

# Israel-Jordan Joint Venture Appears to Enhance Ties

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Articles & Testimony

**T**he United States played an important supporting role in the quiet drama of re-building Jordan-Israel ties by holding an official signing ceremony two weeks ago to recognize the Al Hassan Industrial Zone in Irbid, Jordan as a "Qualifying Industrial Zone" (QIZ).

The QIZ agreement, first signed at the Doha conference last November, encourages joint ventures between Israel and each of its peace process partners by providing duty-free access to the U.S. market to all goods that are jointly-produced. This type of arrangement is considered such an effective tool in drawing investors to Irbid that the Israeli and Jordanian governments are jointly approaching Europe to request that they follow the U.S. lead.

Several joint Israeli-Jordanian ventures are already operating in the Irbid QIZ, with the accord precipitating a spurt of additional investor interest.

The QIZ has already enabled the Century Investment Group, the primary Jordanian company involved in the Zone, to become the largest private employer in northern Jordan.

Century currently employs 1,200 Jordanians who, according to chairman Omar Salah, tend to become strong supporters of peace through their working relationship with Israelis. The combination of new prosperity and inevitable people-to-people contact is unbeatable in winning workers over to the cause of peace and normalization, say Salah and his Israeli partners.

The number of Jordanians employed in Irbid is expected to grow to more than 5,000 within three years. In a small economy like Jordan's, such a large concentration of workers, and their families, could constitute a significant bloc.

In some cases, those manufacturing plants that have opened in Irbid represent factories that were operating in Israel and moved to Jordan to take advantage of the lower labor and production costs. This has led to criticism by some in both countries.

Jordanian opponents of the QIZ contend that it exploits Jordanian laborers; this, however, rings hollow, given Jordan's high unemployment rate (approaching 20 percent) and the relatively high wages paid to QIZ workers in comparison to the Jordanian labor market.

For their part, Israeli critics argue that the QIZ exacerbates the high unemployment in Israel's development towns -- in Ofakim, where several plants have closed down or moved, unemployment is nearly double the national rate. However, as Sharansky has noted, the larger phenomenon is the shift in Israel's economy from low-tech (e.g., textiles) to high-tech industries. If the plants didn't move to Jordan, he said, they would either move farther away, to Eastern Europe and Asia, or they would close down completely.

U.S. efforts at using economics to foster the peace process have at times been criticized as ineffective and contrived. Indeed, with the legacy of the Doha economic summit in mind, it is clear that grand international events and a few "showcase" joint ventures cannot themselves rescue a failing peace process.

However, in the case of Jordan and Israel, there is ample evidence that economics can play a vital role in cementing

peace and in building a pro-peace constituency among populations.

Progress between Israel and Jordan also shows that U.S. economic initiatives can make a real difference when the timing and the targeting are right. In this case, the parties themselves have established both the targets (joint projects) and the time (now). So far, this is one U.S. economic initiative designed to bolster peace that seems to be working.

Washington Times

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