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Jordan

Grain and Feed Update 2018

Despite Economic Hardship, Jordan's Grain Imports Hold Largely Steady

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Report Highlights:

Jordan's wheat imports in marketing year (MY) 2018/19 are forecast at 1.1 million metric tons (MMT). Romania remains Jordan's main wheat supplier. FAS Amman (Post) foresees potential opportunities for imports U.S. wheat in MY 2018/19. FAS Amman forecasts Jordan's barley consumption in MY 2018/19 at 800,000 MT, down about 12 percent from Post's MY 2017/18 revised estimate of 910,000 metric tons. Jordan's corn consumption in MY 2018/19 is forecast at 805,000 metric tons. Post forecasts Jordan's corn imports in MY 2018/19 at 800,000 MT, an amount largely unchanged from the USDA's MY 2017/18 number. Rice consumption in MY 2018/19 is forecast at 200,000 metric tons.

Imports of U.S.-origin rice may decrease this year, but will still account for about 50 percent of the market.

Executive Summary:

FAS Amman (Post) forecasts Jordan's wheat production in marketing year (MY) 2018/19 (July-June) at 20,000 metric tons (MT). The figure is unchanged from the U.S. Department of Agriculture's (USDA) MY 2017/18 estimate. Jordan is not a significant producer of wheat. Post forecasts Jordan's wheat consumption in MY 2018/19 at 1.12 million metric tons (MMT), down just under two percent from the USDA's MY 2017/18 number of 1.14 million metric tons. Economic hardship may however shift consumption patterns to lower priced basic foods.

Jordan's wheat imports in MY 2018/19 are forecast to reach 1.1 MMT, a figure in line with forecasted consumption rates. The Black Sea region (primarily Romania) supplies Jordan. With the approval of Jordanian banks' registration and participation in the USDA's Export Guarantee Program (GSM-102), we foresees the possibility of some 100,000 MT of new U.S.-origin wheat imports in marketing year 2018/19. Thanks to the reform of the bread subsidy program earlier this year, niche demand for higher quality U.S. wheat is a growing possibility.

FAS Amman forecasts Jordan's barley consumption in MY 2018/19 at 800,000 MT, down about 12 percent from Post's MY 2017/18 revised estimate of 910,000 metric tons. Sheep fodder in Jordan largely includes barley. To a lesser extent, barley is included in dairy cattle and poultry feed rations. Use dropped with the implementation of the 2012 animal tagging/registration system. Post forecasts Jordan's total imports in MY 2018/19 at 750,000 MT; the country is aligning stocks with consumption. The Black Sea region, primarily Romania is the main barley supplier (followed by Russia and Ukraine).

Jordan's corn production is negligible, annual production is under 10,000 metric tons. Domestic corn production is largely for human consumption (i.e., as corn on the cob). FAS Amman forecasts Jordan's corn consumption in MY 2018/19 (October-September) at 805,000 MT, up slightly by some 5,000 MT from the USDA's MY 2017/18 estimate of 800,000 metric tons. The market is recovering from the earlier drop in consumption resulting from the poultry sector's correction in the wake of overexpansion in calendar year (CY) 2013-14 (January-December). Post forecasts Jordan's corn imports in MY 2018/19 at 800,000 MT, an amount largely unchanged from the USDA's MY 2017/18 number.

Post is working with its interlocutors at the Ministries of Agriculture, Trade, and the Jordan Food and Drug Authority (JFDA) to clarify grain inspection standards and unify sampling procedures at the port-of-discharge. A new regulation is awaiting approval. The proposed procedures will minimize the risk of rejection due to broken kernel percentage. Additionally, proposed sampling tools and methods match those referenced by the USDA\Federal Grain Inspection Service.

With agriculture accounting for half of the water supply's consumption, and competing with the population's needs, Jordan is shying away from production of water demanding rice. FAS Amman forecast Jordan's rice consumption in MY 2018/19 at 200,000 MT, a decrease of 20,000 MT from the USDA official MY 2017/18 estimate of 220,000 metric tons. The drop is due to tighter economic conditions. Post forecasts Jordan's imports in MY 2018/19 at 200,000 MT, down nine percent from the USDA's MY 2017/18 number of 220,000 metric tons. Imports of U.S.-origin rice may decrease this year, but will still account for about 50 percent of the market.

WHEAT

PRODUCTION

FAS Amman (Post) forecasts Jordan's wheat production in marketing year (MY) 2018/19 (July-June) at 20,000 metric tons (MT). The figure is unchanged from the U.S. Department of Agriculture's (USDA) MY 2017/18 estimate. Jordan is not a significant producer of wheat.

CONSUMPTION

FAS Amman forecasts Jordan's wheat consumption in MY 2018/19 at 1.12 million metric tons (MMT), down just under two percent from the USDA MY 2017/18 number of 1.14 million metric tons. Economic hardship may shift consumption patterns to lower priced basic foods.

Wheat consumption in previous years has experienced unprecedented growth due to the heavy influx of refugees displaced by the civil war in neighboring Syria. Jordan counts today with a population of over 10.2 million (Central Intelligence Agency - July 2017 estimate); this estimate has been revised upwards to reflect assumptions about the net migration rate due to the increased flow of Syrian refugees. Prior to 2012, Jordan had a population of 6.2 million. The country has also experienced an influx of Egyptian, Yemeni, and Libyan nationals in recent years.

The Syrian conflict led to the influx of 650,000 UN-registered refugees (80 percent live in Jordan's urban areas). Jordan's census puts the numbers of refugees at 1.3 million (2016). Resolution of the Syrian and Iraqi conflicts should lead to the reopening of border crossings and export transit routes. This will also facilitate the refugees return to their home countries.

TRADE

FAS Amman forecasts Jordan's wheat imports in MY 2018/19 to reach 1.1 MMT, a figure in line with forecasted consumption rates. The Black Sea region (primarily Romania) supplies Jordan. With the approval of Jordanian banks' registration and participation in the USDA's Export Guarantee Program (GSM-102), we foresees the possibility of some 100,000 MT of new U.S.-origin wheat imports in marketing year 2018/19. Thanks to the reform of the bread subsidy program earlier this year, niche demand for higher quality U.S. wheat is a growing possibility.

STOCKS

FAS Amman forecasts Jordan's ending stocks in MY 2018/19 at 439,000 MT, down two percent from Post's MY 2017/18 revised estimate of 449,000 metric tons. Post attributes the slight downturn to a drop in food, seed and industrial use (FSI) consumption.

Jordan's Ministry of Industry and Trade (MIT) confirms that its wheat stocks are sufficient to last a full year at current consumption rates. Post's stock estimate (one-year of consumption) includes both in-country wheat as well as contracted for supplies. We see Jordan importing 1.1 MMT of wheat; half of this amount is already contracted for and being shipped. Regional instability challenges Jordan's food security; the government today banks no less than a ten-month supply of stocks. In the past, the

government used to be comfortable maintaining a four-month supply of stocks. The private sector currently imports wheat directly as well for milling.

The government is finalizing its silo capacity expansion project; aimed at increasing capacity by 225,000 metric tons. Construction of the final 100,000 MT of storage is underway. Expanded capacity at Aqaba's new port terminal will alleviate tight storage, and improve food security.

POLICY

The Ministry of Industry and Trade replaced this year, the bread subsidy program with targeted assistance; setting new bread prices. The ministry continues to set price caps for bread, but no longer directly subsidizes the product to bakeries (see, [GAIN JORDAN No. JO18001 – Jordan Ends Bread Subsidies, Implements USDA Style SNAP EBT Program](#)).

Ministry sources confirm the new price structure for bread. Bread prices for small pita loaves are set at JOD 0.40 (\$0.56) per kilogram, up JOD 0.16 (\$0.23) or increasing 67 percent. The price for large pita loaves is now set at JOD 0.32 (\$0.45), up JOD 0.16 (\$0.23) or increasing 100 percent. The price for traditional bread is now set at JOD 0.35 (\$0.49), up JOD 0.17 (\$0.24) or increasing 94 percent. The new prices will remain in place through March 2019; Jordan has sufficient wheat (i.e., both delivered and contracted purchases) to meet current domestic supply needs. Jordan is an insignificant producer of wheat and depends on imports.

MARKETING

The Ministry of Industry and Trade previously sold imported wheat to local millers at a non-commercially competitive set price. Wheat prices today are set on a moving average of the inventoried wheat's cost, which includes the purchase price, storage, and transportation costs. Jordanian millers sell the flour to bakers under the Ministry's supervision.

Production, Supply and Demand Data Statistics:

Wheat Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jul 2016		Jul 2017		Jul 2018	
Jordan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	20	20	15	20	15	20
Beginning Stocks	668	668	447	500	347	449
Production	25	25	20	20	20	20
MY Imports	979	975	1030	1015	1100	1100
TY Imports	979	975	1030	1015	1100	1100
TY Imp. from U.S.	121	169	50	50	0	100
Total Supply	1672	1668	1497	1535	1467	1569
MY Exports	10	10	10	10	10	10
TY Exports	10	10	10	10	10	10
Feed and Residual	15	15	15	16	15	20
FSI Consumption	1200	1143	1125	1060	1100	1100
Total Consumption	1215	1158	1140	1076	1115	1120
Ending Stocks	447	500	347	449	342	439
Total Distribution	1672	1668	1497	1535	1467	1569
Yield	1.25	1.25	1.3333	1	1.3333	1

(1000 HA) ,(1000 MT) ,(MT/HA)

BARLEY

PRODUCTION

Jordan's barley production is negligible. Barley's main use is for animal fodder.

CONSUMPTION

FAS Amman forecasts Jordan's barley consumption in MY 2018/19 at 800,000 MT, down about 12 percent from Post's MY 2017/18 revised estimate of 910,000 metric tons. Sheep fodder in Jordan mainly includes barley. Dairy and poultry feed rations to a lesser extent include barley. Use dropped with the implementation of the 2012 animal tagging/registration system. Shepherds receive subsidized barley based on the number of tagged animals, which is restricted to ten. Farmers attempt to circumvent the limitation by splitting up herds among family members.

TRADE

FAS Amman forecasts Jordan's total imports in MY 2018/19 at 750,000 MT; the country is aligning stocks with consumption. The Black Sea region, primarily Romania is the main barley supplier (followed by Russia and Ukraine). Post does not foresee any U.S.-origin barley imports in marketing year 2018/19. It has been two decades since the last import of U.S.-origin barley.

The government is the country's main barley importer, and sets the domestic sell price. The price is an average of different origins' prices and delivery dates, plus storage and handling costs, minus the subsidized discount (ranges \$10.00 to \$50.00 per metric ton). To minimize the potential for profiteering, arbitrage may occur when significant price swings ensue. Traders will attempt to take advantage of price swings to undercut the government's set price.

STOCKS

FAS Amman forecasts Jordan's barley ending stocks in MY 2018/19 at 250,000 MT, down almost 17 percent from Post's MY 2017/18 revised estimate of 300,000 metric tons. Post does not anticipate any major changes in the government's policy; inventory levels will remain stable (i.e., maintain ten months of stocks at current consumption levels). We foresee a drop in import and consumption due to lower regional demand for Jordanian export sheep.

POLICY

Only sheep and goat farmers receive subsidized barley. The subsidy program excludes commercial dairy cattle and poultry farms. The animal tagging/registration project has established a reliable ruminant animal database, replacing the previous outdated animal census.

MARKETING

The Ministry of Industry and Trade solicits bids through traders that meet stipulated standards. Ministry purchased barley is then sold at a subsidized price to shepherds.

Production, Supply and Demand Data Statistics:

Barley Market Begin Year Jordan	2016/2017		2017/2018		2018/2019	
	Jul 2016		Jul 2017		Jul 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	25	0	25	0	25	0
Beginning Stocks	401	401	349	231	272	300
Production	30	0	20	0	20	0
MY Imports	838	750	773	979	600	750
TY Imports	759	750	773	979	600	750
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1269	1151	1142	1210	892	1050
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	920	920	870	910	750	800
FSI Consumption	0	0	0	0	0	0
Total Consumption	920	920	870	910	750	800
Ending Stocks	349	231	272	300	142	250
Total Distribution	1269	1151	1142	1210	892	1050
Yield	1.2	0	0.8	0	0.8	0

(1000 HA) ,(1000 MT) ,(MT/HA)

CORN

PRODUCTION

Jordan's corn production is negligible, annual production is under 10,000 metric tons. Domestic corn production is largely for human consumption (i.e., as corn on the cob).

CONSUMPTION

FAS Amman forecasts Jordan's corn consumption in MY 2018/19 (October-September) at 805,000 MT, up 5,000 MT from the USDA's MY 2017/18 number of 800,000 metric tons. The market is recovering from the earlier drop in consumption resulting from the poultry sector's correction in the wake of overexpansion in calendar year (CY) 2013-14 (January-December). Oversupply has led to lower prices since marketing year 2015/16. Despite large integrators' attempts to curb production, poultry prices remain below production costs. The industry aims to cut production by 10-15 percent; it expects the market to normalize in MY 2018/19 as smaller producers drop out.

TRADE

FAS Amman forecasts Jordan's corn imports in MY 2018/19 at 800,000 MT, largely unchanged from the USDA's MY 2017/18 number of 800,000 metric tons. Post is working with its interlocutors at the Ministries of Agriculture, Trade, and the Jordan Food and Drug Authority (JFDA) to clarify grain inspection standards and unify sampling procedures at the port-of-discharge (see, [GAIN JORDAN No. JO18013 – Jordan Grain Inspection and Sampling Workshop a Success](#)). There is a new draft regulation; the proposed procedures will minimize the risk of rejection due to broken kernel percentage. Additionally, proposed sampling tools and methodology align with the USDA\Federal Grain Inspection Service's references.

[The Jordan-U.S. Free Trade Agreement](#) no longer provides a tariff advantage for U.S.-origin corn; all foreign-origin corn imports are tariff-exempt today. Argentina and Brazil currently supply over 90 percent of all imports. Argentine and Brazilian corn exporters ship smaller volumes (i.e., 10,000-15,000 MT range), which often (cash-strapped) Jordanian importers prefer. FAS Amman nonetheless anticipates that U.S.-origin corn imports may grow, reaching in MY 2018/19 some 250,000 MT if prices are competitive and once the GSM-102 program is active.

STOCKS

Only nominal amounts of corn are stored by poultry farmers, usually just enough to meet their immediate monthly needs. Jordan generally lacks adequate corn storage facilities. This dearth of storage is a key reason why traders often prefer to source smaller shipments in the range of 10,000-15,000 metric tons. New silos are being built however at the port of Aqaba (225,000 MT) and just south of Amman (120,000 MT), which will help increase storage capacity.

POLICY

Jordan does not place restrictions on the corn trade. Specifications for corn are similar to U.S. standards. Issues that have arisen pertain to broken kernels; consignments with breakage above 7.5 percent face rejections. Corn shipments that exceed the established maximum-residue-limit (MRL) for aflatoxins, which is equivalent to the U.S. standard, are also subject to rejection.

MARKETING

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

Production, Supply and Demand Data Statistics:

Corn Market Begin Year Jordan	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	56	56	36	71	21	76
Production	10	10	10	10	10	10
MY Imports	829	900	800	820	800	800
TY Imports	829	900	800	820	800	800
TY Imp. from U.S.	194	173	0	200	0	250
Total Supply	895	966	846	901	831	886
MY Exports	25	60	25	20	25	20
TY Exports	25	60	25	20	25	20
Feed and Residual	824	825	800	800	800	800
FSI Consumption	10	10	0	5	0	5
Total Consumption	834	835	800	805	800	805
Ending Stocks	36	71	21	76	6	61
Total Distribution	895	966	846	901	831	886
Yield	10	10	10	10	10	10
(1000 HA) ,(1000 MT) ,(MT/HA)						

RICE, MLLED

PRODUCTION

With agriculture accounting for half of the water supply's consumption, and competing with the population's needs, Jordan is shying away from production of water demanding rice. Jordan is one of the world's driest countries. It has one of the lowest levels of per capita water availability (150 cubic meters (m³) per annum). The Syrian crisis has dramatically increased the country's population (which is on track to double by 2047), making meeting water demand even more critical. Shifting precipitation patterns in the region are aggravating the situation where already more than 90 percent of rainfall evaporates or runs off. Jordan is drawing groundwater at twice the rate-of-recharge by some estimates.

CONSUMPTION

FAS Amman forecast Jordan's rice consumption in MY 2018/19 at 200,000 MT, a decrease of 20,000 MT from the USDA official MY 2017/18 estimate of 220,000. The drop is due to tighter economic conditions. Rice is a staple of the local diet; we estimate annual consumption at about 19.5 kilograms per person. *Camolino* rice (medium-grain) is preferred (and constitutes 50 percent of imports). Long-grain white rice, basmati, and jasmine rice are also imported.

TRADE

FAS Amman forecast Jordan's imports in MY 2018/19 at 200,000 MT, down nine percent from the USDA MY 2017/18 number of 220,000 metric tons. The drop is due to tighter economic conditions. Imports of U.S.-origin rice may decrease this year, but could still account for 50 percent of the market. Although U.S. origin rice is higher-cost, market development efforts are paying dividends. Jordanians have developed a preference for U.S. rice. Other rice suppliers are India, Thailand, and Australia. The bulk of Asian-origin rice is lower-cost long-grain white rice. Aromatic and basmati rice are imported but in lesser quantities. Long-grain rice's market share is 30 percent due to lower prices.

STOCKS

There is no government policy on maintaining strategic rice stocks. Only minimal stocks exist.

POLICY

Jordan does not place restrictions on the rice trade. Specifications for rice are similar to U.S. standards. The Jordan-U.S. Free Trade Agreement no longer provides a tariff advantage for U.S.-origin rice; all rice imports are tariff-exempt today.

MARKETING

Rice in Jordan is imported and distributed through private sector traders. Private sector firms distribute the rice and distribute to retailers.

Production, Supply and Demand Data Statistics:

Rice, Milled Market Begin Year Jordan	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	21	21	23	20	23	20
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	220	200	220	195	230	200
TY Imports	220	200	220	195	230	200
TY Imp. from U.S.	147	86	0	101	0	100
Total Supply	241	221	243	215	253	220
MY Exports	0	1	0	2	0	2
TY Exports	0	1	0	2	0	2
Consumption and Residual	218	200	220	193	225	200
Ending Stocks	23	20	23	20	28	18
Total Distribution	241	221	243	215	253	220
Yield (Rough)	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						