PALTRADE

PALESTINE TRADE CENTER

EXPORT TRENDS – JORDAN

PALESTINIAN EXPORTS TO JORDAN
JANUARY, 2000 – DECEMBER, 2005

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USAID
FROM THE AMERICAN PEOPLE

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Palestinian Exports to Jordan

Overview

Jordan may be considered one of the most important trade partners to Palestine, since it formulates a strategic gateway for Palestinian Trade to the East, and the Arab and Islamic world. Jordan also formulates a major export market for Palestinian products. Within the last five years, Palestinian businesses exported the equivalent of 79 million USD to Jordan[1]. Unfortunately, data is only currently available for Palestinian exports to the Jordanian market, while data on exports through Jordan is not currently available.

Borders Crossings and Movement Issues

As a result of the Israeli control over the Karamah (Allenby) bridge and the Damiah (Adam) bridges, trade statistics between the West Bank and Gaza are not accurately maintained. The lack of presence of Palestinian customs officials on these border crossing between the Palestine and Jordan is contrary to the Paris Protocol, which stipulates that Palestinian customs were to be handed over the control of the border crossings by mid 1997. This step, however never took place.

As a result of the aforementioned Israeli control over border crossings with Jordan, the movement of goods is delayed tremendously for both imports and exports due to security pretences and delays in checking even goods that are leaving Palestine aimed at the Jordanian market.

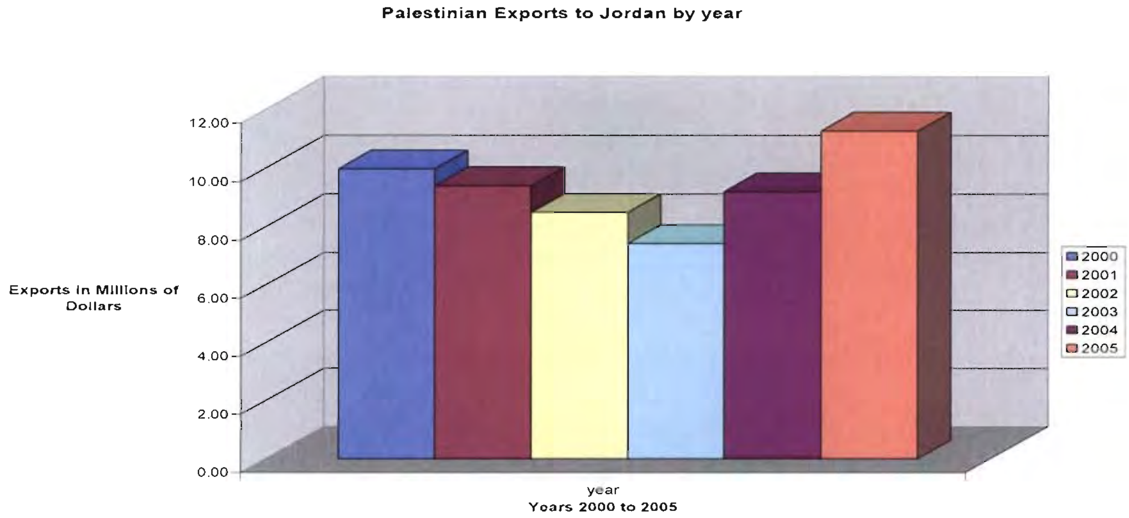
Damiah bridge, which is supposed to be the Palestinian bridge for exports to Jordan has not functioned in four years and has been closed by the Israeli side under the guise of rehabilitation of the bridge and its facilities. According to Jordanian sources on the other side of the bridge, they have not seen any construction or rehabilitation take place on the bridge for the last four years. Thus, the movement of goods out of the West Bank and into Jordan is fully concentrated on the Allenby bridge, thereby overloading it and slowing it down even further. More importantly, the closure system and the checkpoints (both flying and permanent) have in combination with the closure of the Jordan valley to access of Palestinian trucks caused severe increases in transaction costs for businesses interested in accessing the Jordanian Market.

Exports to Jordan by Sector

Palestinian exports to Jordan have fallen dramatically and consistently since the year 2000. If we consider 2000 as the base year for these exports, then a drop in the levels of exports can be detected over the last five years. Exports dropped by approximately 5% in 2001 from 2000, and was followed by further reductions for the years 2002 and 2004 by 14.9% and 25.6% consecutively.[2] Interestingly, 2004 witnessed a growth of 23.8% from the previous year, but was still 7.7% less than 2000. The year 2005 witnessed an increase of 13% over the year 2000 and 51.8% over 2003.

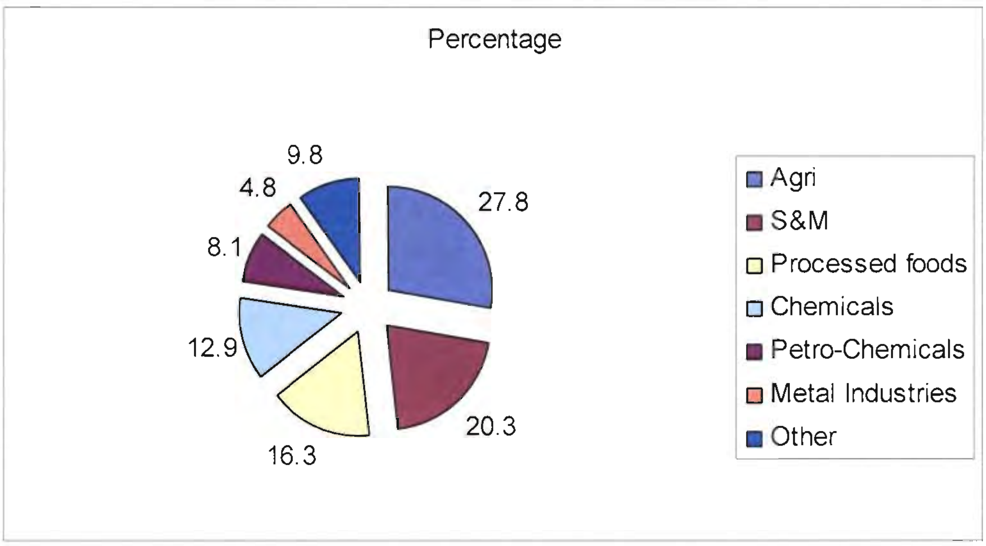
[1] Data obtained from the Jordan borders authority on trade through King Hussein (Allenby) and Adam (Damiah) Bridges between the West Bank and the Hashemite Kingdom of Jordan

[2] All percentages are in comparison with the base year 2000



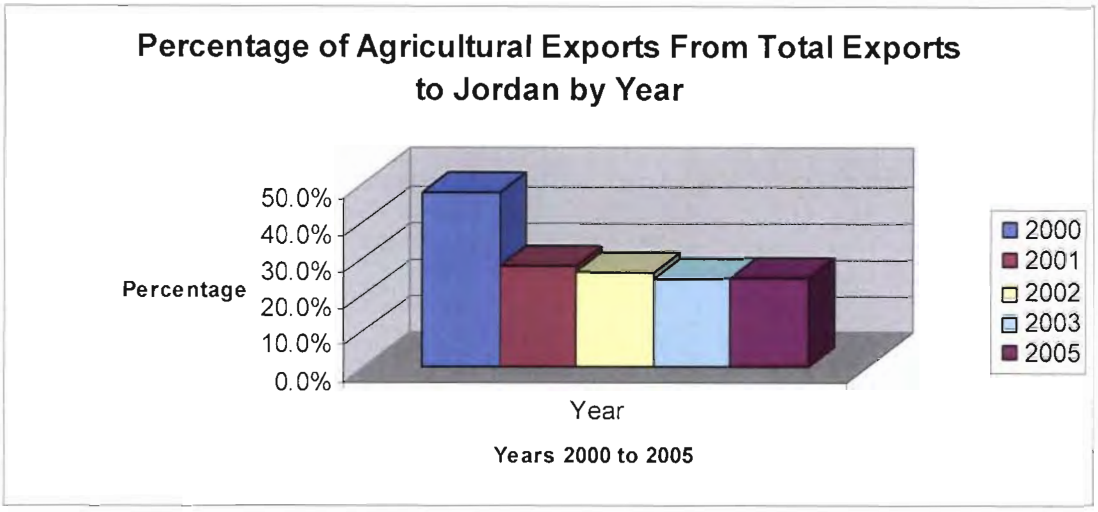
In looking at the structure of the exports, it is noticeable that there are inconsistent variations which hamper the analytical process of this data. These variations may, however, be related to the various impediments to Palestinian trade, which are by nature a result of the unstable political situation.

In conducting initial analysis of the exports of the productive sectors to Jordan, we find that there are six basic sectors which formulate 90.2% of total exports. The following is a breakdown of these sectors and their export indicators to Jordan:

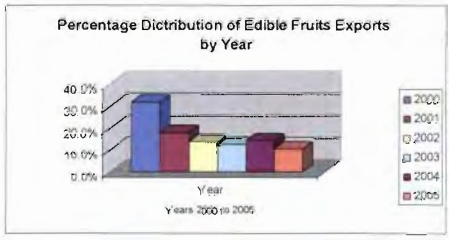


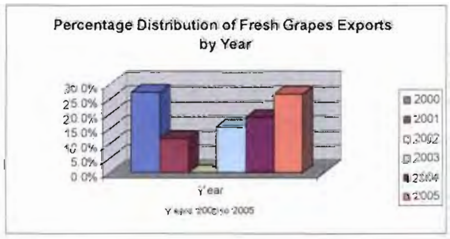
Agriculture

Agriculture occupies the highest rung on the export ladder, with 27.8% of total exports to Jordan over the last 5 years, with a total of approximately 22 Million USD. The overall placement of the Agriculture Sector, however is on the decline, whereby it was 47.8% of the total exports in 2000, it only occupies 16.4% in 2005.

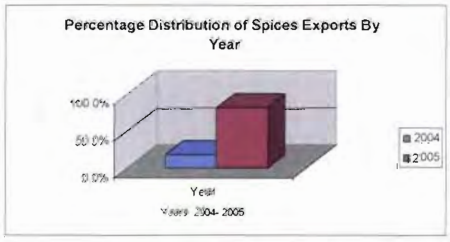


In analyzing Agricultural exports to Jordan it has become apparent that 88% of exports are fresh fruits. It is clear once one take a closer look at the make up of these exports, that there is tremendous slow down in the export of citrus fruits, while there is a noticeable increase in grape and almond exports. While fresh vegetables occupy 8.8% and all others make up the rest of the amount. Hence, the importance of fresh fruit exports of tremendous, and there is a need for developing the fresh vegetables market and the to further work on niche markets such as spices, which was non-existent until 2004, and then suddenly grew to occupy almost one percent of the exports, thus showing potential that needs to be explored further. It is interesting to note that under the category of onion and garlic, exports seem to be steadily growing with a potential for further increases if the market is studied and the needs for strong market entry are identified.

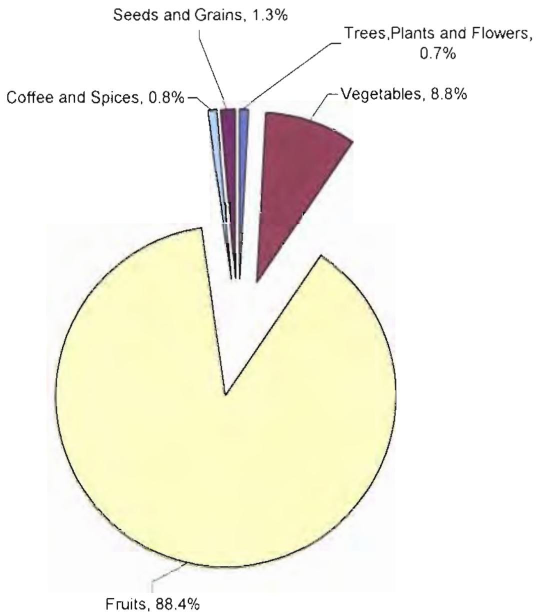




The following chart identifies the percentage of each type of Agricultural products as compared with the overall agricultural exports.



Structure of Agricultural Exports to Jordan for the years 2000 to 2005



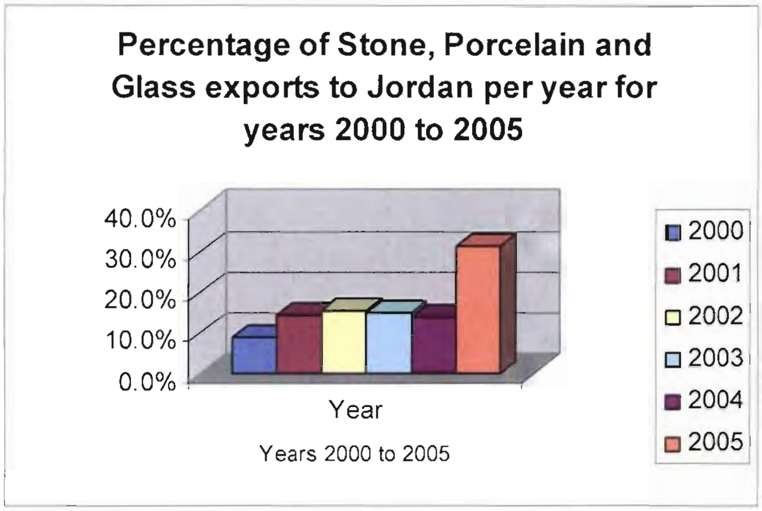
Stone and Marble

The Stone and Marble sector is the second highest export from Palestine to Jordan. Contrary to the Agriculture Sector, exports from this sector are growing significantly. Stone and Marble formulated approximately one fifth of Palestinian exports to Jordan over the last 5 years with a total Dollar value of approximately 21,783,000. The year 2005 witnessed 150% growth from 2004 and a 300% growth from the year 2000.

Based on the Harmonized System of Tariff Identification, the Stone and Marble sector covers three basic types which are exported by Palestine to Jordan. These are:

1. Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials (chapter 68 of the HS code)
2. Ceramic Products (Chapter 69 of the HS code)
3. Glass and Glassware (Chapter 70 of the HS code)
4. Salt; Sulphur; Earths and Stone; Plastering Materials, Lime and Cement (only HS code 2515, which represents Marble products)

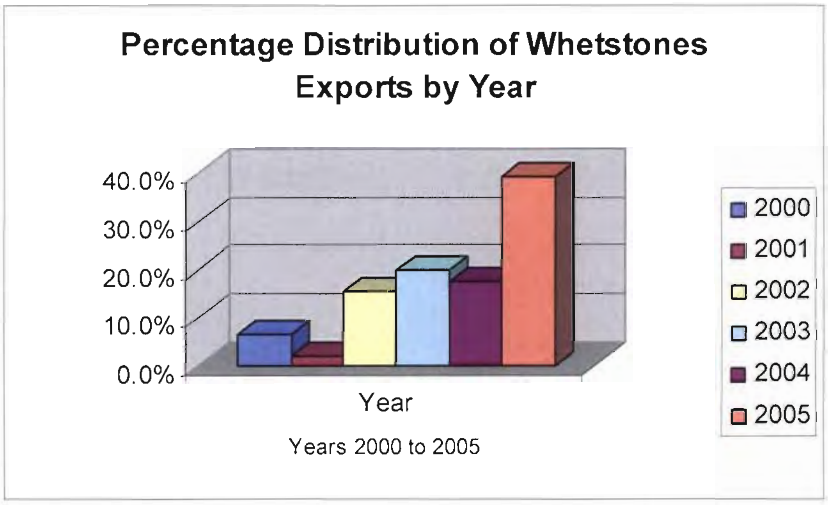
An analysis of this sector clearly demonstrates that 91.1% of Palestinian exports to Jordan in the Stone and Marble sector can be classified under the stone utilized for construction (chapter 68 of the HS code). While whetstone formulated 7.3% of total exports, ceramic products made up only 0.6% and glass and glassware was only 0.7% of total exports to Jordan between the years 2000 to 2005.



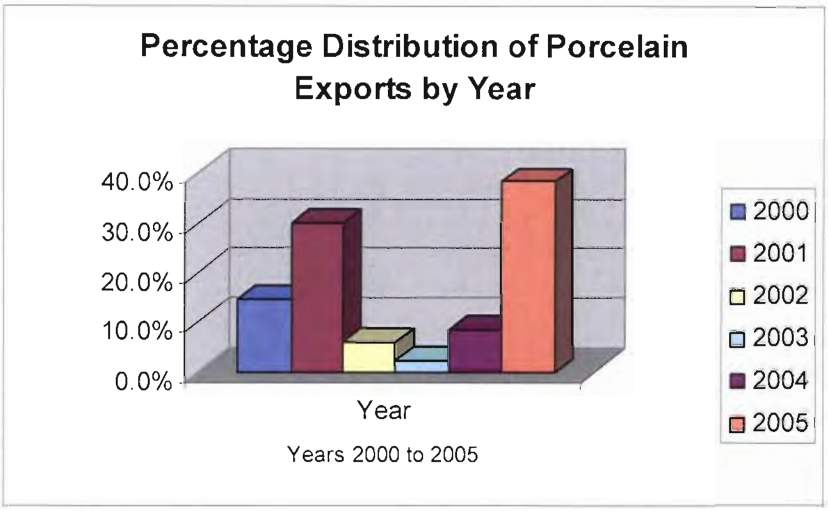
The table below is identifies the structural breakdown of Palestinian stone and marble exports to Jordan by year from 2000 to 2005

Year	Stone	Whetstone	Porcelain	Glass and Glassware
2000	$1,365,565	$73,061	$14,215	$20,704
2001	$2,244,768	$22,817	$29,142	$20,099
2002	$2,292,193	$178,158	$5,996	$6,311
2003	$2,146,387	$231,296	$2,211	$20,766
2004	$1,986,051	$204,092	$8,380	$18,831
2005	$4,501,000	$459,161	$37,014	$11,856
Total	$14,535,964.00	$1,168,585	$96,958	$98,567

Considering the small amount of exports of whetstone to Jordan in comparison with the overall exports of the sector, it is worth noting that this type of export has expanded tremendously over the last 5 years. The following is an illustration of the percentage growth of the export of whetstone per year for the last 5 years, thereby indicating a large potential for exports to be addressed in the coming years:



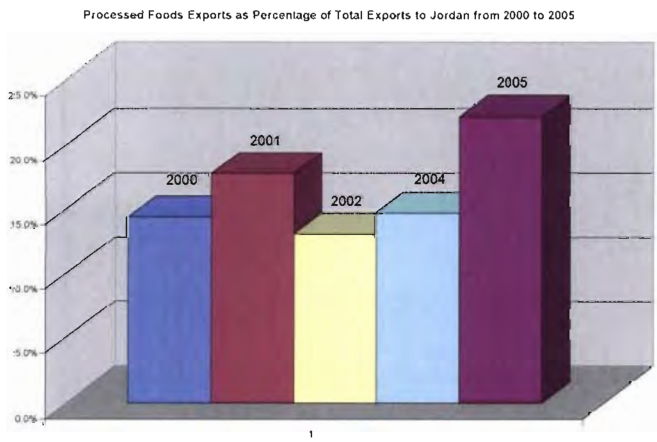
Palestinian exports of porcelain also do not formulate a major part of exports of this sector to Jordan, it is important however to note that a growth of 260% took place between the year 2000 and the year 2005, thereby making this sub-sector on interest, thereby highlighting the need for further study of the potential of this product both in the Jordanian market and other markets. The following is an illustration of the percentage this product occupied in the overall scheme of construction/stone and marble exports:



Processed Foods

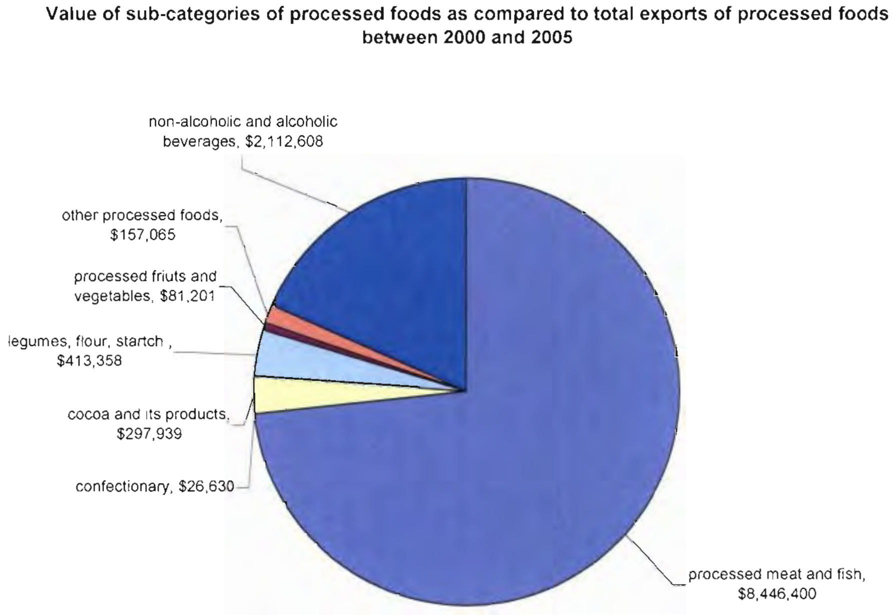
Processed foods occupy the third position in Palestinian exports to Jordan with 16.3% of the total exports from the years 2000 to 2005. The value of these exports reached USD 12,676,000 over the last five years. This sector has maintained stable levels of exports which ranged between 1.6 and 2.3 million USD per year. This sector is characterized by the variety of exports it entails, encompassing 7 different chapters in the HS code (ch. 16 to 22 inclusive). These chapters include processed meat and fish, confectionary, cocoa and it products, legume products , flour and starch, processed fruits and vegetables, both non-alcoholic and alcoholic beverages, as well as vinegar.

The following is a visual breakdown of the growth of this sector over the last 5 years as a percentage of overall exports to Jordan:



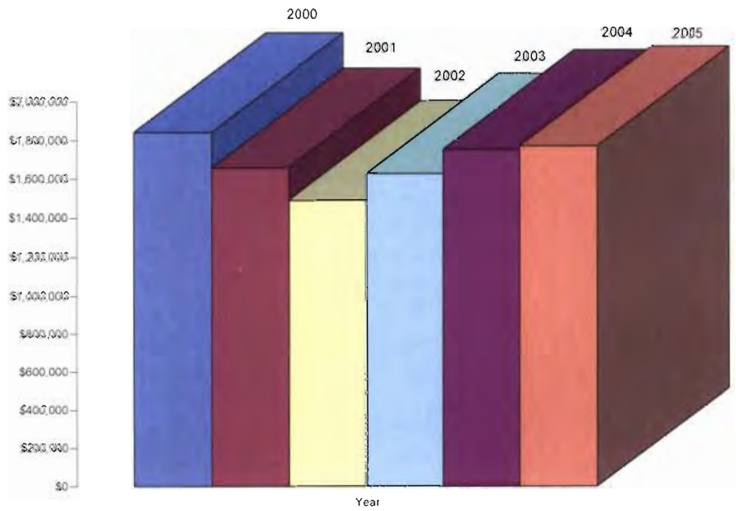
From the seven chapters which are covered in this sector, two sub-sectors cover 90% of the exports of the sector to Jordan, these are processed meats and fish which represent

66% of the exports of the sector, and non-alcoholic and alcoholic beverages which represent 23.3%



Chemical Industry

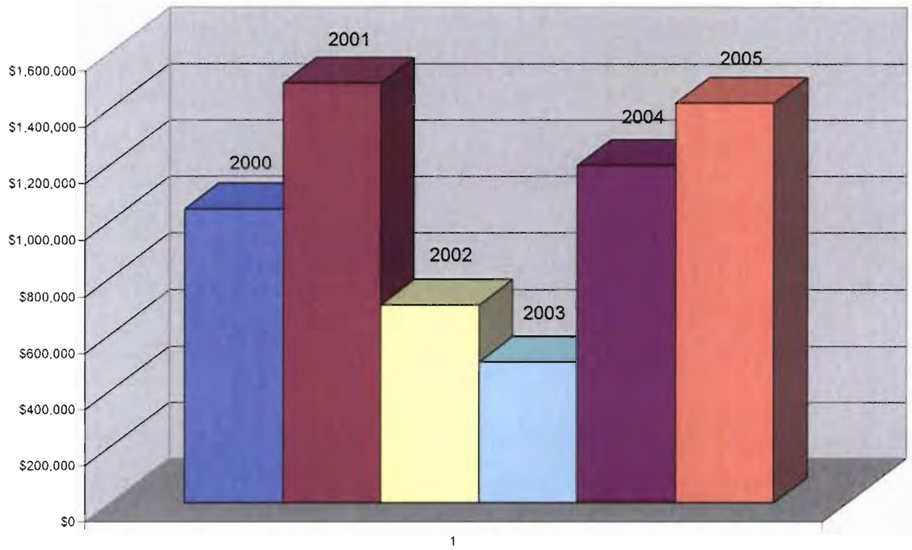
The chemical industry exports formulate around 12.9% of total exports to Jordan from the years 2000 to 2005, with an overall value of 10.15 million USD. As in the processed foods sector, this sector's exports are quite stable with an average export value of 1.5 to 1.8 million per year.



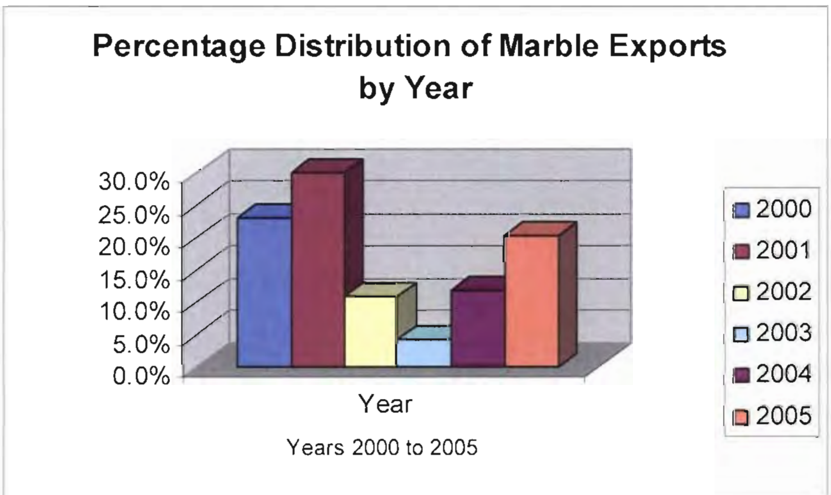
Minerals and Petrochemicals

Minerals and Petrochemicals formulate the 5th largest exporting sector to Jordan, this sector includes marble, (not to be mistaken for polished stone products) motor oils, machinery lubricants and specialized mineral oils. This sector composed 8.1% of total exports for the last five years, with a total dollar amount of 6.4 million USD for the years 2000 to 2005. There is a great deal of variation in the yearly export values of these products as can be seen below:

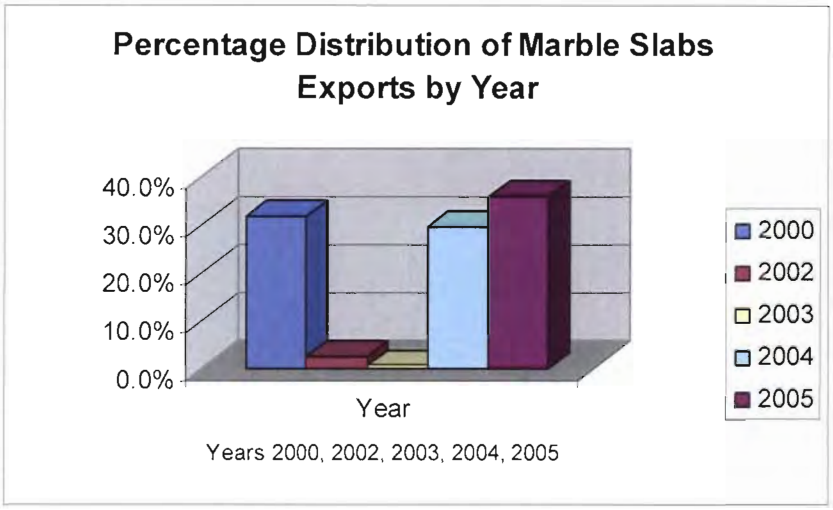
Exports of Minirals and Petrochemicals for the last 5 years (2000 to 2005)



What is most important in this sector's exports are two categories, Miniral Marble and petrochemicals, whereby marble exports equaled 61.3% of the total sector's exports, while petrochemicals made up 38.2%, with other minerals making up the remaining 0.5%. The following is the breakdown of marble exports as a percentage of the total exports of this sector within the years 2000 to 2005:

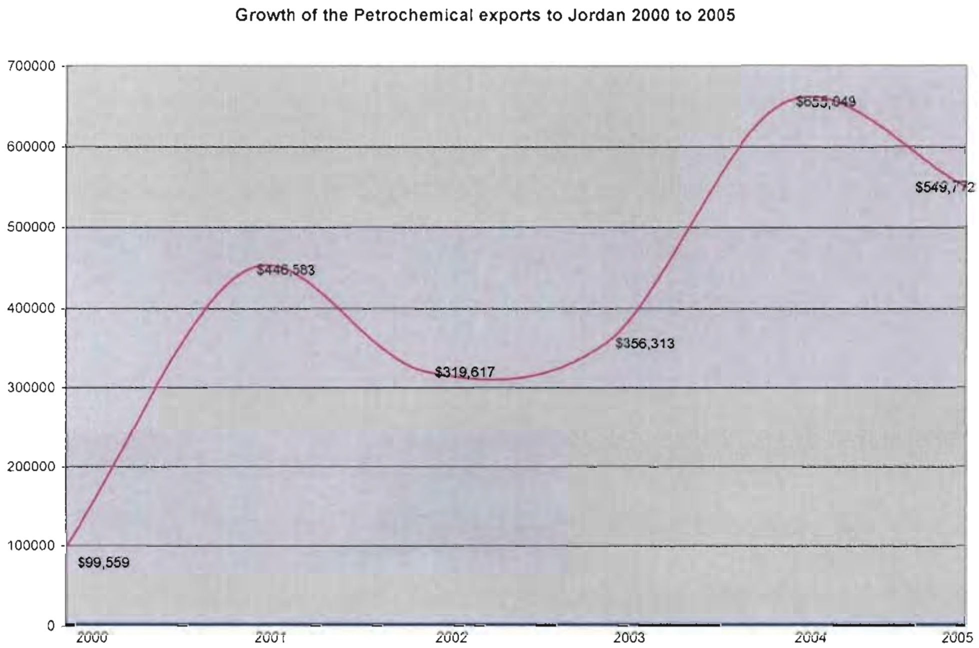


Marble is exported out of Palestine in two forms, the first is unfinished slabs of marble, which make up about 88.2% of all marble exports, while the other is cut and polished, which makes up around 11.8% .



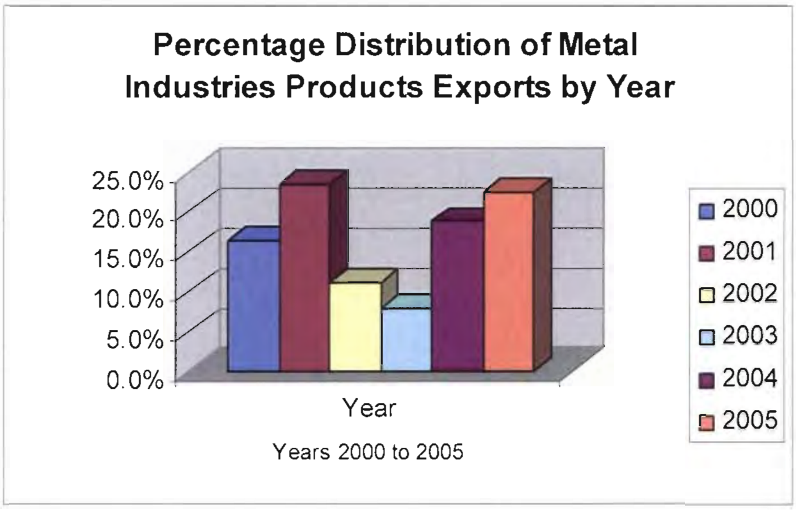
The export of marble from Palestine to Jordan has witnessed a serious drop in numbers between the period of 2002 to 2005, after increasing by 30% between 2000 and 2001. while the other is unfinished slabs

The other component of this exporting sector is the Petroleum products, which formulate around 37.9% of total exports from this sector. This sub-sector has witnessed unprecedented growth over the last 5 years (2000 to 2005). Exports of this sub-sector have reached a total of 2.4 million USD cumulatively over the last 5 years.



Metal Industries

The sixth most important exporting sector to Jordan is the metal industries sector, which includes steel, re-enforcement steel and aluminum. This sector represents 4.8% of the total exports to Jordan over the period 2000 to 2005. The overall value of the sector's exports did not exceed 3.8 million USD within these 5 years. The following is a breakdown of the sector's export by year as a percentage of the total exports of this sector.



Conclusion

It appears from the aforementioned that although exports to Jordan are relatively small in value, they are somewhat indicative of the potentials which Palestinian exports have in similar markets with similar levels of development. Some conclusions can be drawn from the development of exports relevant to the impact of closures and movement restrictions. For the most part, however, the issues related to market access and entry into the Jordanian market are relevant to the capacity of Palestinian producer/exporter to compete in external markets relevant to both the quality and prices of their products.

The results of this study indicate that there is a great deal of knowledge which may be derived from such data gathering, and that this data must be utilized to direct any future work into opening new horizons for Palestinian products into markets, as well as for improving production to meet market requirements.