

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

**Date:** 11/1/2015

**GAIN Report Number:** JO15018

## **Jordan**

### **Grain and Feed Annual**

**The US will continue to be the top rice supplier to Jordan in MY15/16 at 100,000 MT.**

**Approved By:**

Orestes Vasquez

**Prepared By:**

Mohamed Khraishy, Orestes Vasquez

**Report Highlights:**

Grain traders are wary of supplying wheat and barley to the government of Jordan, due to the rejection of shipment of 100,000 MT of Polish by Jordan's Food and Drug Administration. In MY2015/16, U.S. corn imports will attain 75,000 MT, and U.S. rice are expected at 100,000 MT, making U.S. rice the leading origin in the Jordanian market.

## **Executive Summary:**

The Hashemite Kingdom of Jordan is among the poorest water resources countries on earth. Water scarcity is a real threat to the country's ability to grow crops. As a result, Jordan's domestic production of cereals is negligible.

In MY2015/16, Jordan's wheat consumption is forecast to reach 1.1 million metric tons (MMT), of which 100,000 MT is expected to be imported from the U.S. as part of USDA's Food for Progress Program. While barley consumption will increase by six percent to 900 MT from MY2014/15, none from the US. The key suppliers of wheat and barley will be Black Sea sources, mainly Romania, Russia, and Ukraine.

In MY 2015/16, corn imports are expected to reach 660,000 MT, with U.S. origin corn expected to supply 75,000 MT. Rice imports will amount to 200,000 MT, of which the US will be the top supplier with 100,000 MT.

## **Commodities:**

### **Wheat**

#### **Production:**

Production of wheat is negligible in Jordan, however, in MY2015/16, due to above-average rainfall, production increased by 33 percent from MY 2014/15 to 20,000 MT, providing close to three weeks of the country's annual consumption needs.

#### **Consumption:**

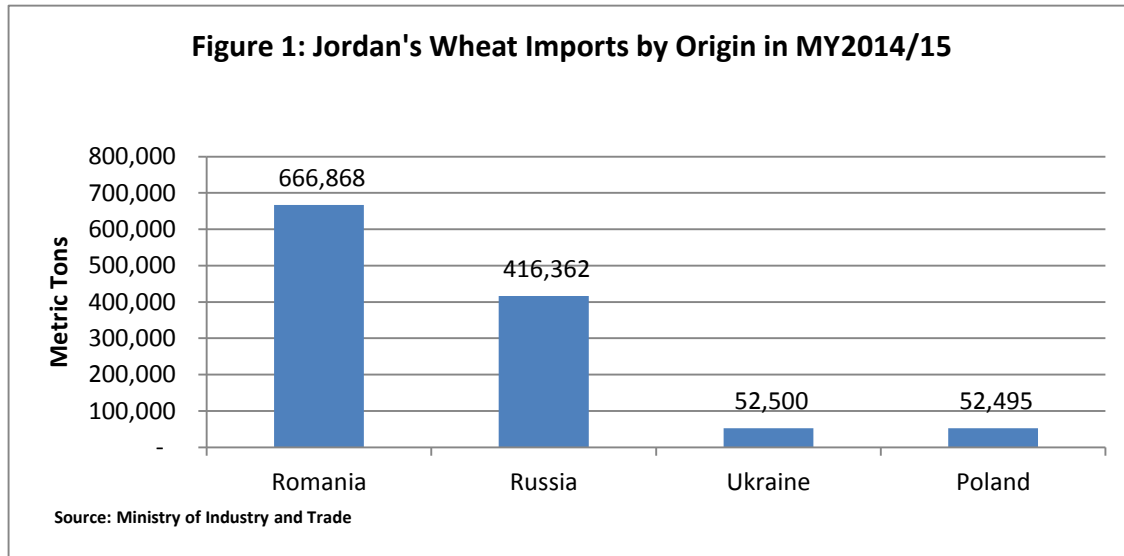
In FY 2015/16, Post's consumption estimate is line with USDA's forecast of 1,115 MT, unchanged from FY2014/15 estimate. The influx of Syrian refugees, which began in early 2012, has increased the annual wheat consumption by approximately 250,000 MT (30 percent). Syrian registered refugees, estimated to be 600,000 registered refugees according to the United Nations High Commissioner for Refugee. An additional 600,000 Syrians are living legally in Jordan, bringing the total estimated population close to over 8 million, and a per capita wheat consumption of 136 kg/person.

#### **Trade:**

In MY 2015/16, wheat imports are expected to increase by 3 percent to 1.2 MMT from MY2014/15. Black Sea wheat remains more competitive than other sources, especially U.S. wheat, due to its proximity to Jordan, and will remain the dominant supplier of wheat. U.S. wheat exports will account for 100 TMT, all of which will be donated under USDA's Food for Progress Program.

In MY2014/15, the top wheat origin was Romania, followed by Russia, Ukraine and Poland (figure 1).

However, a shipment of 100,000 MT of Polish wheat was rejected in February by the Jordanian Food and Drug Administration (JFDA) under the premise that it did not meet standards for human consumption. A Jordanian court ruled that the shipment must be re-exported, leading to a bitter dispute between the supplier and local authorities. The dispute has created uncertainty among traders, who have been unwilling to participate in government tenders, with the exception of a new trader representing a Romanian company. Due to this development, Jordan's Ministry of Industry and Trade modified its requirement so that a single bidder could be allotted the tender from the [required three bidders](#).



### Stocks:

Post forecasts ending stocks at 520 MT, slightly higher than USDA's estimate of 504 MMT. The Government of Jordan (GOJ) continues its policy of maintaining strategic stocks at 10 months of consumption to avoid any shortages. These are equivalent to 600,000 MT stored in silos and 200,000 on vessels at sea and at port. The GoJ has a project to expand local silo capacity by an extra 225 thousand MT in addition to the 100 TMT that has been tendered out, alleviating the tight storage capacity that affects all commodities.

### Policy:

Jordan's wheat bread, known as "unified bread" (in Arabic as *mowahad*), is fully subsidized by the government and all consumers are entitled to it. The GOJ sets the price of subsidized wheat flour, so that bakeries are able to sell bread at US\$ 0.22 per kg. To do so, the GOJ provides the bakeries with wheat flour extracted at a milling rate of 80 percent at US\$50 per MT, while the market cost for the wheat flour can attain a price of up to US\$300 per MT. Whenever there is an increase in the cost of an input used for making bread, such as fuel, the GOJ lowers the flour price to compensate for that increase. There are no indications that the GOJ has plans to change its bread subsidy policy.

### Marketing:

The Ministry of Industry and Trade (MIT) is the sole wheat importer in Jordan, selling its wheat to the mills, these add the cost of milling. The mills subsequently sell the wheat to the bakers under MIT's supervision. MIT subtracts the cost of subsidy from the subsidized flour upon invoicing the mills.

### Production, Supply and Demand Data Statistics:

Wheat Market Begin Year Jordan	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	21	0	15	15	15	20
Beginning Stocks	447	447	398	339	454	520
Production	29	15	20	20	25	25
MY Imports	839	850	1161	1188	1150	1200
TY Imports	839	850	1161	1188	1150	1200
TY Imp. from U.S.	0	50	0	0	0	100
Total Supply	1315	1312	1579	1547	1629	1745
MY Exports	2	8	10	10	10	110
TY Exports	2	8	10	10	10	110
Feed and Residual	15	15	115	17	15	15
FSI Consumption	900	950	1000	1000	1100	1100
Total Consumption	915	965	1115	1017	1115	1115
Ending Stocks	398	339	454	520	504	520
Total Distribution	1315	1312	1579	1547	1629	1745

(1000 HA) ,(1000 MT)

### Commodities:

#### Barley

#### Production:

Production of barley is negligible. Most barley is used for animal feed at its early growth stages.

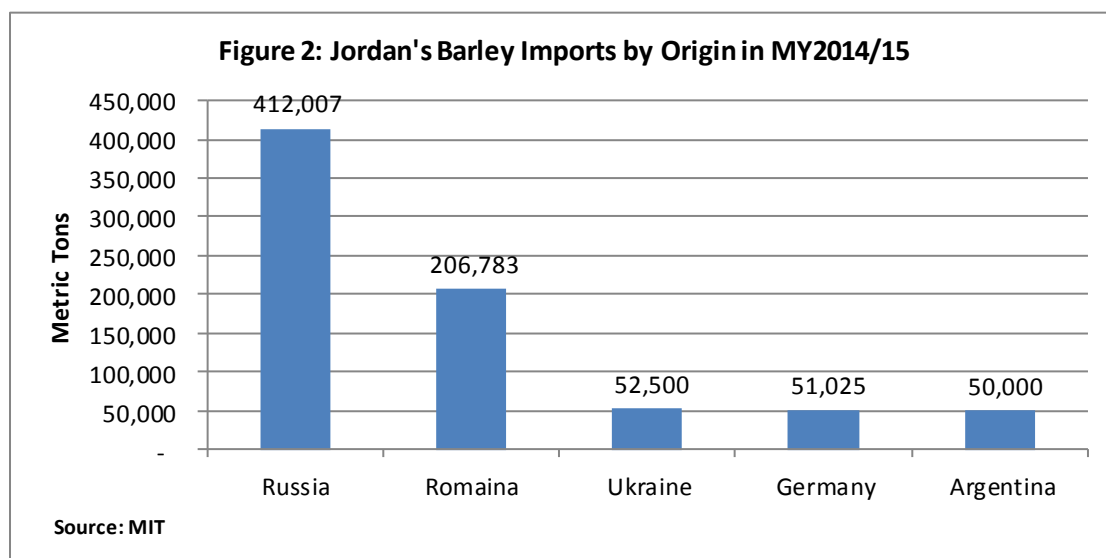
#### Consumption:

In MY2015/16, Post expects barley consumption to increase by six percent to 900 MT from MY2014/15, and 50 MT greater than USDA's estimate of 850 MT. Most of the barley is used for sheep feed and to a lesser extent in dairy cattle and poultry rations. Although barley use has dropped significantly after the GOJ adopted the animal tag system, this year it's on the rise as Jordanian herders are increasing their sheep rearing capabilities, due to attractive prices for its meat in the Gulf Region. Each shepherd receives subsidized barley according to the actual number of tagged animals up to 10 heads of sheep per herder, farmers split the family owned herd amongst family members to capitalize the subsidy.

#### Trade:

In MY 2015/16, total imports are expected to be 950,000 MT, 150,000 MT greater than USDA's estimate of 800,000. The increase is a result of a greater consumption and discrepancies in FY2014/15 trade numbers. Barley suppliers are mainly Black Sea countries, with Russia being the top supplier, followed by Romania, and Ukraine (figure 2). No barley imports from the U.S. have been recorded for a decade.

The GOJ is the main importer of barley and sets the selling price, which is usually an average of different origins and delivery dates, plus storage and handling costs, minus the subsidized discount which is usually in the order of \$10-50. The system allows for arbitrage when significant price swings occur, as traders can quickly take advantage and make a profit by offering a lower price than the government's set price, effectively undercutting it.



### **Stocks:**

In MY 2015/16, Post expects tighter ending stocks of 320,000 MT, much lower than USDA's forecast of 492,000 MT due to an increase in consumption and discrepancies in trade numbers. This amount is less than the GOJ's policy of having strategic stocks that meet 10 months of consumption needs, however, Post does not foresee that the GOJ will increase its purchases to make up for the deficit.

### **Policy:**

Only sheep and goat owners receive subsidized barley in the form of a discounted price. This program excludes cattle and poultry farmers from receiving subsidized barley as these two agricultural subsectors are considered industries. The GOJ animal tagging project has created a reliable database on all ruminant animals in Jordan, replacing the questioned animal census.

### **Marketing:**

The Ministry of Industry and Trade (MIT) is the predominant barley importer in Jordan. MIT solicits

bids through traders that meet the stipulated standards. Once it purchases the barley, MIT distributes and sells the barley at the subsidized prize to herders on the basis of the number of tagged animals that are recorded in the database up to 10 heads per herder.

### Production, Supply and Demand Data Statistics:

Barley Market Begin Year Jordan	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	38	30	20	30	25	25
Beginning Stocks	362	362	462	450	527	245
Production	41	18	15	25	15	25
MY Imports	1009	920	900	620	800	950
TY Imports	997	920	900	620	800	950
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1412	1300	1377	1095	1342	1220
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	950	850	850	850	850	900
FSI Consumption	0	0	0	0	0	0
Total Consumption	950	850	850	850	850	900
Ending Stocks	462	450	527	245	492	320
Total Distribution	1412	1300	1377	1095	1342	1220
(1000 HA) ,(1000 MT)						

### Commodities:

#### Corn

#### Production:

Jordan's corn production is negligible, with annual production totaling less than 10,000 MT. Corn that is domestically produced is used for human consumption as corn on the cob.

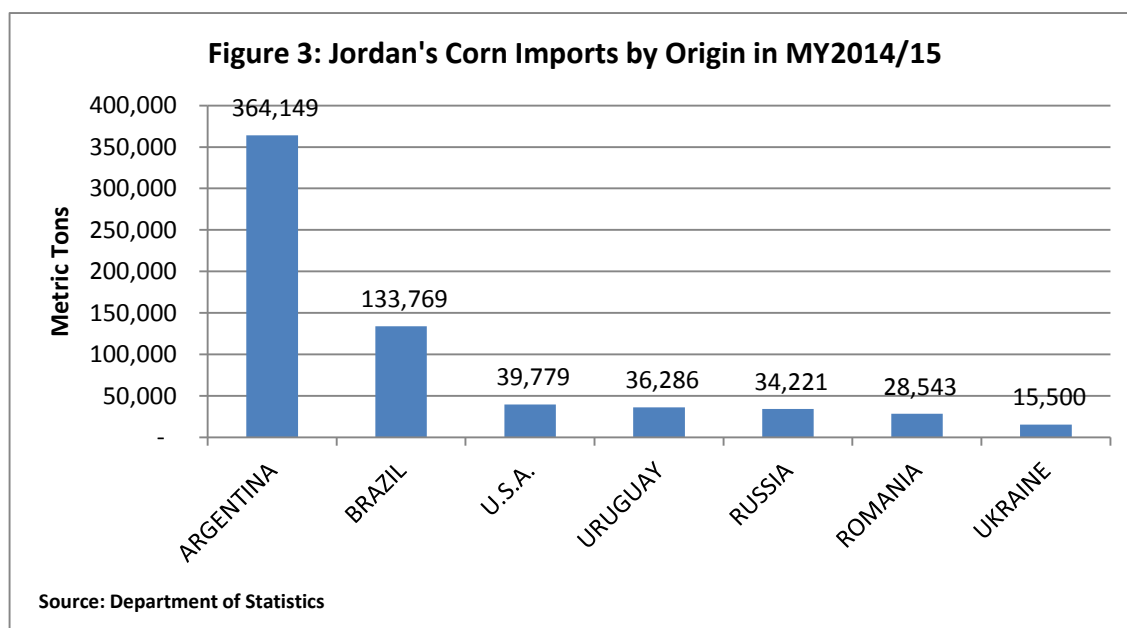
#### Consumption:

In MY 2015/16, corn consumption is forecast at 660,000 MT, in line with USDA's estimate, an increase of 4 percent from MY2014/15's 625,000 MT. The growth in consumption will be driven by the dairy industry, as it expands operations capitalizing on the shortfall of supply from Syria. Jordan's poultry industry is considered the biggest agri-business sector in Jordan, with an investment value of around \$ 2.5 billion, however, it will not grow as aggressively as the dairy sector, yet it will consume 70 percent of the imported corn.

#### Trade:

In MY2015/16, corn imports are expected to increase by 4 percent to 675,000 MT, in line with USDA's forecast. The increase is also in proportion to the increase in consumption. Post expects that imports of U.S. corn will be in the order of 75,000 MT, however, traders have complained of the low quality of U.S. corn, which makes it less attractive than corn from other origins.

In MY 2014/15, the decrease in U.S. corn prices provided a respite for U.S. origin corn, but the market is still dominated by Argentina and Brazil, supplying 77 percent of all imports, and the US the third largest supplier with 6 percent of the market share (figure 3). The Jordan-U.S. Free Trade Agreement no longer provides an advantage for U.S. corn, as all imported corn is exempt from tariffs. Additionally, Argentinian and Brazilian importers are more versatile, accommodating shipments of 10,000-15,000 MT that the market requires.



### Stocks:

Only a nominal amount of corn is stored on-farm by poultry farmers to meet their monthly needs, as no adequate storage system has been developed in Jordan, which is why traders prefer to source small shipments of 10-15,000 MT.

### Policy:

There are no restrictions on corn trade in Jordan, and specifications for corn are similar to U.S. standards. Issues that have arisen in the past are excessive broken kernels, no consignment above 7.5 percent is allowed to enter the country, and corn that exceeds the established maximum residue limits for aflatoxins, which are equivalent to USFDA standards.

### Marketing:

Corn in Jordan is imported and distributed through private sector traders, which is usually unloaded directly to trucks that deliver it immediately to the dairy and poultry farms.

### Production, Supply and Demand Data Statistics:

Corn Market Begin Year Jordan	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		May 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	36	36	61	24	56	50
Production	10	10	5	10	5	10
MY Imports	675	564	650	675	675	675
TY Imports	675	564	650	675	675	675
TY Imp. from U.S.	0	16	0	40	0	75
Total Supply	721	610	716	709	736	735
MY Exports	25	26	25	24	25	30
TY Exports	25	26	25	24	25	30
Feed and Residual	625	550	625	625	650	650
FSI Consumption	10	10	10	10	10	10
Total Consumption	635	560	635	635	660	660
Ending Stocks	61	24	56	50	51	45
Total Distribution	721	610	716	709	736	735

(1000 HA) ,(1000 MT)

### Commodities:

#### Rice, Milled

#### Production:

Being one of the driest countries in the world, Jordan does not produce rice at all due to crops high water demands.

#### Consumption:

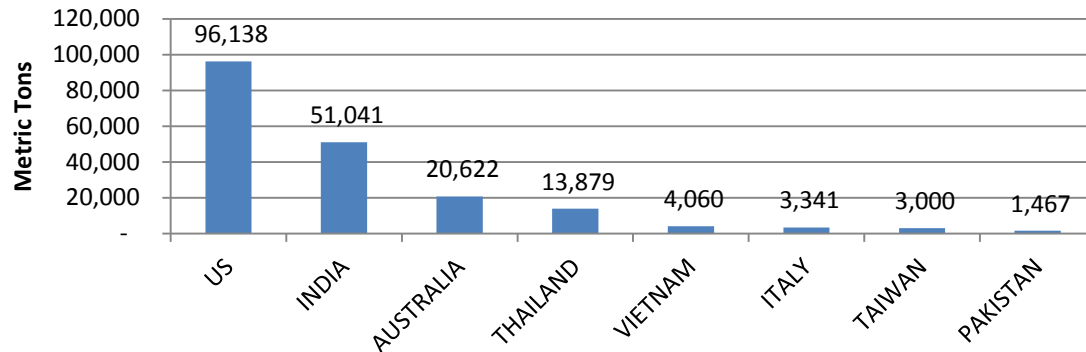
MY2015/16 consumption is line with USDA's forecast of 200,000 MT. Rice is a staple of the Jordanian diet widely used in one of their traditional dishes called "mansef", with an average annual consumption of about 24 kg per person. The preferred variety is medium grain (camolino), which constitutes 90 percent of imports. The consumption of rice usually goes up during parliamentary elections; contestants tend to hand out big feasts of mansef to lure their constituents.

#### Trade:

In MY 2015/15, imports are expected to reach 200,000 MT in line with USDA's estimate. U.S. market share for rice is expected to remain steady at nearly 50 percent, close to 100,000 MT of U.S. rice imports. Other major rice suppliers include the EU, Thailand, India and Australia (figure 4).



**Figure 4: Jordan Rice Imports by Origin in MY2014/15**



Source: Department of Statistics

### Stocks:

Minimal stocks are maintained for this commodity.

### Policy:

There are no restrictions on rice trade in Jordan, and specifications are similar to U.S. standards.

### Marketing:

Rice in Jordan is imported and distributed through private sector traders that package and provide a continuous supply to retailers as soon as it is discharged from the vessels

### Production, Supply and Demand Data Statistics:

Rice, Milled Market Begin Year Jordan	2013/2014		2014/2015		2015/2016	
	Jan 2014		Jan 2015		Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	10	10	11	11	11	12
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
Milling Rate (.9999)	0	0	0	0	0	0
MY Imports	151	151	200	196	200	200
TY Imports	151	151	200	196	200	200
TY Imp. from U.S.	88	88	0	96	0	100
Total Supply	161	161	211	207	211	212
MY Exports	0	0	0	5	0	1



**Commodities:**

Select