

Peace Pays Off for Jordan

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Articles & Testimony

As Iraq continues its rejectionist course, Islamic militancy remains strong and ongoing terrorist attacks stoke Palestinian-Israeli violence, expectations in the Middle East have plunged lower than the Dead Sea. Yet amid the gloom there is a glimmer of good news: Jordan.

It has been said that Jordan is the quintessential buffer state. Caught between Iraq and a hard place -- the West Bank -- it is also a barrier between north and south, namely a hard-line Syria and the Saudi oil fields.

Despite the prospect of war to its east, ongoing violence to its west and the resulting destruction of the country's tourism industry, Jordan appears to be enjoying a peace dividend that sets it apart. As neighboring economies have plunged in recent years, an economic upturn has occurred in Jordan because of its new relationship with the United States and its working trade relationship with Israel. And this economic growth has political consequences.

In the last five years, Jordan's exports to the U.S. have skyrocketed. In 1997, the total was \$5 million; in 2002, the figure was in the \$400-million range. No small feat for a country whose gross national product is just \$8 billion.

The job market also has expanded considerably, with 30,000 new jobs created in the last year alone. The nation's economic growth for the year is estimated at 4.9%. Foreign reserves stand at a record \$3.9 billion.

This success derives in large part from the Qualifying Industrial Zone, established in 1996 in the wake of the Jordan-Israel peace treaty. Under the deal, if Jordan and Israel work together to produce at least 35% of the value of any good, it enters the U.S. duty-free. Also, in December 2001, Jordan became the first Arab country to sign a free-trade agreement with the U.S.

As a result of the peace dividend, Jordanian authorities finally are no longer on the defensive.

Over the last several years, Islamists and ultranationalists waged a so-called "anti-normalization" campaign against stronger ties with Israel by targeting Jordanian professionals. For example, if they caught a Jordanian dentist treating an Israeli, they would drum the offender out of the dentist guild. A guild card is a prerequisite for practicing dentistry.

After these elements sought to move against the industrial zone, however, Jordan realized it had much to lose. A Jordanian court struck back last November, ruling that the anti-normalization effort ran against free trade. The

courts made clear that those who did not want to normalize relations with Israel may conduct themselves accordingly but they may no longer coerce others to follow suit.

Jordan also appears to be gaining confidence regionally.

In 1990, in the days preceding the Gulf War, King Hussein -- renowned as a moderate -- grew a beard to demonstrate Islamist fidelity, and he embraced Iraq's Saddam Hussein. A dozen years later, Amman does not feel like a city on the brink. The late King Hussein's son, King Abdullah, has not felt the need to side with Iraq. This is partly because an estimated 300,000 Iraqis -- mostly refugees -- now live in the 5-million-person kingdom, and many bring stories of brutality and torture. Saddam Hussein is no longer romanticized as a modern-day Saladin who can offer the Arabs deliverance.

More important, though, there is a relative decrease of Jordanian economic dependence on Iraq. In the last year, Jordanian exports to the U.S. for the first time topped the traditional \$350-million oil subsidy that Amman says it receives from Baghdad. And Washington has stepped up aid to Jordan. As a result, Abdullah's new rallying cry is "Jordan first," a slogan that encompasses the nation's need to insulate itself from the storms of east and west and focus on economic performance.

None of this should be seen as suggesting an outpouring of societal love for the U.S. And the government has not reduced its concern for Jordan's Palestinian and Iraqi brethren. Rather, there are indications that Jordan wishes to be a strong and independent country, not just a blind supporter of pan-Arabism.

The story of Jordan is not a panacea to transform the Middle East. Yet if a political dividend can occur at a time of regional deterioration, there is greater promise during normal times.

In a post-Hussein Iraq, there will be many ideas on how to transform that country and the region. Looking to the Jordanian example, it is clear that developing industrial zones could be at least one idea worth pursuing. ❖

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