Jordanian Investments in Agriculture Abroad and at Home: the quest for secure access to food

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Introduction

Plenty of media headlines warn of Arab nations planning billions of investments in farmland overseas. These articles, however, often lack concrete details and are sometimes based upon secondary sources alone (Woertz and Verhoeven 2012). Accordingly, it has been shown that large controversial investment plans actually not always develop into concrete projects (see also White et al. 2012 and Smalley and Cordera 2012). In a reference to Sherlock Holmes, Ben White has likened such examples to ‘dogs that do not bark’ (White et al., 2012) because investments fail to materialize. Reports about such cases distort the available data on land acquisitions or ‘land grabs’ abroad. As such, they affect our understanding of the nature and scale of the development and it is therefore important that the precise details behind such cases are known.

Jordan too, arguably represents such a case, at least, for the time being. As a resource-poor and import-dependent country the option to invest in foreign lands from which then to source foodstuffs is an attractive policy choice for Jordan. Alternative trade-based approaches to food security are vulnerable to changes in global food prices. This factor is particularly salient (more immediate) for countries without large fiscal surpluses derived from oil revenue. Increasing global food prices thus add to the appeal of outsourcing food production. Jordan developed relatively advanced plans to do so and it is curious that despite the support of the Ministry of Agriculture as well as representatives from the private business sector, the investments did not go ahead. Rather than stopping short at ‘the dog that did not bark’ story, this paper further examines the reasons behind the failure of the proposed Jordan – Sudan project.

The study investigates which institutions were involved, what the policy rationale was and whether this rationale eventually was revised. The first section looks at how plans for investment were presented, and by whom. It will describe the proposed financing mechanisms and explain why investments eventually failed to take off. The remainder of the paper provides context to the Jordanian policy rationale by taking a close look at the agricultural sector in Jordan and the alternative that it may pose to investments abroad. Such information puts policy makers and academics in a better position to evaluate any future decisions taken in Jordanian agricultural policy. Evaluating this section, in combination with a consideration of the prospects for regional cooperation, will show why the foreign land acquisition option remains regarded as a viable policy option by representatives from governmental -, private - and academic sectors alike, despite a previous lack of progress in this field.

Plans for Agricultural Investment in Sudan

According to the Jordan Times, the Sudan Tribune and various other electronic media outlets, the government of the Hashemite Kingdom of Jordan entered a 70-year
agricultural protocol with the Republic of Sudan in 1998 (various articles in the *Jordan Times* 2008-10, *Sudan Tribune* 2008-09). The agreement gave Jordan the option to lease 268,000 dunums (26,800 ha) of land north of Khartoum and 88,000 dunums (8,800 ha) in the south of the country. Lands would be given the status of an economic free zone, subject to Jordanian law (Interview 7, 4 July 2012). The total area amounted to 356km$^2$ of fertile lands in the Nile river area, roughly the same size as Jordan’s own Jordan Valley area (Interview 12, 4 July 2012). Little is known about current land use practices and no such information was referred to in the plans (check). The Jordanian authorities planned to produce livestock$^1$, clover$^2$, garlic, bananas and mangos (*Jordan Times*, 20 December 2009).

Throughout 2008 and 2009 the various stages of implementation of the Sudan-Jordan project were reported upon in the aforementioned newspapers. In 2008, then prime minister Nader Dahabi announced that Jordan would cultivate land in Sudan and that the Jordanian government would provide facilities, including infrastructure to convey water from the Nile, to the location of the project (*Jordan Times*, 8 June 2009).$^3$ Moreover, the Jordanian government conducted feasibility studies in 2003 and 2009. The studies were undertaken in cooperation with the regional Arab Authority for Agricultural Investment and Development (AAAID) organization. Both studies concluded that the option to invest in Sudan would be feasible.$^4$ The AAAID, however, particularly stressed the importance of planting the ‘right’ kind of seeds, suitable to the local soil. Should this be done correctly, there would be potential for improving seed quality while growing. This in turn would positively affect the financial success of the project (AAAID, 2003).

Sudan is a resource-rich country as most of the Nile’s basin falls within Sudanese territory and it possesses key mineral resources and oil (Verhoeven 2012). In terms of Jordanian – Sudanese investment, there are three further strong points: Firstly, the relative proximity of both countries; airfreight takes two-and-half hours and sea transport from Port Sudan to Aqaba ten days (Jordan Investment Board 2012). Such time frames are suitable for the bulk transport of fruits, vegetables, livestock and other goods where time is of less essence. In terms of products, Sudanese meat is popular in Jordan because of its good quality and price compared to other imported meats.$^5$

In addition to both the appeal of the products and relative geographic proximity, the government of Sudan offered lucrative terms to potential foreign business partners so as to make investment even more attractive. Custom duties have been dropped and freedom of capital movements and money transfers is offered. Sudan allows all end products to be exported (or they may be marketed locally) and company owners are free to employ Jordanian nationals (*Sudan Tribune*, April 11 2009; interview 7, 4 July 2012).

From the Sudanese perspective, Jordanian investments are about bringing capital, technology and know-how to the country (Interview 7, 4 July 2012). Lacking domestic capacity, foreign investment is seen as an efficient way to do so. For Sudan, it is easier, and perhaps preferable, to do business with Arab countries. The Sudanese ambassador to Jordan, for example, mentioned the good relationship between both

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1 particularly for the export of lamb meat, for which demand is especially high during certain Islamic holidays (Azzeh 2009).
2 for animal feed
3 for pictures see Appendix 1
4 the author is in possession of hardcopies of the two feasibility studies in Arabic
5 it is about half the price (Azzeh 2009).
countries: “As Islamic countries, we have a lot in common and our Ministry of Investment provides all needed support services. Despite the long-term inaction on the Jordanian side, we remain open to Jordanian investments” (Interview 7, 4 July 2012).

In addition to the Islamic connection, it was further pointed out that for a small country with limited means, Jordan is doing relatively well. It has a high standard of technological knowledge and compares favourably to Saudi Arabia in this respect although it lacks the financial resources that Saudi Arabia has (Interview 7, 4th of July 2012). This point sheds light on the kinds of comparative advantages of the different countries in the Arab world with regards to labour, capital, technology and natural resources. The section on regional cooperation further elaborates on this topic.

In terms of governance, a public-private governance structure was formulated for this specific project. The investment would be managed by a holding company comprising of four existing Jordanian businesses, including the Jordan River Company and the Hijazi and Ghoushe Group. Although the consortium would be registered as a private business, the quantities and types of products to be sourced from Sudan were to be decided upon by the Jordanian government (Jordan Times, 13 July 2008). This particular public-private structure allows for a large degree of flexibility for Jordan in terms of production but also in terms of management. On the one hand, the undertaking can function as a private business but on the other, it can be completely managed by the government, should it decide to do so. This type of flexible public-private partnership is common in Jordan.

In the feasibility studies by the AAAID and the Jordanian government, it was suggested that the government would pay for the initial infrastructural investments: electricity supply and the supply of water from the Nile to farms. For each plot, the government would have to provide these two basic facilities. Costs amounted to ~110 US million dollars. This soon became a point of contention between the Ministry of Agriculture and the Jordanian government (Interview 11, 21 July 2012). The financial plan envisioned that the private sector investors would pay this sum back in instalments over a period of 5 – 10 years. This way the project would be economically feasible for both the government and the private sector (Issam Hijazi in Jordan Times, 8 June 2009). Despite being able to earn back their investment, the Jordanian government did not agree to this set-up (Interview 11, 21 July 2012).

According to Eng. Said Masri, the Minster of Agriculture at that time, this was a short-coming by the government. From the perspective of the Ministry of Agriculture, a Jordanian-Sudanese project would have the potential to make a positive contribution to the country’s food security. “This project is vital for the Kingdom's economy as it will contribute to a large extent to achieving the country's food stability, particularly addressing its need for grains and animal feed” (Said Masri, Jordan Times, 8 June 2009). Abdullah Shishani, director of the Ministry of Private sector affairs also said: “It is not a matter of investment anymore. The country's food security is at stake here” (Shishani, Jordan Times 8 July 2012). Government officials from outside the Ministry of Agriculture, however, seemed to consider the project from the vantage point of costs and revenue, not from a broader perspective taking future national food security as an objective.

Progress developed with difficulty and when the first funding structure for the project was rejected, an alternative mechanism of financing was proposed from within

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6 there is more to be said about this – expand here or elsewhere?
7 including the Jordan River Company and the Hijazi and Ghoushe group.
the Ministry of Agriculture. Instead of the government, interested private businesses would pay for the infrastructure themselves. The government, however, would provide collateral for up to 10 years in cooperation with the Bank of Jordan (Interview 11, 21 July 2012). The private sector agreed to this set-up but a final confirmation from the finance minister was still needed.

While the negotiation process was underway, the global investment climate had deteriorated. The financial crisis of 2008 had begun and the investment climate had become much more insecure (ODI 2009). During the final meeting of the Jordan Sudan High Committee in the third quarter of 2009, Finance Minister Basem Al Salem argued that the government could not provide the collateral needed for this type of investment. As such, no financial or other support was given for the project. Not having been provided with any form of support or financial security, the added uncertainties that the state of the global economy brought with it, the private sector then decided to withdraw from the project (Interview 11, 21 July 2012).

Accordingly, in September 2010, only months after having asserted the contrary, the Jordan Times reports that the Sudan-Jordan project is no longer feasible despite the full backing of the Minister of Agriculture and initially the private sector.

**Analysis of sequence of events**

The initial invitation by the Sudanese government thus developed from high-level government-to-government negotiations to a more open public/private structure. When negotiations stagnated, any interested private company was invited to participate. Importantly, these too would be able to benefit from the conditions offered by the Sudanese government, even if they would not take part in the government regulated venture (Jordan Times 8 June 2012). When it became clear that a joint public-private project was not going to be realised, it was suggested that the land offered by the government of Sudan would be put to use by the single Jordanian organization already active in the Sudanese agricultural sector: the Jordanian Armed Forces (Interview 11, 21 July 2012). The Jordanian Army is now said to be using around a tenth of the land offered in 1998 (Interview 13, 30th of July 2012).

In sum, the governmental invitation extended by Sudan to the government of Jordan did not materialise for ten years. Sudan, eager to attract foreign capital and know-how ‘increased the pressure’ and imposed a 10-year deadline. If Jordan had not started implementing any agricultural plans by 2009, it would forfeit the offer. As a result, plans for actual investment were put forward from within the Ministry of Agriculture, which had a number of private businesses on its side. These organizations reasoned from a perspective in which the concept of food security was central. They viewed Jordan’s dependency on food imports and consequent vulnerability to fluctuating prices in a (more) long-term framework. The Ministry of Agriculture, however, needed capital on its side and understood that it needed to

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\(^8\) Hijazi and Ghosheh Group CEO Issam Hijazi said yesterday that his company, a leading livestock and food importer/manufacturer interested in the venture, is keen to implement the project despite the drop in the international prices of agricultural products. ‘The change in prices of cereals and animal feed products is undeniably significant; therefore we need to take this into consideration when negotiating with the government,’ Hijazi told The Jordan Times, adding that the company founders and the government are currently discussing a proposed draft agreement governing the work of the company.
create opportunities for private business. The government, however, did not operate with such long-term vision. Jordanian dependency on foreign foodstuffs was not regarded as an immediate problem. Accordingly, no unified outlook was reached on the topic and the Sudanese, having become impatient with their would-be investors withdrew their offer and presented parts of the land to Sudanese citizens as compensation for land loss elsewhere (Interview 11, 21st of July 2012). Unlucky coincidence or fortunate turn of events? The venture was not abandoned because its viability was doubted although it is unclear whether sustainability as an aspect was even sufficiently considered. The following section provides more detail on a current Jordanian agricultural project in Sudan.

Operations in Sudan and the National Company for Food Security

A few Jordanian projects have run in Sudan however. At present, the Jordanian Armed Forces operate a farm in the Bashaier area. Instead of proceeding with the Sudan – Jordan project another project related to securing stable access to food stuffs was launched in 2010. At Royal Decree, the National Company for Food Security and Supply (NCFS) was founded. The three partners are the Jordanian Armed Forces, the Ministry of Industry and Finance and the private Injaz Company for Supply and Distribution.

The Company’s vision is to ‘have an effective participation in protecting the citizens, by providing to them with basic food supplies at the best prices at all times’ (NCFS website). Initially food items were only distributed at the designated Military Consumer Establishments (MCE) and at Civil Service Consumer Corporation (CSCC). These effectively were private distribution channels as they were for military personnel and civil servants only (Personal communication, July 21st 2012). This policy however changed and the outlets are now open to the public. The NCFS has done business with the Bashaier farm in Sudan. One source, however, revealed that this was not an agreeable experience (Personal communication, July 21st 2012). The experience was negative because of resistance from within the government. Increased trade between the Bashaier farm and the newly established NCFS would have the potential to threaten existing trade arrangements and was therefore undesirable in the eyes of some. As a result, some transactions took place between Bashaier farm and the NCFS, but this did not expand.

The company has a curious management structure; its board of directors consists of a mix of military generals and private business representatives. It markets around 70 food items. Some of them are local products, but most of them are from abroad. It is able to offer goods at cheap prices through a system of cross-subsidization. If one product sells at a good profit margin, revenue can be used to supply more expensive items at good prices. It can be argued that the company’s existence is a response to the cancellation of food price subsidies. The majority of food subsidies were phased out during the 1990s (Shaban et al., 2001). The pricing policy of the NCFS has a similar redistributive effect, but its mechanism is different. The NCFS’s key objective, however, is to offer a continuous supply of foodstuffs, including meat, certain vegetables and wheat, so as to prevent any shortages.

In December 2009 it was reported that the company would import around 5,000 to 10,000 sheep, starting from February 2010. ‘The high demand for Sudanese sheep during Eid Al Adha inspired the company to continue the import of livestock from Sudan, but in a more systematic way’, said Major General Ahmad Sarhan, chairman of the company's board of directors (Jordan Times, December 11 2009). In order to do
so, a private ship would be purchased to reduce transport costs. ‘It costs between JD150,000 and JD200,000 to order a sheep shipment from Sudan, while obtaining a private shipment will reduce the transportation costs drastically’ (General Ahmad Sarhan, Jordan Times, December 11 2009).

Again, it is unclear whether the proposed business transactions actually went ahead. The events could not be confirmed by the then Minister of Agriculture. At the same time, it was reported that the NCFS would also investigate the possibility of importing sheep from Somalia and Djibouti. It therefore seems that if Jordan is to engage in any future agricultural investments abroad, the NCFS is a likely mechanism through which it may do so. Given its close connection to the Royal Court and being a partner with the Jordanian military, it is a powerful actor. There are, however, not many details of its operations available.

Interview material revealed that the continuation of the business is not certain. Since the organization’s operations concern the procurement of competitive food imports, strong resistance exists from vested interests within the government. Resistance to new import arrangements stems from those with stakes in the existing Jordanian food industry. Those who resist plans outlining more effective food imports, seem to fear loosing their positions and loose out monetarily. For this reason, the operations of the NFSC, particularly when they did business in Sudan, were blocked. “To be honest with you, I don’t know if the company will still exist in three years time” (Personal communication, July 21st 2012). This development is lamentable. Whether investment in Sudan is a valid means through which to improve Jordanian food security or not, efforts to ameliorate Jordan’s dependent, food insecure situation must be made. The withdrawal of support for organizations like the NCFS harms the Jordanian position and would represent a waste of resources.

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9 examples of protective arrangements for the poultry industry, for example, exist (see Jordan Times, relevant article).
Policy Environment: Rationale & Background

The consideration to invest in Sudan did not directly stem from a food security strategy. The objective to achieve food security was important to some project partners but not part of a wider official policy rationale, as is often the case with the Gulf States. The consideration to invest in Sudan specifically, seemed to be a one-off initiative driven from within the Ministry of Agriculture, not stemming from government at large. So as to understand what kind of policy environment decisions to invest abroad may come from, the following section will consider Jordan’s country food security programme.

As a policy arena, food security is characterised by a high level of overlap and interdependence.

“Beyond the concept of agriculture there are so many related issues: trade, energy, water, subsidy policies, the role of the advanced agriculturalists vs. that of the traditionalists etc. etc. In order to understand what the challenges [to the sector] are, you need to go beyond the concept of agriculture” (Interview 6, 3 July 2012).

Such interdependence complicates tackling issues related to food production. The section below will provide a brief overview of current water and agricultural policy before integrating both in a discussion of the state of policy-making regarding food security in Jordan.

The Jordanian government is concerned with ‘food security’ as a policy area since the late 1990s. It has adopted the conventional definition of food security\(^{10}\) as an objective. Despite a number of substantial problems it aims to increase agricultural production. In order to do so, the following policy options are pursued in the Jordanian Badia, the Highlands and the Ghor area:

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<td>1</td>
<td>Achieving sustainable agricultural development in its economic, social and environmental dimensions</td>
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<td>2</td>
<td>Achieving food security and reducing poverty in rural areas through the optimum use of natural resources such as soil and water</td>
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<td>3</td>
<td>Making rural financial and marketing services available to farming households</td>
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Table 1 Source UNDP (2004).

The UNDP assists in the development of a food security strategy for Jordan. In order to do so, it invited a number of contractors to submit a proposal outlining the ‘provision of Services for National Consultancy and Technical Support to Policy Analysis on Food Security for the Preparation of the National Food Security Strategy’ (UNDP Request for Proposal 2012). The invitation notes that a process of current policy review in the topical areas of a) ‘self-sufficiency or agricultural trade’, b) ‘small-scale farming and agricultural structure’, c) ‘rural development policies’, d) ‘agroprocessing’ and e) ‘extension services’ has been initiated. A further four policy

\(^{10}\) ‘when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life’ (WHO 1996)
notes are being prepared (e.g. ‘cereals’; ‘livestock’; ‘fruit and vegetables’; ‘price support and subsidies’. Through a focus on these areas the Jordanian government aims to enhance the productivity of its agricultural sector.

Agricultural policy

Agricultural potential in Jordan is limited by the lack of available arable land; approximately 5% of land is suitable (IFAD 2007). Some of the most fertile land is not available because of urbanization and agricultural production as a whole has been on a steady decline since the 1960s (Wilson and Bruins 2005). At present, the sector contributes to around 3.5% of the GDP (Jordan Vision 2020). Yet, it consumes around 70% of the water budget. The figures concerning water consumption are disputed however.

“These figures that you get stating that the agricultural sector only contributes to about 2.5% to the GDP are based upon a calculation of value measured at the farmer’s doorstep. If you look at the sector’s impact upon transport, packaging, services, employment I believe the proper contribution would lie around 15%. That is the same as what the tourism sector currently contributes” (Interview 12, 26 July 2012).

A detailed study by Indian development cooperation by the Afro-Asian Rural Development Association estimates that if backward and forward linkages are taken into consideration ‘the share of agribusiness comes close to 22 per cent of GDP for the year 2002’ (AARDA 2004: 31). An external figure provided by ODI is much more conservative and lies at 5 - 6% (Turton, Nicol and Allan 2003: 24).

The claim that agriculture uses 70% of the country’s water budget is contested based upon the fact that much of the water used in agriculture, is not actually suitable drinking water (Interview 5, 20 May 2012). Water availability rigidly circumscribes the development of the agricultural sector, it is its biggest problem. Nonetheless, the national agricultural strategy 2002-2010 outlines the following ambitious objectives for growth:

- increase investment in the agricultural sector
- increase agricultural production and increase the contribution to the GDP
- improve the agricultural trade balance
- increase the degree of self-reliance in food
- link domestic supply with domestic demand

and with reference to social objectives:

- limit rural-urban migration
- enhance the capabilities of farmers and enable them to participate in the socio-economic development of rural areas

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11 Backward linkages exist when demand enables an upstream industry to be established at at least minimum economic scale. The strength of an industry's backward linkages is to be measured by the probability that it will in fact push other industries over the threshold (From: [http://www.pkarchive.org/theory/dishpan1.html](http://www.pkarchive.org/theory/dishpan1.html)).
For a complete overview of NSDAP objectives, see Appendix 2. Given the limits posed by water availability, increased agricultural production can only be achieved through reducing water losses and applying more efficient growing techniques as well as investing in high added-value crops and diversification projects.

One of the key problems of the Jordanian agricultural sector is the subsidization of water by the government. As a result, farmers do not pay real prices and water use is inefficient. Since no real prices for water are being paid, the economic base of the water and agricultural sector is distorted.

**Water policy**

Jordan is the world’s 4th most water-deficient country (IFAD 2004; UNDP 2009) and draws its water from underground fossil resources. On average, the country receives less than 200mm of rainfall per year (6,000 million cubic meters (MCM), classifying the climate as arid. The Highlands, however, can receive as much as 600mm per year (Raddad 2005). Annually, more water is used than sources are replenished (GTZ 2006). As such, over-pumping is an issue. Water allocation is on a sectoral basis by the Ministry of Water and Irrigation, which operates independently from the Ministry of Agriculture. In some respects, intra-departmental cooperation has been reported as problematic (Interview 9, 8th of July 2012).

While Jordan’s natural endowments are given, Jordan’s water (and food) security situation is also heavily impacted by anthropogenic factors such as distorting water subsidy policies, lack of efficient irrigation technologies and water theft (GTZ 2006). Staggeringly, 50% of all current water consumption is unaccounted for. This means that 50% of water is not paid for and that authorities cannot report where it is being used and by whom. According to the German Organization for Technological Cooperation the gap is caused by both physical losses due to ‘illegal use, unbilled water such as tanker and hydrant point water and by inefficient administrative procedures’ (GTZ 2006: 12). In an attempt to increase the amount of water available to the sector, the Ministry of Agriculture has recently set up a rainwater harvesting department operating within its own ministry and not the Ministry of Water and Irrigation.

**Food Security & the Policy-making process**

In order to arrive at a food security strategy that takes into consideration the challenges in both water management and agricultural production, a carefully planned out road map is necessary. In addition to the physical, resource-based problems faced by Jordan, it seems that the process of policy-making itself forms another obstacle. For example, when the UNDP called for proposals addressing food security it had to first withdraw and later re-issue its request because the framing of the project and phrasing of the requirements had been unclear and few solid proposals were received (Interview 6, 3 July 2012). It was unclear what the UN wanted, what the consultancies should offer and where the country found itself within this wider problem. To the introductory question ‘What are the main challenges to agriculture in Jordan?’, one interviewee replied “Well, that precisely is the question”. He continued to explain
“This situation where we are loosing soil, water isn’t being used efficiently arises from the fact that no one has the big picture. People need to come together to lay out a road map where we look at what is already there, what needs to be done and prioritise between those issues that need to be tackled. The problem with this country is that they don’t know” (Interview 6, 3 July 2012).

Other government officials and private sector representatives confirm this. “Jordan is a planless country, people here plan to achieve the appreciation of a person and don’t aim beyond that, i.e. serving a larger general objective” (Interview 1, 15 February 2012). Supporting workers in the Ministry of Agriculture explain that “One of the problems is that in the last year we have had 5 different ministers of agriculture. They all have different opinions and want different things. They need to sit together and come up with one plan. We need a comprehensive plan” (Interview 8, 8 July 2012).

This issue with the social side of the planning process is important because the actual challenges to be met are substantial. It seems that optimizing the policy making process itself could alleviate some issues that are currently attributed to physical scarcity. A report by the Overseas Development Institute (ODI) also notes that the development of effective policies in farming and water management are ‘impeded by the lack of key professional expertise in the areas of policy and decision-making’ (Turton, Nicol and Allan 2003: 41). According to some then, the lack of clarity in devising future policy partly stems from a failure to comprehend Jordan’s current position in terms of what it can and cannot provide in the area of food production.

A thorough appreciation of the Jordanian water and agricultural sector and associated policies is necessary to situate policy-decisions related to investment in farmlands abroad in its national context. Water scarcity, for example, is generally seen as a key driver behind such investments (Franco and Kay 2012). Gulf countries in particular ‘have rapidly growing populations but a declining agriculture due to lack of water and arable land ... conventional water sources in the GCC are predicted to last for 30 years at most’ (Woertz et al., 2008). The former director of the Ministry of Private sector affairs also mentioned this aspect in relation to the Sudan – Jordan project: ‘In order to meet 50% of our annual needs of wheat and barley, the Kingdom needs 400-500 million cubic metres of water to grow 500 dunums of wheat and barley’ (Abdullah Shishani, Jordan Times 13 July 2008). In a context of water shortage and erratic rainfall, investments in Sudan could be ‘strategically vital in order for Jordan to meet its wheat and barley needs’ (Jordan Times 13 July).

Since water availability plays such a key role in considering the desirability and need for investments abroad, it is important to have accurate knowledge of its availability domestically. In a situation where measures to combat the inefficient and illegal use of water are not pursued decidedly, water gaps may be bigger than they need to be. In such situations the need for investment abroad may be perceived as the ‘only’ solution to a problem that with prudent and rational planning could look very different. In order to assess what kinds of alternatives to investing abroad are available to Jordan, a close look at the domestic agricultural sector is taken below.
Domestic production: the Jordanian agricultural sector

Background

This section provides an overview of the strengths and challenges to the Jordanian domestic agricultural sector. It does so to assess whether food security could be improved in part through a domestic strategy. As a resource-poor country, Jordan has not and will not ever be able to produce sufficient food for its own population. The current situation, however, where around 90% of foodstuffs are imported (UNDP 2009) is unnecessary and from a food security perspective, inadequate.

At present, Jordan is one of the most vulnerable countries in the most food insecure region in the world (World Bank 2009). Some argue that the only way in which the Middle East could secure or even improve its food security situation, is through regional cooperation. Prior to assessing regional possibilities, however, the aim of this section is to take an in-depth look at the state of Jordanian agriculture so as to explore whether domestic production forms part of an alternative to outsourcing food production abroad.

Above, it was mentioned that the productivity of the agricultural sector in Jordan gradually declined to representing around 4% of its GDP in 2004 (AARA 2004). How was this point reached? The sector’s productivity steadily declined since the 1960s but it were reform programmes from the IMF and World Bank that had a real far-reaching impact. These institutions, with their focus on reducing producers’ prices, took measures to make the economy leaner and abolished certain government institutions that had previously helped farmers to market their produce (e.g. the Agricultural Marketing & Processing Company (AMBCO). The result was devastating. During a time where marketing would be difficult at best due the 1991 Gulf war and its impact on export markets, without the support services marketing became impossible for small farmers without international connections. Many went out of production and ‘joined the ranks of the urban unemployed’ (Harrigan, El-Said and Wang 2009: 286). Not long after, water charges were raised and fodder subsidies lifted. The combination of these policies had a very heavy impact upon the Jordan’s rural economy and contributed strongly to its decline. The effects and are still grappled with today and one of the objectives stated in the National Strategy for Agriculture 2002 -2010, is to (re-)set up a national company for the marketing of agricultural produce (NSAD 2005).

Crop production

While only a limited amount of Jordanian land is suitable for agricultural production (~10%), some of this land has unique strong points. Seasonal rainfall and a very low lie of the land create a unique micro-climate in the Jordan Valley which results in an important strategic advantage. The ‘natural green house’ effect created at the Jordan Valley enables valley producers to market fruit very early in the year when other producers are still unable to harvest. According to a Jordan Valley producer, the early entrance of the fruit markets facilitates the acquisition of a stable market share that can be maintained all year round (Interview 10, July 10th 2012). Jordan’s proximity to Europe means that it can access European markets fast and at relative low cost.
Agricultural output is concentrated in a few products: fresh vegetables (mainly tomatoes and cucumbers), fresh fruit (watermelons, strawberries, and dates) and olive oil (USAID 2005). The total value of horticultural exports was JOD 360.9 million in 2011 (Al Zoubi 2012: 5).

Jordan’s key crops of tomatoes, cucumbers and watermelons are water-intensive: water content for each of these crops is higher than 90%. When these crops are exported, it is essentially water that is transported and sold for very little (see Tony Allan’s work on ‘virtual water’). Jordan faces severe water scarcity and the export of its fossil water resources cannot be described other than being irrational. The root of the problem is threefold: tomatoes are relatively easy to grow and require few inputs; water is heavily subsidized and governmental subsidies thus form a source of private profit; know-how and skills necessary for the production of higher-value crops are inadequate and insufficiently invested in.

“We need more rational production”, says professor Rafiq Hamdan from the University of Jordan. Many people however are dependent on the production of tomatoes and it is difficult to transform the sector without providing alternative forms of employment. “Were any government intervention to take place in this area, viable alternatives would need to be proposed to the people active in this sector and that is difficult to achieve” (Interview 5, 20 May 2012, Interview 6 July 3rd 2012). Tomatoes continue to be in relatively high demand regionally, which ensures their continued production for the time being. Also, few governments are prepared to pay the political price for addressing problems in this sector. The big Jordan Valley producers, or big whales as they are referred to in Arabic, are strong political players with far-reaching influence. Any confrontation of their position is not without political consequences.

**Livestock**

The livestock sector is the agricultural sub-sector and contributes to around 60% of total agricultural output (NSAD 2003). Natural rangeland is an important source of livestock feed and around 8.1 million hectare of Jordanian land is classified as rangeland, which corresponds to around 90% of total Jordanian land surface (NCARE 2010). These areas receive varying rainfall. Traditionally, Bedouin tribes used these lands for livestock production. Livestock would range for around six months during the winter period and be fed fodder during summer when lands are too dry to sustain animals (Barfield 1993). The advance of urbanization and new systems of land ownership affected the viability of pastoralism. Encroachment upon arable and rangeland significantly impacted the livestock sector; overall, fewer land is available and the movement of herds is restricted (Chatty 1986).

Changes in the legal system over the past hundred years are an important factor affecting the sector and its significance must not be downplayed. Simply put, land rights for producers have become more insecure in the long-term. Previously, traditional law governed land use but in the short history of Jordan as a nation this system has been reformed. During this process, the traditional system has lost its significance for some parties, but remained important to others. A state of ambiguity emerged and still exists (Razzaz 1993; 1994). Accordingly, which system takes

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12 Jordanian dinar
precedence when and why, varies on an individual case basis. This situation contributes to the formation of opportunistic relationships with land. For example, when it is unclear who bears the burden of land management or who may claim its benefits, conditions for investing in land deteriorate and land management may decline. Several examples exist where small holders have invested in the cultivation of land, only to find their labour and resources destroyed by government entities who argued that the cultivators did not have ownership or usufructuary rights (Personal communication, August 12th 2012). Similar issues about conflict between ‘traditional’ owners and the municipality in Amman exist (Razzaz 1993).

The limited availability of rangeland drives increased dependence on supplemental feed which comprises an increasingly large share of the government’s budget. Incidents of fraud regarding reported vs. actual numbers of livestock in farmers’ possession have been reported, and it has been suggested that the government could save $87 million if the livestock subsidy system would be reformed (Guardian Gate 2012, 08AMMAN1616). Reforms however have proceeded with difficulty. Subsidy programmes are highly political and many Middle Eastern governments rely upon them to secure support from the population. Subsidies are a powerful political tool (Parkinson 2011).

Success at producing fodder domestically, or elsewhere at a cheaper cost than imported feed, is in Jordan’s interest. Since cutting the subsidy programme has met with limited success, its rising costs are increasingly problematic. In this context it becomes clear that locating a source of low cost fodder is not merely in the interest of agriculture per se, it is also politically significant in maintaining the status quo. The United States is weary of Jordanian domestic production of fodder because of limited water resources (USAID 2005). Although wheat and barley are both rainfed, during dry spells supplementary irrigation flowing from artesian wells would be needed. In response to the argument related to groundwater use, the director of Private Sector Affairs within the Ministry of Agriculture Abdullah Shishani said that ‘Desperate times, call for desperate measures’ (Guardian Gate, 08AMMAN1616). There is no reason to assume that such logic would not be applied to haphazard investment abroad, should the need arise.

The Jordanian agricultural sector thus faces substantial problems. Another less tangible problem but no less consequential, is the unpopularity of rural life in general. One advanced farmer puts it like this: ‘Our cousins and relatives who happened to own land next to ours do not cultivate their land, they are all doctors, engineers and have no more interest in the land. I am sure my kids will not come close to the land either as it seems such a hard job to do’ (Personal communication 15 August 2012). In Jordan, like almost everywhere else, the general popularity of the agricultural sector is in decline. Ben White addresses this issue extensively in his piece ‘Who will own the countryside’ (White 2011). Moreover, agricultural engineering as an academic subject does not enjoy high standing as the number of tawziihi points (central high school exam) needed to gain entry to the agricultural faculty is lower than scores needed to study medicine or engineering. As a result, the subject finds itself in relatively low standing. The agricultural development strategy of Jordan should therefore specifically focus on young people with regard to its objective to ‘enhance the capabilities of farmers and enable them to participate in the socio-economic development of rural areas’ (NSAD 2005).
Prospects for Improvement

Despite the challenges presented above, Jordan is technologically strong in agricultural production; it uses relative advanced growing and watering systems compared to the rest of the region (JEPA, 2011). Infrastructure, law enforcement and certification levels are relatively high. The climate in the Jordan Valley allows for the production of winter vegetables when other producers cannot do so (Al-Zoubi 2012). The French Agency of Development (AFD) states: ‘Jordan enjoys strong comparative advantage in the production of almost all types of vegetable crops and selected tree crops. Calculated indicators show strong comparative advantage for seedless grapes, green beans and strawberries’ (AFD 2011: 13). According to JEPA, the establishment of the Greater Arab Free Trading zone (GAFTA) and joining of the European Mediterranean Partnership Agreement (EMPA) may provide further opportunities for growth.

The objectives for improvement laid out by the National Strategy for Agricultural Development, however, are highly ambitious. Many of its objectives have not been achieved in 2012. Nonetheless, the document remains the most recent and relevant report on agricultural policy in Jordan. It identified rainfed agriculture, rangeland development and water use efficiency as priority areas. These remain areas to be addressed. Progress has been made in the area of rainwater harvesting with the establishment of a separate department guiding its development and with numerous pilot projects running. The following section will cover the potential of rainwater harvesting in more detail with specific reference to growing wheat crops.

At present, the agricultural sector would immediately benefit from improved acquisition and distribution of specialised information on agricultural markets and crops. The lack of access to accurate and up-to-date market information forms an obstacle to increasing efficiency. Some private producers collect and distribute such information, but it would be an improvement if the government provide it. Four decades ago, Cooper and Alexander (1972) already recognised this as a wider regional problem: ‘Agricultural development policies have been hampered in the past by serious inadequacies in information regarding the agricultural sector. Statistics on livestock production and crop output are subjective and highly unreliable’ (Cooper and Alexander 1972: 265). Similar concerns were raised at an agricultural conference attended by the author in spring 2012. Production is still sub-optimal in some areas of the Jordan Valley and increased access to market information could mitigate this gap.

Current policy documents on improving Jordanian economic competitiveness do not seem to put great faith in the development of the agricultural sector (Jordan Vision 2020), with the exception of the NSAD itself. On the one hand, it makes sense to argue that countries like Jordan, with few natural resources, are better off capitalising on its educational or pharmaceutical sector (Jordan Vision 2020) but this does not, however, preclude maintaining a functioning agricultural sector, if only it were to retain agricultural knowledge and skills.

From a ‘food security’ point of view, there are strong arguments as to why Jordan should aim to fulfil at least a certain percentage of its domestic food demands. According to FAO’s How to feed the World in 2050 forum of experts, overall food production needs to rise by 70% and needs to double in developing countries if the

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13 – Jordan is a key education provider for international students from throughout the Arab world – its medical services – Jordan medical treatment is of good quality and competitively priced throughout the region – IT – Jordan strives to
world is to feed its population in 2050. Annual cereal production, for instance, would have to grow by almost one billion tonnes (How to Feed the World 2050: 2). Taking this to the macro-perspective, with a growing population itself, Jordan may need to employ all the arable resources it has, so as to meet domestic food supply even if it is able to import the bulk of it.

In order to achieve a measure of supply stability, it may be desirable to produce crops that are not ‘competitive’ as such, but the production of which is looked-for because they are strategic crops. As long as the production of such crops does not squander resources, governments may opt to produce them and finance them through a system of cross-subsidization, a strategy currently employed for buying food stuffs by the National Company for Food Security (NCFS) (see above). Such strategies are generally against the gospel of liberalisation and comparative advantage and do not match with a worldview in which goods are exclusively produced to be traded in markets. Certain governments, however, have already opted for precisely such a strategy.\(^\text{14}\)

Additionally, while trade-based strategies to achieving food security are widely accepted and pursued (Lavers 2010), the 2008 surge in protectionism in wheat markets has shown that a fiscal surplus is no panacea for improving national food security. This is why governments may opt to produce certain goods domestically, even though they are not immediately competitive. Perhaps policy objectives regarding ‘increasing the degree of self-reliance in food, and improve the agricultural trade balance’ (NSAD 2005) presented in shiny reports can simply not be achieved ‘for free’ or through ‘win-win’ situations. In a country like Jordan where rises in basic food prices are often followed by social unrest (Ryan 1998), such a price may actually be only a very small fee to pay. Especially when crop production also works towards achieving a number of other policy objectives, e.g. prevention of urban-rural migration and soil erosion. The negative ‘cost’ of producing goods that do not fit in the ‘comparative advantage bracket’, may simply not reflect their real value.

Decisions regarding agricultural policy-making are situated in a wider framework in which all sorts of economic, social and environmental questions come together. The Common European Agricultural policy is a case in point. Under article 39 of the Treaty of Rome, European governments were committed to support European farmers and promote rural development (EUR-lex 2012). While the CAP underwent reforms in 2006, its subsidy programme still amounts to ~40% of the total EU budget in 2012 (EU Budget 2012). 14.6 billion is allocated to the Rural Development Fund which amounts to around ~10% of the total budget. The bulk of this funding concerns direct payments to farmers whom represent x per cent of the European population. Agricultural contribution to EU GDP lies at around ~3% and represents 8.3% of total employment (Europedia 2011). It is important to bear this comparison in mind. In fact, the average level of protection for the agricultural sector in developed countries is 14% while Jordan’s average lies at 11% (IFPRI 2010: 10).

The following section takes the wheat crop as a case study to assess possibilities for domestic production. The section serves to explore the potential for the production of such a crop as well as to illustrate the current workings of the global food system of which Jordan is a part and which affects its food production policies.

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\(^{14}\) Saudi Arabia’s former wheat production programme is an example.
Alternatives: domestic wheat production

At present Jordan is highly dependent on food imports of which wheat, a key domestic staple good, is foremost. Jordan imports 850,000 metric tonnes (MT) of wheat, which constitutes 98 per cent of its total domestic demand (Index Mundi 2012). The Middle East as a whole imports 14.4 million tonnes of wheat, which represents 68% of total regional demand (Weigand 2011).

This has not always been the case, however. In the 1960s, the Hauran region produced enough wheat to supply large parts of the Middle East (Zurayk 2009; Interviews 4, 5, 10 and 11). Its basalt soil is highly fertile and part of the area is located in Jordan. Wheat used to be produced especially in the higher areas, but as a result of a drive to exploit economies of scale, production was moved to lower-lying areas, where plots were larger but also less fertile. Production then gradually declined until it only amounted to marginal quantities (Zurayk 2009).

Agriculture in the Middle East as a whole declined steadily over the last eight decades, but particularly since the 1980s and now arguably is in a deplorable state (Milton-Edwards 2011: 96–97). A combination of discouraging government policies, which focused on import substitution and favoured industry over agriculture, as well
as population growth and loss of arable land due to urbanisation, have all contributed to the decline of agriculture. Consequently, they increased Arab dependence on food imports (Rivlin 2001; Milton-Edwards 2011). Specifically, Arab wheat imports increased from an average 8 million tonnes (1981-82) to a peak of 12.2 million tons in 1989; then there was ‘a fairly steady decline to 8.6 million tonnes in 1996’ (Rivlin 2001: 86). In 2010, Arab states imported 14.4 million tonnes of wheat (US Wheat Associates 2011). Overall cereal imports amounted to 58.2 million metric tonnes in 2007 (World Bank 2009).

With respect to the production of grains in Jordan, UNDP authors write the following:

_The limited availability of water and land suitable for grain cultivation indicates that even with incentives and the best available farming technology, Jordan will continue to need to import the bulk of its grain requirement. In addition, the potential for a subsistence based model of food security, where increased farm production of cereals could take care of at least the farming household’s own requirements, would also appear to be limited. Therefore, strategic interventions would need to address improvements in grain procurement from the world market, its storage and distribution; sustainable and water conserving ways to improve yield; and increasing the value of the small farmers’ production of fruits and vegetables to boost their income, so as to enable them to buy cereals from the market._

This assessment previews a situation where Jordanian small farmers are dependent on the market mechanism only, to acquire cereals. The limited availability of water and the suggested improbability of grain production is accepted at face value. Wheat, however, is a rain-fed crop and does not rely on irrigation. Rainfall is sufficient in several areas in Jordan to produce wheat (Khasawneh 1996). As mentioned above, this is what was done in the past. At present, local wheat producers are struggling because it is difficult to compete with bulk imports from major grain producing regions. Their situation is particularly difficult, however, because the Jordanian government does not pay a fair price for home-produced wheat and there is no support for agriculture in terms of subsidies for machinery or seeds, as is the case in many European countries. One interviewee sketches the situation: ‘The government offers around 60JDs for a tonne of grain [to local producers]. The international price at the moment averages around 250 JDs per tonne of grain. If the costs a farmer makes, lie around say 200 JDS, then what are you going to do?’ (Interview 6, July 3rd 2012). This rough calculation shows that it is difficult if not impossible for individual farmers to compete. It also shows however, that domestic costs are still lower than what it costs to acquire a tonne of wheat from the international market. As a result, voices have gone up in Jordan demanding government to support domestic wheat production (Hadadin 2012).

There are a number of arguments in favour of domestic production. One recent report by the United States Department of Agriculture (USDA) states that Jordan’s domestic wheat production is sufficient only to supply the country’s population for a minimal 17 days (Kraishy 2011). This means that Jordan could only provide its population with its key staple good, bread, for under three weeks. In a country where rising bread prices of bread have brought people to the streets, wheat supply is a matter of social stability and hence national security. Moreover, the longer a country can be self-sufficient, the better its bargaining position in the market; the longer it can hold off purchases, the better the chances for buying at low prices. Also, producing wheat domestically will provide farmers with income and contribute to the GDP. It
will also drive down average wheat prices, allowing Jordan to purchase wheat at lower prices (Interviews 10 and 12, 2012). A number of added benefits are usually mentioned in this context: the planting of trees and certain farming techniques can prevent the erosion of top soil (Gebhardt et al., 1985; Lal 1991). Farming will provide the rural population with an alternative to moving to the cities, which would further add to pressure on urban services and infrastructure.

These and similar arguments began to surface after the 2008 period of Russian protectionism in the wheat market. Proponents further argue that should domestic government-supported wheat production in Jordan were enacted as an experiment or temporary trial, it would not cost the government any money to do so, because production costs at present are lower than the costs of procuring grain from the international market (Interviews 10 and 12). This vision runs counter to the one presented by development organizations such as for example UNDP (see above).

It is a long time ago that debates on the paralysing effect of food aid were at their height, their main tenets should perhaps be revisited and brought to attention. Back in 1960, T.W. Schultz argued that ‘if food, supplied as aid, were sold on the open market, the price would fall below what it otherwise would be and farmers would produce less than they otherwise would’ (Maxwell and Singer 1979: 230). While Schultz’ argument has since been criticized as well as refined by a number of economists, and the scenario in Jordan is not exactly the same, current aid flows to Jordan warrant further empirical analysis. Especially when it is known that sources in the Jordanian government, the Jordanian Ministry of Agriculture, and EU policy-makers have expressed their disapproval of the aforementioned American donations (Interview 6, July 3rd 2012; Interview 12, 26th of July 2012).

In the meantime, however, the American vessel “Liberty Spirit” delivered Jordan’s 2nd American wheat donation in January 2012 (United States Embassy Press Release, January 26 2012). The donations are politically significant because it allows the Jordanian government to maintain low consumer prices for staple goods. Bread, for example, sells at one-third of the cost price and the remainder is subsidized. The following section provides further detailed information on recent food price rises in Jordan, illustrating why achieving a minimum level of food security is significant.

Food prices and the social significance of domestic production

Food prices and expected increases featured prominently in Jordan Times articles during May 2012. Living costs were a top concern for local and municipal policy makers. Consumers urged the government to seek other options to reduce the government deficit than to reduce food subsidies. During this month the Consumer Protection Society (CPS) further called for a boycott of local red meat because its price is “unacceptably high” (Jordan Times 9th of May 2012). Three years ago, the CPS boycott achieved significant price reductions. A Deputy of the Karak district, a medium-sized town in central Jordan, explicitly stated that ‘any unexamined rush to increase the prices of basic commodities would lead to more tension on the street’ (Jordan Times May 9th 2012). With a budget deficit reaching 10% of its GDP (IndexMundi 2012), however, the Jordanian government needs to act to reduce its fiscal costs. It does not have sufficient resources to maintain the subsidy programme that is so politically instrumental. This is why US wheat donations are so welcome.

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15 Russia banned the export of all wheat after it suffered from major forest fires in 2008.
These, however, have the effect of putting further strain on domestic production. In 
this regard one government official remarks: ‘Agriculture is not only the production 
of food and vegetables. Our concern is also with people who grow food. They are 
starting to face a lot of problems. Olive farmers located all the way north of Irbid and 
down to Ma’an in the south, for example, on average own 1.2 acres (4.5 dunums) and 
they are struggling to feed their families (Interview 5, 20 May 2012).

When reports by USAID or the USDA state that agriculture in Jordan is 
negligible, this is assessed from a liberalised international market stand point and does 
not take into account the value of the sector in terms of income provision to poorer 
sections of the population. The social significance of agriculture and how it relates to 
the economic policies of the state remains a conundrum, in Europe, the Middle East 
and elsewhere. Quoting Karl Polanyi (1944), the UN Special Rapporteur on the Right 
to Food writes

‘To allow the market mechanism to be the sole director of the fate of human 
beings and their natural environment, indeed, even of the amount and use of 
purchasing power, would result in the demolition of society ... Nature would 
be reduced to its elements, neighborhoods and landscapes defiled, rivers 
polluted, military safety jeopardized, the power to produce food and raw 
materials destroyed’ (De Schutter 2011: 274).

The social significance of rural production has received little attention in reports that 
take liberalised market economies as their sole baseline. Investments in agro-
ecological research and the popularity of the sector have declined over the last sixty 
years (White 2011). Trying to make sense of the difference in outlook between calls 
for domestic production of wheat in Jordan and views presented by powerful 
development organisations such as the UNDP and presented at the start of this 
section, evokes all sorts of questions regarding the ‘difficult relationships between 
small-scale farmers and attempts to integrate them into the larger economy’ (De 
Schutter 2011: 251). Insufficient knowledge is available in this field to state with 
certainty what the best practices are. More empirical data is needed and field trials for 
wheat production with the support of rainwater conserving methods in Jordan could 
be one such project.
Prospects for Regional cooperation

‘The fact that investments in Sudan did not go ahead is really another example of the failure of the workings of the Arab league’ (Interview 6, July 3rd 2012).

‘The future of food in this region cannot be addressed without moving back toward the organic integration of the countries of the Fertile Crescent – which are also the countries where farming first began’ (Zurayk 2011: 20).

The Middle East is the most food import dependent region in the world (Harrigan 2011). For this reason alone more cooperative projects should exist between the different Arab countries. No goal however has ever seemed more remote. The political will to achieve such cooperation seems to be lacking (Galal and Hoekman 2003).

Historically, there have been a number of attempts at regional cooperation in the Middle East, but none of them have been very significant so far. Part of the reason is that economic incentives for integration are limited, or appear to be limited, to the parties involved. As long as more profits are made in a situation where trade barriers between countries are maintained, it is difficult to advocate for change (Galal and Hoekman 2003). The political differences and disagreements between Arab states often prevent them from working and planning more closely together. Iraq for example, is Jordan’s most important export partner (JEPA 2011) but on a bilateral level, few agreements exist. Social and cultural factors impact trade relations between Middle Eastern significantly. The previous Jordanian prime minister, for example, was of Shiite denomination and maintained good report with Iraqi prime minister Al-Maliki, also Shiite, which translated into favourable trade conditions for the Jordanian agricultural sector. The current prime minister does not enjoy the same good relations, which according to some agricultural producers impacts current trade agreements negatively (Interview 9, 8th of July 2012).

With specific reference to agriculture, two cooperative organisations have been influential historically. The oldest is the Arab Organization for Agricultural Development (AOAD), established in 1970. It arose out of increased recognition for the need for cooperation between Arab countries. It was widely agreed that Sudan could function as the “bread basket of the Middle East” and so the organization’s headquarters were set up in Khartoum. The aim was to modernize and improve agricultural practices and achieve increased cooperation between Arab states. Its vision is to ‘Achieve highly efficient, sustainable and economically feasible agriculture capable of utilizing resources to food security in the Arab world and improve the welfare of workers in the agricultural sector’ (AOAD 2012) but remains to be implemented.

Another organization, the Arab Authority for Agriculture Investment and Development (AAAID) was founded in 1976. It is an independent agricultural financial institution currently subscribed to by twenty member states with a capital of $384 million dollars (AAAID 2011). It has a number of affiliated companies and organization that aim to ‘contribute to achieving food security in the Arab region through investment and the development of agricultural resources and capabilities’ (AAAID 2011).16 The AAAID conducted the technical feasibility study for the Jordan – Sudan project.

16 http://www.linkedin.com/company/aaaid
Other parties seem to have lost faith in AAAID and AOAD capacity. One interviewee related that they were unable and also to a certain extent unwilling to assist in the set-up of a farm in Sudan, which is precisely their mandate. They did not have the technological know-how to provide support services. Another interviewee stated that

“Over the last 30 years many Arab countries invested money in meat production, wheat production and poultry production, which contributed to many important developments in these sub-sectors, but now they are not so active” (Interview 3, May 12th 2012).

Today, the financial position of the organisation is weakened. Additionally, there is a clear power differentiation within the organisation. Gulf states contribute most of the capital and have more influence. Despite the poor reputation of these regional Arab development organisations, international cooperation is still seen by some as the only solution in the quest for achieving food security. Professor Hamdan from the University of Jordan explains that land resources are mainly available in Syria, Iraq and Sudan, but that these countries do not have human resources. On the other hand, Egypt has human resources, but no land (or at least limited) or capital. The country does have a large consumer base. Yet other countries have human resources, but no capital.

“If these countries are going to be self-sufficient in food, they have to make channels between these countries so that the resources can move from one country to another. I mean to show there is no other solution for the Arab countries than regional cooperation” (Interview 3, May 12th 2012).

This view is shared by the AOAD. In a situation of regional protectionism ‘programmes that seek to achieve a satisfactory equilibrium between national and regional viewpoints’ are required. This implies that the Arab countries have to strive for a better low of production inputs and agricultural products amongst them’ (AOAD 2007:12). Accepting this viewpoint, regional cooperation should focus on comparative advantage and facilitating the flow of goods, people (expertise) and money between the Arab states.

Galal and Hoekman (2003) and Rivlin (2001) pointed out that little progress has been made in this area and that political will and clear economic advantages are required to stimulate integrative processes. Political cooperation has never been straightforward in the Arab world and the current political climate is not conducive to it. Since clear economic incentives must be in place to promote regional integration, the current relative degree of protection and associated vested interests form a barrier to trade and integration.

‘Grab’ or integration?

Until now, investment projects in farmland abroad have most often been presented as ‘land grabs’, and for very good reasons. It is, however, important to consider these developments from a different angle as well. The idea to farm in Sudan and export to the rest of the Arab world is one that precedes the ‘land grab’ debate. In the 1970s ambitious plans were made to source grains, oil seeds and animal products from
Sudan, but the vast majority of plans was never carried out (O’Brien 1981: 26). The recent spike in food prices, however, put food security at the top of the agenda of Arab states and gave new impetus to the idea of investing in African farm land. The ‘Riyadh Declaration To Consolidate Arab Cooperation to Face World Food Crises’, for example, envisions a strategy up until 2025 to improve Arab food production. The strategy questions the use of national food security concepts that are focused on improving national self-sufficiency. Instead, it asks whether ‘it might be useful in the future that food security concept should develop towards regional rather than national ones’ (AOAD 2007: 13). In this context, the Sudan option could be seen as a form of regional investment or regional economic integration. Know-how, technology, labour and resources would be brought together from different Arab countries for the purpose of food production. It goes without saying that the actual conditions of investment and the way they are done, determines whether one ought to speak of ‘regional cooperation’ or ‘land grabbing’. A situation in which Arab countries bundle resources and put these to use in regions that are culturally close to them in itself however, is essentially not different from what large European multinationals have done for many years already (Zurayk 2011).

The idea of Arab economic integration is appealing and necessary. It is difficult to find any concrete examples of such projects though and judging by the state of current politics in the Middle East, it seemed there are just ‘too many other problems going on’. In the field of regional water policy it has been suggested that increasing scarcity may form a catalyst in bringing Arab states together (Wilson 2009) but with unfavourable legal provisions such as for example the chapter on water in the 1994 Peace Treaty between Jordan and Israel, the problem seems to be structurally embedded at least to a certain extent.

While regional integration in terms of the removal of trade barriers and effective country-to-country cooperation has met with little success, Steffen (2007) suggests that foreign direct investment, as a different form of regional integration, has increased. ‘FDI has been at the core of regional economic integration since 2000. It has accelerated much more massively than trade, and is cross-cutting sub-regions in a way that commerce has never managed’ (Steffen 2007: 7).

Securing access to food is becoming a more acute problem year by year and whether this situation will become a catalyst for increased multilateral cooperation remains to be seen. For the Jordan – Sudan project, however, which relied on the support and cooperation of numerous parties the Jordanian Minister of Agriculture said that the ideas were simply, still, ahead of its time. If the current trend identified by Steffen continues, a situation in which Arab food dependency persists may be more likely. The only difference being, that resource-poor Arab states import more from their resource-rich Gulf neighbours who are picking the fruits from their plentiful foreign investment projects.
Conclusion

This paper has investigated the policy rationale behind Jordanian investment in agricultural land in Sudan. It has presented the immediate reasons for why the proposed investment project was not realised and which actors and institutions were involved.

The remainder of the paper then shed light on the nature of the policy environment in which ideas for investment took shape. It has argued that plans for foreign direct investment were not so much part of a comprehensive governmental strategy, as a one-off opportunity that presented itself through the offer of the government of Sudan.

The ‘one-off nature’ of the investment project does not mean that investment in agricultural land abroad does not ‘fit’, within a food security strategy by the government of Jordan. Given the country’s lack of access to cheap animal feed, investing in particularly Sudanese livestock remains attractive. This policy decision would find support from within the private, academic and ministerial sectors.

Jordan’s lack of groundwater resources prompt it to look abroad. In the field of domestic water management, however, there is large potential for improving efficiency. Since Jordan enjoys a number of strategic advantages with reference to fruit and vegetable production, investing in the agricultural sector at home does present an alternative to investments abroad for a number of crops. While the domestic agricultural sector faces numerous difficulties, its upkeep would address a number of policy objectives in other fields, for which the Jordanian government pledged support.

Investment abroad can be presented as a panacea for all sorts of difficulties stemming from resource scarcity. In doing so, however, it is easily overlooked that the current state of food production and acquisition is in part a result of inadequate government policy, a lack of comprehensive planning, and a lack of political will to actually improve the workings of, for example, the agricultural and water sectors.

The Jordanian government needs to re-assess its current position and priorities. It needs to decide what kind of food security policy it wants to pursue in the long-term. This is desirable from a food security perspective and there is an urgent financial imperative to do so. In the absence of comprehensive policy and accurate knowledge as to what the country itself can produce, investment abroad may be presented as a ‘miracle solution’ and investment projects abroad may be embarked upon without the necessary strategic planning.
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