

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Jordan

**Post:** Amman

### Morsels of Jordan- December 2015

**Report Categories:**

Agriculture in the News

**Approved By:**

Orestes Vasquez

**Prepared By:**

Mohamed Khraishy

**Report Highlights:**

Wheat market in Jordan is still affected by GoJ policies, while the climate change hit the agriculture very hard.

## **General Information:**

### **PM meets wheat and Barley suppliers**

As another attempt from Government of Jordan (GoJ) the Prime Minister have met with the grains traders who supplies wheat and barley to Ministry of Industry and Trade (MIT) to break the consensus in boycotting supplying GoJ. The intentional grain suppliers and their local representative have agreed to stop offering price quotations to MIT after JFDA rejected an ADM delivered shipment of Polish wheat and followed that with a rejection of a Romanian shipment. The lack of trust between the suppliers and GoJ has reached to unprecedented level that threatened the food security of a country that is a net-food importing one. After six consecutive tenders, on December 1, a sole company submitted an offer, winning the tender to provide Jordan with 100 thousand metric tons of wheat at \$235 MT to be delivered in March 2016.

### **Subsidized wheat prices**

GoJ MIT has raised the prices of subsidized wheat flour from \$ 96 MT up to \$97.6 due to the lowering of the fuel prices. GoJ policy is to have the subsidized bread sold at a fixed price “\$220 MT” to the final consumer, therefore when the prices of any flour inputs goes up MIT lowers the price of the flour and vice versa. For accounting purpose MIT sells all the wheat to bakeries at the cost price “a moving average of the purchase cost plus logistics expenses”, then approves the subsidized quantities to bakers, then subtract the subsidies from the bills of approved subsidized quantities.

Subsidized bread is almost 90 percent of all bread sold in Jordan, the ton sold at \$220 MT while the actual market price is ranging between \$500- \$575 MT according to MIT public published figures, GoJ experts believe there is at least \$100 million waste in the bread subsidy system that channeled into corruption and malpractice, most of it goes by using the subsidized flour to produce fancy products.

### **Climate change and agriculture**

While the world leaders convene in Paris to discuss the global impact of Climate Change, the small farmers of Jordan feel the impact on their lively hood, the recent severe climate incidences took place in the Levant region does strip them off of the resources, the intense sand storms, the severe winds, the intense rain that creates devastating floods and the unprecedented low temperatures have had an adverse accumulative effect on their produce. Jordan’s one top exports is the fresh produce of fruits and vegetables mainly during winter season, the comparative advantage of Jordan valley enables producing summer crops when no one else in the region can.