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Grain Imports to Suffer as Jordan Struggles with Low Growth in 2020

Country: Jordan

Post: Amman

Report Category: Grain and Feed

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Report Highlights:

Jordan is dependent on grain imports, any disruption to trade will jeopardize the country's food security and its stability. FAS Amman forecasts wheat imports in marketing year (MY) 2020/21 at 850,000 metric tons (MT), down 50,000 MT or 5.5 percent lower compared to the USDA official MY 2019/20 estimate of 900,000 metric tons. The drop is due to the Ministry of Industry Trade and Supply scaling back purchases of wheat for its targeted assistance programs. Corn imports in MY 2020/21 are forecast at 675,000 MT, down 325,000 MT or 32.5 percent lower than the USDA official MY 2019/20 estimate of 1.0 million metric tons. The drop in imports is due to decreased demand for corn by the poultry and dairy sectors and due to excess inventory in MY 2019/20. Rice imports in MY 2020/21 are forecast at 215,000 MT, down 35,000 MT or 14 percent lower than the USDA official 2019/20 estimate of 250,000 metric tons. Imports of U.S.-origin rice at 100,000 MT, will account for almost half of the market share.

EXECUTIVE SUMMARY

The Hashemite Kingdom of Jordan's (Jordan) real gross domestic product (GDP) growth will remain weak through 2020, growing by 2.0-2.2 percent due to sluggish domestic and external demand. Economic constraints are reportedly expected to commence to slacken in the 2021-24 period, seeing growth averaging around three percent. High unemployment of around 19 percent, remains a concern and could exacerbate already low disposable income of most Jordanians. However, despite discontent with the government's austerity measures, the Jordanian population remains wary of radical change. The Jordanian government aims to continue to provide support for low-income groups, underpinning spending power, to help offset subsidy reductions.

It is anticipated that trade and investment in two of Jordan's traditional markets of Iraq and Syria will increase. The border crossings between Jordan and Iraq and Syria have been reopened, but security concerns are limiting trade growth. Transshipments to neighboring countries stand to benefit from the Port of Aqaba's expansion. The government recently announced plans to build a rail freight link between Aqaba and Ma'an, with an onward link the Maddouneh dry port near Amman. This is expected to begin during the second half of 2020. FAS Amman (Post) is receiving growing interest by traders to explore utilizing the U.S. Department of Agriculture (USDA) [Export Guarantee Program \(GSM-102\)](#), following the approval of the Jordan Kuwait Bank's registration and participation in the program, aiming to transship U.S.-origin food and agricultural products to Iraq.

Jordan is dependent on grain imports, any disruption to trade could jeopardize the country's food security. FAS Amman forecasts Jordan's wheat production in marketing year (MY) 2020/21 (July-June) to reach some 25,000 metric tons (MT), largely unchanged from the USDA official MY 2019/20 estimate of 25,000 metric tons. Jordan's wheat imports in MY 2020/21 are forecast to reach 850,000 MT, down 50,000 MT or by 5.5 percent compared to the USDA official MY 2019/20 estimate of 900,000 metric tons. The drop is attributed to the Ministry of Industry Trade and Supply scaling back purchases of wheat for its targeted assistance programs. The Black Sea region, primarily Romania remains Jordan's main wheat supplier given its lower freight costs compared to U.S.-origin wheat.

Jordan's corn production is negligible. FAS Amman forecasts corn imports in MY 2020/21 at 675,000 MT, down 325,000 MT or 32.5 percent lower than the USDA official MY 2019/20 estimate of 1.0 million metric tons. The drop in imports is due to decreased demand for corn by the poultry and dairy sectors and due to excess inventory in MY 2019/20.

With agriculture accounting for half of the water supply's consumption, Jordan is shying away from production of water demanding rice. FAS Amman forecast Jordan's rice imports in MY 2020/21 at 215,000 MT, down 35,000 MT or 14 percent lower than the USDA official 2019/20 estimate of 250,000 metric tons. Imports of U.S.-origin rice are forecast at 100,000 MT, accounting for almost half of the market share.

WHEAT

Production, Supply and Demand Data Statistics:

Wheat Market Begin Year Jordan	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	30	30	20	20	0	30
Beginning Stocks	444	444	351	394	0	414
Production	25	30	25	25	0	25
MY Imports	782	825	900	900	0	850
TY Imports	782	825	900	900	0	850
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1251	1299	1276	1319	0	1289
MY Exports	10	10	10	10	0	10
TY Exports	10	10	10	10	0	10
Feed and Residual	15	20	15	20	0	20
FSI Consumption	875	875	875	875	0	859
Total Consumption	890	895	890	895	0	879
Ending Stocks	351	394	376	414	0	400
Total Distribution	1251	1299	1276	1319	0	1289
Yield	0.8333	1	1.25	1.25	0	0.8333
(1000 HA), (1000 MT), (MT/HA)						

PRODUCTION

FAS Amman (Post) forecasts Jordan's wheat production in marketing year (MY) 2020/21 (July-June) to reach some 25,000 metric tons (MT), largely unchanged from the U.S. Department of Agriculture (USDA) official MY 2019/20 estimate of 25,000 metric tons. Higher precipitation levels will allow for a slight expansion in area harvested in MY 2020/21, rising by some 10,000 hectares to 30,000 hectares. Yield's, however, are expected at 0.833 MT per hectare, weaker than in MY 2019/20 despite increases in area harvested.

Jordan, notwithstanding seeing more rain this season, remains an insignificant producer of wheat. The country remains dependent wheat imports (mainly from the Black Sea region) for almost the entirety of its wheat flour milling needs. Jordan's total production can easily fit in a single handy-size dry bulk carrier (the industry standard is about 32,000 MT of deadweight on a summer draft of 10 meters).

CONSUMPTION

FAS Amman forecasts Jordan's total wheat consumption in MY 2020/21 at roughly 879,000 MT, down some 11,000 MT or just over one percent lower compared to the USDA official MY 2019/20 estimate of 890,000 metric tons. Jordan's Ministry of Industry, Trade and Supply (MoITS), the state entity responsible foreign-origin wheat purchases for the country's targeted assistance programs, is scaling back imports due to the economic hardship the country is facing in the near-term. Post also attributes the drop in consumption levels to families tightening their belts to spend less on food.

Wheat consumption in previous years experienced unprecedented growth due to the heavy influx of refugees displaced by the civil war in neighboring Syria. Jordan counts today with a population of 10.8 million, growing at about 1.4 percent per annum (Central Intelligence Agency - July 2020 estimate); this

estimate reflects assumptions about the net migration rate due to the increased flow of Syrian refugees. Syrians today make up over 13 percent of Jordan's population, followed by Palestinians (6.7 percent) and Egyptians (6.7 percent). Prior to 2012, Jordan had a population of 6.2 million. The country is experiencing an influx of returning Jordanian expatriates from the countries of the Cooperation Council for the Arab States of the Gulf (GCC), in addition to Egyptian, Yemeni, and Libyan nationals in recent years.

The conflict in Syria resulted in the influx of over 655,000 UN-registered Syrian refugees (80 percent live in Jordan's urban areas). There are over 745,000 UN-registered refugees (various nationalities) in Jordan as of January 2020. Jordan's census (as of early 2016) put the numbers of refugees at about 1.3 million. Currently CIA estimates put the number of refugees in Jordan at almost 3 million; with over 2.2 million Palestinian, 655,435 Syrian, 67,266 Iraqi, 14,730 Yemeni, 6,116 Sudanese, and some 2,500 other refugees from a total of 52 other nationalities. Progress towards resolution of the Syrian and Iraqi conflicts led to the reopening of some border crossings and export transit routes. This facilitated the return of some Syrian refugees to their home country in December 2018, but returnee numbers today have dwindled to just about nil.

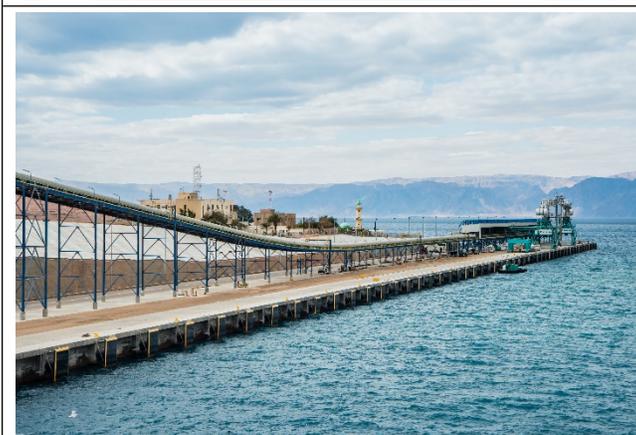
TRADE

FAS Amman forecasts Jordan's wheat imports in MY 2020/21 to reach 850,000 MT, down 50,000 MT or 5.5 percent compared to the USDA official MY 2019/20 estimate of 900,000 metric tons. Post attributes the drop in imports to the MoITS scaling back its purchases of wheat for the country's targeted assistance programs. The Black Sea region, primarily Romania will likely remain Jordan's main wheat supplier for the foreseeable future given its lower freight costs compared to U.S.-origin wheat.

Aqaba New Port Expansion: The Port of Aqaba is in the process of completing a major expansion to its bulk carrier vessel offloading and silo storage capabilities. The new facility (bordering the Saudi Arabian border) is already two-thirds operational. It permits improved dockside discharge for grains, with port depth averaging 16-18 meters.

The discharge of a 35,000 MT dry bulk carrier vessel can now be done in 3-4 days. Silo storage capacity has been expanded to 200,000 MT with an additional 100,000 MT coming online in the near-term. The facility also counts with some 20,000 MT capacity for open-air plots for silo bag storage.

The Port of Aqaba is the only seaport in Jordan. The country only counts with 26 kilometers of coastline.



NOTE: Grain elevator and silos at the Aqaba New Port, by the Durra border crossing to Saudi Arabia.
SOURCE: FAS Amman/Cairo.

STOCKS

FAS Amman forecasts Jordan's wheat ending stocks in MY 2020/21 at 400,000 MT, up by some 24,000 MT or up about six percent compared to the USDA official MY 2019/20 estimate of 376,000 metric tons. Post sees ending stocks slightly increasing due to higher domestic production levels concurrently when the food, seed, and industrial (FSI) consumption level is forecast to drop by two percent to about 859,000 MT in MY 2020/21 compared to the USDA official estimate of 875,000 MT in MY 2019/20. Regional instability continues to challenge Jordan's food security, the government for much of the foreseeable future will aim to bank at a minimum supply of four-to-five months of wheat stocks.

POLICY

In 2018, the Ministry of Industry and Trade and Supply replaced the bread subsidy program with targeted assistance, setting new bread prices. The ministry continues to set price caps for bread, but no longer directly subsidizes the product to bakeries. Jordan has the necessary reserves of wheat (i.e., both delivered and contracted purchases) to meet current domestic supply needs. Jordan is an insignificant producer of wheat and depends on imports. Bakery and other non-subsidized products remain unaffected.

MARKETING

The Ministry of Industry, Trade and Supply previously sold imported wheat to local millers at a non-commercially competitive set price. Wheat prices today are set on a moving average of the inventoried wheat's cost, which includes the purchase price, storage, and transportation costs. Jordanian millers sell the flour to bakers under the ministry's supervision (see [GAIN-JORDAN \(JO2019-1127\) Jordan Grain and Feed Annual 2019](#)).

BARLEY

Production, Supply and Demand Data Statistics:

Barley Market Begin Year Jordan	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	25	25	25	25	0	25
Beginning Stocks	272	272	208	193	0	213
Production	20	20	20	20	0	20
MY Imports	916	901	1100	1100	0	1000
TY Imports	928	901	1100	1100	0	1000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1208	1193	1328	1313	0	1233
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1000	1000	1100	1100	0	1000
FSI Consumption	0	0	0	0	0	0
Total Consumption	1000	1000	1100	1100	0	1000
Ending Stocks	208	193	228	213	0	233
Total Distribution	1208	1193	1328	1313	0	1233
Yield	0.8	0.8	0.8	0.8	0	0.8
(1000 HA), (1000 MT), (MT/HA)						

PRODUCTION

Jordan's barley production is negligible. Barley's main use is for animal grazing and fodder.

CONSUMPTION

FAS Amman forecasts Jordan's total barley consumption in MY 2020/21 (July-June) at 1.0 million metric tons, down 100,000 MT or nine percent lower than the USDA official MY 2019/20 estimate of 1.1 million metric tons. Higher precipitation levels are resulting in a prolonged grazing season, allowing herders to cut back on barley feed for their animals.

Sheep fodder in Jordan largely includes barley. To a lesser extent, barley is included in dairy cattle and poultry feed rations. Barley use continues to drop following the 2012 implementation of the animal tagging/registration system. Shepherds receive subsidized barley according to the number of tagged animals, which is restricted to ten. Farmers attempt to circumvent the limitation by splitting herds among family members.

TRADE

FAS Amman forecasts Jordan's barley imports in MY 2019/20 at 1.0 million metric tons, down 100,000 MT from the USDA official MY 2019/20 estimate of 1.1 million metric tons.

Post attributes the decline in barley imports to reduced use of barley as a feed component in sheep production. This is occurring at a time when a smaller number of animals are being maintained, while also there are increased exports to some of the Gulf countries (namely Kuwait, the United Arab Emirates, and Bahrain). Silage and corn continue to replace barley usage in dairy animal and poultry feed formulations.

The Jordanian government is the country's main barley importer, it sets domestic sell prices. The price is an average of different origins' prices and delivery dates, plus storage and handling costs, minus the subsidized discount (ranges \$10.00 to \$50.00 per metric ton). The Black Sea region, primarily Romania is the main barley supplier (followed by Russia and Ukraine).

STOCKS

FAS Amman forecasts Jordan's barley ending stocks in MY 2020/21 at 233,000 MT, up two percent, or 5,000 MT higher compared to the USDA official MY 2019/20 estimate of 228,000 metric tons.

Official policy centers on ensuring availability of enough stocks. The Jordanian government also times its purchases to obtain favorable prices. Post does not anticipate any major changes in the government's policy; inventory levels will remain stable (i.e., maintain ten-months of stocks at current consumption levels).

POLICY

Only sheep and goat farmers receive subsidized barley. The subsidy program excludes commercial dairy cattle and poultry farms. The animal tagging/registration project has established a reliable ruminant animal database, replacing the previous outdated animal census.

MARKETING

The Ministry of Industry, Trade and Supply solicits bids through traders that meet stipulated standards. Ministry purchased barley is then sold at a subsidized price to shepherds.

CORN

Production, Supply and Demand Data Statistics:

Corn Market Begin Year Jordan	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	0	1	1	0	1
Beginning Stocks	10	10	10	20	0	95
Production	10	10	10	10	0	10
MY Imports	738	850	1000	810	0	675
TY Imports	738	850	1000	810	0	675
TY Imp. from U.S.	1	10	0	0	0	25
Total Supply	758	870	1020	840	0	780
MY Exports	25	20	20	20	0	20
TY Exports	25	20	20	20	0	20
Feed and Residual	718	820	970	720	0	720
FSI Consumption	5	10	10	5	0	5
Total Consumption	723	830	980	725	0	725
Ending Stocks	10	20	20	95	0	35
Total Distribution	758	870	1020	840	0	780
Yield	10	0	10	10	0	10
(1000 HA) ,(1000 MT) ,(MT/HA)						

PRODUCTION

Jordan's corn production remains negligible, annual production is forecast in MY 2020/21 (October-September) at under 10,000 metric tons. Domestic corn production is largely dedicated to human consumption (i.e., as corn on the cob), however, part of it does go to produce silage. There is no biotechnology (biotech) corn cultivation in Jordan (see [GAIN-JORDAN \(JO-2019-0002\) – Agricultural Biotechnology Annual 2019: Jordan's Agricultural Biotechnology Regulations Remain Unchanged](#)).

CONSUMPTION

FAS Amman forecasts Jordan's corn consumption in MY 2020/21 at 725,000 MT, down 255,000 MT or 26 percent lower than the USDA official MY 2019/20 estimate of 980,000 metric tons. Post attributes the drop in consumption largely to poultry and dairy producers downsizing production. In recent years both sectors have experienced unsustainable overexpansion.

Large integrators are curbing production; cuts of 10-15 percent are forcing smaller producers to exit the market. The government has established a policy to restrict imports of poultry and dairy products to protect local industries from imports. Additionally, the government administers "unofficial" quota system to control poultry imports.

TRADE

FAS Amman forecasts Jordan's corn imports in MY 2020/21 at 675,000 MT, down 325,000 MT or 32.5 percent lower than the USDA official MY 2019/20 estimate of 1.0 million metric tons. Post attributes the drop in imports to decreased demand for feed corn by the poultry and dairy sectors and due to excess inventory in MY 2019/20.

The [Jordan-U.S. Free Trade Agreement](#) no longer provides a tariff advantage for U.S.-origin corn; all foreign-origin corn imports are tariff exempt today. Argentina (the world's third largest corn exporter and a major soybean producer) and Brazil currently supply over 90 percent of all imports. Argentine and Brazilian corn exporters ship smaller volumes (i.e., 10,000-15,000 MT range), which often (cash-strapped) Jordanian importers prefer. Argentina increased its export taxes on corn in December 2019, to 12 percent (up from 6.7 percent), taxes on the soybean complex are also now up three percent to 33 percent (see [GAIN-ARGENTINA \(AR2020-0008\) New Export Tax Rates in Argentina](#)), which will likely reduce the volume of corn available for export through reductions in planting area.

STOCKS

Only nominal amounts of corn are stored by poultry farmers, usually just enough to meet their immediate monthly needs. Jordan's private sector has invested adequately in corn storage facilities.

FAS Amman is estimating higher than normal ending stocks of 95,000 MT in MY 2019/20, attributing the 75,000 MT difference with the USDA official figure of 20,000 MT to a rush of corn purchases by Jordan's largest importers in late 2019 (i.e., to take advantage of dropping prices) that are not likely to be completely and or quickly absorbed by the country's poultry and dairy sectors. The main importers have consequently moved aggressively to rent silo storage space. Post foresees slightly larger than normal ending stocks carrying over as being stocks into MY 2020/21 in the amount of 95,000 metric tons. During the first three months of 2020, no new corn orders have been booked. Post foresees the market balancing itself out in MY 2020/21, with ending stocks returning to a more normal level of 35,000 metric tons.

POLICY

Jordan does not place restrictions on the corn trade. Specifications for corn follow U.S. standards. Issues that have arisen pertain to broken kernels; consignments with breakage above 7.5 percent may face rejections. Corn shipments that exceed the established maximum-residue-limit (MRL) for aflatoxins, which is equivalent to the U.S. standard, are also subject to rejection.

MARKETING

Corn in Jordan is imported and distributed through private sector traders. Corn is usually unloaded directly to trucks that deliver it immediately to dairy and poultry farms.

RICE, MLLED

Production, Supply and Demand Data Statistics:

Rice, Milled Market Begin Year Jordan	2018/2019		2019/2020		2020/2021	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	16	16	16	23	0	20
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	230	210	250	210	0	215
TY Imports	230	210	250	210	0	215
TY Imp. from U.S.	93	91	0	95	0	100
Total Supply	246	226	266	233	0	235
MY Exports	0	3	0	3	0	5
TY Exports	0	3	0	3	0	5
Consumption and Residual	230	200	240	210	0	210
Ending Stocks	16	23	26	20	0	20
Total Distribution	246	226	266	233	0	235
Yield (Rough)	0	0	0	0	0	0

(1000 HA), (1000 MT), (MT/HA)

PRODUCTION

With agriculture accounting for half of the water supply's consumption, Jordan is shying away from production of water demanding rice. Jordan is one of the world's driest countries. It has one of the lowest levels of per capita water availability (150 cubic meters). The Syrian crisis has dramatically increased the country's population (which is on track to double by 2047), making meeting water demand even more critical. Notwithstanding the wetter than normal 2019/20 winter, shifting precipitation patterns in the region are aggravating the situation where already more than 90 percent of rainfall evaporates or runs off. Jordan is drawing groundwater at twice the rate-of-recharge by some estimates.

CONSUMPTION

FAS Amman forecasts Jordan's rice consumption in MY 2020/21 at 210,000 MT, down 30,000 MT or 12.5 percent lower than the USDA official 2019/20 estimate of 240,000 metric tons. Post attributes lower rice consumption to increasingly tighter economic conditions in the country.

Rice is a staple of the local diet; annual consumption is slightly under 18 kilograms per person. *Camolino* rice (medium grain) is preferred (and constitutes over 50 percent of imports). Long grain white rice, basmati, and jasmine rice are also imported.

TRADE

FAS Amman forecasts Jordan's rice imports in MY 2020/21 at 215,000 MT, down 35,000 MT or 14 percent lower than the USDA official 2019/20 estimate of 250,000 metric tons. Jordan, with no local rice production of its own, is completely dependent on foreign-origin rice imports. Post attributes lower rice imports as a result of reduced consumer consumption due tighter economic conditions.



NOTE: Billboard signage within greater Amman.
SOURCE: FAS Amman/Cairo.

Post forecasts Jordan imports of U.S.-origin rice at around 100,000 MT, accounting for almost half of the market share. Although U.S.-origin rice is priced higher, market development efforts continue to pay dividends. Jordanians have developed a preference for U.S. rice. Other major rice suppliers are India, Thailand, and Australia.

The bulk of Asian-origin rice is lower-cost, long grain white rice. Aromatic and basmati rice are also imported, but in lesser quantities. Long grain rice's market share has grown to 30 percent due to its lower price. India- and Hong Kong-origin basmati rice have experienced detection and rejection issues due to higher than acceptable pesticide residue levels.

Jordanian authorities indicate that the country's MRLs for pesticides are higher than European Union set ones for imported rice. Higher detection levels, leading to shipment rejections is causing some shortages in the Jordanian market. Sources indicate that a national committee, integrated by the Ministry of Agriculture, Jordan Food and Drug Administration, and Jordan Standards and Metrology Organization is now in place. Post is unaware of any U.S.-origin rice (i.e., non-fumigated, California-origin rice) rejections.

STOCKS

There is no government policy on maintaining strategic rice stocks. Only minimal stocks exist.

POLICY

Jordan does not place restrictions on the rice trade. Specifications for rice are somewhat like U.S. standards. The Jordan-U.S. Free Trade Agreement no longer provides a tariff advantage for U.S.-origin rice; all rice imports are tariff exempt today.

MARKETING

Rice in Jordan is imported in bulk and distributed through private sector traders. Rice imports are fractioned into smaller, consumer-ready packages by traders to supply retailers.

Attachments:

No Attachments