

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary _ Public

Date: 2/16/2016

GAIN Report Number: JO16001

Jordan

Post: Amman

February Morsels

Report Categories:

Agriculture in the News

Approved By:

Orestes Vasquez

Prepared By:

Mohamed Khraishy

Report Highlights:

Tidbits on Jordan's agricultural situation.

General Information:

Sheep Exports

Although the country depends 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.

The sheep industry's 2 million head rely on a grain diet during the harsh summertime, which is highly subsidized by the Ministry of Industry of Trade (MIT), importing 0.7 million MT of barley annually. MIT sells the barley at a subsidized price of \$250/ MT to small herders, while selling it to the feed industry at \$ 320/MT for use in dairy and poultry rations. MIT also sells the subsidized bran at \$110/ MT, and \$ 200/ MT in the market.

Colombia Up-and-coming Supplier of Cattle

In 2015, imports of cattle surged to 40,000 head of beef cattle, mainly from Colombia due to lower prices, contravening the historic trend of sourcing from Brazil and Uruguay. The beef cattle are slaughtered in-country to meet the needs of lower middle class consumers.

However, the latest vessel of 9,000 heads of Colombian faced a negative media-campaign spearheaded by a special interest trader claiming that the cattle are infected by vesicular stomatitis; a disease has been removed from the quarantine list of the OIE. The case is under scrutiny by the Jordanian Anti-Corruption Corporation. Experts believes the case is unfounded and triggered by a commercial competition grudge.

Jordan could be a market for U.S. cattle in the current environment of declining commodity prices, but the industry would need a sound market strategy to capitalize on the Jordanian market.

Rain

On February 3, a cold front hit the country bringing on heavy rains and snowfall, which fed into the country's dams with about 10 million cubic meters (mcm) of water. Increasing the country's dams' capacity to over 186 mcm, or 57 percent of their overall storage capacity.

The storm helps alleviate Jordan's chronic water problem as well as aiding the Ministry of Water and Irrigation (MWI) plans to meet the growing water needs for human and agriculture purposes by maintaining strategic storage levels in the dams. MWI plans include storage levels of 400 mcm, which will be accomplished by building six new dams, including the Kufranjah Dam which is in its completion stage. When implemented, these projects will make Jordan one of the world's leading countries in water storage efficiency.

Polish Wheat and Silo Expansion

The controversial ADM Polish wheat has finally been exported. MIT sold the shipment for \$7.5 million with a total loss of \$10 million, after JFDA ruled in January 2015 as unfit for human consumption. The drawn-out process was compounded due to the Port of Aqaba's lack of infrastructure to load cargo onto ships. This has prompted the government to request the Aqaba Development Company to expand its silo capacity to 200,000 MT from 100,000 MT, including the installation of two elevators with a downloading capacity of 800 MT/hour, raising the port's capability to 2400 MT/hour.

Despite Hiccups in its Wheat Tenders, Stocks are Plentiful

On February 1, MIT announced that the country's wheat inventory is 895 thousand metric tons (TMT), of which 640 TMT are inside the country and 250 TMT contracted or on sea. The inventory would be sufficient for 10 months of consumption. The country's consumption increased in five years from 720 TMT to 1,115TMT, mostly due to the influx of Syrian refugees for the surge in demand.

The impasse between the Government of Jordan (GoJ) and traders seems to be over after MIT and Jordan Food and Drug Administration(JFDA) signed a memorandum of understanding with MIT outlining the role of each in the wheat tendering process. This seems to have assuaged traders who have started to make offers on MIT's tenders.