jordanians participating in the "Our Jordan is a Paradise" program from entry fees to archaeological and tourist sites until 31/12/2021.
- The Cabinet decided to extend the previous decision regarding exempting transfer transactions by inheritance and exit from registration fees, and exempting apartments and lands from registration fees and real-estates tax until 31/12/2021.

#### ◆ May

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for May 2021.

#### ◆ April

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for April 2021.

**◆ March**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for March 2021.
- Launching a stimulus and mitigating package for various economic sectors and citizens, until the end of this year, to confront the repercussions of the COVID-19 pandemic, in the amount of JD 448 million (1.4 percent of GDP), distributed by JD 423 million from the Ministry of Finance, and JD 25 million from the Social Security Institution.

**◆ February**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for February 2021.

**◆ January**

- The Energy and Minerals Regulatory Commission decided to maintain fuel price bands item at 0 fils, for January 2021.
- Based on the Cabinet decision in July 2018, concerning raising the special tax on hybrid vehicles annually by, the rate was raised by 5 percentage points to become 45 percent, starting from 1/1/2021.
- The Cabinet decided to reduce fees for work permits for non-Jordanian workers working in the agricultural and bakery sectors by JD 200 out of JD 400 for three months from the date of the decision.

**□ Grants, Loans and Other Agreements for 2022****◆ February**

- Signing a grant agreement in the amount of EUR 4.13 million, provided by the Netherlands government, to contribute to the countryside economic development and employment project implemented by Jordan Enterprise Development Corporation (JEDCO) and funded by IFAD.

**□ Grants, Loans and Other Agreements for 2021****◆ December**

- Signing a four development grant agreements, in the amount of EUR 86 million, provided by the German government and the EU through the German Development Bank (KfW) to support the water and sanitation and educational sectors.
- Signing a soft loan agreement, in the amount of EUR 70 million, provided by the European Investment Bank (EIB), to improve the efficiency of the water resources in the Jordan Valley, provide water for domestic and industrial uses, reduce water loss and provide safe drinking water in Amman and Irbid.
- Signing a grant agreement in the amount of USD 990 thousand, provided by the Italian government, to implement a sustainable production project, which will make use of natural agricultural resources in Maan.
- Signing a two grant and aid agreements in the amount of USD 597 million, provided by the USA, as part of US economic assistance to Jordan for the 2021 fiscal year that totals \$1.2 billion.
- Signing the first phase of a soft loan agreement, in the amount of EUR 50 million, provided by the German Development Bank (KfW) to finance a project to build new public schools as part of the government economic priority programme for 2021-2023.

**◆ November**

- Signing a memorandum of understanding between the government of Japan and Jordan, under which the Japan International Cooperation Agency (JICA) provide a loan in the amount of a USD 100 million, to support the general budget, combat economic and development challenges facing the kingdom, as well as enhance social protection.

- Signing an agreement to finance a soft loan, in the amount of EUR 30 million, provided by the European Bank for Reconstruction and Development (EBRD), to cover the construction of a new wastewater treatment plant in Al Ghabawi region.
- Signing a two development aid agreements, in the amount of USD 80 million, provided by the Kuwait Fund for Arab Economic Development, to support the government's development efforts achieving its strategic goals in the field of energy, as well as supporting the Jordanian response plan for the Syrian crisis in the health sector.

#### ◆ August

- Signing a grant agreement provided by the Qatar Fund for Development (QFD), in the amount of USD 6.7 million, to develop and strengthen the education sector by enhancing young people's educational capacities.

#### ◆ July

- Signing a three financing agreements provided by the World Bank (WB), in the amount of USD 853.8 million, to support the government's efforts in the field of social protection, implement the agenda of economic reforms and restore the economy by supporting programs that support the continuity of employment opportunities and job creation in the private sector, in addition to the improvement of the environment business and investment.
- Signing a grant agreement to provide COVID-19 vaccines provided by Qatar Charity, in the amount of QAR 10 million, to support the Kingdom's COVID-19 vaccination efforts for citizens and Syrian refugees.
- Signing a four development aid agreements provided by the German Development Bank (KfW), in the amount of EUR 89 million, including EUR 15 million grants and EUR 74 million soft loans, to support priority development projects in the water and environment sectors.

**◆ May**

- Signing an assistance agreement (grants and loans) provided by the Italy governments, in the amount of EUR 235.0 million, this agreement within the Indicative Country Program to Jordan for the period (2021-2023), as follows:
  - EUR 30 million grant to finance development projects for local communities hosting Syrian refugees.
  - EUR 20 million arrangements for a debt- for-development swap to finance projects that promote inclusive and sustainable development.
  - EUR 185 million soft loans, of which EUR 50 million were allocated for the national water conveyance project, EUR 85 million to support the health sector, and EUR 50 million to support the agricultural sector.

**◆ April**

- Signing a grant agreement provided by the Japanese governments, in the amount of USD 4.8 million, to support and implement the third phase of a project to enhance security protection at border areas.

**◆ January**

- Signing a grant agreement provided by the Japan government in the amount of USD 22.9 million, to support and implement a renovation project to the Zay station that provides drinking water to Amman and Balqa.
- Signing a soft loan agreement provided by the European Investment Bank (EIB), in the amount of USD 59 million, to support the public health sector in responding to the repercussions of the COVID-19 pandemic.

#### Fourth: External Sector

##### □ Summary

- **Total merchandize exports** (domestic exports *plus* re-exports) increased by 41.2 percent in November 2021, compared to the same month of 2020, to reach JD 666.6 million. As for the first eleven months of 2021, total exports increased by 18.3 percent, compared to the same period of 2020, to reach JD 5,997.2 million.
- **Merchandize imports** increased by 28.2 percent in November 2021, compared to the same month of 2020, to reach JD 1,430.6 million. As for the first eleven months of 2021, imports increased by 24.2 percent, compared to the same period of 2020, to reach JD 13,821.6 million.
- **Consequently**, the trade balance deficit (total exports minus imports) increased by 18.7 percent in November 2021 compared to the same month of 2020; standing at JD 764.0 million. As for the first eleven months of 2021, the trade balance increased by 29.2 percent, compared to the same period of 2020, to reach JD 7,824.4 million.
- **Travel receipts** increased by 89.9 percent during 2021, to register JD 1,899.6 million, compared to 2020. While, travel payments increased by 131.6 percent, to register JD 627.0 million, compared to 2020.
- **Total workers' remittances receipts** increased by 1.0 percent during 2021, compared to 2020, to reach JD 2,412.1 million.
- **The current account of the balance of payments** (including grants) registered a deficit amounted to JD 2,835.5 million (12.1 percent of GDP) during the first three quarters of 2021, compared to a deficit of JD 1,775.5 million (7.8 percent of GDP) during the same period of 2020. Meanwhile, the current account deficit excluding grants increased to reach 14.8 percent of GDP, compared with 11.0 percent of GDP during the same period of 2020.
- **Direct investment** recorded inflow of JD 269.4 million during the first three quarters of 2021, compared to inflow of JD 398.9 million during the same period of 2020.

- **International investment position (IIP)** displayed a net obligation to abroad of JD 34,571.6 million at the end of the third quarter of 2021, compared to a net obligation of JD 33,685.0 million at the end of 2020.

#### □ External Trade

- As a result of the increase in domestic exports by JD 909.8 million and the increase in imports by JD 2,695.7 million during the first eleven months of 2021, the volume of external trade (domestic exports *plus* imports) increased by JD 3,605.4 million to stand at JD 19,268.6 million, compared to the same period of 2020.

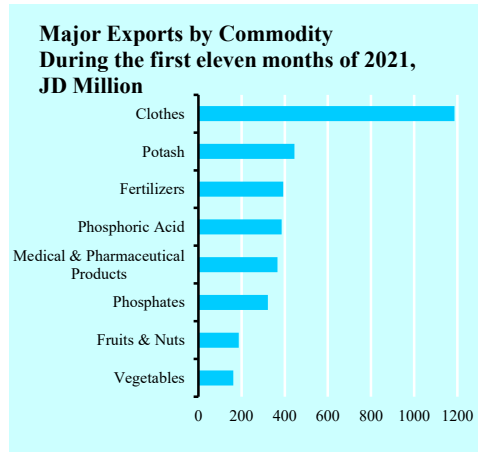
Jordan's Major Trading Partners			
JD Million			
January – November			
	2020	2021	Percentage Change
<b>Exports</b>			
USA	1,085.3	1,460.3	34.6
India	510.1	789.0	54.7
Saudi Arabia	522.4	670.3	28.3
Iraq	404.7	368.9	-8.8
Kuwait	149.4	146.8	-1.7
UAE	160.7	144.5	-10.1
Indonesia	82.3	113.9	38.4
<b>Imports</b>			
Saudi Arabia	1,371.5	2,066.7	50.7
China	1,743.9	1,983.4	13.7
UAE	412.3	890.8	116.1
USA	871.7	868.0	-0.4
Germany	464.0	493.1	6.3
Egypt	387.1	465.0	20.1
Turkey	356.1	450.7	26.6
Source: Department of Statistics.			

Main External Trade Indicators				
JD Million				
January – November				
	2020	Percentage Change (%)	2021	Percentage Change (%)
External Trade	15,663.2	-8.2	19,268.6	23.0
Total Exports	5,069.9	-5.2	5,997.2	18.3
Domestic Exports	4,537.2	-0.1	5,447.0	20.1
Re-exports	532.7	-33.9	550.2	3.3
Imports	11,125.9	-11.1	13,821.6	24.2
Trade Balance	-6,056.0	-15.4	-7,824.4	29.2
Source: Department of Statistics.				



### ■ Merchandize Exports:

Total merchandize exports increased by 18.3 percent during the first eleven months of 2021, to reach JD 5,997.2 million. This increase was a result of the increase in domestic exports by JD 909.8 million, or 20.1 percent to reach JD 5,447.0 million and an increase in re-exports by JD 17.5 million, or 3.3 percent to reach JD 550.2 million.



### ◆ The developments of domestic exports during the first eleven months of 2021 compared with the same period of 2020 reveals the following:

- Exports of **Phosphoric Acid** increased by JD 221.8 million, or 135.6 percent, to reach JD 385.4 million. The markets of India and Turkey accounted for 94.9 percent of these exports.
- Exports of **Fertilizers** increased by JD 162.7 million or 70.7 percent to stand at JD 392.9 million. The USA, India and Turkey were the main destination markets for these exports, accounting for 83.0 percent.
- Exports of **Clothes** increased by JD 138.0 million or 13.2 percent to reach JD 1,186.4 million. It is worth noting that the USA market accounted for 85.6 percent of these exports.

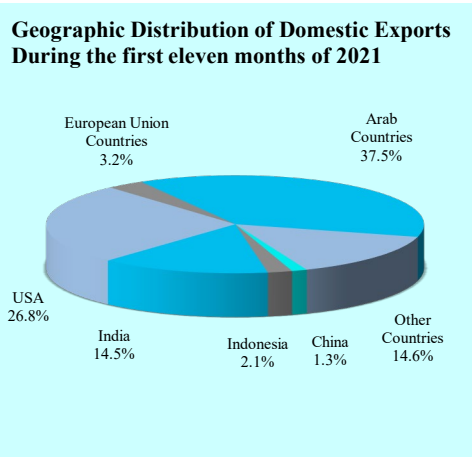
- Exports of **Phosphates** increased by JD 99.0 million, or 44.6 percent, to stand at JD 321.2 million. The markets of India, Indonesia and Brazil accounted for 97.3 percent of these exports
- Exports of **Potash** increased by JD 94.7 million or 27.0 percent, to stand at JD 445.5 million. It is worth noting that India, Indonesia, Egypt and China accounted for 51.7 percent these exports.
- Exports of “**Fruits & Nuts**” increased by JD 88.6 million, or 90.3 percent, to reach JD 186.7 million. Saudi Arabia, Iraq, Kuwait, Qatar and the UAE were the main destination markets; accounting for 75.2 percent of these exports.

**Major Domestic Exports by Commodity, JD Million  
January – November 2020-2021**

	2020	2021	Percentage Change
<b>Domestic Exports</b>	<b>4,537.2</b>	<b>5,447.0</b>	<b>20.1</b>
<b>Clothes</b>	<b>1,048.4</b>	<b>1,186.4</b>	<b>13.2</b>
USA	924.3	1,015.2	9.8
<b>Potash</b>	<b>350.8</b>	<b>445.5</b>	<b>27.0</b>
India	87.1	82.3	-5.5
Indonesia	22.5	51.4	128.4
Egypt	28.6	48.8	70.6
China	91.7	48.0	-47.7
<b>Fertilizers</b>	<b>230.2</b>	<b>392.9</b>	<b>70.7</b>
USA	7.1	234.4	-
India	126.8	66.4	-47.6
Turkey	18.7	25.4	35.8
<b>Phosphoric Acid</b>	<b>163.6</b>	<b>385.4</b>	<b>135.6</b>
India	139.9	347.0	148.0
Turkey	0.0	18.8	-
<b>Medical &amp; Pharmaceutical Products</b>	<b>372.0</b>	<b>366.4</b>	<b>-1.5</b>
Saudi Arabia	82.9	76.1	-8.2
Iraq	65.4	65.9	0.8
Algeria	39.7	34.8	-12.3
USA	46.7	29.4	-37.0
<b>Phosphates</b>	<b>222.2</b>	<b>321.2</b>	<b>44.6</b>
India	144.8	230.9	59.5
Indonesia	59.3	61.0	2.9
Brazil	9.2	20.5	122.8
<b>Fruit &amp; Nuts</b>	<b>98.1</b>	<b>186.7</b>	<b>90.3</b>
Saudi Arabia	27.6	62.9	127.9
Iraq	25.3	27.2	7.5
Kuwait	10.7	20.1	87.9
Qatar	3.8	16.1	323.7
UAE	7.6	14.1	85.5
<b>Vegetables</b>	<b>166.6</b>	<b>161.6</b>	<b>-3.0</b>
Saudi Arabia	48.1	48.1	0.0
Kuwait	37.1	35.3	-4.9
UAE	18.5	17.5	-5.4

Source: Department of Statistics.

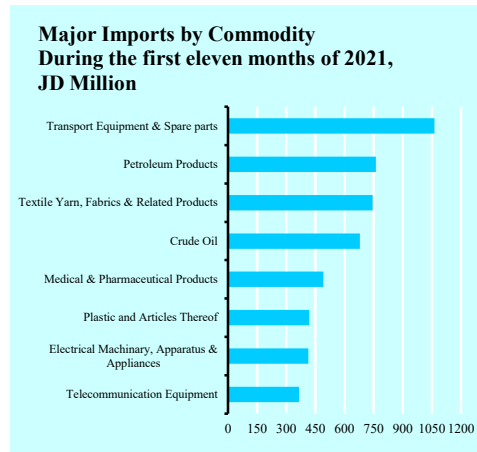
- Consequently, the commodity breakdown of domestic exports indicates that exports of Clothes, Potash, Fertilizers,



“Phosphoric Acid”, “Medical & Pharmaceutical Products”, Phosphates, “Fruits & Nuts” and Vegetables topped the list of domestic exports during the first eleven months of 2021; accounting for 63.3 percent, compared with 58.4 percent during the same period of 2020. Meanwhile, the geographical distribution of domestic exports indicates that the USA, India, Saudi Arabia, Iraq, Kuwait, the UAE and Indonesia were the main destination markets during the first eleven months of 2021; accounting for 67.8 percent, compared with 64.2 percent during the same period of 2020.

■ **Merchandize Imports:**

Merchandize imports increased by 24.2 percent to reach JD 13,821.6 million during the first eleven months of 2021, compared to a decrease by 11.1 percent during the same period of 2020.



◆ **The developments of imports during the first eleven months of 2021 compared with the same period of 2020 reveals the following:**

- **Crude oil** imports increased by JD 297.3 million, or 78.0 percent, to reach JD 678.4 million. Saudi Arabia and Iraq was the main origin market accounting for 100.0 percent of these imports.
- **Petroleum products** imports increased by JD 260.1 million or 51.9 percent to stand at JD 761.4 million. Saudi Arabia and the UAE were the main markets, accounting for 83.4 percent of these imports.
- **Transport equipment & spare parts** imports increased by JD 153.6 million or 16.9 percent to reach JD 1,063.0 million. South Korea, the USA, Japan and Germany were the main origin markets, accounting for 64.9 percent of these imports.

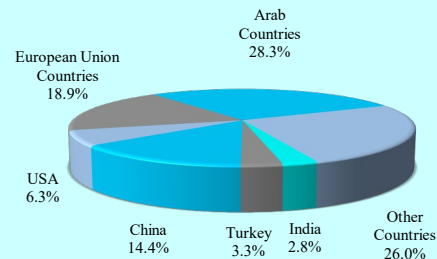
- **Textile yarn, fabrics and related products** imports increased by JD 148.4 million, or 24.9 percent, to reach JD 744.1 million. China, Taiwan and Turkey were the main markets accounting for 77.0 percent of these imports.
- **Plastic and Articles Thereof** imports increased by JD 105.8 million or 33.8 percent, to reach JD 418.7 million. Saudi Arabia, China and the UAE were the main markets, accounting for 71.9 percent of these imports.
- **Electrical Machinery, Apparatus & Appliances** imports increased by JD 87.0 million or 26.7 percent to reach JD 412.8 million. China, Turkey and USA were the main origin markets accounting for 52.4 percent of these imports.

<b>Major Imports by Commodity, JD Million</b>			
<b>January - November 2020-2021</b>			
	<b>2020</b>	<b>2021</b>	<b>Percentage Change</b>
<b>Total Imports</b>	<b>11,125.9</b>	<b>13,821.6</b>	<b>24.2</b>
<b>Transport Equipment &amp; Spare Parts</b>	<b>909.4</b>	<b>1,063.0</b>	<b>16.9</b>
South Korea	155.2	206.6	33.1
USA	217.3	193.3	-11.0
Japan	133.1	156.7	17.7
Germany	114.9	133.8	16.4
<b>Petroleum Products</b>	<b>501.3</b>	<b>761.4</b>	<b>51.9</b>
Saudi Arabia	343.8	465.0	35.3
UAE	43.2	169.8	293.1
<b>Textile Yarn, Fabrics and Related Products</b>	<b>595.7</b>	<b>744.1</b>	<b>24.9</b>
China	283.1	353.4	24.8
Taiwan	113.7	146.9	29.2
Turkey	47.9	72.8	52.0
<b>Crude Oil</b>	<b>381.1</b>	<b>678.4</b>	<b>78.0</b>
Saudi Arabia	339.7	638.2	87.9
Iraq	41.4	40.2	-2.9
<b>Medical &amp; Pharmaceutical Products</b>	<b>437.0</b>	<b>491.5</b>	<b>12.5</b>
Germany	61.8	68.8	11.3
USA	45.7	45.8	0.2
Belgium	16.6	45.4	173.5
<b>Plastic and Articles Thereof</b>	<b>312.9</b>	<b>418.7</b>	<b>33.8</b>
Saudi Arabia	150.9	232.5	54.1
China	28.0	40.1	43.2
UAE	21.8	28.5	30.7
<b>Electrical Machinery, Apparatus &amp; Appliances</b>	<b>325.8</b>	<b>412.8</b>	<b>26.7</b>
China	116.8	161.5	38.3
Turkey	16.4	28.7	75.0
USA	16.4	26.0	58.5
<b>Telecommunication Equipmnt</b>	<b>369.3</b>	<b>366.5</b>	<b>-0.8</b>
China	276.4	260.1	-5.9
Vietnam	46.0	51.4	11.7
India	11.5	16.3	41.7

Source: Department of Statistics.

- Consequently, the commodity composition of imports indicates that “Transport Equipment and Spare Part”, Petroleum Products, “Textile Yarn, Fabrics and Related Products”, Crude Oil, “Medical & Pharmaceutical Products”, “Plastic and Articles Thereof”, “Electrical Machinery, Apparatus & Appliances” and “Telecommunication Equipment”, topped the list of imports during the first eleven months of 2021, accounting for 35.7 percent, compared with 34.4 percent during the same period of 2020. Meanwhile, the geographical distribution of imports indicates that Saudi Arabia, China, the UAE, the USA, Germany, Egypt and Turkey were the main source markets during the first eleven months of 2021; accounting for 52.2 percent of imports, compared to 50.4 percent during the same period of 2020.

**Geographic Distribution of Imports  
During the first eleven months of 2021**



#### ■ Re-Exports

The value of re-exported goods in November 2021 increased by JD 27.9 million, or 70.1 percent, compared to the same month of 2020, to stand at JD 67.7 million. As for the first eleven months of 2021, the re-exported goods increased by JD 17.5 million, or 3.3 percent, compared to the same period of 2020, to stand at JD 550.2 million.

#### ■ Trade Balance

The trade balance deficit increased by JD 120.2 million, or 18.7 percent in November 2021, compared to the same month of 2020, to reach JD 764.0 million. As for the first eleven months of 2021, trade balance deficit increased by JD 1,768.4 million, or 29.2 percent, compared to the same period of 2020, to stand at JD 7,824.4 million.

### □ Total Workers' Remittances Receipts

Total workers' remittances receipts increased during 2021 by JD 22.8 million, or 1.0 percent to stand at 2,412.1 million, compared to 2020.

### □ Travel

#### ■ Receipts

Travel receipts increased by 89.9 percent during 2021, to register JD 1,899.6 million, compared to 2020.

#### ■ Payments

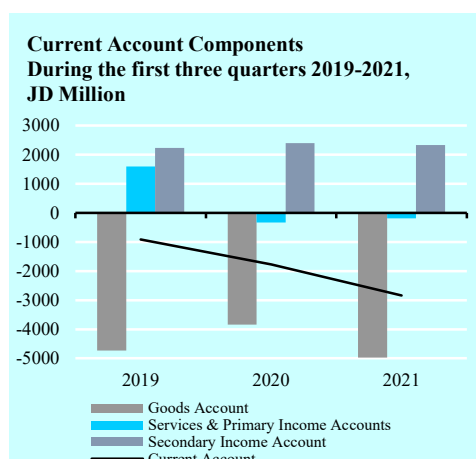
Travel payments increased by 131.6 percent during 2021, to register JD 627.0 million, compared to 2020.

### □ Balance of Payments

The preliminary data for the balance of payments during the first three quarters of 2021 reveals the following:

- The current account recorded a deficit of JD 2,835.5 million (12.1 percent of GDP), compared to a deficit of JD 1,775.5 million (7.8 percent of GDP) during the same period of 2020. Meanwhile, the current account deficit (excluding grants) increased to reach JD 3,482.5 million (14.8 percent of GDP), compared to a deficit of JD 2,496.1 million (11.0 percent of GDP) during the same period of 2020. This was an outcome of the following developments:

- ◆ An increase in the goods account deficit by JD 1,136.8 million, or 29.6 percent, to reach JD 4,975.0 million, compared to a deficit of JD 3,838.2 million during the same period of 2020.



- ◆ The services account recorded a deficit of JD 49.8 million, compared to a deficit of JD 275.3 million during the same period of 2020.
- ◆ An increase in the primary income account deficit to reach JD 140.6 million, compared to a deficit of JD 55.6 million during the same period of 2020. This was mainly due to the increase in the deficit of investment income (net) to reach JD 287.9 million, compared to deficit of JD 207.6 million, and the decrease in the surplus of “compensation of employees (net)” by JD 4.7 million to reach JD 147.3 million.
- A decrease in the secondary income account net surplus by JD 63.7 million to reach JD 2,329.9 million, compared to a net surplus of JD 2,393.6 million during the same period of 2020. This was a result of the decrease in the net transfers of the public sector (foreign grants) by JD 73.6 million to reach JD 647.0 million, and the increase in net surplus of other sectors transfers (net) by JD 9.9 million to reach JD 1,682.9 million.



- As for the capital and financial transactions during the first three quarters of 2021, the capital account registered a net inflow of JD 12.9 million, compared to an identical net inflow during the same period of 2020. Meanwhile, the financial account registered a net inflow of JD 772.6 million during the first three quarters of 2021, compared to a net inflow of JD 1,645.3 million during the same period of 2020, this could be attributed to the following:
  - ◆ Direct investment recorded inflow of JD 269.4 million compared to inflow of JD 398.9 million.
  - ◆ Portfolio investment recorded a net outflow of JD 115.1 million compared to a net inflow of JD 1,191.5 million.
  - ◆ Other investment registered a net inflow of JD 1,615.7 million, compared to a net inflow of JD 1,535.7 million.
  - ◆ Reserve assets of the CBJ registered an increase by JD 988.5 million, compared to an increase by JD 1,468.5 million.

#### □ International Investment Position (IIP)

The IIP, which represents the Kingdom's net position (stock) of external financial assets and liabilities, displayed an obligation to abroad of JD 34,571.6 million at the end of the third quarter of 2021, compared to JD 33,685.0 million at the end of 2020. This was due to the following developments:

- An increase in the position of external assets (the stock of claims, obligations and financial assets) for all residing economic sectors in the Kingdom by JD 720.7 million at the end of the third quarter of 2021 to reach JD 20,993.8 million. This was mainly due to the increase in the CBJ's reserve asset by JD 680.9 million, and the increase of licensed bank loan's to abroad by JD 36.0 million.

- An increase in the position of external liabilities (the stock of claims, obligations and financial assets) on all residing economic sectors in the Kingdom by JD 1,607.3 million at the end of the third quarter of 2021, to reach JD 55,565.4 million compared to its level at the end of 2020. This was due to the following developments:
  - ◆ An increase in the deposits of non-residents at the banking sector by JD 384.8 million or 3.7 percent to stand at JD 10,841.4 million (increase by JD 538.9 million for the licensed banks, and a decrease by JD 154.1 million for the CBJ).
  - ◆ An increase in the stock of net foreign direct investment in the kingdom by JD 344.3 million or 1.3 percent, to stand at JD 26,293.1 million.
  - ◆ An increase of SDR's allocation by JD 326.5 million, or 197.3 percent, to stand at JD 492.0 million.
  - ◆ An increase of government long term loans by JD 317.0 million, or 5.5 percent, to stand at JD 6,052.8 million.
  - ◆ An increase in the balance of the international monetary fund credit facilities by JD 119.5 million, or 16.2 percent, to reach JD 856.2 million.
  - ◆ An increase of trade credits to residents in the kingdom by JD 77.8 million, or 12.4 percent, to stand at JD 704.0 million.
  - ◆ An increase of banks short-term loans by JD 63.3 million, or 15.2 percent, to stand at JD 480.4 million.
  - ◆ A decrease in the stock of portfolio investment in the kingdom by JD 140.9 million, or 2.0 percent, to stand at JD 7,061.7 million.