

**Access to Microfinance & Improved
Implementation of
Policy Reform
(AMIR)**

Amman - Jordan

**REVIEW OF THE EFFECTIVENESS AND IMPACT OF
JORDANIAN INVESTMENT INCENTIVES**

QIZ LABOR STUDY

FINAL REPORT

February, 2001

CDG / AL JIDARA JOINT VENTURE

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Acronyms

ADIP	Al-Dulayl Industrial Park
AHIE	Al-Hassan Industrial Estate
AKIE	Al-Karak Industrial Estate
AMIR	Access to Microfinance & Improved Implementation of Policy Reform
ATIC	Al-Tajamouat Industrial City
FTA	Free Trade Agreement
GOJ	Government of Jordan
JIB	Jordan Investment Board
JIEC	Jordan Industrial Estates Corporation
QIZ	Qualifying Industrial Zone
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The most important objective to be attained by investment promotion in Jordan is the creation of job opportunities (JIB, 1997). This principle has been the guiding light for officials in the public and private sector for the past few years. Accordingly, the AMIR program, in its continuing support of JIB, wishes to quantify the availability of labor within a certain radius of each of the existing QIZs in order to use the results as a marketing tool for the management and staff of JIB, and has commissioned CDG-Al Jidara joint venture to conduct a study of the labor supply and demand market concerning QIZs in Jordan.

To accomplish the study objectives, a desk research and field interviews were conducted for Al-Hasan, Al-Karak, and Al-Tajamouat Industrial Estates QIZ industries to determine the Jordanian labor force status, and the trends in labor supply and demand in the currently operating QIZ's. The study also aimed to gauge the experiences of the QIZ employer with the Jordanian labor market and provide insights into the labor problems faced by the QIZ industries.

CDG/Al-Jidara interviewed 22 industries. Sixteen manufacturers operating as QIZ qualified industries, another six industries that have not yet been qualified but will be operating as QIZ industries in the year 2001, and one industry operating under the FTA agreement. Most were located in the Al-Hasan Industrial Estate in Irbid, and most were Garment Manufacturing Industries.

The sixteen operating industries are currently employing around 2,622 expatriate persons and around 9,364 local persons in total. Out of the 22 industries, 8 companies do not employ expatriates at all for their managerial operation, and 7 companies employs only local labor for their production operation .

Current QIZ Labor Statistics

22 QIZ Industries are employing:

- 2,622 Expatriate workers
- 9,364 Local workers

Training of Production Employees

All companies started training their local production labor before startup and continued doing that on the job. As for the expatriate labor they are all trained before coming to Jordan, and most often at the foreign investor's set up in their originating country. It should be noted that training only applied for the production local labor.

Current QIZs Production Training Methods

- 18 QIZ Industries used TESP program
- 11 QIZ Industries used Government Vocational Training Centers

Distribution of Labor by Gender

It is noticeable that the local production labor is composed mostly of women in all QIZ areas, 9 out of 22 companies reported having more than 80% women for their local hiring, this may also be due to the nature of the garment industry which is the prevalent QIZ industry. On the other hand the expatriate production labor force is male dominant, with 6 out of the 15 companies that employ expatriate production labor, reported having more than 80% men for their expatriate hiring.

Projected Local Labor Needs by Current QIZ Industries

The Box to the right summarizes the projected local labor demand by the currently operational QIZ industries and the roughly estimated population of the currently unemployed labor force in the vicinities of each QIZ estate. The report provides a gender breakdown of these figures, for example, in Al-Hassan estate 2,376 female workers may be employed during 2001. This figure may be met

Current Operational QIZs Projected Local Labor Demand vs. Availability

Estate	Currently Unemployed Labor in QIZ Vicinity	Projected Labor
Al-Hassan	30,576	4,054
Al-Karak	5,593	3,800
Tajamouat	113,924	264
All QIZs	150,093	8,118

mostly from the unemployed females in Irbid (5,634) and some from Mafraq (989). In Al-Karak estate, 1,068 females may be employed while there are only 1,011 unemployed females from a total labor force of 5,255 females. This may indicate that while at Al-Hasan no production female labor shortage will be faced, the opposite may be true for Al-Karak.

Projected Local Labor Needs by Future QIZ Industries

The previous Box illustrated the projected demand for local labor only by the 22 identified QIZ industries operating in the three QIZ areas of Al-Hasan, Al-Tajamouat, and Al-Karak estates, which amounts to nearly **8,120** workers over the next two years. The Box to the right illustrates the labor demand expected over the next four years by the industries that are still in the pipeline of being established as QIZ industries in Jordan.

Since the inception of this report, Jordan Investment Board (JIB) alone, has been instrumental in further attracting sixteen (16) companies that are currently in the process of establishing QIZ industries in Jordan; six (6) of them already in the process of building their manufacturing operation. Further twenty-three (23) companies are still in the negotiation phase and may decide to establish their operations in Jordan. This alone is an indication that the demand for local labor will not stand at only the projected 8,120 workers.

Expected QIZ Labor Statistics

As per JIB information:

- **39** Future QIZ Industries,
 - **16** QIZ Confirmed Industries
 - **23** Industries Negotiating QIZ status
- **21,570** Expected job opportunities in Total
 - **8,120** jobs projected by currently operating QIZs
 - **13,450** Expected job opportunities, by Future QIZ-to-be Industries where:
 - **8,050** projected by confirmed QIZs

Also, in addition to the above three estates that are providing QIZ areas for industries, there is the privately owned Ad-Dulayl, that has been designated as a QIZ area and has started accepting QIZ industries. Four (4) of the above in-the-JIB-pipeline QIZ industries have already purchased property within in it, and two are expected to do so.

Aside from the JIB initiatives and successes in attracting QIZ industries to Jordan, several international companies have approached these four areas on their own. As such, six industries outside the JIB-pipeline have signed up and will soon be established in Al-

Tajamouat, to reach a total of 14 industries, and eight (8) more such industries are expected to establish operations in Ad-Dulayl to reach a total of 14 QIZ industries in that area.

Reported Problems With Jordanian labor

It should be noted that 11 managers have been interviewed at Al-Hasan Industrial Estate who are operating 12 QIZ industries. Two of those do not employ foreign labor and therefore face no major problems concerning local vs. expatriate labor. The remaining nine managers were the major source for the following experiences. The four industries at Al-Tajamouat do not face such problems but are expecting to in the future. The two at Al-Karak Industrial Estates are still at the beginning stages and have more pressing and immediate problems to deal with.

In summary, and as per the comments given by the respondents, the Jordanian worker lacks the proper work ethics and work knowledge and fails to deliver the required productivity. In addition the currently offered training is not sufficient or effective in transforming unskilled labor into semi-skilled or skilled labor, and the current laws are not satisfactorily supportive of foreign investors.

The following are some of the reported problems among the Jordanian labor. More is detailed in the report text.

- 1- Language barrier
- 2- Lack of motivation and awareness of work ethics and work regulations
- 3- Inefficiency and unproductiveness
- 4- Family clan problems
- 5- High worker turnover and absenteeism
- 6- Lack of knowledge of work
- 7- Extreme shortage in middle management, and qualified managerial expertise
- 8- Lack of proper training institutions
- 9- Training offered is not relevant to existing industries or in line with the needed skills and standards of the required jobs.
- 10- No institutions offer good practical training, train workers how to become supervisors, nor train the concepts of work ethics

Expatriate Labor Issues

All nine managers reported the following about the expatriate labor:

- Expatriates in general are more efficient and more productive, and are much cheaper in the long run since they have a very high level of productivity.
- The foreign labor is helping in technology transfer and in productivity increase, at least at the beginning.
- Most factories are planning, at least for the coming year, to use the 100% quota of foreign labor.

The report discusses other reported problems that face the QIZ industries that are not labor related. Also it details some recommendations offered by the industries' managers.

In conclusion, there are currently a total of 21,570 job opportunities that will be opened for Jordanian labor at the four QIZ estates by international industries looking for productive local labor at lower operation cost. The above discussion illustrates that not all of the foreign employer's experiences with the local labor are positive, or encouraging for future investors, in fact they can be considered as warning signals that need to be addressed as soon as possible in order to safeguard the much needed job opportunities. Several things need to be done to

remove the obstacles and provide solutions to issues viewed by the foreign investors as major labor problems adversely affecting their required productivity, business operations, and the investments they have made in Jordan. Quick actions are needed to upgrade the Jordanian laborer's skills and method of work, and to affect a change of attitude towards the duties expected from a skilled laborer and the benefits expected from the employers, regardless of them being foreign or Jordanian.

1 INTRODUCTION

1.1 Purpose and Scope of Study

The most important objective to be attained by investment promotion in Jordan is the creation of job opportunities (JIB, 1997). This principle has been the guiding light for officials in the public and private sector for the past few years. Given that JIB and support programs have been busy promoting and building on the investment infrastructure, it is relevant now to assess and evaluate the success of such efforts by gauging changes in labor employment; changes that reflect distribution of employment/unemployment around specific investment sites (e.g., QIZs), as well as type of employment.

Accordingly, the AMIR program, in its continuing support of JIB, wishes to quantify the availability of labor within a certain radius of each of the existing QIZs in order to use the results as a marketing tool for the management and staff of JIB, and has commissioned CDG-Al Jidara joint venture to conduct the study of the labor supply and demand market concerning QIZs in Jordan by:

First, referring to available statistics and records on the distribution of employment and unemployment in the governorates by age, by education, activity status, and nationality; as well as distribution of employed/unemployed persons by sector of work, and by length of employment/ unemployment; and

Second, conducting interviews with all of the currently operating QIZ industries for indicative impressions of local labor, forecasts in the labor market and labor related problems.

1.2 Survey Design and Implementation

To accomplish the study objectives, a labor survey was conducted for Al-Hasan, Al-Karak, and Al-Tajamouat Industrial Estates QIZ industries to determine employer's experiences with the labor market.

In cooperation with the Jordan Investment Board (JIB) staff, a research tool was designed to include a questionnaire that attempted to clarify labor related issues at the QIZ areas such as the labor size currently employed and projected for the next two years and labor shortages, and provide insights into labor problems faced by the QIZ industries. The aim was to determine the trends in labor supply and demand in the currently operating QIZ's, and to gauge the experiences of the QIZ employer with the Jordanian labor market.

Sixteen manufacturers operating as QIZ qualified industries were selected *a priori* by JIB and interviewed by CDG/Al-Jidara. Additional 6 industries that have not yet been qualified as QIZ industries, but are in the pipeline and will be operating in the year 2001, were also interviewed, in addition to one industry operating under the FTA agreement. In total 23 QIZ

industries were interviewed and 1 FTA-Industry. Most were located in the Al-Hassan Industrial Estate in Irbid, and most were Garment Manufacturing Industries.

These 22 responses formed the predetermined sampling frame for the study, selected not to ensure statistical significance, but to impart indicative impressions of changes and forecasts in the labor market.

Table 1-1
Distribution of Sample

QIZ	Total Number of Companies Surveyed (current and expected QIZs)	Number Currently Operating as QIZ
Al-Hassan	16	12
Al-Tajamouat	4	2
Al-Karak	2	2

Before the survey work was implemented, industries were contacted by telephone to familiarize employers with the objectives of the survey to be undertaken in the selected industrial areas. Appointments were made for personal interviews with the general manager or the factory manager.

Data entry took place directly following the meetings, notes of labor experience and insights obtained from the interview were also written down for each interviewed industry and then later compiled into similar themes of labor issues and other problematic issues.

2 LABOR RELATED STATISTICS

This Section presents some aggregate labor related statistics for Jordan followed by detailed statistics on the three estates in full operation: Al-Hassan, Al-Karak, and Al-Tajamouat estates. The expositions allows for a comparative review of employment issues in the different areas of Jordan, in general, and for the specific areas around the estates, in particular.

2.1 Structure of The Jordanian Population

The total population was estimated in 1998 at 4.75 million to rise up to 5.0 million in 2000 and increase to 5.6 million in 2003, with young Jordanians aged 15-29 comprising around 31.5% of the population. The center of the country (Amman, Zarqa, Balqa, Madaba) accounts for 64% of the population, while 27% live in the north (Irbid, Mafraq, Jarash, Ajlun) and just 9% in the south (Karak, Tafileh, Maan, Aqaba). Around 79% of the population lives in urban areas.

**Table 2-1
Estimated Population by Governorate and Sex, 1998**

Governorate	Total (million)	Males (million)	Females (million)
Amman	1.8	0.95	0.86
Balqa	0.31	0.16	0.15
Zarqa	0.75	0.39	0.36
Madaba	0.12	0.063	0.06
Irbid	0.85	0.44	0.40
Mafraq	0.22	0.11	0.10
Jarash	0.14	0.07	0.067
Ajloun	0.11	0.054	0.052
Karak	0.19	0.10	0.091
Tafileh	0.072	0.035	0.038
Maan	0.093	0.050	0.042
Aqaba	0.095	0.054	0.042
Total	4.76	2.49	2.27

(Source: Department of Statistics, Statistical Yearbook, 1998. No. 49 June 1999)

Governorates reported to be providing labor for operating QIZ installations are shaded

The table below sheds light about the population level of education defined by gender and age group. More than 80% of the male and female population of age 15 to 19 years old, and around half of the 20-14 years old, have at least basic education and are literate, while 46.6% of the age group 20-24 have obtained secondary and above education level. It is noted that 52.5% of the females of the age 20-24 have obtained secondary education and above levels such as intermediate diploma or higher education level, indicating that females tend to acquire higher levels of education than the males of the same age group.

Table (2-2) below details the statistical figures related to the Jordanian population by age groups and education levels obtained.

Table 2-2
Jordanian Population by Educational Level, Sex and Broad Age Groups
(Percent Distribution)

Sex and Broad Age Groups	Illiterate	Basic Education and below	Vocational Apprenticeship	Secondary	Intermediate Diploma	Bachelor & Above
Total						
Total	11.3	54.4	0.9	16.7	8.6	8.2
15-19	1.3	83.7	0.5	14.5	0.0	0
20-24	1.9	49.8	1.8	30.8	7.8	7.9
25-39	3.9	48.7	1.3	17.9	16.4	11.7
40-54	17.0	48.4	0.3	10.9	9.4	14.0
55-64	42.1	40.7	0.1	7.0	2.9	7.3
Male						
Total	6.1	58.2	1.6	16.3	7.0	10.8
15-19	1.4	85.4	0.9	12.4	0	0
20-24	1.4	54.7	2.8	28.4	4.9	7.8
25-39	2.1	50.2	2.3	17.8	13.0	14.5
40-54	5.4	49	0.6	12.3	10.1	22.5
55-64	18.1	55.4	0.2	9.5	3.7	13.3
Female						
Total	16.7	50.41	0.2	17.1	10.2	5.5
15-19	1.1	82.1	0	16.8	0.0	0
20-24	2.5	44.3	0.7	33.5	11.0	8.0
25-39	5.7	47.21	0.3	18	19.8	9.0
40-54	28.2	47.8	0	9.5	8.7	5.8
55-64	67.0	25.4	0	4.5	2	1

Source : DoS Employment and Unemployment Survey, First Round –2000.

2.2 Aggregate Labor Statistics and Labor Market

Securing satisfactory employment at a reasonable wage level is the single most common concern among young people in Jordan today. According to the Jordan Living Conditions Survey 1996, income from property, remittances, family farming and livestocking, and other non-wage sources is no longer a practical option for most young Jordanians, as it may have been for their parents or grand-parents; most Jordanian youth today must secure wage-paying jobs or start their own businesses.

Employment Statistics

Based on the DoS 1997 Employment, Unemployment and Income Survey, Jordanian youth (15-29 years old) made up around one-third of the population and close to half the work force of 1997.

Currently, the labor force participation rate (% of working age population who are economically active) of Jordanians aged 15 years and above is around 39%, with 66% participation rate among the males vs. around 12% rate for females. This low economic participation rates are primarily due to the very high number of students and the low female labor participation rate. Disparities in the labor force participation rate by region are modest for both males and females. The percentage of unemployment for Jordan is 15% according to the National Statistics with a higher rate for females, but some independent studies place it as high as 25%.

Table 2-3
Jordanian Population by Activity Status, Urban-Rural, Regions & Sex
(Percent Distribution)

Urban-Rural, Regions & Sex	Economic Activity Rate			% Not Economically Active	Unemployment Rate
	% Labor force participation rate	% Employed of labor force	% Unemployed of labor force		
Total	39.1	33.5	5.6	60.9	14.4
By Gender					
Male	65.8	57.1	8.7	34.2	13.2
Female	11.7	9.2	2.5	88.3	21.5
By Region					
Urban	39.5	33.9	5.7	60.5	14.3
Rural	37.6	32.1	5.5	62.4	14.7
Central	39.8	34.1	5.7	60.2	14.4
South	41.0	35.0	6.1	59.0	14.8
North	37.0	31.8	5.2	63.0	14.1

Source: DoS Employment and Unemployment Survey, First Round -2000

Note: The data concern the Jordanian population, excluding non-Jordanian residents.

According to the Ministry of Labor, the size of the Jordanian labor force in 1997 was 1.024 million and growing by some five percent annually; about 60,000 young people, mainly graduates and women, seek jobs every year.

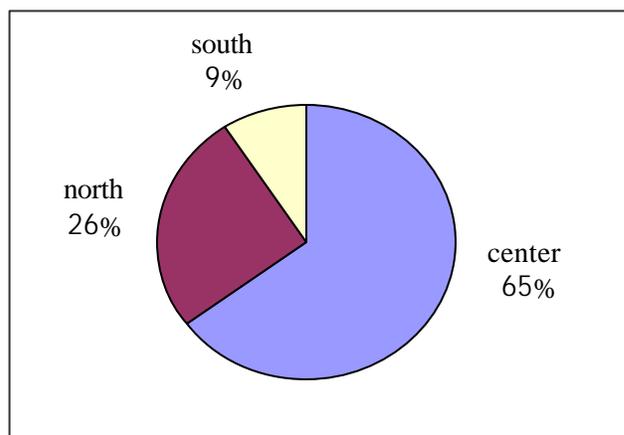
Table 2-4 below shows the labor participation of each group age detailed by gender, it also indicates the lower labor force participation among the females in comparison with the males of the same age group. For the purpose of the study and to present more tangible data, rough estimated population data was driven by calculation from the DoS General Population Census for 1994.

Table 2-4
Economic Activity Rates of Jordanian Population Age (15+) Years
and Corresponding Rough Population Estimates

Economic Activity Rates			Estimated Population					
Age Group	Labor Force Participation Rate (%)		Estimated Male Labor Force Population			Estimated Female Labor Force Population		
	Male	Female	Males able to work	Males Employed	Males Unempl-oyed	Females able to work	Female Employ-ed	Female Unemp-loyed
15-19	22.70	1.80	58,937	42,321	16,617	4,451	2,473	1,979
20-24	72.10	16.00	166,855	13,144,770	3,540,757	35,429	21,036	14,393
25-39	93.5	22.4	443,585	40,515,724	3,795,384	105,437	84,726	21,182
40-54	83.6	11.9	166,751	15,637,899	1,037,208	24,601	23,361	1,240
55-59	52.3	2.4	29,363	2,824,094	112,290	1,212	1,213	0
TOTAL			865,493			171,132		

*Source: Dos Employment and Unemployment Survey, Third Round-1999
DoS General Population Census for 1994.*

The distribution of the workforce across governorates mirrors the distribution of the population as a whole, with the Capital Governorate accounting for 40% of the total workforce, and the center of the country (Amman, Zarqa, Balqa, Madaba) 65%.



Source: Ministry of Labor

Employment, Education and Gender

Women constitute 48% of the population, but their economic participation rate does not exceed 12%. Jordanian young women, especially college graduates, seem to have hit a temporary plateau in their move to play a greater role in the formal economy.

Table 2-5 below reveals that among the economically active male labor force, the highest unemployment rate is for those with education level less than secondary (15.4%). As for females, the unemployment rates of females with secondary degree and higher is more than double those for the males of same education level. Also, females that have secondary and less level of education has a minimal participation rate in the labor force.

Table 2-5
Jordanian Population by Activity Status, Sex and Educational Level
(Percent Distribution)

Sex and Educational Level	Economically Active			Not Economically Active	Unemployment Rate
	Total	Employed	Unemployed		
Male					
less than Secondary	63.1	53.4	9.7	36.9	15.4
Secondary	61.2	55.0	6.2	38.8	10.2
intermediate Diploma	92.1	83.1	9.1	7.9	9.9
Bachelor & Above	86.6	78.8	7.8	13.4	9.0
Female					
less than Secondary	3.8	2.9	0.9	96.2	24.2
Secondary	9.9	7.2	2.7	90.1	27.6
intermediate Diploma	40.1	31.3	8.9	59.9	22.1
Bachelor & Above	66.4	54.5	12.0	33.6	18.0

Source: DoS Employment and Unemployment Survey, First Round –2000

According to the Human Development Report for Jordan 1999, about 37% of the labor force is employed by government or quasi-government institutions. Women are especially attracted to public sector jobs and most women work in the services sector (82%), particularly in administrative positions; Young school graduates often first to seek a desk job in the public sector, because of the attractive benefits such as virtually life-long employment, reasonable working hours, retirement, health and social security schemes, housing facilities, subsidized consumer shops, social status, access to state resources, and the relatively higher pay for unskilled labor compared to the private sector. Over the years, these realities have tended to direct the most skilled workers to jobs in the private sector or abroad, while directing more unskilled workers to public employment. This creates a vicious cycle in which many young Jordanians who prefer government employment are prepared to remain without work until such a job materializes. Greater availability of

attractive private sector jobs would likely change this mindset among young Jordanians. (Source, UNDP Jordan Human Development Report, 1999)

Unemployment Issues

The unemployment rate in Jordan in recent years has been the topic of debate in society, with government figures and those of independent research centers showing a wide gap. Government figures, based on the Employment and Unemployment Survey conducted by the Department of Statistics, show that unemployment rate was around 15% in 1998 and stands currently at 14.4%. An independent Jordanian survey using different methodologies put the unemployment rate at over 25% during the period of 1997-99.) (UNDP, 2000).

Government data shows small differences in urban/ rural unemployment, but a much wider differential between men and women.

To take another look at the education level vs. employment of males and females, Table 2-6 below shows that 67.2% of the unemployed males have an education level below secondary, while more than 60% of the unemployed females have a community college or higher degree.

Table 2-6
Jordanian Unemployed Persons by Sex and Educational Level
(Percent Distribution)

Educational Level	Sex		
	Total	Male	Female
Illiterate	3.2	3.9	0.6
Less than Secondary	56.6	67.2	18.7
Secondary	13.3	11.7	18.7
Intermediate Diploma	13.6	7.4	36.0

Source: DoS Employment and Unemployment Survey, First Round –2000

The causes of high unemployment among female graduates are mainly due to two factors: women and their families are more selective about where they work, for social and cultural reasons, and, women tend to gravitate towards degree subjects in which the market is already saturated. After graduation, women seek socially and culturally accepted careers that generally include gender segregation, such as industry, office clerical jobs, hairdressing, sewing, or teaching. Parents, especially fathers, have a major say in where their daughters can or cannot work. This decision is often made on the basis of whether or not the workplace is gender segregated, distance from home, and if available jobs are socially acceptable for women.

Society seems to maintain the prevalent attitude that young women work primarily to supplement the family income in difficult economic conditions, rather than to play a productive role in society or fulfill personal professional aspirations. This situation also means that a young working woman's salary often is not hers to spend as she deems fit, but rather goes towards meeting the basic needs of the family. In such circumstances, families tend to prefer government jobs for their daughters, which may explain the higher unemployment rate among young women.

Unemployment Duration Statistics

Unemployed Jordanians tend to wait a long time before finding work, with only about 4 in 10 job seekers finding work in six months or less. Table 2-7 below details this issue.

Table 2-7
Jordanian Unemployed Persons by Sex and Duration of Unemployment
(Percent Distribution)

Duration of Unemployment (Months)	Sex		
	Total	Male	Female
<= 1	17.5	18.7	13.1
2 - 5	24.3	25.6	19.5
6 - 11	13.0	12.9	13.4
12 - 23	22.5	22.4	23.0
24 +	22.8	20.5	30.9

Source: DoS Employment and Unemployment Survey, First Round –2000

Causes of Unemployment

In an attempt to offer some insights into the reasons of labor related problems reported by the QIZ Industry employers the following causes of unemployment were researched from labor related studies and reports issued by the UN about Jordan.

Behavioral and attitudinal reasons account for some of the high youth unemployment. Many young university graduates shun manual or service jobs, and often prefer to remain without work while awaiting opportunities in public sector, white collar, or overseas jobs. This attitude reflects social concerns (some jobs are seen to be ‘shameful’, or inappropriate for women), low pay, poor promotion and advancement prospects, or the distance required to travel to an available job (in some cases requiring people to move to another part of the country).

Table 2-8
Percentage Distribution of Jordanian Unemployed Persons Age (15+) Years By Main Reason of Unemployment and Duration of Unemployment
(Percent Distribution)

Duration of Unemployment (In Months)	Main Reason of Unemployment						
	Lack of Jobs	Wages Insufficient	Work Place Far From the House	Work Is Inferior	Long Working Hours	Temporary Job	Timing of Work Is not Suitable
< 6	39.12	32.76	40.57	33.33	12.5	33.33	33.33
6-11	10.44	8.62	9.43	20.0	12.5	0.0	0.0
12-17	21.95	24.14	29.25	20.0	12.5	33.33	33.33
18-23	1.95	1.72	3.77	0.0	0.0	0.0	0.0
24-35	12.39	10.34	9.43	13.33	37.5	16.67	0.0
36-47	5.84	1.72	2.83	0.0	12.5	0.0	0.0
48+	8.32	20.69	4.72	13.3	12.5	16.67	33.33

Source: DoS Employment and Unemployment Survey, Second Round –1999

Jordanians actively debate the real importance of the concept of 'shameful' employment. Some believe that 'shame' is given as an excuse for not taking a job, when the real reasons are low pay, poor benefits and future prospects, lack of interest, or other reasons, while others in society are convinced that 'shame' is a genuine and profound cultural value that prevents Jordanians from taking up available service or manual labor jobs.

These factors may maintain high unemployment rates among those young Jordanians who are prepared to wait for government jobs or more attractive positions in the private sector or abroad. A total of 137,000 job seekers were registered at the Civil Service Commission in 1998, in addition to another 15,500 registered at the Ministry of Labor, in spite of the fact that the public sector is already over-staffed and has lowered its hiring rate for new employees.

Attitudes may be changing slowly, however, as waiting times for government jobs become longer, opportunities in the private sector remain tight, and the economy continues to accommodate a large contingent of foreign workers who gladly take relatively lower paying manual jobs. Secondary school and community college graduates interviewed in focus group sessions now indicate a greater willingness to accept any available job, even at modest pay, because of the generally low prospects of finding exactly the job they seek close to home. It is not clear how much the pay scale impacts on Jordanians' decisions to accept or refuse a job. Ministry of Labor studies indicate a deeply engrained resistance to accepting low paying jobs. (Source UNDP, 1999)

3 QUALIFIED INDUSTRIAL ZONES STATISTICS

3.1 Labor Supply Within Corresponding Areas of QIZ

In view of the previous statistical information related to labor employment and unemployment by area, by gender, and by age groups analysis may now be applied to the employment and unemployment around the three operational QIZs, Al-Hassan, Al-Karak and Al-Tajamouat.

The corresponding area that encompasses each of the QIZs under study in Jordan is shown below. This is based upon the results obtained from the interviews with the factory managers specifically that the source of labor for most of the industries is from the neighboring city and the villages within the governorate.

**Table 3-1
QIZs with Corresponding Areas of Labor Supply**

QIZ under study	Corresponding Area
Al-Hassan	Irbid and surrounding areas in the North
Al-Tajamouat	Greater Amman area and Zarqa
Karak	City of Karak and surrounding villages

Thus, for the three operational QIZ estates, the corresponding areas which provide labor are: Irbid, Ramtha and Mafraq for Al Hassan QIZ, and Greater Amman and Zarqa for Al Tajamouat, and Karak for Al-Karak QIZ.

To shed light about the labor force size in the above areas and in order to find some estimated empirical figures for the unemployed labor in each governorate, the labor force participation rates shown in Table 2-5 were used considering the active population in each governorate as in year 2000.

Please note that for lack of published unemployment figures with breakdown by governorate, the economically active population of 15 –59 years of age has been calculated based on the DoS General Census of 1994. It was accumulated starting from the age groups of 10 + years, who would be of age 15+ years old by beginning of year 2000. These added up population numbers are only estimated figures intended to provide an idea about the size of the labor force in year 2000.

As such, the labor and employment figures for the QIZ areas are shown in Table (3-2) below.

Table 3-2
Distribution of Labor Force (15-59 years) by Governorate, Sex and Active Status
(Estimated for the year 2000)

Governorate	Total Econ. Active Pop.	Male Population					Female Population				
		Econ. Active Pop.	Labor Force Participation				Econ. Active Pop.	Labor Force Participation			
			Rate %	Actual Pop.	Employed	Unempl.		Rate %	Actual Pop.	Employed	Unempl.
Amman	907,038	456,495	66.8	304,939	264,311	40,628	450,543	12.2	54,966	43,703	11,264
Zarqa	382,765	194,733	66.8	130,082	112,750	17,331	188,032	12.2	22,940	18,239	4,701
Irbid	454,821	229,450	63.0	144,554	132,852	20,421	225,371	10.0	22,537	21,861	5,634
Mafrq	79,256	39,691	63.0	25,005	22,981	3,532	39,565	10.0	3,957	3,838	989
Karak	91,908	51,486	67.2	34,599	29,810	4,582	40,422	13.0	5,255	3,921	1,011

*Source: Based on the General Census of Population and Housing, 1994
DoS Employment and Unemployment Survey, First Round –2000*

There is very little difference between the active male and active female population as shown in the table above.

3.2 Specific QIZ Labor Statistics

Based on the interview questionnaire some indicative figures could be drawn regarding the labor distribution among the QIZ industries under study. These figures are not statistically representative but serve the purpose of exploring the labor needs and labor characteristics as they currently are in the different QIZ areas.

Please note that the average figures considered only the actual responses and ignored the cases with missing answers.

The sixteen operating industries are currently employing around 2,622 expatriate persons and around 9,364 local persons in total. They occupy around 130 dunums in factory space. The average factory size is around 6211 square meters, with the smallest factory size around 700 square meters, and the largest around 24,000 square meters.

Current QIZ Labor Statistics

22 QIZ Industries are employing:

- 2,622 Expatriate workers
- 9,364 Local workers

All companies provide transportation for their labor, whether managerial or production, and especially for their expatriate employees, with the exception of one in Al-Hasan where no transportation is provided but is only compensated for, and two industries operating in Al-Karak. There, transportation is only provided for the expatriate labor and partially compensated for the locals.

Training of Production Employees

All companies started training their local production labor before startup and continued doing that on the job. As for the expatriate labor they are all trained before coming to Jordan, and most often at the foreign investor's set up in their originating country. Table 3-3 below details the findings regarding the usage of the TESP program and the Government provided help in training through its Vocational Training Centers at the QIZ areas. It should be noted that training only applied for the production local labor, no training was given to managerial staff and expatriates.

**Table 3-3
Production Labor Training Among QIZ Companies**

TESP usage for local production labor	Number of companies	Percentage
Used TESP	13	72%
Did not use TESP	5	28%
Total responses	18	

Government help in training local production labor	Number of companies	Percentage
Obtained Government help (all thru VTC)	11	55%
Did not obtain Government help	9	45%
Total responses	20	

Out of the 22 responses, 8 companies do not employ expatriates at all for their managerial operation, and 7 companies employs only local labor for their production operation.

Table (3-4) below investigates the female versus male labor force distribution at the different industries. It is noticeable that the local production labor is composed mostly of women in all QIZ areas, 9 out of 22 companies reported having more than 80% women for their local hiring, this may also be due to the nature of the garment industry which is the prevalent QIZ industry. On the other hand the expatriate production labor force is male dominant, with 6 out of the 15 companies that employ expatriate production labor, reported having more than 80% men for their expatriate hiring. As for the management staff, the percentages below are based on small managerial labor size, but never the less, it is noted that most management staff are males.

As for Expatriate Production Labor: 1 company out of 15 companies reported female labor percentage above 80%, while for Local Production Labor: 9 out of 22 companies reported female percentage above 80% women.

Table 3-4
Average Percentage of Male and Female Labor Employed at QIZ Industries

QIZ	Local Production		Expatriate Production		Local Management		Expatriate Management	
	Male %	Female %	Male %	Female %	Male %	Female %	Male %	Female %
All	35	65	56	44	62	38	83	17
Al-Hassan	34	66	58	42	60	40	82	18
Al-Tajamouat	36	64	60	40	66	34	90	10
Karak	40	60	46	54	78	22	85	15
No. of companies employing labor type	22		15		22		14	

Operational QIZs Labor Need vs. Labor Availability in Area

Combining the labor statistics on employment and unemployment for the different areas of Jordan as detailed in Table 3-2 above, along with current and projected labor supply from Al-Hassan, Kerak, and Al-Tajamouat, reveals the areas of potential labor deficiencies in the future. Table 3-5 below summarizes the current and projected employment results of the survey.

Table 3-5
Current and Projected Labor at QIZ Areas

QIZ Area	Labor Status and Projections		
	This year	Next Year	2 Years Hence
All QIZ Areas			
Production Expatriates	2445	1110	300
Production Local	8613	5619	2360
Projected Percentage of local to expatriate production labor		5 to 1	8 to 1
Management Expatriates	177	14	6
Management Local	751	87	52
Total Local Labor of current year and expected for next 2 years	9364	5706	2412
Projected Percentage of local to expatriate management labor		6 to 1	8 to 1
Hasan			
Production Expatriates	1883	1108	300
Production Local	7795	3655	310
Projected Percentage of local to expatriate production labor		3 to 1	1 to 1
Management Expatriates	126	9	6
Management Local	676	57	32
Projected Percentage of local to expatriate management labor		6 to 1	5 to 1
Total Local Labor of current year and expected for next 2 years	8471	3712	342

QIZ Area	Labor Status and Projections		
	This year	Next Year	2 Years Hence
Kerak			
Production Expatriates	366	2	0
Production Local	420	1760	2000
Projected Percentage of local to expatriate production labor		586 to 1	
Management Expatriates	43	4	0
Management Local	40	20	20
Projected Percentage of local to expatriate management labor		5 to 1	
Total Local Labor of current year and expected for next 2 years	460	1780	2020
Tajamouat			
Production Expatriates	196		
Production Local	1030	204	50
Management Expatriates	8	1	0
Management Local	35	10	0
Total Local Labor of current year and expected for next 2 years	1065	214	50

Table 3-6 below illustrates for each of the three QIZ areas the projected demand by the established industries for the local labor, broken down by gender. The current average male and female percentages were calculated from survey results. It also shows the labor force size and the numbers of the currently unemployed broken down by gender.

For example, in Al-Hassan estate 2,376 female workers may be employed during 2001. This figure may be met mostly from the unemployed females in Irbid (5,634) and some from Mafraq (989). In Al-Karak estate, 1,068 females may be employed while there is only 1,011 unemployed females from a total labor force of 5,255 females. This may indicate that while at Al-Hasan no production female labor shortage will be faced, the opposite may be true for Al-Karak.

Current Operational QIZs Projected Local Labor Needs vs.

Availability

Estate	Currently Unemployed Labor in QIZ Vicinity	Projected labor
Al-Hassan	30,576	4054
Al-Karak	5,593	3,800
Tajamouat	113,924	264
All QIZs	150,093	8118

All numbers presented in this table are estimates calculated from the survey result.

Table 3-6
Operational QIZs Local Labor Need vs. Local Labor Availability
By Gender and Governorate

Al-Hassan	Labor Needs					
	Projected Labor Demand next year			Projected labor demand 2 years hence		
	Total	Males @ 34%	Females @ 66%	Total	Males @ 34%	Females @ 66%
	3712	1262	2450	342	116	226
	Labor Availability					
	Labor Force Size			Current Estimated Unemployed		
	Total	Males	Females	Total	Males	Females
Irbid	251,987	229,450	22,537	26,055	20,421	5,634
Mafraq	43,648	39,691	3,957	4,521	3,532	989
Al-Tajamouat	Labor Needs					
	Projected Labor Demand next year			Projected labor demand 2 years hence		
	Total	Males @ 36%	Females @ 64%	Total	Males @ 36%	Females @ 64%
	214	77	137	50	18	32
	Labor Availability					
	Labor Force Size			Current Estimated Unemployed		
	Total	Males	Females	Total	Males	Females
Amman	359,805	304,939	54,966	51,892	40,628	11,264
Zarqa	153,022	130,082	22,940	62,032	17,331	4,701
Al-Karak	Labor Needs					
	Projected Labor Demand next year			Projected labor demand 2 years hence		
	Total	Males @ 40%	Females @ 60%	Total	Males @ 40%	Females @ 60%
	1780	712	1068	2020	808	1212
	Labor Availability					
	Labor Force Size			Current Estimated Unemployed		
	Total	Males	Females	Total	Males	Females
Karak	39,854	34,599	5,255	5,593	4,582	1,011

3.3 Future Labor Demand from QIZ Industries

The previous tables and discussion illustrated the projected demand for local labor only by the 22 identified QIZ industries operating in the three QIZ areas of Al-Hasan, Al-Tajamouat, and Al-Karak estates, which amounts to nearly **8,120** workers over the next two years, but since the inception of this report, Jordan Investment Board (JIB) alone, has been instrumental in further attracting sixteen (**16**) companies that are currently in the process of establishing QIZ industries in Jordan; six (6) of them already in the process of building their manufacturing operation. Further twenty-three (23) companies are still in the negotiation phase and may decide to establish their operations in Jordan. This alone is an indication that the demand for local labor will not stand at only the projected 8,120 workers.

Future Expected QIZ Labor Statistics

As per JIB information:

- ❑ **39** Future QIZ Industries,
 - **16** QIZ Industries being established
 - **23** Industries negotiating QIZ status
- ❑ **21,570** Expected job opportunities for Local Labor
 - **8,120** projected by operating QIZs
 - **13,450** projected by expected QIZs

Also, in addition to the above three estates that are providing QIZ areas for industries, there is the privately owned QIZ area, Ad-Dulayl, that has been designated as QIZ area and has started accepting QIZ industries. Four (4) of the above in-the-JIB-pipeline QIZ industries have already purchased property within in it, and two are expected.

Aside from the JIB initiatives and successes in attracting QIZ industries to Jordan, several international companies have approached these four areas on their own. As such, six industries outside JIB-pipeline have signed up and will soon be established in Al-Tajamouat, to reach a total of 14 industries, and eight (8) more such industries are expected to establish operations in Ad-Dulayl to reach a total of 14 QIZ industries in the area.

Table 3-7 below illustrates the labor demand expected over the next four years by the industries that are still in the pipeline of being established as QIZ industries in Jordan.

Table 3-7
Expected Labor Demand from QIZ Projects in the Pipeline
As of February November 7, 2000

QIZ Status	Expected Total No. of Workers
Confirmed QIZ-to-be Industries	8,050
Negotiating QIZ-to-be Industries	5,400
TOTAL	13,450

3.4 Needed Actions and Recommendations

A total of **21,570** job opportunities will be opened for Jordanian labor at the four QIZ estates by international industries that are looking for productive local labor at lower operation cost. The following chapter in this study illustrates the experiences of the managers of the currently operating QIZ industries and the problems they faced while dealing with the Jordanian labor. Not all of these experiences are positive, or encouraging for future investors, in fact they can be considered as warning signals that need to be addressed as soon as possible in order to safeguard the much needed job opportunities. In summary, and as per the comments given by the respondents, the Jordanian worker lacks the proper work ethics and work knowledge and fails to deliver the required productivity, in addition the currently offered training is not sufficient or effective in transforming unskilled labor into semi-skilled or skilled labor, and the current laws are not satisfactorily supportive of foreign investors.

Therefore, several things need to be done to remove the obstacles and provide solutions to issues viewed by the foreign investors as major labor problems adversely affecting their required productivity, business operations, and the investments they have made in Jordan. Quick actions are needed to upgrade the Jordanian laborer's skills and method of work, and to affect a change of attitude towards the duties expected from a skilled laborer and the benefits expected from the employers, regardless of them being foreign or Jordanian.

4

LABOR RELATED PROBLEMS**4.1 Summary of Reported Labor Problems**

Below is a summary of the problems facing the QIZ employer as reported by the interviewed company managers, and the gained insights at each interview in addition to what has been reported off-the-record by the people of the area.

It should be noted that 11 managers have been interviewed at Al-Hasan Industrial Estate who are operating 12 QIZ industries. Two of those do not employ foreign labor and therefore faces no major problems concerning local vs. expatriate labor. The remaining nine managers were the major source for the following experiences. The four industries at Al-Tajamouat do not face such problems but are expecting to in the future. The two at Al-Karak Industrial Estates are still at the beginning stages and have more pressing and immediate problems to deal with.

Work Dynamics and Ethics

The following have been reported as problems among the Jordanian labor relating to the work dynamics:

1- Language barrier: Language poses a big problem in communication between expatriate managers and Jordanian workers.

2- Lack of awareness on work ethics and work regulations: As reported by all of the nine interviewed managers of QIZ industries in Al-Hasan Industrial Estate, the local laborer has no work ethics, loyalty, or belonging to the place of work/employer, and s/he lacks responsibility towards the job. Also reported by all is the fact that Jordanians are quick learners but are lazy workers and have no discipline.

3- Inefficiency and unproductiveness: All nine managers again reported that Jordanian workers, are inefficient and unproductive and possess no concept of time. Three of them stated that productivity reaches only 60% of the expatriate's.

Other telling comments were:

- Investors should expect half of their targets.
- Even though labor is cheaper especially than in USA, it is not cheaper than that in Asia
- The fact of less productivity and less working hours in comparison to the expatriate in Jordan, the Jordanian labor tends to be more expensive.
- An investor is more inclined to produce in Asia or rely on expatriate labor.

5- Some companies reported that they are planning to separate local from foreign workers on the production lines for a time in order to discover discrepancies.

6- One manager tried to explain the behavior of Jordanian labor saying that the agriculture mentality is still overwhelming and prevalent among Jordanian workers. This mentality is evident in the fact that there is no time consciousness; worker is inclined to leave work

premises if he/she feels “tired” or sleepy just as if they are farmers with the privilege of being able to sleep in the field or have lunch any time they want.

7- Family claning problem: As reported nearly half of the interviewed, family tribes/clans structure plays a major role in the labor dynamics. An employee most often has a “wasta” in the government who provides the help in suing employers and issuing subpoena etc. Tribal relation and tribal protection for the worker poses an issue in employer-employee dynamics.

8- Lack of motivation: As expresses by two interviewees, there is no long-term motivation among Jordanian labor. Workers are only interested in getting their salary at the end of the month and have no future vision for the possibilities that their jobs now are going to make them pioneers in the field and future demand will be in their favor.

9- Work dynamics among Jordanian workers themselves also paused a problem to one of the employers. He reported that Jordanians are not civil to each other especially once a local is upgraded to a higher supervising position. Then they tend to use their position at work to exert power over the workers they are responsible for and start treating them in an authoritarian method that is degrading. This causes the workers to move out of the factory.

Workers Turnover and Absenteeism

1- Absenteeism: All of the nine interviewed managers of QIZ industries in Al-Hasan Estate reported that they suffer from frequent absence of employees on daily basis. Two put that at 15%. They complained that the priority is never the work. Worker does not give previous notice of absence and the excuses are many and usually do not logically correspond to the period of absence. This delays the dynamics of the production line and affects the schedule of delivery.

2- Turnover: All nine managers also reported having very high turnover of Jordanian labor in all of their factories. Skilled and trained production labor is continuously in demand especially since new factories of same nature of business are being established. Therefore, trained laborers are inclined to rotate from one factory to another for the highest payer. One estimated that loss of trained employees can rise up to 20%. Factories, specially the starters, have to get skilled labor from other factories in order to gain time, and so lure them by offering a slightly higher salary.

Workers Knowledge of Work

1- Lack of knowledge of work: All nine managers reported that Jordanian workers lack knowledge of the specifications of production and of quality control. They also do not know how to operate the different phases of a production line in its totality.

2- Extreme shortage in middle management: All reported this fact. Management such as supervisors and quality controllers, merchandising managers, shipping experts, and financial managers is in shortage. Also skilled labor such as manual and computerized cutting and pattern making labor, sample making, inspection of fabrics and garments material specially laboratory inspection, and maintenance of machinery are in shortage.

One manager reported that middle management is in extreme shortage since there is no history in the industry and skill has still to be developed. On the same line, another manager reported that experience and common sense in the clothing industry is lacking in the country as a whole and it needs time to produce a new generation with experience in this field.

3- Lack of qualified managerial experience: All nine managers reported that most skilled labor is foreign. Local management staff has no experience, and it is very hard to find qualified managerial Jordanian staff.

One manager strongly expressed that basic knowledge is not enough and usually staff do not know the job language in English, e.g. Export, shipping and other basic tools. In fact, he said that there are no experts in the field of shipping and commerce; most are retired army people who wish to get an easy managerial job. Management staff also has to have the willingness to learn the very specialized industry of garment manufacturing, instead they lack initiative and responsibility

4- Lack of Translators especially Chinese to Arabic. One manager suggested the use of students who are studying either of the two languages.

Finally, one manager was especially harsh by reporting that Jordanian labor has no quest to learn, and unskilled labor has low education and is more fit to do heavy muscle work than work inefficiently on the production line.

Training and Trained Labor

Lack of proper training institutions: A consensus among all interviewed managers in the study was that Jordan lacks the institutions that offer training relevant to the garment industry in the estates or in line with the needed skills and standards of the required jobs. The managers voiced the following concerns and comments:

- There are no institutions that train workers how to become supervisors, let alone train the concepts of work ethics or offer good practical training.
- The existing training institutions such as the Vocational Training Center offer training courses that are not adapted to the needs of the production lines. Also, VTC programs do not have the proper machines for the students to practice on.
- The problem with trained labor at VTC is that workers get a general education on all the machines with no specialization on one form of production.
- The trainers themselves do not have the basic disciplines to train the workers.

All managers reported that workers have to be retrained all over again on the job. One manager said that in order to educate the workers on efficient productivity, they will use the per piece tariff. Another manager reported that the expatriate labor is training the local on the job. A local person is placed as a shadow for the expatriate in order to transfer knowledge and enable the phasing out of the expatriate labor. This phasing out period largely depends on the increasing productivity of the local.

In general, workers are usually trained on the job for three months at a low salary before joining the actual production line at a higher salary.

Most managers reported that Jordanian workers are quick to learn and have no problems in grasping the work the problem was to keep them after they are trained.

Two companies reported that they have even communicated their training requirements to the VTC and are now waiting for response.

Above all, some managers reported, the ‘Wasta’ has to be eliminated from the Vocational Training Centers (VTC) since some students get the diploma without earning it.

Female vs. Male worker and Interactions Within

1- Almost all managers of garment industries reported that females are usually better workers and act as better Supervisors. They said that they prefer to hire women since they are more efficient and productive at their job. They also cause less problems and have better leadership skills.

2- One manager said that Jordanian male workers are known to be tough and muscular, therefore the foreign employer tries to avoid any conflict with them by being very selective when recruiting so the selection is very strict and on average only 10 out of a hundred applicants will be employed.

3- One manager reported that social problems are encountered when mixing male and female workers and he said that such gender mixed environment is new to most workers and this permissiveness between men and women often leads to major problems. In general, most factories try to separate men and women in the workspace and they deal with this issue very firmly.

4- Another issue that was reported by a couple of the interviewed managers at Al-Hasan Estate was that sometimes problems arise from differences in religious belief and religious practices, for example the issue of not touching women because they are cleansed for prayer.

Expatriate Labor

All nine managers reported the following about the expatriate labor:

- Expatriates in general are more efficient and more productive.
- The expatriates are much cheaper in the long run since they have a very high level of productivity. They work 10 hours a day and they respect the working ethics. They also have less problems and are stable since they are bound by contract.
- The foreign labor is helping in technology transfer and in productivity increase at least at the beginning.

- Most factories are planning, at least for the coming year, to use the 100% quota of foreign labor.

Other Problems

The following problems have also been sporadically reported during the interviews:

- 1- Political situation with Israel: This tends to complicate production especially if part of the work is done in Israel.
- 2- Lack of advertising on needs for labor in the villages might be creating the labor shortage.
- 3- Machines take too much time to arrive if shipped to Aqaba so instead they are shipped to Dubai and then transported to Jordan by land.
- 4- Jordan is very expensive vis-à-vis other countries like Egypt and Syria.
- 5- There is continuous interference of the courts. Since any dissatisfied laborer goes to the court and sends a court order for the factory management. In addition the Union is trying to interfere with the factory policies, if this continues to happen then the management of these factories will not be in the hands of the factory managers any more. For example the Union is covering issues such as number of working hours, salaries and other privileges, this change in working conditions will result in expensive labor.
- 6- The garment industries in Jordan are increasing tremendously in all QIZs, this will cause shortage in labor and will increase the problem with labor turnover and movement. It will also cause the wages to soar high up. There must be some industry-type quotas set in order to have more diversified industries thus minimize the problems facing labor demand.
- 7- There are no restrictions on labor movement within the industry. There is no system from the government for workers and no motivation. Investors can provide the potential but not the motivation.
- 8- Some companies foresee disaster in the coming couple of years unless labor laws and protection laws for investors are made and all loopholes in the law are mended.

Social Problems

Based on unplanned interviews with the local communities and chance meetings with Jordanian laborers in the Al-Hasan Industrial Estate some concerns, and speculations were touched on and some feelings were revealed amongst the Jordanian community concerning the interactions amongst the locals and the foreigners. The researchers opted to list them down as they were expressed in order to avoid generalizing the issues and deducing wrong facts. Following are the statements as they were given out during such adhoc meetings:

- Major Social problems exist as a result of foreign workers living in the local Communities of Irbid.

- Irbid area and the surrounding villages had to accommodate the foreign workers, especially Chinese.
- The most pressing problems are the health problems since these foreign workers have not been subjected to a full medical exam of major diseases and in particular AIDS.
- We know that local medical centers diagnosed more than 400 cases of AIDS and still more to come. The age group that is infected is between 15-18. The fee for sexual favors was \$5 reduced to \$1 and now it is for free. The invasion of this and any other major diseases is the risk of lack of control from the authorities.
- The risk of infecting other areas is certainly going to be the case since these foreign laborers are moving within circles of Irbid, Ramtha, and Mafraq.
- No one has given this matter much importance and maybe once it is taken up to higher authorities it will be denied and covered up.
- Other issues like religion and its effect on the communities is also starting to come up.

Other Problems at Al-Karak QIZ

The general comments obtained by the industries operating at Al-Karak QIZ revolved around the fact that they did not get what they were promised, and when they started operation they discovered loopholes and a lot of hidden costs.

Transportation of labor was promised by the Karak Municipality, but not delivered.

The electric power in the estate is medium to high voltage, and has to operate with the help of transformers. These transformers have to be obtained from the governmental EDC; they are overpriced and are assembled locally. Also to build the electric power site is now on the expense of the manufacturing company. The industries proposed to have low voltage for everyone and each investor will change everything on their own account.

Leased telephone lines are not efficient and very expensive. These can be built alongside the main highway.

The QIZ area is not properly located. Since industry operating in it is mainly garment industry and so labor intensive, but the estates are far from the concentration centers of labor. In addition the Karak estate is too dusty.

4.2 Recommendations offered by Industries

The interviewees reported the following recommendations:

- To improve labor conditions, a third party or body with certain authority has to handle all the labor issues in the Industrial estates.
- There should be a committee to handle labor safety and their security.

- Special conferences and seminars should be organized on regular basis to include the labor force, middle management and management, to update them on certain conditions in the industry and how to work and deal with workers.
- Awareness mechanisms and ways to educate the labor force on the importance and the future of these industries for them and for the country.
- Extensive qualified training should be directed as per the needs of the factories, the VTC graduates are not well equipped with the necessary tools for the industry.
- There should be an impartial body of professionals to be the judge when any problems concerning the QIZ factories arise. Policies and laws have to change laws in order to avoid incidents “like the Sari factory”. (Please refer to Detailed Interview Transcript section, No. 5 Sari International, last point of ‘Problems with Labor’). Specialized bodies should be created to deal with the problems at the QIZ’s. Protection should be given to foreign management.
- Creation of a Foreign Investors Association.
- Legal problems should be solved in a special court, or by the labor department or ministry of interior.
- Some facilities should be given to investors like Visas, and company cars Duty free.
- Government support should be much stronger on all issues.

4.3 Detailed Interview Transcripts

Al - Hassan Estate

1- Al Mutaqdimah

Bassem Al Zoubi: General Manager.

Labor force is all Jordanian no expatriates

Starting Salary : 80 JD. But have to pay more now in order to keep trained employees.

Shortage in Labor:

Skilled labor: lack of middle management people, especially supervisors and quality control personnel.

Unskilled labor: After investing in their training of 3 months training and 3 months on the job, they leave for higher pay.

Trained labor:

Used previously trained employees who are 50% trained and continue to train on the job.

Applied for the TESP, they were informed that if the employees were part of the social security scheme they are not illegible for this program. No response since.

Problems:

Lack of knowledge on the specifications of the production. It is done in house.

Unable to operate a line of production in its different phases.

Absence of employees on daily basis(15%) is very frequent this delays the dynamics of production.

Quality control concept is inexistent. Females are trained to do that on the job.

Supervisors mainly females trained on the job. They are more efficient in their role.

Shortage in Supervisors and quality controllers

Labor lacks the professional ethics and the sense of belonging to their company.

No loyalty to work. Only money talks.

Incentive plan is applied as extra percentage of wage depending upon the increase in employee's production. This has increased the production by 130%, since such incentive increase in salary can go up to 25% of basic salary.

The problems with trained labor at VTC: they get a *general* education on all the machines with no specialization on one form of production. The program doesn't understand the needs of the factory production lines.

Other Problems: Cutting of the designs is done in Israel and they are brought to the factory to assemble the work. This operation has been delayed due to the political situation and the Feast in Israel.

2- Al Shamal: A new company for the same owners of Al Mutaqdmah.

Bassem Al Zoubi : General Manger.

Labor force is Jordanian. Required labor force: 185

Problems and shortage: are the same as for the above company. Since they are starting a new company the demand for trained labor is very high now. Other new factories are opening and they are offering more salaries. Trained laborers are willing to rotate from one factory to another for the highest payer.

The training courses offered by VTC are not adapted to the needs of the production lines, so in order to gain time trained labor are offered a higher salary to join the new factories. Prefer to hire women since they have the leadership and more efficient in their work.

Expansion plans:

Three Continents No of employees first phase 500. Labor force Jordanian. At present all expansion has been stopped.

General Comments:

The expats are much cheaper in the long run since they have a very high level of productivity 200% compared to local labor. They work 10 hours a day and they respect the working ethics.

3- Al Haramain:

Mr. Mansour Khawaja :General Manager.

Labor force: 62 expatriates and 195 Jordanian
Expansion plan to have a total of 500 employees (100 foreign and 400 local)

Shortage in Labor:

Skilled production labor, Have to get them from other factories, the foreign labor are helping in technology transfer and in productivity at least at the beginning. Language is a barrier.

Unskilled labor; language problems, It is a first job opportunity and they have to adapt to the standards of work.

Management; they do not know the job language, e.g. Export, shipping and other basic tools.

Training Of Labor:

TESP have collaborated with Irbid Chamber of Commerce, for 200 people. But there is too much paper work and all correspondence is in Arabic.

The programs are not adapted to the requirements of the job, has suggested training programs from the UK especially tailored for this line of work.

No one is satisfied with this program, there should be acclaimed trainers to do the job.

The VTC programs are not up the required standards.

Problems:

Lack of responsibility from the workers toward their job.

Too much absence and this affects their productivity and the work on the production lines.

Attitude towards work very lazy.

Management people have no experts in the field of shipping problems in the language. Fresh graduates are not able to adapt to the English environment.

There is no incentive plan yet since they have to start producing at least the required quota.

Other Comments:

Machines take too much time to arrive from Aqaba so they use Dubai and then bring to Jordan by land.

Planning to use the 100% quota of foreign labor.

Jordan is very expensive vis-à-vis other countries like Egypt and Syria.

Planning to create a Foreign Investors Association.

A scientific approach has to be taken in order to define the existing labor force in the Irbid area. The rumor at the moment is that there is no more available labor in the area. And people are beginning to believe that.

4- International Luggage Manufacturing Co. (BOSCAN)

Mr. Paul; Personnel

Labor Force: 400 Chinese 800 local at present

Capacity of factory 2000 for next year.

Shortage in Labor:

Skilled production labor lacking in their field of work.

Unskilled labor: trained before arriving but not to the required skills and standards of the required job.

Management: hard to find qualified persons basic knowledge is not enough

Training:

All training has been done in the factory on the machines.

Problems with Labor:

Turnover of labor is very high they have no quest to learn and they can do heavy muscle work but not efficient in the production line.

Unskilled labor: have low efficiency productivity too low uneducated, hard to get to the standards.

Management not qualified.

No awareness and no education concerning the benefits of the industry as a whole still think with the mentality of rural areas small.

There is resistance to development of industrial skills. They see the Chinese as oppressors

5- Sari International

Ahmad Abu Baker: General Manager (previously worked with Boscan).

Labor Force: 120 foreign 500 local.

Expansion is frozen at the moment

Preference is to hire women since they do not smoke they have less problems and are more stable.

Five years time to phase out production expats.

Shortage in Labor:

Skilled labor shortage, the company sends some members abroad for training.

Unskilled labor: shortage

Management shortage in medium management.

Training:

Used TESP training program. All training done on the job.

At present 4 engineers are training in Sir Lanka

Problems with Labor:

- Lack of awareness on work ethics and regulations.
- Monthly absence of employees is very high.
- Efficiency is very low 50-60% as compared to Sri Lanka more skilled more efficient and more productive.
- Unskilled labor at first they are ok. After training they join the other employees they become like them productivity drops and problems begin. Absence with no notification, priority is not work.
- All skilled labor is foreign, no Quality control managers, engineers or supervisors, since there is no history in the industry and skill has still to be developed.
- A major incident occurred in this factory, where a female worker declared that the factory manager a foreigner and a local engineer assaulted her. She took the case to court, which resulted in major complications for the two persons. According to witnesses she inflicted the damage on herself and it resulted in paying her money compensation and was returned to work. The foreign manager left the country and decided not to come back. Dishonesty is dangerous in this closed work atmosphere. The interference of the civil court was based on a clan system.

Other Problems:

Protection should be given to foreign management.

Legal problems should be solved in a special court, or by the labor department or ministry of interior.

There is continuous interference of the courts. Since any dissatisfied laborer goes to the court and sends a court order for the factory management.

The Union is trying to interfere with the factory policies, if this happens then the management of these factories will not be in the hands of the factory managers any more.

For example number of working hours, salaries and other privileges, this change in working conditions will result in expensive labor.

6- Millennium:

Majed Jayousi : Deputy General Manager.

Labor Force: 102 foreign 280 local

Expect to increase by 50 foreign and to 400 local.

Expansion for phase 2 new extension of a five floors building 50% ownership Cotton Smith

Full capacity is 700 employees for the factory.

Shortage in labor:

Skilled production labor: shortage of efficient and work ethics people.

Unskilled labor productivity very low, turnover very high.

Training of labor:

They have an agreement with the VTC. They gave their needs at the last training session waiting for answer.

TESP conditions are not suitable the worker should stay at least one year in the same factory for it to be beneficial and this is not happening. Turnover is very high.

Training for all before production locals are trained by expats.

Preference is for women they are more productive.

Problems with labor

Movement of employees.

Very low efficiency. Planning to separate local from foreign workers for a time in order to discover discrepancies.

Social problems mixed community is new to them permissiveness between men and women leading to major problems.

Will try to separate men and women in the workspace and deal with this issue very firmly.

Agriculture mentality is still overwhelming.

Management staff has to have the willingness to learn, very specialized industry lack of experience in the country as a whole needs time to produce a new race of experienced body in this field.

7- Jordache American Jordanian Co.

Mr. Zaruk : General manager.

Work Force: 260 foreign 500 local expect to double local workers in the next year.

Will increase the number of women to 50% since they are more efficient.

Shortage of Labor:

Shortage in skilled, unskilled and management labor.

Training of Labor:

Cooperates with VTC and TESP, but most labor is trained on the job with a shadow behind him.

Problems with Labor:

No discipline, cleanliness at work improving, expect a parental relationship, no concept of time.

Cases of stolen goods

The manufacturing industry is new in Jordan and they do not understand the company rules, spoilt.

Management have no experience, no initiative and no responsibility.

The social problems of male female interaction and the religion issue.

Experience and common sense in the industry are lacking.

Unable to work under pressure.

Problems arising from religious belief, no touching is allowed, especially when cleansed for prayer.

Male community very tough (muscles) so the selection is very strict and only the best are chosen out of 150 maybe 15 are selected.

Should change laws in order to avoid incidents like the Sari factory

Loss of trained employees to other factories 20%

Investors should expect half of their targets, labor is cheaper than USA but more expensive than Asia.

Efficiency is low productivity is low (60% of foreign labor) by the end labor is not cheap.
Will not encourage other investments in Jordan.

General Comments;

There should be an impartial body of professional to be the judge when any problems concerning the QIZ factories arise. Policies have to change.

Lack of advertising on needs for labor in the villages is creating the labor shortage.

8- Crystal:

Dr. Altaf Majeed : Director

Labor force 120 foreign and 180 local

Expansion: Future Jordan Apparels requires 1200 workers.

Training:

TESP and VTC before starting and all on job training for production.

Problems:

The Al Hassan estate has 28 garment factories coming up this is a major mistake since quotas must be set in order to have more diversified industries thus minimize the problems facing labor demand.

There are no restrictions on labor movement within the industry

Government policies need to be changed and to create specialized bodies to deal with the problems at the QIZ's.

Productivity of local labor is 60% of expats

Foresees disaster in the coming couple of years unless labor laws and protection laws for investors are made.

There is no system from the government for workers and no motivation.

Investors can provide the potential but not the motivation.

Loopholes in the law.

Family clanning a disadvantage

Shortage in labor in the industry, only 20 % of the Jordanian labor at present in the estate is good even better than expats. They learn quickly but are lazy.

Some facilities should be given to investors like Visas, and company cars Duty free.

Labor inefficiency absent labor is 15% out of 366 workers.

Not sincere options open for them they leave for minimal increase in wages.

Government support should be much stronger on all issues.

9- South Asia:

Labor force:1300 , Local staff 750

Shortage:

Skilled production labor specially middle management people.

Comments:

The laborers are not interested to become professionals with the opportunity that is given to them.

Lack of common sense, and lack of productivity in the attitude of labor.

Laziness and the rural attitude towards work. They want to earn money with minimum effort.

The higher the skills the better the pay but this is only tempting 20% of labor.
Training is done on the job and the recruitment is done as per company policy.
Turnover is medium, the skilled person imposes himself on the job.
The Wasta has to be eliminated from the VTCs since some students get the diploma without working to earn it. .

10- Best Knits:

Labor force: 650

Shortage: In skilled production labor which led the company to hire expats for these jobs. Main shortage in quality in general, skilled production labor in pattern design, sample-making inspection of fabrics and garments material, especially laboratory inspection, cutting which is computerized. Maintenance of machinery even when it is being repaired by the specialists the locals are not interested to learn more about these problems and how to handle them.

Problems:

There is no long-term motivation and they only care to get their salary at the end of the month.

No future vision for the possibilities that their jobs now are going to make them pioneers in the field and future demand will be in their favor.

Turnover of employees is 10% the unskilled labor is the problem since they are facing difficulties with the local supervisors. Once a local is upgraded they start treating the other laborers in an authoritarian method that is degrading.

The management tries to advise these people and give them advice on how to deal in a responsible way but that is not working, thus labor moves out of the factory.

The time of creation of the industrial estate is too short for the manufacturing industry and the availability of the required experience as in other countries that have been manufacturing for a long period of time.

General Suggestions about improving labor conditions: A third party or body with certain authority has to handle all the labor issues in the Industrial estates.

Extensive qualified training should be directed as per the needs of the factories, the VTC graduates are not well equipped with the necessary tools for the industry.

There should be a committee to handle labor safety and their security.

Special conferences and seminars should be organized on regular basis to include the labor force, middle management and management, to update them on certain conditions in the industry and how to work and deal with workers.

Training:

Awareness mechanisms and ways to educate the labor force on the importance and the future of these industries for them and for the country.

VTC has not been able to fulfill this role.

Al Karak Estate

1- Honor way Jordan Apparel

Labor force: 240 locals expected to increase to 2000 next year. And 4000 workers in two years time.

Shortage:

Skilled labor, middle management merchandising, translators(Chinese to Arabic) suggest to use students who are studying either of the two languages.

Shipping staff, financial managers, quality control, cutting and pattern making.

Comments:

The general comments were what they were promised and when started operation discovered loopholes and a lot of hidden costs.

Transportation of labor was promised by the Karak Municipality.

The electric power in the estate is medium to high voltage, has to operate with the help of transformers. These have to be obtained from the government from the EDC. These are overpriced and are assembled locally. Also to build the site for this it is on the account of the company. Proposed to have low voltage for everyone and each investor will change everything on their own account.

Leased telephone lines are not efficient and very expensive; these can be built alongside the main highway.

VTC programs do not have the proper machines for the students to practice on. They are not relevant to the garment industry in the estate. Also the trainers themselves do not have the basic disciplines to train the workers.

In order to educate the workers on efficient productivity, they will use the per piece tariff.

Al Tajamouat at first sounded too expensive but they provide everything in their package.

The QIZ are not properly located since it is mainly garment industry and it is labor intensive, the estates are far from the concentration centers of labor (like Nepal, Bangladesh)

The Karak estate is too dusty.

2- Camel Textile International Corp.

Labor force 600

Do not seem to have any major complaints at the moment except for expansion there might be shortage of labor.

Al Tajamouat Estate

1- Dawaymeh:

Not a QIZ yet but has his space at Tajamouat, there has been negotiations with some joint ventures but now all is frozen.

2- New World:

Will start operating soon still in the training and recruitment phase. They have just heard about TESP and will look into the possibilities of applying to the program.

They train their own labor. So far have not faced any problems since there is availability of unskilled labor in the area. But there is lack of people who can operate in their factory, example out of 200 applicants for their announcement only 62 persons were chosen for training for now. This figure might diminish on actual production.

Labor force is from Wehdat, Khreibet el Souk, Sahab and Zarqa.

3- Manhattan and New York:

The number of skilled labor now after training is not in shortage at their factory, but with the expected number of new factories in the coming year the shortage will follow the same problems as in Al Hassan unless policies about labor turnover and movement are studied and put into action. Labor wages will start soaring high.

The shortage is the lack of experience in the garment industry. Training is all done in the factory and the sewing machine operators when they perfect their task they train others.

For the moment there is no shortage in unskilled labor.

4- Horizon:

Will start operation in Jan 2001. All labor force is local, and they train all unskilled labor in their already existing factory at Sahab Industrial Estate.

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ANNEX A

OVERVIEW OF QIZ AREAS AND REGULATIONS

ANNEX A

OVERVIEW OF QIZ AREAS AND REGULATIONS

In 1998, Jordan was one of the first countries to implement the QIZ concept within the already existing Al-Hassan Industrial Estate which was established in 1993 north of the Kingdom near the University of Science and Technology in Irbid. Al-Hasan industrial estate, as with most industrial estates, is operated by the Jordan Industrial Estates Corporation (JIEC), except for the Gateway QIZ in the Jordan Valley, the Tajamouat QIZ in Amman, and the Ad-Dulayl QIZ in Zarqa which are privately owned. JIEC operates the 43 ha Al-Hassan QIZ in Irbid and the 185 ha Karak QIZ, and the soon to be implemented 275 ha industrial estate at Aqaba.

The no quota limits granted to Jordan by the US offers ample opportunities to manufacturers to take advantage of the QIZs tariff free status as well as the Jordanian quota free standing. Some pertinent facts relevant to the operation of QIZs are included in the box to the right.

Description of QIZs in Jordan

Gateway Park – Uniquely located on the shores of the Jordan River (north Jordan Valley), straddling borders with Israel, this is the first privately owned estate to be granted a QIZ status. Gateway Park was established with specific clients in mind, mainly hi-tech and pharmaceutical companies that can utilize the know-how of Israel and the labor and manpower of Jordan. Textile and other traditional industries, as well as electronic, telecommunication, and computer industries from the US and the Far East will be locating on this site. Another distinctive feature of Gateway is its free zone status in addition to the QIZ designation.

Al-Karak Industrial Estate (AKIE) – The second QIZ, located 110 km south of Amman, AKIE was created explicitly to be a QIZ. The estate is by far the largest QIZ in Jordan. Some of the features that will contribute to the success of AKIE are the pre-built hangers available to investors in different sizes and specifications, the readily available utility connections as well as a one stop shop which offers health services, security, military representative office, financial consulting, etc. In contrast to Al-Hassan Estate, AKIE is further away from the Israeli border, but is closer to the port of Aqaba, and is linked by a major highway.

Facts Characterizing QIZ Operation

35% of the appraised value of a product must be contributed by a manufacturer located within the QIZ, in one of two ways:

At least 11.7% must be contributed by the Jordanian manufacturer in the QIZ and 8% by an Israeli manufacturer (7% for high tech products). The remainder of the 35% content may be fulfilled by production at any of the following: QIZ, Palestine, Israel or the US.

Jordanian and Israeli manufacturers must each maintain at least 20% of the total production cost of QIZ produced goods.

Mixing and matching of the two methods above, whereby all inputs can be from one side while the other side can contribute to the total cost of production or vice versa, is permitted.

The appraised value of the raw materials used in producing QIZ goods must abide by certain rules in order to qualify as content from the respective country.

Ad-Dulayl Industrial Park (ADIP) - Primarily located in central Jordan, the privately owned industrial park lies on 345,000 sqm, 45 km northeast of Amman, and easily accessible by highway. Ad-Dulayl comprises an abundant pool of semi-qualified labor.

Al-Hassan Industrial Estate (AHIE)

Designated as the first QIZ in the world in March 1998, AHIE is located in Irbid Governorate 80 km north of the capital Amman. The original estate occupied an area of 427,000 sqm with new expansion underway increasing the estate size by an additional 83,000 sqm.

AHIE is owned and managed by the Jordan Industrial Estate Corporation (JIEC), a government entity who's mandate is to manage and administrate the industrial estates in the Kingdom. The first phase of development and operation (pre-QIZ) began in 1993 and continued to 1998. Phase 2 development (under QIZ mode) began in 1998 and is planned to continue until end of 2001. The QIZ contains the necessary power, telecommunication, water supply, sewerage, and additional services infrastructure.

The establishment of AHIE with its strategic location nearby a network of freeways that connect Jordan with a number of Arab countries such as Syria, Saudi Arabia, and Iraq, as well as the Jordanian-Israeli border, facilitates the marketing, and exporting of the different products.

Accommodating around 60 industries with an investment of JD 121 million, these industries played a distinguished role in offering ample number of employment opportunities (11,437 jobs) in the northern part of the Kingdom, which relatively high rates of unemployment, and, according to JIEC, is expected to offer at least 10,000 opportunities by the end of 2001 (see Table A-1).

Table A-1
Investment and Number of Operating Industries During Phase (1)
and Phase (2) QIZ

Year	No. of Operating Industries	Capital/JD Million	No. of Employees
1993 - Phase 1	57	118	6,944
1998 – Phase 2 (QIZ)	Up to 25	41	4,493
TOTAL	82	159	11,437

Source: JIEC (2000).

Table A-2 illustrates the distribution of garment/textile industries in terms of firms, invested capital, and number of employees during the two phases of development. The numbers indicate that the majority of employees work in this production category.

The predominant industries in the existing QIZ's are mainly Clothing Knitwear and Garments and a couple of industries for luggage. The reason for this high number of Garment industry is the fact that it is labor intensive and unskilled labor can be trained to do the job rather quickly.

Table A-2
Growth of Al-Hassan QIZ

Phase	Area (ha)	No. of Projects	Size of Investment	Employment (current & Expected)
1	42.7	57 Projects	118 Million JD	Currently 7,000 employees
2 QIZ	34.4	25 projects 14operational	JD 41 Million for the currently operational industries, expected to reach JD 100 million end of 2001	4,500 employees, number is expected to reach 10,000 employees by end of 2001

Source: JIEC 2000

Al-Tajamouat Industrial City (ATIC)

Privately owned industrial Estate, it facilitates a wide range of customer-oriented services. Located within the Greater Amman Municipality.

This QIZ is owned and run by the Specialized Investment Compounds, a public share holding company listed on the Amman Stock Exchange. This is the largest privately owned industrial estate in Jordan. ATIC occupies 300,000 sqm and is located within the Greater Amman Municipality.

ATIC's edge is that it offers investors a complete package in the field of property development. As with the other privately owned QIZ's, ATIC facilitates a wide range of customer-oriented services, such as: pre-built industrial buildings and workspaces, and immediate connection to utilities. The distinctiveness of ATIC is evident by the extra services the management team offers, such as internal financing schemes and tailor made buildings. ATIC has a full-fledged engineering group on site. All units within the estate are provided with the necessary infrastructure and services:

The types of industries currently operating in Al Tajamouat Industries City include *Garments and Clothing Factories*.

Al-Tajamouat industries currently employ somewhere between 750 to 1,000 workers. This number will expand greatly once a number of additional QIZ companies finish preparations and begin production and export.

Benefits of QIZs to the Jordanian Economy

According to published reports and studies (e.g., Atlas 1999), QIZs will have a positive impact on the Jordanian economy in various sectors, including:

Logistics –Transportation of finished products to the ports of Haifa in Israel or Aqaba in Jordan will benefit the trucking industry.

Banking – Banking industry will prosper with the influx of investments into the QIZs.

Construction - as the QIZs develop, new factories are to be built, in addition to employee housing and basic commercial facilities.

Insurance - this sector of the economy will reap some benefits from the QIZ, particularly from employee insurance plans, transportation insurance, and facility coverage.

Direct Employment – With the creation of the QIZ concept, it has been anticipated that employment benefits will reach the largest segment of the work force, especially the unskilled labor force, where a significant portion of Jordan's 20% unemployment rate exists (DOS, 1999). Even though large numbers of currently unemployed workers are likely to find companies keen to invest in their capabilities and develop them into semi-skilled employees as projects are completed and factories start full operations, the full effect of employment benefits remains to be determined. So far, all foreign companies that have commenced operations in the QIZs have found it feasible to mix trained local workers, unskilled labor and some foreign labor.

Thus, the direct benefit of *Jordanian employment within the QIZs* remains to be investigated fully; this study attempts to begin such an effort. A starting point is to analyze the regulations behind the formation of industries within a QIZ. This is detailed in the following subsection.

QIZ Formation and Regulations

A proclamation granting Jordan, Egypt, and the Palestinian National Authority the prerogative to create Qualifying Industrial Zones was released in 1996 by the US presidential office. This was an annex to the US-Israel FreeTrade Agreement act in 1985 to enhance economic cooperation and integration between the mentioned countries.

The US-Israel Free Trade Area Agreement states that all bilateral trade in industrial goods between Israel and the US will be exempted from tariffs. It is worth noting that the legalities and acceptance of the QIZ are based on three factors:

1. The US-Israel FTA, a US-Jordanian-Israel Committee and the Jordanian-Israeli agreement. The residing committee is the governing body and sole decision maker on which products comply with the QIZ status, thus, they can approve or reject all products being applied for qualification.
2. The joint committee, which is formed of two co-chairmen: a Jordanian appointed by the Jordanian Government, and an Israeli appointed by the Israeli Government, and an observer from the United States. The meetings of the committee take place alternately in Jordan and Israel.

3. Co-ordination is made via the co-chairmen of the committee, who are responsible for filing and keeping all submitted material for a period of at least five years. The committee is allowed to alter or add to its rules of procedures according to its discretion.

Each co-chairman will inform the US representative in his respective country of the forthcoming schedule of meetings as soon as it is agreed upon. The committee is authorized to approve products to be produced in the QIZ in accordance with the QIZ agreement. The reply of the committee (approval or denial) will be sent to the applicant by the co-chairman from his respective country. Denied applicants can appeal to a board of appeals which will convene within 30 days of the appeal.

Granted approvals can be cancelled by a joint decision from both chairmen should the enterprises not comply with the conditions stated in the QIZ agreement. The cancellation decision could be appealed to the board of appeals.

All applicants are responsible for the verification and authenticity of the information submitted. The committee is entitled to verify the information, but the legal liability lies only with the applicant.

Applicants are obliged to report to the respective chairman any change or deviation from the original application that is relevant to the QIZ agreement.

Jordan and Israel each, are obliged to report any contravention of the QIZ conditions to the other side. Each party is allowed to request cooperation in the investigation should one take place, otherwise, the investigating party is requested to report the outcome to the other within three months.

ANNEX B

INTERVIEW FORM

ANNEX C

**LIST OF INTERVIEWED
ORGANIZATIONS**

Annex C

List of Interviewed Organizations

	Company Name	Person Interviewed	Tel/Fax
	Al Hassan Estate		
1	Al Mutagademah	Bassem Al Zoubi	02-7395283
2	Al Shamal	Bassem Al Zoubi	02-7395283
3	Expansion 3 Continents		
4	Al Haramain	Mansour Khawaja	02-73954444/5/6
5	International Luggage Manufacturing Company	Akram Abu Ragheb	02-7395292/3
6	Falcon	Mr.Mahmoud Gizawi	02-7395323
7	Sari International	Ahmad Abu Baker	02-7395320
8	Millenium Expansion	Majed Jayousi	02-7395605/6/7
9	Jordache	Zarook Ansar	02-7395192/8/9
10	Best Knits	Raed Sweilem	02-7395651
11	South Asia	Mohamad Al Tal	02-7395592
12	Crystal	Altaf Majeed	02-7395285
13	Century Miracle	Rami Gussous	5601527
14	Century Standard Textile	Muhammad Nashashibi	02-7395570
15	Century Tailoring	Rami Qussous	
	Al Karak Estate		
16	Honorway Apparel	Tim Armstrong	079-550610
17	Camel	SK. Wang	03-2356018
	Al Tajamouat		
18	New York Garment Ind.	Mohammad Reza	4029789
19	Manhattan Apparel	Mohammad Reza	4029789
20	Dawaymeh	Ibrahim Hdeib	4028920
21	New World	Mohammad Natour	4020160
22	Horizon	Mohammad Marwan	