The following is a continuation of Mansur and Al Husami’s article “The Impacts of Energy Prices and Pricing Policy on the Jordanian Industry”. The first part of the article was published in the June-July 2009 issue of Geopolitics of Energy and provided qualitative analysis on the role of energy in the Jordanian economy. The following writing includes quantitative analysis in the form of a model estimating “the disaggregated effects of an oil price shock on the industrial output of Jordan”, with the stated aim of “shed[ding] more light on whether there are significant impacts on industry due to oil price shocks, particularly the removal of subsidies”. Conclusions, appendices, and a list of references follow.

As a fundamental factor in the different aspects of operating a business, energy fluctuations significantly impact industries directly reliant upon these sources for production of a good or service, as well as providing indirect impacts for those companies that may not directly use the energy. The three major impacts of the energy crisis upon businesses — particularly small firms — are production cost increases due to higher input costs, operational disruptions, and inflationary economic conditions.