



Jordan Economic Forum | JEF
المنتدى الإقتصادي الأردني

Jordan's positioning as a support hub for trade and services flows Opportunities and challenges amid geopolitical transformations

Policy paper

May, 2026



The idea of launching the Jordan Economic Forum came as the first registered economic think tank under the umbrella of the Ministry of Planning and International Cooperation, to serve as a supportive arm for businesses, working on reviewing and monitoring the various economic performance indicators of the Hashemite Kingdom of Jordan, with the aim of providing feedback and practical solutions to decision makers.

The forum was registered on 08/08/2019 as a non-profit association bearing the national number 201912117781.

Visit us on social media platforms



Table of Contents

EXECUTIVE SUMMARY	4
1. INTRODUCTION	7
2. THE GLOBAL TRADE LANDSCAPE AND THE RESHAPING OF KEY ROUTES	8
3. JORDAN'S TRADE POSITION AMID THE RESHAPING OF REGIONAL DYNAMICS	13
3.1 TRADE GATEWAYS AND ROUTES IN JORDAN	14
3.2 STRENGTHENING JORDAN'S POSITION IN REGIONAL TRADE ROUTES	15
3.2.1 NATIONAL AND REGIONAL RAILWAY PROJECTS: NEW PILLARS OF INTEGRATION	16
3.2.2 SCENARIO ANALYSIS OF JORDAN'S FUTURE LOGISTICS POSITIONING	23
3.2.3 LOGISTICS PERFORMANCE INDEX - LPI	26
3.2.4 SWOT ANALYSIS: JORDAN AS A REGIONAL LOGISTICS HUB	28
4. RECOMMENDATIONS	30

Executive Summary

Since 2023, the global economy has been experiencing rapid transformation in international trade patterns and supply chains, driven by escalating geopolitical disruptions across several strategic maritime routes, most notably the Red Sea and the Strait of Hormuz, which have renewed attention to the vulnerability of global trade flows and their heightened sensitivity to geopolitical risks, the repercussions have been directly reflected in increased shipping costs, longer transit times and reduced supply chain efficiency, coinciding with a growing international trend toward restructuring trade and production networks, this shift has been pursued through the adoption of more resilient and stable models, such as friendshoring and nearshoring, which will reshape the global distribution of logistics and trade activities.

Against the backdrop of these transformations, the Hashemite Kingdom of Jordan emerges as one of the countries well positioned to strengthen its role as a supportive hub for trade and services in the region, this potential is based on its strategic geographic location linking the Arabian Gulf with the Levant, in addition to its access to a vital maritime gateway through the port of Aqaba in as well as its network of land connections with regional markets and its relatively high level of political and security stability, trade and logistics indicators also point to Jordan's growing capacity to benefit from the reshaping of regional trade routes, particularly with the increasing role of the Port of Aqaba as a distribution hub and the expansion of transit container activity in recent years, which reflects a gradual shift in the regional trade patterns and transit flows.

This policy paper discusses the strategic opportunities associated with developing Jordan's transportation and logistics system, with particular emphasis on national and regional railway projects as key pillars for enhancing regional economic integration and improving the efficiency of multimodal transport, It also reviews several key projects most notably the Aqaba-Port Mining Centers Railway project and the regional railway connectivity project linking (Saudi Arabia-Jordan-Syria-Turkey), these initiatives have the potential to reposition Jordan within emerging trade corridors and transform its role from a mere transit route into a regional logistics platform with higher value-added functions.

Furthermore, the paper demonstrates that the economic impact of these projects extends beyond the transportation and infrastructure sectors, it extends through the

“Multiplier effect” to include the sectors of logistic services, warehousing, employment and industry activities, thereby strengthening intersectoral linkages and supporting long-term economic growth.

In the same context, It examines a range of theoretical frameworks that explain the development role of cross-border logistics routes, including Global value chain theory, Network economics, Economic corridor theory and Multimodal transport integration, which confirm that the development of transportation infrastructure and regional connectivity contributes to the redistribution of economic activity, the stimulation of investment, and the enhancement of the competitiveness of national economies within global supply chains, it also highlights that the development of a modern transportation system is a critical factor in strengthening the resilience of the Jordanian economy and improving its preparedness to capitalize on the rapid transformations taking place in international trade. The paper also emphasizes Jordan’s success in transforming into a regional logistics hub depends not only on its geographic location but also on the development of an integrated ecosystem encompassing transportation infrastructure upgrades, enhanced logistics service efficiency, modernization of the legislative and regulatory framework, and the acceleration of digital transformation in customs clearance and cargo-tracking procedures, and this should be accompanied by the development of dry ports and inland logistics centers, as well as stronger integration between road, rail, and maritime transport systems.

The paper further underscores the importance of improving customs efficiency and harmonizing operational standards with neighboring countries in order to facilitate smoother trade flows and reduce transportation and transit costs, It also highlights that enhancing Jordan’s logistics performance is a fundamental prerequisite for strengthening its competitiveness, particularly in light of the ongoing challenges associated with shipping efficiency, customs clearance performance, and the quality of logistics services.

It also addresses a set of possible future scenarios for Jordan’s positioning within regional trade corridors, ranging from a conservative scenario which assumes only limited gains to an advanced scenario that envisions the successful implementation of regional connectivity projects and Jordan’s transformation into a key connecting hub between the Arabian Gulf, the Levant, Turkey, and Europe.

The paper also indicates that achieving the more positive scenario requires accelerating the implementation of strategic projects, strengthening regional coordination, and establishing sustainable financing models and effective partnerships with the private sector, to ensure the sustainability of these projects and their ability to attract investment and long-term trade flows.

The paper concludes that the current transformations in global trade corridors represent a strategic opportunity for Jordan to reposition itself as a supportive hub for trade and services in the region. However, translating this opportunity into sustainable economic gains requires accelerating the implementation of transport and logistics connectivity projects, enhancing the readiness of the investment and regulatory environment, and developing an integrated logistics system based on efficiency, flexibility, and regional integration.

Then, Jordan Economic Forum presents a set of practical recommendations aimed at strengthening the Hashemite Kingdom of Jordan's logistics competitiveness and enhancing its capacity to effectively integrate into regional and global supply chains in the coming period.

Introduction

Recently, global trade has faced increasing pressures as a result of recurring geopolitical disruption across several strategic maritime corridors in the Middle East. Since late 2023, Security tensions in the Red Sea have affected navigation through Bab Al-Mandeb Strait, through which approximately (10%-12%) of global maritime trade¹ passes, this situation has prompted many shipping companies to divert their routes toward the Cape of Good Hope, resulting in higher shipping costs, longer transit times, and increased pressure on global supply chains.

By early 2026, risks associated with the Strait of Hormuz, one of the world's most strategically sensitive waterways, had escalated. Nearly a quarter of global seaborne oil trade passes through the Strait, along with large quantities of liquefied natural gas, reaffirming the vulnerability of international trade to disruptions affecting major maritime gateways.

These developments reflect the growing sensitivity of global trade to geopolitical shocks and highlight how heavy reliance on a limited number of strategic sea and land gateways is forcing countries and companies to reassess traditional supply chains and supply routes. Consequently, trade planning is no longer governed solely by considerations of cost and speed; rather, it is increasingly focused on enhancing operational flexibility, increasing readiness to quickly reroute operations in emergencies, diversifying routes, and reducing exposure to external shocks.

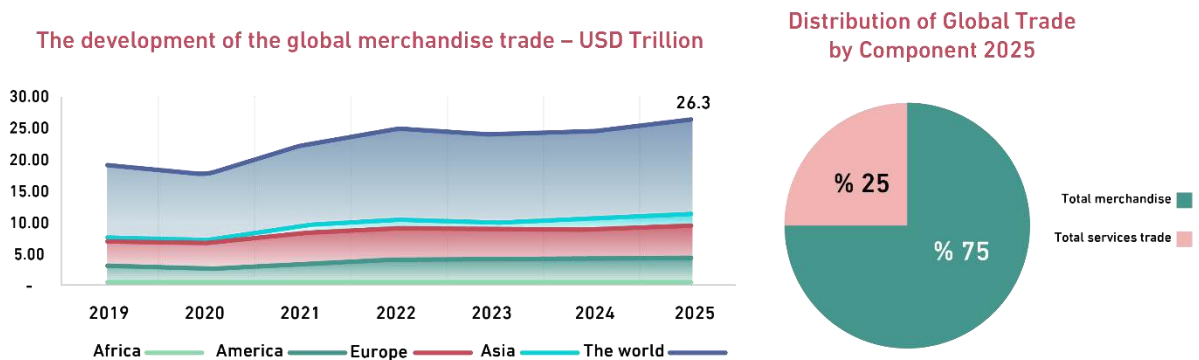
In this context, there is a growing need to provide Jordan with alternatives and solutions to mitigate the impact of ongoing regional disruptions and to strengthen its positioning as a supportive hub for trade and services, leveraging its geographical location and the Port of Aqaba as well as its ability to connect with neighboring markets via land and service routes that can be developed in the coming period, in addition to its high level of political stability and security , These factors enhance its prospects of consolidating its role as a reliable and sustainable link within regional logistics networks, Accordingly, this paper seeks to analyze these variables and demonstrate how Jordan can transform them into a strategic economic opportunity.

¹ Coface. *Bab el-Mandeb Strait: Tension at a Global Trade Route*. 2025.

The Global Trade Landscape and the Reshaping of Key Routes

According to the United Nations Conference on Trade and Development (UNCTAD)², total global trade in goods and services reached approximately USD 35 trillion in 2025, compared with approximately USD 32.5 trillion in 2024, which is an increase of nearly USD 2.5 trillion, representing an estimated growth rate of approximately 7.5%, trade in goods accounted for approximately USD 26.3 trillion, compared to approximately USD 8.7 trillion for trade in services. Estimates indicate that the growth trajectory will continue during the first quarter of 2026; however, this path remains subject to high levels of uncertainty and growing risks in the international environment.

Figure (1): Total global merchandise trade



Source: Total Merchandise Trade, UNCTAD Data Hub

International trade in goods between regions of production and consumption has moved through an interconnected network of sea and land routes, yet maritime transport continues to account for the largest share of this trade, UNCTAD data indicates that more than **80% of global merchandise trade by volume annually is transported by sea**³, with a significant proportion of these flows concentrated in a number of strategic corridors, foremost among them the Asia–Europe maritime route through the Suez Canal, which accounts for approximately 12% of global trade volume⁴, while the Bab Al-Mandeb Strait serves as the vital southern gateway for trade through the Red Sea, with (10%-12%) of international maritime trade⁵ passing through it. In contrast, the Strait of Hormuz is one

² UNCTAD (2026). *Global Trade Update (April 2026): Global Trade Growth Continues, but Fragility Rises*. Geneva: United Nations Conference on Trade and Development

³ UNCTAD – Review of Maritime Transport 2025

⁴ UNCTAD, *Review of Maritime Transport 2025*, United Nations Conference on Trade and Development, Geneva, 2025.

⁵ Coface. *Bab el-Mandeb Strait: Tension at a Global Trade Route*. 2025.

of the world's most sensitive corridors, through which nearly a quarter of the world's maritime oil trade passes, along with large quantities of liquefied natural gas⁶.

Since late 2023, the geopolitical tensions in the Middle East had escalated creating significant pressure and uncertainty for maritime shipping, disruptions in the Red Sea have led several shipping companies to reroute their vessels away from traditional passages via the Bab Al-Mandeb Strait and the Suez Canal toward the Cape of Good Hope, this shift has resulted in longer voyage durations and increased shipping and insurance costs.

In the same context, recent developments in early 2026 – particularly those involving (US and Iran) tension related to the strait of Hormuz, have added a new level of concern to the international markets, given the strait's pivotal importance to global oil and gas trade, which has reaffirmed that the stability of international trade is now heavily dependent on the security of a limited number of vital maritime chokepoints.

These geopolitical disruptions during (2023-2026) had a direct impact on transit traffic in vital sea lanes, according to data from the international monetary fund's platform for monitoring ship and port traffic (IMF - PortWatch). Based on the Forum's analyses, ship traffic through the Bab Al-Mandeb Strait declined by more than 50% on average during periods of escalation in the Red Sea, while the use of alternative routes increased.

As for the strait of Hormuz, the repercussions were characterized by a higher degree of severity and a rapid decline in transit traffic, as the average number of ships passing through daily fell from about **129 ships** during the period (February 1–27, 2026) to about **6 ships per day** during the period (March 1–29, 2026), representing a **95%** decline in less than a month. Although a limited recovery was recorded later, with an average of about **8 ships per day** during the period (April 1–19, 2026) The magnitude of the decline indicates a disruption that goes beyond the logistical dimension; its impact extends to energy markets by raising oil and gas prices and increasing transportation costs, thereby exacerbating inflationary pressures and weighing on expectations for global trade and growth in 2026⁷.

⁶ U.S. Energy Information Administration (EIA). *World Oil Transit Chokepoints*. Washington, D.C.

⁷ UNCTAD, *Strait of Hormuz Disruptions: Growth and Financial Implications*. United Nations Conference on Trade and Development, Geneva, 2026.

Figure (2): Monthly Changes in Maritime Traffic Trends Through Bab Al-Mandeb Strait and the Strait of Hormuz (Number of Ships)

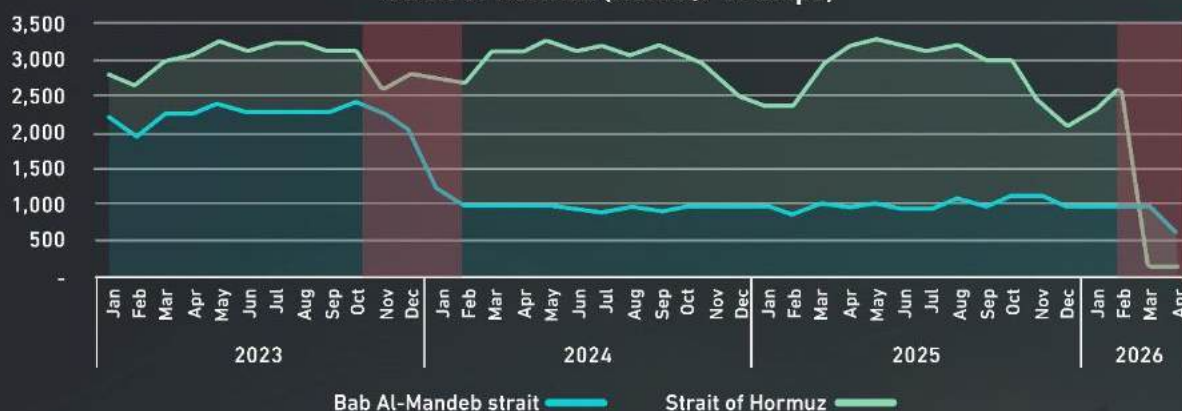


Figure (3): Monthly Changes in Ship Traffic Through Bab a-Mandeb Strait (Number of Ships)

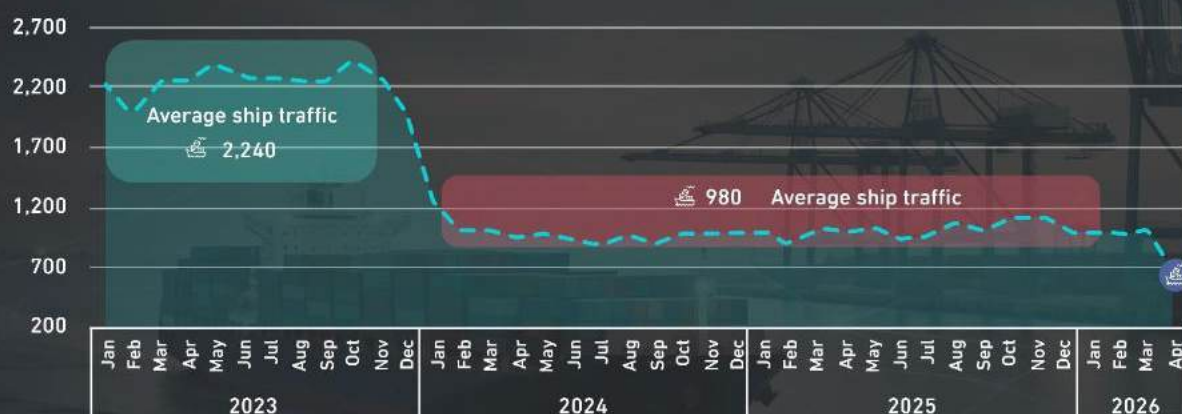
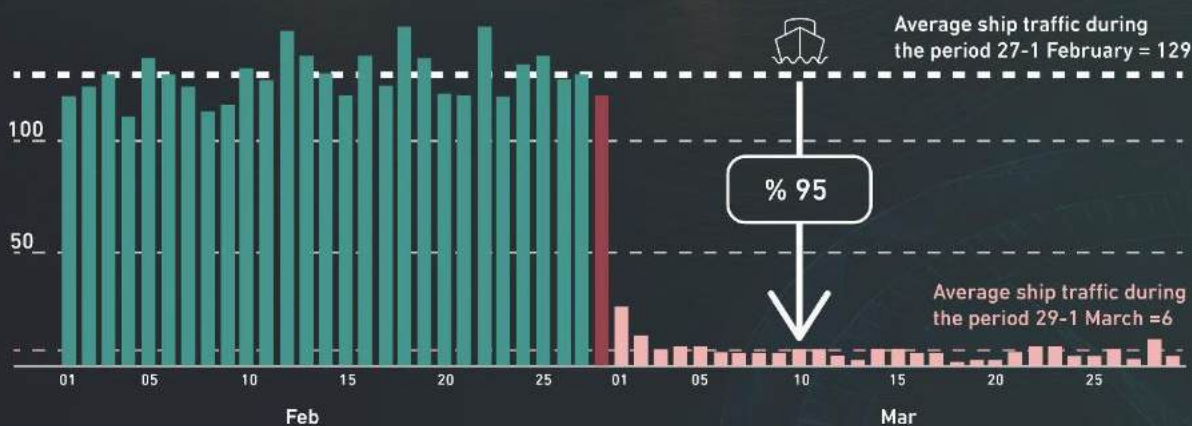


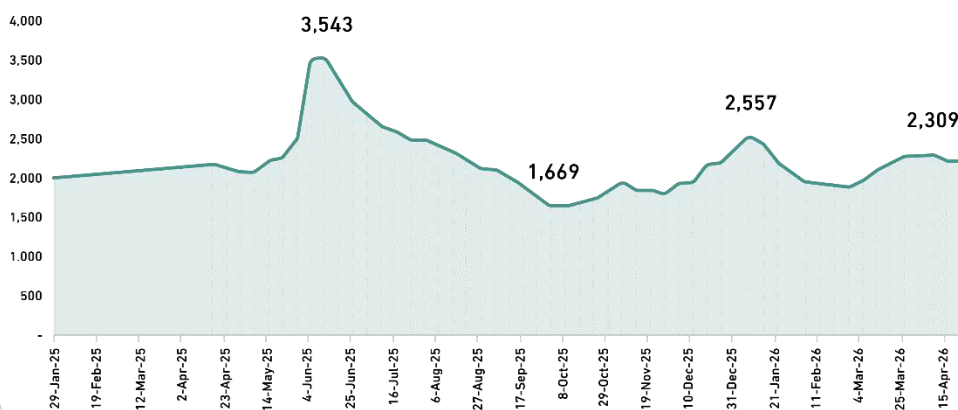
Figure (4): Daily ship traffic developments through the Strait of Hormuz- 2026 (Number of Ships)



These developments in maritime shipping have placed direct pressure on freight markets and led to higher international transport costs, as a result of longer voyage routes, increased fuel consumption, higher insurance premiums, and reduced operational efficiency among shipping companies.

This is clearly reflected in global shipping indices, as the **Drewry World Container Index (WCI)** has shown significant fluctuations and increases in recent times, while the **Shanghai Containerized Freight Index (SCFI)** has shown sharp spikes during periods of tension, reflecting how the impact of geopolitical turmoil is being directly transferred from maritime corridors to the cost of international trade, and reinforcing companies' tendency to seek more stable and flexible routes.

Figure (5): Drewry world Index For container shipping costs, USD\$/40 ft

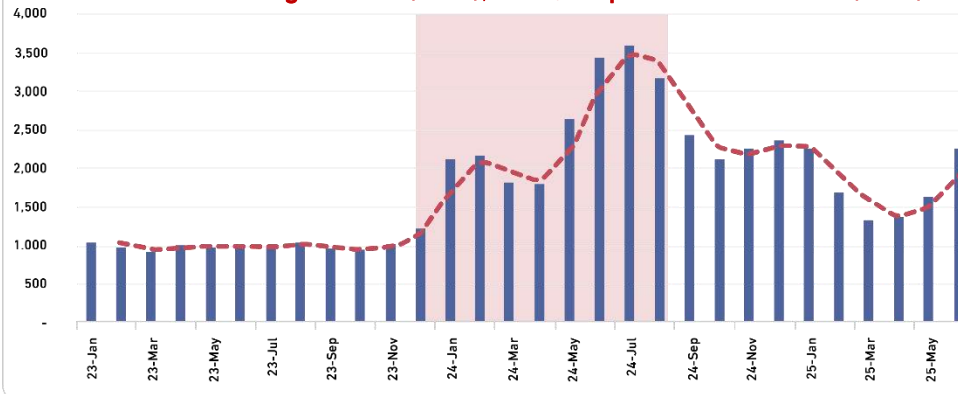


Drewry World Container Index (WCI)

It is one of the leading international benchmarks for global container freight rates, tracking spot price movements across a range of key maritime trade routes between Asia, Europe, and the Americas. It is widely used to monitor trends in ocean freight costs and to measure the impact of disruptions in trade corridors and supply chains on international freight rates.

Source: Drewry World Container Index (WCI), Drewry Supply Chain Advisors

Figure (6): Average Ocean freight rates according to the Shanghai Containerized Freight index (SCFI), USD\$/ equivalent container (20 ft)



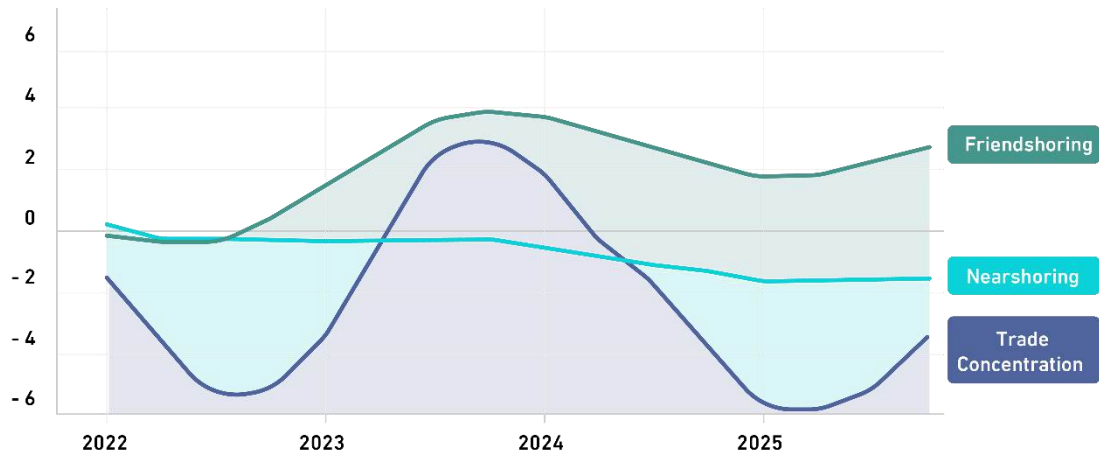
Shanghai Containerized Freight Index (SCFI)

It measures developments in container shipping rates on major international trade routes originating from the Port of Shanghai, and is widely used as a global benchmark for monitoring trends in maritime freight costs and their sensitivity to disruptions in international trade.

Source: UNCTAD, based on data from Clarksons Research, Shipping Intelligence Network (July 2025)

At the same time, structural shifts in international trade have begun to take shape gradually. Estimates from the United Nations Conference on Trade and Development (UNCTAD) point to growing strategic trends in global supply chains and trade patterns, foremost among them the rising importance of the concept of **“friendshoring,”** which involves directing trade and investment toward partners with a higher degree of political and institutional compatibility, alongside a gradual return to the **“nearshoring”** approach, which involves bringing production sites and supply chains closer to geographically proximate markets. These trends are likely to contribute to the redistribution of production sites and trade partnerships, and the redesign of global supply chains in a way that enhances diversity and flexibility and reduces exposure to disruptions.

Figure (7): Annual Changes in Global Trade Patterns Relative to the 2021 Average



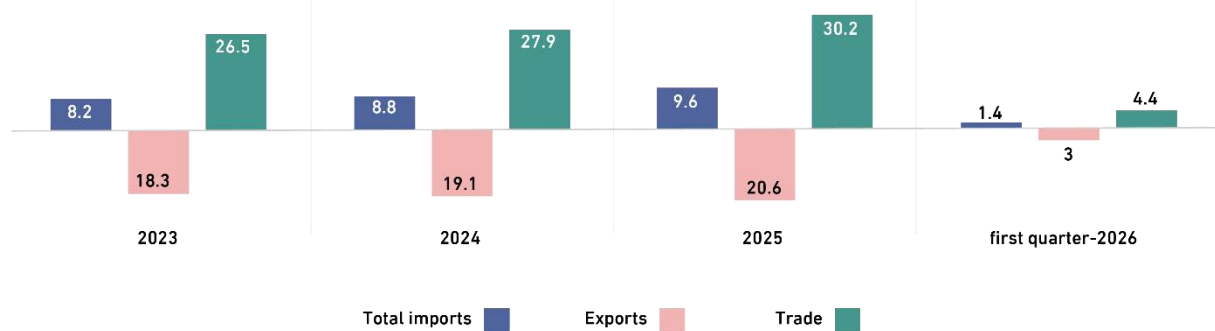
Source: UNCTAD estimates based on national statistics

Accordingly, the current global landscape does not indicate a decline in the importance of international trade, but rather a redistribution of its geographical and logistical roles, creating space for new hubs capable of combining strategic location, service efficiency, stability, and the ability to integrate and remain flexible within regional and global supply chains.

Jordan's Trade Position Amid the Reshaping of Regional Dynamics

The volume of trade in Jordan recorded significant growth during the period (2023-2025), with an increase by 20% in the volume of trade in 2023, reaching nearly JD 32.5 billion in 2025 compared to about JD 27.2 billion in 2023, Trade volume also reached approximately 4.7 billion dinars during the first quarter of 2026, indicating the continued momentum of foreign trade and its importance within the national economic structure.

Figure (8): Jordan's foreign trade indicators performance – JOD Billion

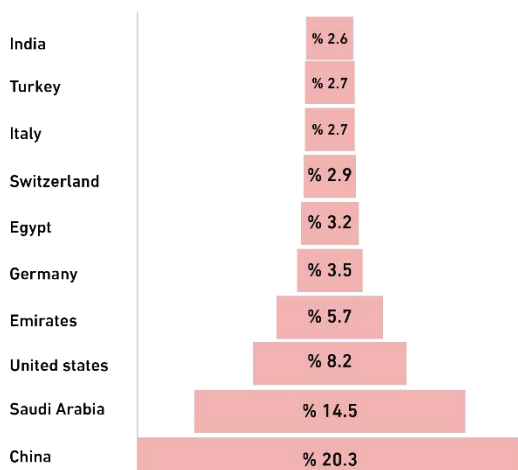


Source: Foreign trade, Department of Statistics Jordan

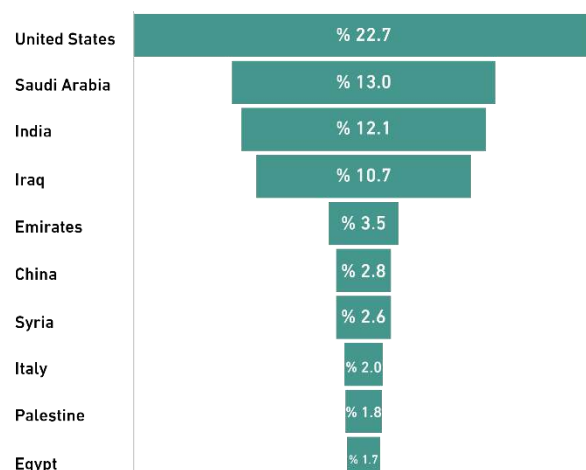
Noting that Jordan's foreign trade is linked to a diverse network of regional and international trading partners, with Asian, Arab, and American markets standing out as key players in both imports and exports. This reflects the openness of the Jordanian economy and the diversity of its trade channels with global markets.

Figure (9): Jordan's Major Trading Partners 2025

Share of Jordan's major trading partners in total national imports - 2025

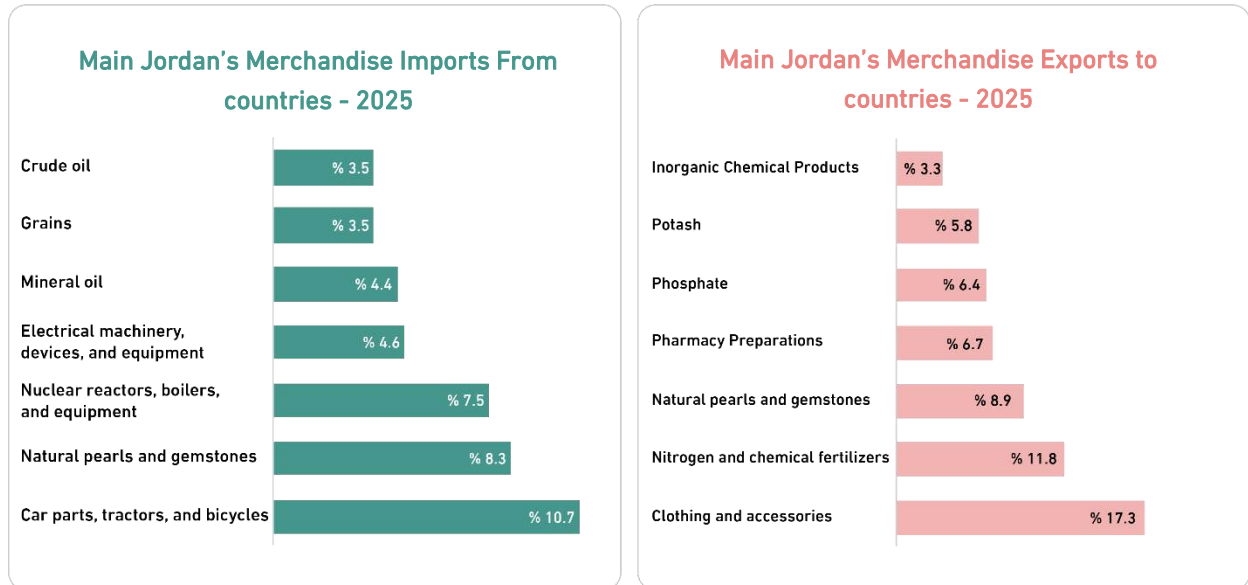


Share of Jordan's major trading partners in total national exports - 2025



In terms of major commodities, Jordan's exports are concentrated in industrial and extractive products, including fertilizers, chemicals, pharmaceuticals, and clothing, while imports consist mainly of consumer goods and production inputs, primarily petroleum products, machinery, equipment, and raw materials.

Figure (10): Top Commodities in Jordan's Foreign Trade – 2025

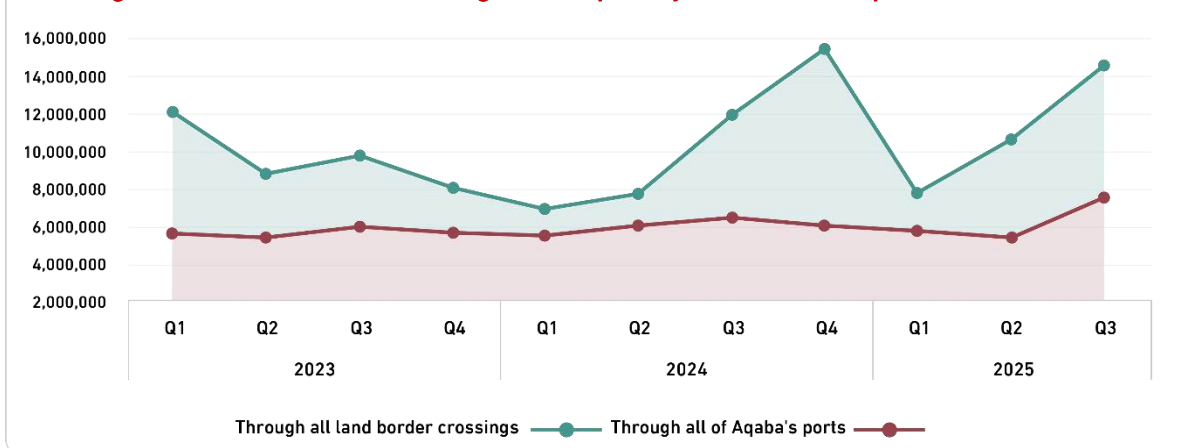


Source: Foreign trade, Department of Statistics Jordan

3.1 Trade Gateways and Routes in Jordan

Given the nature of Jordan's foreign trade and the diversity of its trading partners, it is important to understand the routes and gateways through which this trade flows pass, whether via the Red Sea through the Aqaba port system and its logistics facilities, or through land border crossings that connect Jordan with neighboring countries.

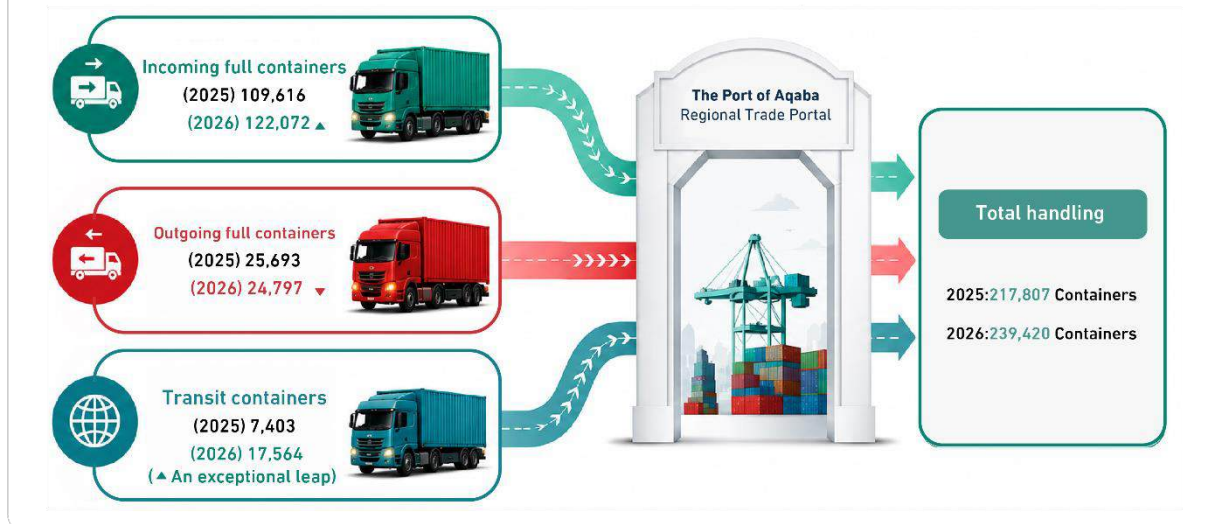
Figure (11): Distribution of Freight Transport by Mode of Transport in Jordan (Ton)



Source: Quarterly reports, Transport Sector Performance Indicator Report, Ministry of transport Jordan

As tensions in the Strait of Hormuz escalated, data from the container system at the Port of Aqaba revealed a striking shift in trade patterns. Total throughput rose, driven primarily by growth in transit containers, which recorded an **estimated 137% increase during the first quarter of 2026 compared to the same period in 2025**, while containers destined for the domestic market declined. This shift reflects the port's growing role as a regional redistribution hub amid the rerouting of shipping lanes and the avoidance of certain high-risk maritime corridors. It also strengthens Aqaba Port's position within regional supply chains, as reliance on alternative routes grows and global trade adapts to geopolitical shifts.

Figure (12): Container Handling Indicators at the Port of Aqaba, Q1 2025 compared with Q1 2026



Source: Jordan shipping association

3.2 Strengthening Jordan's Position in Regional Trade Routes

The region is witnessing rapid geopolitical and logistical transformations that have contributed in reshaping the geography of trade flows. Disruptions in the Strait of Hormuz in 2025 have highlighted the risk of excessive reliance on maritime routes and prompted regional countries to revive overland alternatives that bypass bottlenecks and enhance the resilience of supply chains. Within this context, Jordan emerges as a natural candidate to assume a more central role in reshaping the regional transport system.

This direction is reflected in the recent acceleration of rail connectivity initiatives. In April 2026, a Jordanian–Emirati agreement was signed to commence implementation of the Aqaba Port–Mining Centers railway project, alongside intensified Jordanian–Saudi consultations regarding the establishment of a regional railway line passing through Jordan to connect Saudi Arabia with Syria and Turkey.

These projects represent a foundational step toward transforming Jordan from a transit corridor into a regional logistic hub. This would enable Jordan to increase its share of value added within supply chains while simultaneously opening broader development pathways for the national economy and it aligns with the objectives of the Economic Modernization Vision (2022–2033), which has assigned particular importance to the transport and logistics sector as one of the key enablers of economic competitiveness and investment stimulation.

In this context, the road transport sector retains a central importance within any future vision of the regional transport system, as it serves as the link between ports, logistics hubs, domestic markets, and border crossings. The development of railway and logistics projects does not diminish the role of road transport; rather, it enhances its integration within a more efficient and flexible multimodal transport system, which contributes to improving the efficiency of freight movement, advancing shipping, distribution, and ancillary services, and strengthening the sector’s readiness to keep pace with the rapid transformations in regional trade routes.

3.2.1 National and Regional railway projects: New pillars of integration

In recent years, there has been an acceleration in the development of Jordan’s railway system and its regional connectivity, within a framework aimed at leveraging Jordan’s strategic location and enhancing the efficiency of multimodal transport, which has been pursued through projects that form the foundation of a national network capable of integration with regional trade routes.

The Aqaba Port–Mining Centers Railway Project is considered the cornerstone of the proposed national rail network. It aims to connect the phosphate mines in Al-Shidiya and the Potash facilities in Ghor Al-Safi with the industrial Port of Aqaba over a distance of approximately 360 km. The project is expected to enhance the efficiency of transporting mining exports, thereby reducing the logistics costs of Phosphate and Potash, while also improving the reliability of export flows to external markets. Plans indicate that the project is expected to be completed by 2030, with a projected capacity of approximately

16 million tons annually. In addition, the anticipated Emirati financing and investment provide a significant catalyst for accelerating implementation, thereby strengthening the competitiveness of the Port of Aqaba and reinforcing its role as a hub for large-scale shipments through reducing handling and waiting times.

As for **The regional rail connectivity project** (Saudi Arabia–Jordan–Syria–Turkey–Europe) aims to revive a land Route linking Gulf markets with the Levant and Turkey via Jordan, thereby providing an alternative route that enhances trade resilience in the face of maritime bottlenecks, and it includes the establishment of a railway line within Jordan starting from the Al-Omari border crossing with Saudi Arabia, passing through Al-Madana logistics area, and extending to Jaber crossing on the Syrian border. It is based on the assumption that northern linkages will be completed through Syria including the rehabilitation of parts of the Hejaz Railway corridor through Damascus and Aleppo continuing onward to Turkey and the wider European rail networks.

The importance of integrating the Port of Aqaba into this regional corridor is also highlighted, particularly amid growing interest in connecting Turkish and Gulf markets through maritime routes toward Africa via Aqaba.

This approach is consistent with the objectives of the Saudi vision 2030 regarding regional infrastructure integration. If the connectivity is achieved within the (2028-2030) timeframe, a competitive trade route is expected to emerge alongside traditional routes, accompanied by potential gains in cost efficiency and reliability through the avoidance of maritime areas of tension.

While railway projects present strategic opportunities for Jordan, they are also among the largest and most impactful long term infrastructure projects, given the substantial capital investments they require and the need for integrated cross-border operational networks.

According to international estimates^{8 9}, the cost of constructing modern freight railway lines can range between USD 3–15 million per kilometer, depending on terrain conditions, technical specifications, and required logistics connectivity. This reflects the significant economic scale of such projects and their far-reaching impact across transport, trade, services, and industrial sectors.

⁸ World Bank). *Railway Reform: Toolkit for Improving Rail Sector Performance*.

⁹ الاتحاد الدولي للسكك الحديدية، تقارير تكاليف مشاريع البنية التحتية للسكك الحديدية (UIC).

Railway projects are characterized by their long-term nature, as they are linked to cumulative economic returns that are reinforced by the expansion of trade and integration with ports, logistics hubs, and industrial zones, as well as by Jordan's ability to develop an integrated logistics system capable of attracting trade flows and investments linked to regional supply chains. The economic impacts of railway projects are not limited to the direct returns associated with transportation and operations, but extend to what is known as the "multiplier effect", which refers to the ability of investment in infrastructure and transportation to generate economic effects that extend across multiple sectors, including industry, logistics, trade, warehousing, tourism, and the labor market.

Numerous international studies indicate that investment in railway has high economic multipliers linked to increases in output, value added and employment, due to the strong interdependence between the transport sector and other economic sectors. Studies on railway projects in ¹⁰China, ¹¹Germany, and ¹²Indonesia have shown that the development of rail transport networks helps stimulate industrial activity and logistics, raise employment and income levels, enhance economic and regional integration, and create spillover economic effects that extend beyond the transport sector itself.

Specialized economic reviews¹³ of high-speed rail impacts have also indicated that the economic effects of such projects are not limited to direct employment, but extend to include the stimulation of tourism, urban development, strengthening of supply chains, and the attraction of regional investment. This, in turn, enhances the ability of economies to achieve long-term growth based on sectoral interlinkages and advanced infrastructure systems.

In Jordan's context, a recent study¹⁴ shows that the investment multiplier in the transport sector has a positive and statistically significant impact on the labor force participation rate, which means an increase in investment of 1 billion JD in the sector

¹⁰ Zhao, B., & Ding, Y. (2024). Multiplier effects of transport sectors in China's national economy: An input-output approach. *Research in Transportation Business & Management*, 53, 101109. Elsevier. <https://doi.org/10.1016/j.rtbm.2024.101109>

¹¹ Analysis of the Interdependence between the Economic Growth and the Development of the Railway Sector in Germany. (2020). *European Research Studies Journal*.

¹² Hendra, Y. N. R., Pujiwat, R., Upahita, D. P., Utomo, D. P., & Sucipto. (2023). Multiplier Effects Analysis of Development on The High Speed Train Industry on Indonesia National Economic Growth. *Evergreen Joint Journal of Novel Carbon Resource Sciences & Green Asia Strategy*, 10(3), 2006–2013

¹³ Analysis of the Interdependence between the Economic Growth and the Development of the Railway Sector in Germany. (2020). *European Research Studies Journal*.

¹⁴ Fawaier, A. (2026). The role of sectoral investment in enhancing labor force participation rate in Jordan: Evidence from 1990 to 2023. The University of Jordan.

leads to a 0.0357% rise in the labor force participation rate, reflecting the transport sector capacity to generate extended employment effects due to its strong linkages with various productive and service sectors.

These projects translate into potential economic, logistic and development gains through multiple channels, including:



Positioning and trade competitiveness

The development and regional integration of the railway network enhance Jordan's logistical competitiveness and improves its position within emerging trade routes, including the Saudi-Turkish route project through Jordan and initiatives such as the Economic Route¹⁵, IMEEC which support Jordan to transform into a more prominent transit hub for trade between Asia and Europe and opening more efficient routes for Jordanian exports to market in Syria, Turkey and eastern Europe.



Economic efficiency and cost reduction

Rail transport is a more cost-effective option than road transport by truck, especially for heavy cargo and long distances. This could help reduce transportation and production costs, enhance the competitiveness of phosphate and potash exports, increase export capacity, and alleviate bottlenecks in the transport of raw materials in the mining sector. According to international comparisons, the cost of rail transport in North America is estimated at about 4 cents per ton-mile, compared to a cost for trucks that can reach 2\$–3\$ USD per mile (taking into account differences in load capacity, as a single truck carries about 20 tons on average).¹⁶



Economic development and value added

Rail connectivity projects support a transport-driven economic model and enhance value added within supply chains by attracting warehousing, distribution and supporting logistic services. They also contribute to stimulating investment and creating job opportunities, particularly in areas located along the route, while strengthening prospects for attracting investments linked to mining industries and related support services.



Environmental and social benefits

Rail transport projects are associated with environmental and social benefits, including reducing road congestion and traffic accidents, as well as lowering fuel consumption and emissions generated by road transport¹⁷, which aligns with Jordan's objectives in reducing carbon footprint and minimizing the societal costs associated with transport and road maintenance.

¹⁵ India–Middle East–Europe Economic Corridor.

¹⁶ Mexicom Logistics (2024). *Railway vs. Trucking: Cross-Border Transport in North America*.

<https://mexicomlogistics.com/railway-vs-trucking-cross-border-transport-in-north-america/>

¹⁷ Mexicom Logistics (2024). *Railway vs. Trucking: Cross-Border Transport in North America*.

<https://mexicomlogistics.com/railway-vs-trucking-cross-border-transport-in-north-america/>

A number of theoretical frameworks help explain how cross-border infrastructure particularly rail transport can become a development catalyst and contribute to the redistribution of economic activities and investment along emerging routes

Global Value Chains (GVCs) Theory: This theory emphasizes that integration into global production networks enables developing countries to gain access to investment, technology, and increased employment opportunities. Accordingly, connecting Jordan via rail to regional trade hubs would facilitate the integration of its industrial sector into broader production networks. For example, goods arriving from Asia could be assembled or consolidated in Jordanian logistics centers and then re-exported to neighboring countries. This would enhance Jordan's competitiveness and gradually integrate local industries into higher value-added manufacturing activities.

Network effects: The larger and more interconnected transport network becomes, the greater its value to all participants, this economic concept explains that adding a new rail link such as connecting Jordan to Syria would amplify the overall utility and from the network and increase its attractiveness due to the wide range of destinations and options, while the Aqaba line alone is valuable, its integration into a wider northern international network significantly enhances the overall logistics and investment returns for all stakeholders.

Economic Corridors: previous experiences, such as China's silk road have demonstrated that the development of integrated infrastructure routes contributes significantly to driving regional growth, these routes provide organic links between major economic hubs such as industrial cities and ports through modern transport systems, facilitating the flow of trade and investment among them.

So, the current projects position Jordan as part of a strategic regional trade routes, connecting the Gulf, the Levant and Turkey, thereby strengthening its economic integration and stimulating development along these routes.

New economic geography: This theory explains how lowering transportation costs leads to a regional redistribution of economic activities, resulting in the emergence of new growth centers around major connectivity nodes, with the operation of the railway, industrial clusters for manufacturing industries that rely on low-cost transportation, or in logistic hubs such as Al-Madana which will benefit from its position as a junction between rail and road networks. In this way, the project can contribute to the distribution of development gains across Jordan.

Multimodal integration: Modern transport system rely on integrating all modes to achieve maximum efficiency, multimodal integration emphasizes that maximizing the benefits of railway projects requires its seamless connection to seaports and roads within an integrated system, this is precisely what Jordan aspires to achieve, as the vision as the vision centers on the port of Aqaba by sea, connected to the railway by land and then via trucks to reach areas not served by rail, the integrated transport approach is clearly evident in North America where ships, trains and trucks are combined within a coordinated logistic systems to accelerate the movement across the borders.

3.2.2 Scenario analysis of Jordan's future logistics positioning

In light of the foregoing, several scenarios can be envisaged regarding Jordan's future positioning within regional trade routes, these scenarios vary depending on the extent to which railway projects and regional cooperation initiatives succeed or face delays and challenges.

Economic outcomes and Impacts	Features and Assumption	Scenario
Limited gains – A partial improvement in Jordan's export capacity (a slight increase in mining exports due to the availability of the Aqaba railway), but without a significant shift in its regional role. – The Port of Aqaba benefits from the new route, but Jordan remains a secondary corridor within the major networks.	– The current situation is expected to continue without major breakthroughs in railway projects, with the exception of the completion of the Aqaba-Ma'an line by 2030. – The Aqaba-Amman and Aqaba-Syria rail links remain unconnected due to funding challenges and delays. – Jordan continues to rely primarily on trucks to transport its goods to neighboring countries.	Conservative Scenario
Economic Leap – Jordan becomes a major regional logistics hub, with transit traffic through the country doubling, thereby increasing government revenue from transit fees and services. – Stimulating foreign investment in logistics zones and significantly improving Jordan's ranking in global logistics performance indices.	– Successful completion of the Aqaba project, followed by its expansion to connect Amman, and the completion of the Saudi Arabia–Jordan–Syria–Turkey corridor according to schedule (by 2030). – Domestic reforms (streamlining customs procedures, attracting investment).	Positive Scenario– a regional logistics hub

Negative consequences – Jordan misses the opportunity to integrate into the new networks and establish itself as a hub. – logistical competitiveness has declined in Favor of other trade routes. – The pressure on the domestic land transport sector shows little sign of easing, and Jordan remains dependent on external financial support rather than generating its own revenue through logistics.	– Significant setbacks in projects due to regional crises or political disputes that undermine cooperation (such as the resurgence of tension in Syria) or a lack of funding. – Neighboring countries are developing alternative routes (such as a project passing through Iraq and Turkey with Gulf support), thereby diminishing Jordan's importance.	Negative Scenario
A radical transformation – Jordan becomes a key hub for trade between the Gulf, Europe, and the Mediterranean. – Advanced logistics hubs are developing around railway hubs (Ma'an, Mafrq, and Al-Madana). – Massive trade and investment flows pass through Jordan thanks to confidence in its secure routes. – Sustainable economic growth based on logistics and related manufacturing.	– Achieving a comprehensive regional integration. – All planned projects are being implemented, and Jordan will also be connected to Iraq in the future; the network will be expanded to include the Syrian port of Latakia (connecting the Mediterranean Sea to the Gulf by land). – Regional agreements to harmonize customs procedures and coordinate policies.	Advanced Scenario

To achieve the positive scenarios (optimistic and advanced), regional coordination efforts should be accelerated, including the establishment of joint task forces with neighboring countries to ensure the timely implementation of projects. Incentive mechanisms for investors should also be introduced, such as facilitating investment procedures in logistics zones, offering long-term partnership agreements to ensure return on investment, and developing national capacities in railway management and operations through training programs in cooperation with leading countries in the sector.

It also **requires the development and modernization of Jordan's road freight fleet, as a key and complementary component of the transport and logistics system in the coming phase**, particularly in linking ports, logistics hubs, railway stations, and domestic and regional markets.

This includes aligning regulatory and operational standards with neighboring countries in relation to axle loads, vehicle specifications, technical standards, electronic connectivity, and transit and customs procedures, alongside strengthening bilateral and regional agreements related to transport and transit. These measures would improve the efficiency of truck movements and enhance the competitiveness of the trade routes passing through Jordan.

On the other hand, it is necessary to develop transport infrastructure and build an integrated logistics system capable of maximizing the value added generated by trade flows, also include the establishment of dry ports and inland logistics centers as key pillars to enable Jordan's transformation into an effective partner in supply chain.

International literature, including a report issued by UNCTAD, indicates that the development of dry ports leads to increased trade flows and strengthens economic activity in the regions connected to them, through improved multimodal transport efficiency and reduced freight costs across the logistics chain¹⁸. Dry ports also represent a key element in building resilient logistics networks, as they enable risk diversification and enhance the capacity to respond to disruptions¹⁹, in addition to fostering inland economic clusters through the attraction of investments in warehousing and logistics services²⁰.

¹⁸ Nguyen, L.C. et al. (2021). *Evaluating the role of dry ports in the port-hinterland setting*.

<https://www.sciencedirect.com/science/article/pii/S2092521221000420>

¹⁹ Artarail (n.d.). *Dry port: Definition, benefits, and role in global logistics*. <https://artarail.com/dry-port-definition-benefits-global-logistics/>

²⁰ Varese, E. (2020). *Dry port: A review on concept, classification and role*. *Journal of Marine Science and Engineering*.

<https://www.mdpi.com/2305-6290/4/4/29>

A report issued by UNCTAD indicates that the development of dry ports and inland logistic centers can contribute to reducing transport costs by an estimated (10% - 30%)²¹, and shortening shipping and clearance time by up to 40%²², in addition to enhancing the efficiency of seaports and reducing congestion levels, Improvements in logistics performance are also directly reflected in increased trade flows, as World Bank studies suggest that enhancing supply chain efficiency can lead to trade growth, based on international experiences, in the range of (15% - 25%)²³.

3.2.3 Logistics Performance Index - LPI

The Logistics Performance Index LPI is an international indicator issued by World Bank, covering 139 countries in its latest release (2023) edition, it is based on the assessment of several key dimensions, including customs clearance efficiency, quality of transport infrastructure, ease of arranging international shipments, logistics service efficiency, shipment tracking capability, and timeliness of deliveries. The index is measured on a scale ranging from 1 (low performance) to 5 (high performance), where higher values indicate better logistics efficiency. It is published periodically (every few years) and serves as a benchmark tool for assessing countries' readiness to integrate into global supply chains and strengthen their role as regional logistics hubs.

The index provides an objective assessment of Jordan's readiness to integrate into regional supply chains, as well as its capacity to transition from a transit role to an active partner within this system.

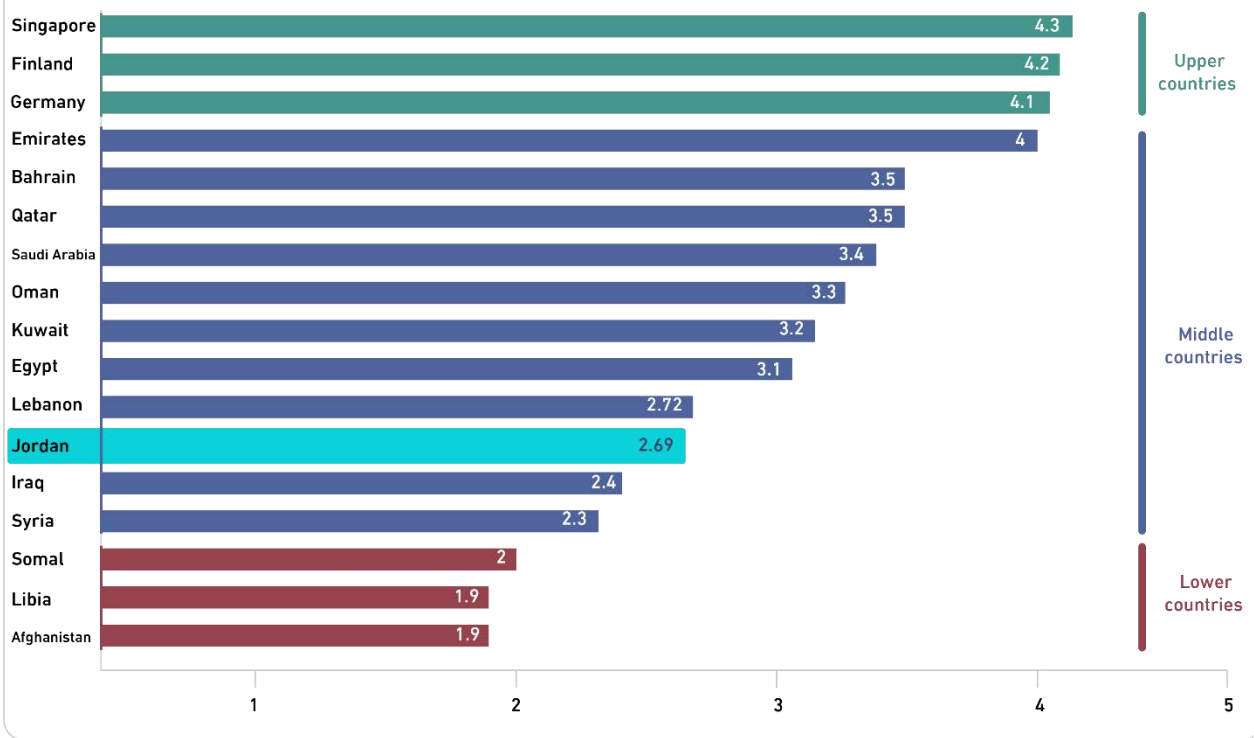
According to 2023 report, Jordan ranked within the middle tier globally, scoring **2.69 out of 5**, ranking 84th out of 139. However, this level is low compared with several countries, particularly The Gulf states.

²¹ UNCTAD (2013). The Role of Dry Ports in Promoting Efficient Transport and Logistics Systems. United Nations.

²² Varese, E. (2020). *Dry Ports: A Review*. Journal of Marine Science and Engineering (MDPI).

²³ World Bank (2018/2023). *Connecting to Compete: Trade Logistics in the Global Economy (LPI Report)*.

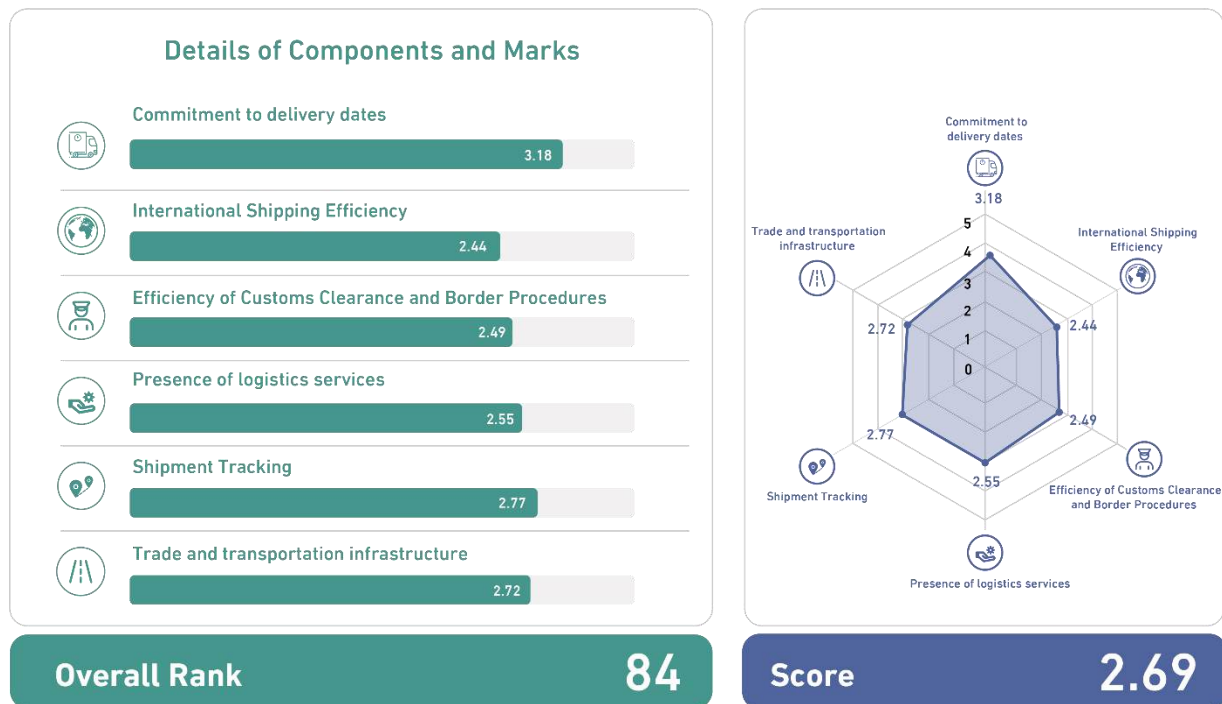
Figure (13): countries performance in The Logistics Performance Index (LPI), 2023



Source: World Bank, Logistics Performance Index (LPI), Annual report 2023

Among the sub-indicators, Jordan's best performance was recorded in the **Timeliness** indicator, reflecting the ability to maintain consistent and timely movement of goods once transport procedures are completed. In contrast, significant weaknesses were observed in **International Shipping** efficiency and **Customs and border control procedures**, both of which are directly linked to the speed of shipment arrangements, transport costs, and the ease of cross-border movement of goods. This indicates the presence of challenges related to operational and procedural efficiency, which require targeted improvements.

Figure (14): Jordan's performance in The Logistics Performance Index (LPI) in Sub-indicators



Source: World Bank, Logistics Performance Index (LPI), Annual report 2023

This underscores the urgent need to enhance the efficiency of Jordan's logistics system, particularly in the operational and procedural aspects related to shipping and customs clearance, in order to enable Jordan to strengthen its role within regional supply chains.

3.2.4 SWOT analysis: Jordan as a Regional Logistics Hub

Based on the above, the Forum conducted a SWOT analysis of Jordan's logistics position, linking each element to its potential policy implications.

Analysis	
- A strategic geographic location linking the Gulf to the Levant, with secure borders and ready border infrastructure (customs centers). - Strong relations with neighboring countries and increasing Gulf investment support. - Trade relations and market access agreements at both the regional and international levels. - A strategic seaport: the Port of Aqaba. - A relatively well-developed road network. - Qualified human resources.	Strengths

▪ Lack of railway infrastructure and the almost total reliance on roads for freight transport ▪ Moderate logistics performance (LPI) ▪ Limited government funding ▪ Limited dry ports and logistics centers ▪ Complexity in trade procedures ▪ Relatively low returns on investment in transport infrastructure projects ▪ Poor integration and limited availability of specialized sector data on the transportation and logistics sector	Weaknesses
▪ Regional momentum toward railway connectivity projects and the construction of new rail lines ▪ Growing international interest in economic corridors: Initiatives such as IMEC point to a future role for a corridor passing through Jordan ▪ External financial and technical support: Interest from financing institutions such as the European Investment Bank or the Asian Development Bank in supporting regional connectivity projects, and the possibility of partnering with global investors. ▪ The reconstruction of Syria: Given Syria's growing need for export and import routes, Jordan can provide logistics and transit services through its territory to these countries if it rapidly upgrades its infrastructure, and it can leverage its stockpiles of cement and minerals needed for reconstruction.	Opportunities
▪ Alternative routes in the region (such as a direct link between the Gulf, Iraq, and Turkey) ▪ Regional instability: The resurgence of tensions or conflicts in neighboring regions (Syria, Iraq, the West Bank) could disrupt the flow of traffic and deter investors from committing to long-term financing	Threats
▪ Accelerating the development of railway projects and connecting them to the Port of Aqaba ▪ Accelerate the completion and development of dry ports and logistics centers in strategic locations within Jordan ▪ Improving the efficiency of customs procedures and logistics services ▪ Enhancing integration between road and rail transport ▪ Providing the financial resources necessary to implement projects	Strategic) (Readiness

Recommendations

The Jordan Economic Forum presents a set of recommendations aimed at enhancing Jordan's readiness to benefit from shifts in regional trade routes and supporting the development of a more integrated and sustainable transport and logistics system

Accelerate the implementation of rail connectivity projects and strengthen regional coordination, Maximizing Jordan's benefit from ongoing shifts in regional trade routes requires accelerating the implementation of national and regional railway projects, alongside strengthening political and technical coordination with partner countries, particularly Saudi Arabia, the UAE, Syria, and Turkey. It is also important to develop joint institutional frameworks to ensure operational compatibility and to coordinate procedures related to the movement of goods and cross-border transit

Develop an integrated implementation roadmap for transport and logistics connectivity projects, based on an integrated economic and financial model that considers economic viability and financial sustainability, and assesses financing scenarios and public-private partnership (PPP) arrangements, as well as the sovereign and operational risks associated with large-scale projects. This would enhance Jordan's capacity to implement strategic infrastructure projects efficiently and ensure their long-term sustainability

Prepare the institutional and regulatory environment (soft infrastructure) related to the logistics sector, through simplifying customs procedures, expanding the adoption of digital solutions for clearance and shipment tracking, providing investment incentives for logistics zones and multimodal transport projects, and strengthening public-private partnerships in the development and operation of logistics facilities, particularly in light of limited fiscal space for capital expenditure in the public budget

Strengthen integration between different transport modes; Enhancing the efficiency of Jordan's road transport system requires the development of an integrated model linking maritime, road, and rail transport. This includes establishing modern interchange stations and logistics hubs in strategic locations such as Al-Madana and Ma'an, and connecting them to the Port of Aqaba and border crossings, thereby improving the flow of goods and reducing transport and storage costs.

Accelerate the development of dry ports and inland logistics zones currently under construction in Jordan, by enhancing their integration with railway projects and regional trade routes, as a key pillar for transforming Jordan from a transit country into an active partner within regional supply chains. This can be achieved by attracting warehousing, consolidation, redistribution, and light manufacturing activities, thereby increasing local value added and supporting job creation in governorates and areas located along trade routes, while working to shift Jordan from a transit economy to a logistics value-added economy

Maximize the developmental and investment impact of projects, Connectivity and transportation projects should be designed to serve as a catalyst for development in various regions, particularly in the southern part of Jordan and border areas, by encouraging industrial and service-sector investments related to transportation and logistics.

Develop the national Human talents in transportation and logistics sector, the transition to a modern transportation and logistics system requires investment in building national human capacity and developing specialized human capital in the management and operation of logistics corridors and multimodal transportation, thereby supporting Jordan's readiness to become a regional hub for logistics and supply chains.

Promote environmental sustainability in the transportation sector, the expansion of rail transport presents an opportunity to support environmental sustainability goals, reduce carbon emissions, and alleviate pressure on the road network, which calls for integrating environmental sustainability and energy efficiency standards into transportation and rail projects, thereby enhancing opportunities to attract green financing and boosting Jordan's competitiveness within modern trade corridors.

Adopt an integrated economic model for logistics routes, so the rail and transportation projects are not limited to the movement of goods alone, but extend to the development of related economic and service activities along the routes, including warehousing, redistribution, commercial services, and support services, thereby enhancing the sustainability of the projects' economic returns.

Strengthen the financial sustainability for transport and logistics projects by diversifying revenue sources linked to logistics facilities, including operational services,

storage, leasing, advertising, and investment partnerships, thereby reducing full reliance on public funding.

Study the integration with ports in neighboring countries potential, and the opportunities for regional integration between the Port of Aqaba and ports and logistics hubs in neighboring states. This aims to support the diversification of regional trade routes and enhance the resilience of supply chains in the face of geopolitical disruptions, specifically including the Port of Latakia, the Port of Tartus (naval base and cargo port), and the Port of Baniyas (oil terminal) in Syria.

Adopt a national strategy for economic and logistical security, that treats trade routes and transportation infrastructure as integral components of national economic security, including the development of a national system to monitor geopolitical risks and their impact on supply chains and regional and international trade. also, attract global companies operating in supply chains and logistics by offering investment and regulatory incentives targeting companies seeking more stable and flexible regional hubs in the Middle East, thereby enhancing Jordan's ability to capitalize on global shifts in trade patterns and the repositioning of supply chains.

Develop a specialized economic and logistics zones along the proposed trade routes, and connect them to maritime, road, and rail transport networks, thereby fostering the creation of economic clusters that support regional development and job creation.

Establish a permanent institutional framework for regional coordination in the field of transportation and trade routes, bringing together government sector, private sector, and partner countries with the aim of aligning operational approaches, reducing border bottlenecks, and enhancing the sustainability of cross-border projects.

Enhance Jordan's Competitiveness in the Logistics Performance Index LPI, by adopting clear national targets and periodic performance indicators to improve the efficiency of freight transport, customs clearance, and border services, thereby strengthening Jordan's appeal as a regional logistics hub.

Enhance the readiness of the infrastructure and logistics services in Jordan to accommodate any future expansion in trade and transport that's linked to the Syrian market, thereby strengthening Jordan's ability to attract flows of goods, services, and

transit traffic and consolidating its role as a regional logistics hub supporting reconstruction and trade in the region.

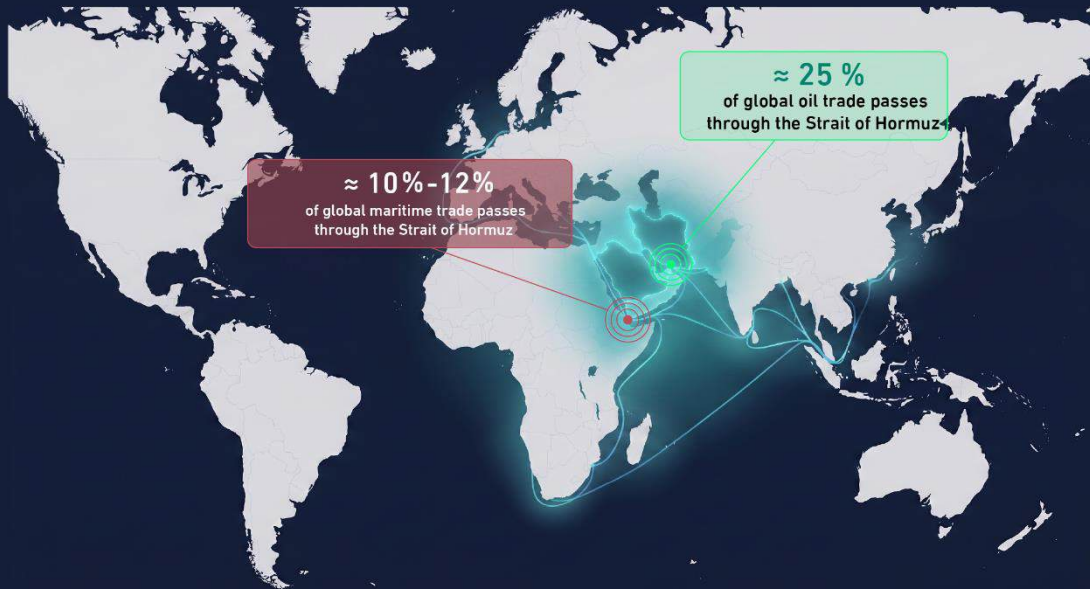
- **Strengthen legislative and regulatory readiness to keep pace with future transformations in the transportation and logistics sector**, by including digital transformation, e-commerce, smart tracking systems, and data-driven logistics.
- **Build an integrated governance framework for major logistics projects that ensures clear institutional roles**, continuity in decision-making, and greater efficiency in implementation, monitoring, and coordination among relevant stakeholders, particularly for long-term and cross-border projects.
- **Establish an integrated national platform for transport and logistic data**, that's linked to relevant institutions to support digital transformation in the sector, enable data-driven planning, and strengthen Jordan's readiness to serve as a regional hub for trade and logistics services.

80 %

Goods transported
by sea

35 USD Trillion

Volume of global
trade 2025



The world is redrawing the map of trade and supply chains amid geopolitical instability



Supply Chain Disruption



Longer shipping time



High global shipping costs



Average monthly traffic of ships
transiting from Bab Al-Mandeb Strait

January–October 2025 = 2,240

More than 50 %

January–October 2025–2024 = 980



Average monthly traffic of ships
transiting from Hormuz Strait

February 27, 2026 = 129

95 %

March 29 = 6



Decline in ship traffic

New Trends in Supply Chains

Friendshoring

trade with politically
trusted partners

Nearshoring

Relocating production closer
to end markets

Resilient Supply Chains



32.5 JOD Billion
Trade 2025

%20+
Trade Growth
(2023-2025)

Aqaba

The strategic seaport
on the Red Sea

Regional Transit Hub

Direct land link to the
Gulf and Levant markets

National and Regional Railway Projects

Regional Railway Link Project
(Saudi Arabia–Jordan–Syria–Turkey)

**The Aqaba Port–Mining
Centers Railway Project**

Potential gains



**Strengthening Regional
Connectivity**



Increasing export capacity



**Reducing transportation
costs**



**Enhancing land transport
integration**



Creating job opportunities



**Attracting logistics
investments**

Possible Scenarios for Jordan's Position

→ Negative Scenario

Limited Transit Corridor

- Jordan Remains a Transit Point
- Weak Local Value Added
- Limited Job Creation and Investment
- Declining Regional Competitiveness

→ Positive Scenario

Regional Logistics Partner

- Increased Trade and Transit Flows
- Improved Efficiency of the Port of Aqaba
- Attracting Logistics and Industrial
- Enhancing Jordan's Logistical Position

→ Advanced Scenario

A Regional Supply Chain Hub

- Economic Growth in Transportation and Services
- Job Creation and Investment
- Strengthening Jordan's Position in Global Supply Chains
- Strengthening Jordan's position in global supply chains

The transition to the advanced scenario depends on the speed of implementation, the efficiency of the logistics system, and the level of regional integration

The required



Enhancing the Integration of Road and Rail Transport



Digitization and Centralization of Logistics Services



Speeding up the implementation of rail connectivity projects



developing the dry ports and logistics centers



Building National Capacity in Logistics



Developing Distribution and Storage Services



Strengthening regional coordination with neighboring countries