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Required Report - public distribution

Date: 4/4/2016

GAIN Report Number: JO16002

Jordan

Grain and Feed Annual

The US will continue to be the top rice supplier to Jordan in MY16/17 at 100,000 MT.

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Report Highlights:

Grain traders remain wary of supplying wheat and barley to the Government of Jordan (GoJ), due to a rejection of a shipment of 100,000 MT of Polish wheat by Jordan Food and Drug Administration. The GoJ is trying hard to regain traders' confidence, nonetheless, despite few traders participating in tenders, it has successfully contracted its wheat and barley needs for MY2015/16.

In MY2016/17 wheat imports are forecast to reach 1.2MMT, no wheat is expected from the U.S. U.S.

corn imports are forecast at 75,000 MT, and U.S. rice imports 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 MY2016/17, Jordan's wheat consumption is forecast to reach 1.2 million metric tons (MMT); none is expected to be imported from the U.S. While barley consumption will increase by 3 percent to 925TMT from MY2015/16. The key suppliers of wheat and barley will be Black Sea sources, mainly Romania, Russia, and Ukraine.

In MY 2016/17, corn imports are expected to reach 680,000 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. In MY2015/16, due to average rainfall, production remained stable at 20,000 MT, providing close to three 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 1,220 MT, a 10 percent increase from MY2015/16. The increase is driven by the influx of Syrian refugees, which began in early 2012. 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.

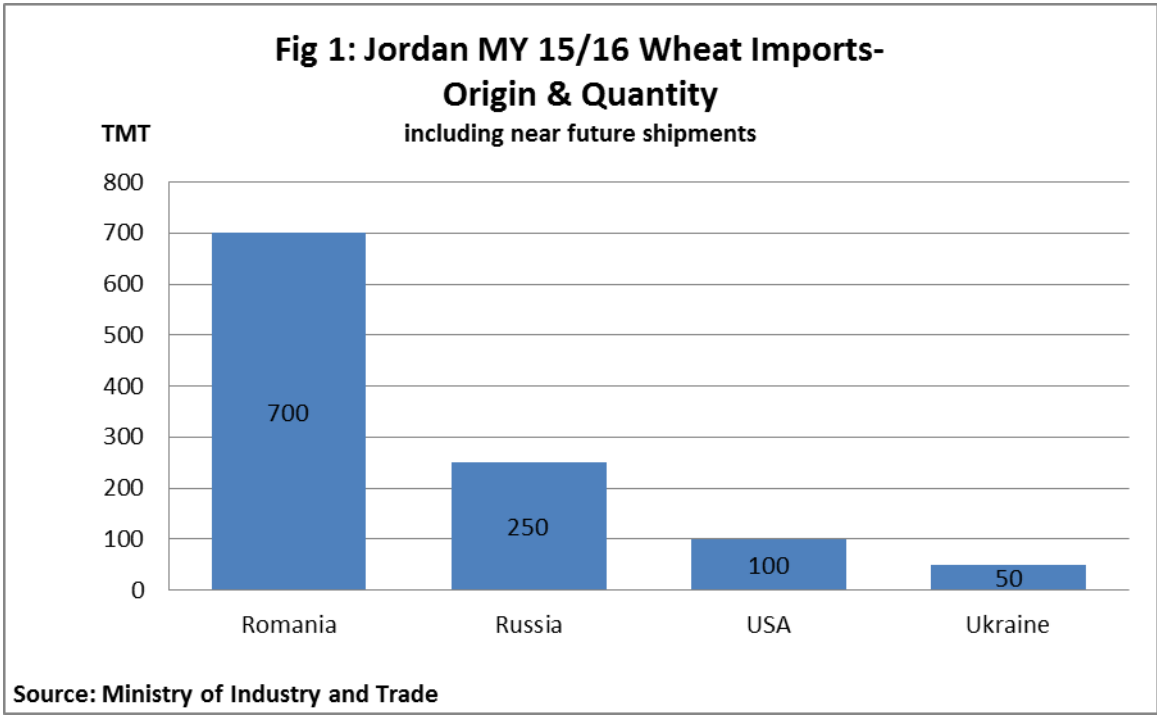
Trade:

In MY 2016/17, wheat imports are expected to increase by 22 percent to 1,220 TMT from Post's MY 2015/16 forecasted imports of 1,000 TMT, which were revised down from USDA's estimate of 1,150 TMT due to suppliers' wariness to participate in bids after a shipment of 100,000 MT of Polish wheat was rejected on what traders consider to be unsubstantiated grounds. Therefore, it is expected that the GoJ will aggressively purchase wheat to replenish their dwindling inventories. Black Sea wheat will remain more competitive than other sources, especially U.S. wheat, due to its proximity to Jordan.

In MY2015/16, including contracts to be shipped through June of 2016, the top wheat origin is Romania, followed by Russia and Ukraine (figure 1). U.S. wheat exports account for 100 TMT all of which will be 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 requirement’s 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.](#)

The impasse between the Government of Jordan (GoJ) and traders seems to be abating after the MIT and JFDA signed a memorandum of understanding outlining the role of each in the wheat tendering process. This seems to have assuaged traders who have started making offers on MIT’s tenders, however, traders are cautious and have stated that trade must flow smoothly over a period of time in order to fully regain trust.



Stocks:

In MY2016/17, Post forecasts ending stocks at 339 TMT. MY2015/16 stocks are revised down to 319 TMT from USDA's official forecast of 539 TMT, as suppliers abstained from submitting offers due to, what they consider to be, an unwarranted rejection of Polish wheat by JFDA.

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 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 /MT), and the subsidized price that goes as low as \$50/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 Jordan	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	15	15	15	20	0	20
Beginning Stocks	328	328	489	509	0	319
Production	20	20	25	25	0	25
MY Imports	1161	1188	1150	1000	0	1220
TY Imports	1161	1188	1150	1000	0	1220
TY Imp. from U.S.	0	0	0	100	0	0
Total Supply	1509	1536	1664	1534	0	1564
MY Exports	3	10	10	100	0	10
TY Exports	3	10	10	100	0	10
Feed and Residual	17	17	15	15	0	15
FSI Consumption	1000	1000	1100	1100	0	1200
Total Consumption	1017	1017	1115	1115	0	1215

Ending Stocks	489	509	539	319	0	339
Total Distribution	1509	1536	1664	1534	0	1564
(1000 HA) ,(1000 MT)						

Commodities:

Barley

Production:

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

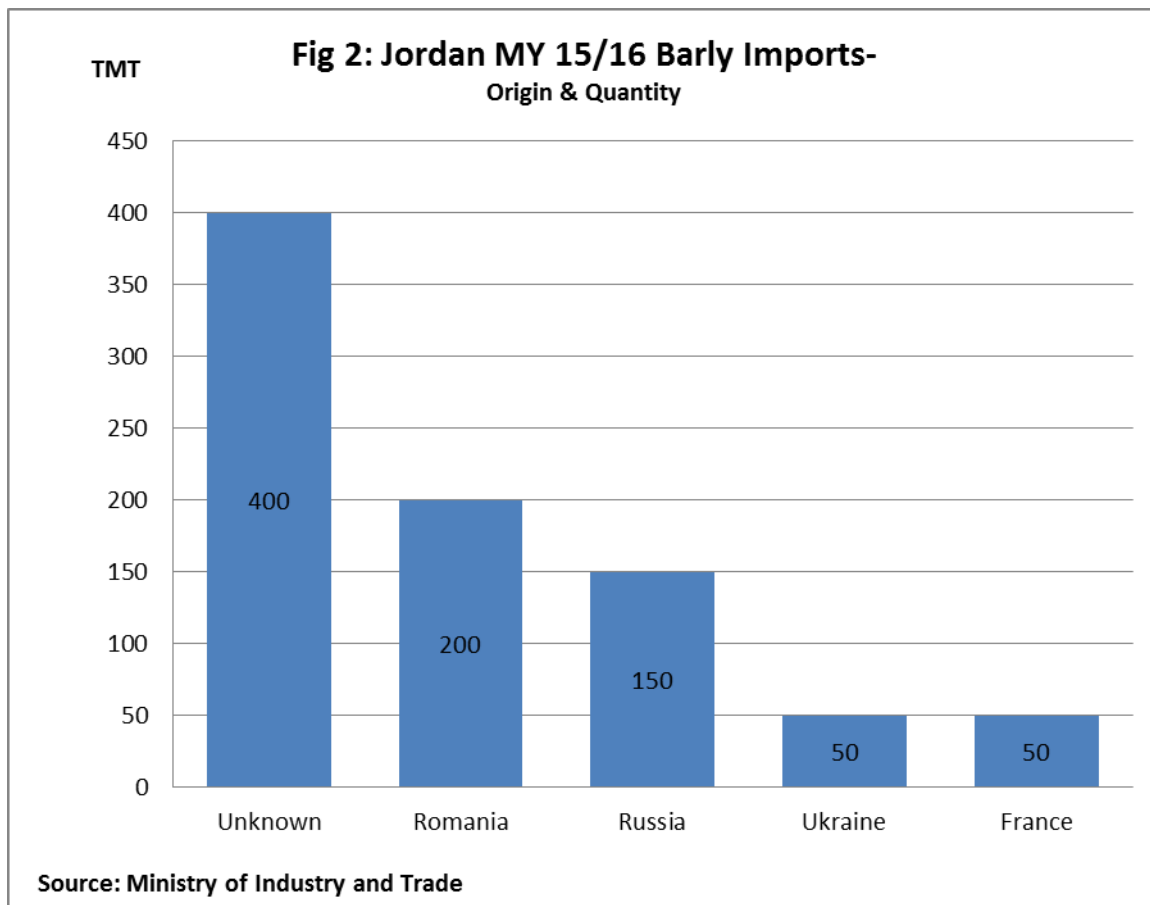
Consumption:

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 the 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 sheepherder 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 to be 1,000 TMT. The 150,000 MT increase would be to offset the shortage in MY2015/16 as traders' became reluctant of supplying the government with commodities, due to its rejection of 100,000 MT of Polish wheat.. Barley suppliers are 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 available country of origin data covers what has been shipped, MIT contracts stipulate that origin of pending shipments can be reported at the time of shipping (figure 2).



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 profit by offering a lower price than the government's set price, effectively undercutting the program's goal.

Stocks:

In MY 2016/17, Post expects increased ending stocks of 429,000 MT, as traders resume making offers on the GoJ's tenders. MY 2015/16 stocks are revised down from USDA's official forecast of 379TMT, to 334 TMT, as traders' unwillingness to bid on GoJ's tenders, resulted in lower imports to cover existing stocks.

Barley's inventory amount is less than the GOJ's policy of strategic stocks that requires meeting 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 price 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	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30	0	25	0	0	0
Beginning Stocks	439	439	504	504	0	334
Production	25	25	25	30	0	20
MY Imports	890	890	700	700	0	1000
TY Imports	759	759	800	800	0	1000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1354	1354	1229	1234	0	1354
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	850	850	850	900	0	925
FSI Consumption	0	0	0	0	0	0
Total Consumption	850	850	850	900	0	925
Ending Stocks	504	504	379	334	0	429
Total Distribution	1354	1354	1229	1234	0	1354
(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 655,000 MT. The growth in consumption over the last few years 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 billion, however, it will not grow as aggressively as the dairy sector, yet it will consume 70 percent of the imported corn.

In addition to the shortfall in Syria, the drop in commodity prices, mainly corn and soy meal, encouraged many large poultry operations to expand their farms. This triggered an oversaturated market that is currently in crisis as it's been unable to deal with its surplus production. In light of this, on March 9, 2016, egg producers and traders agreed to curb production and limit imports by allocating production and import quotas. This is currently impacting U.S. poultry exports as Jordan is implementing all type of non-tariff barriers to limit U.S. poultry from entering the country, in clear violation of Jordan's WTO and Jordan-US FTA commitments.

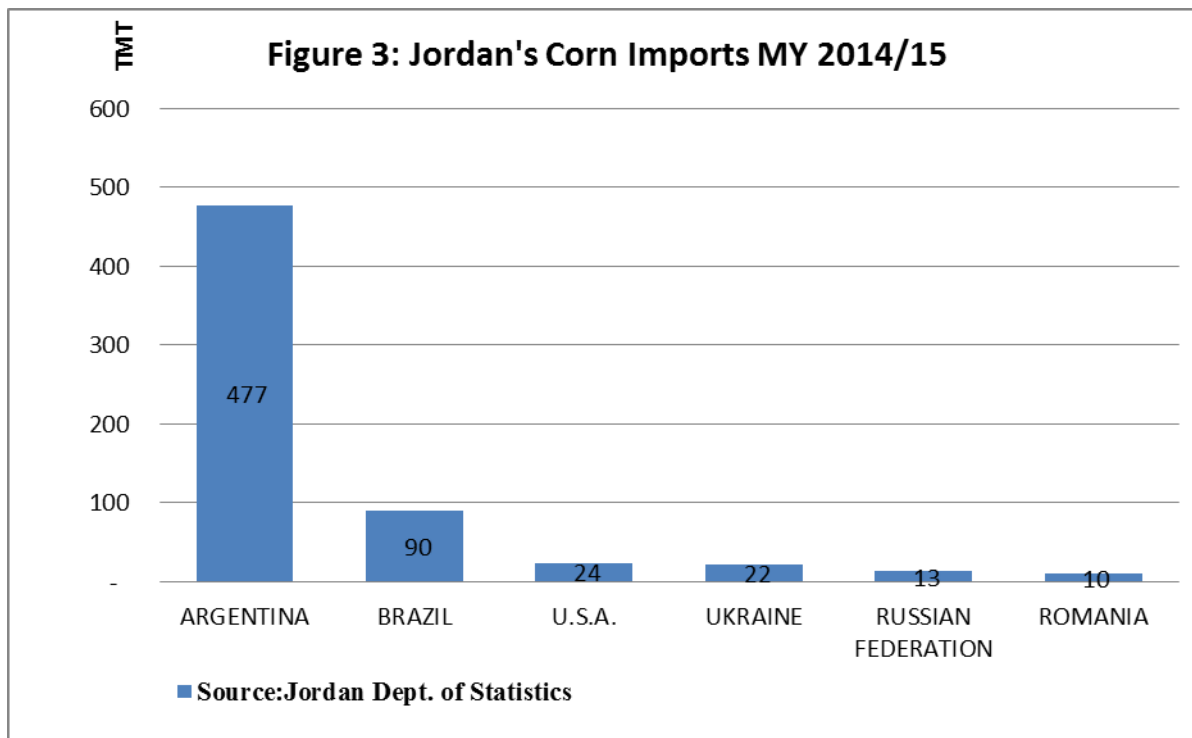
Local poultry production is around 200 TMT/year with 50-70 TMT of poultry imports, part of which goes to food processing factories. GoJ reports indicate that egg production increased more than 60 percent over the last two years, currently producing almost a billion eggs.

Trade:

In MY 2016/17 imports are expected to be 680 TMT. In MY2015/16, corn imports are being revised down from USDA estimates to 645 TMT. The decrease is in proportion to the current crisis facing the poultry industry, as they scale down production due to oversupply.

In MY2016/17, U.S. origin corn imports are expected to be at the same level as in MY2015/16, 40,000 MT, however, traders have complained of the low quality of U.S. corn, making it less attractive than corn from other origins. The market is 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, Argentinean and Brazilian importers are more versatile, accommodating shipments of 10,000-15,000 MT that the market requires.

Figure 3 covers corn trade up to October 2015



Stocks:

Only a nominal amount of corn, not exceeding 15 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	0	1	1	0	1
Beginning Stocks	61	61	61	56	0	11
Production	10	10	10	10	0	10
MY Imports	700	659	675	645	0	680
TY Imports	700	659	675	645	0	680
TY Imp. from U.S.	80	40	0	24	0	75
Total Supply	771	730	746	711	0	701
MY Exports	25	24	25	40	0	36
TY Exports	25	24	25	40	0	36
Feed and Residual	675	640	650	650	0	650
FSI Consumption	10	10	10	10	0	5
Total Consumption	685	650	660	660	0	655
Ending Stocks	61	56	61	11	0	10
Total Distribution	771	730	746	711	0	701

(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:

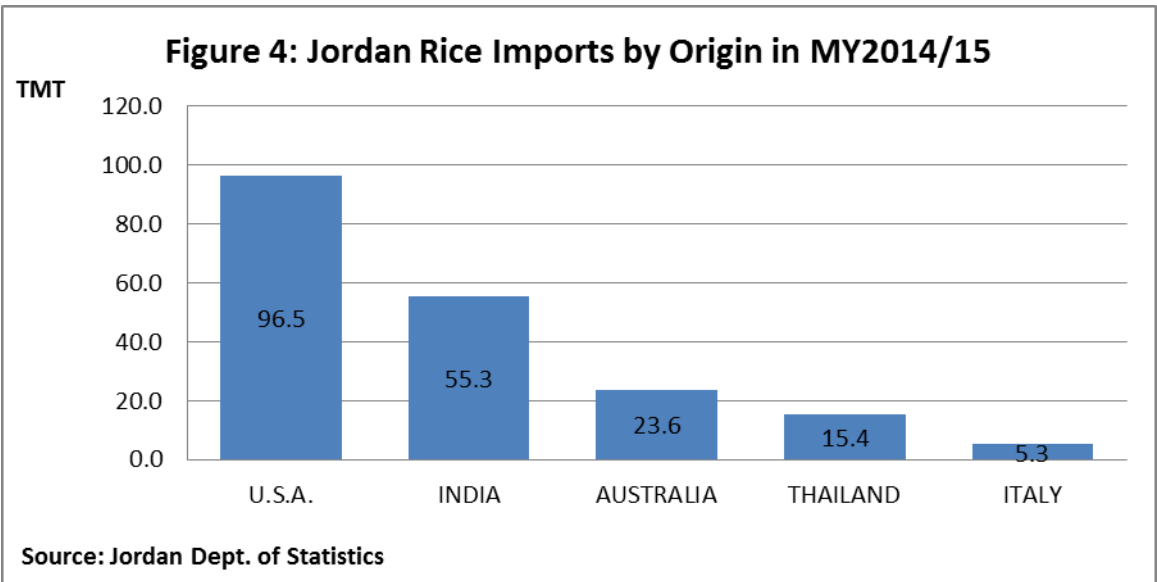
MY2016/17 consumption is expected to be 200,000 MT. Rice is a staple of the Jordanian diet widely used in one of their traditional dishes called “mansef”, with an average annual consumption of about 24 kg per person, consumption increases in line with the country's population growth. The preferred variety 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 2016/17, imports are expected to reach 210,000 MT. U.S. market share for rice is expected to remain steady at nearly 50 percent, close to 100,000 MT. Although the price is relatively higher than other origins, 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 EU, Thailand, India and Australia (figure 4). Most Asian rice is long grain that is a bit higher in price than the medium and less preferred in the local recipes, the long

grain’s market share has grown from less than 25 to almost 30 percent of the market share over the last 5 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.

The rice in food aid is usually bought by individuals, companies, institutions and international organization from the local market and then given to refugees; the UN agencies provide refugees with food stamps used to buy basic food from the private outlets.

Production, Supply and Demand Data Statistics:

Rice, Milled	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2016	
Jordan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	11	11	11	12	0	15
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	200	196	200	209	0	210
TY Imports	200	196	200	209	0	210
TY Imp. from U.S.	0	96	0	96	0	100
Total Supply	211	207	211	221	0	225
MY Exports	0	5	0	1	0	1
TY Exports	0	5	0	1	0	0
Consumption and Residual	200	190	200	205	0	208
Ending Stocks	11	12	11	15	0	16
Total Distribution	211	207	211	221	0	225
(1000 HA) ,(1000 MT)						