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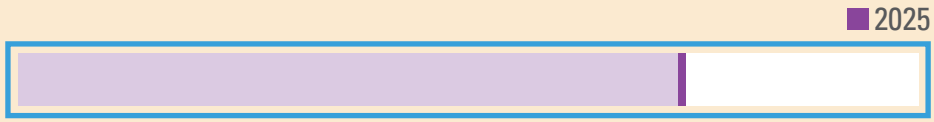
Shared Prosperity Dignified Life

Country profile
JORDAN

ARAB BUSINESS LEGISLATIVE FRAMEWORKS



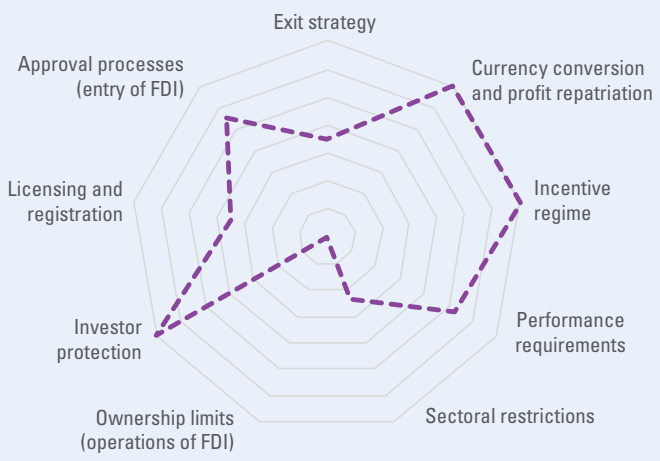
FOREIGN DIRECT INVESTMENT



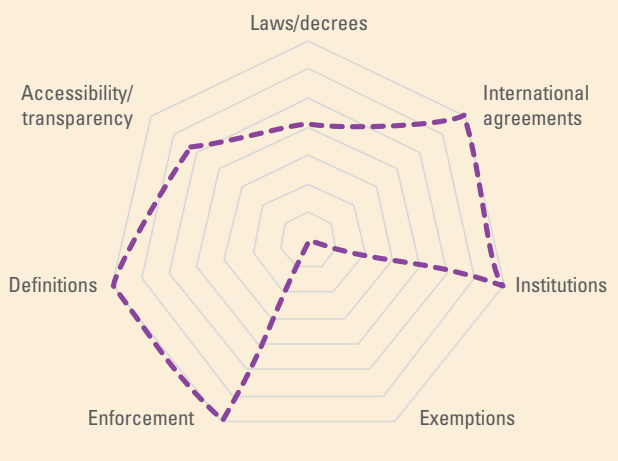
Very weak · Weak · Basic · Moderate · Developed · Strong · Very strong

COMPONENTS	2025
Approval processes (entry of FDI)	5.60
Licensing and registration	3.50
Investor protection	7.00
Ownership limits (operations of FDI)	0.00
Sectoral restrictions	2.33
Performance requirements	5.25
Incentive regime	7.00
Currency conversion and profit repatriation	7.00
Exit strategy	3.50

COMPONENTS



ELEMENTS



Note on methodology: The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

2020 EDITION

Strong

Foreign direct investment framework assessment

Macroeconomic enabling environment lens

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



Macroeconomic policies



Investment regulatory framework



Incentivization schemes



Bilateral treaties



Banking regulations

This country profile is prepared based on the legal and regulatory framework in force as at April 2025.

This country profile assesses the foreign direct investment (FDI) framework of Jordan based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

Foreign direct investment in Jordan is governed by Investment Environment Law No. 21 of 2022, which superseded the previous Investment Law No. 30 of 2014. The new law aims to create a more investor-friendly climate by increasing transparency and modernizing the country's investment framework. It provides a strong framework for attracting investors through incentives, investor protection, and smooth approval processes.



Approval processes

This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.

Pursuant to article 7(a) and (b) of Investment Environment Law No. 21 of 2022, the Ministry of Investment is deemed the principal authority responsible for regulating, promoting and supervising domestic and foreign investment, including implementing national investment policy, facilitating investor entry, and supervising development and free zones. Article 8(a) and (c) of the law provides for the establishment of an Investment Council entrusted with approving the investment policy, endorsing the investment map, and recommending legislative and regulatory amendments, thereby constituting the institutional framework responsible for organizing and monitoring investment. In relation to registration fees, article 96(a) and (b) of Regulation No. 7 of 2023 on Regulating the Investment Environment imposes statutory fees of 1,800 Jordanian dinars for registration in development zones and 3,500 Jordanian dinars for

registration in free zones, subject to a 50 per cent reduction for small and medium-sized enterprises. In parallel, Jordan has concluded a network of bilateral investment treaties governing foreign investment relations, including the bilateral investment treaty between Jordan and the United States of America, which provides legal safeguards for the protection of foreign investment, and guarantees fair and equitable treatment.



Licensing and registration

This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in Jordan, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.

The Real Estate Law of Jordan establishes explicit limitations on the acquisition of immovable property by non-Jordanians for the establishment of investment projects. Pursuant to article 133(b), non-Jordanian investors are prohibited from acquiring immovable property in border, archaeological and historical areas. Pursuant to article 140, the Minister of Finance may authorize a non-Jordanian investor to acquire a plot of land within zoning boundaries for the purpose of establishing an industrial or service project, provided that the surface area does not exceed 10 dunums. Article 142 further authorizes non-Jordanian investors holding the nationality of an Arab State to acquire land outside zoning boundaries for industrial, service or housing investment projects up to 50 dunums by decision of the Minister of Finance, and for areas exceeding that threshold by decision of the Council of Ministers. Articles 141 and 146 subject acquisitions exceeding the prescribed thresholds to approval by the competent council upon the recommendation of the Minister of Finance. In parallel, minimum capital requirements applicable to company establishment are governed by the Companies Law No. 22 of 1997, which sets statutory minimum capital thresholds for certain company forms and applies equally to domestic and foreign investors. Meanwhile, article 27 of Investment Environment Law No. 21 of 2022 provides that no restrictions shall apply to the percentage of foreign capital in development and free zones, notwithstanding the general legislative limitations. In terms of procedural streamlining, the Ministry of Investment provides a comprehensive investment licensing service through an electronic platform, enabling the submission and processing of licensing and registration applications online.



Investor protection

This assessment component reviews the legal protections available to foreign investors in Jordan, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.

The Investment Environment Law provides strong legal safeguards to ensure the fair treatment and security of investors. The law affirms the principle of full equality between Jordanian and non-Jordanian investors with respect to rights and privileges. It guarantees the protection of investments from arbitrary or discriminatory measures and prohibits any interference in the legally recognized activities, rights or interests of the investor or the company in which the investment was made.

Article 6 of the law states that no investment or any part thereof may be expropriated except in accordance with the law, for a legitimate, specific and public purpose, and in return for fair compensation to the investor, in line with principles of justice and equity.

Article 45 of the law establishes that disputes arising from investment contracts may be settled through arbitration, in accordance with the rules agreed upon by the parties. In cases where an arbitral award is issued by a foreign or international arbitral tribunal, it shall be enforced pursuant to the Law on the Enforcement of Foreign Judgments and the relevant international conventions in force in Jordan.

Article 46 further affirms that the court or arbitral tribunal shall apply the law agreed upon by the parties. In the

absence of such agreement, Jordanian law shall apply, with the exception of the rules of private international law.

In addition to its laws, Jordan has ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID), reflecting its commitment to international arbitration and the protection of investments.



Ownership limits

This assessment component examines the extent to which Jordanian legislation imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.

Regarding foreign equity restrictions and prior approval requirements, article 5 of Investment Environment Law No. 21 of 2022 grants foreign investors the right to establish, fully own, partner in, or acquire shares in economic activities, subject to sectoral restrictions determined by implementing regulations. Within this framework, Regulation No. 7 of 2023 on Regulating the Investment Environment set out foreign ownership ceilings applicable to specific sectors, reserving certain activities exclusively for Jordanian investors and limiting foreign participation in others. In particular, article 11 of the Regulation allows non-Jordanian natural persons and juridical persons registered outside the country to own or participate in several economic activities with a share of less than 50 per cent, including wholesale and retail trade, engineering consultancy services, construction contracting and related services, brokerage and commercial agency services.

In parallel, the acquisition of immovable property by foreign investors remains subject to specific authorization and statutory limitations under the Real Estate Law, which subjects foreign ownership to prior approval and compliance with prescribed regulatory restrictions.



Sectoral restrictions

This assessment component reviews sector-specific regulations that affect foreign direct investment in Jordan, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.

With respect to competition policies encouraging foreign direct investment, Competition Law No. 33 of 2004 and its amendment promotes free competition in the Jordanian market and prohibits anti-competitive practices, thereby contributing to the establishment of an open and competitive market environment conducive to domestic and foreign investment. In parallel, the regulatory framework of Jordan imposes sector-specific restrictions on foreign investment in certain economic activities. Article 13 of Investment Environment Regulation No. 7 of 2023 prohibits non-Jordanian investors and juridical persons registered outside the country from owning or participating, wholly or partially, in a number of activities linked to public safety and security, including private security and guarding services, arms and ammunition trading and maintenance, and shooting activities. These provisions establish explicit market access restrictions on foreign direct investment in designated sectors and reflect regulatory exceptions related to national security and public order considerations.



Performance requirements

This assessment component examines whether Jordanian investment legislation or policies impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.

Education and labour development policies applicable to foreign direct investment are reflected in mandatory workforce requirements established under article 5 of Investment Environment Law No. 21 of 2022. The provision allows the employment of non-Jordanian workers in specialized positions up to a maximum of 25 per cent of the total workforce, with the possibility of increasing this ratio to 40 per cent in the absence of qualified local expertise. It also provides incentives to projects employing at least 350 Jordanian workers and ensuring that Jordanian nationals represent at least 50 per cent of the total workforce, thereby introducing social and labour-related performance requirements aimed at skills development and transfer.

Article 13(b) of the law supports export promotion and knowledge transfer by requiring that incentives, exemptions and benefits take into account specific criteria, including economic activities that target export markets at a rate of at least 50 per cent, as well as activities aimed at knowledge and technology transfer and digital transformation. This introduces performance-based incentives linked to export orientation and technological upgrading.

However, the Investment Environment Law does not contain explicit legal provisions that establish clear criteria for assessing opportunity costs, effectiveness or efficiency of the State's foreign direct investment strategies.

Incentive regime

This assessment component reviews the legal framework governing investment incentives in Jordan, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.

The Investment Environment Law offers benefits both inside and outside development and free zones. Articles 9 and 10 provide customs duty exemptions on fixed assets, production inputs, and spare parts, as well as zero-rated sales tax on certain goods and services. Income tax reductions of at least 30 per cent are granted for businesses in less developed regions or those employing at least 250 Jordanians for up to five years. Articles 12 and 13 establish the Incentives and Exemptions Committee, which can approve subsidized energy and water costs, additional tax exemptions for job creation, and customs duty reductions for strategic activities. Articles under chapter four of the law outline incentives for development and free zones, where companies benefit from a 7 per cent income tax rate, while export-oriented businesses in free zones are fully exempt from income tax. Article 14 allows the Council of Ministers to grant special exemptions to major investment projects that contribute to sustainable development. These provisions aim to enhance the competitiveness of Jordan, attract foreign investment, and support economic growth while maintaining a balanced regulatory framework.

Currency conversion and profit repatriation

This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in Jordan, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.

The Investment Environment Law ensures that foreign investors have the right to convert and transfer currency freely. Article 5 explicitly grants investors the ability to convert the legally used currency in Jordan into a convertible currency and transfer it in and out of the country without delay, following international financial practices and applicable legislation. Additionally, article 31 allows registered enterprises in free zones to transfer foreign currencies and profits outside Jordan, reinforcing the country's commitment to capital mobility. With regard to regulatory oversight, the financial institutions in Jordan, particularly the Central Bank of Jordan, play a role in monitoring FDI capital movements within the banking sector to maintain financial stability.

Exit strategy

This assessment component assesses the legal framework governing the exit of foreign investors from the Jordanian market, focusing on provisions related to divestment, liquidation, mergers and acquisitions.

The Investment Environment Law provides a legal framework for the exit of foreign investors. Article 5 grants investors the right to liquidate or terminate their investment activities, ensuring an orderly exit process.

RECOMMENDATIONS

- Clarify whether foreign investors are permitted to establish mortgages or other real-estate security interests to access bank loans, and under what conditions.
- Introduce a statutory framework that requires a structured cost-benefit assessment for investment projects.
- Establish clear legal criteria or reporting mechanisms to assess the opportunity costs, effectiveness and efficiency of the State's foreign direct investment strategies.
- Introduce explicit legal provisions that regulate mergers and acquisitions undertaken by foreign investors, including applicable procedures and competent authorities, beyond the general exit rights provided under the Investment Environment Law.