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Report Name: Grain and Feed Update - 2019

Jordan Facing a Tightening Economic Situation is Reducing
Critical Grain Imports

Country: Jordan

Post: Amman

Report Category: Grain and Feed

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Report Highlights:

Jordan is dependent on grain imports, disruptions to trade will jeopardize food security and stability. The Syrian crisis dramatically increased Jordan's population (set to double by 2047). FAS Amman forecasts wheat production in marketing year (MY) 2019/20 (July-June) at 25,000 metric tons (MT), unchanged from the USDA official figure. This figure is down 5,000 MT compared to the MY 2018/19 number of 30,000 metric tons. Wheat consumption is forecast at 920,000 MT, up by 25,000 MT or three percent higher than the MY 2018/19 estimate of 895,000 metric tons. Rice consumption in MY 2019/20 is forecast at 187,000 MT, decreasing five percent by 9,000 MT compared to the MY 2018/19 estimate of 196,000 metric tons. Lower rice consumption is due to tight economic conditions. U.S.-origin rice imports forecast at 95,000 MT, account for half of all imports.

Executive Summary:

Agricultural production is taking a toll on water availability coupled with increasing population and drier weather conditions induced by climate change and shifting precipitation patterns. Agriculture accounts for half of the country's water supply consumption. Jordan has reduced cultivation of wheat and flatlined barley and corn production and is shying away from water intensive crops such as rice (a key staple of the local diet). It is one of the world's driest countries, with one of the lowest levels of per capita water availability (150 cubic meters). As ninety percent of rainfall evaporates or runs off, Jordan is drawing groundwater at twice the rate-of-recharge.

Prior to 2012, Jordan had a population of 6.2 million. The Syrian conflict led to the influx of 660,000 UN-registered refugees (80 percent live in Jordan's urban areas). Jordan's census (as of early 2016) puts the numbers of refugees at 1.3 million. 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. Syrians now make up over 13 percent of the population. At the same time, the country has experienced an influx of Egyptian, Yemeni, and Libyan nationals.

FAS Amman (Post) forecasts Jordan's wheat production in marketing year (MY) 2019/20 (July-June) at 25,000 metric tons (MT), unchanged from the U.S. Department of Agriculture's (USDA) official figure. This figure is down 5,000 MT compared to Post's MY 2018/19 estimation of 30,000 metric tons. Total wheat consumption is forecast in MY 2019/20 at 920,000 MT, up by 25,000 MT or three percent higher than Post's MY 2018/19 estimate of 895,000 metric tons. This figure is 30,000 MT greater than the USDA official MY 2019/20 number of 890,000 metric tons. Jordan depends on imports for nearly all its wheat flour milling needs.

Corn consumption in MY 2019/20 (October-September) is forecast at 800,000 MT, up almost seven percent, increasing 50,000 MT compared to Post's MY 2018/19 estimate of 750,000 metric tons. Post's forecast figure is however 30,000 MT less than the USDA official MY 2019/20 number of 830,000 metric tons. FAS Amman attributes lower corn consumption to production curbs within Jordan's poultry industry.

Jordan's rice consumption in MY 2019/20 is forecast at 187,000 MT, a decrease of close to five percent or dropping 9,000 MT compared to Post's MY 2018/19 estimate of 196,000 metric tons. Post's forecast figure is 13,000 MT less than the USDA official MY 2019/20 number of 200,000 metric tons. Post attributes lower rice consumption to increasingly tighter economic conditions. Similarly, rice imports in MY 2019/20 forecast at 188,000 MT, are down by over one percent or dropping by 2,000 MT compared to Post's MY 2018/19 estimate of 186,000 metric tons. Post's forecast is 17,000 MT less than the USDA official MY 2019/20 figure of 205,000 metric tons. Post attributes lower rice consumption to tighter economic conditions. Rice imports from the United States are forecast at 95,000 MT, and account for half of all imports.

WHEAT

Production, Supply and Demand Data Statistics:

Wheat Market Begin Year Jordan	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	20	20	30	30	20	20
Beginning Stocks	447	447	348	275	247	225
Production	20	20	25	30	25	25
MY Imports	1031	910	774	825	900	900
TY Imports	1031	910	774	825	900	900
TY Imp. from U.S.	50	95	0	0	0	0
Total Supply	1498	1377	1147	1130	1172	1150
MY Exports	10	10	10	10	10	10
TY Exports	10	10	10	10	10	10
Feed and Residual	15	16	15	20	15	20
FSI Consumption	1125	1076	875	875	875	900
Total Consumption	1140	1092	890	895	890	920
Ending Stocks	348	275	247	225	272	220
Total Distribution	1498	1377	1147	1130	1172	1150
Yield	1	1	0.8333	1	1.25	1.25
(1000 HA) ,(1000 MT) ,(MT/HA)						

PRODUCTION

FAS Amman (Post) forecasts Jordan's wheat production in marketing year (MY) 2019/20 (July-June) to reach some 25,000 metric tons, unchanged from the U.S. Department of Agriculture's (USDA) official figure. This figure is down some 5,000 MT compared to Post's MY 2018/19 estimation of 30,000 metric tons. As water becomes scarcer, less acreage is being dedicated to wheat cultivation; area harvested is also forecast to drop some 10,000 hectares, or about 33 percent in MY 2019/20 to 20,000 hectares. Jordan is not a significant producer of wheat. Jordan depends on imports for almost the entirety of its wheat flour milling needs.

CONSUMPTION

FAS Amman forecasts Jordan's total wheat consumption in MY 2019/20 at roughly 920,000 MT, up by 25,000 MT or almost three percent higher compared to the Post's MY 2018/19 estimate of 895,000 metric tons. Post's figure is also 30,000 MT greater than the USDA official MY 2019/20 estimate of 890,000 metric tons. Post's updated number is based on revised figures obtained from Jordan's Ministry of Supply, Industry and Trade (MoSIT), the state entity that purchases foreign wheat for use in its targeted assistance programs. Post attributes the higher consumption number in part also to natural population growth; Jordan's population is growing at over two percent per annum (Central Intelligence Agency, 2018 estimate).

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 10.5 million (July 2018 estimate); this estimate reflects assumptions about the net migration rate due to the increased flow of Syrian refugees. Syrians make up over 13 percent of the population. Prior to 2012, Jordan had a population of 6.2 million. The country has also seen an influx of Egyptian, Yemeni, Iraqi and Libyan nationals in recent years.

The Syrian conflict resulted in the influx of 660,000 UN-registered refugees (80 percent live in Jordan's urban areas). Jordan's census (as of early 2016) puts the numbers of refugees at about 1.3 million. Progress towards resolution of the Syrian and Iraqi conflicts is leading to the reopening of some border crossings and export transit routes. This is facilitating the return of some refugees to their home countries. Reportedly a small number of refugees commenced in December 2018 to return to Syria.

TRADE

FAS Amman forecasts Jordan's wheat imports in MY 2019/20 to increase by 75,000 MT, reaching roughly 900,000 MT, up nine percent compared to Post's MY 2018/19 estimate of 825,000 metric tons.

The Black Sea region, primarily Romania remains Jordan's main wheat supplier. Nonetheless, with the approval of a new [Jordanian bank's registration \(i.e., Jordan Kuwait Bank\)](#) and participation in the [USDA's Export Guarantee Program \(GSM-102\)](#), Post foresees the possibility of some 75,000-100,000 MT of U.S.-origin entering Jordan in MY 2019/20. Of that import volume, we anticipate that possibly some 10,000 MT will make its way to neighboring Iraq via the [Al Karamah border crossing \(Tarbil on the Iraqi side\)](#). Truck convoys of 30-60 vehicles transporting food and agricultural products reportedly are crossing the border since 2018.

STOCKS

FAS Amman forecasts Jordan's wheat ending stocks in MY 2019/20 at 220,000 MT, down over two percent or 5,000 MT lower compared to Post's MY 2018/19 estimate of 225,000 metric tons. Post's forecast figure is also 52,000 MT lower than the USDA official MY 2019/20 estimate of 272,000 MT. Post attributes the lower ending stocks to increases in feed and residual use, as well as greater food, seed and industrial (FSI) consumption.

Regional instability challenges Jordan's food security; the government today aims to bank about a ten-month supply of stocks. In the past, the government would maintain a four-month supply of 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 and 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 \(JO2019-1127 – March 18, 2019\) Jordan Grain and Feed Annual 2019](#)).

BARLEY

Production, Supply and Demand Data Statistics:

Barley Market Begin Year Jordan	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	25	0	25	25	25	25
Beginning Stocks	349	349	272	340	262	261
Production	20	20	20	20	20	20
MY Imports	773	871	970	901	1100	1000
TY Imports	788	871	950	901	1100	1000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1142	1240	1262	1261	1382	1281
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	870	900	1000	1000	1100	1000
FSI Consumption	0	0	0	0	0	0
Total Consumption	870	900	1000	1000	1100	1000
Ending Stocks	272	340	262	261	282	281
Total Distribution	1142	1240	1262	1261	1382	1281
Yield	0.8	0	0.8	0.8	0.8	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 2019/20 (July-June) to remain unchanged at 1.0 million metric tons. Post's consumption figure is 100,000 MT less than the USDA official MY 2019/20 number of 1.1 million metric tons. Post attributes its lower figure to Jordan's feed use amounts remaining at MY 2018/19 levels.

Sheep fodder in Jordan largely includes barley. To a lesser extent, barley is included in dairy cattle and poultry feed rations; however, Post is seeing in MY 2019/20 corn displacing barley usage. Barley has also dropped with the implementation of the 2012 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, up 99,000 MT compared to the earlier MY 2018/19 estimate of 901,000 metric tons. Although barley imports are rising compared to MY 2018/19, Post sees less barley as a feed component going to sheep production. A smaller number of animals are being maintained, while there is at the same time an increase in exports to some of the Gulf countries (namely Kuwait, the United Arab Emirates, and Bahrain). Corn is also replacing 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). To minimize the potential for profiteering, arbitrage is resorted to when significant price swings occur. Traders attempt to take advantage of price swings to undercut the government's set price. 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 2019/20 at 281,000 MT, up over seven percent, or 20,000 MT over compared to Post's MY 2018/19 estimate of 261,000 metric tons.

Official policy centers on ensuring that enough stocks are available. The Jordanian government also times its purchases to obtain better prices. Post does not anticipate any major changes in the government's policy; inventory levels will remain stable (i.e., maintain a 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 and 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	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	0	1	0	1	0
Beginning Stocks	36	36	16	124	16	74
Production	10	10	10	10	10	10
MY Imports	640	783	800	715	850	800
TY Imports	640	783	800	715	850	800
TY Imp. from U.S.	2	25	0	0	0	25
Total Supply	686	829	826	849	876	884
MY Exports	25	25	25	25	20	25
TY Exports	25	25	25	25	20	25
Feed and Residual	640	680	780	750	820	800
FSI Consumption	5	0	5	0	10	0
Total Consumption	645	680	785	750	830	800
Ending Stocks	16	124	16	74	26	59
Total Distribution	686	829	826	849	876	884
Yield	10	0	10	0	10	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

PRODUCTION

Jordan's corn production is negligible, annual production is under 10,000 metric tons. Domestic corn production is largely for human consumption (i.e., as corn on the cob). There is no biotechnology (biotech) corn cultivation in Jordan.

CONSUMPTION

FAS Amman forecasts Jordan's corn consumption in MY 2019/20 (October-September) at 800,000 MT, up almost seven percent, increasing 50,000 MT compared to Post's MY 2018/19 estimate of 750,000 metric tons. Post's forecast figure is however 30,000 MT less than the USDA official MY 2019/20 number of 830,000 metric tons. Post attributes lower corn consumption figures to production curbs within Jordan's poultry sector.

The Jordanian market is recovering from an earlier drop in consumption resulting from the poultry sector's correction in the wake of overexpansion in calendar year (CY) 2013-14 (January-December). Large integrators are curbing production; production has been cut by some estimates by 10-15 percent, forcing smaller producers to exit the market.

TRADE

FAS Amman forecasts Jordan's corn imports in MY 2019/20 at 800,000 MT, up nearly 12 percent or growing by 85,000 MT compared to Post MY 2018/19 estimate. Post anticipates that U.S.-origin corn imports may grow, reaching in MY 2019/20 some possibly 25,000 MT based on competitive pricing and availability now of the GSM 102 Credit Guarantee Program.

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 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.

STOCKS

Only nominal amounts of corn are stored by poultry farmers, usually just enough to meet their immediate monthly needs. Jordan generally lacks adequate corn storage facilities. This dearth of storage is a key reason why traders often prefer to source smaller shipments in the range of 10,000-15,000 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.

FAS Amman in cooperation with the U.S. Grains Council and the Amman Chamber of Commerce organized on April 22-26, 2018, a first of its kind grains inspection and sampling workshop. The training program, geared towards government officials responsible for grain inspection standards and procedures, brought together 30 inspectors and laboratory officials from relevant agencies. There is a need to adopt a standardized methodology for calculating the number of permissible broken kernels and averaging these by lots. Similarly, importers are calling for the government to study the possibility of increasing the permissible number of broken kernels and pulses bringing these more in line with international standards (see [GAIN-JORDAN \(JO-18013\) Jordan Grain Inspection and Sampling Workshop a Success](#)).

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	2017/2018		2018/2019		2019/2020	
	Jan 2018		Jan 2018		Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	36	36	16	33	11	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	190	190	200	186	205	188
TY Imports	190	190	200	186	205	188
TY Imp. from U.S.	82	101	0	91	0	95
Total Supply	226	226	216	219	216	208
MY Exports	0	2	0	3	0	3
TY Exports	0	2	0	3	0	3
Consumption and Residual	210	191	205	196	200	187
Ending Stocks	16	33	11	20	16	18
Total Distribution	226	226	216	219	216	208
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. 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 forecast Jordan's rice consumption in MY 2019/20 at 187,000 MT, a decrease of close to five percent or dropping around 9,000 MT compared to Post's MY 2018/19 estimate of 196,000 metric tons. Post's forecast number is 13,000 MT less than the USDA official MY 2019/20 figure of 200,000 metric tons. Post attributes lower rice consumption to increasingly tighter economic conditions.

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 forecast Jordan's rice imports in MY 2019/20 at 188,000 MT, down by over one percent or dropping by 2,000 MT compared to Post's MY 2018/19 estimate of 186,000 metric tons. Post's forecast figure is 17,000 MT less than the USDA official MY 2019/20 number of 205,000 metric tons. Post attributes lower rice consumption to tighter economic conditions.

Post forecasts Jordan imports of U.S.-origin rice at around 95,000 MT, accounting for over half of the market. 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. Post attributes the forecasted drop in overall imports due to Jordan's slow pace of economic growth during the forecast period.

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 has experienced detection and rejection issues due to higher than acceptable pesticide residue levels.

Jordanian authorities indicate that the country's maximum residue levels 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 and is working on bringing Jordan's MRL regulations in line with those of the European Union. Suppliers caught up in the wake of increased rejections for MRL violations had until September 2019, to come into compliance with the new standards. 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