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Regional Seminar on Machine Tools  
in Developing Countries of  
Europe, Middle East and North Africa

Slatni Pjassazi (Golden Sands) near  
Varna, Bulgaria, 18 to 27 October 1971

TOOL INDUSTRY

IN

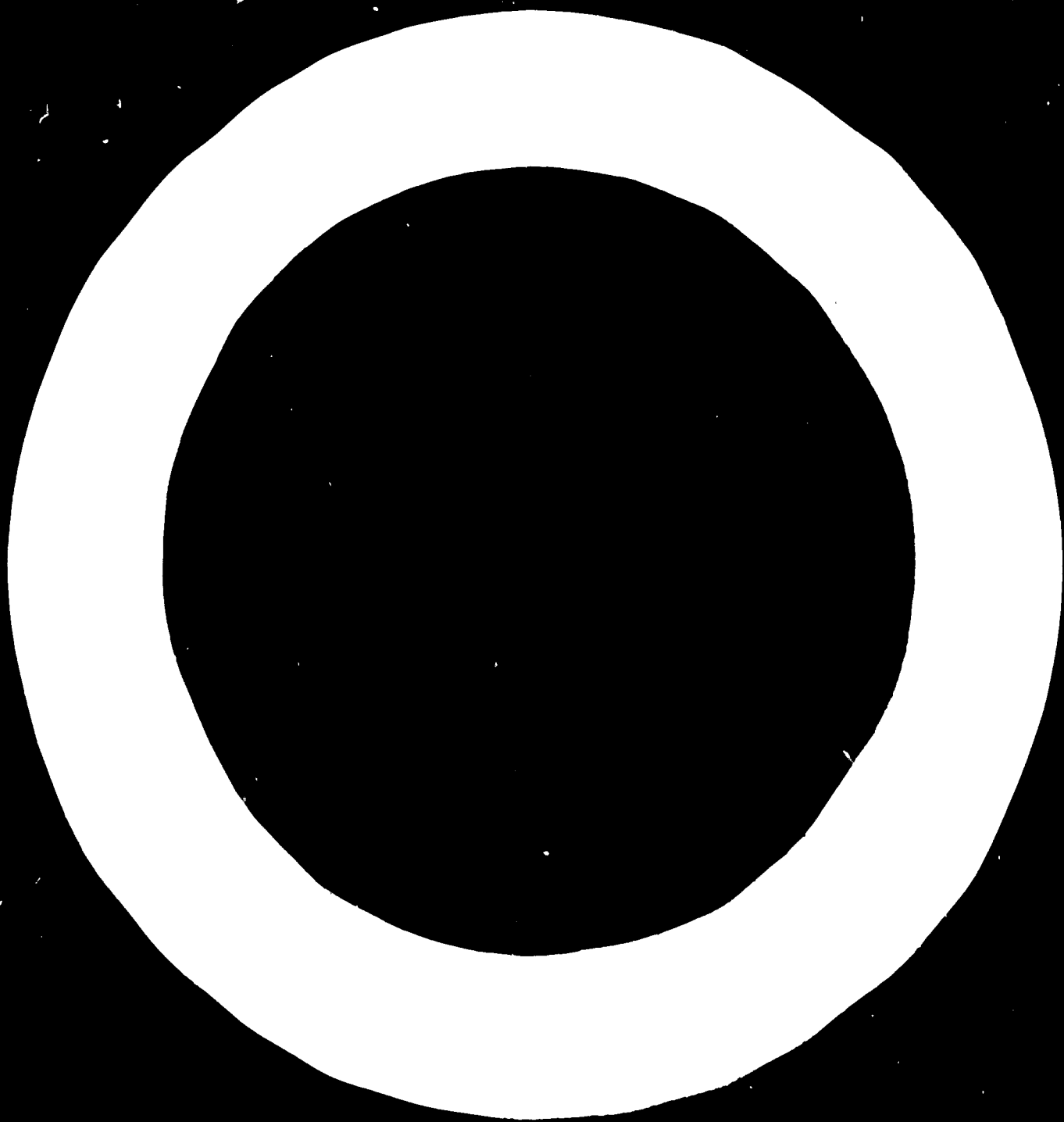
JORDAN <sup>1/</sup>

by

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Tool industry in Jordan is a new industry because the Jordan market was relying mainly on import tools from outside the Country, due to the following reasons:-

1. Lack of technicians in the past years.
2. Lack of technical know-how.
3. Lack of raw materials.
4. Due to the narrow local market and the big demand of the product.

Since the last few years the Jordanian manufactures started to design and produce some type of tools according to the local demand. This type of industry developed itself by improving the quality and design in order to suit the local consumers and compete the similar imported goods. So, Jordan is a developing country with many prospect for economic expansion and financial investment.

It has rich agricultural lands in the Jordan Valley, large deposits of phosphate rocks and active important tourist industry.

As the case in other small countries where the local consumption is very limited and means of transport for export is limited to road vehicles the concentration is based on small scale industry for both local consumption and export to neighbouring countries.

In the purposeful drive for progressive economic development the inhabitants of Jordan realize the extent of their responsibilities to work on more than one front while being conscious and deeply convinced of the essential necessity of industrialization.

The last ten years have witnessed a rapid growth in economic development. The economic policy of the government and the seven year plan have contributed to this rapid growth which manifests its self in the increase and diversity of manufactured and semi-manufactured goods and gradual expansion in export.

Increasing public and private investment have brought about evident changes in the international structure of the economy, intensifying the activity of its various sectors and contributing to the general growth of the national income and the overall progress of the country.

The promotion and diversification of manufactured goods has been enhanced in several ways taking in consideration at first and the needs and requirements of the local market.

As Jordan is developing, its tourist industry a lot of attention is based for the traditional handicraft industry located in the Jerusalem area only.

The regular increase and the big demand for houses was the main reason to start machine fabrication in Jordan.

Foundries were established to cast all sort of stone crushers, Tile making, Olive oil machines, centrifugal and vertical pumps, deep well artision pumps reciprocating pumps etc. Most of these machinaries were manufactured to Italian design and were modified later to suit local dimands.

This industry flourished very quickly and some firms like messers Khalifen Bros, were able to export their machinery to Iraq and Kuwait. Because of the wide demand for this kind of machinery foundries were modified and now able to cast up to five tons a peice for the tile industry for qgriculture a lot of machinery are manufactured in Jordan, Olive oil pressing machines which can handle up to 350 Kg./Cm<sup>2</sup>, it is mainly formed of cast iron cylinder and cylinder head with reciprocating pump completely manufactured for this purpose.

Stone crushers are also produced in Jordan on a big scale together with earth moving dumpers.

Centrifugal pumps are widely projuded in Jordan in more than one factory coupled to electric motor of diesel engines is successfully used all over the place.

The other kind of production industry in Jordan is the small and medium size which are employing 75% of the labour force.

The United Industries are producing very successfully the wet car batteries, and covering the whole Middle East Area. This fully equipped to produce all parts required for its needs. Dry cell batteries are also completely produced in Jordan.

For building industry the complete range for sanitary fittings and pipes are produced for local and export markets, cast iron manholes are widely produced to all specifications to meet the increasing demand of sewage work and treatment plants. The Industrial Co. for Castings and Sanitary Fittings is the leading firm in this aspect using modern moulding machines and complete production lines for this purpose.

The national income has been growing at a steady rate since 1962 where the figure was JD. 29 Millions<sup>1/</sup> The estimated figure in 1966 was JD. 185 Million. Progressive expansion of industrialization continues to be a principle target.

There are numerous light industries which can be established, their establishment is most desirable because importation of consumer goods continues to increase while the need grows more urgent to narrow the gap between import and export.

The need for diversity is manifested in the classification of industry as compiled by the department of statistics in the census of industry 1964.

<sup>1/</sup> 1 JD = US\$ 2,63 (approximately)



Out of 5867 industrial establishments there are 858 engaged in furniture and wood work, 717 engaged in show (stove)? making, 679 in clothing work etc.

The new industries which started production in 1966 are:-

Napkins and sanitary papers	Dry Batteries
Pharmaceutical products	Kitchen Utensils
Woolen piece goods	Paper and Carboard
Stoves and cookers	Iron Bars
Safety Matches	Fishing Boats
Under wear	Aluminum Utensils
Ceramics	

In spite of the tremendous effort by the individual firms to push the machine industry forward, we are still far behind in this field and this is due to lack of financing and technical knowhow and unless we must produce any kind of small medium size machines we shall not be in a position to complete even locally.

In order to go ahead and organize a good production in this field we should look for type of co-operation with European firms and establish joint venture industries here in Jordan.

On the other hand a Royalty agreement could be drafted to start such industry on these basis provided a proper financing is secured. As I said before we have good technicians in both administration and organization.

Marketing is a very important factor and should be taken

into consideration as mentioned before the local market is very limited and unless this industry is exported, then, the whole project will not be feasible to establish so a joint venture project or a royalty agreement are essential to start with provided that the agreement specify a reasonable percentage of near by markets.

We are facing a big competition from Europe in general, and the socialist states in particular in this field of industry.

The Jordan Government for this purpose took the whole matter into consideration and issued a law titled "The Encouragement and Guidance of industry" and "The Encouragement of foreign capital investment".

Investment opportunities in Jordan constitute great advantages to investors. A growing internal market, a strategic location for serving the expanding Arab market area and unmatched political stability provide the necessary incentive and environment for private enterprise.

The Jordan investment promotion office, operating within the ministry of National economy has been especially established to provide advice and furnish information about new industrial openings and opportunities to prospective investors.

A summary of the seven-year plan for economic development in Jordan regards the development of the industrial sector, and the law for the Encouragement of Investment of local, and foreign capital in Jordan.

1. A major reduction in the balance of trade deficit and a reduction in the level of budget support in as far as can be borne by Jordan.
2. An increase in per capital income at as rapid a rate as possible.
3. A reduction in the level of unemployment.

The programme expects to increase National product from JD.137 Million in 1963 to JD.226 Million in 1970.

To achieve these objectives the programme calls for:-

1. Private consumption must be restrained to an increase of no more than 4% per year of which 3% will represent the increase in population and 1% increase in average standard of living.

This private consumption expenditure will rise from JD.116 million to JD.155 million at the end of the plan period.

2. The great increase in central Government recurring expenditures must be restrained where by it will rise from JD.33 million in 1963 to 41JD million at the end of the plan period.
3. Capital investments by the private and public sector will rise from JD.18.7 million in 1963 to JD.42.3 million at the end of the plan period. Whereby the total investment by the private and public sectors over the period of the plan will amount to JD. 247 million distributed on the economic activities.

The law for encouragement of foreign capital investment serve for both Arab & outside investment.

It supersedes the encouragement of investment of foreign capital No. 28 of 1955, has a very much wider scope and grants more facilities and exemptions.

Accordingly any foreign capital invested in Jordan shall be treated on equal basis with local.

In addition the government shall guarantee to foreign capital enjoyment of all the exemptions and facilities granted there to under the law and shall in no way diminish these privileges under any subsequent legislation.

Profits derived from foreign capital invested in any project an interest there on, if the capital is in the form of a loan shall be transferred outside the Hashemite Kingdom of Jordan.

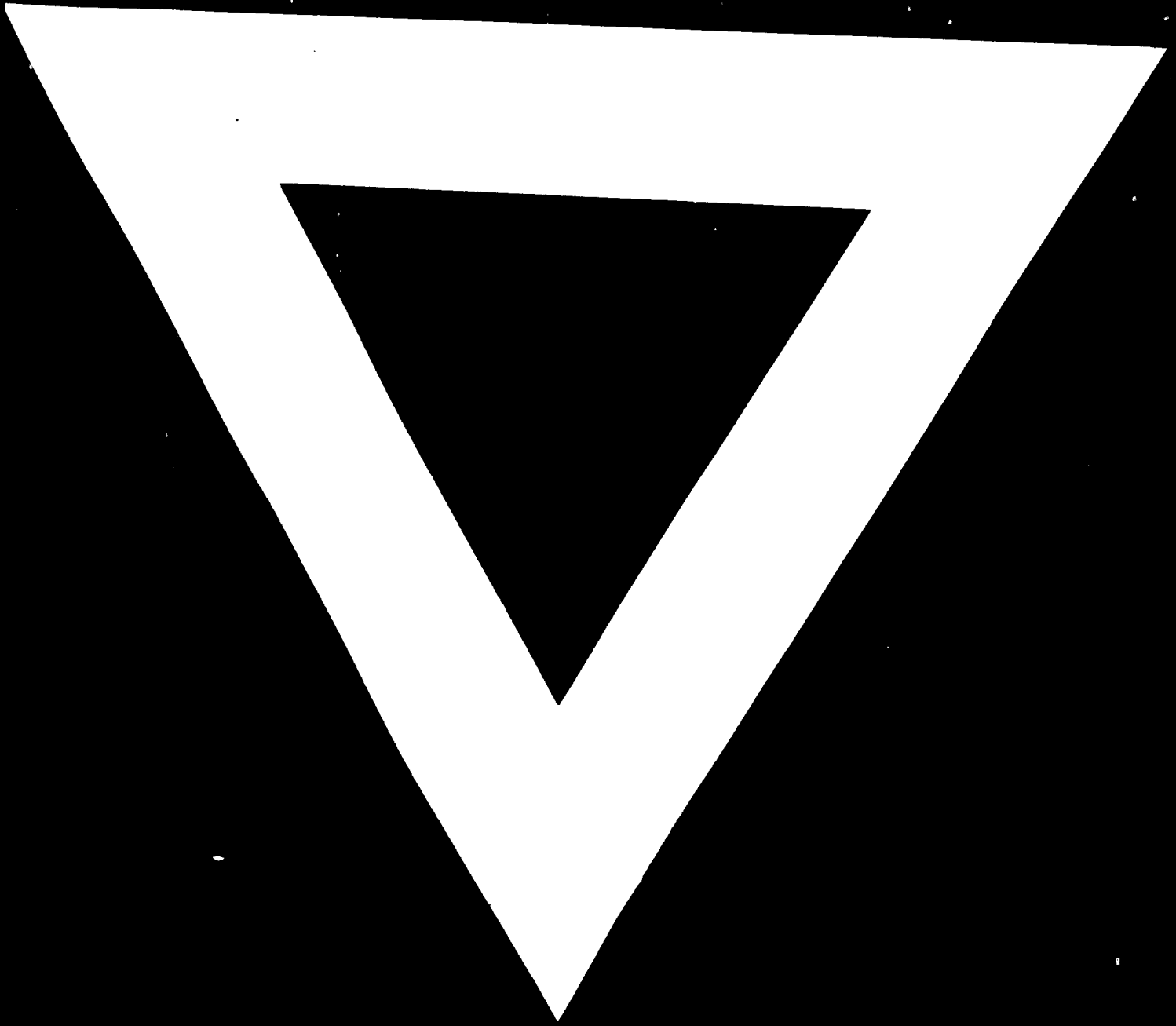
As a result of the above mentioned law many firms in western Europe have applied and some already established business in Jordan and we hope to see in the near future the machine industry organize in such a way to help producing most of the items imported from outside the country and employing a larger number of workers.

The summary that the Government of Jordan is adopting a new policy by encouraging the small scale industry to be survived by publishing a new encouragement law for industry which gives the private sector all facilities required to permit them to import all machines without customs duties, income tax for five years of the establishment period and the raw material imported. In addition to that the government restudy the best way of protecting the local manufacturing goods from the similar imported goods by increasing the tariff duties or stop importing completely the similar goods to Jordan.

And industrial development Bank was established in Jordan in 1966, the main task of the Bank is to give loan to all new industries which shows that the project is feasible.

As this industry is new, I can not give more informations more than what was mentioned above.





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