July 12, 2016, marked a turning point in the long-standing disputes over the South China Sea. After more than three years of proceedings at the Permanent Court of Arbitration, an international body in The Hague, a tribunal constituted under the UN Convention on the Law of the Sea (UNCLOS) issued a widely anticipated decision in a case the Philippines brought in 2013 to challenge China’s maritime claims to most of the contested waterway.

Many observers had expected the tribunal to rule in Manila’s favor. They’d also expected China to reject the tribunal’s decision, since Beijing, a signatory to the convention, has long opposed the proceedings and had warned that it would not abide by the judgment. But few anticipated a ruling as definitive as the one ultimately handed down. The tribunal ruled in favor of the Philippines on almost every count, declaring nearly all of China’s maritime claims in the region invalid under international law.

In so doing, the tribunal has brought a substantial amount of new clarity to a number of contentious legal issues and has set precedents that will affect the law of the sea for years to come. But it has also created an immediate problem: China’s defeat was so crushing that it has left Beijing few ways to save face. Chinese officials may feel that the tribunal has backed them into a corner—and respond by lashing out. That’s especially problematic because international law has no simple enforcement mechanism, so if China decides to defy the tribunal, neither it, nor the Philippines, nor any other interested states will be able to do much to induce China to cooperate. Washington and its

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local partners can still avoid a dangerous escalation, but only if they encourage China to abide by the ruling while making clear to Beijing that it has not been trapped by it.

ENCLAVED
The tribunal's ruling was striking for several important reasons. First, in a surprising move, the tribunal held that all the territories in the contested Spratly Islands are reefs or rocks, not islands. That distinction matters, because under UNCLOS, reefs cannot generate a claim to the surrounding waters or airspace, and rocks can serve as the basis for only a small maritime claim of 12 nautical miles. Islands, on the other hand, generate a 200-nautical-mile exclusive economic zone; states can also assert additional rights based on the extent of the continental shelves that underlie them. China insists that it has sovereignty over the Spratly Islands, and the tribunal did not rule on their rightful ownership. But by declaring all of the Spratlys' features to be reefs or rocks, it significantly limited the claims China can make to the surrounding water and airspace. Under international law, China's outposts in the (now misnamed) Spratly Islands should be considered isolated enclaves floating in a part of the ocean that is in the Philippines' exclusive economic zone, since they lie within 200 nautical miles of that country's territory. And Beijing cannot use the Spratlys to justify any claims to the surrounding waters.

Next, the tribunal found that China had conducted illegal activities inside the Philippines' exclusive economic zone. Chinese vessels, the tribunal ruled, had fished where they shouldn't have, had dangerously approached some Philippine boats, and had prevented others from fishing and extracting petroleum within the zone. Nor was this all: the tribunal also censured China's construction of artificial islands in the region, which it determined had caused severe environmental damage and heightened geopolitical tensions.

Finally, the tribunal completely invalidated China's claim that it holds historic rights to the South China Sea through its "nine-dash line," a sweeping cartographic projection that encompasses as much as 90 percent of the waterway. The line was first unveiled by the Republic of China in 1947 and was adopted by China's Communist rulers after they took power in 1949. Chinese officials have never explained the nine-dash line's precise legal meaning, but they have repeatedly claimed
that it demarcates an area from which China can extract resources. The tribunal found that there was no basis for the rights that Beijing said underpinned the line, and that even if there had been at some point, UNCLOS superseded those rights when China ratified it in 1996.

The tribunal’s decrees decimated China’s maritime claims in the South China Sea and handed a great victory to the Philippines in the process. But this victory could prove a Pyrrhic one if China responds with increased belligerence.

**NO EXIT?**

As noted, most observers expected the tribunal to issue a ruling that generally favored the Philippines. But most also thought that it would leave China some room to maneuver. One way the tribunal could have done that would have been by implicitly invalidating the nine-dash line without definitively striking down China’s argument that it has historic rights in the region—by, for example, pointing out the line’s ambiguity and indicating that all of Beijing’s maritime claims must comply with UNCLOS.

Had the tribunal opted for such a “soft” repudiation, it would have given China a valuable opportunity to save face. In the wake of the ruling, Beijing could have formally defined the nine-dash line for the first time, reframing it as a narrow assertion of its enclaved territories and their maritime entitlements rather than an undifferentiated claim to the entire South China Sea. That would have brought China’s position in line with UNCLOS while allowing Beijing to suggest to its domestic audience that it was not backing down. But since the tribunal rejected China’s claims to historic rights in the waterway entirely, Beijing now must either continue to reject the tribunal’s ruling wholesale or offer the Chinese public a fresh explanation of why its rights still stand—a tough approach, since Chinese leaders have long stuck to exactly the narrative that the tribunal rejected.

The tribunal’s ruling that the Spratlys do not constitute islands under UNCLOS closed off another opportunity for Beijing to save face. Before the decision was handed down, it seemed probable that the tribunal was going to forgo issuing any kind of ruling on Itu Aba, a Taiwanese-held feature that seemed more likely than any other part of the Spratlys to be a candidate for the legal status of an island. If the tribunal had indeed avoided this question, it would have given China another off-ramp: since China maintains a claim to Itu Aba through
Parting the South China Sea

its professed sovereignty over Taiwan, Beijing could have argued, at least to the Chinese public, that the reunification of China and Taiwan would eventually entitle it to Itu Aba and therefore to a large swath of the South China Sea. Indeed, the exclusive economic zone that would have extended from Itu Aba under such a scenario would have covered many of the Spratlys’ other contested features. By ruling that Itu Aba, like all the other features in the Spratlys, is not an island, the tribunal eliminated that possibility and destroyed China’s ability to justify its expansive claims to the South China Sea in legal terms.

DON’T FLOUT IT

China has rejected the legitimacy of the Philippines’ case and the tribunal’s jurisdiction to hear it since Manila first brought its complaint in January 2013. Beijing has decried the tribunal’s decision as illegitimate, and it will certainly not abandon its outposts in the Spratlys or return the sand it used to manufacture them to the seabed. In fact, in the wake of the ruling, China landed civilian aircraft on some of those outposts, presumably to demonstrate that possession is nine-tenths of the law.

China might now choose to flout the decision more explicitly by deepening its de facto control of the area. It could, for example, declare an air defense identification zone in the South China Sea, as
it did in the East China Sea in 2013, unsettling many of its neighbors in Southeast Asia. It could also start to reclaim land at Scarborough Shoal, which it wrested from the Philippines in 2012. (Former U.S. officials have suggested that China might be preparing to do exactly that later this year.) Chinese forces could attempt to intercept a U.S. ship or plane as it conducts a freedom-of-navigation operation, raising tensions between Beijing and Washington. Or China could take actions that are less dramatic but nevertheless destabilizing. It could attempt to apply new domestic laws to the areas it controls. Or it could declare base lines, the formal points from which states measure maritime zones, around the Spratlys, suggesting another effort to administer the surrounding waters.

Any of those actions would be deeply worrisome for China’s neighbors and would demonstrate that Beijing is uninterested in playing by the rules of the international order. Even more troubling, however, would be if a defiant and defeated China chose to withdraw from UNCLOS completely. It is possible for a country that is not a party to the convention to observe its provisions—the United States is the prime example. But if China withdrew, it would almost certainly portend Beijing’s rejection of the prevailing maritime order, setting the stage for further escalation of the many disputes regarding the South China Sea. China’s withdrawal from the convention would suggest not only that Beijing intends to ignore the tribunal’s ruling but also that it does not want to be bound by the many other maritime rights and provisions that UNCLOS enshrines and that govern the free use of the global commons.

There are good reasons for China not to take such a course. First, although the tribunal dealt a blow to China’s maritime claims—its rights to water and airspace and its authority to conduct certain activities there—it did not rule on China’s claims to sovereignty over territory in the South China Sea, which are beyond the scope of UNCLOS. For that reason, Beijing can rightly argue that its sovereignty over the contested reefs and rocks it occupies has not been affected. It cannot legally continue to declare military zones in the water or airspace around the reefs it occupies, nor can it do so more than 12 nautical miles from the rocks it controls. But if Beijing emphasizes sovereignty claims instead of maritime ones, it could draw public attention away from its legal defeat.
Second, after several years of vigorous island building, Beijing has good reasons to avoid further alienating its neighbors. Many of those states—most notably the members of the Association of Southeast Asian Nations (ASEAN)—have become increasingly wary of Beijing in recent years and have clearly supported resolving the region’s disputes through the mechanisms of international law. Were China to make aggressive new moves, it would deepen their sense of alienation, encouraging them to strengthen their militaries to further balance against Beijing.

One other path could mitigate the sting of China’s defeat. The Philippines’ new president, Rodrigo Duterte, has signaled that he is interested in pursuing a more conciliatory approach to Beijing and has held out the possibility of resuming negotiations with China over resource sharing in the South China Sea. If Chinese President Xi Jinping accepts Duterte’s offer, he might be able to reach a deal with Manila that allows China to continue to claim some rights to resources in the far corners of the South China Sea.

**HOW TO TAKE THE EDGE OFF**

Satisfying as the tribunal’s decision may be for Manila, all parties now have a strong stake in ensuring that the situation doesn’t escalate. The judgment sets a significant legal precedent: the principles that guided the tribunal’s decision are now part of international law, and countries must embrace and reinforce them if they want others to uphold them in the future. The case concerned just a few of Asia’s many maritime disputes. Other countries, from Japan to Vietnam, are considering cases of their own, and the tribunal’s judgment must produce some positive change if they are to pursue their own arbitrations with confidence. And although the South China Sea disputes have deep historical roots, they have flared up in recent years because China’s growing military capabilities have meaningfully improved Beijing’s ability to press its claims. If China goes further by deliberately flouting the ruling or withdrawing from UNCLOS, it could destroy the maritime order it has already damaged.

There are several steps that the United States and its partners can take to reinforce the recent ruling without getting China’s back up. For starters, the United States and like-minded countries around the world should continue to declare their support for the legal process, calling on China and the Philippines to abide by it without taking a position on the underlying sovereignty disputes. The U.S. State
Department should work closely but quietly with other claimants that are considering bringing cases of their own to help them ascertain how this ruling might affect their efforts. And the United States should make clear that it will investigate the implications of the decision for its own island claims.

The U.S. Department of Defense, for its part, should resume freedom-of-navigation operations that reinforce the decision after a pause of several weeks to allow tensions to cool. It should conduct those operations without pomp or fanfare: their message should be legal rather than military, and their audience should be Beijing.

Finally, U.S. officials should work closely with their Chinese counterparts, encouraging them to negotiate with the South China Sea's other claimants, particularly the Philippines, and to make progress on a binding code of conduct with ASEAN, a long-sought multilateral agreement that would create a strict set of guidelines for behavior in the South China Sea. A code of conduct would likely also freeze the waterway’s political and territorial status quo, helping China reassure its neighbors that its long-term intentions are not threatening. U.S. officials should remind their counterparts in Beijing that these remaining avenues to negotiation will close if China makes another assertive move, such as beginning construction at Scarborough Shoal, but that if it does not, there will be ample room for cooperation between China and its neighbors and between Beijing and Washington.

The United States and China should also press ahead with the confidence-building measures they agreed to at June's U.S.-China Strategic and Economic Dialogue, to reduce the risk of an accidental clash between them. That would help each demonstrate to the other and to the region that neither wants to see a great-power conflict over the South China Sea or any other maritime issue and that both are committed to acting responsibly. More generally, U.S. officials should make clear that the arbitration decision has brought China to a legal crossroads, but that Beijing still has reasonable options available to it. Resolving the current showdown peacefully and legally would be in everyone's interests—including, and especially, China's.

Mira Rapp-Hooper

82 FOREIGN AFFAIRS
A Truly Great Investment Destination

Known for its peaceful global stance, Jordan is a strong ally of the U.S. and Europe, and an important hub for business at the crossroads of east and west. Enjoying excellent relations with its neighbors and the rest of the world, Jordan is a modern, open and peaceful country within the Middle East.

Relations with the U.S. are particularly strong, as they are offering partnerships and donations to help the beautiful and proud country’s ongoing development. In May last year, His Majesty King Abdullah II launched his Jordan 2025 vision, which includes over 400 policies and procedures to be implemented by the government, the private sector, and civil society organizations in the coming decade. Total U.S. aid to various Jordan projects in 2015 alone amounted to some $15.833 billion.

Jordan’s competitive advantages are many. The country has an excellent strategic location where Europe, Asia and Africa converge, state of the art transport links, a dedicated and stable leadership, a firm commitment to private enterprise, and access to major markets. In recent years, incentives and exemptions for investors have increased with the growth of free zones and industrial estates, its 9.7 million inhabitants include a young and well-educated population.

Jordan’s main industries include tourism, information technology, clothing, fertilizers, potash, phosphate mining, pharmaceuticals, petroleum refining, cement, inorganic chemicals, and light manufacturing, and the country also produces citrus, tomatoes, cucumbers, olives, strawberries, stone fruits; sheep, poultry and dairy goods.

The appointment of H.E. Dr. Hani Mulki as Prime Minister in May 2016 has led to renewed optimism for people throughout the country, as the Syrian refugee crisis puts pressure on local housing and services. By appointing a thoughtful diplomat and economist, His Majesty King Abdullah II has endorsed a credible public figure of whom great things are expected.

Last May, Jordan passed an investment law which allows foreign countries to invest in strategic projects in Jordan, such as energy and infrastructure development. As Minister of Planning and International Cooperation H.E. Eng. Imad Fakhoury explains: “We are a country that continues to demonstrate resilience against the odds. We have developed a very clear socioeconomic blueprint thorough the Jordan 2025 national vision and strategy with which we aim to show increasing resilience to the issues in the region while aggressively expanding prosperity for our citizens.”

Dr. Ziad Fariz, Governor of the Central Bank, commends the focus on free trade and the private sector over the past five years.

“We have undertaken great institutional, economic and political reforms that have helped us maintain stability within Jordan, despite the difficulties surrounding the region,” he says.

“Our focus on free trade and the private sector has ensured the development of our exports; which has been an engine for growth. Education is a major factor in our development. As a result of our higher education and human resources, we are focused on exporting our services. In fact, the export of services contributes to almost two thirds of our GDP.”

www.worldfocusgroup.com
The Leading Bank in the Arab World in Financial Inclusion

The Housing Bank for Trade and Finance pursues a competitive strategy for expansion of its retail and corporate business.

Established in 1973, The Housing Bank for Trade and Finance (HBTF) embarked on a journey of continuous growth and development to become a leading provider of a wide spectrum of banking services covering areas of corporate and investment banking, project finance, asset management, treasury, and commercial and retail banking.

Today, HBTF stands at the helm of the Jordanian banking sector and acts as a major contributor to economic growth, as the key financier of a number of strategic projects implemented by national enterprises and local companies across varied industries, from real estate and hospitality, to gas and electricity. Indeed, over the past several years, HBTF’s leading role in corporate banking activities has been critical in the development of the Jordanian economy.

Meanwhile, as the largest retail bank in the country with an overall market share of 15%, and a 38% market share of saving deposit accounts, matched by an extensive network of 129 branches and 215 ATMs, HBTF enjoys the widest geographical reach and the largest customer base in Jordan and is thus able to provide the highest levels of services to retail clients, in addition to commercial clients wherever they are located in Jordan. On an international level, HBTF is present through branches and subsidiaries in the United Kingdom, Algeria, Bahrain, Syria, and Palestine, and through representative offices in UAE, Iraq, and Libya.

The bank’s outstanding performance and leading role in the Jordanian banking sector has been recognized both in the region and internationally. In 2016, the World Union of Arab Bankers named the HBTF The Arab World’s Leading Bank in Financial Inclusion and the bank also won the award for Best Bank in Jordan 2016. In addition, Forbes Magazine rated the Housing Bank among the top three of the top 100 solid companies in the Arab world.

In a region prone to conflict, the Housing Bank for Trade and Finance is adapting both to the situation and to being proactive in the market. Ihab Saadi, the HBTF’s Chief Executive Officer, is prudently guiding the bank according to current interest rates while pursuing an aggressive strategy for competitive growth and expansion of retail and corporate business. For him, the bank’s contribution to Jordan’s banking sector rests both on the strategy of risk assessment and on the HBTF’s realization of its Corporate Social Responsibility.

The Housing Bank for Trade and Finance is well positioned as a market leader to offer highly competitive and successful financial products in the retail sector. The bank’s housing loans currently

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Profit before tax for June 2015: USD 122 million

In 2016, The World Union of Arab Bankers named HBTF The Arab World’s Leading Bank in Financial Inclusion.” Ihab G. Saadi, the HBTF’s Chief Executive Officer
offer the lowest rate of 5.99% in the country. With nearly 40% of the market share in savings, the bank can offer financing and transactions at reasonable costs. To further leverage its edge on private banking, the HBTF will increase its number of branches from 129 to 138 by the end of 2016. Since 2014, customers have also been able to use mobile banking services.

These key strengths are underpinned by skilled staff and management, as well as the well-recognized brand name.

In addition, the bank is expanding its commercial and corporate business as well as project finance. Ihab Saadi points out the bank’s involvement in successful infrastructure projects in the past, including high-profile energy projects: in 2003 and 2004, HBTF led a debt syndication of $160 million to finance the gas pipeline project for the Jordanian Egyptian Fajr Company, one of the largest syndications in Jordan. In 2014, it led a second $120 million syndicate financing for the same company involving Liquefied Natural Gas (LNG) project in Aqaba. HBTF further supported the project by facilitating the import letters of credit of LNG for the National Electricity Company with well over $400 million a year.

Today, HBTF continues work in Aqaba with its financing of the Ayla Oasis project development, one of the largest real-estate projects in Jordan to reshape Aqaba into a modern seaside-destination city. As a leading bank in Jordan, HBTF undertakes its responsibilities to attract even bigger projects strategic to the country that will help further in Jordan’s development.

While financial markets in the region’s neighboring countries are in turmoil, HBTF’s financing strategy with its careful selection and focus on collateral has proven successful: the bank has reduced its percentage of non-performing loans (NPLs) from 6.1% in 2014 to just below 4% in June 2016.

For foreign investments, Jordan confidently offers a healthy banking sector, a legal framework and a business-friendly environment. For the Housing Bank for Trade and Finance, the structure and incentives in Jordan are established and the bank is capable of structuring, supporting and financing projects and new businesses for foreign investors in Jordan. The country has a strong intention to promote both international and local investments.

With small and medium-sized enterprises making up a big part of the business market in Jordan, there is a definite place for them in the portfolio of the Housing Bank for Trade and Finance. The bank has internally restructured and further developed this department. HBTF closely collaborates with organizations like the Jordan Loan Guarantee Corporation, Overseas Private Investment Corporation (OPIC) and the credit bureau CRIF Jordan, thus ensuring credible credit information and guarantees to make SME lending more viable and efficient. With a growing number of branches and ATMs and mobile banking service, the Housing Bank for Trade and Finance will remain in first place among Jordan’s banks. The bank has also invested in new headquarters in Amman, the nation’s capital, further boosting to its growth. The prestigious building can accommodate up to 1,200 employees with a built up area of 78,000 square meters, while the high-tech design also includes an attractive flagship branch.

In the future, Ihab Saadi will continue to look at all business drivers instead of focusing on just one. The bank will realize opportunities in all areas: corporate investment banking as well as retail commercial, corporate and other services. To remain aggressive in financing and competitive in the banking sector, HBTF will offer new financial products every year to address the changing needs of the market. For HBTF’s Chief Executive Officer, Jordan is a country on the brink of realizing its upside potential and top maturity stage for investors: “If you are thinking of going abroad to the Middle East, Jordan is your best bet. Jordan is a stable country, neutral, safe, and strategically located,” he says.

“The country has a strong will to promote both international and local investments.”

Ihab G. Saadi, the HBTF’s Chief Executive Officer
ASEZA positioning makes Aqaba as a World-Class Gateway of Jordan for Business, Trade & Leisure

A pivotal export center that links Asia with North Africa, ASEZ (Aqaba Special Economic Zone), is Jordan’s gateway to global commerce and a premier tourist destination, and is strategically located at the crossroads of four countries and three continents. Aqaba spans approximately 375 square kilometers and is making exciting headlines around the world. The area’s growth in terms of people and economic worth is nothing short of mind-blowing, and it is shown in the improvement of the citizens’ quality of life. The master plan that was established in 2001 from the vision of His Majesty King Abdullah II and ASEZ encompasses real estate, tourism, logistics, industrial parks, education, health and other investment sectors to create more sustainable growth. Specialized areas have already been established, including Aqaba Town (fast becoming Jordan’s second city), the Port Community, the Aqaba Marine Park, the Logistic Zone and the Southern Industrial Zone and the Airport Industrial Zone. The contribution of the Aqaba Special Economic Zone Authority (ASEZA) to Jordan’s GDP grew by 56% between 2000 and 2015. Over the past decade, the department, headed by Chief Commissioner H.E. Nasser Shraideh, has attracted more than $21 billion in tourism projects, $3 billion in industrial investments, $250 million in commercial real estate, $2 billion in logistics, and $340 million in health and education.

Aqaba is part of the Golden Triangle of Jordan, along with the desert of Wadi Rum and the ancient village of Petra (one of the Seven Wonders of the World). Due to Jordan’s regional prominence as a peaceful and safe destination, ASEZA is promoting several mixed-use developments and investments worth $16 billion. The number of hotel beds will have risen from 500 in 2000 to an estimated 8,000 by the end of 2016. ASEZA offers exclusive incentives to SMEs and global investors and is committed to creating sustainable development.

Aqaba Development Corporation (ADC)

ADC acts as a development driving force for Aqaba and Jordan.

Aqaba Development Corporation (ADC) is run by a Jordanian team and supported by the international private sector and multinational companies. A private shareholding company governed by a board of directors, ADC is wholly owned by the Government of Jordan and ASEZA. Each has a 50% stake with a mandate to develop ASEZ through building new or expanding existing infrastructure and the required superstructure, creating business enablers for ASEZ, and managing or operating its key facilities.

As Eng. Ghassan Ghanem, CEO of ADC, acknowledges: “Jordan’s stability has boosted the confidence of investors in Aqaba, which aims to become a hub of imports and exports in the region.”

Plans are afoot for a new group of terminals to be either expanded or constructed, including terminals for liquefied natural gas (LNG) at a cost of $140 million and another for liquefied petroleum gas (LPG) at a cost of $25 million. From one port in 2000, to 10 specialized ports in 2016, and 12 by 2018, the industrial possibilities are massive, as are the incentives for SMEs to establish themselves. The King Hussein International Airport has been developed in line with international standards and has a capacity of two million passengers per year. The industries in the Southern Industrial Zone have been given the infrastructure needed to receive new industrial and logistic investment. The Southern Industrial Zone will be the backyard of the new relocated port — The Southern Port — which will have six berths to replace the existing main port, as part of the Marsa Zayed project: Jordan’s largest ever mixed-used development, also based in Aqaba.

At the crossroads of four countries and three continents.
Opening up for major investment

PBI Aqaba and the Aqaba Container Terminal are playing a major role in making the Aqaba International Industrial Estate (AIIE) an attractive location for investment.

With its strategic geographic location, major seaport, international airport, and developed road network, AIIE is the perfect place for manufacturing, logistics, storage, renewable energy, and energy efficiency initiatives, and related services.

Registered in the U.K., PBI Aqaba develops and manages AIIE under a concession contract, and during the 11 years it has been in operation, it has marketed land areas spanning 700,000 square meters. It boasts undeveloped land of 500,000 square meters and is currently in negotiations for a further million.

PBI Aqaba provides support and assistance to investors before and after commencement of operations. Investors at AIIE benefit from investment incentives which include a wide range of market access (free trade) agreement; 5% fixed income tax on company net profit; no withholding tax on dividends; duty-free input of all raw materials, machinery and equipment and 70% foreign labor permitted automatically.

Sheldon Fink, whose experience ranges from industrial and logistics development to power and water projects, and who also has extensive Middle East management experience, explains the ethos:

"PBI is by far the most financially competitive industrial estate in Jordan and ranks very well internationally."

Sheldon Fink, Chairman and CEO, PBI Aqaba

"PBI is by far the most financially competitive [industrial estate] in Jordan and ranks very well internationally. We are competing with companies that are 10 times bigger. More than 65% of our 1,000-strong workforce is Jordanian and once we have completed our growth trajectory we will have brought around $600 million to Jordan.

"PBI is looking to bring investors and companies to Jordan that produce renewable energy devices. In particular, we have been focusing on companies that produce solar energy and LED lighting. We’ve made agreements with both U.S. and Chinese manufacturing companies to help them move part of their operations here. I would recommend U.S. companies to take a serious look at Aqaba—we know how things work here and it’s easier to conduct business."

At the Aqaba Container Terminal, CEO Jeppe Nymann Jensen puts forward his views: "Jordan has to prepare for growing trade; this will happen domestically through a growing population, and regionally when the borders to its neighbors, Iraq and Syria, are opened up. This alone could result in trade growth of up to 30%," he says. "Privatization is another way of acquiring knowledge and His Majesty’s vision calls for multiple opportunities for investors to participate in tenders for public-private partnerships."

Since APM Terminals won the concession of Aqaba Container Terminal in 2006, total investments have grown to a worth of $300 million. The most significant investment is the quay expansion that was completed at the end of 2013 and doubled the quay length to 1,000 meters.

The eighth-largest potash producer worldwide by volume of production and the only producer of potash in the Arab World, the...
Arab Potash Company (APC) is a firm in a million.

As well as contributing a huge amount to the Jordanian economy, it also has one of the best track records among Jordanian corporations for work safety, good governance, sustainable community development, and environmental conservation.

A Huge Success Story

Established in 1956 as a pan-Arab venture, APC operates under a concession from the Government of Jordan that grants it exclusive rights to extract, manufacture and market minerals from the Dead Sea until 2058. In addition to its potash operations, the company also invests in several downstream and complementary industries related to Dead Sea salts and minerals, including potassium nitrate, bromine and other derivatives. APC employs more than 2,200 workers in Amman and Aqaba.

In recognition of its amazing work, His Majesty King Abdullah II awarded APC an Order of Independence of the First-Class medal for supporting the national economy, employing Jordanians and corporate social responsibility.

CEO Brent Heimann is justifiably proud. “We’ve been producing potash since 1982; this is by far our biggest year for production as we hit 2.35 million tons,” he says. “We are very happy with the work we did last year to increase the capacity of the plant without capital investment. Despite serious challenges such as high energy costs, we have managed to remain competitive within the industry.

“We are financing two dams here in Jordan that will lower water costs and provide fresh water to local communities near our plants. We also have plans to expand by 250,000 tons a year to reduce our production costs.

“We operate in one of the poorest areas, if not the poorest area in the country — Jordan valley — so we feel that, one, it is very important to hire from the local community; and two, it is important to give back. We have supported the local hospital and built several schools locally. We offer scholarships to any student in the area who scores highly enough to go to medical school: anything we can do to enhance and help the local community. Our CSR over the past five years has been about 10 million JD per year. Last year, it was about 8-9% of our total net income. This is an extremely unusual percentage.

“Our growth prospects are positive because potash is a necessary ingredient for providing balanced fertilization for soil, and demand for food crops will continue to rise.”

King Abdullah II Design and Development Bureau (KADDB)

An independent government organization that exists within the Jordan Armed Forces, the KADDB was established by Royal Decree in 1999 to be a center of excellence. The company has strengthened its industrial capabilities by partnering with local companies, as well as some of the world’s leading defense and technology firms, and is aiming to be the globally-preferred partner in designing and developing defense and security products and solutions in the region.

“Jordan and KADDB have a lot to offer its partners and investors and can help generate very attractive ROIs,” Atef Tell, Chairman of KADDB says. “We also benefit from the Special Operations Forces Exhibition (SOFEX) and Conference Center to emphasize these unique assets in pursuit of our set goals and objectives.”