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Knowledge Product 1

# GREEN TRADE



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# From Global Trade to Green Trade

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Global trade and the transport of export goods are more and more determined by “green” requirements, which has a fundamental impact on export processes and exporting companies. At the close of the last decade, these practices accounted for nearly 30% of global carbon dioxide (CO<sub>2</sub>) emissions. Without intervention, emissions from all modes of international merchandise transport could surge by up to 160% by 2050.

Therefore, trade holds significant potential for mitigating greenhouse gas (GHG) emissions, facilitating the shift towards a green and low-carbon economy. Addressing the environmental challenges associated with trade not only allows the Jordanian economy and its exporters to integrate deeper into global supply chains but also promotes competitiveness and cost-efficiency.

This guide aims to support companies with identifying and capitalising on environmentally sustainable trade opportunities. Through proactive investment and operational adjustments, companies can strategically position themselves to reap profits from upcoming changes in the trade system.



# Green Trade

is the sustainable interaction between trading partners through the exchange of green products and services.



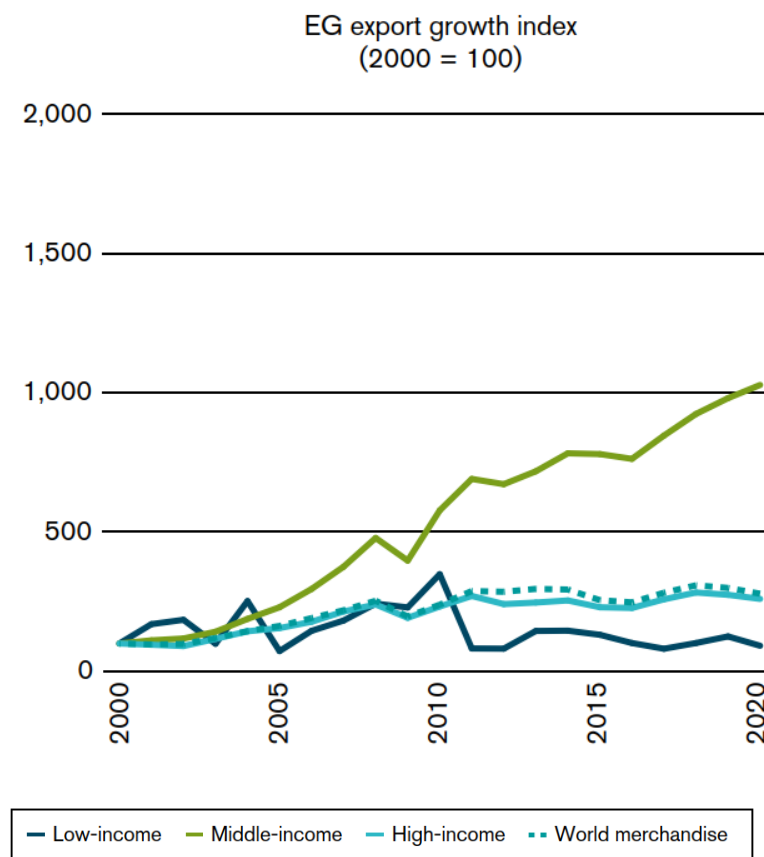


# The Green Trade Opportunity

There is a growing global recognition of the need to interlink economic with environmental policymaking. Countries are increasingly setting ambitious goals to transform their economies into green and just systems.

Green trade serves as a valuable tool for trade stakeholders, offering guidance on navigating new standards and regulations for enhanced sustainability in various national and international contexts. To actualise the sustainable exchange of green products and services, green trade establishes incentives and support mechanisms for these offerings, creating new rules for engagement among diverse trade actors.

In light of the shifting paradigm, it is crucial for businesses to adapt promptly. Failure to adjust now may result in competitive disadvantages down the line.



Source: Trade figures and export growth index is based on the UN Comtrade database.

Note: The coverage of Environmental Goods (EG) is based on the OECD list, which covers 124 tariff lines at the six-digit HS level. Income groups follow the World Bank classification of country groups.

## Key contributions to the SDGs



# The European Green Deal driving Green Trade

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A clear illustration of the significance of green trade is found in the context of the European Union (EU), the most prominent trade partner for Jordan. The implementation of the EU Green Deal is poised to influence imports and trade dynamics in the upcoming years, introducing more stringent environmental and sustainability standards. The extent of its impact on Jordan will vary according to the nature of specific products, including but not limited to agricultural goods, textiles, carbon-intensive primary resources, and packaging.

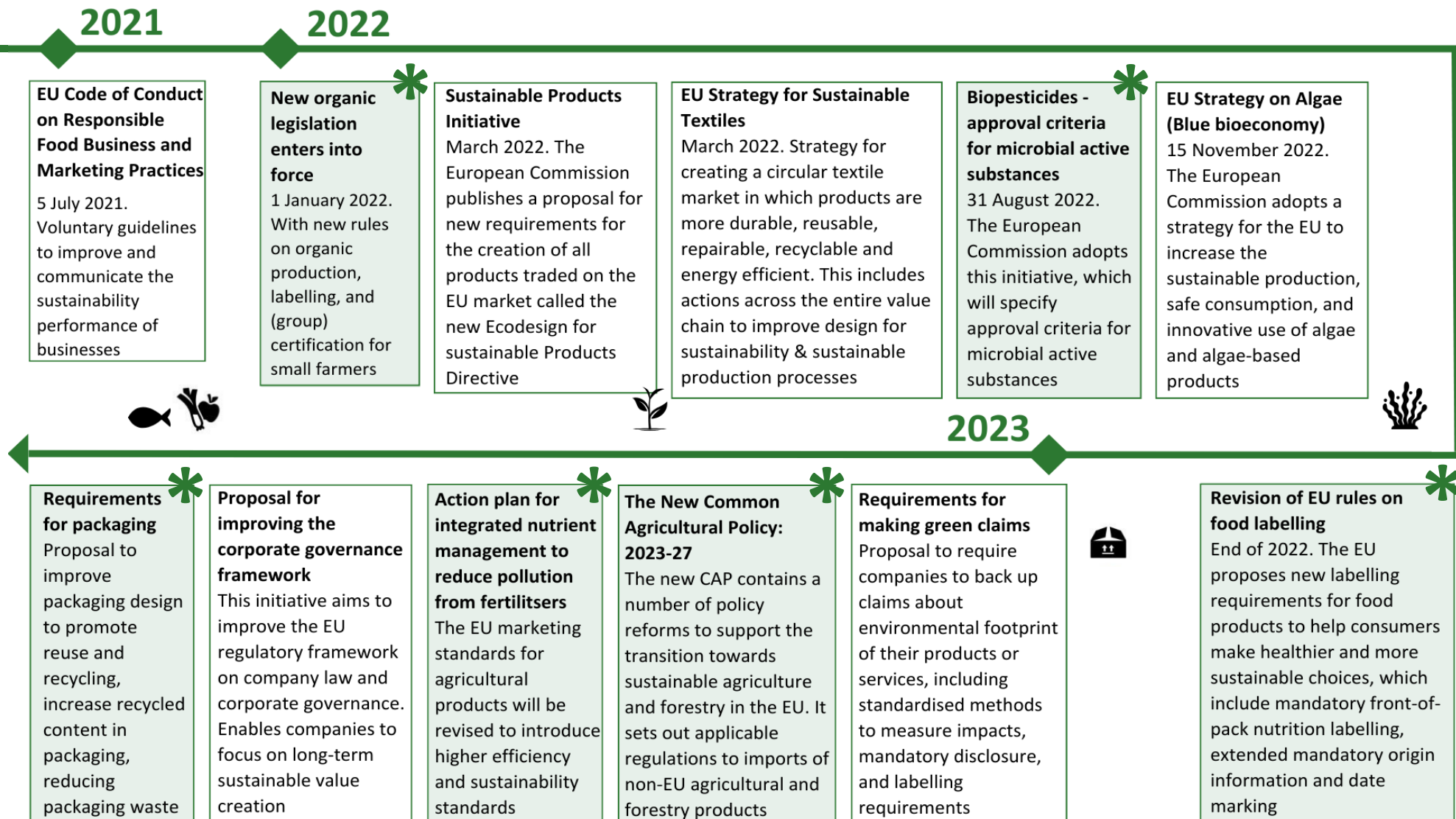
**The EU Green Deal encompasses a series of policies designed to transition the EU into a climate-neutral and resource-efficient economy by the year 2050.**

By the end of 2024, every EU Member State is mandated to establish an Extended Producer Responsibility (EPR) system specifically for packaging waste. Businesses importing products into the EU will be accountable for ensuring their compliance with Green Deal principles. Forward-thinking buyers committed to sustainability are actively seeking collaborations with suppliers outside the EU.

This shift presents potential economic opportunities for certain sectors in Jordan. The re-localisation of segments of the circular economy value chain to Jordanian producers has the potential to bolster manufacturing, enabling businesses to participate in higher-value activities.



# The EU's Green Deal Journey



Source: EU Parliament

\* Most relevant for the Jordanian food sector



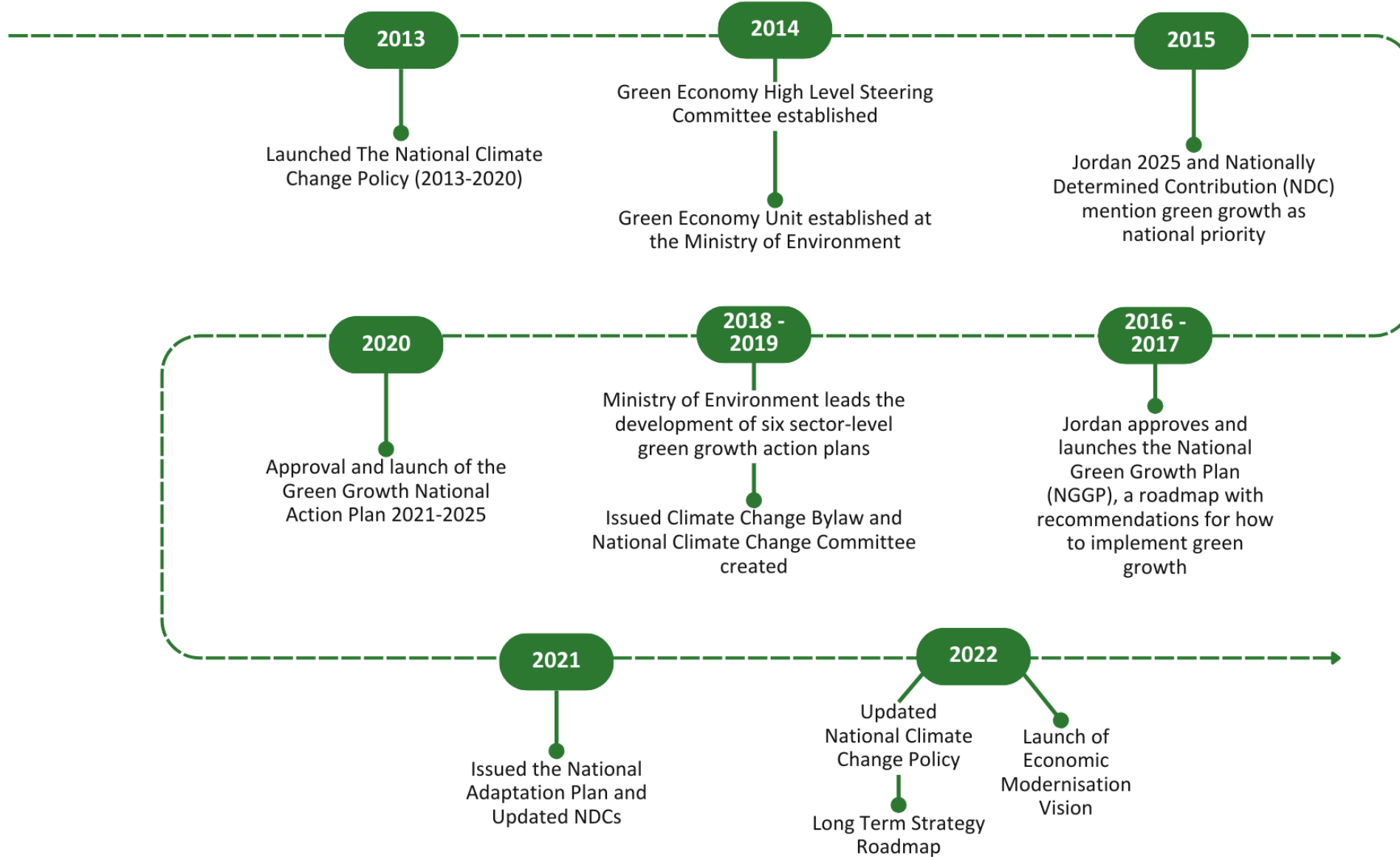
# Jordan's Green Trade related Journey

Green Trade has the potential to open Jordanian domestic production to a larger and new global market for environmentally sustainable goods and services, thereby encouraging or even providing the **basis for international investments in green industries**. These investments, accompanied by appropriate environmental policies and international green trade partnerships, can be a **key driver for Jordan's economy** towards more sustainability and growth.

- ✦ The **Economic Modernisation Vision (EMV)** was launched in June 2022. This 10-year vision is based on three strategic pillars:
  - (a) accelerating growth through unleashing Jordan's full economic potential: focuses on qualitative leaps in economic growth and job creation, with the continuous growth of the net income of individuals;
  - (b) improving the quality of life for all citizens, with sustainability as a cornerstone of this vision: focuses on tangibly improving the quality of life;
  - (c) sustainability – as Jordan aims to be a low-carbon, resource-efficient, and socially inclusive nation that serves as a regional hub for green entrepreneurship and innovation.
  
- ✦ **Jordan 2025** vision, launched in 2015, articulates the country's development goals. Jordan's Vision 2025 recognises that Jordan must transition to a high-productivity economic model led by the private sector that can generate high-quality jobs. Several priority clusters were identified, many impacting or likely to be impacted by climate change, e.g. **construction, transport, logistics, tourism, and financial services**.



# Jordan's Green Trade related Journey



# Green Trade Opportunities for Jordan

## Point of departure

### 1 Status quo Green Economy/Trade

Jordan has high ambitions for economic growth but faces a number of challenges to sustainable development and climate change.

Jordan has made the tackling of green growth and climate change national priorities:

- Is party to international environmental agreements, e.g. the Paris Agreement, the Montreal Protocol, the Rio Conventions and the Nationally Determined Contributions (NDCs) Partnership.
- Launched National Green Growth Plans (NGGP) and Green Growth National Action Plan (GGNAP).
- Identified six strategic sectors to drive green growth: energy, water, waste, transport, tourism, agriculture.
- Increasing number of government initiatives and funds to drive green growth on these sectors.
- Global and national responses to climate change mitigation provide an opportunity to Jordan.

## Strategic direction

### 2 Strategic opportunities for Jordan

- Green growth as a primary tool to address climate change through mitigation and adaptation, towards a low carbon future
- Resource efficiency and circular economy as main economic pillars
- Creating sustainable jobs and a green economy in a socially inclusive and environmental responsible way
- Protecting natural capital and promoting green development
- Developing green sectors and reducing carbon emissions from different economic sectors
- Increase the resilience of natural environment and economic sectors
- Protecting Jordan's biodiversity and expand the protected areas

### 3 Role of the Agriculture Sector in the Green Economy

- Growth engine as a high-value industry
- Important economic development enabler
- Critical importance for Export Development
- High job creation potential along the value chain
- Investment attraction for innovative agri-technologies

## Key Strengths



### Private Sector

The private sector in Jordan is mature with evolving experience within the Public Private Partnership (PPP) space



### Human Capital

Presence of high-caliber human capital in topics related to green growth and sustainability with expertise to be utilised at home and regionally



# Green Trade Opportunities for the Jordanian Food Sector

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**Jordan's National Food Security Strategy 2021 – 2030** emphasizes the role of the agrifood sector also in the trade context:

- ✘ Jordan has an efficient and competitive food industry within **50% of the local market share** and 11 sub-sectors, including bakery and sweets, dairy, meat, and fruits and vegetables.
- ✘ The food industry also accounts for 15% of the total number of Jordan's industrial facilities, with up to 2,645 industrial enterprises in 2017.
- ✘ The regional Arab market remains Jordan's main export market, accounting for over 75% of its processed food exports.
- ✘ Agri-food industries **will be more important and will gain more potential for international growth**. The adoption of new green technologies, innovative approaches and good practices will be critical in value chain development.
- ✘ Improvements in the value chain will contribute to improving the **productivity and competitiveness of the Jordanian food industries not only in the local markets, but also in the neighbouring regional markets**.



# Green Trade Opportunities for Jordanian Food Companies

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Jordan has a great potential to improve revenues from food exports. Transitioning to **sustainable food systems** presents economic opportunities for Jordanian companies. Farming companies, food processors and food services have an opportunity to make sustainability their trademark and guarantee the future of the EU food chain before their competitors, including those from third-party countries like Jordan.

Green trade provides an opportunity to enhance Jordan's market share of the international food market looking at specialty food products like olive oil and organic dates as well as at fruits and vegetables. Upgrading existing practices looking at export orientation and going green is the critical next step to promote market development.

A significant share of Jordan's key exports are produced by highly emission-intensive industries. Multiple markets are planning to introduce environmental regulations linked to trade, such as **carbon border adjustment mechanisms** (CBAM). While immediate consequences for Jordan are likely to be moderate and indirect, medium-term effects could be significant.

## KEY ACTIONS FOR COMPANIES

**Be the first:** trade patterns tend to get locked-in with initial suppliers

**Build green competitiveness:** knowledge on environmental impacts and circular economy

**Ensure compliance with EU regulations**

**Align with EU buyer priorities**

# Green Technology Opportunities for Jordan's Food Companies

Companies in Jordan can capitalize on various green technology opportunities to enhance their competitiveness and contribute to a greener future. Here are some promising areas for green technology innovation and investment in Jordan:

**Water Conservation:** Water scarcity is a major challenge in Jordan, making water conservation and management technologies crucial. Companies can develop and provide innovative solutions for water-saving irrigation systems, water recycling and reuse technologies, and leak detection and repair systems to optimise water usage and reduce water losses.



**Renewable Energy Development:** Jordan boasts abundant renewable energy potential, including solar, wind, and geothermal resources. Companies can invest in developing and deploying renewable energy projects, such as solar farms and solar water pumps to reduce reliance on fossil fuels and contribute to Jordan's energy security and sustainability goals.



**AgriTech Solutions:** Sustainable agriculture practices are essential for environmental protection and food security in Jordan. Companies can develop and provide agriTech solutions, such as precision agriculture systems, soil and water monitoring tools, and biopesticides, to enhance agricultural productivity and sustainability.



**Circular Economy Solutions:** Jordan can transition towards a circular economy by adopting resource efficiency and circular economy principles. Companies can develop solutions for waste reduction, product life extension, material reuse, and closed-loop manufacturing processes to minimise resource consumption and environmental impact.





# Six Enablers to Leverage Green Trade Opportunities

Jordan possesses several promising green trade opportunities in the food sector, offering potential for sustainable economic growth and environmental benefits. These opportunities can be leveraged by the following six enablers:

## Jordanian Food Company Enablers



## Greener and Competitive Jordan



# Green Trade Enablers for Companies

**1**

## **Supporting green skills development with employees to promote the advancement of existing products and processes in food value chains**

Investing in green innovation capacities by providing green skills development trainings to company employees is critical strengthening product development and market positioning.

**2**

## **Meeting green certifications and standards of foreign markets, advancing green market readiness**

Buyers expect safe, traceable, sustainable, and well-documented products. To meet these expectations, compliance of companies with procedures, standards, and labels is vital. An essential part of green standards is quality management and documentation.

**3**

## **Tapping into niche markets for specialty food products promoting market development**

Jordanian companies can capitalise on the growing demand for specialty food products, such as organic dates, olive oil, and artisanal cheeses. This involves promoting these products through targeted marketing campaigns and developing strong brand identities.

# Green Trade Enablers for Companies

**4**

## **Pioneering sustainable packaging, differentiating a company's position in the market while reducing environmental footprint**

Minimise single-use packaging and explore sustainable or recyclable packaging alternatives in order to appeal to environmentally conscious consumers getting ready for upcoming environmental standards (e.g. European Green Deal).

**5**

## **Collaboration with other private sector actors, communities, or policy bodies to create momentum and advance the green trade agenda**

Collaboration within sector-wide initiatives, partnerships with environmental experts or organisations and communities can enhance a company's commitment to sustainability, creating peer networks and encourage sustainable practices in the food industry in Jordan.

**6**

## **Promoting organic agriculture serving global customer demands for organic food**

Jordanian food companies can capitalise on the growing global demand for organic food products by expanding its organic agriculture practices. This involves adopting sustainable farming practices that minimise the use of chemical fertilisers and pesticides, resulting in healthier produce and a reduced environmental footprint.



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