

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Jordan

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### Jordan Morsels for July 2015

**Report Categories:**

Agriculture in the News

**Approved By:**

Orestes Vasquez

**Prepared By:**

Mohamed Khraishy

**Report Highlights:**

Key developments in Jordan's agricultural sector.

## **General Information:**

### **Port of Aqaba's Capacity Overwhelmed**

Close to 4,000 containers are awaiting clearance in the Port of Aqaba by the Container Port Company. The Foodstuff Traders Association (FTA) has strongly criticized the delay in clearances, as it's resulted in huge losses for traders. In light of this, the FTA is planning to file a lawsuit against the Aqaba Container Terminal (ACT) and the Aqaba Special Economic Zone Authority (ASEZA) seeking remedy from losses incurred.

FTA states that the delays of imported food items are causing spoilage as well as reducing the shelf life of the products. The delays have also increased the demurrage and handling fees the traders incur by using containers and port facilities. The terminal is experiencing increased pressure due to the closure of Syria's Latakia Port, which used to be a major transshipment point for many of the containers destined for Jordan.

The Minister of Transport (MoT) has drafted an operational plan that would streamline the clearance of containers. The plan would also address Jordan's 16,000 truck fleet that has been affected due to the closure of the Syrian and Iraqi borders.

Nonetheless, losses have been noticeable. The Ministry of Agriculture (MoA) personnel rejected the entry of 22,600 tons of food items from several countries. Most of the items, including 21,500 tons of corn and lemons, were re-exported due to signs of mold. Other items — such as ginger, avocados, mangoes, pomegranates, cherries, dates and coffee — were destroyed because they did not meet local standards.

### **Agricultural Exports on a Declining Trend**

Exports of agricultural produce dropped by 15 percent during the first half of this year compared to the same period last year. Jordan exported 391,007 tons of fruits and vegetables generating JD230 million (JD= \$1.4) during the first six months of this year, while the figure stood at 461,000 tons in the same period last year. Officials from the Ministry of Agriculture mentioned the reduction in exports is a result of the closing of the Syrian and Iraqi borders since March/April of this year, which attained a daily volume of trade of approximately 800-1,000 tons per day.

### **Prices of Food Items Unusually Lower during the First Week of Ramadan**

A Ministry of Industry, Trade, and Supply study covering the prices 60 food items revealed that the price of 28 food items decreased, 14 items increased in price, while 18 items maintained their prices during the first week of Ramadan. This is an unusual occurrence as food prices tend to increase at the onset of Ramadan, as consumer spending increases on food items due to the sumptuous meals celebrating Suhur (meal consumed before fasting) and Iftar (meal consumed to break the fast). The items that witnessed a drop in price include oil, rice, sugar tea, cheese, chicken, eggs and vegetables such as tomatoes, eggplants and lemons. Certain types of rice and sugar, broad beans, dry beans,

powdered milk and lamb are among the items whose prices remained unchanged.

Traders believe that the unusual trend was due to their readiness in purchasing and accumulating goods to meet the upcoming surge in demand during Ramadan, which resulted in a higher-than-usual supply of food items, prompting the unusual trend towards lower or unchanged prices.

### **Jordanian Exports Reenter the Iraqi market:**

The Ministry of Industry, Trade and Supply (MIT) has confirmed that Jordanian exports stranded inside Iraq, due to logistical challenges brought upon the war on ISIS, have been released and are reentering Iraqi markets. Despite the border closure with Iraq, the Iraqi market remains one of the most important destinations for Jordanian exports. The closure of the border was done to avoid that Jordanian trucks pay a transit fee to ISIS.

To avoid a complete shutdown of the Iraqi market, the Jordanian government agreed with Saudi Arabia and Kuwait on a scheme that would allow Jordanian goods to transit through those countries on their way to the Iraqi market. Under the agreement, Jordanian trucks loaded with fruits and vegetables are inspected at the Saudi border, and allowed to proceed to Kuwait. In Kuwait, the Jordanian trucks must transship their consignments into Kuwaiti trucks, which will deliver the goods on Iraq's southern border. From there, Iraqi trucks are responsible of taking the cargo to its final destination.

Jordan exports almost a million ton of fruits and vegetables each year, and historically the Iraqi market represents close to 20 percent of all exports. However, due to the border closure, Jordanian exports have declined 12 percent in value and quantity for the first six months of 2015 compared to 2014 (Figure 1).



