

Constraints Facing Garment Industrial Sector Operating within the Qualified Industrial Zones in Jordan

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Abstract: *The main objective of the present study is to identify the main problems and constraints facing garment industry operating within qualified industrial zones in Jordan. Special emphasize is related to recognition of the level of basic infrastructure services affecting garment industry operating within qualified industrial zones. In addition, to analyzing the impact of the Egypt's signing the qualified industrial zones Agreement on the competitiveness of garment sector in Jordan. The study also tries to evaluate the effect of Encouragement Investment laws on garment sector operating within qualified industrial zones. To achieve the above mentioned objectives, the researchers designed a self administered questionnaire which was distributed to executives working at garment factories operating within qualified industrial zones. Later on, an analysis was conducted through different statistical methods to test the hypothesis of the study such as One Test Sample Method and Standard Deviation. The study reveals that level of basic services infrastructure, customs and clearance procedures, double standards procedures, and Egypt's signing the agreement of qualified industrial zones are all a problems facing garment industrial sector operating within qualified industrial zones in Jordan. Finally the study recommends effective tools to solve the problems facing the garment sector manufacturing in qualified industrial zones in Jordan.*

Keywords: *Garment industry, QIZ, constraints, and Jordan.*

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Introduction

The preferential treatment of the Jordanian products in the American market dated back to 1960s of the last century, when the United States considered Jordan as a free trade, and enjoy MFN arrangements within the previous General Agreement on Tariffs and Trade (GATT). The Jordanian products exported to USA stand on the list of the least tariff imposed on imports, without requesting a similar treatment for American products exported to Jordan, which prompted the United States to grant preferential treatment to Jordan through the Generalized System of Preferences during the 1970s, and allowing more than (4120) article to enter American territory without any customs tariff, or at the lowest tariffs in the category of the tariff schedules of the United States of America, and this incentive remained up to now.

To enhance the level of trade between the two countries, through establishing a tariff reductions and the granting of other incentives associated with it, the Qualified Industrial Zones (QIZ) has been included, it contain many of the commercial advantages that contributes increasing the levels of commercial exchange between the two countries, as well as to improvement the business environment in the Jordanian encouraging investment, attracting manufacturing techniques and production, and

stimulate joint ventures in industry, services and electronic trade.

QIZ are areas granted by Jordanian and American governments a special status so that exporting of goods produced in these zones to the United States without paying customs duties or taxes, without a request for similar benefits, as well as, there are no quotas on goods produced in Jordan and exported to the United States of America.

Qualified Industrial Zones in the Hashemite Kingdom of Jordan allow distinct importance to invest in it, where investors in these areas granted incentives when exporting their products to the United States free of all customs, duties or ceilings of quotas (Quota). Moreover, they are exempted by 100% from income and social services taxes.

A product is qualified under this agreement by one of the following methods: (US Customs Service – General Notice).

Method 1:

- 11.7% content must be added by the Jordanian manufacturer in the QIZ (1/3 of the 35%).
- 8% content must be added by the Israeli manufacturer (7% for high-tech products).
- The remainder of the 35% can come from the QIZ, Israel, Gaza Strip, West Bank, or the U.S. (with a

maximum of 15% from the U.S.) For this method only direct cost is applied to the calculation of content.

Method 2:

Jordanian and Israeli manufacturers must each contribute at least 20% of the total cost of production of the QIZ product. For this method, both direct and indirect cost is applied to the calculation of the content.

Method 3:

Mixing and matching of the two above alternatives. A situation where one side contributes to the content and the other side contributes to the total cost of production.

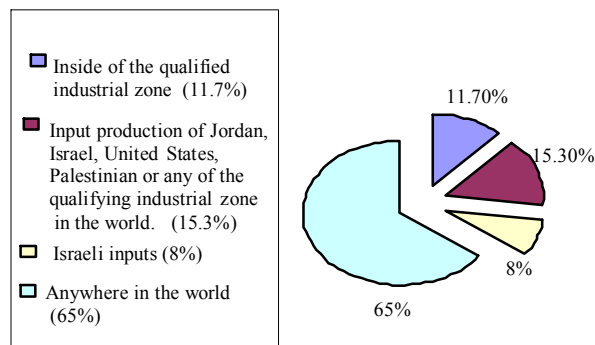


Figure 1. Proportion of the source of value added products provided in QIZ.

The Hassan Industrial Estate in Irbid was selected on 16 October 1997 to be the first and most qualified industrial zone in Jordan. Currently, there are a total of (13) qualifying industrial zone located throughout Jordan, three located in publicly run industrial estates, and ten privately owned as shown in the Table 1.

The garment sector operating within the Qualified Industrial Zones has been developed steadily during the period (1999-2006). In 1999 the private enterprises was operating three plants only. The value of their investments was (20) million \$, whereas the number in 2006 was (53) firms, with a total investments of (364) million \$.(Ministry of Industry and Trade, 2006).

Exports values of the Qualified Industrial Zones increased remarkably during the previous years, amounted to (1.5) billion \$ in 2006 compared with (850.7) million \$ in the year 2004, (520.4) million \$ in the year 2003, and (27.7) million \$ in the year 2000.

The garment sector in Jordan is considered as a Labor Intensive one, where data shows that more than (52429) workers working in the garment and textile sector, divided as follows: (Ministry of labor , March, 2007).

- Local employment with a total number of (15819) contributing 31% of total workforce of this sector.
- Foreign labor with a total number of (36610) contributing of 69% of total workforce of this sector.

The cost of labor in the industrial sector is regarded as one of the most important elements in the competitive advantage in attracting foreign investments, where as the cost of labor force is less than their counterparts in many countries of the world. They constitute about 5% of the cost of labor in Japan, 7% of the cost of labor in the United States, 8% of the labor cost in U.K, 11% of the cost of labor in Israel, and are close to the labor cost in China and India. (HALIM SALFITI, 2007).

Table 1. Main Indicators of QIZ.

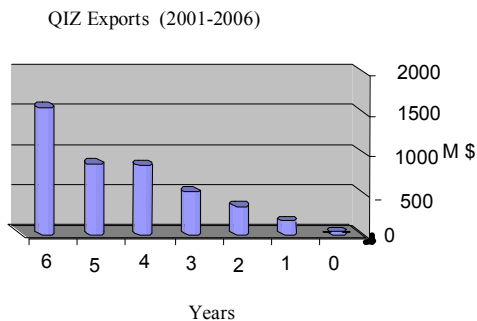
| Name | Location | Responsibility | Status | Total Area m2 |
|---|-----------------------------------|---------------------------------|---------------------|---------------|
| Al- Hassan Industrial Estate | Irbid | Institute of Industrial Estates | Operated | 1,005,00 |
| Al- Hussein Bin Abdullah II Industrial Estate | Karak | Institute of Industrial Estates | Operated | 580000 |
| Al- Aqaba Industrial Estate | Aqaba | Institute of Industrial Estates | Under Construction | * |
| Al- Tajamouat Industrial park | Sahaab | Private Sector | Operated | 300000 |
| Al- Dulayl Industrial park | Dulayl | Private Sector | Operated | 345000 |
| Gateway park | Jordan Valley | Private Sector | Under Construction | 50000 |
| Al- Qastal Industrial park | Qastal | Private Sector | Operated | 4000 |
| Al- Mushata Qualified Industrial Complex | Qunitera | Private Sector | Under Construction | 4000 |
| Al- Zey park | Rusifa | Private Sector | Operated | 2000 |
| Cyber City Park | Science and Technology university | Private Sector | Operated | 4000 |
| Hill wood | Hashemite university | Private Sector | Under Construction | 150,000 |
| Al- Hallabat Industrial park | Dulayl | Private Sector | Under Qualification | * |
| A- Mawred Industrial park | Muwaqar | Private Sector | Under Qualification | * |

Table 2. Exports, employment and investment in QIZ (2000- 2006).

| Year | Exports | | Employment | Investment | |
|------|--------------|-------------------|------------------|--------------|-------------------|
| | Value (US\$) | Annual Growth (%) | Total Employment | Value (US\$) | Annual Growth (%) |
| 2000 | 27.7 | - | - | 42.7 | - |
| 2001 | 166.8 | 502.3 | 17472 | 135.4 | 216.6 |
| 2002 | 340.9 | 104.4 | 24243 | 153.4 | 13.2 |
| 2003 | 520.4 | 52.6 | 28639 | 174.7 | 13.9 |
| 2004 | 855.9 | 64.5 | 44797 | 206.8 | 18.4 |
| 2005 | 872.1 | 3.0 | 47366 | 439.4 | 112.4 |
| 2006 | 1.560.0 | 76.5 | 52429 | 473.3 | 7.7 |

Sources: - Ministry of Industry and Trade, QIZ Unit.
- Ministry of Labor, Monthly Report, March, 2007.

Table 2 shows the development of exports, size of employment and size of investment in these areas:



- The QIZ commodity structure of exported goods:

Table 3. Value of different goods produced in QIZ.

| Products | 2006 Million \$ | (%) |
|---|--------------------|-------|
| Textile | 1,560,000 | 97.2% |
| Engineering | 20,280 | 1.3% |
| Veterinary Medicines and Agricultural Fertilizers. | 18,330 | 1.2% |
| Construction | 2,990 | 0.3% |
| Food | 1,950 | 0.1% |
| Plastic and Chemicals | 1,820 | 0.1% |
| Total | 1,605,370 | 100% |

Source: Jordan Investment Board, Annual Report, different issues.

The textile (clothing) is considered as the most important commodities exported within the Qualified Industrial Zones, as they hit during the year 2006 (1,560,000) million \$, contributing (97.2%) of the total exports of Qualified Industrial Zones followed in importance by both engineering and veterinary medicines and agricultural fertilizers.

The value added of garments sector plays a vital role in the Jordanian economy, and studies shows that the value added of this sector is estimated between 16% to 20% (Jordan Times, 1997). It is possible to increase this percentage gradually if the concept was adopted to promote forward and backward integration to this industry, which includes support industries of many raw materials like factories of fasteners buttons, thread, zips ..etc. And the ability to establish an

international fashion design center which helps to the access of the Jordanian garment sector more effectively in the global fashion market.

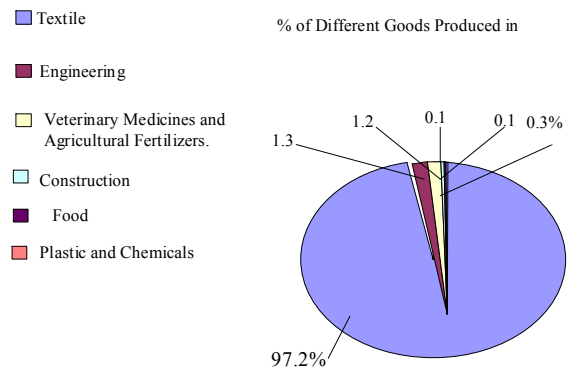


Figure 2. Percentage of different goods produced in (QIZ).

The competitiveness in this sector almost ranging between the various States, Egypt signing the Qualified Industrial Zones Agreement set garment sector in Jordan at the crossroads, especially that the facilities given by Egyptian is very significant in terms of (Salfiti, Halim, 2006):

1. Low wages and high qualified manpower.
2. Low cost of abundant water.
3. Low cost of electricity and lands.
4. Availability of the raw material (cotton) which is of high quality.

Jordan managed to overcome this competition through applying the Free Trade Agreement (FTA) schedule without any Israeli inputs, and getting benefit from competitive advantages to exports to the United States*. Despite the fact that many foreign investors would prefer to remain in Jordan which has gone a long way in this field, in addition to laws and regulations which support them, open banking system which support these industries, however, and lack of fear do not mean not to concern. Egypt is a strong industrial country and has many components of vertical integration for garment industry.

*With reference to the proportion of Israeli input in Jordan is estimated at 8% compared with 11.7% in the Egyptian qualified Zones.

which must lead us as Jordanians to assess where we are and to consider how to further stimulate this sector for survival and expansion in Jordan within a clearly defined strategy compared to other leading countries such as USA.

Review of Empirical Works

- “Economic effects of the qualified industrial zones in Jordan,” Alexandria businessmen Association, December 2004. The study emerged that the positive effects lies in:
 1. Significant increase in the value of exports.
 2. Increasing the volume of investments, whether local or foreign companies investments.
 3. Providing thousands of employment opportunity.
 4. Increasing the employment of women work force as industries in these regions is in need to qualifications and efficiency of the women, resulted in generating employment opportunities for women who was unemployed before.
 5. Creating an interaction relations in the labor market, where the average of every five jobs in the industrial areas result in jobs outside those zones.

The study also pointed out the negative effects of this experience which lies in:

1. Focusing on production of textiles industry significantly.
 2. High proportion of foreign workers and about their possession of distinguished professional positions, thus depriving local employment to acquire expertise and high administrative posts.
 3. Not attracting Arab capital for political considerations.
- “The ill-treatment of foreign labor working in qualified industrial zones”, The New York Times Report, 2006. The report pointed out that some foreign workers are starving and working in difficult conditions, including of working for twenty hours a day, and non-payment of their salaries for several months, and even imprisonment if they complained to authorities. The report also pointed to the complaints of some foreign workers who work in a Jordanian factories producing bridal marks like “Wall Mareth” and “Target” and other retail American factories, of grim working conditions in factories include, 20 hours of work per day and non-payment of their salaries for several months and beaten by supervisors and even imprisonment if they complained to the authorities». The report also pointed out that some textile manufacturers in Jordan and some sub-contractors who provide them foreign workers engaged in smuggling people. Some workers from Bangladesh said they have paid

1000- 3000 \$ in order to work in Jordan, but when they arrived they confiscated their passports and freezing their movement and ability to leave and gave theme less than what has been agreed upon and much lower than the minimum worker wages in Jordan.

- “Jordan’s Qualified Industrial Zones: A Qualified Success?,” Joseph Patrick Gaffney, Middle Eastern Political Economy, 2005.

The paper assesses the political and economic repercussions of the QIZs and the future challenges to the QIZ, from competition in Egypt to the new Jordan-US Free Trade Agreement. The paper also pointed out the rhetoric of the government and its responses to the concerns of critics and what this tells us about the effects of the QIZs within Jordanian political discourse. Finally, and concluded with lessons learned through the case of the QIZs in Jordan. The study shows that the QIZs have been successful, although not exactly in the way that the original framers of the agreement expected. The zones have been able to bring increased attention to the Jordanian economy, and the country has opened its doors and gained valuable experience in attracting foreign direct investment through trade missions, attending trade fairs and streamlining incorporation procedures.

Problem of the Study

The problem of the study lies in the following two questions:

1. Are there any problems and obstacles facing the garment industry operating within the QIZ in Jordan?
2. Is there any impact of the application of the Egyptian QIZ on the competitiveness of the Jordanian garment sector operating within the qualified industrial zones?

4. Objective of the Study

The study aims at identifying the reality of the problems and constraints of the garment industry operating within the QIZ in Jordan. The importance of this study also lies in adopting of the diagnostic, therapeutic and preventive on it, so that the public and private sector could take appropriate decisions.

Hence we can set goals of the current study as follows:

1. Identifying the problems and impediments facing the garment sector manufactured in QIZ.
2. Recognition of the reality of basic services and infrastructure in influencing the garment sector manufactured in QIZ.
3. Getting to know the real encouragement investment laws and its role in supporting the garment sector manufactured in the QIZ.

4. Identifying the impact of Egypt's signing of the Qualified Industrial Zones on the competitiveness of garment sector in Jordan.
5. Makeing some recommendations to solve the problems facing the garment sector manufactured in QIZ in Jordan.

Hypothesis of the Study

To answer the questions of the study, the present study have the following null hypothesis:

- H 1: Low level of basic services and infrastructure are a problem and an impediment to the garment industrial sector operating within the QIZ in Jordan.
- H 2: The customs and clearance at the airport, visa and exemption requirements of the projects is a problem and an impediment to the garment industrial sector operating within the QIZ in Jordan.
- H 3: Double standards and privileges granted to investors in each of the QIZs and Free Zones are a problem and an impediment to the garment industrial sector operating within the QIZ in Jordan.
- H 4: Egypt's signing agreement of the QIZs will have a negative impact and consequent on the competitiveness of the garment industrial sector operating within the QIZ in Jordan.

Research Methodology

To achieve the objective of the present study, the researchers adopted the descriptive statistical methods to test the research hypothesis through using statistical computer programs such as Frequencies, parentages, mean, mode and standard errors. Which enables the researchers to identify the main constraints of garment industrial sector operating within QIZ in Jordan.

Research Instrument

The researchers designed a self administered questionnaire through which the research objectives can be achieved. Then it was distributed to a selected sample personally to executive managers of the factories, and was recollected later on. The researchers distributed (32) questionnaire is and recollected (30) questionnaire which were valid for statistical analysis, representing response rate of (93.75%) of the total questionnaire distributed to executives working at factories of garment operating within QIZ in Jordan. The questionnaires include two main parts:

Part 1: Summarizes the demographic information about the factory such as year of establishment, experience and type of the product produced.

Part 2: Contains the questions related to the problems and constraints of garment industrial sector operating within QIZ in Jordan which totaled (27) statements divided in to four major sections as following:

- Availability of basic services and infrastructure facilities such as, water and electricity (1-8).
- Customs clearance procedures at the airport, visas and exemption requirements for the projects (9-20).
- Incentives granted to investors operating within Qualified Industrial Zones in Jordan (21-24).
- Impact of signing (Egypt's-Israeli QIZ Agreement on Garment Industry) in Jordan (25-27).

Each statement has been measured by Likert scale which is dimensional in nature:

| Answer | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|--------|----------------|-------|---------|----------|-------------------|
| Weight | 5 | 4 | 3 | 2 | 1 |

The researchers tested the reliability of the questions of the questionnaire where the Grenaches Alpha is (80.3%) which is acceptable statistically.

Reliability Statistics

| Gronpachs Alpha | N. of Terms |
|-----------------|-------------|
| .803 | 27 |

In addition to the questionnaire, the researchers conducted some specific personal interviews with top official executives of the Ministry of industry and trade, Ministry of Planning, and QIZ managers to get first hand data regards the problem.

Study Population

The population of the present study consisted of all factories working in garment sector in QIZ in Jordan who's total around (52) factories. As mentioned earlier, the researchers distributed (32) questionnaires to executive manager and recollected (30) questionnaires which represents (93.75%) responses rate.

Results and Discussion

After testing the hypothesis, the following results has been found:

- H 1: low level of basic services and infrastructure are a problem and an impediment to the garment industrial sector operating within the QIZ in Jordan. The above mentioned hypothesis was tested through analyzing the questions related to this hypothesis which is from (1-8) in which the mean of the sample is (28.79) which is greater than the test value by (4.79). This indicates that the difference is significant according to the testing hypothesis rule where the confidence interval 95% ($\alpha = 0.05$), which means that the hypothesis is accepted and low level of basic services and infrastructure are a

problem and an impediment to the garment industrial sector operating within the QIZ in Jordan.

| Qu. No. | Statement | Mean | Std. Deviation |
|---------|---|------|----------------|
| Q1 | The logistical movement of exports and imports of containers suffering from high cost and delay. | 3.75 | .705 |
| Q2 | A security committee at the Erez Sheikh Hussein inspects goods exported indiscriminately | 3.59 | .614 |
| Q3 | Inability to treat the wastewater resulting from the production of clothing | 3.06 | .893 |
| Q4 | The high cost imposed by the official authorities for the disposal of waste water resulting from processing operations | 3.48 | .958 |
| Q5 | The high fees of extracted water from artesian wells used for industry amounted to 250 fills per cubic meter | 3.90 | .703 |
| Q6 | A Jordanian electricity company inflated high prices for insurance and transformers and wiring necessary to connect them with the electricity network | 3.76 | .900 |
| Q7 | The Jordan Industrial Estates Cooperation imposed fees for the delivery of electricity service without any conversely services | 3.25 | .974 |
| Q8 | Classification of housing workers in the category of trade, which means a highest tariff among groups with regard to the price of electricity, even though the location of these homes within industrial zones | 4.01 | .724 |
| Q9 | The ineffectiveness of customs clearance at the airport | 4.09 | .971 |
| Q10 | Overdue of customs clearance process during the holidays at the borders | 3.13 | .957 |
| Q11 | The raw materials Subjected to duplication of inspections, first in the port of Aqaba and then in the industrial zone | 3.93 | .721 |
| Q12 | Delays and Long procedures in obtaining visas for investors and buyers and their representatives and the issuance of work permits | 4.14 | .736 |
| Q13 | Constraints on importing Materials for the purpose of building the factory, like import of ceramic | 3.79 | .848 |
| Q14 | Constraints on importing equipment of workers housing and workers restaurant | 3.34 | .965 |
| Q15 | Accoutrements of modern warehouses not exempted | 3.65 | .840 |
| Q16 | Cars of senior managers not exempted | 3.97 | .624 |
| Q17 | Constraints on importing foods for foreign labor | 3.42 | .966 |
| Q18 | Buses transporting workers not exempted | 2.89 | 1.375 |
| Q19 | lack of clarity and transparency in the criteria for exemption of fixed assets and the investment requirements of the project under the Investment Promotion Act and the weakness in the implementation of these exemptions | 4.10 | .925 |
| Q20 | Not exempting the industrial zones developers from customs and taxes on all supplies prefabricated and interior finishing buildings | 3.92 | .789 |

- H 2: the customs and clearance at the airport, visa and exemption requirements of the projects are a problem and an impediment to the garment industrial sector operating within QIZ in Jordan. The above mentioned hypothesis was tested through analyzing the questions related to this hypothesis

which is from (9-20) in which the mean of the sample is (44.40) which is greater than the test value by (8.40). This indicates that the difference is significant according to the testing hypothesis rule where the confidence interval 95% ($\alpha = 0.05$), which means that the hypothesis is accepted and the customs and that clearance at the airport, visa and exemption requirements of the projects are a problem as well as an impediment to the garment industrial sector operating within the QIZ in Jordan.

- H 3: Double standards and privileges granted to investors in each of the QIZs and Free Zones are a problem and an impediment to the garment industrial sector operating QIZ in Jordan.

The above mentioned hypothesis was tested through analyzing the questions related to this hypothesis which is from (21-24) in which the mean of the sample is (14.82) which is greater than the test value by (2.8). This indicates that the difference is significant according to the testing hypothesis rule where the confidence interval 95% ($\alpha = 0.05$), which means that the hypothesis is accepted and double standards and privileges granted to investors in each of the Qualified Industrial Zones and Free Zones are a problem and an impediment to the garment industrial sector operating within QIZ in Jordan.

- H 4: Egypt's signing of the Qualified Industrial Zones will have a negative impact and consequent on the competitiveness of the garment industrial sector operating within QIZ in Jordan.

The above mentioned hypothesis was tested through analyzing the questions related to this hypothesis which is from (25-27) in which the mean of the sample is (12.96) which is greater than the test value by (3.96). This indicates that the difference is significant according to the testing hypothesis rule where the confidence interval 95% ($\alpha = 0.05$), which means that the hypothesis is accepted and Egypt's signing of the Qualified Industrial Zones will have a negative impact and consequent on the competitiveness of the garment industrial sector operating within QIZ in Jordan.

Table 4. Factory size (in terms of labor).

| No. of labors | No of factories | (%) |
|---------------|-----------------|------|
| 1-9 | - | - |
| 10-49 | 1 | 3.3% |
| 50-99 | 2 | 6.7% |
| Above 100 | 27 | 90% |
| Total | 30 | 100% |

One-Sample Statistics

| Std. Error Mean | Std. Deviation | Mean | N | |
|-----------------|----------------|-------|-----|-------|
| .248 | 2.551 | 28.79 | 106 | INFRA |

One-Sample Test

| Test Value = 24 | | | | | | |
|---|-------|-----------------|-----------------|-----|--------|--|
| 95% Confidence Interval of the Difference | | Mean Difference | Sig. (2-tailed) | df | t | |
| Upper | Lower | | | | | |
| 5.28 | 4.30 | 4.792 | .000 | 105 | 19.340 | |

One-Sample Statistics

| | | | | |
|-----------------|----------------|-------|-----|-------|
| Std. Error Mean | Std. Deviation | Mean | N | |
| .506 | 5.209 | 44.40 | 106 | TARIF |

One-Sample Test

| | | | | | | |
|---|-------|-----------------|-----------------|-----|--------|--|
| Test Value = 36 | | | | | | |
| 95% Confidence Interval of the Difference | | Mean Difference | Sig. (2-tailed) | df | t | |
| Upper | Lower | | | | | |
| 9.40 | 7.39 | 8.396 | .000 | 105 | 16.594 | |

One-Sample Statistics

| | | | | |
|-----------------|----------------|-------|-----|------------|
| Std. Error Mean | Std. Deviation | Mean | N | |
| .238 | 2.449 | 14.82 | 106 | STANDDARED |

One-Sample Test

| | | | | | | |
|---|-------|-----------------|-----------------|-----|--------|--|
| Test Value = 12 | | | | | | |
| 95% Confidence Interval of the Difference | | Mean Difference | Sig. (2-tailed) | df | t | |
| Upper | Lower | | | | | |
| 3.29 | 2.35 | 2.821 | .000 | 105 | 11.860 | |

One-Sample Statistics

| | | | | |
|-----------------|----------------|-------|-----|-----------|
| Std. Error Mean | Std. Deviation | Mean | N | |
| .265 | 2.732 | 12.96 | 106 | AGREEMENT |

One-Sample Test

| | | | | | | |
|---|-------|-----------------|-----------------|-----|--------|--|
| Test Value = 9 | | | | | | |
| 95% Confidence Interval of the Difference | | Mean Difference | Sig. (2-tailed) | df | t | |
| Upper | Lower | | | | | |
| 4.49 | 3.44 | 3.962 | .000 | 105 | 14.931 | |

| Qu. No. | Statement | Mean | Std. Deviation |
|---------|---|------|----------------|
| Q25 | Egypt's signing of the Qualified Industrial Zones will impact negatively the competitiveness of the garment industry in Jordan because of Transmission of Jordanian factories operating within the Qualified Industrial Zones to Egypt | 4.32 | .911 |
| Q26 | Egypt's signing of the Qualified Industrial Zones will impact negatively the competitiveness of the garment industry in Jordan because of Shift of the American importer towards Egyptian Qualified Industrial Zones | 4.32 | .911 |
| Q27 | Egypt's signing of the Qualified Industrial Zones will impact negatively the competitiveness of the garment industry in Jordan because of demobilization of a large number of local labor work | 4.32 | .911 |
| Q21 | Double standards and privileges granted to investors in each of the Qualified Industrial Zones and Free Zones | 3.55 | .852 |
| Q22 | Activation of the cabinet decision on the subject of companies procurement in the qualified industrial zones of the sales tax rate to zero | 3.92 | .863 |
| Q23 | Activation of the cabinet decision on the exemption of workers meals of the sales tax | 3.77 | .908 |
| Q24 | The current Investment Promotion Act not granting the exemptions for industries and support services provided to investors in Qualified Industrial Zones (embroidery, supplementary services, branding, industrial laundry, housing and food providers) | 3.58 | .791 |

Demographic Analysis of the sample:
The study shows that 90% of the factories are employing above 100 labors as clear in Table 4. The study also shows that 40% of the factories covered by this study are having (3-5) years of experiences in the field of garment manufacturing, 26.7% (above 5 years) as clear in table number (5).

Table 5. Experience of factories in this field.

| Years | No of factories | (%) |
|---------|-----------------|-------|
| Below 1 | 2 | 6.7% |
| 1-3 | 8 | 26.7% |
| 3-5 | 12 | 40% |
| Above 5 | 8 | 26.7% |
| Total | 30 | 100% |

Conclusion and recommendations:

Based on the analysis of the present study, the following are the findings and conclusions:

1. The emergence of QIZ in Jordan leads to an increased exports from \$ 27.7 million in the year 2000 to \$ 1.5 billion in the year 2006, which represents a growth rate of 800% in the year 2006 over the year 2000.
2. The establishments of QIZ in Jordan leads to an increasing in the job opportunities in these areas from 17472 in the year 2000 to 52429 in the year 2006, which represents a growth rate of 66.7% in the year 2006 over the year 2000.
3. Foreign investments in the QIZ increased remarkably from \$42.7 million in the year 2000 to \$473.3 million in the year 2006, which represents a growth rate of 91% in the year 2006 over the year 2000.
4. Textile (Clothing) sector is considered as the most important commodities exported within QIZ which hits 97.2% of the total commodities exported in the year 2006.
5. The study shows that the customs and clearance procedures as well as exemption requirements of the projects operating within QIZ are big problems for the investors in QIZ.
6. The study concluded that the Egypt's signing of the QIZ agreement have a negative impact and consequences on the competitiveness of the garment industrial sector operating within QIZ in Jordan.
7. The study concluded that the level of basic infrastructure and services is low and a problem to

garment industrial sector operating within QIZ in Jordan.

Based on the above findings of the study, the researchers recommended the following:

1. It is necessary to encourage foreign investors to penetrate through sectors other with a high value added in order to avoid the problem of Israelis input costs.
2. Activation of Jordan laws and legislations which suits the needs and wants of foreign investors in the QIZ through providing promotions and incentives to them especially with the threat of going to Egypt's QIZ.
3. Improving the level of basic infrastructures and services such as logistical movements of exports and imports, inspection procedures, treatment of wastewater, cost of electricity and water.
4. Trying to ease the procedures of customs and clearance facing foreign investors, providing exemptions on materials and equipments imported, and make the procedures clear and transparent to the foreign investors.
5. Unifying standards to all investors in different fields such as exemptions granted on support services should be provided from concerned parties.

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