

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: 10/2/2017

GAIN Report Number:

Jordan

Post: Amman

Jordan Morsels: Food and Agricultural Production and Trade Highlights – 3rd Quarter 2017

Report Categories:

Agricultural Situation, Agriculture in the Economy, Agriculture in the News,
Climate Change/Global Warming/Food Security, Fishery Products, Grain and Feed,
Oilseeds and Products, Vegetables, SP1 - Expand International Marketing Opportunities

Approved By:

Ali Abdi, Minister-Counselor

Prepared By:

Mohamed Khraishy, Agricultural Specialist and Mariano J. Beillard, Senior Regional Agricultural Attaché

Report Highlights:

Jordan's Ministry of Industry and Trade lowered by three percent the sale price of subsidized flour to bakeries in July. The government is allocating \$200 million to the subsidized *baladi* bread program in calendar year 2017. The ministry indicates that wheat stocks are sufficient to last a full year at current consumption rates. Jordan today counts with around one million metric tons of imported wheat; half of this amount is contracted for and being shipped. Seventy percent of the Jordan Valley's farmers are not intending to plant crops this fall. Sources comment that the embargo against Qatar may cost Jordan; Qatar normally absorbs 11 percent of Jordan's fresh produce exports.

General Information:

Aquaculture – Fish Farming in the Desert

FAS Amman reports that the U.S. Soybean Export Council (USSEC) hosted the 3rd Regional Aquaculture Production Conference – MENA in Amman, Jordan (July 29-August 1, 2017). Fish farmers from points as distant as Casablanca and Abu Dhabi met U.S. industry representatives. Participants included aquaculture producers and aquaculture feed millers. During the conference, information regarding commercial fish farming and desert/arid production innovations was exchanged. Participating scientists provided updates on disease control technologies, as well as improved nutritional practices. Countries in the MENA (i.e., Middle East North Africa) region aim to expand fish production to ensure greater food security at a time of growing consumer demand.

Wheat – Baladi Bread Prices Dropping

Jordan's Ministry of Industry and Trade lowered by three percent the sale price of subsidized flour to bakeries in July. The price charged for flour earmarked for *baladi* bread (i.e., traditional/local) production fell by \$2.50 to \$81.80/ metric ton (MT). The discount aims to compensate bakers for an earlier hike in fuel prices. The ministry reviews on a monthly basis subsidized bread production input costs (including labor, fuel, and electricity costs), as well as bakers' margins. The ministry fixes subsidized *baladi* bread production costs at \$226/MT of bread; which allows it to manipulate input costs. The Government of Jordan is allocating \$200 million to the subsidized *baladi* bread program in calendar year 2017.

Wheat Inventory – Update

Jordan's Ministry of Industry and Trade indicates that wheat stocks are sufficient to last a full year at current consumption rates. FAS Amman in marketing year (MY) 2016/17 (market begin year July 2016) forecast Jordan's Food, Seed & Industrial (FSI) consumption at 1.3 million metric tons, up eight percent from MY2015/16. We attribute the increase to the country's economic slowdown, driving consumers to substitute subsidized *baladi* bread for more expensive staples. Additionally, the influx of Syrian refugees is also driving the increase in consumption. Reportedly Jordan today counts with around one million metric tons of imported wheat; currently half of this amount is contracted for and being shipped. Post in 2016 forecast Jordan's MY 2016/17 beginning stocks at roughly 693 thousand metric tons and ending stocks at about 793 thousand metric tons. Regional instability has impacted Jordanian food security; a decade ago Jordan was poised to privatize its imported wheat purchases. Today the government has moved from maintaining four-months of stocks to now banking no less than 10-months of stocks. Jordan is not a significant producer of wheat.

Fresh Fruits and Vegetables – Jordanian Exports Recovering from UAE Import Ban

Jordanian fresh fruits and vegetables exports exceeded 84,000 metric tons (MT) in July 2017, an 18 percent increase compared to July 2016. Jordanian exports are recovering from the May 2015, United Arab Emirates (UAE) import ban. Jordanian fresh fruits and vegetables were ban by the UAE due to higher than permitted pesticide residue levels. The ban rocked the export sector at a time when producers along the northern and eastern borders saw overland export routes into neighboring markets disrupted by the Islamic State in Iraq and Syria (ISIS). Fresh produce exports are critical to the Jordanian trucking sector; the UAE alone is now receiving an average of 45 truckloads of fresh produce daily. The Gulf Cooperation Council (GCC) countries receive from Jordan about 250 refrigerated truckloads (roughly 3,000 MT) of fresh produce daily.

Fresh Produce Production Scale-Back in the Jordan Valley

Sources indicate that about 70 percent of Jordan Valley farmers are not intending to plant crops this fall season. With neighboring export markets (i.e., Iraq and Syria) disrupted by the Islamic State in Iraq and Syria (ISIS) activities, fresh produce export prices have taken a beating. Produce with limited export outlets has been dumped into the local market, depressing farmer prices. Jordanian fresh produce exports are recovering now thanks to the lifting of the United Arab Emirates import ban, as well as with this month's reopening of the Jordan-Iraq land border to the overland trucking trade. However, sources comment that the embargo against Qatar (due to the 2017 Qatar Diplomatic Crisis) may cost Jordan; Qatar normally absorbs 11 percent of Jordan's fresh produce exports. Reportedly farmers are also scaling back plantings in reaction to new government labor reforms mandating an increase in agricultural workers' wages.