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Jordan

GRAIN AND FEED ANNUAL

Annual

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Report Highlights:

Local production of cereals is negligible, while wheat imports for MY 2009/2010 are forecasted to reach 700,000 tons, with none expected to be imported from the U.S. For the same period, Jordan's barley imports are expected to reach 600,000 tons (none from the U.S.), corn imports, 450,000 tons (U.S. 44 percent); and rice imports, 140,000 tons (U.S. 43 percent).

Executive Summary:

Classified by the World Trade Organization (WTO) and Food and Agriculture Organization (FAO) as

a net food importing country, Jordan is almost exclusively dependent on imports for its food and feed grain needs. The price crisis for food, and specifically cereals, has cast a heavy shadow on Jordan.

For 2009/10, wheat imports are forecast at 700,000 tons, less than the previous year when the Government of Jordan (GoJ) was actively compiling a strategic reserve after having decided to raise its storage capacity to hold 50 percent of total consumption of wheat as precaution against any future price hike for cereals. The Black Sea area and Russia are expected to remain the leading suppliers. High freight and commodity prices limit U.S. opportunities, but use of GSM 102 is reportedly being considered for wheat imports. Imports under the PL 480 Title I program are not available this marketing year.

Jordan's barley imports are expected to reach 600,000 tons, with none coming from the U.S. This is due to the availability of other competitive suppliers and the lower shipment costs from suppliers in the region. Corn imports are expected to stay in the range of 450,000 tons, with the biggest share coming from the U.S. Rice imports are expected to exceed 140,000 tons, with 43 percent coming from the U.S.

The rainy season in Jordan ended with lower than average precipitation; output of the two main cereals (wheat and barley) produced in Jordan was below average. Jordan produces only 5-7 percent of its wheat consumption and only 3-5 percent of its barley consumption, the persistent drought made yields as low as 2 percent for each.

Commodities:

Wheat

Production:

On average, Jordan produces less than 10 percent of its domestic wheat needs, although the GoJ has set a price that is higher than international "U.S. \$450 per ton" to buy from farmers. The persistent drought during last season resulted in negligible production. Production was estimated at 20,000 tons this marketing year.

Consumption:

Wheat for human consumption is steady and total consumption, stagnant at 700,000 tons per year, does include some wheat that is diverted for use in animal feed. Wheat is fully subsidized, while the subsidy on barley has been partially lifted, resulting in some wheat and low-quality bread being illegally diverted for livestock feed use, a common practice used to exploit the subsidy system. The GoJ has committed itself to remedy the pricing of subsidized wheat so that bakeries are able sell bread at U.S. \$0.22 per Kg. Doing so requires providing bakeries with wheat flour extracted at 80 percent at U.S. \$80 per ton,

while the actual cost for this flour can exceeds U.S. \$500 per ton. To maintain this subsidized pricing, whenever there is an increase in cost for one bread component (such as fuel), then the GoJ lowers the price of flour to meet that increase.

Trade:

In 2008/09, wheat imports were over 1 million tons and influenced by global market volatility and accelerating prices. Drought and high international prices were the motives behind the GoJ’s decree to require six months consumption as a strategic reserve stored in Jordan, approximately 422,000 tons.

Russia and the Black Sea countries have been Jordan’s wheat suppliers since the beginning of the 2008/09 marketing year, with landed prices for Russian wheat being the most competitive. The GoJ is the sole importer of wheat and it recently borrowed U.S. \$300 million from the World Bank to bridge its budget deficit. Therefore, it is expected that price will remain the decisive factor on origin of wheat purchase and Black Sea suppliers will remain dominant in this market.

The U.S. wheat market share has diminished due to high prices in general, and increasing freight prices from the U.S. in particular. The United States stopped supplying Jordan under PL 480 I program in the 2006/07 marketing year, yet Jordanians still long for any program that would enable them to import American wheat which they consider would improve any baked product. The main barrier to U.S. wheat imports is the freight cost. The GoJ is considering buying U.S. wheat under the GSM 102 program.

Stocks:

The GoJ established a policy in 2007 which was implemented in 2008/09 to raise strategic stock from three months reserve to six months to avoid supply bottlenecks like what happened in MY 2007/2008. Currently, wheat stocks are at 422,000 tons

Production, Supply and Demand Data Statistics:

Wheat Jordan	2007 2007/2008 Market Year Begin: Jul 2007		2008 2008/2009 Market Year Begin: Jul 2008		2009 2009/2010 Market Year Begin: Jul 2009		
	USDA Official Data	Old Post Data	USDA Official Data	Old Post Data	USDA Official Data	Jan Data	
Area Harvested	30	70	20	120	20	70	(1000 HA)
Beginning Stocks	468	468	408	120	422	422	(1000 MT)
Production	35	30	20	20	25	43	(1000 MT)
MY Imports	712	700	906	1,050	900	700	(1000 MT)
TY Imports	712	700	906	1,050	900	700	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	1,215	1,198	1,334	1,190	1,347	1,165	(1000 MT)
MY Exports	12	0	12	0	12	0	(1000 MT)
TY Exports	12	0	12	0	12	0	(1000 MT)
Feed Consumption	0	50	0	20	0	15	(1000 MT)

FSI Consumption	795	700	900	748	925	750	MT)
Total Consumption	795	750	900	768	925	765	MT) (1000
Ending Stocks	408	120	422	422	410	400	MT) (1000
Total Distribution	1,215	870	1,334	1,190	1,347	1,165	MT) (1000
Yield	1.	0.4286	1.	0.1667	1.	0.6143	MT/HA)
TS=TD		-328		0		0	

Commodities:

Barley

Production:

Last season's domestic barley production was negatively affected by the fourth consecutive year of drought which prevailed throughout the region. Production was estimated at 30,000 tons for production year 08/09. No significant change is expected next season.

Consumption:

Barley is mainly used for sheep feed and to a lesser extent for cattle and poultry. Barley consumption has dropped significantly after the GoJ adopted the new animal tag system which allotted to each sheep herder a subsidized amount of barley consistent with the number of registered and tagged animals. This system successfully curbed considerable corruption in use of the subsidy system.

Trade:

No barley imports from the U.S. were recorded due to high prices and high shipment costs. One new Jordanian barley source may be Kazakhstan, which under a memo of understanding, agreed to provide Jordan with 100,000 tons of Kazakh barley. As in the case of wheat, the MoIT wants to directly purchase and then ship without using traders/brokers.

The GOJ has been the sole importer of barley and sets the selling price; recently the GOJ increased its selling price of subsidized barley to JD 150 (U.S. \$210) per MT and lowered the unsubsidized one for poultry and dairy producers from JD 303 to JD 291 (U.S. \$430 to U.S. \$413).

Stocks:

Ending stocks are at 180,000 tons. Stocks are expected to decrease because the GoJ has a storage deficit, and priority is always for wheat.

Policy:

Historically, Jordan was one of the heaviest subsidizers of barley in the region. The GoJ has monopolized barley imports, but as of September 2007, the government decided to withdraw from the barley trade, and political pressure forced it to adopt new policy. As a result, the GoJ will continue providing subsidized barley at reduced rates to targeted producers with only sheep- and goat-owners

benefitting from it. This program excludes cattle and poultry farmers from receiving subsidized barley as these two agricultural businesses are considered industries.

Production, Supply and Demand Data Statistics:

Barley Jordan	2007 2007/2008 Market Year Begin: Jul 2007		2008 2008/2009 Market Year Begin: Jul 2008		2009 2009/2010 Market Year Begin: Jul 2009		
	USDA Official Data	Old Post Data	USDA Official Data	Old Post Data	USDA Official Data	Jan Data	
Area Harvested	31	0	25	0	25	120	(1000 HA)
Beginning Stocks	267	267	233	180	198	180	(1000 MT)
Production	24	70	15	50	20	30	(1000 MT)
MY Imports	592	600	500	650	700	600	(1000 MT)
TY Imports	528	600	500	50	700	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	883	937	748	880	918	810	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	(1000 MT)
Feed Consumption	650	757	550	700	700	630	(1000 MT)
FSI Consumption	0	0	0	0	0	0	(1000 MT)
Total Consumption	650	757	550	700	700	630	(1000 MT)
Ending Stocks	233	180	198	180	218	180	(1000 MT)
Total Distribution	883	937	748	880	918	810	(1000 MT)
Yield TS=TD	1.	0. 0	1.	0. 0	1.	0.25 0	(MT/HA)

Commodities:

Corn

Production:

Corn local production is negligible with less than 1 thousand metric tons used as corn-on-the cob for human consumption.

Consumption:

Jordan produces only a small quantity of corn, which is mostly used as corn-on-the cob for human consumption. Total corn consumption is forecast to be 450,000 tons.

Trade:

Imports of corn from the United States had increased significantly due to the Free Trade Agreement signed between Jordan and the United States under which imports of corn are no longer subjected to any Jordanian import tariff. Corn is imported in bulk by the private sector to meet the demand of the poultry industry which is considered the biggest agri-business in Jordan, with investment size estimated as U.S. \$1.4 billion.

For MY2009/2010, corn imports are expected to rise slightly to substitute for part of the barley market's share. Additionally, the new ethanol industry bi-product, Dry Distilled Grain Soluble (DDGS), might find a way to the country under a trial basis during the coming marketing year. The United States share in the market is expected to decrease due to high competition from other sources that enjoy the same privilege custom tariffs, which is zero now from all countries.

Policy:

Corn consumption is steady at 450,000 tons to meet the demand of poultry and dairy industries. The consecutive changing policies of GoJ in poultry trade, feed subsidy, and fuel prices adversely affected small and medium farmers and to a lesser extent big poultry farms,.

Production, Supply and Demand Data Statistics:

Corn Jordan	2007 2007/2008 Market Year Begin: Oct 2007		2008 2008/2009 Market Year Begin: Oct 2008		2009 2009/2010 Market Year Begin: Oct 2009		Jan Data	
	USDA Official Data	Old Post Data	USDA Official Data	Old Post Data	USDA Official Data	Jan Data		
Area Harvested	1	1	1		1	1		(1000 HA)
Beginning Stocks	48	48	49	48	40	48		(1000 MT)
Production	15	1	16	1	16	1		(1000 MT)
MY Imports	361	449	300	454	350	450		(1000 MT)
TY Imports	361	449	300	454	350	450		(1000 MT)
TY Imp. from U.S.	100	390	0	202	0	200		(1000 MT)
Total Supply	424	498	365	503	406	499		(1000 MT)
MY Exports	0	3	0		0	0		(1000 MT)
TY Exports	0	3	0		0	0		(1000 MT)
Feed Consumption	375	446	325	454	375	450		(1000 MT)
FSI Consumption	0	1	0	1	0	1		(1000 MT)
Total Consumption	375	447	325	455	375	451		(1000 MT)
Ending Stocks	49	48	40	48	31	48		(1000 MT)
Total Distribution	424	498	365	503	406	499		(1000 MT)
Yield TS=TD	15.	1. 0	16.	0. 0	16.	1. 0		(MT/HA)

Milling Rate (.9999)	0		0		0		MT)
							(1000
MY Imports	120	130	120	134	160	140	MT)
							(1000
TY Imports	120	130	120	134	160	140	MT)
							(1000
TY Imp. from U.S.	75	52	0	55	0	60	MT)
							(1000
Total Supply	220	230	205	144	230	150	MT)
							(1000
MY Exports	0	0	0	0	0	2	MT)
							(1000
TY Exports	0		0	0	0	2	MT)
							(1000
Total Consumption	135	135	135	134	140	134	MT)
							(1000
Ending Stocks	85	10	70	10	90	14	MT)
							(1000
Total Distribution	220	145	205	144	230	150	MT)
							(1000
Yield (Rough)	0.	0.	0.	0.	0.	0.	MT)
							(MT/HA)
TS=TD		-85		0		0	