

Jordan

Capital: Amman
Population: 6,053,193 (2007 estimate)
GDP:* \$27.96 billion
Currency: Jordanian dinar
Language: Arabic



Summary

With a population of 5.6 million and a total number of over 750,000 registered vehicles, the car-to-inhabitant ratio in Jordan is 0.13. Cars in Jordan are predominantly small cars with engine sizes less than two liters; however recently there has been a growing market for SUVs, and mini-vans.

Current Market Trends

The total annual market for auto repair and maintenance equipment in the past two years is worth nearly \$13 million and is supplied almost entirely by imports, of which the United States has an estimated 15 percent market share. The end user market includes more than 1300 licensed and accredited repair shops (mainly independent garages, tire specialty service stations, machine shops, etc.), 33 authorized new-car dealers that also provide garage services, and 150 authorized auto-parts import shops. Other end users include garage and repair shops that are not registered, used car show rooms estimated at 1200, and an estimated 1400 used parts importers.

The used car market share is continuously increasing. Although used cars must pass inspections prior to entry to Jordan, there are no requirements for secondhand cars to pass any inspection before they can be re-sold within the Kingdom. The dealer usually inspects secondhand cars re-sold by the authorized dealers as a result of trade-ins; however, the majority of second hand cars are traded between car dealers and/or individuals who usually select a garage or shop of their preference to conduct such inspection.

With the advancement in car manufacturing technology, the capabilities of old fashioned garages are becoming more and more limited. This will place more demand for maintenance on authorized dealers and modern shops and garages, which will result in an increase in the demand for sophisticated garage equipment and tools. Such trends will also require the traditional repair shops to modernize their outfits and utilize sophisticated equipment in order to compete. In the repair and service equipment market, the most promising items are air-conditioning maintenance equipment and electronic diagnostic devices. Due to the low cost of labor in Jordan, there is less reliance on labor saving equipment. However, such equipment is desirable by authorized dealers for efficiency reasons.

Furthermore, today's technologically complex vehicles, which often incorporate the increasing presence of electronics (e.g. GPS systems) and the use of highly technical materials (aluminum for hoods, cradles, engine blocks, rims, complex plastics and alloys), air bags and ABS (Anti-lock Braking Systems), make cars more difficult to repair. Professionals will need to invest in new equipment to repair these vehicles.

Market Entry

Generally speaking, the Jordanian market is very favorable towards imports, especially those from the United States. There are no particular restrictions or barriers to imports of U.S. products. The U.S.-Jordan Free Trade Agreement (FTA), which entered into force in 2001, will eventually eliminate duties and commercial barriers to bilateral trade in goods and services originating in the United States and Jordan.

US companies interested in entering the Jordanian market are advised to establish business agreements with local representatives. Local distributors usually use Letters of Credit (L/C) when

Market Entry (continued)

dealing with foreign suppliers of equipment. A grace period of 30 to 90 days is granted to local distributors to settle their accounts.

In order to take advantage of the benefits for U.S. goods under the FTA, US exporters need to understand how to determine that their goods are originating or qualify for preferential duty treatment under the U.S.-Jordan FTA Rules of Origin, and specifically claim FTA treatment for each qualified shipment. See www.ustr.gov for more information

Current Demand

There are 755,5 (up to the end of 2006) motor vehicles registered in Jordan for a little over 5.6 million people. This puts the vehicle per capita ratio in Jordan at 0.13. Jordanians tend to keep their cars for longer periods than Europeans and Americans. Given the high fuel prices, Jordanians also prefer compact vehicles, however, minivans and SUVs are gaining in popularity. Labor costs are relatively low in Jordan; therefore, labor saving equipment does not have a significant advantage over other types of equipment, except in improving efficiency.



The market for air-conditioning maintenance and repair equipment is growing significantly. Five years ago, fewer than 10 percent of the cars in Jordan had standard air-conditioning. Today, that number has jumped to over 50%. Other best prospects are electronic diagnostic devices. Car dealers are also a primary source for car maintenance services, followed by independent garages and service stations. Potential end users that are accredited and registered at the Jordan Vocational Corporation and their estimated numbers are as follows

- New Car Authorized Dealers 33
- Used and New Car showrooms 1200
- Tire authorized importers (dealers) 28
- Authorized auto-part importers 150
- Auto-part distributors 3000
- Used auto-parts importers 1400
- Garages 1300

With the conventional body shops having to compete with the newer and better equipped authorized dealers, there is a demand for distortion measuring equipment especially in the newer bodywork repair shops. Laser distortion measuring devices, preloaded with the specs of vehicles common to the local demand, can be in demand if properly marketed.

Resources

Vocational Training Corporation

P.O. Box 925837
Amman 11101-Jordan
Tel: +962 6 585-8481
Website: www.vtc.gov.jo

Association for Car Parts Importers

P.O. Box 4462
Amman 11131, Jordan
Tel: +962 6 567-3206

Association for the Owners of Mechanic Shops

Wadi Seer Industrial Area
Amman, Jordan
Tel: +962 6 585-6481

Jordan Traffic Institute (Public Security Directorate)

P.O. Box 935
Amman, Jordan
Tel: +962 6 563-3415
Website: www.jti.jo

Available Market Research

Jordan: Garage Tools and Equipment Market (May 2008)

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