

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 3/5/2015

GAIN Report Number: JO15003

Jordan

Post: Amman

Jordan Morsels March 2015

Report Categories:

Agricultural Situation

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Report Highlights:

This report highlights the agricultural situation and activities in Jordan during February 2015

General Information:

Winter Storms - A Welcome Development

Jordan's better-than-expected winter has been a blessing to one of the most water-poor countries in the world. The season's second snow storm that hit the region during the third week of February increased water held at dams to their highest ever recording of 202 million cubic meters (mcm) by end of February. Total capacity is 325 mcm. The rains are expected to continue through the winter and spring. This is welcome news to the cash-strapped Jordanian government, as the rains will provide additional fodder for sheep and goat herders, reducing the government's need to subsidize imported barley for which it has budgeted \$64 million in 2015.

Jordan Allocates \$254 Million for its Bread Subsidy Program

Under its new budget, the Government of Jordan has allocated more than \$254 million for its bread subsidy program. The government will sell wheat flour at a price of \$225/metric ton (MT) to the bakeries, a significant subsidy of \$275, as current market prices for wheat flour average \$500/MT. Currently Jordan has 0.963 million MT in storage or on its way to Aqaba by sea. This amount is enough to cover 11 months of consumption. It is estimated that tens of millions in USD is wasted annually through the inefficiencies in the subsidized bread program and associated rent-seeking activities.

Red Sea-Dead Sea Conduit

On February 25, 2015, an ambitious \$10 billion Red Sea-Dead Sea Conduit project (Figure 1) was signed between Israel, Jordan and Palestinian authorities. The historic agreement received its blessing from the World Bank in December of 2014 and has been pegged as a key solution to Jordan's water deficit and the Dead Sea's ongoing and dramatic environmental degradation.

The project consists of the construction of a 200 km pipeline engineered to carry 300 mcm of seawater per year during its first stage, eventually reaching two billion mcm of seawater per year. The pipeline will take its water from the Gulf of Aqaba on the Red Sea, passing through Jordanian territory, and deposit it in the Dead Sea. The 600 meter drop from the Gulf of Aqaba to the Dead Sea will be used to create power for desalination plants, providing potable water to residents of the city of Aqaba and communities adjacent to the Dead Sea (Figure 1).



The multinational project to build a 20-kilometre pipeline engineered to carry up to two billion cubic metres of seawater per year from the Gulf of Aqaba on the Red Sea through Jordanian territory to the Red Sea