



Market and Trade Data

Jordan's Tourism Vital to Economy

By Mohamed Khraishy

Jordan's HRI (hotel, restaurant, and institutional) sector has expanded significantly during the last decade thanks to economic reforms that included accession to the World Trade Organization.

U.S. exporters continue to benefit from a 2001 free trade agreement between Jordan and the United States, with exports of \$118.3 million worth of food and agricultural products to Jordan in calendar 2005 (according to official Jordan statistics), about a 6.5 percent market share. Under the agreement, U.S. products benefit from tariff-rate quotas and preferential tariffs, with all trade barriers to be eliminated by 2011.

Market Access Still a Challenge

Jordan is a net food importing country that depends on foreign sources for wheat, barley, corn, dairy products, sugar, red meat, rice, legumes, and canned foods. However, the country is self-sufficient in fresh fruits, vegetables, and poultry.

U.S. suppliers must consider the unique characteristics of the Jordanian marketplace, where food products must comply with Jordanian regulations and cater to Middle Eastern tastes and culture. Animal products must follow halal (observing Islamic tradition on slaughtering) measures. Arabic labeling must emphasize that products have no alcohol or pork.

The best approach for prospective exporters is to directly contact importers experienced in the HRI sector, since food service companies rely on their distributors for product selection. Though importers make up most of the network, supermarkets and some large chains import directly.

Product and price information can be sent to importers. Be sure to include labels and harmonized tariff numbers with the samples; ask for opinions regarding prospects for products. If a product is accepted, be prepared for importers to ask for exclusive distribution on a brand name for a few years. In early distribution, be willing to furnish smaller orders, perhaps sharing shipping containers with other exporters.

Importers believe that promotion is essential for increased sales, and they usually request a shared investment in a promotion campaign. Exporters are encouraged to organize trade missions and conduct educational and promotional campaigns in the growing supermarket sector. Innovative products, packaging, and pricing help sell products.

Since 1987, the annual Gulf Food and Hotel and Equipment Exhibition, in Dubai, United Arab Emirates, has been considered the primary business platform for showcasing U.S. food products in the region. In 2006, 74 U.S. companies participated in this show and made contacts with 35 Jordanian importers.

Tourism Drives HRI

Tourism, with \$1.44 billion of revenue in 2005, has revitalized not only the HRI sector; with 9 percent of gross domestic product, it makes an important contribution to the total economic picture of Jordan. It is the second largest private sector employer and the largest source of foreign exchange.

About 35 percent of hotel revenues come from food and beverage sales. In 2005, around 5.8 million visitors arrived in Jordan. There are, however, some near-term constraints on tourism growth, due to political unrest, high air fares, and petroleum costs.

Of the restaurant industry, the fast-food segment is experiencing the most growth, serving mainly Middle Eastern foods, hamburgers, and pizza. Fast-food restaurants are expected to increase at least 25 percent over the next five years. Upscale restaurants are also making headway, especially in the capital city Amman; they feature Western, Asian, and Mediterranean cuisines.

Many Jordanians refrain from alcoholic beverages, but wines are often consumed at upscale restaurants, and there is a prosperous business for bottled mineral water.

Competition Tough

Though Saudi Arabia exports the most products to Jordan, domestic and EU



USA Rice Federation in-store promotion.
 Photo courtesy of Memac Ogilvy & Mather, Amman, USA Rice Federation representative

(European Union) products furnish the main competition for U.S. products, followed by Syria, Egypt, and Lebanon. Often products from these countries enter at lower prices due to lower shipment costs and government subsidies.

To gain market share, U.S. prices must be competitive and products should be top quality. Nearby EU countries supply sophisticated foods and beverages at lower shipping charges. As a result of Jordan's trade agreements, new low-priced goods are also coming from Turkey, Hungary, and Bulgaria.

The U.S. food industry has a very positive image in Jordan based on consumer confidence in its reliability and food safety reputation. And now, tariff-rate quotas and preferential tariffs are supporting more competitive pricing. At the same time, American

foods do not always have the reputation of being fine cuisine. Also, Jordanians sometimes prefer domestic products, such as red meat, poultry, and olive products, believing that they are of higher quality and better comply with Jordanian tastes. ■

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Best Bets for Exporters

As Jordanian society has become more urbanized and more women have joined the workforce, consumers are relying more on restaurants and processed foods for their meals. The educated consumer is opting for dietetic and low-calorie food items. U.S. products already in the market that have good sales potential include:

- Almonds
- Condiments
- Cake mixes
- Cereals
- Desserts
- Juices
- Legumes
- Rice

Products not present, but with good potential, include:

- Candies
- Cheeses
- Chicken leg quarters
- Deli meats
- Frozen cooking butter
- Frozen fish
- Frozen potatoes
- Packaged juices
- Pecans
- Refined corn oil
- Snacks
- Turkey products

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