PROJECT FOSTEX Deliverable

D1.2 JORDAN'S TEXTILE AND READYMADE GARMENTS INDUSTRIES SECTOR

(The National Report and Survey Analyzing)

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Author(s):	**Desk Research Report:** Mr. Amin Al Asoufi, Eng. Fadel Labadi Industrial Eng. Ruba Hasan Academic **Field Survey Prepartions, Visits, Analyzing & Reporting:** Eng. Razan Al Khaza'aleh , Eng. Bashar Qtaishat, Eng. Mohammad Abu Sailik, Eng. Fadel Labadi **Drafting The Industrial and the Academic Surveys**: Eng. Ruba Hasan
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Abbreviations and Acronyms

Abbreviation	Full name
Acronym	Full name
EACEA	Education, Audiovisual and Culture Executive Agency
EC	European Commission
EU	European Union
GA	Grant Agreement
HEI	Higher Education Institution
ICT	Information and Communication Technologies
PC	Project Coordinator
WP	Work Package

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1. Introduction (About Jordan)

Jordan is a role model for the Middle East as a country able to foster economic growth in spite of scarce natural resources. The Jordanian government continuously strives to enhance the operating environment for foreign and domestic investment.

Furthermore, a successful privatization program has improved various industries. One of the country's valuable resources is its dynamic people with their many fields of expertise. Jordan constantly demonstrates its commitment to education and the development of a comparative global economy. Currently, the finance sector employs most of the country's labor force. The transportation and the industrial sector follow it .

Jordan takes its name from the Jordan River, which forms much of the country's northwestern border. Much of the area that makes up modern Jordan was historically called Transjordan, meaning "across the Jordan", used to denote the lands east of the river. As the crossroads of the Middle East, the lands of Jordan and Palestine have served as a strategic nexus connecting Asia, Africa, and Europe. Thus, since the dawn of civilization, Jordan's geography has given it an important role to play as a conduit for trade and communications, connecting east and west, north and south .

In 2018, Jordan, at US$ 3,920 per capita, is ranked by the World Bank as a lower middle-income country compared to upper middle-income country in 2016. This year's downward revision of GNI/capita is driven by three factors: an upward revision of Jordan's population in new population data published by the UNPD; a slowdown in real GDP growth; and low inflation. Although, it was strengthened by a successful privatization drive and a developed financial sector can claim an almost fully liberalized trade system, no restrictions on the repatriation of capital and profit payments, a liberalized exchange regime, and permitted full ownership of investment in most sectors. These positive economic developments are supported by a moderate social and cultural climate, advanced infrastructure, and one of the highest rates of literacy in the region.

In terms of trade, the Jordanian economy is almost fully liberalized. Since the mid 1990s, Jordan has signed numerous trade liberalization agreements including: the Great Arab Free Trade Agreement (GAFTA) 1997; Qualifying Industrial Zones (QIZ) 1997; Euro-Jordanian Partnership (EU-JOR) 1997—entered into effect in 2002; Free Trade Agreement with the United States, 2000; World Trade Organization (WTO) 1999; the Free Trade Agreement with EFTA 2001; Agadir Agreement 2004; Jordan-Singapore Free

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trade Agreement 2004; Jordan-Canada FTA signed in 2009—came into enforce in 2012; and Jordan-Turkey FTA, signed in 2010—entered into force in 2011 .

The main export destination for Jordanian goods is the United States (virtually all exports to the United States are garment and textile products); Saudi Arabia, Jordan's major oil supplier, is the primary import source, slightly ahead of the European Union. A trade surplus with India exists because it is the main destination of Jordanian fertilizer (potash, phosphate and their by-products) exports .

EU economic growth is increasingly substantial (World Bank 2017), both in terms of its pace and composition. The European economy has entered its fifth year of recovery, which is now reaching all EU Member States. Private consumption remains the main driver of growth. EU countries are considered an upper middle-income country. The EU is the world's biggest trader, accounting for 16.5% of the world's imports and exports. Free trade among its members was one of the EU's founding principles, and it is committed to liberalising world trade as well .

The challenge arising from trade liberalization for Jordan is that domestic production must be able to compete both at home and abroad. Hence, based on the International Trade Strategy completed by the Ministry of Industry and Trade partnership with the relevant stakeholders, all trade liberalization negotiations must be accompanied by an objective analysis based on facts, figures and data that relate the terms of trade to the impact on the Jordanian production and labor markets.

2. The industrial sector in Jordan

The industrial sector is considered to be one of the significant components in the Jordanian economy. This comes as a result of its contribution to the national economy, which was around one-fourth during the last decade .

The total number of employees, around 18% of the total number of workers in Jordan, and this sector is considered one of the major sectors in terms of job creation .The figures of Jordan Investment Commission (JIC) shows that the average investment in the industrial sector was around 70% out of the total investments that have been registered in the economy during the last decade.Furthermore, the industrial sector employs 20% of the total labor force and covers around 90% of the Jordan's total export.

The national accounts distribution divided the industrial sector in Jordan into three main subsectors; mining and querying, manufacturing and "electricity and water". However, these sectors were contributing to the GDP in 2018 with around 2.1%, 19% and 3.6% respectively. These contributions were changeable from 2011 to 2018 due to the economic changes within the same period.

By a decision of the Council of Ministers, the industrial sector classified into (10) subsectors, as follows:

- Mining Industries.
- Plastic and Rubber Industries.
- Construction Industries
- Therapeutics and Medical Industries.
- Leather and Garments Industries.
- Packing, Packaging, and Paper Industries.
- Furniture and Wooden Industries.
- Chemical and Cosmetics Industries.
- Engineering, Electrical Industries and IT Sector
- Food, Supplies, Agricultural Industries.

2.1 Number of Firms and Employees:

The total number of firms in the industrial sector reached 17,723 firms in the year 2018; the average growth of firms' numbers fluctuated dramatically during the last 5-6 years. This is due to the political situation in the region, which is considered the major factor for encouraging either local or foreign investors. Table (1) shows the distribution of the industrial firms among subsectors where we differentiate between the firms in two types **Industrial firm** (More than 10 Jordanian workers registered in the Social Security Corporation, and has a registered capital more than 30,000JDs), and **Handcraft firm (**less than 10 Jordanian workers registered and has a registered capital less than 30,000JDs).

Table (1): Sectorial Distribution of Firm in 2018

Sector	Handcraft	Industrial	Total
Leather and Garments Sector; of which: Textile and Readymade Garments Industries	1,037	198	1,235
Packaging, Paper, Carton, and Office Equipment's Sector	669	261	930
Therapeutic Sector and Medical Supplies	51	76	127
Food, Agricultural and Animal Stock Sector	1,981	685	2,666
Engineering, Electrical and Information Technology Sector	5,606	492	6,098
Construction Sector	2,466	259	2,725
Plastic and Rubber Sector	335	252	587
Wood and Furniture Sector	2,475	115	2,590
Chemical Sector and Cosmetic Preparations	449	243	692
Mining Sector	40	33	73
Total	**15,109**	**2,614**	**17,723**

Source: Jordan Chamber of Industry dababase (2019)

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The above table reflects the fact that the majority of the firms in the industrial sector are small and medium-sized enterprises (SMEs), which is considered to be consistent with the structure of the Jordanian economy.

Regarding the industrial sector's role in terms of employment and employability, the total number of employees in this sector reached 254.2 thousand workers in 2018 (29% of them are working in Textile and Readymade Garments Industries); this number contributes about 20% of the total number of workers in Jordan, and this sector is considered one of the major sectors in terms of job creation. This could be reflected in the fact that the average number of employees for each firm within the sector was around 13 workers, while it is only around 3 workers for the firms in other sectors, according to the enterprises' survey by DOS 2014. This put the industrial sector on the top of the private sectors in terms of job creation.

2.2 Industrial Investment:

The figures of Jordan Investment Commission (JIC) show that the average investment in the industrial sector was around 70% out of the total investments that have been registered in the economy during the last decade.

JIC data show that the total foreign direct investments registered to get the advantage of the investment law in the industrial sector were around 2.7 billion JDs during the period (2011-2015) as shown in Figure 1, which is approximately 87% of the total registered investments. The major factors that make the industrial sector attractive for foreign investment are the availability of required infrastructure that could be further served through the free and development zones, in addition to the incentives for foreign investors through the new investment law no. (30) For the year 2014.

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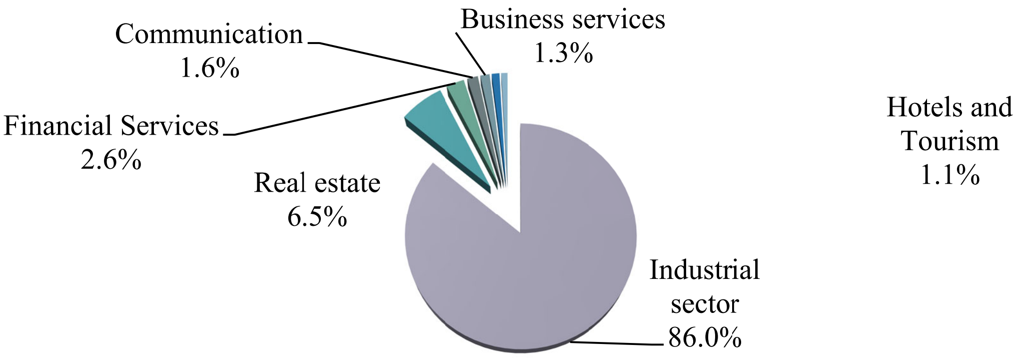
Figure (1)
Distribution FDI Inflows to Jordan between 2011- 2015, According to the Main Economic Sectors



Source: FDI Intelligence, Financial Times

2.3 Industrial Exports:

Industrial exports are more than 90% of the total national exports. In the year 2018, the industrial sector exports (Based on Chambers Certificate of Origin) registered an increase by 8.4% compared to the same period in 2017. This increase is mainly derived by Textile and Readymade Garments exports, Chemical and cosmetic preparations industries and Mining industries. The Jordanian private sector consider this increase as a success efforts as it happened with some political and security obstacles in the region that led to the closing of several major markets for national products, the closing of the Iraqi and Syrian borders has resulted in a direct effect on 30% of national exports. This obliged the Jordanian exporters to find a different way to maintain their exports flow to their traditional markets. This surely has affected the competitiveness of the Jordanian national products in those markets due to the increased cost of transportation.

Around half of the Jordanian exports were directed to the Arab countries because of the capitalization on the Greater Arab Free Trade Agreement (GAFTA), which allowed Jordanian products to have easier access to the Arab states' markets, while the garment industries used to export to the US market through the Free Trade Agreement with the USA, with a percentage around 25% of total exports.

2.4 Sector Competitiveness

Despite the relatively positive performance, the industrial sector in Jordan is facing pressuring challenges to remain competitive. Over the past few years, the Jordanian industrial sector has become more vulnerable to outside competition due to external and internal factors. International pressures have been felt throughout the complete manufacturing spectrum, but particularly in labor-intensive manufacturers.

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The industrial sector in Jordan enjoys several competitive advantages related to the relatively high quality of production, the availability of raw materials necessary for some significant industries (particularly phosphate, potash, Dead Sea minerals, olive oil … etc.) and the existing distinguished human resources.

On the other hand, the sector's competitiveness faces major challenges that should be addressed to unlock its growth and development potential as they are limiting it from capitalizing on the above mentioned advantages to strengthen industries. Major issues are related to the high production cost, lack of financing resources, marketing capabilities and the need for advisory services. While issues related to research and development activities, low levels of investment and limiting governmental bureaucracy could be considered as less pressuring challenges.

The main observation regarding the sector's competitiveness is that it is revolving in a loop that is limiting its development and its ability to capitalize on its competitive advantages. The sector at the moment is putting forward traditional products with fairly good quality and accordingly is faced by a great pressure on the profit margin due to the high cost. Taking into consideration that it is functioning in a small market with price-sensitive consumers as well as aggressive competition from products coming from countries with large production capacities and low production cost.

This significantly limits the sector's marketing abilities and prevents it from reaching the maximum possible production capacity as its markets fail to absorb high quality products in a viable manner with a good return on investment in technological development, and hence they remain hesitant to invest further and broaden their operations. Such investments will ensure efficiency in resource consumption and enable producers to provide high quality production with unique technical features. Also they are able to penetrate markets and compete away from price basis, but the sector's hesitation to adapt modern production technologies, in addition to the weak research and development investments, is placing further pressure on its competitiveness.

This gets the sector back on square one as it will remain operating depending on traditional production methods, resulting in traditional products, achieving a very small profit margin and introduced to markets where it would compete based on low price. Therefore, producers face difficulties in marketing such products in such markets both nationally and internationally. This again would leave producers realizing the importance of adopting the latest technologies and investing in research and development activities in order to achieve cost efficiency, but they would find themselves again faced by discouraging the return of investment due to the limited market size, and thus the loop continues.

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3. Textile and Readymade Garments Industries (Sector Profile)

3.1 Sector Brief

The Textile and Readymade Garments Industries is one of the principal drivers of economic growth in Jordan today. Jordan places special importance on the garment sector as a promising industrial sector, given the great economic and social significance of its large volume of exports. The sector is a valuable contributor of foreign currency to the Kingdom. Exporting to international markets has become increasingly important for Jordan in recent years since regional markets slowed down due to political and economic instability.

The importance of textile and Readymade Garments Industries is attributed to its value added achieved in the Jordanian economy, which exceeds 35% according to the study of Yale University and to its large contribution to the total national exports, which amounted to 26.3% of the total industrial exports in the year 2018. Jordan attaches a special importance to this sector as one of the most promising industrial sectors that can enhance Jordan's exports due to its being a hub for many of the foreign investments.

The sector has shown remarkable growth in recent years (Despite its growth, faces several challenges. Mainly, the absence of trained and qualified local labour, high borrowing costs “interest on loans and credit facilities” and the lack of experience among managers of the sector’s SME sub segment), benefiting from the advantages provided by the incentives contained in the free trade agreements which enabled investors to access many of the world markets. The sector’s total exports amounted to nearly 1.8 billion US$ in the year 2018 compared to about 1.6 billion US$ in the year 2017.

The Textile and Readymade Garments Industries is one of the most labor-intensive industries that contributes to the local employment opportunities. It is worth to mention that it provides an opportunity to around 19,000 Jordanians to have a decent job (80% of them are women), and 6,000 Jordanians are working in satellite unites located in rural Jordanian areas with high poverty and high unemployment rate.

The Textile and Readymade Garments sector comprises the following sub-sectors:

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Tissues and fabrics.
↓
Non-woven fabrics.
↓
Garments and clothing accessories.
↓
Embroideries and hand-made textiles.
↓
Carpets, rugs, and textile floor coverings.
↓
Knitted fabrics or crocheted and knitted fabric products.
↓
Non-apparel textiles: towels, bed sheets, curtains, woven bags and tents

3.2 Statistics and economic overview

Jordan's Textile and Readymade Garments Industries represents a promising opportunity to grow exports to the US market and to leverage the EU trade preference, with a view to provide job opportunities for Syrian refugees. The sector is labor intensive and employs over 73,000 workers (Almost 12% of them are working in 1,200 manufacturers producing for local and regional markets). The sector accounts for nearly 27% of Jordan's total exports, generating about US$1.8 billion. There are over 75 exporting garment factories currently operating within Jordan, and just 35 of those factories account for over 75% of exports. However, textile and clothing exports to Europe however, exceeded just US$47 million in 2018. There is thus a significant opportunity for export growth from the garment actors currently operating within Jordan. The garment sector's significant economic contribution, and the ecosystem of stakeholders linked to it (which could diversify into the design, fashion, accessories, and quality upgrading in the local market), may be a valuable channel through which the Government of Jordan can advance its objectives around economic opportunities for Jordanians.

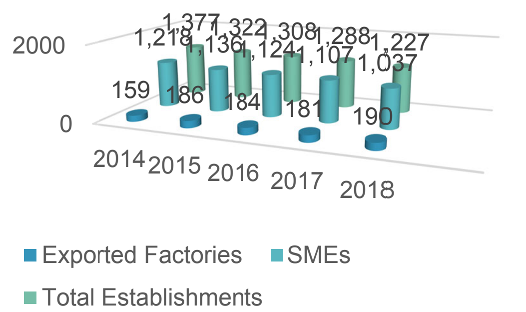
Concentrating at the start on the garment sector enables Jordan to focus its approach on improving forward and backward linkages within that industry's local and global supply chain, and rally support from a smaller number of industry stakeholders for targeted impact. This strategy could then be replicated for other sectors of the economy, with associated capacity and resources deployed depending on the number of sectors covered.

The total number of the establishments operating in the Textile and Readymade Garments sector registered in the year 2018 has amounted to 1, 227employing more than 73,148 workers, 75% of them are foreign workers. While the registered capital of establishments operating in the sector has mounted to 210million US$ in the year 2018.

3.2.1 Establishments

The total number of the establishments operating in the Textile and

Figure (2): Total Number of Establishments



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Readymade Garments Industries and registered in the chambers of industry in the year 2018 has amounted to 1227 (of which 84.5% of them are SMEs targeting the local market), compared to their number in the year 2017 in which the number of enterprises reached 1288, registering a 4.7% decline driven by the decline in SMEs by 6.3% (which consist almost 84.5% of total establishments and targeting the local market (producing clothes) with huge potential for growth and for further development), as shown in Figure 2.

Currently, there are around (75) big exporting factories located in several industrial zones in Jordan exporting to the US market (including subcontractors), (29) of them are international buyers such as Nike, Under Armour, GAP, Talbot, Express, etc.

3.2.2 Workforce

As mentioned before, the Textile and Readymade Garments Industries is one of the most labor-intensive industries that contributes to the local employment opportunities. Employing almost 29% of total employees working in the industrial sector, 25% of them are Jordanians equal to around 19,000 Jordanians that have a decent job (80% of them are women, and 6,000 Jordanians are working in satellite unites located in rural Jordanian areas with high poverty and high unemployment rate).

What is remarkable is the model of Satellite production units that the government of Jordan and the manufacturers started to implement, driven by generous financial incentives, which led to expand the potential of job creation for Jordanians female in particular.

The total number of workers in the companies operating in the Textile and Readymade Garments Industries has amounted to more than 73 thousands workers in the year 2018 (almost 75% of them are foreign and migrant workers mainly from Bangladesh, Sri-Lanka, India, Nepal and China as factory owners seem to think that hiring foreign labour is cheaper, but the fact is that there is a minimum wage that workers — regardless of nationality — must be paid, where General Trade Union of Workers in Textile Garment and Clothing Industries indicate the Jordanian workers are not inclined to work overtime, which is another reason why the sector leans towards employing a foreign workforce) compared to their number in the year 2017 which reached 70.9 thousands workers, indicating a 3.2% growth. As shown in the following Figure 3.

GOVERNMENT INCENTIVES TO ESTABLISH SATELLITE UNITS AND RECRUIT JORDANIANS.

In June 2017, the Government of Jordan announced a list of incentives to establish and operate satellite units. Incentives included:

- Rent exemption for three years
- Land for construction
- Salaries for Jordanian workers up to 50 per cent during the first year of employment (JD 110 / month)
- Subsidized transportation costs (JD 25).
- Social security contribution for individual workers (JD 25).
- Infrastructure services, including water and electricity.

The absence of trained and qualified local labour, and the lack of experience among leaders of the sector's SME sub segment are the main concern for manufacturers in textiles Readymade Garments Industries.

According to a survey done by Better Work Program, High worker absenteeism and turnover rates were noted as challenges in both Better Work Jordan's observations as well in the management survey. The majority of respondents ranked absenteeism rate, workforce turnover and technical skills of workers and supervisors as serious operational problems. As reported in Figure 4 below.

Figure (3): Total Number of Workers

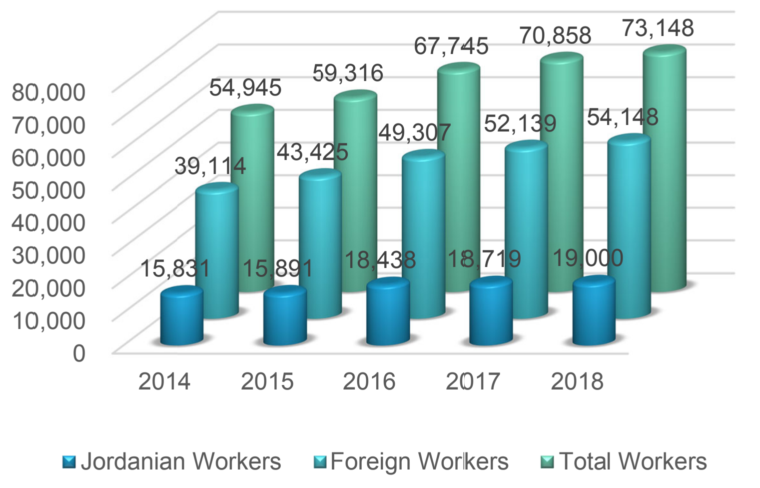
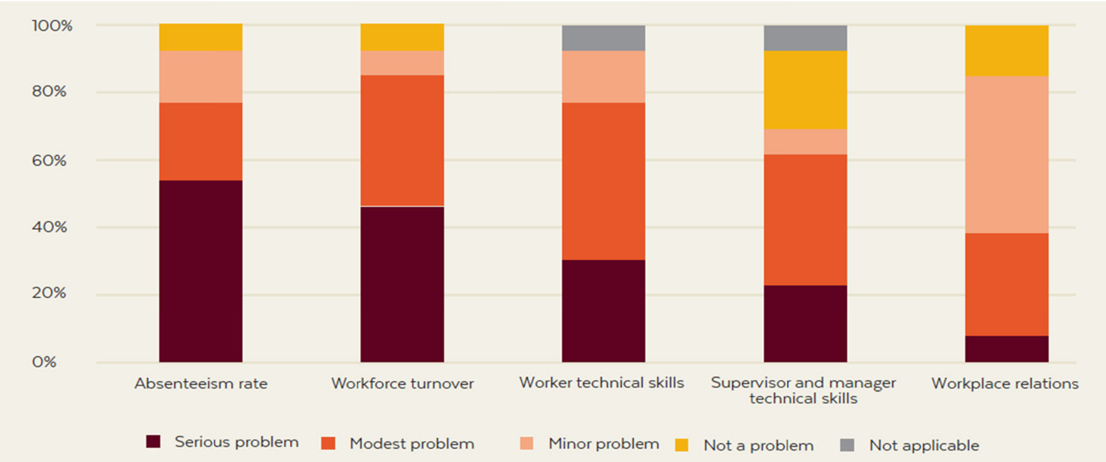


Figure (4): **MAJOR CHALLENGES IN FACTORY OPERATIONS REPORTED BY EMPLOYERS**



To move forward, the Better Work Program suggests the following:

Developing a local workforce: Potential garment workers should pass through vocational training or traineeships that would not only develop their technical skills but also help them adjust to working in manufacturing factories. This experience will also help reduce training time in factories once the worker is employed. Factories can also establish workplace tours for potential workers to ensure employment expectations are managed adequately.

Training for new workers: Factories should implement induction training for new workers to ensure that they are well adjusted to the workplace. This can be done through a combination of technical and non-technical training. Further, giving workers a sense of how their work fits in the global supply chain can aid in shifting the

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perception of satellite factories from charity projects to actual businesses. Such training can help address challenges related to absenteeism and retention rates.

Implementing motivation systems. Setting up motivation systems, such as productivity and attendance bonuses, can help lower the absenteeism rate and improve productivity. Better Work Jordan has observed overall lower absenteeism rates in satellite units that implement some type of motivation system.

Enabling career progression. At the enterprise-level, factories can encourage career progression for skilled workers. Satellite units already have an impressive average percentage of female supervisors. Better Work Jordan has a training program for "future supervisors training," which can be adjusted for the satellite unit context. More women can also be trained and encouraged to take managerial positions in the satellite units.

Training for supervisors. As observed by Better Work Jordan and reported by factories, there is a need to provide both technical and non-technical training for supervisors. Training modules such as Better Work's Supervisory Skills Training and technical Supervisor Training can help equip supervisors with the necessary technical and soft skills to improve their factory's productivity further.

Recruiting local graduates. There are many highly educated Jordanians who can be employed in different departments in factories and satellite units. Such positions can include industrial engineers, HR managers and welfare officers. This will not only help address Jordanian unemployment but also make factories invest in building robust teams to help design and maintain internal management systems.

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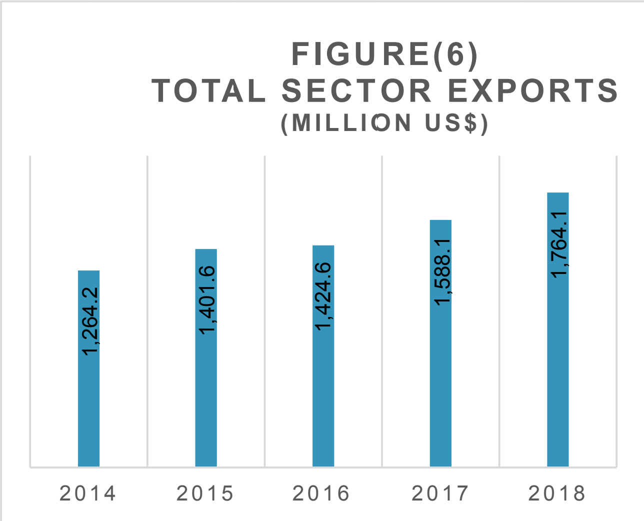
3.2.3 Exports

Total sector exports have witnessed a significant increase during the past five years to reach around 1,764 million US$ in 2018 compared to 1,264 million US$ in 2014, with an average annual growth by 8.8% (Figure 6).



This increase came from the increase in Special garments for professional, sporting or other purposes, of cotton, knitted or crocheted which consist 84.7% of total sector exports and the significant increase in Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted (excluding T-shirts and vests) exports which has been reached to 121 million US$ in 2018 compared to 1.8 million US$ in 2014.

Geographically, notably, the US is currently Jordan’s number-one export market, where almost 85% of total exports to US are garments (72% of total sector exports), Canada, Netherlands, Hong Kong “China”, Belgium comes after.

On the other hand, Jordanian garment exports to the European Union (Which used to face rules of origin challenge) are also expected to increase, in light of the simplified rules of origin agreement between Jordan and the EU which was signed in 2016, and is valid until 2030, where the agreement hopefully will allow Jordanian manufacturers to export local products to the EU with up to 70% of the product’s make-up comprised of imported materials.

5703: Carpets and other textile floor coverings, tufted "needle punched", whether or not made up
Average exports 7.7 million US$, 0.5% of total sector exports.

5704: Carpets and other floor coverings, of felt, not tufted or flocked, whether or not made up
Average exports 2.2 million US$, 0.1% of total sector exports

5705: Carpets and other textile floor coverings, whether or not made up (excluding knotted, woven . . .
Average exports 10.1 million US$, 0.7% of total sector exports

6001: Pile fabrics, incl. "long pile" fabrics and terry fabrics, knitted or crocheted
Average exports 0.016 million US$

6006: Fabrics, knitted or crocheted, of a width of > 30 cm (excluding warp knit fabrics "incl. those . . .
Average exports 0.3 million US$

6106: Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted (excluding T-shirts . . .
Average exports 48.5 million US$, 3.3% of total sector exports

6109: T-shirts, singlets and other vests, knitted or crocheted
Average exports 101.2 million US$, 6.8% of total sector exports

6113: Garments, knitted or crocheted, rubberised or impregnated, coated or covered with plastics . . .
Average exports 0.4 million US$

6114: Special garments for professional, sporting or other purposes, n.e.s., knitted or crocheted
Average exports 1,230 million US$, 82.6% of total sector exports

6210: Garments made up of felt or nonwovens, whether or not impregnated, coated, covered or laminated; . . .
Average exports 3.9 million US$, 0.3% of total sector exports

6211: Tracksuits, ski suits, swimwear and other garments, n.e.s. (excluding knitted or crocheted)
Average exports 56 million US$, 3.8% of total sector exports

6203: Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches . . .
Average exports 6.6 million US$, 0.4% of total sector exports

6301: Blankets and travelling rugs of all types of textile materials (excluding table covers, bedspreads . . .
Average exports 0.3 million US$

6302: Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excluding . . .
Average exports 20.6 million US$, 1.4% of total sector exports

6306: Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping . . .
Average exports 0.2 million US$

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6405: Footwear with outer soles of rubber or plastics, with uppers other than rubber, plastics, leather . . .
Average exports 0.7 million US$

3.3 Jordan's Textile and Readymade Garments Industries Ecosystem

The garment and apparel sector benefit from a vibrant industry ecosystem. The exporters and local manufactures benefit from a strong relationship with the Jordan General trade union of workers in Textile, Garment & clothing industries. Founded in 1954. The Union, the private sector and the government, have signed a collective bargaining agreement, which ensure fair and equal rules and regulation for all, across the sector. The chambers of industry play a vital role in supporting the sector through advocacy and services.

The Jordan garments, accessories, & Textiles exporters; Association (JGATE) represents the exporters. Vocational training schools help upgrade labor skills, while in universities, design courses ensure a constant flow of quality graduates. The garment design and training service Centre (GSC) hosts regular fashion courses in the fields of design, drawing, pattern making. Sewing, trends, marketing, visual merchandising, retelling. Costing and production planning, as a result, the sector is now ready it diversify into design fashion packaging and accessories.

1) **GARMENT SECTOR CONSOLIDATION AND MATCHMAKING PROGRAM**: Based on this strategy, and with the objectives to increase employment generation for Syrian refugees and host communities within the sector, the UK-financed Garment Sector Consolidation and Matchmaking Program, operated by the World Bank, supports the sector through advisory components on:

1) Labor Market Connectivity,

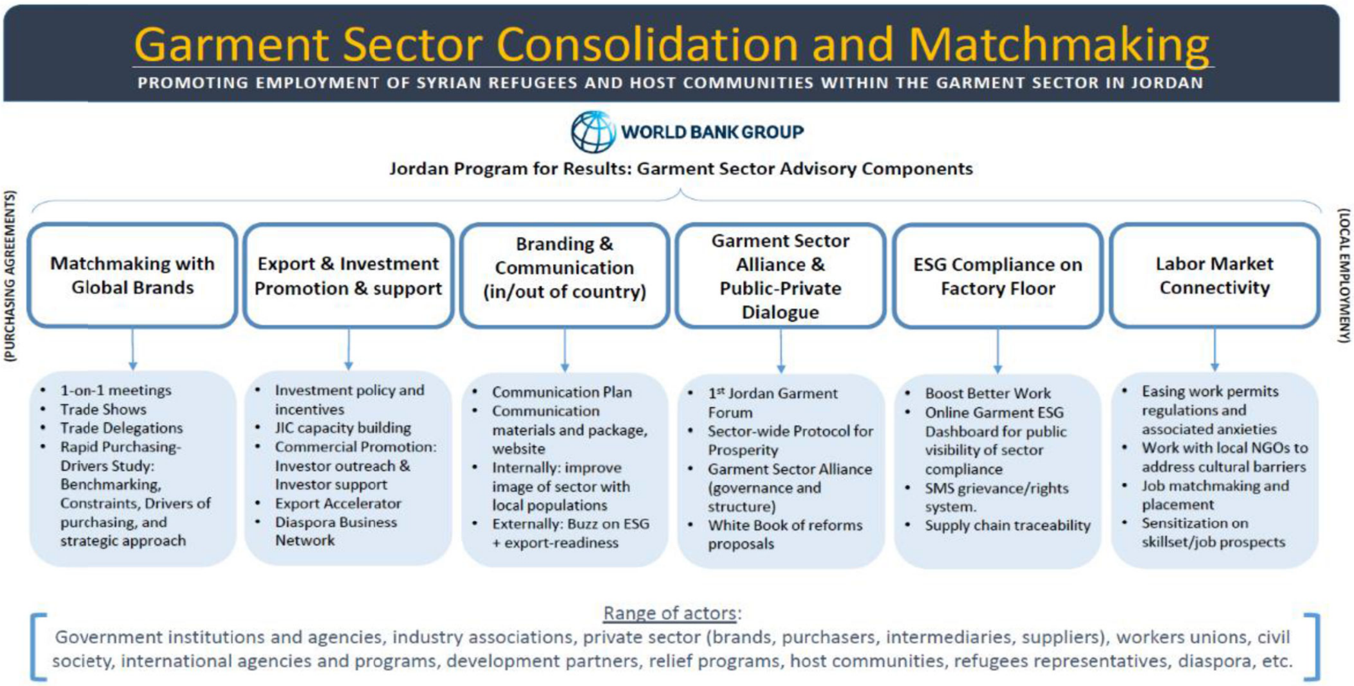
2) ESG Compliance on Factory Floor,

3) Garment Sector Alliance & Public-Private Dialogue,

4) Branding & Communication (in/out of the country),

5) Export & Investment Promotion & support, and

6) Matchmaking with Global Brands.



2) **IFC and ILO program "Better Work Jordan",** which is a global standard for the garment industry, and which includes today 60 exporting garment factories in Jordan, has reported many progress within the sector, including the following:

- A Workers' Centre has been created at Al Hassan Industrial Zone to provide a space for workers to relax, acquire new skills and conduct community activities (the second facility will be established soon in another zone).
- A Fair Recruitment project is being rolled out under which the Nepalese workers' skills are tested in their home country prior to departure. Such a project will be implemented in Bangladesh and Sri Lanka.
- On Public Reporting, Better Work Jordan has identified 29 public reporting indicators to be used in the factories' evaluation in order to ensure the creation of decent jobs, healthy working conditions etc. Full public reporting for each individual factory will be effective as of June 2017.
- Better Work Jordan is collaborating with the UNHCR and UN Women in order to build the capacity of the national stakeholders in answering to new market opportunities and integrate more women and more refugees in the workforce.

3) **JORDAN GARMENT SECTOR ALLIANCE:** in 2017, the Jordan Investment Commission, the Jordan Garments, Accessories, and Textiles Exporters' Association (JGATE), the Jordan Chamber of Industry (JCI), Amman Chamber of Industry (ACI), Zarqa Chamber of Industry (ZCI), Irbid Chamber of Industry (ICI) and Factories owner Syndicate established a garment sector-focused collaboration platform between the private sector, the government and other stakeholders. The goal of the collaboration platform is to promote more exports, more jobs, but also to improve responsible business practices, raise the sector's environmental, social and governance standards, promote social good, social integration and refugee support. The local

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stakeholders have adopted a Sector Declaration through which they formed the **JORDAN GARMENT SECTOR ALLIANCE (JGSA)**, inclusive of all the relevant stakeholders from the private sector, government, civil society organizations with the objective to address the sector constraints and achieve its vision. The Alliance also commits to develop periodic sector strategies, roadmaps and work plans, which will be evaluated and revised periodically in consultation with the government and other partners.

4) **The garment design and training service Centre (GSC)** Is an establishment created through the direct support of Jordan Enterprise Development Corporation, dedicated to provide specialized technical assistant and fashion training courses through local and Italian expertise. GSC hosts regular fashion courses in the fields of design, drawing, pattern making. Sewing, trends, marketing, visual merchandising, retelling. Costing and production planning, as a result, the sector is now ready it diversify into design fashion packaging and accessories

The main courses held by the Center are:

- 540 hours training in **Pattern making (Women's Wear),** which include (Study of basis, Measurements and Allowance, Darts Transfer, Study of Collars, Study of Sleeves, Shirt and Blouse, Study of Trousers, Study of Skirt, Study of Dress, Study of Jacket, Study of Coat, Pattern Layout, Industrial Techniques, Pattern Grading, Patterns made from the creativeness of the student, Sewing Techniques
- 900 hours training in **Pattern Making (Intensive & Regular),** which include (Measurements, Allowances, Pattern making, Sewing Techniques, Industrial Techniques Evening Wear, Pattern layout, Industrial Sewing Techniques, Creativity, Draping, Yarns and fibers, Fabrics and materials, Pattern grading, Design Techniques
- 150 hours training in **Fashion Sketching,** which include (Drawing Techniques, Drawing Basics, Color Theory, Creativeness, Fabrics and Materials, Fashion design, Concept Development, Fashion Accessories, Flat Pattern Drafting

In the same context, GSC aims at improving the capabilities of the clothing industry through providing specialized short courses that cover all the technical and administrative areas of the clothing industry such as Marketing, Retailing, Management, Merchandising, Costing, Quality Assurance, Embroidery, CAD training, etc. **Local experts from the industry deliver courses**.

GSC also organizes short fashion related courses in collaboration with LUX.R.YOU ASSOCIATION, FLORENCE/ITALY. These courses cover specific topics related to fashion design and product development.

Course subjects include:

- Fashion Drawing Techniques
- Fashion Draping
- Fabric Printing
- Handbag Design & Making
- Photoshop & Illustrator for Fashion
- Fashion Jewelry Making
- Sewing Techniques

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- Digital Marketing for Fashion

- Fashion Retail Management
- Pattern making
- Window Display Design

5) **Al-Balqa Applied University awards the Intermediate Diploma in** Fashion design and clothing production, students are taught several courses from these: the use of computer in fashion design, Foundations of Fashion Design, Fashion illustrations, Textiles, knitting bottles, History of Fashion, Knitting bottles, Fabric Technology, clothes manufacture, Aesthetics, Fashion Embroidery Accessories, children clothes. for a number of students in the program as shown in the following Table (2)

Table (2): Diploma Programs organized by Al-Balqa Applied University

Specialization	The college
Fashion design and clothing production	Irbid University College at Irbid city
	Al-Zarqa University College at Al-Zarqa
Home Economics	Ajloun University College at Ajloun city
	Princess Alia University College at Amman
	Shoubak University College at Al-Shoubak city

For the bachelor program, the university offers program in Home Economics and contains courses related to the fashion design profession.

<u>Brief and description of different courses being studied:</u>

Tailoring techniques

Studying the basics of sewing in terms of knowing the different types of sewing machines and the main parts to form stitches and their functions and care, providing the student with the skills of quality control over the process of the suture and maintenance of the machine preventive and therapeutic and knowledge of sewing and acquire the skill of the implementation, the definition of everything that is the basics of sewing with the application (installation of fasteners, buttonhole and buttons sewing, installation costs internal and external sewing and installation of pockets).

Textiles

Basic information on different types of textiles in terms of natural and industrial sources, characteristics, stages and care methods in terms of washing, drying and ironing, in addition to the study of the types of yarns and ways of weaving and dyeing, in addition to dealing with the foundations of the choice of clothes for occasions and different age groups, also includes information for washing machines, instructions and methods of removing stains, dry cleaning and ironing and strengthening tools.

Designing and sewing schemes (1)

Studying the basics and technical rules necessary to prepare and implement the pattern of the skirt and trousers in terms of taking the required measurements to draw the diagram, drawing the basic diagram with the standard measurements, drawing the basic diagram for measuring a certain object, transforming the basic diagram into different models, and preparing it in its final form, tailoring and ironing the skirt and pants.

Designing and sewing schemes (2)
Studying the basics and technical rules necessary to prepare and implement the skirts and trousers for the skirts and the trousers in terms of taking the required measurements to draw the diagram, drawing the basic blueprints for the blouse and the quantitative in the standard measurements, drawing the basic blueprints for measuring a particular object, transforming the blueprints of the blouse and the quantum into different models, drawing the blueprints for the collars, estimating the quantity Fabric required for each model of modification, installation and sewing of different parts of the blouse such as refrigerators and neck openings with hooks, and sleeve and tailoring and ironing blouse.

Designing and sewing schemes (3)
Studying the basics and technical rules necessary for the preparation and implementation of the patterns of the dress and jacket in terms of drawing the basic schemes in the dress, transforming the basic -pattern of the dress to different models, tailoring the model of the dress, drawing the basic scheme of the classic jacket with sleeve and collar, drawing collars related to the dress (collar, River, And collar shawl).

Children's Tailoring
Studying the basics and technical rules necessary for the preparation and implementation of patrons for children's clothing in terms of: Knowledge of standard measurements tables for newborn babies, drawing patrons for newborn babies, taking the necessary measurements to draw the basic chart for children from (2-12) years, drawing basic schemes for shirt, sleeve and pants standard measurements, Modifying the basic schemes into different models, drawing pattern collars, choosing a suitable fabric to sew children's clothes, estimating the amount of fabric needed for each model, tailoring newborn baby clothes and different clothes for children from the age of (2-12) years.

Automatic knitting
Basic principles of knitting machines, in terms of parts of knitting machines, especially the potential in the manufacture of knitted fabrics and related to (GIG) These machines are the main characteristics of the yarns used in the production of knitted fabrics, tools and accessories of these machines, different types of knitted fabrics in terms of manufacturing How to produce knitted fabrics theoretically and practically.

The Vocational Training Corporation (VTC) in Jordan provides professional and vocational training programs in different vocational levels, competences in the field of Textile and garment industries as shown in the following Table (3):

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Co-funded by the Erasmus+ Programme of the European Union

Table (3): Vocational Training Programs organized by Vocational Training Corporation (VTC)

No.	Training Program	Vocational level	Number of Training Hours	Learning outcomes of Training program (Skills and competences)
1	Clothes Designs Drawing	Craftsman	**1400 Hours** Divided to: 1. (500 Hours)Several Areas: General Knowledge Specialized Knowledge Specialized Skills Language & IT skills Soft skills **2.** (580 Hours**)** Practical Tainting hours **3.** (320) Hours On Job Training hours	-Using of Standards Measurement Tables - Drawing of clothes patrons designs by manual and computers - Develop the optimal design and optimal using of textile by computer - Ability of changing and fixing the computer designs - Implementation of occupational health and safety procedures at workplace
2	Cotton Clothing Tailor	Skilled Worker	**1400 Hours** Divided to: **1.** (420) Hours Several Areas: General Knowledge Specialized Knowledge Specialized Skills Language & IT skills Soft skills **2.** (460) Hours Practical Tainting hours **3.** (520) Hours On Job Training	-Using of Standards Measurement Tables - Preparation of cotton patrons designs - Cutting of fabric according to patrons designs - Preparation and Operation of different sewing machines - Design and sewing of T-shirts, Trousers - Ability fixing the accessories on the product - Implementation of occupational health and safety procedures at workplace

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No.	Training Program	Vocational level	Number of Training Hours	Learning outcomes of Training program (Skills and competences)
3	Tailor of Men Shirt & Trousers	Skilled Worker	**1400 Hours** Divided to: **1.** (430) Hours Several Areas: General Knowledge Specialized Knowledge Specialized Skills Soft skills Language & IT skills **2.** (550) Hours Practical Tainting hours **3.** (420) Hours On Job Training	-Taking of accurate body measurements - Drawing of clothes patrons according to the required designs - Cutting of textile according to patrons designs - Preparation and Operation of different sewing machines -Fixing accessories - sewing of different types of Men clothes and make the changes according to required design - Removing extra yarns and make the final finishing of the product - Implementation of occupational health and safety procedures at workplace
No.	**Training Program**	**Vocational level**	**Number of Training Hours**	**Learning outcomes of Training program (Skills and competences)**
4	Tailor of women clothing	Skilled Worker	**1400 Hours** Divided to: **1.** (305) Hours Several Areas: General Knowledge Specialized Knowledge Specialized Skills Language & IT skills Soft Skills **2.** (635) Hours Practical Tainting hours **3.** (360) Hours On Job Training hours	-Body Measurements - Drawing of clothes patrons according to the required designs - Cutting of fabric according to patrons designs - Preparation and Operation of different sewing machines - Preparation of the required women clothes accessories - Sewing of different types of women clothes and make the changes according to required designs - Removing extra yarns and make the final finishing of the product - Implementation of occupational health and safety procedures at workplace

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3.4 A strategic view of the sector

3.4.1 Sector enablers (Strengthen and Opportunities)

Massive Production Capabilities

Jordan is a large global actor in garment production, with more than 1,200 manufacturers. In 2018, the Jordanian apparel industry accounted 26% of Jordan's exports and global brands sourced near to 2 billion US$-worth of apparel from Jordan. The largest company hires almost 20 thousands employees. Its worth to mention that Jordan ranks third in the world in average factory size, with an average of 1,500 workers per exporting company.

In addition to mass production, small batch manufacturing is also a viable option through many of the smaller but highly skilled and specialized factories. Whatever the size of an order, it can be competitively MADE IN JORDAN.

Fast lead-time

Jordan has been lauded for its extra-fast import-export lead-time, where thanks goes to streamlined logistics and high-volume sea, air and road trade infrastructures. The industry constantly benchmarks its pre-processing, processing and post-processing times to ensure rapidity and efficiency in delivery. For large-scale orders, the average lead-time to the US is 19 days, and 10-14 days to European countries. Thus, the country's apparel sector can be used for fast fashion. This is no accident; manufacturers benefit from the strong and stable Jordanian infrastructure, modern factories, reliable electricity provision, excellent IT services and a well-developed financial sector. Coupled with a productive workforce, these factors make sourcing from Jordan a winning proposition.

Highly Developed Ecosystem

The garment and apparel sector benefit from a vibrant industry ecosystem. The exporters and local manufactures benefit from strong relationship with the Jordan General trade union of workers in Textile, Garment & clothing industries. Founded in 1954. The Union of the private sector and the government have signed a collective bargaining agreement, which ensures fair and equal rules and regulation for all, across the sector. The chambers of industry play a vital role in supporting the sector through advocacy and services the Jordan garments, accessories, & textile exporters; Association (JGATE) represents the exporters. Vocational training schools help upgrade the labor skills, while in universities, design courses ensure a constant flow of quality graduates. The garment design and training service Centre (GSC) hosts regular fashion courses in the fields of design, drawing, pattern making. Sewing, trends, marketing, visual merchandising, retelling. Costing and production planning as a result the sector is now ready it diversify into design fashion packaging and accessories.

World-Class Compliance

Compliance is part of the Jordan garment sector DNA the industry has top-notch compliance ratings. The better work program has worked closely with manufacturers since 2009 to improve the work conditions and ensure compliance with Jordanian labor law and the ILO's core labor standards. All exports and subcontracts are monitored and rated by better work against a series of standard indicators. In 2017 Jordan fared better than other countries on 24 out of the 29 better work indictors. The results are publicly available at betterwork.org. However. In Jordan, compliance does not stop better work manufactures to engage in productive dialogue with employers, together with leading brands and retailers, which are integral partners in realizing workers' rights and galling competitive edge for firms. The government constantly demonstrates its commitment to help creates effective labor regulation for a sustainable impact this results in creating better conditions for garment workers in ways that also support the business.

Trade Exemptions

Jordan enjoys a series of free trade agreements that highly attractive sourcing destination for apparel manufacturing a long –standing U.S Free Trade agreement all textile, apparel, and travel rules of origins. In addition, since July 2016, the Jordanian manufactory exporter's benefit from duty-free access to the E.U was enacted for 10 years. Renewable for another 10, to help alleviate the refugee crisis: the E.U agreement requires that at least 15% of the expert production line be staffed with Syrian refugee labor. It is intended to make it Jordan to export to the E.U encourage investment and create jobs both for Jordanian nationals and refugees.

3.4.2 Sector Challenges (weaknesses and Threats)

High competition with imported products from countries such as China and Turkey enjoying less production cost based on the economy of scale

Limited export market diversification, export is mainly to the U.S.A. Market

Almost no production of fabrics, water scarcity issues, high cost of production inputs, high cost of shipping

Many Jordanian workers are not interested to work at this sector mainly due to low wages.

Limited technical and financial capabilities of SMEs

3.5 Textile Sector and Education in Jordan

Jordan as mediterranean country considers the textile education sector nowadays better than the past, the economics and industrial issues play a role in proceeding on this sector; either scientifically or in the Jordan market.

Recently, more than 3 art centers care about the fashion design, provide a good and wide range of fashion design courses, and one university provides the diploma in fashion design is AL Balqa applied University.

Yearly more than 200 students benefited from these centers and graduated from university, they mostly have their own business or work for the private sectors. The deep textile industry can be linked indirectly to the research of the rubbers and the plastic as manmade textile, even there is no appearance to the results Jordan as mediterranean country considers the textile sector nowadays better than the past, the economics and industrial issues play a role in proceeding on this sector; either scientifically or in the Jordan market.

Recently, more than 3 art centers care about the fashion design, provide a good and wide range of fashion design courses, and one university provides the diploma in fashion design is AL Balqa applied University.

Yearly more than 200 students benefited from these centers and graduated from university, they mostly have their own business or work for the private sectors. The deep textile industry can be linked indirectly in the research of the rubbers and the plastic as advance textile; even the researches are not oriented to the textile sector; especially for the Jordanian market.

The survey prepared and sent using google forms, the responded academics were from different institutions and most of them agreed that there is huge lake in the academic programmes toward the textile industry.

Most of the training needs were mainly the science of the textile industry and the innovation in the

textile industry in very simple situation similar to that in Jordan.

Is totally agreed that the needed now is the research and knowledge of the advance textile and should be considered even by this project (by the training, documents, etc.), most of them know about the science of testing the textile and cloth.

The main point the Jordanian aims to start toward this is the innovation and the linkage with the current education programs; or example the fashion design and the research in the advance textile and plastic industry (which can be considered as point to start using the PVC as raw materials for the manmade textile which can be used in the furniture.

The survey and the results file is in separate Annex.

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3.6 Recommendations

Investment

- Brand Jordan as a potential country for garment manufacturing investments with opportunities of duty-free access to markets sized of more than 1 billion consumers
- Promote investment to benefit from the Relaxation Rules of Origin Agreement and the Success Stories based on the Jordan – U.S.A Free Trade Agreement
- Promote new innovative start-ups

Export

- Develop sector export strategy, Identify potential priority products and target market
- The network between SMEs and Large Manufacturers
- Organize a well-prepared matchmaking events between exporters and importers either inside Jordan or at the target export countries
- Organize a well-decorated & professional Jordanian pavilions at international exhibitions with the best exporters to promote Jordan on the sourcing map for importers and big chains.

Quality & Safety

- Develop production quality control standards of SMEs to produce for large companies established in Jordan
- Develop technical and financial support schemes to encourage products international certification and working environment
- Develop quality-testing infrastructure for testing of fabrics

Added Value Products

- Focus on medium to high-end market segments and niche market opportunities which is not based on mass/labor intensive production or price competition
- Focus on high added-value products / distinguished designs, complying with fashion trends.
- Initiate new and specialized products using advanced textiles, encourage new innovative start-ups

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Annex:

Field Survey Results & Analyzing Report

About the Survey

Number of Answered Surveys	**41**
Number of Survey Questions	**16**

About The Survey

Methods to Get Answers	**(28) Surveys by Field Visits** **(13) Surveys by E-mails & Phone Calls**
Survey Main Parts	**(5) Main Parts** **1.General Information.** **2.Competitiveness, local sales & export.** **3.Needs & development activities.** **4.Collaboration with universities & scientific research centers.** **5. Mesicellenous & training needs.**

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Team Members
Industrial Development Department - ACI

No.	Name
1	Eng. Fadel Al Labadi
2	Eng. Razan Al Khaza'aleh
3	Eng. Bashar Qteashat
4	Eng. Mohammad Abu Sailik
5	Mr. Amin Alasoufi

Main Indicators - Years 2018

Indicator	Value
Number of Factories	**1145 Manufacturing Enterprises Divided to:** • 75 Medium & Large Enterprises/ Exporters • 1070 Small & Medium Enterprises
Number of Workers	**73,148 Workers Divided to:** • 19,500 Jordanians (7,7%) of Total Number of Workers (11%) of Total Number of Jordanian Workers • 53,648 Foreign Workers
Total Export	• 1,812 Billon US$ • 27,5% of Total National Export
Registered Capital Volume	203 Million US$

Main Products Categories

- Men Wear , Women Wear
- Special Garments, Sport Wear
- Under Wear , Socks
- Bed Linen, Blankets & Curtains
- Fabric (Limited Production)

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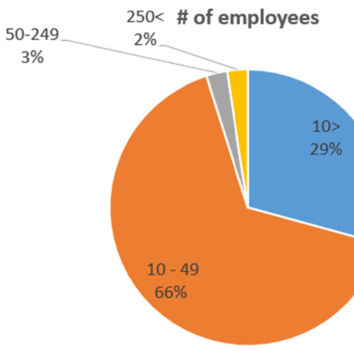
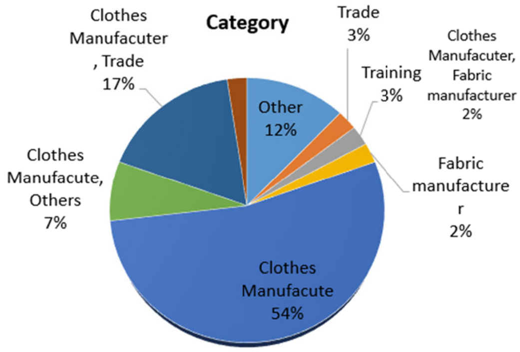
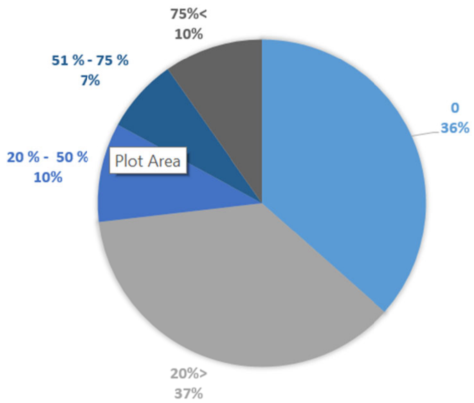
Categories of Enterprises





Export % to Total Sales



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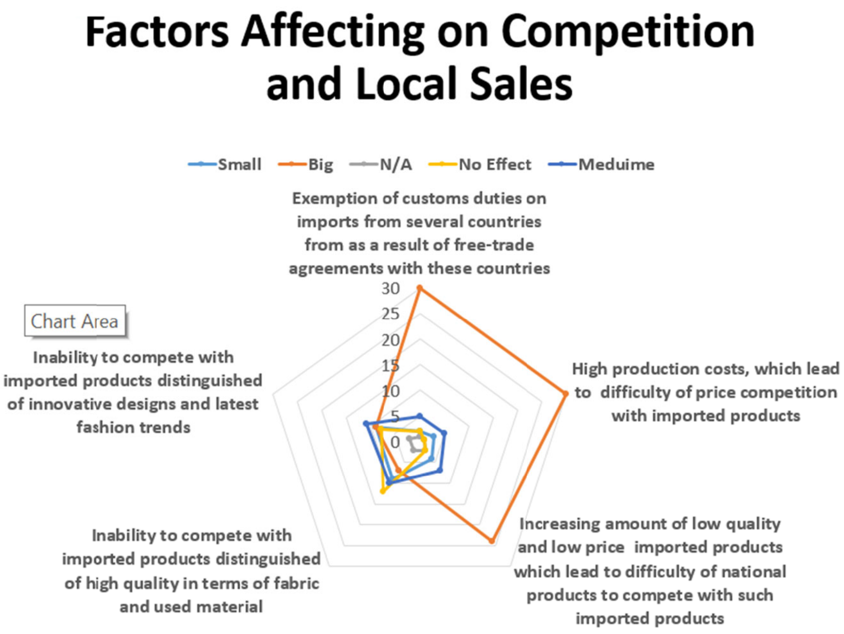

Top Factors Affecting on Competition and Local Sales

No.	Factor	Percentage of Replies
1	High production costs, which lead to difficulty of price competition with imported products	73%
2	Exemption of customs duties on imports from several countries as a result of free-trade agreements with these countries	73%
3	Increasing amount of low quality and low price imported products which lead to difficulty of national products to compete with such imported products	59%

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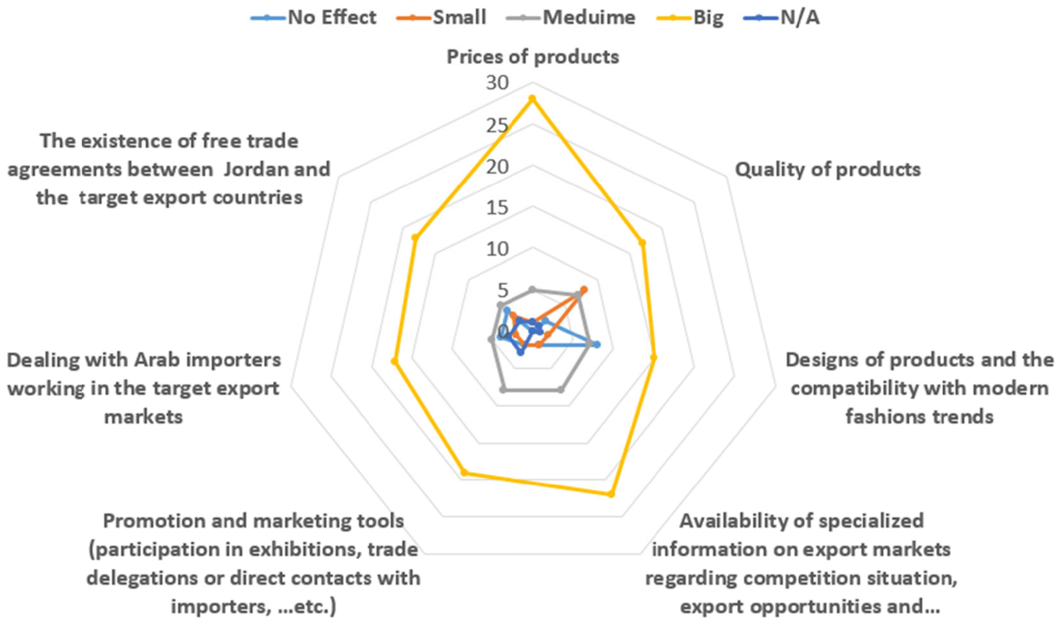
Factors Affecting on Export Competitiveness and Ability to Export to International Markets



Top Factors Affecting on Export Competitiveness and Ability to Export to International Markets

No.	Factor	Percentage of Replies
1	Prices of Products	68%
2	Availability of specialized information on export markets regarding competition status, export opportunities and distribution channels	54%
3	Promotion and marketing tools (participation in exhibitions, trade delegations or direct contacts with importers, …etc.)	46%
4	The existence of free trade agreements between Jordan and the target export countries	44%

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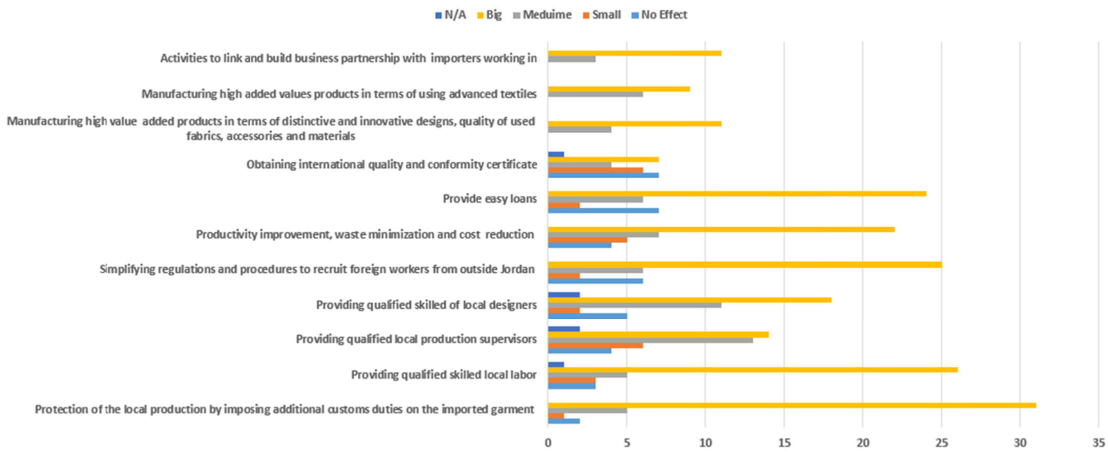
Needs to Develop Competitiveness in Local and International Markets



Priority Needs to Develop Competitiveness in Local and International Markets

No.	Factor	Percentage of Replies
1	Protection of the local production by imposing additional customs duties on the imported garment	%76
2	Providing qualified skilled local labor	%63
3	Simplifying regulations and procedures to recruit foreign workers from outside Jordan	%61
4	The existence of free trade agreements between Jordan and the target export countries	%59
5	Dealing with Arab importers working in the target export markets	%54

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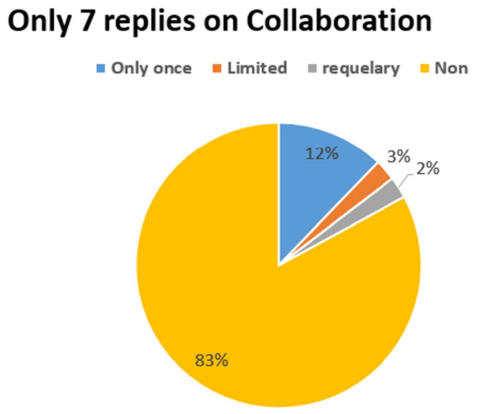
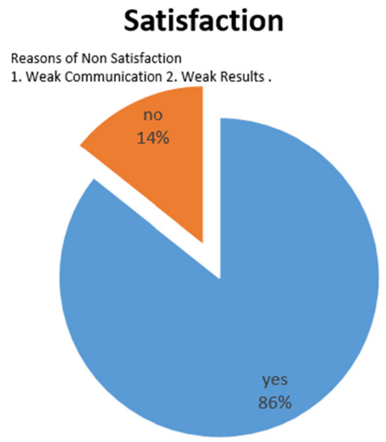
Summary of Collaboration with Universities and Scientific Research Centers





Summary of Collaboration with Universities and Scientific Research Centers

Fields of collaborations

- Design and development of new products
- improving the existing products
- Productivity improvement, waste minimization and cost reduction
- Training of students

Funding:

- Self-funding
- National fund

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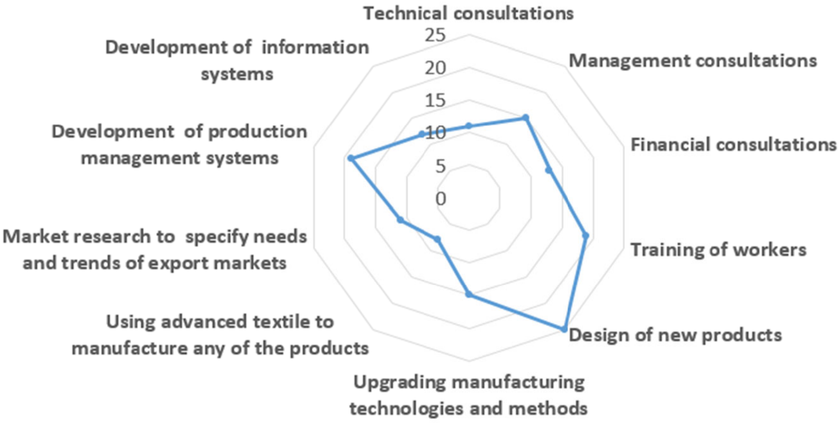
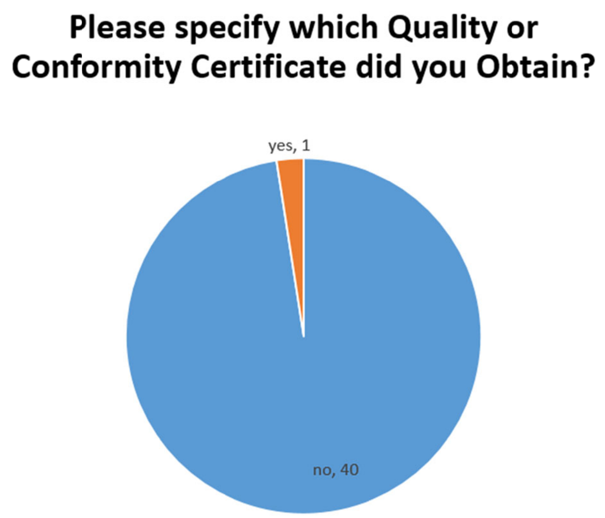
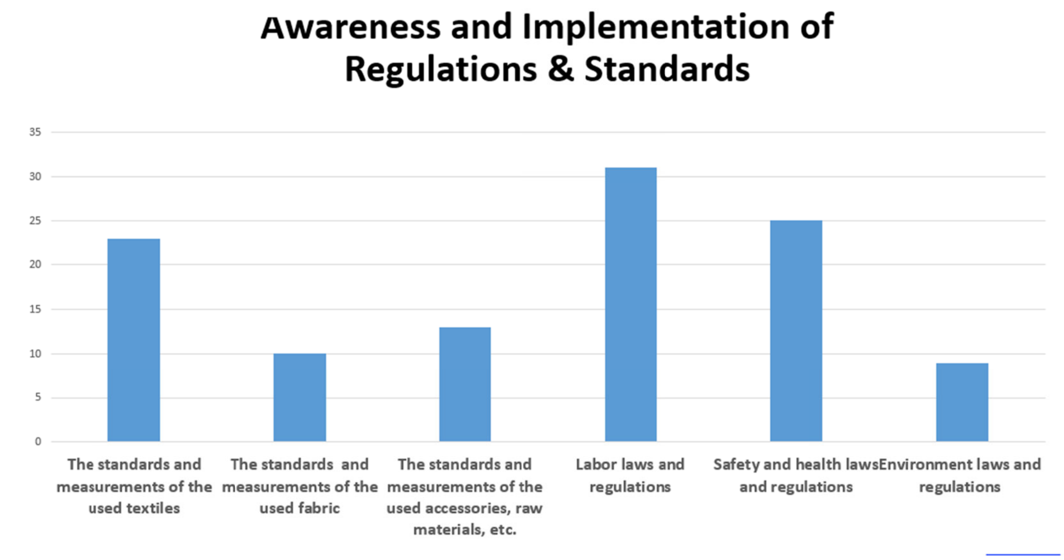
Activities Implemented to Improve Competiveness During the Last (5) Years

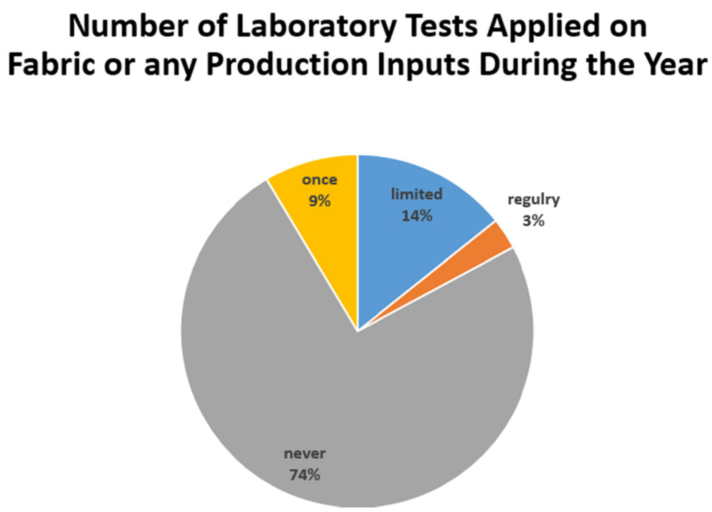


Top Activities Implemented to Improve Competitiveness During the Last (5) Years

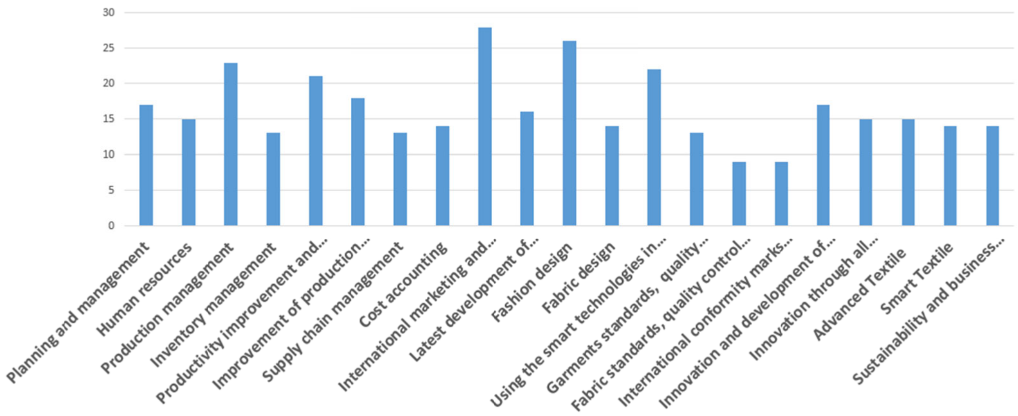
No.	Factor	Percentage of Replies
1	Design of new products	61%
2	Development of production management systems	46%
3	Training of workers	46%
4	Upgrading manufacturing technologies and methods	37%
5	Management consultations	37%


Please specify which Quality or Conformity Certificate did you Obtain?
yes, 1
no, 40


Awareness and Implementation of Regulations & Standards
35
30
25
20
15
10
5
0
The standards and measurements of the used textiles
The standards and measurements of the used fabric
The standards and measurements of the used accessories, raw materials, etc.
Labor laws and regulations
Safety and health laws and regulations
Environment laws and regulations


Number of Laboratory Tests Applied on Fabric or any Production Inputs During the Year
once 9%
limited 14%
regulry 3%
never 74%

Training Needs



Priority Training Needs

No.	Factor	Percentage of Replies
1	International marketing and business development	68%
2	Fashion design	63%
3	Production management	56%
4	Using the smart technologies in design (computers, machines, etc.)	54%
5	Productivity improvement and waste minimization	51%

Required Technical Tests

- Color fastness
- Composition
- Thread tension
- Dimension change
- Unti pilling

- Dye inspection
- Existence of defects
- Existence of external threads
- Existence of holes
- Sizes

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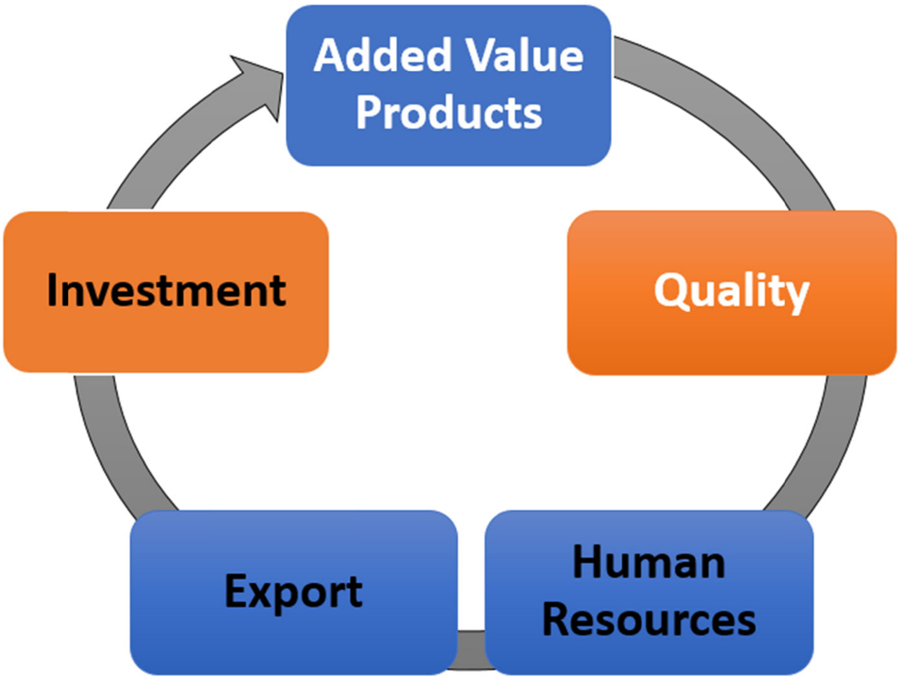
Main Challenges

Price Competition	Critical Competition with Imported products due to: • Import to of low price and low quality products • Weak quality control on imports • High production cost
Labor	• High need for skilled local labor • High need to recruit foreign labor
International Marketing & Export	1. Critical price competition 2. Lack of experience and knowledge in international markets 3. Lack of promotion activities

Main Challenges

Quality Control	• Low level of conducting laboratory tests • Low level of international quality and conformity certification
Cooperation with Universities	Low level of cooperation with universities and research centers
Development & Innovation	• Mainly limited to the area of Design • Low level of upgrading manufacturing technologies • Low level of innovation in terms of applied research or using advanced textile

Main Development Areas



The Way Forward

Policy Frame work	ACI is following several policy measures to minimize the impact of increasing imports on local production
Quality Awareness, Quality Infrastructure , Technical Consultancy & Short Term Training	1.Develop awareness & practices of testing fabric, production inputs and final products 2. Develop partnership and cooperation with the technical centers to be established at JUST and BAU through FOSTEX project

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Competition	**Gradually shift segment of the garment & textile manufacturing segment from labor intensive and price based competition to quality and innovation based competition**
Human Resources	**1. Develop and organize specialized training courses focusing on quality, modern textile, innovation and management practices** **2. Develop community colleges educational programs and vocational training programs towards more competitive skilled graduates**
Fashion Trends & Innovation	**1.Encourage production of high added value products of distinguished design and complying with fashion trends** **2.Promote new innovative start ups** **3. Promote using advanced textile**

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