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Arab NGO Network for Development
شبكة المنظمات العربية غير الحكومية للتنمية

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National Report **on Business Accountability in Jordan**

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Section 1: Economic and Developmental Context in Jordan:

1.1 Local Market, Investments, and Challenges to Sustainable Development

1.1.1 SDG Challenges and Needs in Jordan

Jordan has signaled its commitment to sustainable development by submitting its first Voluntary National Review (VNR) in 2017[1] and placing sustainable development as a cornerstone in its national policy plans.[2] The Higher National Committee for Sustainable Development was formed under the chairmanship of the Minister of Planning and International Cooperation to act as the main body responsible for implementing the SDGs in the country. However, its performance was below par in translating theory into tangible reality.[3] The gap between what was mentioned in the report and what was implemented on the ground was wide. Furthermore, Jordan faces several economic obstacles and challenges that hinder its progress towards achieving sustainable development.[4]

Jordan's economy, known for being among the smallest in the Middle East, faces no shortage of challenges - notably, an expanding budget deficit, a bloated public sector, chronic unemployment and underemployment, and corruption.[5] In addition, Jordan's insufficient supplies of natural resources (such as water and fossil fuels) have contributed to its government's heavy reliance on public debt and foreign assistance in balancing the public checkbook. Moreover, the number of registered refugees with UNRWA and UNHCR is over 2.9 million, making Jordan the largest refugee-hosting country worldwide compared to the size of its population. Unofficial estimates of Jordan's refugee population are even higher, as can be observed in the increase in population size from seven million in June 2011 to around 11 million in June 2021.[6]

Historically, Jordan's economic woes have been heightened by global financial crises and political instability in the region. While the country experienced steady growth in the early 2000s, a combination of the 2008 financial crisis and the events following the 2011 Arab Spring resulted in a decline in trade and tourism. The local economy never fully recovered.[7] Thus, it was to be expected that the COVID-19 pandemic would exacerbate its economic challenges. Jordan's economy shrank by 1.6% in 2020,[8] its joblessness rate hit 24.7%,[9] and its public debt skyrocketed to $47 billion US Dollars, or around 107 percent of GDP by the end of March 2021.[10]

Jordan suffers from several development challenges, but not all are economic. Jordan has had nine different prime ministers in the past ten years, with the average prime minister lasting an average of just 445 days.[11] As a result, strategic long-term national plans are undermined, as the economic policies of each predecessor are tossed out whenever a new prime minister is appointed. For instance, former Prime Minister Omar Al-Razaz penned the Jordan Economic Growth Plan, which replaced his predecessor Hani Al-Mulqi's 2018-2022 Strategy, which superseded Abdallah Al-Nsour's Jordan's Vision 2025 policy papers. In reality, the one constant in Jordan's economic policy is obedience to the austerity prescribed by its international creditors and the IMF. Jordan has generally pursued neoliberal policies of deregulation, privatization, and lowering trade barriers since the late 1980s.[12] In developing and implementing economic policies during the past three decades, the main focus fell on financial structural adjustment programs signed with the IMF, under various names - seven programs whose essence was applying austerity measures.[13] Interventions by different governments focused on choosing the most appropriate dates to use them.

1.1.2 The Jordanian Government's Approach and Narrative Towards Business and Investment

The discourse of the Jordanian government regarding business and investors has been firmly in favor of business interests. According to the Ministry of Planning and International Cooperation, Jordan's economic plans include a vision to ease the burden on the bloated public sector through a combination of encouraging the growth of foreign investments and local MSMEs through deregulation and tax incentives.[14] Thus, attracting investors is a clear priority. Moreover, the various files prepared by the Jordanian Investment Commission (JIC), in charge of promoting investment and organizing Development and Free zones around the Kingdom, describe the government as business-oriented and provides investors with «red carpet treatment» and attractive investment packages.[15] Moreover, an overview of brochures published by the JIC shows promises of favorable treatment to investors with little to no information concerning investor responsibilities regarding human rights, labor laws, environmental regulation, or sustainable development.[16]

Jordan's Investment Law no. 30 of 2014[17] sets out privileges and guarantees for investors but only makes a passing mention to the JIC's power to enforce the Kingdom's environmental laws. The Jordan Investment Law provides Jordanian and foreign investors alike with a wide range of exemptions and deductions on income tax, sales tax, and customs fees for investments inside or outside the Development Zones and Free Zones. In addition, numerous specialized Development Zones across Jordan were established to host multinational businesses, where investments located in these zones are granted unique benefits. These benefits include 100% foreign ownership of the investment allowed in all sectors, repatriation of capital and profits, and customized incentive packages and tax incentives.

1.1.3 Lack of Business Pledges to the SDGs

No businesses have made voluntary commitments to aid Jordan in reaching the SDGs. However, Jordan is one of 11 pilot countries worldwide in which the SDG Impact initiative was launched. SDG Impact Jordan, a project launched by the UNDP, aims to «build a pipeline of SDG-aligned investment opportunities in Jordan and drive capital flows towards these opportunities» through awareness-raising campaigns, building the capacity of companies to measure and manage their effects, and issuing reports.[18] It is yet unclear whether the project is currently resulting in a change of business culture in Jordan. While Corporate Social Responsibility (CSR) is not a foreign concept among businesses in Jordan, research shows that it is seen as a philanthropic activity in keeping with Jordanian traditions - not as a strategic approach to achieve sustainable development.[19]

1.1.4 Foreign Direct Investment flows and the Business Sector in Jordan

In the past few years, Jordan's FDI inflows declined by 4% to 900 million USD, decreasing from 4.99% of its GDP in 2017 to a mere 1.89% of its GDP in 2019.[20] However, despite the overall decrease in FDI flows, there has been an increase in greenfield investment projects in Jordan - from 728 million USD in 2017 to 2,290 million USD

in 2019. The government laid plans in 2019 for large-scale infrastructure projects (such as water, transportation, and nuclear energy) to raise FDI flows. However, it will require both foreign and private funds for their implementation.
FDI to Jordan is diversified, with other FDI-funded enterprises in Jordan, including electrical appliances, cement, cables, steel and iron, communication and technology, hotels, and hospitals. However, FDIs in Jordan are chiefly attracted by the industrial sector, particularly by the Industrial Free Zones and Cities and privatized enterprises.[21] For instance, numerous textile enterprises were established in the Free Zones. Unfortunately, most workers employed by these enterprises (75% of 600,000 workers) are migrant workers, working for low wages and facing labor rights violations and lack of decent work conditions.[22]

FDI in Jordan can contribute to economic, social, and environmental development by providing much-needed funding to build economic and healthcare infrastructure. But for foreign investment to play this developmental role, the government must create a practical accountability framework and accountability mechanisms for businesses and must outline their responsibilities. Jordan's lack of effective government regulation has allowed externally financed enterprises to employ a predominantly non-Jordanian workforce under inappropriate working conditions, contradicting the principles of sustainable development. One solution to this issue may come from the use of performance requirements, which are tools related to the responsibility and contributions of investors. Performance requirements aim to derive local benefits from investment to enhance the interconnectivity between foreign investment and national development paths. These include several types, such as requirements aimed at strengthening local capacity in the same organized sector, requirements aimed at building backward or forward links from an organized sector, requirements for regulated companies to improve social outcomes, and requirements to contribute to the macroeconomic balance. Another obstacle to the development of instruments on investor responsibility and contributions is the WTO Convention on Trade-Related Investment Measures, which prohibits the use of many of these instruments, and the Washington Consensus, held in 1989, which claimed that the use of investor responsibility and contribution instruments had a detrimental effect on international trade and FDIs. However, economic studies have highlighted that these tools have had a significant positive impact on improving the economy of many countries, for example in India, Japan, South Korea, Singapore, and Taiwan.[23] For this reason, the Jordanian government may succeed in stimulating the local economy through the use of tools related to investor responsibility and contributions, which must reflect public relations with a fair balance, to produce effects without jeopardizing the economic viability of the investments.

1.1.5 The Domestic Business Sector in Jordan

According to World Bank data on regulation and taxes in Jordan, the time senior management spent dealing with government regulation requirements was only 0.4%, compared to 4.2% in the MENA region and 8.4% worldwide.[24] It indicates that government regulations in Jordan are looser. They are approximately ten times less time-consuming for businesses than neighboring countries and over 21 times less than the global average. Similarly, only 11% of Jordanian firms identified business licensing and permits as a significant constraint - compared to nearly 18% of firms around MENA.[25] However, it must be borne in mind that the World Bank's Business Climate Report has been accused of using inaccurate data. A statement issued in 2020 recognized inconsistencies in the data of some countries in 2018 and 2020.[26] Nevertheless, Jordan was not among them. Furthermore, in practice, Jordanian private companies often suffer from high bureaucracy[27] and vague regulatory systems.[28]
Government sources pointed to the ineffectiveness of the PPP Law No.31 of 2014 in expanding partnerships with the private sector.

Most amendments to the new law proposed by the Committee on Economy and Investment focused on fixing weak legal formulations in the bill submitted by the government. Furthermore, the current enforced law includes some reforms to bypass bureaucratic obstacles that were dropped by the new law. However, the proposed law did not specify the sectors in which PPPs are prohibited. It is a worrying issue because private companies should not play the role of the public sector, especially in the areas of social care, health, education, and security.

Jordan has undergone a series of privatizations over the past few decades to reduce public debt - particularly in the telecom, water, transport, and other sectors.[29] Historically, the Kingdom has looked at PPPs as a tool to minimize fiscal costs, relying on PPPs to rebuild the national airport, implement solar and thermal energy projects, install wind farms throughout the country, and upgrade ports.[30]

However, the proliferation of PPP projects has faced criticism due to corruption and lack of transparency. The private sector is not immune to corruption. Studies have shown that the most corrupt private sectors globally are oil, gas, and construction.[31] Among unique forms of corruption in both the public and private sectors are graft, favoritism, fraud, theft, and embezzlement.[32] Corruption in all its forms is considered one of the most prominent obstacles in the development process in Jordan, and this phenomenon has contributed to disparities among the governorates, especially in remote areas. In 2014, the head of the Anti-Corruption Commission stated that private corruption is worse than public corruption and that things have mixed during the years of privatization. He added that some corrupt persons exploited loopholes in the laws and the absence of accountability.[33] The Anti-Corruption Commission's Board referred several files related to the Jordanian Phosphate Mines Company that was privatized in 2006, and in 2013 a *Privatization Evaluation Committee* was formed to review all related processes. It concluded that many companies failed to comply with best practices in implementation, including the Electricity Generating Company, the Cement Company, and the Phosphate Company.[34]
Since 2008, the Jordan Integrity and Anti-Corruption Commission (JIACC) has produced a series of National Anti-Corruption Strategies.[35] Jordan also updated its anti-corruption laws and pledged to apply several anti-corruption measures in the aftermath of the 2016 Anti-Corruption Summit.[36] Unfortunately, Jordan's mechanisms for enforcing transparency and accountability are weak. There are still miles to go for Jordan to reach true transparency and translate its anti-corruption slogans into effective reform measures. Developing an effective anti-corruption program in Jordan requires cooperation between the public and private sectors.[37] Thus, it is clear that the state must play a more active regulatory role in ensuring transparency, holding businesses accountable, and incentivizing business commitments to sustainable development and human rights.

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1.2 The Role of the Jordanian State in Holding Businesses Accountable

The Jordanian government has generally pursued an export-driven growth strategy, per recommendations from the IMF. It focuses on investment that directly or indirectly supports export growth rather than investments supporting the domestic non-tradable sector. Consequently, Jordan has signed a significant number of international investment treaties. Jordan has more Free Trade Agreements (FTAs) than any other Arab country in the world.[38] Despite its position as one of the most open and liberalized economies within the MENA region, Jordan's trade flows are characterized by consistent trade deficits. As of 2020, the trade deficit in the trade balance has reached 4692.9 million JDs[39] or 2.15% of the GDP.[40] Jordan's numerous investment treaty obligations may be an area of concern for sustainable development, as investment treaties can restrict the state's capacity to shape its rules and regulations in ways that can promote sustainable development by reducing the viability of particular policy options. Although FTAs sometimes pay lip service to practices that promote sustainable development - such as ensuring regulatory transparency and requiring effective labor and environmental enforcement - the results on the ground may drastically vary. For example, the 2001 US-Jordan FTA was among the first in the region to include labor and environmental standards in the agreement's text and not as annexes. The agreement followed the Qualified Industrial Zones (QIZ) agreement, which permitted products with Israeli components quota-free access to the US market. However, despite the FTA's claims that labor and environmental regulations will be enforced, the reality is that enterprises within the QIZ and other Developmental Zones in Jordan have committed flagrant violations without facing repercussions.[41] Although many investment treaties drive the state's ability to intervene to stimulate investments that are more commensurate with achieving development goals, including labor and environmental standards, it is not without its problems. Some studies indicate that agreements may be used protectively against the interests of developing countries, while their usefulness in strengthening commitments to working conditions and the environment remains unclear.[42]

Jordan is also the first Arab country to sign an International Labour Organisation (ILO) agreement to implement better working conditions and has signed 7 out of 8 Fundamental Conventions and ratified 24 ILO Conventions in total. Jordan has also accessed or ratified the most significant human rights treaties.[43] However, the Jordanian legislative system governing the right to work and other related human rights (such as the freedom of association, collective bargaining, and the right to social protection) lacks sufficient protections for human rights. In disregard of its international obligations (and, occasionally, in disregard of the spirit of its Constitution), the Jordanian government has refused to pass legislation cementing women's right to equality, worker's right to freedom of association and assembly, individuals' right to freedom of expression, disability rights, and migrant and refugee rights. Moreover, national laws that protect human rights do so in a scattered way, without a cohesive human rights framework enshrined in national law. Thus, fundamental rights such as the right to freedom of association and collective bargaining are not protected within the legal framework. In addition, while Jordanian tax law provides certain exemptions to private sector businesses that conduct philanthropic activities - such as donations to charity - no Jordanian laws explicitly address business and corporate accountability. As for environmental laws, the principal law concerning the environment in Jordan is the Environmental Protection Law (No. 52 of 2006).[44] Article 4 of the law provides that the Ministry of the Environment is obligated to establish programs necessary to achieve “Sustainable Development” of projects, including mining projects (Art. 4D). However, several challenges face Jordan’s environment, including rising pollution levels and a general lack of commitment towards environmental standards.[45] It is estimated that about 41% of Jordan’s total land area can be characterized as “degraded” reducing agricultural suitability.[46]

Even when domestic laws protect human rights and the principles of sustainable development, the authorities are often unable to enforce the law. The lack of funding has diminished the state’s capacity to enforce existing laws that protect human rights, environmental laws, and policies encouraging sustainable development. For instance, the number of labor inspectors employed by the Ministry of Labor - the entity responsible for enforcing domestic labor laws and acceptable conditions of work - was insufficient to deter violations. Wage, overtime, safety, and other standards often were not upheld, as penalties imposed by the Ministry of Labor were insufficient to deter violations. Troublingly, labor inspectors do not regularly investigate reports of abuse of domestic workers in private homes. While labor standards theoretically apply to both the formal and informal sectors, the Ministry of Labor cannot inspect and monitor workplace violations. In addition, authorities failed to be consistent in applying the labor code protections to domestic and agricultural workers, leading to particularly dire working circumstances for migrant workers in these sectors.[47]

The lack of private-sector transparency as mandated by Jordanian law is a formidable challenge towards achieving business accountability. The current law only mandates public shareholding companies and foreign companies operating in Jordan to make their annual accounts and supporting financial reports available to the public.[48] As a result, Jordan’s national development plans have been void of any mention of the role of business in achieving sustainable development. Additionally, Jordan has not yet developed a National Action Plan per the United Nations Guiding Principles on Business and Human Rights. Therefore, despite the Kingdom’s commitments to international human rights and labor treaties, there has been a noticeable chasm between the discourse expressed in national development plans and actions in the real world.

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Section Two: The Case of Lafarge Jordan

Examining the Lafarge Jordan Cement corporate crisis case allows critical analysis of the gaps in Jordan's national accountability and business sustainability framework.

2.1 Background

Lafarge Jordan Cement was initially a national company. The Jordan Cement Factories Company, established as a public shareholding company in 1951, was among the first and largest industrial companies in Jordan. A plant and head office was established in a town called Fuheis, which was chosen due to its proximity to water sources and the capital Amman and its geology that made it suitable for cement manufacturing.[49] The first cement production line began operating in 1954. Still, as urbanization and a population boom led to increased demand, four production lines were added, and a new South Cement plant in Rashidiya was established in 1981. The Jordan Cement Factories Company made huge profits, aided by its monopoly on the cement industry in the country. Thus, the Jordanian government's decision to privatize the company was somewhat perplexing to its employees and the local community. It would be the first out of many national companies to be privatized in the upcoming decades, as Jordan embarked on an IMF-recommended series of economic reforms.[50]

In 1998, the French-based Lafarge Group was chosen as a «strategic partner.» It bought out the Jordanian government, which owned 36% of the shares.[51] It marked Lafarge Group's entry into the Jordanian market, whereby it was renamed Jordan Cement Factories, and the trademark Lafarge Jordan Cement was registered. Lafarge further expanded its hold on the Jordanian construction material sector in 2008, when it acquired 51% of Aloul Group - one of the largest concrete companies in Jordan at the time.[52] In 2015, Lafarge merged with the Swiss-based Holcim Ltd to form the largest cement-making corporation in the world. It operates in over 80 countries worldwide, 25 of which are in the Middle East and Africa.[53] The LafargeHolcim Group currently owns 50.3% of the Jordanian company, with the government's pension fund holding 21.8% and another 10% held by individual investors.[54] Lafarge owns two cement plants in Jordan (one in Fuheis and one in Rashidiya), nine concrete plants spread throughout the Kingdom, and a cement export terminal in Aqaba.[55] The cement plant in Fuheis stopped production in 2013, while the packing and grinding operation in Fuheis was stopped in 2016 due to the company's financial losses in the face of the local community's resistance to petroleum coke in production.[56]

Although LafargeHolcim is a member of several global initiatives and alliances that are intended to develop surrounding communities and the business environment[57] - including the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI) - the Group has been repeatedly accused of violating domestic and international legal and ethical standards by the General Trade Union of Construction Workers (GTUCW) in Jordan,[58] local NGOs such as the Fuheis Environmental Protection Society,[59] and residents who have taken up their claims in domestic courts.[60] Although Lafarge's mission statement proclaims an «embedded health & safety culture» and «never losing sight of environmental sustainability, its actions on the ground draw these claims into question. Lafarge Cement Jordan has been credibly accused of violating Jordan's domestic labor laws, subjecting workers to poor working conditions and labor rights violations, discriminating against women workers and underpaying migrant workers, union-busting, environmental pollution, and violating Jordan's domestic environmental law, reneging on past agreements reached with trade unions and the Ministry of Labor, failing to be transparent and accountable to the general public, and overall failing to abide by standards of sustainable development. In 2018, the company declared insolvency in an attempt to avoid liquidation.[61] It is currently undergoing a legal battle as its declaration of insolvency is being appealed, in line with its history of such battles.[62] If it loses its legal battle and becomes unable to declare insolvency, it must enter into a grueling legal process with its creditors. Among its long list of creditors are banks, civil society organizations, municipalities, and former and current workers.[63] It was forced to pay 45 million JDs from 2011 to 2019 in settlements regarding environmental violations.[64] However, it remains unclear whether it will be entirely held accountable for its damage to the local community, the environment, and its workers.[65]

To slow the bleeding of its considerable financial losses (JD47.5 million in net losses as of 2019), Lafarge Jordan elected to begin restructuring plans - making 300 employees redundant in the process while seeking to revoke employee entitlements for early retirement. In December 2017, the General Trade Union of Construction Workers in Jordan issued a statement denouncing the company's decision to violate national labor law.[66] Organized protests and unrest, combined with interventions from the Ministry of Labor,[67] finally paved the way to a hard-won settlement agreement between management and the laid-off former employees.[68] However, the terms of the settlement have been criticized for a misleading appearance of generosity.[69]

The following sections will examine the conduct of Lafarge Jordan in more detail. First, it will analyze how Lafarge Jordan's case brings the gaps in the Jordanian national regulatory structures to light. It concludes by offering a reformatory lens into business commitments to sustainability in Jordan as well as recommendations for building a solid business accountability framework, informed by the principles of human rights and sustainable development, which provides for the implementation of the UN Framework entitled «Protect, Respect, and Remedy.»

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2.2 Economic Considerations of Lafarge Jordan's Impact on Sustainable Development

2.2.1 Contribution to National Tax Base

New tax laws allowed Lafarge Jordan to defer its taxes in 2015, choosing to amortize the back taxes it owes over a few years. According to its most recent annual shareholder report, Lafarge Jordan has paid 84 billion JDs in taxes as of 2019. Lafarge Jordan is still paying off both accrued and deferred tax liabilities. Regarding its contribution to local treasuries, there have been some points of contention between Lafarge Jordan and municipalities. In 2014, the Fuheis municipality temporarily withdrew the license to operate from the Lafarge Cement Jordan factory in Fuheis because it failed to pay its fees to the municipality.[70]

2.2.2 Contribution to Productive Sectors

While Lafarge Cement Jordan is the oldest industrial corporation in the country, its contribution to productive sectors has been curtailed by its choice to raise the price of cement and other building materials to excessive and unprecedented high levels during its many years as a monopoly. The high cost of building materials negatively affected the construction and industrial sectors in Jordan. Despite Lafarge Group's promises to the Jordanian Investment Commission to deliver high-quality materials at low prices if awarded the position of strategic partner, the company raised the price of cement by 42% from 2000-2005. However, estimated costs of production only increased by 3% in the same period. Furthermore, Lafarge rejected the previous governmental price-setting structures. As a result, it would not be until 2009 when other cement enterprises could finally penetrate the market after years of monopoly that the price would finally go down. By 2011, after years of being extremely profitable due to the company's reducing staff and increasing prices, Lafarge Cement Jordan's profits began to quickly turn into losses.[71]

Moreover, the pollution caused by Lafarge Cement Jordan's environmental practices harmed the local community's agricultural sector. The dust exhaust produced from Lafarge's Fuheis plants caused air pollution and increased carbon dioxide emissions, known to have adverse effects on plants and the quality of crops. In addition, the land owned by Lafarge Jordan was once used for agricultural purposes. In Rashidiya, thousands of square miles - which once formed the fields of olive trees, wheat, and grains which have historically been the only self-reliant food source in the remote area - have been purchased by the company.[72] Lafarge Jordan has used these grounds for mining. Due to the exposure of the asphalt rocks below the surface - caused by explosions, digging, and illegally wide mine shafts, they have become unsuitable for farming.[73]

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2.2.3 Contribution to Technology and Advancement

Although Lafarge Cement Jordan has displayed interest in conducting an urban renewal project with clean infrastructure in place of its Fuheis plant, the municipality of Fuheis has thus far been reluctant to grant the necessary permits due to the plan's vagueness and lack of adequate information.[74] In 2016, Lafarge Cement Jordan planned to demolish its cement plant in Fuheis and replace it with an environment-friendly urban hub that would include shopping malls, residential and commercial properties, medical facilities, and restaurants. However, residents of Fuheis were against these plans, claiming that «from a technical perspective, the land's current situation does not allow for having a new investment project; it needs to be rehabilitated, and an extensive environmental study has to be conducted.»[75] Regarding clean energy initiatives, the company has operated a solar energy project that reduces its carbon dioxide emissions by 20 thousand tons annually, as 40% of the electricity powering the Rashidiya plant is generated through solar power.[76]

Moreover, in its 2019 Annual Shareholder Report, Lafarge Jordan claims to provide sustainable development technical and material support to local partners but neglects to provide details. It can only be assumed that the company was referring to its Binaa CSR initiative. Lafarge Jordan has donated 100,698 JDs to charities within the local community.[77]

2.2.4 Employment Generation and Quality of Employment

When Lafarge bought the Jordanian Cement Factories, the General Trade Union of Construction Workers (GTUCW) opposed Lafarge's taking over the company, citing possible layoffs related to restructuring. However, acknowledging the Union's strength, Lafarge invited the Union to cooperate with the company and recognized it as a critical stakeholder. Lafarge also promised that they would improve their labor conditions and that no layoffs would occur.[78] However, in 2000, Lafarge started to change its management approach and began dismissing workers, claiming it was necessary to make up for losses (although its profits had increased). Lafarge negotiated with the Union and introduced early retirement schemes. Some workers who accepted the early retirement schemes reported that they did so out of fear, as upper management circulated rumors that those who refused to enter the early retirement scheme would be fired without compensation. Throughout the past two decades, the Union has been engaged in cyclic battles with Lafarge, mainly related to its decimation of the workforce and its failures to abide by agreed terms of the early retirement schemes.[79]

One report found that 50% of surveyed workers at the Cement Fuheis Plant reported having respiratory illnesses. Some surveyed workers claimed that more than two-thirds of the total workforce at the Cement Fuheis Plant suffer from asthma due to their exposure to dust and air pollution. This situation is particularly concerning within the current global climate, as respiratory illness increases the risk of complications should a worker contract COVID-19.[80] The 609 workers employed by the company and its subsidiaries[81] who do not pass health tests are denied paid sick leave, and workers lack recourse to paid sick retirement. However, the cement sector is hazardous and requires extensive OSH measures.[82] The company provides full coverage in workplace accidents, but only for the first 90 days. After 90 days, the employees receive 50 percent of their salary. In addition, Lafarge does not report fatalities and injuries in the workplace, which raises questions about transparency and ethical business practices.[83]

Among the workers surveyed was one who had worked at the X-ray department for more than 20 years, with daily exposure to X-rays of 8 hours a day. The worker reported that the company failed to provide protective equipment that would allow him to work safely under such conditions, despite two of his colleagues to date having passed away from cancer. One recent fatality was caused by a worker›s fall from a scaffold. His family took his case to court after not receiving compensation since the worker was a subcontractor.[84]

The multinational LafargeHolcim Group has been accused of having an unspoken policy of replacing permanent workers with contract workers to cut costs. Most of the contract workers employed by Lafarge Jordan are migrants or refugees who are not offered permanent contracts even when they have worked for more than a year. The company allegedly denies them overtime compensation, health insurance, housing loans, and other benefits. Subcontracted workers do not have the freedom to join a union. Other unethical practices regarding hiring and contracting workers include great unclarity concerning benefits and rights upon dismissal.[85]

The company lacks a gender policy, including a policy on sexual harassment at the workplace. There is a gender division between jobs at the plant, with workers facing gender discrimination. There have been reports of female workers being discouraged from applying for promotions and managers choosing to promote male workers.[86] Female workers get 90 days of paid maternity leave and one hour a day for breastfeeding, but there is no nursery at the worksite, and neither are childcare allowance or scholarships for children of school age provided.[87]

Mahmoud Al-Hiyari, Chair of the General Trade Union of Construction Workers, remarked that the Union›s relationship with Lafarge Jordan has always been marked with tensions and attempted labor violations as well as attempted shirking of corporate responsibility towards health insurance benefits and other employee benefits. In particular, employees who were made to join the Voluntary Early Leave Program have reported that the company would fail to meet its total obligations. They also said that Lafarge Jordan would procrastinate in fulfilling its obligations as outlined in agreements won through workers› collective bargaining. As a result, labor conflicts have often escalated.[88]
Following Lafarge Jordan›s decision to unilaterally dismiss 300 workers, the Union brought a case against the company in court. In 2019, the court ruled that the dismissal was wrongful and that 252 employees would be dismissed but would be provided compensation ranging from 50 to 150 thousand Jordanian Dinars, depending on factors such as salary and years of service. The Union also had to file a case against the company in the aftermath of its declaration of insolvency in 2018, which is still ongoing. The Ministry of Labour had imposed mediation between the Union and Lafarge Jordan with the hopes of peacefully settling the crisis as part of compulsory recourse to arbitration, complex conciliation, and mediation procedures before strike actions in which the union officials must take part. However, on the ground, it did not stop workers from striking.

2.3 Environmental and Ecological Considerations of Lafarge Jordan›s Impact on Sustainable Development

Cement dust is one of the primary air pollutants, as it contains hazardous materials such as alkaline compounds and chromium. Cement dust can lead to respiratory, skin, and eye diseases. In addition, cement dust often contains silica, which is a known carcinogen. Thus, the environmental practice of cement companies such as Lafarge Jordan Cement - if left unchecked - has the potential to cause significant harm to the neighboring community and the local ecosystem.[89]

In Fuheis, members of the community have argued that dust and chemical emissions produced by the plant have harmed their health and have organized several protests against the cement plant throughout the years. The heavy cement dust resulting from the plant›s production process contributes to air pollution and carbon dioxide emissions, causing damage to both the ecosystem and the local community›s health.[90] Residents say the dust emissions have somewhat improved after new filters were installed but that the heavy black dust only ended after the partial shutdown of the plant in 2013. The combination of the plant›s carbon dioxide emissions, use of freshwater sources as a coolant during cement processing, and explosives to build mining shafts have also potentially damaged the once mineral-rich land. However, studies conducted by Lafarge Jordan and the Ministry of Environment to assess the environmental conditions of land owned by Lafarge Jordan are confidential and inaccessible to the general public, which makes it impossible to accurately gauge the full extent of damage caused.[91] The absence of laws that oblige companies to disclose this information and provide it to affected entities, which is not in line with the principles of sustainable development, enabled this behavior.

Despite the lack of geological studies, recent aerial photography from the Royal Geographic Center indicated that over-mining the quarries has resulted in soil depletion. Domestic laws mandate that «walls in quarries shall not be more than 30 meters high» and that walls over 10 meters high «should be inclined [...] at an angle not less than ten degrees.»[92] According to Fuheis Mayor Jamal Hattar, photographic evidence shows that some quarries are nearly at a straight angle at height levels ranging from 50-70 meters.[93]

The firm chose to close its main plant in Fuheis - with a two million tonne capacity - in 2013 after pressure from residents prevented it from switching to lower-cost fuels such as coal - more specifically, the environmentally hazardous petroleum coke.[94] The Ministry of Environment had refused in 2005 to approve Lafarge Jordan›s use of petroleum coke, finding that «the current environmental situation of these areas cannot tolerate any additional pollution.»[95] In 2011, however, the Ministry recanted its earlier position and granted its approval.[96] On the other hand, it was able to sidestep local community concerns in Rashidiya. However, Lafarge›s choice to use coal in cement production as a source of energy to reduce operating costs has caused health and safety issues for the community. Scientists and health experts generally regard coal as one of the most dangerous and harmful energy sources across different measures such as mortality rates, contributable health problems, carbon emissions, and the impact of mining on the environment. In addition, the company›s failure to safely dispose of petroleum coke waste led to the Ministry of Environment issuing it a warning in 2013.[97]

Lafarge Jordan has also been accused of evading its environmental responsibility to rehabilitate land harmed by its business practices, violating Jordanian domestic laws. Lafarge Jordan›s Annual Shareholder Reports have indicated that it has planted trees in the land it owns. However, the cement factory is located only a few meters away from Dana Biosphere Reserve in the Jordan Valley, potentially threatening biodiversity and the local natural habitat.[98]

Moreover, Lafarge Jordan›s use of freshwater as a coolant has allegedly led to water pollution in Fuheis and Rashidiya. In 2018, the Lafarge Cement Jordan plant in Rashidiya was investigated for polluting the Lahtha spring after residents alleged that the factory was illegally disposing of waste in the spring. Residents have historically used the Lahtha spring for irrigation and watering livestock. Residents claimed that pollution by Lafarge Jordan led to the death of their sheep. Results of lab tests conducted by the Royal Scientific Society and the Ministry of Health found that while the water did not contain «worrying» chemical pollutants, its turbidity was found to be too high for consumption or use. Furthermore, the Ministry›s inspection team discovered that the factory had left «huge piles of olive pomace» - a common fuel alternative for the factory›s furnaces - laying out in the open within its property. A spokesperson for the Ministry of Environment noted that fluids from olive pomace could have leaked and reached the spring. The Ministry urged Lafarge to store its olive leftovers in a more environmentally responsible manner. In a statement to the press, Lafarge Jordan denied residents› claims that it was disposing of waste material in areas undesignated for waste disposal, stressing that it believes that «there are other waste contributors to the change of Lahtha›s water color not related to the olive residue.»[99]

However, there are other concerns regarding water pollution caused by Lafarge Jordan. For example, the explosives used to build mine quarries may have caused damage to groundwater. In Fuheis, the mining zone owned by the company allegedly has been flooded with contaminated pools of water as groundwater fills the space between soil particles and fractured rocks beneath the Earth›s surface.

2.4 Social and Legal Considerations

Article 117 of the Constitution prohibits granting concession rights to exploit mines, minerals, or public utilities except by law.[100] However, the Privatization Law of 2000 was only adopted after the sale of the Jordan Cement Factories Company in October of 1998.[101] Thus, the deal between Lafarge Group and the Jordanian government was conducted amid a legal grey area. In 2012, the Jordanian Constitutional Court ruled that the entry of a new strategic partner into a pre-existing company does not require a renewal of concession rights. As such, it does not require ratification via a new law.[102]

In 2017, the Jordan Integrity and Anti-Corruption Commission (JIACC) referred a case involving Lafarge Jordan to the public prosecutor after an investigation proved that donating 835 tonnes of cement was a false claim.[103] That same year, the JIACC reported that its President, Mohammad Allaf, met with local representatives from Fuheis and Mahes. The representatives demanded an investigation into alleged corruption after the privatization of Jordan Cement Factories in 1998.[104]

In 2018, local landowners filed a legal complaint against Lafarge Cement Jordan «for illegally obtaining lands in the Fuheis area, on which the factory was built.»[105] Omar Al-Razzaz, the chairman of the Privatization Evaluation Committee, stated that the committee could not find the reasoning behind Lafarge being chosen as the strategic partner. This lack of transparency throughout the process of privatizing national assets is a matter of concern, as murky transactions can pave the way for corruption.[106]

The lack of transparency throughout the process of privatizing national assets is a matter of concern, as murky transactions can pave the way for corruption.

2.5 Recommendations

The case of Lafarge Jordan demonstrates the gaps in the national regulatory framework, which are based on a lack of clear business accountability laws, insufficient enforcement mechanisms for laws that do exist, insufficiently broad transparency laws for the private sector, and the repression of civic actors such as labor unions and local NGOs. Therefore, to build a comprehensive supporting structure for sustainable development in Jordan, we recommend the following:

- **Develop a National Action Plan** on business and human rights to protect the interests and rights of all sides, per the United Nations Guiding Principles on Business and Human Rights, which provide for the establishment of regular dialogue and discussion of possible areas of cooperation with the government and all relevant actors, and that the plan establishes precise follow-up and transparency mechanisms;
- **Establish stricter regulatory mechanisms for companies in Development Zones to ensure compliance with domestic and international law and** better reflect the spirit and letter of free trade agreements;
- **Amend Jordanian Labor Law** to expand protection of labor rights, freedoms of association, and freedom of collective bargaining, and end discriminatory practices
- Appeal Article 44, which denies the majority of workers in the private sector the right to entering into collective bargaining with employers;
- Appeal Article 98, which restricts the right of workers in various sectors to form unions,
- Ratify ILO Conventions No. 87 on Freedom of Association and Protection of the Right to Organise Convention and No. 190 on Violence and Harassment;
- **Expand or adopt enforcement mechanisms** to ensure compliance with existing laws,
- Increase number of inspectors for the Ministry of Labor, the Energy and Minerals Regulatory, and other entities tasked with enforcing business practices;
- **Involve CSOs and the local communities** in shaping a participatory business accountability framework and sustainable development projects;
- **Adopt firmer laws regarding transparency and accountability in both the private and public sector**, mandating public financial, environmental, and socio-economic reporting;
- **Conduct regular monitoring and evaluation for all sustainable development projects**;
- **Move away from austerity-minded economic policies**, which have historically served to deepen the gap of wealth inequality and leave vulnerable populations without a social safety net;
- **Change current tax laws** to achieve a more progressive and equitable taxation system;
- **Create a more comprehensive and inclusive social protection system** and commit to reshaping economic and social protection programs to reflect Jordan's commitment to achieving SDGs with actions, not just deeds.

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