

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Jordan**

### **Grain and Feed Update**

#### **U.S. Corn Exports to Reach 100,000 MT in MY2016/17**

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**Report Highlights:**

In MY2016/17 wheat imports are forecast to reach 1.4 MMT, no wheat is expected from the U.S. U.S. corn and rice imports are forecast at 100,000 MT each, with U.S. rice as the leading origin in the Jordanian market.

**Post:**

Amman

**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 MY2016/17, Jordan's wheat consumption is forecast to reach 1.3 million metric tons (MMT); none is expected to be imported from the U.S. Barley consumption will increase by 3 percent to 925TMT from MY2015/16. The key suppliers of wheat and barley will be France and Black Sea sources, mainly Romania, Russia, and Ukraine.

In MY 2016/17, corn imports are forecast at 680,000 MT, with U.S. origin corn expected to supply 100,000 MT. Rice imports will amount to 208,000 MT, of which the US will be the top supplier with 100,000 MT.

**Commodities:****Wheat****Production:**

Production of wheat is negligible in Jordan. In MY2015/16, due to average rainfall production remained stable at 20,000 MT, providing close to two weeks of the country's annual consumption needs, and is expected to remain unchanged in MY2016/17.

**Consumption:**

In MY 2016/17, FAS Amman forecasts consumption at 1.3 MT, an eight percent increase from MY2015/16. The increase is driven by the country's economic slowdown, driving consumers to substitute subsidized "baladi" bread for more expensive staples. Additionally, the influx of Syrian refugees is also driving the increase in consumption.

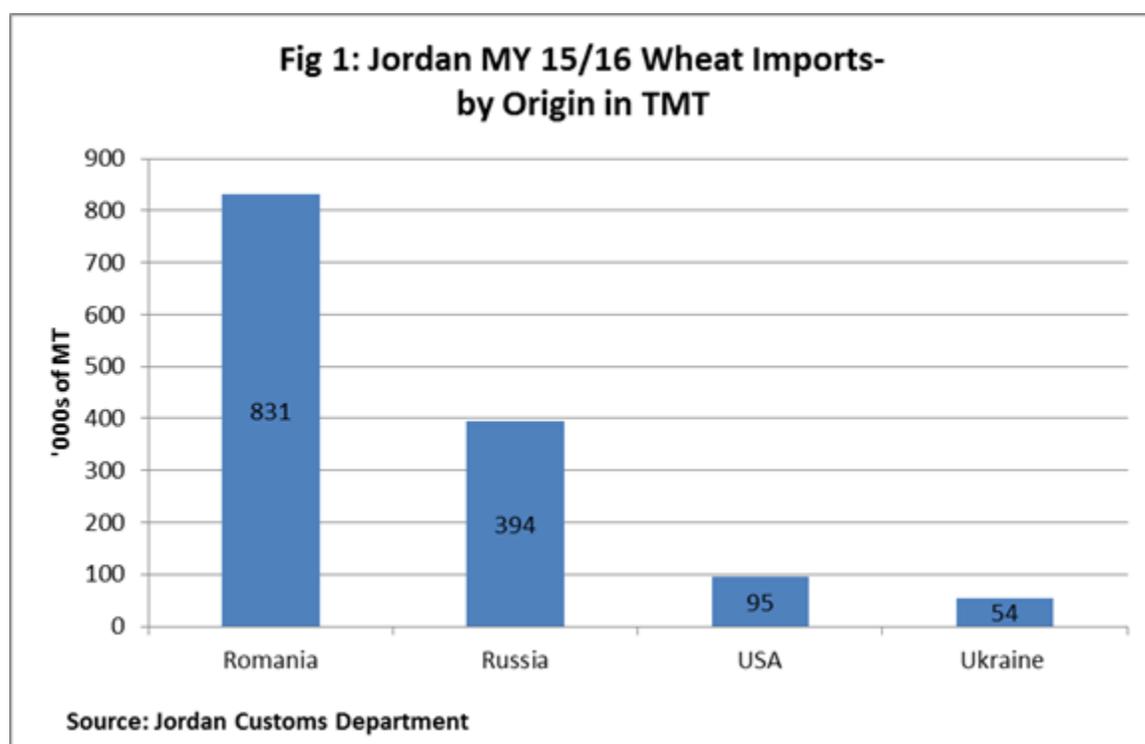
In 2012, Jordan's population was 6.2 million with an annual consumption of 700,000 MT, increasing by approximately 500,000 MT (82 percent) by 2015. This adequately reflects the GoJ's 2015 census, which accounted for a total population of 9.5 million people. Of which, Syrian registered refugees are estimated at 600,000, with an additional 600,000 that are residing legally. The country has also witnessed a significant influx of Egyptian, Libyan and Yemeni nationals.

**Trade:**

In MY 2016/17, wheat imports are expected to increase by 2 percent to 1.4 MMT, the surge in imports is driven by the GoJ increased purchases of wheat to replenish their inventories and to meet the country's increasing consumption needs. Black Sea wheat, mainly of Romanian origin, remains more competitive than other sources, especially U.S. wheat, due to its proximity to Jordan.

In MY2015/16, the top wheat origin was Romania, followed by Russia, and Ukraine (figure 1). U.S. wheat exports account for 95 TMT all of which were donated under USDA's Food for Progress program. The slowdown in imports was due to the rejection of Polish wheat in February of 2015 by the Jordanian Food and Drug Administration (JFDA) under the premise that it did not meet the standards for human consumption. A Jordanian court ruled that the shipment needed to be re-exported, leading to a bitter dispute between the supplier and local authorities.

This led to a lull in offers on government tenders, prompting Jordan's Ministry of Industry and Trade to modify its requirements so that a single bidder could be allotted the tender from the [required three bidders. Romanian wheat capitalized on this new requirement, as one of the few companies bidding on tenders was a Romanian newcomer in the business.](#)



### Stocks:

In MY2016/17, Post forecasts ending stocks at 613 TMT. MY2015/16 stocks are revised down to 693 TMT from USDA's official forecast of 775 TMT, due to an increase in consumption.

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, this part of GoJ policies to ensure food security.

### 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 bakeries wheat flour extracted at a milling rate of 80 percent at US\$50 per MT, while the market price attains 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 the increase. There are no indications that the GOJ has plans to change its policy.

### Marketing:

The Ministry of Industry and Trade (MIT) is the sole wheat importer in Jordan, selling its wheat to mills at the government's set price, which is based on a moving average of the inventoried wheat's cost, including purchasing, storage, and transportation costs. The mills subsequently sell the wheat to bakers under MIT's supervision. The flour is sold to bakers at two prices: the all-purpose flour sold at a market price, which is the markup cost on milling fees from the wheat sold by the government (ranging between \$250-\$350 per MT), and the subsidized price that goes as low as \$50 per MT. MIT subtracts the cost of subsidy from the subsidized flour upon invoicing the mills. The difference between the two prices accounts for at least \$100 million in losses due to the program's mismanagement and abuse, a well-known issue acknowledged by many stakeholders. Subsidized flour accounts for up to 90 percent of the total consumption.

### Production, Supply and Demand Data Statistics:

Wheat Market Begin Year	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Jordan						
Area Harvested	15	15	20	20	20	20
Beginning Stocks	335	335	499	516	775	693
Production	20	20	25	25	25	25
MY Imports	1161	1188	1376	1377	1400	1400
TY Imports	1161	1188	1376	1377	1400	1400
TY Imp. from U.S.	0	0	143	95	0	0
Total Supply	1516	1543	1900	1918	2200	2118
MY Exports	0	10	10	10	10	10
TY Exports	0	10	10	10	10	10
Feed and Residual	17	17	15	15	15	15
FSI Consumption	1000	1000	1100	1200	1200	1300
Total Consumption	1017	1017	1115	1215	1215	1315
Ending Stocks	499	516	775	693	975	793
Total Distribution	1516	1543	1900	1918	2200	2118
(1000 HA) ,(1000 MT)						

### Commodities:

#### Barley

**Production:**

Production of barley is negligible. Most barley is used for animal fodder during its early growth stages.

**Consumption:**

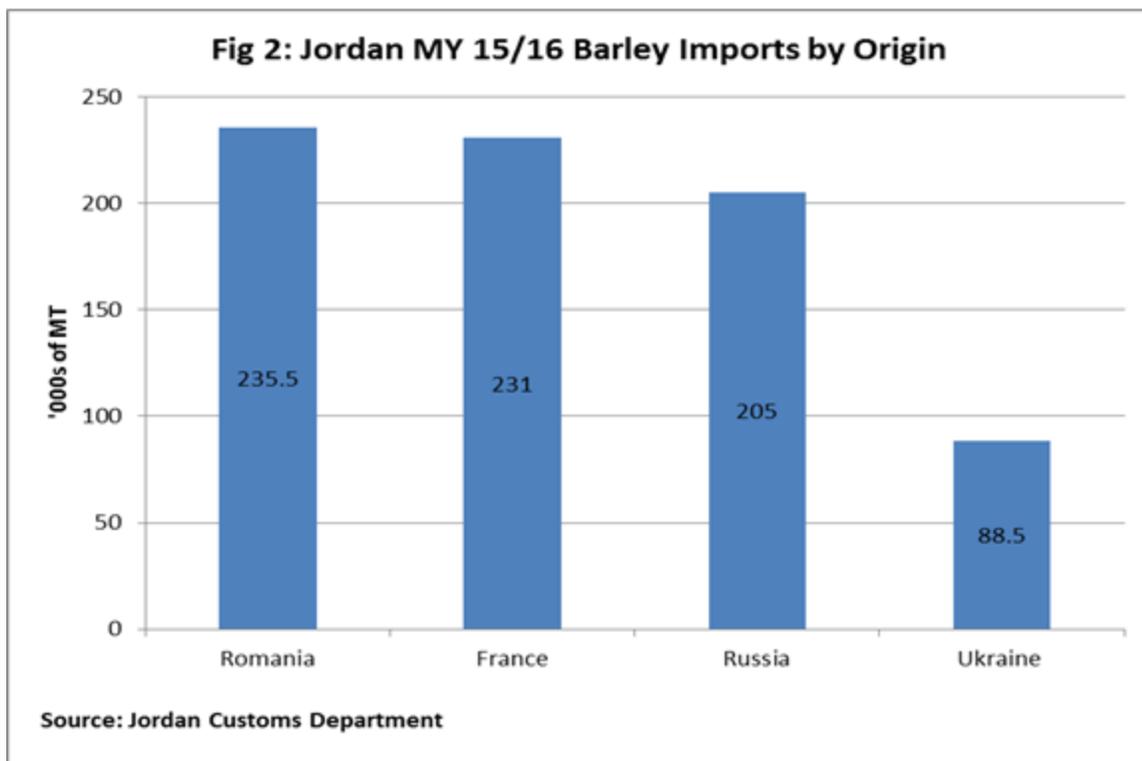
Post expects barley consumption to increase in MY2016/17 by three percent to 925 TMT from MY2015/16. Most of the barley is used for sheep feed and to a lesser extent in dairy cattle and poultry rations. Although barley use has dropped significantly after the GOJ adopted an animal tag system five years ago, this year it's reversed course 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, for up to 10 heads of sheep per herder. To circumvent this limit, farmers split their herd amongst family members to capitalize on the subsidy.

Despite depending heavily on sheep imports to meet the local market's needs, [Jordan exported more than 0.6 million head of its sheep to Gulf Cooperation Council \(GCC\) countries in 2015](#). The local "awasi" sheep characterizes itself for its exquisite palatability, fetching high prices in the GCC countries that have the purchasing power to pay a premium for it. Consequently, Jordan depends on lower priced imported sheep mainly from Australia, New Zealand and Romania to meet its needs.

**Trade:**

In MY 2016/17, total imports are expected at 900 TMT. The 138,000 MT increase is a response to meet the increasing demand of "awasi" sheep from local and foreign markets. .. Barley suppliers are Black Sea basin countries, with Romania being the top supplier, followed by France, and Russia (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 per MT. The system allows for arbitrage when significant price swings occur, as traders can quickly take advantage and profit by offering a lower price than the government's set price, effectively undercutting the program.



**Stocks:**

In MY 2016/17, Post expects a decrease in GoJ’s inventory ending stocks to 391,000 MT. MY 2015/16 stocks are in line with USDA’s official forecast of 435 TMT.

Barley’s inventory amount is within the GOJ’s policy of strategic stocks that requires meeting 10 months of consumption needs,.

**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	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jul 2016	
Jordan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

<b>Area Harvested</b>	30	30	25	25	25	25
<b>Beginning Stocks</b>	439	439	505	504	435	396
<b>Production</b>	25	25	30	30	20	20
<b>MY Imports</b>	891	890	800	762	800	900
<b>TY Imports</b>	759	759	850	762	800	900
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	1355	1354	1335	1296	1255	1316
<b>MY Exports</b>	0	0	0	0	0	0
<b>TY Exports</b>	0	0	0	0	0	0
<b>Feed and Residual</b>	850	850	900	900	900	925
<b>FSI Consumption</b>	0	0	0	0	0	0
<b>Total Consumption</b>	850	850	900	900	900	925
<b>Ending Stocks</b>	505	504	435	396	355	391
<b>Total Distribution</b>	1355	1354	1335	1296	1255	1316
(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 2016/17, corn consumption is forecast at 655 TMT. The exceptional growth in MY 2015/16 consumption was driven by the dairy and poultry industries' expansion, 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 \$ 3-4 billion.

In addition to the shortfall in Syria, the drop in commodity prices, mainly corn and soymeal, encouraged many large poultry operations to expand their operations. This triggered an oversupply, which has brought on a hangover as producers are suffering significant losses due to low prices, which, in many cases, are below production costs.

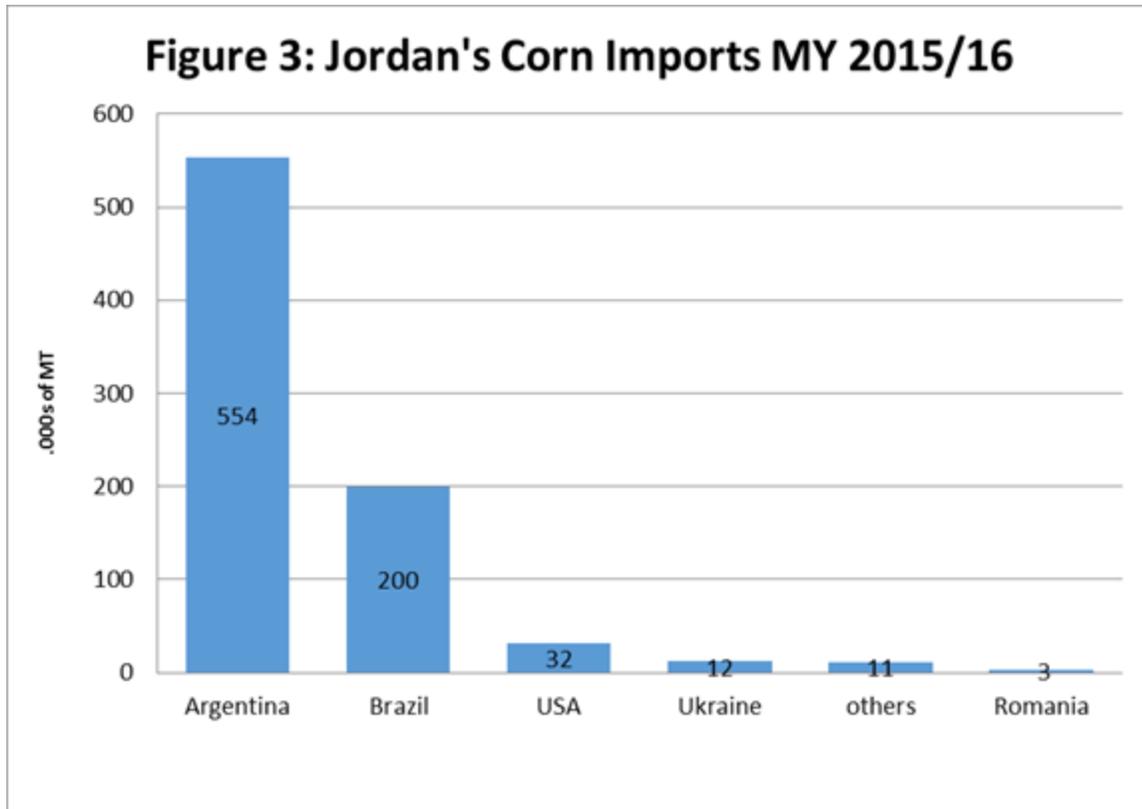
Local poultry production is around 200 TMT/year with 50-70 TMT of poultry imports, part of which goes to food processing factories. GoJ reports indicate that egg production increased more than 60 percent over the last two years, currently producing almost a billion eggs.

#### **Trade:**

In MY 2016/17 imports are expected to be 680 TMT. In MY2015/16, corn imports were an unprecedented 812 TMT. The increase was due to the decrease in international prices, as traders and producers were trying to hedge against future price increases. Therefore, the reduction in imports in MY2016/17 is a natural market response as it regains its equilibrium.

In MY2016/17, U.S. origin corn imports are expected at 100,000 MT a significant surge from 32,000 MT in MY2015/16. The increase in imports of U.S. corn is due to the tight supplies from South America, as its production is suffering from extreme weather events.

In MY2015/16 the market was still dominated by Argentina and Brazil, supplying 90 percent of all imports, with the US coming in third with 4 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, not exceeding 100 TMT, is stored on-farm by poultry farmers to meet their monthly needs, as no adequate storage system has been developed in Jordan. The latter is the reason why traders prefer to source small shipments of 10,000-15,000 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 dairy and poultry farms.

### Production, Supply and Demand Data Statistics:

Corn Market Begin Year Jordan	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	61	61	61	45	36	67
Production	10	10	10	10	10	10
MY Imports	700	659	800	812	675	680
TY Imports	700	659	800	812	675	680
TY Imp. from U.S.	80	60	0	24	0	100
Total Supply	771	730	871	867	721	757
MY Exports	25	25	25	40	25	36
TY Exports	25	25	25	40	25	36
Feed and Residual	675	650	800	750	650	650
FSI Consumption	10	10	10	10	10	5
Total Consumption	685	660	810	760	660	655
Ending Stocks	61	45	36	67	36	66
Total Distribution	771	730	871	867	721	757
(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 the crop's high water demands.

#### Consumption:

MY2016/17 consumption is expected to be 208,000 MT, a 4 percent increase from MY2015/16 200,00 MT.

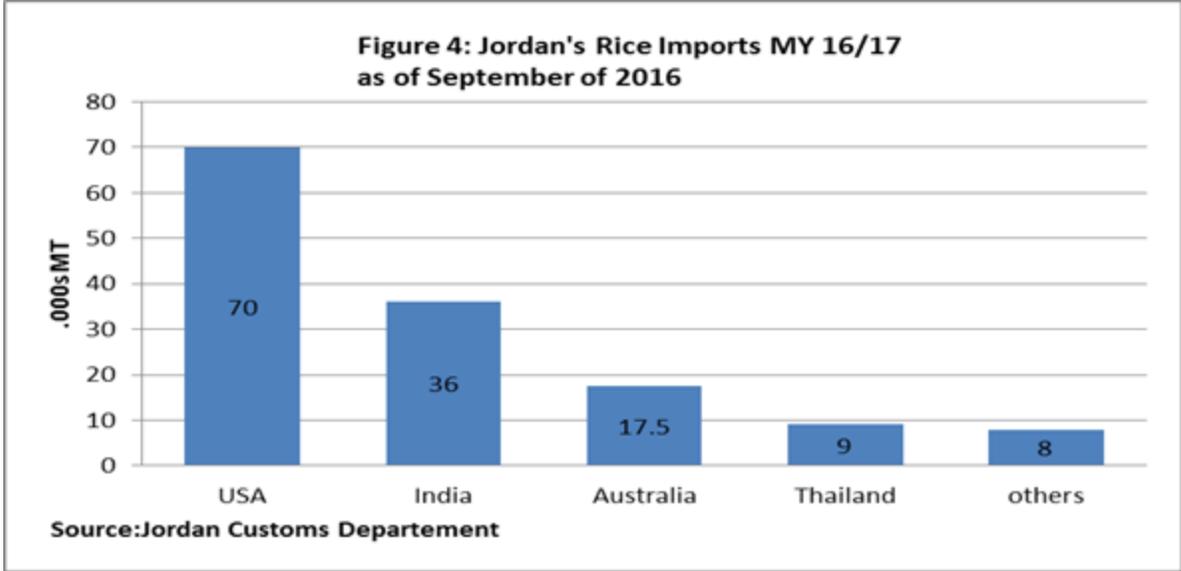
Rice is a staple of the Jordanian diet widely used in one of their traditional dishes called "mansef", with an average annual consumption of about 24 kg per person, consumption increases in line with the country's population growth. The preferred variety is medium grain (camolino), which constitutes over 50 percent of imports, followed by long grain white rice, and basmati and jasmine rice. The consumption of rice usually goes up during parliamentary elections; contestants tend to sponsor big feasts of mansef to lure their constituents.

#### Trade:

In MY 2016/17, imports are expected to reach 208,000 MT. U.S. market share for rice is expected to remain steady at nearly 50 percent at 100,000 MT. Although the price is relatively higher, the U.S.

industry’s market development efforts have paid off, generating loyalty among Jordanian consumers who have developed a strong preference for U.S. origin rice.

Other major rice suppliers include the India, Thailand and Australia (figure 4). Most Asian rice is long grain that lies into two categories; long grain white rice, which is of lower price and constitutes most of the Asian imports. The second category is the aromatic and basmati rice that commands a premium over the medium rice, however its less preferred in the local recipes. The long grain’s market share has grown from less than 25 to almost 30 percent over the last five years.



**Stocks:**

Since rice trade is done by the private sector and there is no government policy on strategic stocks for this commodity, therefore 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.

Since the tariff duty on rice is zero for all origins, there are no any advantages offered by the Free Trade Agreement with the US.

**Marketing:**

Rice in Jordan is imported and distributed through private sector traders that package and provides 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	2014/2015		2015/2016		2016/2017	
	Jan 2015		Jan 2016		Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	20	20	15	12	15	15
Milled Production	0	0	0	0	0	0

<b>Rough Production</b>	0	0	0	0	0	0
<b>Milling Rate (.9999)</b>	0	0	0	0	0	0
<b>MY Imports</b>	190	196	200	205	210	210
<b>TY Imports</b>	190	196	200	205	210	210
<b>TY Imp. from U.S.</b>	95	96	0	96	0	100
<b>Total Supply</b>	210	216	215	217	225	225
<b>MY Exports</b>	0	5	0	1	0	1
<b>TY Exports</b>	0	5	0	1	0	0
<b>Consumption and Residual</b>	195	199	200	201	210	208
<b>Ending Stocks</b>	15	12	15	15	15	16
<b>Total Distribution</b>	210	216	215	217	225	225
(1000 HA) ,(1000 MT)						