

## JORDAN

# How the United States Should Help Protect Jordan from the Chaos Next Door

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## Omphalos: Middle East Conflict in Perspective



Photo Credit: Reuters via Voice of America

The Middle East has been engulfed in chaos. Longstanding authoritarian regimes have been toppled; still other dictators have killed hundreds of thousands and displaced millions in an effort to retain power. Iran's Shiite proxy militias have spread throughout the region, fueling sectarianism and broadening the appeal of nihilistic Sunni Islamist jihadist groups. Meanwhile, Saudi Arabia and Egypt—two longstanding pillars of Washington's strategic architecture in the Middle East—have been shaken by economic troubles.

Through it all, the moderate, pro-West kingdom of Jordan has endured as an island of relative stability. While incredibly perseverant, the kingdom is not immune to the regional tumult. Jordan today faces enormous economic and security challenges aggravated by the arrival of around a million Syrian refugees. Yet based on how well the kingdom has thus far coped with adversity, there has been a dangerous tendency to view it as a kind of new Sparta, a small but militarily advanced state with seemingly endless resilience. It would be a mistake to take the stability of Jordan for granted.

Maintaining the stability of Jordan should be an urgent concern for U.S. policymakers. Not only is the state a peace partner with Israel, it is a confederate in the battle of ideas against Islamist extremism and a force for regional moderation. It is also a vital ally in the military fight against the Islamic State and the principal base of U.S. air operations against the group in Syria. While rolling back Islamic State forces is important, the endurance of the kingdom—one of the few remaining pro-West, relatively moderate and tolerant Arab states—is crucial. The loss of this U.S.-allied monarchy would be a significant setback for U.S. interests in the Middle East. Securing Jordan from Syria's spillover should be a top policy priority of the Trump administration's Middle East policy.

## Situation Report

Ever since Jordan gained its independence in 1946, observers have been predicting the state's imminent collapse. For years, the primary destabilization driver emanated from divisions between Jordan's indigenous tribal-origin nationals—the so-called “East Bankers”—and its West Banker, Palestinian-origin citizens. More recently, backlash against official corruption and frustration with the feeble economy have mobilized segments of the population against the palace. In the last few years, spillover from Syria—in particular the arrival of as many as 1.4 million refugees, according to the Jordanian government—has tested the durability of the kingdom.

The war in Syria is having a profound impact on Jordan. According to the government's 2016 census, Syrians now comprise 13.28 percent of Jordan's population. Beyond the social dislocation associated with the addition of such a large contingent of refugees, the Syrians are having a significant effect on the economy and national deficit. Worse, militant Islamist ideology from next door—though not necessarily from the refugee population—is seeping across the border into the kingdom. Accordingly, terrorism is becoming an increasingly difficult challenge.

Jordan's economy has never been robust. Indeed, the kingdom has run deficits for more than half a century. Since 2011 and the start of the Arab uprisings, however, the economy has taken a marked turn for the worse. After the Egyptian revolution, disruptions of the gas pipeline through the Sinai desert to Jordan forced the kingdom to fill the gap with more expensive crude oil, resulting in a \$3 billion (or 30 percent) budget deficit in 2013. More recently, border closures with Iraq and Syria have undercut Jordanian exports, and the wars next door have scared away visitors, significantly reducing tourist revenues. The arrival of so many Syrian refugees has only compounded the kingdom's fiscal problems.

Despite adversity, the kingdom today is relatively stable, and doing well—especially compared with many of its neighbors. There is no guarantee, however, that Jordan will continue to endure regional pressures unscathed, especially if spillover from the Syria war continues.

The challenges faced by the kingdom are diverse but can be broadly categorized into three related baskets: security, refugees, and the economy. Taken separately, each of these issues represents a problem for Amman; together, if left to fester, these challenges could morph into a perfect storm.

## Security

Jordan's security apparatus has long been considered the gold standard in the Arab world. For decades, the military and the General Intelligence Directorate (GID) have proved competent, committed, and effective in protecting the kingdom from enemies foreign and domestic. Six years into the war in neighboring Syria, however, spillover is undermining security.

While the population spike caused by refugees is a challenge for the GID, these Syrians are not an immediate threat. Infiltration of militant Islamists from across the border—the purview of the military and border guard—is likewise not an imminent danger to security in the kingdom. Instead, the primary threat appears to be creeping radicalization: the movement of radical Islamist ideology from Syria into Jordan.

The war in Syria—in which the nominally Shiite Assad regime and its Iranian patron have been responsible, directly or indirectly, for the killing of nearly half a million people, mostly Sunni Muslims—has enraged Jordan’s overwhelmingly Sunni population. Some 2,500 Jordanian nationals are reportedly participating in the jihad in Syria, fighting alongside the Islamic State and al-Qaeda affiliates, among other groups. Meanwhile, anecdotally at least, increasing numbers of Jordanians appear to be moving toward Salafism. Clearly, some are also self-radicalizing.

In the past year, for example, more U.S. soldiers and contractors have been killed in so-called "green on blue" attacks in Jordan than in Afghanistan. Most recently, this past November, three U.S. Special Forces troops were killed by a Jordanian army officer at the entrance to King Faisal Air Base in the country’s south. Almost a year earlier, two U.S. trainers—as well as two South Africans and two Jordanians—were killed by a rogue officer at a police training facility. It was later discovered that the murder weapon the gunman used in that attack had been provided to the GID by the CIA to arm moderate Syrian rebels. This particular AK-47 rifle—and thousands of others—never reached its intended destination. According to the *New York Times*, the guns were sold on the black market.

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But the security problems go beyond the killing of Americans. Twice in June 2016, Jordanian security installations were compromised by terrorists. On June 6, a lone attacker shot and killed five officers in a GID facility in Baqaa, twenty miles north of Amman. Weeks later, an Islamic State militant detonated a car bomb at an isolated Jordanian border post on the Iraqi-Syrian frontier in Rukban, killing six soldiers. On both occasions, Jordanian officers were reportedly asleep on guard duty.

Adding to the concerns, just months earlier, on March 2, 2016, it took Jordan’s best commando unit, the 71st Counterterrorism Battalion, more than 12 hours to defeat an isolated cell of seven IS terrorists in the northern town of Irbid. The terrorists were eventually killed, but so too was the head of the CT unit, in an operation said to have been severely hampered by breakdowns in communication.

These missteps, some say, led to a massive shakeup of the Jordan Armed Forces General Headquarters last fall—the simultaneous dismissal of six general staff officers. While Jordan’s security apparatus remains among the best in the region, this overhaul would appear to reflect a

lack of confidence from the palace, based on the recent underperformance of these services. Speculation in Jordan about the dismissals has been intense but quiet: in late November, military courts issued a ban on publishing any news related to the armed forces.

A month later in December 2016, an Islamic State attack and the subsequent manhunt in the southern town of Karak killed 17 people and injured 34 others. YouTube videos taken during the incident showed police officers shouting from the windows of the local station house, pleading with local citizens for more weapons and ammunition. Interior Minister Salameh Hammad declared the security operation in Kerak a "success," but in mid-January Hammad was removed from his post in a cabinet reshuffle.

## Refugees

According to the Office of the U.N. High Commissioner for Refugees (UNHCR), 656,000 Syrian refugees are currently residing in Jordan. Amman, which has in the past demonstrated a penchant for exaggeration on these matters, says the kingdom is hosting 1.4 million Syrians. Regardless of the actual number, these exiles are having a significant effect on Jordan.

Fewer than 120,000 of these Syrians reside in refugee camps; the overwhelming majority live in the kingdom's cities and towns. The influx has increased demand for housing, raised rents, and stressed the educational system. Some 145,000 Syrian students now attend Jordanian primary schools—so many that the kingdom has added second shifts to accommodate the children. The refugee crisis is also exacerbating Jordan's acute water shortage. Even before the refugees arrived, Jordan was the third most water-insecure state, with most locals receiving water just once per week. At the current rate of consumption, some estimates indicate that its fresh water supply will be exhausted by 2060.

The refugees are clearly taxing Jordan's scarce resources, including the state budget. According to the World Bank, they cost the kingdom over \$2.5 billion a year—equivalent to nearly 18 percent of its annual budget. In 2016, the kingdom incurred a deficit of nearly \$1.3 billion on its \$12 billion in budgeted expenditures, in large part because of these refugees. Overall, the General Budget Department reported that Jordan would accrue \$1.8 billion of new debt in 2016.

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To be sure, the refugees are a financial burden. Even with the hospitality and largesse of Jordan and the assistance provided by the UNHCR, life in the kingdom remains an existence of quiet desperation for the vast majority of these Syrians. According to the United Nations, 90 percent of registered Syrian refugees in urban areas are living below the national poverty line. Throughout

the kingdom, two-thirds of Syrian refugees are impoverished—and this figure would likely be even higher if non-registered Syrians, who receive no funding from international organizations, were taken into account. While many Syrians in Jordan are working, opportunities have been somewhat limited. If these refugees remain in Jordan indefinitely, they could become a permanent underclass that is especially vulnerable to radicalization.

## **Economy and Unemployment**

Since 2010, Jordan has seen its debt-to-GDP ratio increase from 67 to nearly 90 percent today. To cover the shortfall, the kingdom has taken loans that will cost over \$1 billion to service this year alone—nearly 6.5 percent of the total annual budget. These high recurrent annual expenditures, as well as the growing national debt, are a long-term concern for the kingdom's economic well-being. The more immediate problem for Jordan in terms of stability, however, is unemployment.

Workforce participation in Jordan is extremely low. According to the World Bank, only 36 percent of all Jordanians of working age participate in the workforce. Only 15 percent of women work—despite the fact that women account for six of every 10 college graduates. Among this already anemic 36 percent, unemployment stands at almost 15 percent, with joblessness among youths approaching a stunning 40 percent. Overall, some 16 percent of college graduates are unemployed.

Jordan's difficulties in creating good jobs are driving many of its educated abroad. Half of Jordan's engineers work in the Gulf. Accordingly, expatriate remittances accounted for more than 14 percent of GDP in 2015, but this was a decline from the previous year, when remittances equated to nearly 18 percent. Should low oil prices persist, this critical source of revenue will likely continue to fall off.

Even as Jordanians are struggling to find work, the labor market for foreign nationals is booming. According to the Jordanian census, 635,000 Egyptian expatriates are currently working in the kingdom. Qualifying Industrial Zone factories, established after the 1994 peace treaty with Israel to boost employment in Jordan by allowing these areas to sell their wares duty-free in the United States, are staffed by Bangladeshi workers. The domestic labor sector in the kingdom is cornered by South Asian women.

Among Jordan's East Bankers, there is a decided preference for public-sector employment, which offers job security, relatively lax performance and attendance standards, low retirement ages, pensions, and subsidies. While the perquisites are significant, the salaries are typically low. The government is Jordan's leading employer, responsible for providing 39 percent of all jobs. But the public sector is shrinking, and competition for these plum slots is fierce. In 2013, 200,000 college graduates applied for 6,400 civil service jobs.

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Unemployment and underemployment are a significant source of frustration in the kingdom. In summer 2016, Jordan saw its largest sustained protests in years as one town forty miles south of the capital took to the streets for three months to complain about endemic unemployment. Despite deep dissatisfaction with unemployment and the economy, however, the kingdom has seen relatively few demonstrations. At least in part, it seems Jordanians have limited expressions of discontent fearing a descent into Syria and Iraq-style chaos. With Syrians increasingly entering Jordan's labor market, the unemployment challenge for Jordanians will no doubt be exacerbated.

Already, the wars in Syria and Iraq—which have diminished trade and tourism—are having a real impact on the standard of living in the kingdom. In 2010—the last time Jordan's Department of Statistics compiled the data—Jordan's poverty rate stood at 14.4 percent. Anecdotally, at least, the situation appears to have gotten worse. Today, according to the World Bank, the transient poverty rate in the kingdom—meaning the proportion of residents who experience poverty for at least one-fourth of the year—is 33 percent. Jordan's admirable efforts at economic reform, which include subsidy reductions on staples such as electricity and gas, may aggravate this trend.

## **Recommendations**

### *Security*

Continued Close Security Cooperation: Jordan today is Washington's most reliable Arab security partner. In particular, the kingdom plays an increasingly important role in the U.S.-led coalition campaign against IS. While intelligence sharing and security cooperation between Washington and Amman is already exceptionally strong, some incremental tweaks can be made to strengthen the relationship and improve Jordan's capabilities. In 2016, Washington provided the kingdom with over \$800 million in security assistance and counterterrorism funding. No additional U.S. aid is required, but to improve Jordan's intelligence-gathering capabilities over southern Syria, the Trump administration should provide the kingdom with an advanced armed- and surveillance-drone capability. This would help Jordan better defend its border and protect the de facto humanitarian zone it is working to preserve along the frontier in southwestern Syria.

Manage Hazards of U.S. Military Presence: Regrettably, the recent phenomenon of green-on-blue killings in the kingdom is likely to continue and could become an irritant in the bilateral relationship. While little can be done to prevent these tragedies, the Trump administration should negotiate permission for U.S. forces to carry loaded weapons for personal protection while on bases in Jordan. Likewise, because the U.S. military presence is unpopular in Jordan—which has consequences for both Washington and King Abdullah—the administration should endeavor to downsize the footprint if conditions allow. Given the challenges posed by the Islamic State, the

Assad regime, Russia, and Iran in Syria, U.S. forces may be in the kingdom for some time. Absent a drawdown, the administration should work to ensure the deployment is as inconspicuous as possible.

Countering Jihadist Ideology: According to the State Department, in addition to foreign military financing (FMF), Washington provides Jordan with significant Counterterrorism Partnerships Fund (CTPF) assistance, as well as specific assistance for border security operations. In fact, Jordan is the largest recipient of CTPF funding. While this aid is helpful, it does not sufficiently address Jordan's biggest terrorist threat, which is local radicalization. In recent months, the palace has launched its first real initiative to counter radical Islamist ideology in the hope of limiting this long-term threat. If requested, the Trump administration should offer the kingdom technical and financial assistance through existing State Department authorities to help ensure that this effort succeeds.

Enhance Border Security: Over the past decade, the United States has provided the kingdom with hundreds of millions of dollars to establish an integrated border security system. A year ago, Jordan basically closed its border with Syria and is now providing humanitarian assistance to internally-displaced communities on the Syrian side of the frontier in the west. In the east—near Rukban, where some 75,000 displaced persons are now gathered on the Syrian side of the berm and Islamic State forces pose a direct threat—Jordan is doing much less. These vulnerable Syrians need more dependable protection and humanitarian support. With or without Russian assent, the Trump administration should work with its partners in the anti-Islamic State coalition to support Jordan's humanitarian buffer zones in Syria, providing food and shelter to civilians and protecting them from the Islamic State and the Assad regime. These zones not only help internally-displaced Syrians and limit the refugee flow, they enhance the kingdom's security.

Encourage More Jordanian-Israeli Cooperation: One good news story of 2016 was the signing of a \$10-billion, 15-year deal for Israel to provide Jordan with natural gas. Less publicized, but more important, has been the excellent ongoing strategic cooperation between Jordan and Israel. King Abdullah and the government of Israel are committed to military cooperation and intelligence sharing, which greatly benefit both states and Washington. Given the strong bilateral coordination, Washington's assistance may not be required. Nevertheless, the Trump administration could direct the Defense Department to explore ways of enhancing the already deep relationship, including—but not limited to—permitting and encouraging more transfers of Israeli excess defense articles (EDA) to Jordan.

Political Backing: King Abdullah is a frequent visitor to Washington, and support for Jordan is a rare bipartisan issue on Capitol Hill. The Trump administration will undoubtedly continue this tradition. While materiel U.S. assistance to the kingdom is important, the symbolism of enduring U.S. support for the Jordanian monarchy—which frequently comes under fire abroad for its relations with Israel—should also be cultivated. To emphasize this commitment, President Trump should consider an early visit to Amman.

## *Employment*

**Put Jordanians to Work:** Amman understands the imperative of finding more employment opportunities for its citizens. Indeed, in 2009, the kingdom published “Jordan’s National Employment Strategy 2011-2020,” a thoughtful and comprehensive plan to create jobs and build a modern competitive economy. But the strategy—which depends on training, expatriate replacement, international assistance, and heavy foreign direct investment—will take years to implement. More problematic, the plan was crafted prior to the arrival of hundreds of thousands of Syrian laborers.

Jordan’s plan need not be scrapped, but the kingdom could use some U.S. assistance. While the Trump administration is focused on job creation at home, the stability of this key U.S. ally should spur Washington to also encourage some U.S. companies to invest in the kingdom—perhaps through tax incentives. If Jordan requests it, Washington should also sign another loan guarantee. The United States has already guaranteed three loans to the kingdom valued at \$3.75 billion. Given the regional uncertainty, these loans are an excellent investment.

Finally, in its representations to Saudi Arabia, the Trump administration should prevail on its Gulf ally to follow through on its May 2016 commitment to establish the Saudi-Jordanian Coordination Council, a vehicle Jordanian officials have said would “unblock billions of dollars.” Significant Saudi investment could stimulate Jordan’s stagnant economy, creating thousands of additional employment opportunities.

**Encouraging Women’s Participation:** Around eight out of every 10 women in Jordan do not hold jobs. The staggering underrepresentation of women in the labor force constitutes a permanent drag on the kingdom’s economy. To be sure, Jordan is a very conservative society, so this problem will be difficult to overcome. Nevertheless, the Trump administration can provide some marginal assistance. Already, the United States has a \$250-million program in Jordan run by the Overseas Private Investment Corporation (OPIC) guaranteeing loans from banks to small-business enterprises, but only \$87 million has been disbursed. Some 16 percent of these loans have gone to women-owned enterprises, which is good, but more can be done. The program should pursue a more aggressive outreach campaign to publicize and market its assistance to women. In Jordan—where women’s participation is an Achilles heel of the labor market—microenterprise loans to women and women-owned enterprises can have a small but nonetheless significant impact.

## *Refugees*

**Improve Conditions for Refugees:** Large numbers of Syrian refugees could remain in Jordan for “at least 17 years,” according to King Abdullah, and even after the war ends, many may never return home. Despite Amman’s misgivings, the economic and social integration of these refugees is critical to the success of the kingdom’s efforts to prevent radicalization. It is also important to discourage refugees from moving to third countries. While jobs are scarce in Jordan, Syrians are



known for being highly entrepreneurial, so more Syrian participation in Jordan's workforce may actually help grow the state's anemic economy. Nearly 40,000 Syrians have already been issued permits to work in Jordan. The United States should encourage Jordan to issue significantly more permits so these Syrians can work legally, taking the place of other expatriate laborers.

Prioritize Financial Support for Refugees: Since 2012, Washington has provided nearly \$800 million to support Syrian refugees in Jordan. While this assistance is substantial, it remains insufficient. Lebanon—which admittedly has more refugees than the kingdom, but is strategically less important to Washington—receives one-third more assistance. Absent additional U.S. or international funding for Jordan, the Trump administration should consider reprioritizing its scarce aid dollars. Washington should also press European and Arab allies (Saudi Arabia, the United Arab Emirates, and Kuwait) to temporarily add an annual budget support component of \$1 billion to existing infrastructure investment projects in the kingdom. This support would help Jordan reduce its recurrent budget deficit caused in large part by these refugees.



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