

JORDAN  
INVESTMENT COMMISSION



الأردن  
هيئة الاستثمار

SECTOR PROFILE

# Agriculture

Supported by



## Overview of the Agriculture Sector in Jordan

Jordan's agriculture sector, with its modern production technology and multiplicity and diversity of products with high technical specifications and quality standards offered in local and international markets, is one of the Kingdom's most competitive sectors. The Jordan Valley's fertile soil and favorable temperatures enable year-round agriculture production.

The Jordanian agriculture land is of significant importance, with 89.3 thousand square kilometers (including the Dead Sea), divided into three main climatic geographical areas: the Jordan Valley, the Highlands, and the Eastern Badia desert. The Jordan Valley is part of the Jordan Rift Valley, also called the Syro-African Depression, and is the most fertile part of Jordan, extending from the northern border of the Kingdom down to the Dead Sea with heights ranging from 220 meters below sea level in the north and 407 meters below sea level at the Dead Sea. The highlands extend from north to south in the western part of Jordan, and the Jordan Valley separates the eastern desert region. The eastern desert covers about 88% of the total area of Jordan, and the elevation of the earth is between 600 and 900 meters above sea level.

The climate of Jordan also varies following the diversity of its land scape. The Jordan Valley is the most fertile part of Jordan and is characterized by its warmth in the winter compared with the rest of the Kingdom and enjoys the exclusive advantage of early agriculture production, especially for vegetables and fruits. The Highlands extend from north to south in the western part of Jordan, ranging between 600-1500 meters above sea level, receiving the largest amount of rain in Jordan and enjoying the widest natural vegetation cover.

Jordan's location in the heart of the Middle East not only advantages trade opportunities within the MENA region but also Europe, Africa and Asia. Competitive labor prices and the valuable incentives from the government make also Jordan a prime destination for agricultural investment in the region.

Strong productivity and competitiveness of the sector are clearly shown despite its relatively small contribution of 4.0% to the country's GDP, equaling US\$ 1.39 billion. The Jordanian agriculture exports represented approximately 18% of Jordan's exports (or US\$ 6.2 billion) in 2016<sup>1</sup>, second only to the chemicals sector<sup>2</sup>.

The agriculture sector is also self-sufficient in a number of vegetables, citrus, goat meat, poultry, olives, olive oil, table eggs and fresh milk. Investment into Jordan's agriculture sector equalled a cumulative of approximately US\$ 250 million from 2015 up to September 2017. The Gulf market is the main importer of Jordan's production, with 82% of the fruit and vegetables imported by Gulf countries.

The natural pasture in Jordan plays an important role in supplying livestock with dietary needs, natural pastureland remains the mainstay of pastoral food in Jordan which covers 30% of the dietary

<sup>1</sup> Ministry of Agriculture, 2017.

<sup>2</sup> JIC Investment Promotion Strategy, 2016.

needs (equals 2 to 3 months without additional supplementary feeding). Pasture productivity is associated with rainfall, topography and soil. The production was estimated at 4 kg of dry feed/dunum in areas with rainfall between 100-200 mm/year and 10 kg of dry fodder in areas with rainfall exceeding 200 mm

Crop	Production (000 tons)	Livestock	Number
<b>Clover</b>	337.3	Sheep	3,198,900
<b>Barley</b>	37.9	Goats	977,700
<b>Wheat</b>	31.2	Cattle	74,700

Source: Department of Statistics and Annual Agriculture Surveys, 2016

On the other hand, Jordan is a net food-importing country (as 98% of consumable items are imported). This primarily includes commodities such as wheat, barley, sugar, rice, powdered milk, tea, coffee, corn, vegetable oil (excluding olive oil), cheese, chick peas, vermicelli, and lentils. The domestic demand for agriculture and food products continues to grow due to the increasing urbanization and population growth, further boosted by a growing number of people migrating to Jordan from neighboring countries.

The agriculture sector in the Kingdom has economic and social dimensions, especially in rural areas where the sector is considered as a source of income for about 80 thousand families in the rural and urban areas. It also contributes to providing job opportunities. Besides, the GOJ of Agriculture aims to produce a sustainable agricultural development contribute to food security achievement, environmental, economic and social development corporate with the global development and actions through Agricultural resources preserving and development, improve the agricultural trade balance, Raise the agricultural production efficiency and improve the production quality, Provide appropriate investment conditions for agricultural development.

## Investment Opportunities

The agriculture sector has been growing strongly and has doubled its contribution to Jordan's national GDP from 2.0% to 4.0% in the past five years, which is primarily driven by domestic demand<sup>3</sup> and demand in the Middle East and North Africa (MENA) region, to which Jordan enjoys direct market access. The MENA region's agriculture is characterized by the need to feed fast growing populations, which are increasingly urbanized. Food demand in the MENA region is expected to grow by 2.1% per year until 2050, while agriculture productivity has averaged just 1.9% since 2000.<sup>4</sup> As a result, the MENA region must import over half of food consumed, making the region the most dependent food import region in the world, which is particularly the case for the GCC countries. A number of investment opportunities exist across a variety of agriculture segments.

### 01. Extraction & Commodity Production

Jordan is blessed with a variety of medical and aromatic plants, which typically fits Mediterranean diets and health lifestyles for which global demand – particularly in Europe - is increasing. Moreover, once extracted, these local plants can be processed and used in spices, seasonings, perfumes, and fragrances.

Considerable livestock investment opportunities exist with respect to the establishment of cattle farms and husbandry of sheep and camels for dairy or meat production purposes as well as poultry farms for the production of eggs and dairy products.

### 02. Agri-Business & Agro-Processing

The Government of Jordan encourages the establishment of integrated agro-industrial societies to promote areas of high value-adding, development, and innovation, and the importance of linking industrialization and sustainable development, thereby taking into account environmental, health, and safety issues. This sector depends on the introduction and adoption of quality, health, and safety standards improving market access of Jordan's processed agriculture products. This also requires adoption of modern technologies in manufacturing to promote modernization and competitiveness of Jordan's entire agriculture sector. The current dialogue between the Government

<sup>3</sup> Jordan Economic Growth Plan 2018 – 2022, 2017

<sup>4</sup> International Food Policy Research Institute, 2015

of Jordan and key players in the agro-processing industry is expected to increase growth and contribute towards increased competitiveness in the near future.

A number of promising investment opportunities exist for agri-business and agro-processing. This primarily concerns the development of post-harvest activities for fruit and vegetables, as well as working towards adopting an “orchard-to-market approach” that aggregates production and establishes economic packaging, storage, and marketing functions. Examples include:

- Children food production by processing food stuffs (e.g. non-manufactured foodstuffs, vegetables, fruits and legumes) by composing, freezing, mixing, adding healthy vitamins, and packaging and wrapping them in a specific and confined space.
- Utilization of date palm by-products in the manufacturing of containers and floor mats.
- Production of fruit concentrates (e.g. fruit jam and pickles).

### 03. Beverages

Jordan’s beverage sector is driven by the growth of consumer demand and new high-value market segments, an increase in global commodity prices, and product innovation in order to provide healthier and more ethical beverage options. Jordan has been working on improving this sector through working with the Arab Beverages Association in order to standardize and unify the specifications and standards among Arab countries in order to increase trade.

Investment opportunities also concern the desalinization, filtration, and production of drinking water as well as the production of (non-)natural juices and beverages by acquiring raw materials available in Jordan.

### 04. Agriculture Extension & Services

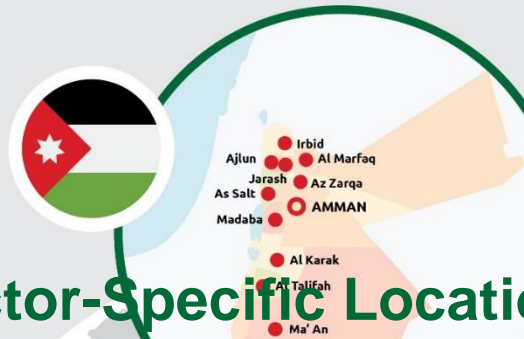
Finally, as the agriculture sector is expected to expand over the next coming years, demand for agriculture-related services and extension will evolve along. Promising activities for investors include marketing firms focusing on promoting agriculture products, consulting firms providing agriculture counseling, and research and development for enhancing attributes of food and beverage products as well as agro-processing and agri-business methods, techniques, and innovations. The need for agriculture research and development is particularly high given the low expenditures on research and development in this sector across the MENA region.

## Why is Jordan the right location for your next corporate investment?



The Kingdom of Jordan is a stable, business-friendly, modern, and prepared location for your next engineering, manufacturing, information technology, or life sciences activities in the Middle East and North Africa (MENA) region. This dynamic nation provides a sound environment from which companies can find key talent, business assistance, and a willing Government partner who will help enable their growth into the MENA region and beyond.

 <p><b>Stable Focal Point for the MENA Region</b> A business-oriented Government and reliable public and private institutions.</p>	 <p><b>Comprehensive Network of Trade Agreements</b> Features privileged access to over one billion consumers around the globe.</p>	 <p><b>Ease of Doing Business</b> In terms of utilities, taxation, and trading across borders.</p>	<h3>QUICK FACTS</h3> <ul style="list-style-type: none"> <li> <b>Capital</b> Amman</li> <li> <b>Time Zone</b> GMT +2</li> <li> <b>Population</b> 9.5 million (2016)</li> <li> <b>Currency</b> Jordanian Dinar (JOD)</li> <li> <b>Total GDP</b> US\$38.65 billion (2016)</li> <li> <b>Annual GDP Growth</b> 2.0% (2016)</li> <li> <b>Exports</b> US\$13.58 billion (2016)</li> <li> <b>Imports</b> US\$21.62 billion (2016)</li> </ul>
 <p><b>Attractive Incentive Packages</b> Investment and fiscal incentives, guarantees, and loans are available for investors.</p>	 <p><b>Sound Investor Protection Regulation</b> Investment Law No. 30 of 2014 sets out privileges and guarantees for investors.</p>	 <p><b>Advantageous Development Zones, Free Zones, and the Aqaba Special Economic Zone</b></p>	
 <p><b>Stable Financial Market</b> Featuring ease of access to loans and venture capital.</p>	 <p><b>Competitive Labor Market</b> A strong focus on higher education, training, innovation, and business sophistication.</p>	 <p><b>Unique Treatment of Investors</b> Welcomes investors into Jordan with a red carpet treatment as well as via customized support from the Investment Window dedicated to provide a soft landing of investment.</p>	

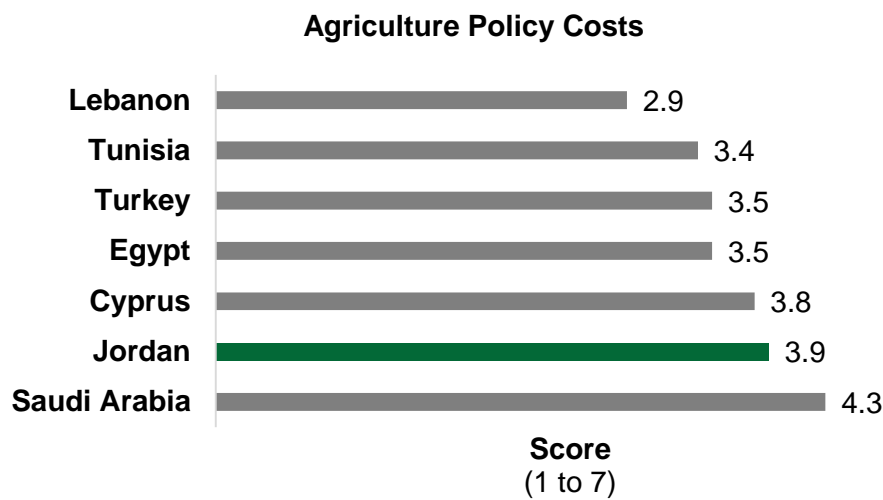


## Sector-Specific Location Advantages

Jordan's fertile soil and favorable temperatures enable year-round agriculture production. Numerous crop opportunities are available during the off-season in Europe for high-quality exports, including

fruits (e.g. strawberries, seedless table grapes, melons, cherry tomatoes, and dates), vegetables (e.g. asparagus, green beans, and peas) and flowers.

The agriculture production in Jordan is distinguished from countries with similar climate and nature with its land transport capabilities with both European and GCC markets that gives Jordanian products a preferential advantage over the rest of the neighboring countries that selling the Jordanian production at the lowest cost and cheapest prices for both markets; domestic and international. Jordan’s general agriculture sector policy is perceived as one of the most business-friendly in the region as it balances the interests of consumers, producers and taxpayers well compared to its regional peers.



Source: World Economic Forum Global Competitiveness Report, 2017

Just over 12% of Jordan’s territory is used as agriculture land<sup>5</sup> of which rain-fed agriculture represents a share of 87%, which is a relatively high share compared to other MENA countries. This can be related to the variety of Jordan’s agro-ecological and bioclimatic zones, which includes favorable conditions such as the Mediterranean climate in Jordan’s west as well as tropical climate and availability of irrigation water in the Rift Valley.

The availability of freshwater and water resources is considered one of the key agriculture challenges in the MENA region, leading many countries to be reliant upon food imports. In Jordan, however, there are currently ten major water dams in place giving a total national water storage capacity of around 325 million cubic meters. It is also possible (upon the availability of investments and funding) to build dams across flooding areas and valleys which may result in doubling water supply.

<sup>5</sup> World Bank, Food and Agriculture Organization, electronic files and web site 2015

Compared to its regional peers, Jordan’s labor market ranks high in terms of quality of higher education and on-the-job-training. It ranks first within the region for the availability of scientists and engineers.



Source: World Economic Forum Global Competitiveness Report, 2017

Jordan offers a regionally competitive environment for innovation, research, and development, which further supports the country’s strong proposition for agriculture extension, agriculture services, agri-business, agriculture research, and life sciences.

	University & industry research collaboration		State of cluster development		Scientific & technical articles	
	Score (0 to 100)	Global rank (out of 128)	Score (0 to 100)	Global rank (out of 128)	Articles (per billion PPP\$ GDP)	Global rank (out of 128)
Cyprus	39.2	73	46.7	55	41.0	15
Egypt	23.8	121	54.5	31	9.7	67
Jordan	47.3	37	54.7	30	16.0	46
Lebanon	43.9	48	47.2	53	15.7	48
Saudi Arabia	41.9	54	60.6	22	8.0	74
Tunisia	32.8	98	36.3	97	31.8	24
Turkey	41.2	60	47.0	54	17.5	43

Source: World Intellectual Property Organization Global Innovation Index, 2017

There are no major obstacles for Jordanian exports to regional and foreign markets, especially the Gulf, which is done by overload transport. This is perceived as a critical location factor by many



foreign companies that invested in Jordan's agriculture sector. Although Jordan has faced border closures due to the regional crises and security conditions (especially in Iraq and Syria), trade with Iraq resumed in the last quarter of 2017 across the Karameh-Turaibil border whose reopening would be an opportunity to promote bilateral trade and investment, especially that the Iraqi market is a major destination for Jordanian exports and a priority for Jordanian industrialists and businessmen.

Jordan's agriculture market system is supervised and regulated by the Jordan Food and Drug Administration (JFDA), which has the mandate to accept or reset imported food consignments, and the Jordan Standards and Meteorology Organization (JSMO). The JSMO conducts food testing and develops food safety and quality standards. JSMO's standards reflect global standards of food safety and quality as these are aligned with US standards while JSMO works with European agencies to review its standards and ensure they are in compliance with European standards. JSMO already licensed various local laboratories to test for compliance with applicable standards.<sup>6</sup>

The Agriculture Credit Corporation is a Governmental entity that provides loans for agriculture projects at a reduced interest rate and aims at achieving the integrated agriculture development in terms of production and productivity. The Agriculture Credit Corporation offers a number of credit programs to support Jordan's agriculture sector:

- Rural Families Credit Program – Delivery of agriculture loans to the several agriculture domains financed by the Agriculture Credit Corporation all over the Kingdom.
- Income Source Diversification Project – Financing small farmers with low incomes in order to help them lead better living standards in addition to activating women's role.
- Project of Food Production Increase – Selling tractors, agriculture equipment, and fertilizers to the account of the Ministry of Agriculture in cash and in loans.
- Project of Agriculture Resource Management – Financing for small farmers to improve soil maintenance, the use of land and available water resources, and livestock keeping.<sup>7</sup>

These credit programs are supplemented by training programs provided by various agriculture associations such as Jordan's exporters and Producers for Fruit and Vegetables (JEPA), Jordanian Olive Products Exports Association (JOPEA), Jordan Dates Association, and Jordanian Association for Cut-Flowers and Ornamental Plants.

Finally, Jordan's Free Zones and Development Zones offer high quality infrastructure and a streamlined business operating environment boosted by attractive incentive package, offering agri-business investors corporate income tax exemptions and reductions on profits generated through exports in combination with the exemption of customs duties and general sales tax.

## Testimonials

<sup>6</sup> US Department of Commerce, 2017

<sup>7</sup> Agriculture Credit Corporation, 2017

## JIC Support Services

JIC provides a host of services geared towards providing investors with a trustworthy sustainable and rewarding environment for their investments.

These services include:

- Providing comprehensive information about investment in the kingdom.
- Providing provisional feasibility studies for potential projects.
- Providing registration, licensing and other services through an accessible Investment Window.
- Regulating incentives and privileges in accordance with the Investment Law.
- Providing after-care services.
- Supporting exports and promoting them to new markets in a bid to gain bigger shares of global markets.

### Investment Window – Fast Track

The Investment Window at JIC, or the so called “Fast Track”, empowers local and foreign investors by working to simplify the registration, licensing and procedures of investment projects in various economic activities.

The Investment Window includes commissioners from all government agencies authorized to grant the necessary approvals and licenses and have the authority to deal with the investment projects.

Investment Window “Fast Track” services include:

- Providing information and technical advice to investors.
- Registering activities covered by the Investment Window services and granting the necessary licenses to operate its various activities.
- Granting of sectoral and environmental approvals.
- Facilitating regulatory approvals (construction licenses, work permits, vocational licenses).
- Issuance of the investor card, recruitment and use of foreign labor, visas and residence approvals and certain private approvals.

### License guide for investment projects

The Investment Window provides a license guide. This comprehensive guide includes procedures for investment projects, starting from registration to obtaining organizational and sectorial approvals and licenses. Additionally, the License Guide offers Information on how to qualify for investment incentives as stipulated in the investment law.

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