The University Of Jordan

Faculty Of Agriculture

Department Of Agriculture Economics

and Extention

The Role Of Marketing Boards In Developing The Marketing System Of Fruits and Vegetables In Jordan

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TABLE OF CONTENTS

Page (#)

CHAPTER SIX

CHAPTER SEVEN

LISTS OF TABLES

LIST OF FIGURES

Figure | Page (#)

1 Introduction

During the past three decades Jordanian economy has showed a significant growth in all sectors . The Gross Domestic Product (GDP) in the current price at factor cost was increasing continuously. GDP increased from JD 378 million in 1977 to JD 1400 million in 1987 (table 1.1).

Agricultural is an important sector in the Jordanian economy.In 1976, agriculture contributed 9.8% of the GDP at current prices.This contribution was slightly declining in percentage terms, it declined from 8.8% in 1983 to reach 8.2% in 1986.This decline could be due to the rapid growth in the other sectors especially the service and construction sectors (Fig 1).

Agricultural sector has received substantial government support in the form of infrastructural and irrigation projects, and has undergone considerable mechanisation. With the help of king Abdulla Channel, the Jordan Valley has become the most important irrigated area in the country. In 1986 a sum of 195 thousand(1) dunums were planted in the Ghors area mainly with vegetable such as tomatoes, cucumbers, squach, and

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(1) Department Of Statistics, Statistical Year book 1986.

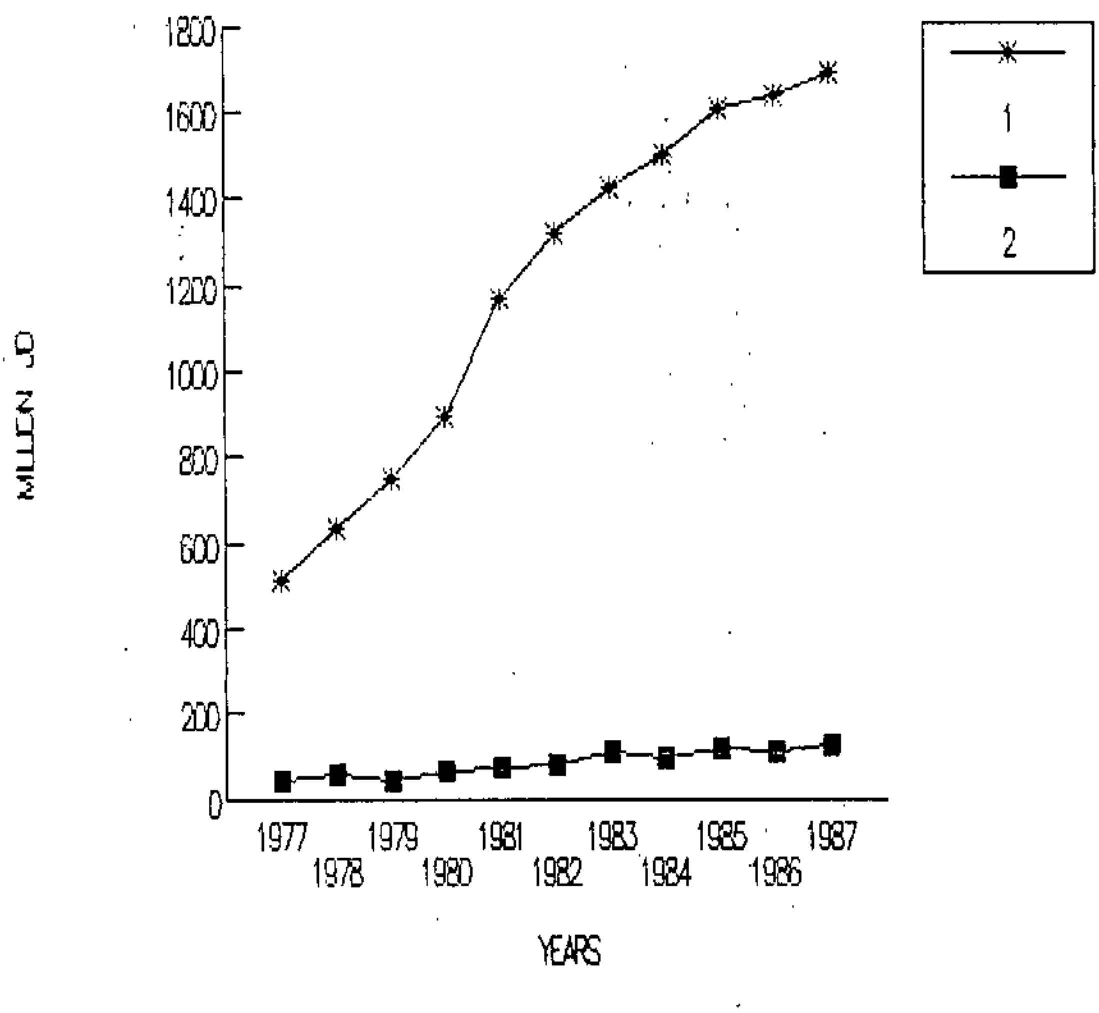
Table(1-1) National Accounts Selected Indicators,1977,1987 (Million JD)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
GDP At Factor Cost,Of Which:	514.2	632.2	753	893.2	1164.2	1321.2	1422.7	1498.4	1605.9	1639.9	1686.3
Agriculture	41.7	58.6	43.6	69.4	75.1	81.8	110	98.6	118.7	111.1	127.2
Manufacturing	58.2	71.4	94.1	127.2	165.1	184.9	176.6	200	190.3	177.7	186.9
Construction	36.8	51	70.5	97.5	110.6	121.9	126.8	127	114	113	101.3
Trasportation-Communication	35.9	59.3	62.9	79.7	102.7	123.5	138.4	143.5	146.7	157.2	160.6
Producer of Government Services	84.4	95	129.1	170.2	191.2	218.5	232	238.4	264	295	308.8
Wholesale and Retail Trade, Restaurants and Hotels	94.2	102.6	123.6	155.5	196.7	210.9	228	241.3	262.7	232	235.8

Source: Central Bank Of Jordan, Monthly Statistical Bulletin, Vol. 24 No.12 December 1988.

FIG(1) GDP TREND DURING 1977-1987 AND

THE CONTRIBUTION OF AGRICULTURE SECTOR



eggplant which represents 62% of the total planted area with vegetables in the country .Also fruit trees were planted in the Ghors , in 1986 a sum of 63.2 thousand Dunums were planted mainly with lemons, oranges, bananas, and clementines, which represents 13% of the planted area in the country.

In addition to the infrastructural projects such as roads, assembly centers in Arda, Safi, Wadi El-Yabes and South Shouna, electrical power network, schools and housing, the government has taken the responsibility of providing other basic services required to facilitate and accelerate agricultural development. The main services were the low-cost agricultural credit (1) and provision of improved agricultural inputs.

As a result of these improvements, agricultural production was increasing rapidly as shown in table (2.1), the total production of fruits and vegetables has increased from 525.23 thousand tones in 1975 to about 1.00 million tones in 1983 and then slightelly dropped

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(1) Low-cost credit is provided by public organizations such as the Agricultural Credit Coordination (ACC) and Jordan Cooperative Organization (JCO), these organizations charge the farmers a lower interest (about 7%) compared with the the commercial banks.

Table(1.2)Jordan Production of main fruits and veg. from year 1975-1987 (tones)

PRODUCT	YEAR												
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
tomato	151819	145309	155655	201486	195358	206193	341362	375427	408214	354581	392268	305900	268435
eggplant	85821	44011	49149	48573	69412	81445	99321	110018	93942	73671	76232	80000	48861
cucumber	17095	18377	21658	22582	44544	64189	106179	87454	108194	99141	124748	92685	110700
squash	17163	18611	18074	21365	27529	24958	33972	73842	83096	78692	69525	51950	47508
gr-beans	16569	7149	8228	12829	13932	7313	9043	6807	27310	7788	9954	19940	10535
onions	7254	5289	7696	8014	4303	7751	11680	30150	24623	8880	13656	21385	18052
potato	9128	8531	7583	10226	4558	8391	9071	11536	25660	26614	26199	38550	48179
caulflower	35860	19011	15651	15332	15272	15674	24290	44585	57285	41271	35408	36560	31707
cabbage	15081	16020	13427	8927	19317	16722	15355	20646	30567	57459	28914	27935	20092
peppers	6284	6780	6980	6684	10823	12322	13187	15049	32495	27750	27534	26775	30806
br. beans	16569	7149	8228	12829	13932	7323	9043	6807	27310	7788	9954	6495	6500
watermelon	50244	62767	36294	25646	3480	27087	19355	25157	73632	46568	65011	60625	91208
citrus	57200	69707	70338	67792	50367	59529	86941	126977	123461	95202	158270	108664	108841
grapes	39143	36318	33747	43247	36691	43485	45911	48664	51881	38742	52637	58121	54302
Total	525230	465029	452708	505532	509518	582382	824710	983119	1.2E+06	964147	1.1E+06	935585	895726

SOURCE:(1) Ministry Of Agriculture, Agricultural Statistics (1975 - 1985)
(2) Ministry Of Agriculture, Agricultural Statistics Reports (1986 - 1987)

in 1987 to reach 895 thousand tones. This increasing in production was mainly concentrated in the Ghore area.

The demand for fresh fruits and vegetables has increased due to the increase in population, the per capita income and in exports to the Gulf states and neighboring Arab countries.The increase in the demand was accompanied with an increase in the prices, in which it became attractive to further private and public investments in this sector especially in the late 1970s.

The government role in marketing has started in 1964, by construction of Amman Wholesale Market, but this role has been limited in administration and implementation of laws, while marketing functions and services were left to the private sector.

Since late 1970s more marketing infrastructure have been constructed, such as the wholesale markets, assembly centers in the Jordan Valley, and Tomatoes processing plants also in the Jordan Valley .In the organizational side, many of the governmental departments became more involved in the marketing of agricultural commodities, such as Ministry of Agriculture, Ministry of Supply, The Jordan Cooperative Organization, and others.

CHAPTER TWO

2. JUSTIFICATIONS , OBJECTIVES AND METHODOLOGY

2.1 Justifications of the study.

2.2 Objectives of the study.

2.3 Methodology.

2.4 Organization of the study.

2.1 Justifications of the study.

There are many reasons that justify conducting this study , they are:

1) Jordan exports of fruits and vegetables have shown a serious decline for the past three years (fig 2).This calls for a thorough investigation on the reasons for this decline.

2) In document(1),which was submitted to the National Consultative Council on the 30th of May 1983, the Minister of Agriculture concluded that a number of objectives related to the improvement of the agricultural sector performance had to be attained by the government.

In order to achieve these objectives the government has decided to establish specialized marketing boards dealing in one or many agricultural commodities, which will take the

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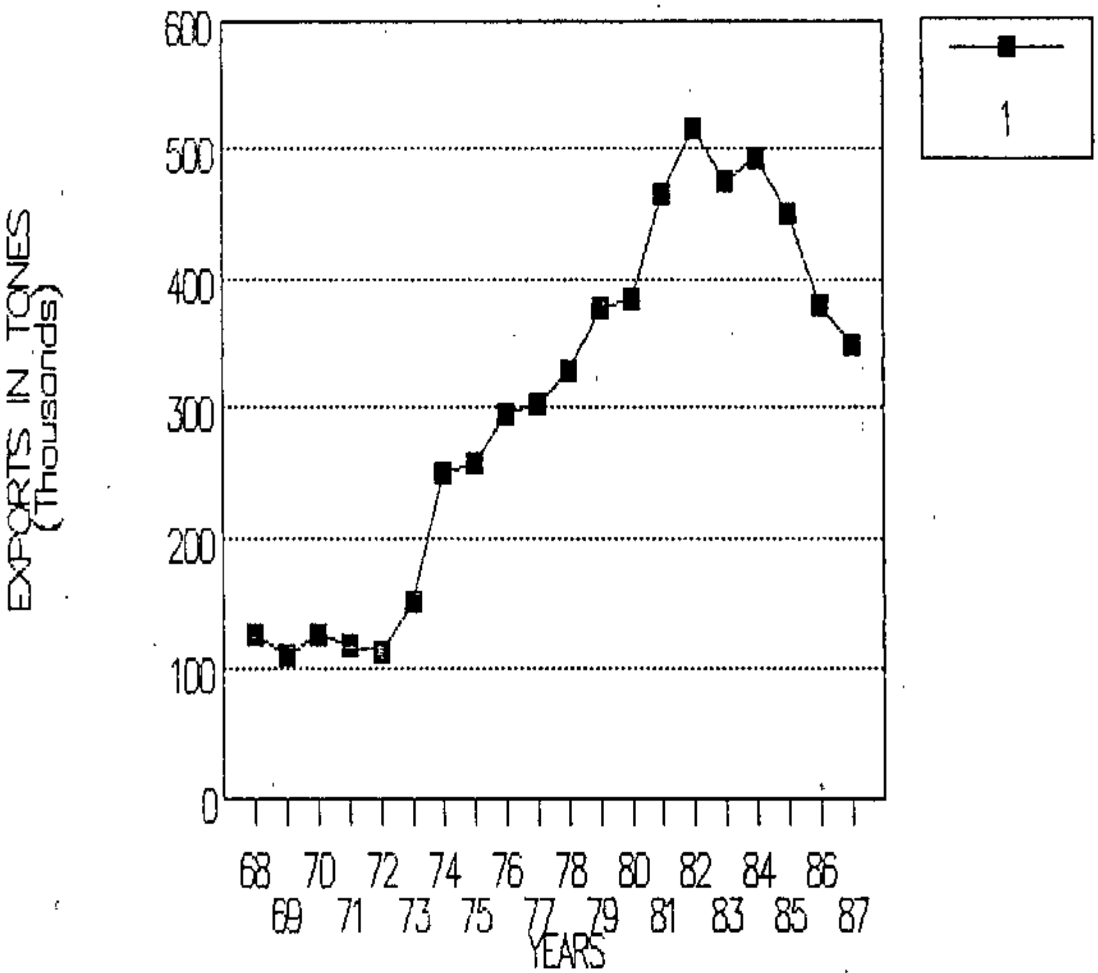
(1)"The Agricultural Policy", The announcement of the Minister of Agriculture which has been submitted to the National Consultative Board held on the 30 of May 1983 P 3.

Fig(2) Jordan Exports of Fr.& Veg.

years (1968-1977)



role of regulating production and marketing of agricultural products. These boards will be composed of representatives from producers groups, private institutes and government organizations.

3)The evaluation of The Five-Year Plan 1981-1985(1) showed that the plan included a number of organizationl measures, some of which were implemented during the plan period, and some others were not.One of the measures which was not implemented, was the setting up of a joint boards (from producers and governmental institutions)for grains, livestock and fruits and vegetables.

The Five-Year Plan 1986-1990, included many policies and organizational measures which have to be implemented during the execution of the plan, one of these measures is establishing a General Farmer's Association with branch associations and councils specializing in a product or group of products, like grains, fruits,vegetables and livestock.

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(1) Ministry Of Planning, 1986,"_Five Year Plan for Economic and Social Development 1986-1990".

4) Another important justification is the importance of the agricultural exports in the national income, as shown in table (2.1). Since Jordan has limited resources , exports are very important source of foreign currency (the contribution of the agricultural exports in the total domestic exports ranged from JD 20.6 million in 1977 to JD 41.9 million in 1986).Exports of fruits and vegetables was increasing until 1982 , it reached to JD 30.8 million but then started to decline to reach JD 21.9 million in 1986.(fig 3)

2.2 Objectives of the study

The objectives of this study are :

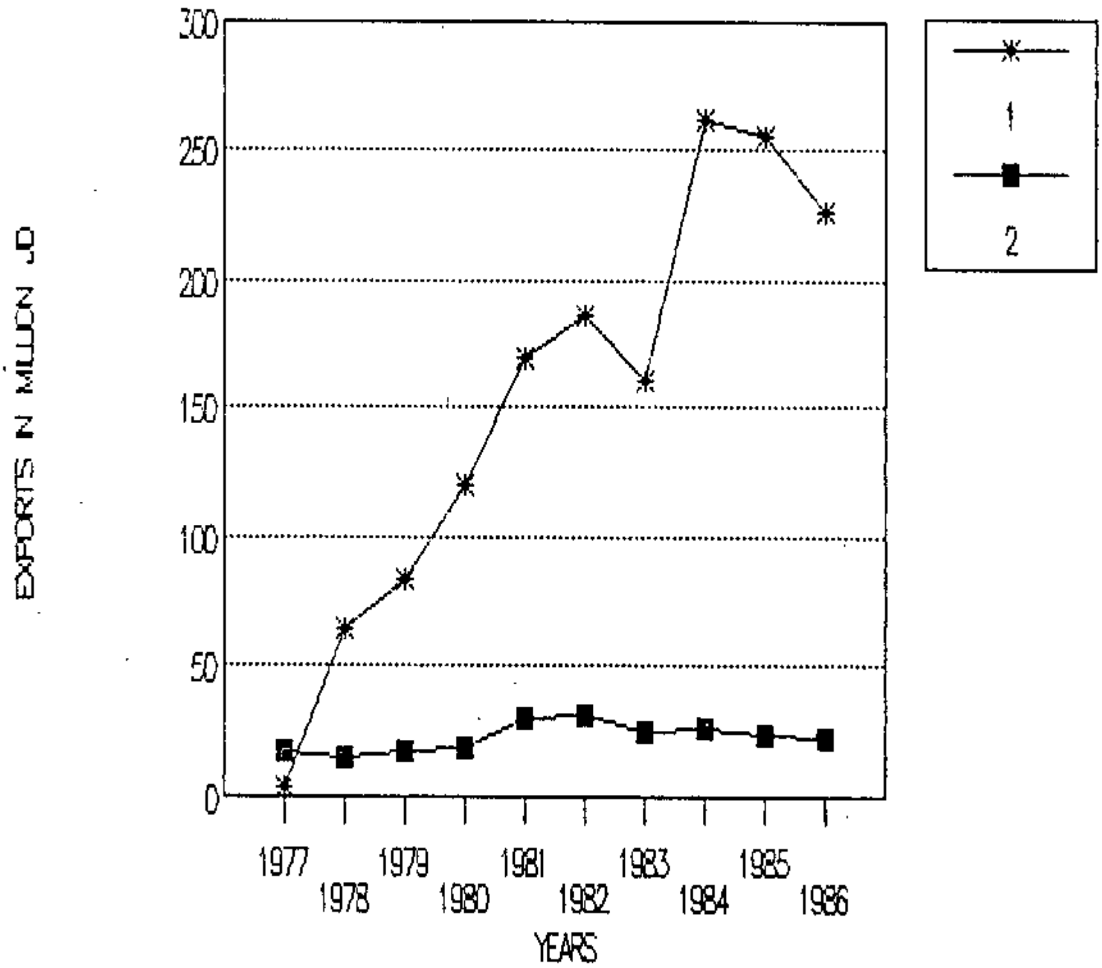
1)To evaluate broadly the present marketing system of fruits and vegetables with the aim of improving the marketing performance with emphasis toward promotion and development of fruits and vegetables exports.

2)To study the export market structure for fruits and vegetables.

3) To investigate the desirability of establishing an export marketing body (Association, Private Company, Marketing Board, cooperative) to increase the marketing

Fig (3) The Value Of Total Agricultural

Exports and The Value of Fru.&Veg. Exp.



Table(2.1) Some Economic Indicators Concerning Total Domestic Exports And Agricultural Exports

Indicator	Year									
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Total Domestic Jordanian Exports In Million JD	60.3	64.1	82.6	120.1	169.1	185.5	160.1	261.1	255.4	225.6
Total Agricultural Products Exports In Million JD	20.6	16.3	21.2	23.5	33.1	39.2	36.3	41.7	43.6	41.9
The Contribution Of Agricultural Exports In the Total Domestic Exports (%)	34%	25%	26%	20%	20%	21%	23%	16%	17%	19%
Exports Of Vegetables, Fruits And Nuts Exports In Million JD	17.1	14.7	17.8	19.2	29.7	30.8	25.3	26.9	24.1	21.9
The Contribution Of Vegetables, Fruits And Nuts Exports In The Total Agricultural Exports(%)	83%	90%	88%	82%	90%	79%	70%	65%	55%	52%

Source:Central Bank Of Jordan, Department Of Research And Studies, Monthly Statistical Bulletin, Augest 1987, VOL.23 No.8.

efficiency.

4) If the investigation indicates that there is a need to establish a marketing body, then the next objective will be to design the required export marketing for fresh fruits and vegetables.

2.3 Methodology:

In order to achieve the objectives of the study, two parties were interviewed, the government institutions involved in marketing of fresh fruits and vegetables and the exporters(1).

The government interviews have covered the following institutions:

a)The Agriculture Marketing Organization.(AMO).

b)The Agricultural Marketing And Processing Company of Jordan(AMPCO).

c)The Jordan Cooperative Organization (JCO).

The acting General Managers of these organizations

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(1)The writer take full note that the producers of fruits and vegetables are important in establishing marketing boards but due to the absence or/and lack of information about specialized producers in export oriented production and the main purpose of the board for improving export, only exporters and representatives of the marketing organizations were interviewed.

have been interviewed (Appendix 1) to investigate their reaction concerning the establishment of the Export Marketing Body.

In the exporters side, and according to a recent survey carried out by the Agricultural Marketing Organization (AMO)(1),there are about fifty exporters dealing with fresh fruits and vegetables.

Twenty six exporters are registered as firms own what is called "Workshop" which is actually an office with a shelterd yard used to park and load refrigerated trucks with the fruits and vegetables. Those twenty six firms are exporting mainly to the Gulf countries .The inspectors of the Agricultural Marketing Organization issue the export certificates after checking each shippment to be sure that it is in good conditions and meets the minimum requirements such as unbroken,clean containers, appropriate and vegetables and fruits are free from pesticides residuals so the truck will not be checked again in in the Jordanian boarder points.

About nineteen exporters don't own Workshops. They export directly from the wholesale markets without sorting or re-packing the commodities. They

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(1)"AMO" Unpublished report (January 1988).

export mainly to the Gulf countries and their shippments are checked on the Jordanian boarder points by the Agricultural Marketing Organization inspectors.

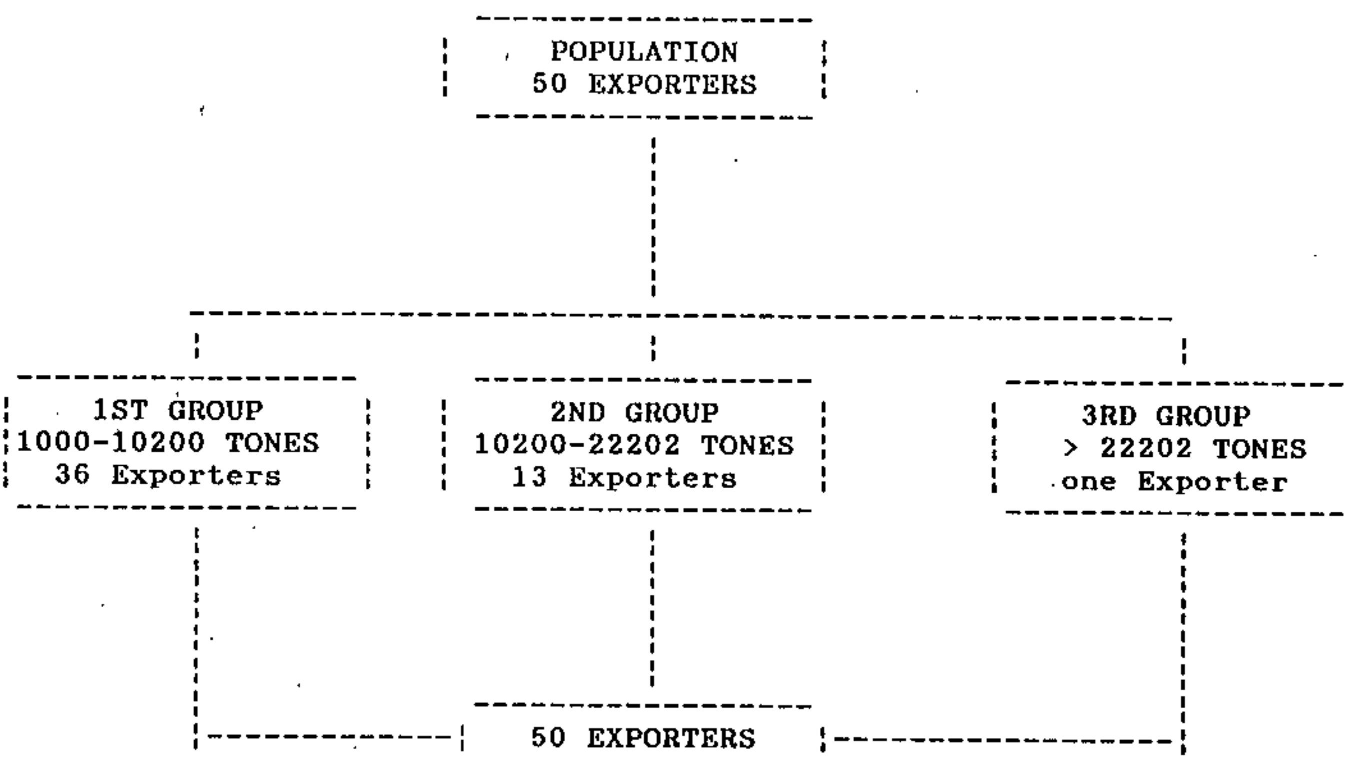
Five exporters export mainly to European countries during winter season only (mid October until mid April).

Exporters have been divided into three groups according to the volume of annual export (fig 4) :-

1. First group consists of those who exports an annual volume which ranges between (1,000 - 10,200) tones. The number of exporters in this group is thirty six.
2. Second group consists of those who exports an annual volume which ranges between (10,200 - 22,202) tones. The number of firms in this group is thirteen.
3. Third group consists of those who export an annual volume exceeds 22,202 tones .There is only one exporter (private) who exports 61,200 tones annually.

Twenty firms have been interviewed from the three groups, they represent 40% of the total number of exporters. The selected exporters' share is about 63.5% of the exported fruits and vegetables

Fig(4) The Compostion Of The Exporters Population



from Jordan(1).

A subjective sample was chosen as follows:

* Ten firms of the first group.
* Nine firms of the second group.
* The only firm of the third group.

A questionnaire of twenty questions (Appendix 2) was designed to achieve the objectives of the study.It is composed of three parts as follow :-

a)The volume of the annual exports during 1984, 1985, 1986 and 1987, the volume of exports to each destination and the volume of the local commodities that he buys from the different sources (wholesale markets, farmers,... etc).

b)The second part is about the past experience in group marketing and direct and indirect investigation about establishing an export marketing board.

c)The third part consists of the difficulties

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(1) It was supposed to interview the whole community but due to seasonal activity of the exporters and nineteen of them do not have workshops ,only twenty exporters have been interviewed).

facing exporters and their suggestions for solving these difficulties.

Time series analysis have been used to determine the Jordanian exports trend for the past twenty years (1968 - 1987) and to predict for the next two years (1988 & 1989) by using the secondary data of Jordanian total exports of fruits and vegetables.

The Quadratic and Cubic equations have been used:

* (Y= b0+b1t+b2t^2)
* (Y= b0+b1t+b2t^2+b3t^3)

Where:Y is exports (Dependent Variable)

t is the year (Independent Variable)

b0, b1, b2 and b3 are the coefficients.

2.4 Organization of the study:

This study is consisted of six chapters, in which the first chapter explains the justifications , the objectives and the methodology of the study.

The second chapter gives an overall view to the sector of fruits and vegetables sector in Jordan and its importance to the national economy.

The third chapter gives a theoritical background of the market structure and the group marketing in terms of cooperatives and marketing boards.

The fourth chapter describes the role of the organizations which are involved in marketing of fruits and vegetables in Jordan.

The fifth chapter explains the results of the analysis and the findings of the study.

The sixth chapter includes the summary of the study,conclusions and the recommendations based on the findings of the study.

CHAPTER THREE

3. JORDAN EXPORTS OF FRUITS AND VEGETABLES

3.2 Vegetables and Fruits Exports.

3.2.1 Vegetables Exports.

3.2.2 Fruits Exports.

3.2 Vegetables and Fruits Exports

3.2.1 Vegetables Exports

Jordan exports of vegetables have increased from JD 6.7 million in 1977 to JD 16.6 million in 1986(1). As shown in the figures in table (3.1) Tomatoes is the most important exported item which formulates an average of 25 -30 percent of the total annual exported vegetables.The next product is cucumber which showed a significant increase in exports during 1986 and 1987, a sum of 39,646, 43,266 tones have been exported respectively.

A recent study(2) conducted on comparative advantage of Jordan in production of tomatoes, cucumber, squash, eggplant, potatoes, and onions has concluded that production of these crops makes efficient use of domestic resources. Based on data collected from different sources about cost of production of these products in Jordan and foreign prices of similar

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(1)Central Bank Of Jordan, Department of Research and Studies,"Monthly Statistical Bulletin",Vol.23 No.8.1987.

(2) Jiron R. & Others, 1988 "Agricultural Policies Affecting Production and Marketing Of Fruits & Vegetabels In Jordan", Abt Associates Inc, USA .

TABLE(3.1) Geographical Distribution Of Exported Vegetables During (1977-1978) (Tones)

COUNTRY	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
IRAQ	0	0	3066	9657	17001	6517	1174	882	523	317	224
LEBANON	13944	18267	19056	18937	21361	19779	24804	41660	27578	10896	9524
SYRIA	60596	84736	96541	86235	97134	106663	35243	24046	20974	26357	11366
BAHRAIN	352	609	1064	630	1184	1278	3093	1919	2388	5789	4450
KUWAIT	27178	28649	33827	40468	55056	58677	72191	65247	62822	54917	68704
OMAN	44	24	10	674	48	2	0	1	1	0	14
QATAR	1424	1818	3020	1670	4954	5692	9114	11522	8599	6706	8229
S.A	25051	38862	62993	68680	85273	129495	159317	168006	153510	105805	113364
ABU DABI	974	481	2406	4173	4734	5627	5546	2251	776	722	1243
DUBAI	5754	7412	5422	9103	17836	21004	25695	24117	26486	31118	32239
ENGLAND	0	0	0	0	0	37	32	2	16	131	431
DENEMARK	0	0	0	0	0	0	0	0	0	53	77
FRANCE	0	0	0	2	0	0	3	0	1	6	332
W.GERMANY	0	0	3	0	0	0	0	0	9	25	107
HOLLAND	0	0	36	0	0	0	15	0	3	6	73
SWISSRLAN	0	0	0	0	0	0	0	0	1	12	0
OTHERS	0	320	4	0	0	3	3	8	43	63	800
TOTAL	135317	181178	227448	240229	304581	354774	336230	339661	303730	242923	251177

SOURSE:Department of Statistics, External Trade Statistics (1975 - 1987) products in Turkey, Cyprus, Morocco, and Syria and using an exchange rate of one US Dollar equivalent to JD .343, Jordan dose have a comparative advantage in production of the vegetables listed above.

Comparative advantage is measured by the Domestic Resource Cost (DRC) approach (1). Which is a measure of the efficiency of the domestic production relative to world markets.

The (DRC) is instable coefficient over time due to the following reasons:

* Variations in the world prices.
* Variations in domestic prices.
* Variations in the exchange rate of the local currency against the foreign currency.

The comparative advantage is estimated by dividing the domestic resource cost coefficient (DRC) by the shadow exchange rate of the local currency (the rate in the parallel market).If the ratio is less than one then the country has an advantage, if the ratio is equal to one then the advantage is neutral and if the ratio is

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(1)

$$\text{DRC} = \frac{\text{Domestic Cost In Shadow Price Per Unit Of Output}}{\text{Border Price of Output - Foreign Cost Per Unit of Output In Border Prices}}$$

more than one then the country has a disadvantage.

If a country has comparative advantage in production of a commodity, it means that it produces it cheaper than other countries can produce and export it. But if the marketing functions in the country in question are performed in high cost the competitiveness can be obliterated (1).

Jordan mainly exports to the Gulf countries, Syria, and Lebanon. In 1987 Jordan exported a sum of 113,364 , 68,704 , 32,239 and 11,366 tones of vegetables to Saudia Arabia, Kuwait, Dubai and Syria respectively table 3.1) and (figure 6).

Between 1983 and 1986, Jordan vegetables exports fell by 29.18 percent and are following a downward trend(1). The sharp decline of exports to Jordan's largest markets, Saudia Arabia and Kuwait, was the major cause of product saturation and wholesale price decline in domestic markets.

Syria was considered one of the important importers of Jordanian vegetables up to 1983. In 1982 Jordan

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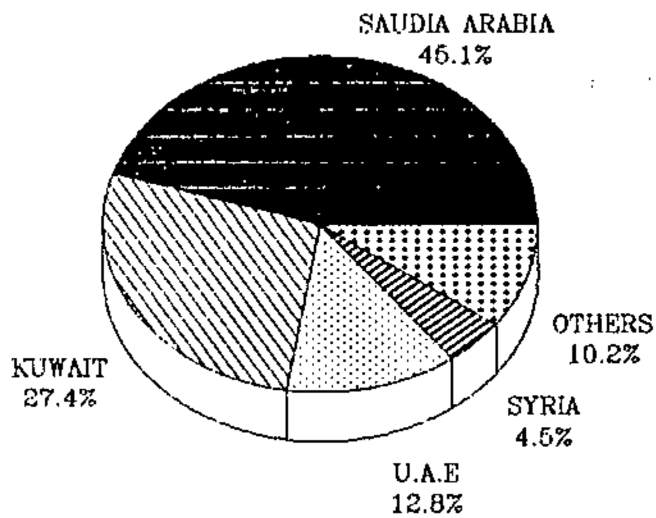
(1) The writer believes that the comparative advantage for these products has been increased after the recent change in the exchange rate of the Jordanian Dinner against the foreign currency.

FIG(5)GEOGRAPHICAL DISTRIBUTION OF EXPORTED VEGETABLES IN 1987



exports to Syria have reached 106, 663 tones, then started to decline to reach only 11, 366 in 1987 (fig 6). The main reasons of the sharp decline in exports to Iraq, Syria and Lebanon could be the internal political and economical conditions which are still dominating.

The growth of Turkey's export oriented winter production has cut deeply into Jordan's regional market(1). Extensive use of plasticulture and other advanced technologies at the major production centers of Marcine, Anatol, Antalid, Azania and Ismir supported by good quality grading, cheap labor and government export subsidies have propelled Turkey to the fifth rank among the world's major vegetable exporting nations.

3.2.2 Fruits Exports

Jordan exports of fruits have decreased from JD 10.4 million in 1977 to JD 8.48 million 1986. Only Grapes and Lemon have a significant portion of domestic produce exports . The other Citrus fruits especially Oranges which are included in the domestic

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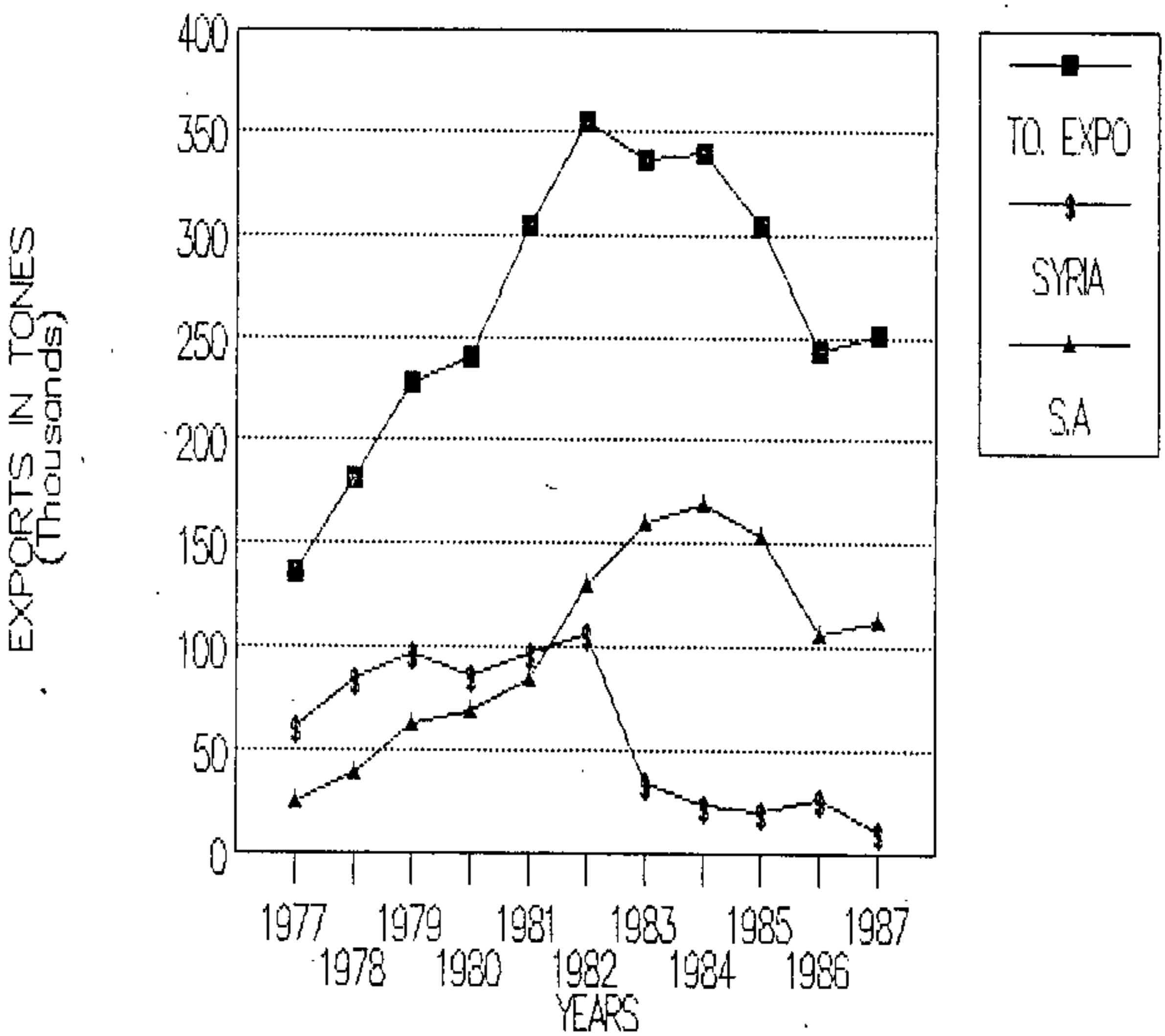
(1)Sheply S., M. Bitoun, D. Gaiser, H. Nassif and V. Schoen, 1988, The Jordan Valley Dynamic Transformation: 1973 - 1986, a study prepared by TECH INTERNATIONAL, INC.Amman, USAID , 1988.

Fig(6)Geographical Distribution Of Jordan Exports of Vegetables 1977-1987



exports, are produced in the West Bank and Gaza strip and then exported from Jordan.

Jordan exports of fruits are mainly to the Gulf countries and Syria table(3.2). In 1987 a sum of 39,291 24,545 , 21,970 and 3,548 tones of fruits mainly Citrus have been exported to Saudia Arabia, Kuwait, Dubai and Syria respectively (fig 7).

Syria was considered one of the important importers of Jordanian fruits up to 1982. In 1979 Jordan exports to Syria have reached 27 749 tones, then started to decline until 1983.During 1984-1985 exports have increased to reach a volume of 19,325 tones in 1985,but it have dropped sharply to reach only 3548 tons in 1987.(fig 9)

During the period from 1980-1983, exports of fruits to Iraq has shown a significant growth due to the contract which has been signed with the Agricultural Marketing Organization at that time to provide Iraq with Jordanian fruits and vegetables. After 1983 the volume of exports dropped sharply to reach 589 tons in 1984, and then only 98 tons in 1987 (fig 8).

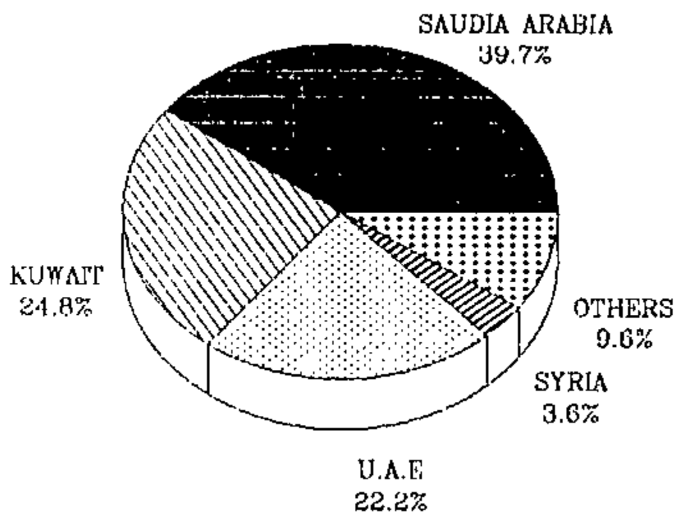
Generally speaking Jordan exports of fruits and vegetables have been decreased during the past two years (1986 and 1987). The exports have dropped about 25% compared to the year 1985.Exports of vegetables to

TABLE(3.2) Geographical Distribution Of Exported Fruits During (1977-1987) (Tones)

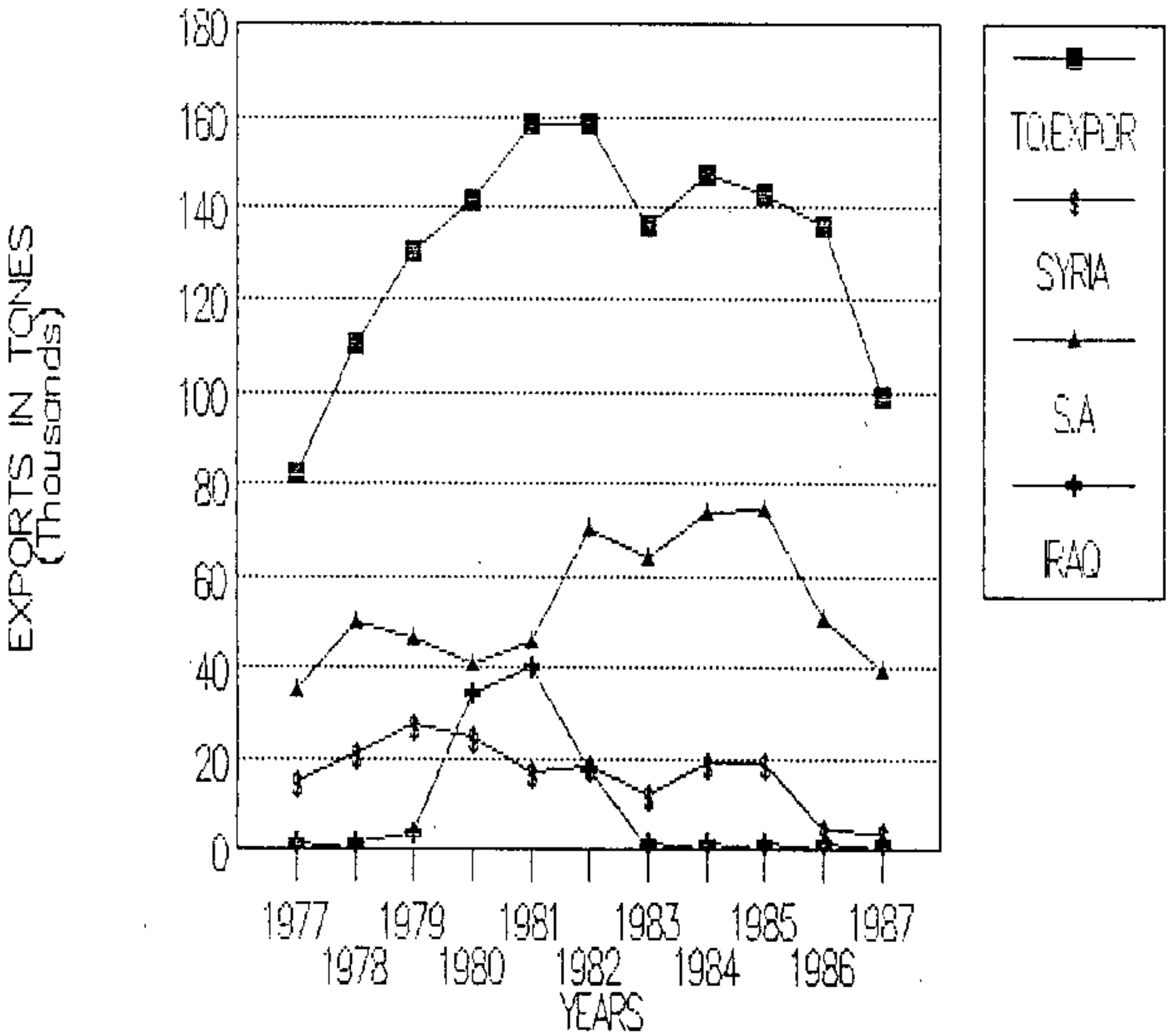
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
IRAQ	0	0	4093	34400	39909	17922	589	430	203	110	98
LEBANON	707	235	116	252	249	0	243	1368	190	56	57
SYRIA	15213	21430	27749	24633	17035	18331	12169	19293	19325	4686	3548
BAHRAIN	2603	1189	1572	1241	1273	717	2697	1667	1795	4254	2127
KUWAIT	12085	16420	20545	21208	25925	22337	24677	25408	23059	26776	24545
OMAN	262	7	21	28	14	0	0	0	0	0	0
QATAR	7428	2889	3472	2329	3597	3152	4540	9448	4313	3677	4807
S.A	35185	50263	46708	40537	45813	70555	64227	73964	74614	50685	39291
ABU DABI	977	533	2266	2720	3646	2280	2367	1181	640	493	497
DUBAI	7633	17287	23893	14587	21196	23040	24805	14801	19020	24675	21970
ENGLAND	0	0	5	97	94	0	0	0	101	254	1865
DENEMARK	0	0	0	0	0	0	0	0	0	8280	0
FRANCE	0	0	0	0	0	0	0	0	0	1	1
W.GERMANY	0	0	0	0	0	0	0	0	0	0	0
HOLLAND	0	0	0	0	0	0	0	0	0	8801	35
SWISSRLAN	0	0	0	0	0	0	0	0	1	3400	0
OTHERS	0	0	0	0	0	0	0	0	0	0	5
TOTAL	82093	110253	130439	142030	158750	158332	136315	147560	143259	136147	98846

SOURSE:Department of Statistics, External Trade Statistics (1975 - 1987)

FIG(7)GEOGRAPHICAL DISTRIBUTION OF EXPORTED FRUITS IN 1987



Fig(8) Geographacial Distribution Of Fruits Exports 1977-1987



Saudia Arabia has been decreasing gradually since 1984, it has been decreased from 168 006 tones in 1984 to 153,510 tones in 1985, to 105,805 tones in 1986, to 113,364 tones in 1987. Saudi Arabia market is considered the most important traditional one where exports of fruits and vegetables to this country have formed 48%, 55%, 43% and 43% of the total Jordanian exports during 1984, 1985, 1986 and 1987 respectively .

The absence of any voluntary or involuntray system for developing and enforcing grades and phytosanatary standards means that any grading done is haphazerd , irregular and unrelated to the generally - accepted grading and inspection practices common in international trade. Any grading or inspection that is done reflects opinion about what attributes make commodity desirable or undesirable. None of this crudely- graded product would be allowed in any market where generally accepted grades and standards are enforced (1).

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(1)Bredahl M.,L. Eisgruber, P. Hamer, E. Hogan , A. Krezorn, and M. Marten. 1985, Supply and Demand for Southern Mediterranean Horticulture Products , Washington, USAID, September, 1985.

CHAPTER FOUR

THEORITICAL BACKGROUND

4.1.MARKET STRUCTURE

Market structure is defined as the characteristics of organization of a market which seem to influence the nature of competition and pricing within the market. These characteristics are (1):

* The degree of seller concentration: i.e the number and the size distribution of sellers in the market.
* The degree of buyer concentration: i.e the number and size distribution of buyers in the market.
* The degree of product differentiation.
* The conditions of entry into the market.

Market structure analysis seeks to explain the behavior and the performance of firms and their markets in terms of certain structural attributes .The key concepts are these of structure, conduct and performance.

Market conduct refers to the patterns of behavior

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(1)Clodius,R.L., and W.f Mueller.1967.Market structure analysis as an orientation for research in agricultural economics. In:Clerence J. Miller (Ed) .1967. Marketing and economic Development.University of Nebraska Press.Lincoln USA. P 123 which enterprises follow in adapting or adjusting to the markets in which they sell or buy.Referring to sellers, market conduct encompasses two related sorts of behavior:

1. The price policies of enterprise.These are the principles, methods and resultant actions that they employ in establishing what prices to charge, what output to produce, what product designs to choose, what sales promotion costs to incure, etc.

2. The process or mechanism of interaction, cross-adaptation and coordination of the policies of competing sellers in any market.

According to Bain, (1) the primary distinction among the firms is drawn on the basis of seller concentration as follows:

A) Atomistic Industries.

- Without product differentiation.
- With product differentiation.

B)Oligopolistic Industries.

-Without product differentiation

*With easy entry.

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(1)Bain J. , 1968, "Industrial Organization" University of California , Berkeley, John Willy & Sons, Inc. USA P 27

*With moderatly difficult entry.

*With blockaded entry.

-With product differentiation

*With easy entry.

*With moderatly difficult entry.

*With blockaded entry.

C)Monopolized Industries

A)<u>Atomistic Industries</u>.

The atomistic industry is a market structure in which seller concentration is very low .Strictly, these are firms where the number of sellers is large, and where every seller supplies so small proportion of the total output also, his own changes in output or price cannot perceptibly affect the price or sales volume of the other firms in his sector.

B)<u>Oligopolistic Industries</u>

In this market structure the seller concentration is high .Strictly, these are firms in which the number of sellers is small, and in which every seller supplies a large enough proportion of output that his own changes in output or price will percepatibly affect the price or volumes of the other firms in his sector, so there is a significant interdependence where actually exists if each of two or more sellers in the industry has a large enough market share that a small proportional increase in their own volume of sales will result in a noticeable proportional decrease in the sales if the other sellers.

Oligopolistic interdependence of sellers is something that varies by degrees, theoretical logic suggests two related things :

- Other things being equal , oligopolistic interdependence becomes stronger as seller concentration becomes higher, or weaker as seller concentration is less.

- Therefore , the higher the degree of seller concentration with oligopoly the greater is the profitability of the adoption at joint monopoly price and output policies by rival sellers.

The general oligopolistic behavior has a virtual desire to act cooperatively with all rival sellers to establish a price and output which will yield maximum joint profits to all sellers (a joint monopoly price and output).This wish to attain profit - maximizing price simply one to secure the largest total profit "pie"to be divided among all the rival sellers in the sector.

An alternative classification of the Oligopolistic market could be stated as follows :

a-Very highly concentrated oligopoly, where the market is controlled by less than four sellers.

b-Highly concentrated oligopoly, where 85-95 per cent of the market is controlled by the first eight sellers and 65-75 per cent of the market is controlled by the first four sellers

c-High moderate oligopoly : where 70-85 per cent of the market is controlled by the first eight sellers and the first four sellers controlles 50-65 per cent of the market sale.

d-Low moderate oligopoly: where 35-50 per cent of the market controlled by the first four sellers, 45-70 per cent by the first eight sellers and with large number of sellers in all (1)

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(1) El-Habbab M.S., 1974. " Marketing Channels and Margins for Amman Livestock Market."M.Sc,Thesis.Faculty of Agriculture Science.American University Of Beiruit. Beiruit. Lebanon.

C)<u>Monopolized Industries.</u>

Monopoly is a market structure in which there is a single seller, there are no close substitutes for the commodities produced and there are barriers to entry. The following remarkes may be predicted in theory:(1)

1) There are a maximum likelihood of monopolistic output restriction and excess profits in highly concentrated Oligopolies with blockaded entry, resulting from effective express or tacit collusion in the context of meaningful threat of entry.If there is also product differentiation , selling costs to some level and certain product variation phenomena may also be expected --not only as a manifestation of intraindustry competition, but also to maintain the barriers to entry. Efficiency to scale of firms is likely but not inevitable.

2) With high concentration and moderately difficult entry , the prediction is about the same except for one significant difference.This is that the established firms, although in a setting favorable for effective collusion , are likely to find it advantageous to hold price below the level which would induce entry , earning some profits from their present market shares

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(1)Bain, <u>Industrial Organization</u>, Ibid.

rather than sharing the market with the newcomers which higher prices would attract.Their higher prices are thus likely to be lower , and their combined output greater, than with blockaded entry, and their price- output performance will probably lie somewhere between the competitive and monopolistic limits.

3) With higher concentration and easy entry, established firms are not likely to find the prices which would forestall further entry sufficiently attractive compared to the alternatives; they will probably tend to elevate prices and induce entry, thus altering the industry's concentration .Extended analysis suggests that in this case a structurally unstable market, unstable prices, and periodic wastes of redundant capacity are not unlikely . Selling cost and product phenomena may not be significantly different from those in the two categories already mentioned.

4) In oligopolies with only moderate concentration there will tend to be the following divergence from the conduct and performance predicted for high concentration above.There is a probability that collusion among sellers will be imperfect or ineffective , so that generally prices will be lower and outputs larger than when seller concentration is very high.Thus even with blockaded entry,price is much more likely to lie below

the monopoly limit and closer to a competitive price.With moderately difficult entry a somewhat lower price and larger output are , on the average, to be expected .And with the easy entry , there is a good possibility that intraindustry competition, or the lack of collusion, will prevent price from rising high enough to attract entry and to induce structural instability of the market and its consequence.

Significant barriers to entry protecting one or a few firms in an industry seem to have resulted on practice, mainly from their possession of three sorts of institutional advantage:

1) Possession of patents giving them exclusive rights over strategic productive techniques or product designs.This places actual or possible competitors at a substantial disadvantage in cost or price if they must use inferior techniques or produce inferior products, or must pay a high royalities for use of the patented techniques or products.

2) Possession of a virtual monopoly over the supply of some essential resource used in production .

3) Possession of a product differentiation advantage over all other actual and potential sellers. The fact that buyers in general strongly prefer the product of one or few firms to any other firms to secure

all or nearly all of the market at profitable prices , while other in competition with them can or could secure little if any of the market with profit.This sort of advantage develops from the simple allegiance of buyers to particular brand names - usually built up by prolonged and persistent persuasive advertising - and from the dependence of buyers on the "reputations" of certain sellers producing complicated and expensive durable products(such as automobiles or pianos) which the buyer purchases infrequently and not able to evaluate accurately.Possession of this advantage by one or a few sellers may enable them to become large and dominate their market, even though scale economics in production may be of no particular importance.

4.2 Group Marketing:

Marketing improvements start from the joint action of individuals or firms concerned in the marketing of a particular product or combination of products(1). This type of action may be voluntary, as where a number of farmers or consumers join together in

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(1) Abbott J.C., 1975,"Marketing Problems and Improvements."Food and Agriculture Organization of The United Nations. Guide No. 1, pp 123-134.

a cooperative to provide marketing facilities or to follow certain sales production for their mutual benefit.It may involve some compulsion, as in the case of commodity marketing boards set up with statutory powers.Here authority is obtained from the government to require producers and handlers of the commodity concerned to observe rules and procedures prescribed by the board.

4.2.1 Co-operative Marketing:

A cooperative is a legal, institutionalized device which permits group action that can compete within the framework of other types of business organization.It is a voluntarily organization setup to serve and benefit those who are going to use it.

This type of action is a voluntary where co-operation between producers or consumers to provide needed marketing services is an approach to marketing improvement that has aroused wide interest.Generally it is stimulated by the feeling that established intermediaries are either providing an inadequate service or they are charging too much for it. In joining together to undertake marketing functions, such as assembling, packing, storing and selling, producers and consumers are setting up an alternative marketing agency to those already available and thus raising the level of participation.

There are certain fundamental concepts that help differentiate a cooperative from other forms of business enterprises:

1. The ownership and the control if the cooperative must be by those who utilize it.The control is exercised by the owners as the patrons of the business rather then by the owners as investors.

2. The business operations shall be concluded as to approach a cost basis and any returns above cost shall be returned to patrons an all equitable basis - non profit business concerns.

3. The returns on the owner's invested capital shall be limited .The patron-owners invest their money primarily so that the organization may provide desired services to them .While in other business enterprise, investors offer their money an expectation of a profitable returns on it.

In appraising any proposal to market co-operative, it is essential to weight carefully the attitude of the prospective members, to assess their capacity for joint action and to see what scope there is for improvement upon existing marketing arrangements.

In a broad sense,(1) a successful cooperative must accomplish the following three goals:

*Increase the returns from sales of the product of its members, and/or

*Reduce the price or improve the quality of the purchase of its members, and/or

*Render new improved service or give more equitable treatment to its members.

All these goals add up to the improvement of the economic well-being of the individual members.

In the other hand, modern cooperatives face some serious problems such as the following:

* Financing: Cooperatives require the same amount of capital as non-cooperative business firms to perform their functions.In the present setting of increasing size and complexity of modern manufacturing and distribution, huge amounts of capital are necessary to make effective and competitive entry into new fields.How to secure these large amounts of needed capital is the major problem of the modern cooperatives.

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(1)Kohls R. and J.Uhl, 1980. Marketing of Agricultural Products,Fifth edition, Macmillan Publishing CO.,Inc USA. p 288.

* Management : Three groups of people are involved in the management of a cooperative - the members, the board of directors, and the hired manager.The members exercise their control through their elected directors.The directors have the responsibility of formulating general operating polices and obtaining a manager to carry out these polices and report the results to the members. The manager is charged with the operating responsibility of the cooperative enterprise. He puts into actual practice the policies laid down by the board.How to secure adequate hired management for a cooperative is essentially no different from that of any other business.

* Membership Relations: Many problems of membership relations are fundamentally by -product of the increased size and complexity of the association. In large association members feel it is "the coop." not "my coop". In a great many instances only a very small minority of the member-owners take an active interest in the problems and management of their cooperative

4.2.2 Marketing Boards:

Marketing boards are considered as compulsive group marketing, where the authority is obtained from the government to require producers and handlers of the commodity concerned to observe rules and procedures prescribed by the board.

Marketing boards are partly public and private entities, and this affects their administrative structure.The director of the board must represent the interests of both the farm sector of commercial marketing firms and the general public.Usually , a directorship is a political appointment, made by the head of the government or the secretary of agriculture.

Seven basic functions are common to marketing boards .These are :

1. Market analysis and forecasts.
2. Domestic quotas and prices.
3. Estimate of export demand.
4. Issuance of marketing permits.
5. Establishment of producers' marketing pools.
6. Domestic licensing.
7. Payments to producers.

There are some other optional functions such as controlling production, setting export prices, negotiating export sales, pricing for domestic and foreign markets, performing market research and developments, and establishing buffer reserve stocks.

4.2.2.1 Types Of Marketing Boards:

There are six types of marketing boards according to the classification of John Abbott and Creudeland (1). These type are:

1. Sales promotion,research,extension

The functions of this board are:

*Marketing action promotion programs for the agricultural commodities.

*Advertising and promotion competition to create consumers response.

*Developing new outlets and new markets.

*Reduction of marketing and production costs by advising the producer with the new technices.

*Developing of new grades and packaging standards to improve the general quality level and increase producer returnes.

*Reduction of the price fluctuations by providing updated marketing information.

2. Regulation of quality and quantities sales.

The functions of the regulation board are:

Abott J.C. and H.C. Creudeland. 1974."Agricultural Marketing Boards, Their Establishment and Operation".Food And Agriculture Organization of The United Nations. Rome Italy. P (4)

*To advise the government on minimum quality,grade and packing standards to be adopted.

*To determine supply of different quantities to the different markets.

*To facilitate the general use of improved sales techniqes such as exchange and auction sales system.

*Operate and provide control laboratories,packing and processing facilities.

*To negotiate conditions of transport, handling, processing and storage of agricultural products.

3. <u>Stabilization of price without trading.</u>

The functions of this type of bords are mainly:-

*Liciensing all traders, processers and exporters dealing in controlled products.

*Fixation of exports prices.

*Inspection on purchase, delivery and export of the products.

*Authorization of the inspection and examination of all documents relating to production, processing and sales of controlled products.

*Compensation of deficiency payments to exporters for losses sustained on exports when the export price is lower than the fixed price.

4. Stabilization of prices by purchasing, sales and buffer stock operation within free markets.

The main functions of this board are:-

*Fixation domestic prices of basic grains which are subjected to wide fluctuation.

*Protection of lower income consumers by supplying the markets with basic food stuff when prices are high.

*Encouraging production of certain products by implementing minimum intake prices to farmers at harvest time.

5. Monopoly of sales on exports markets:-

This type of boards mainly facilities:

*The arrangements of government -to government sales

*Equalization of returnes from sales in protected and free world markets.

*Participation in international export control schemes such as international coffee arrangements.

*Country may exercise direct control over a major source of foreign exchange.

6. Monopoly of sales on domestic markets:

A country may establish this type of boards to facilitate:-

*The maintenance of fixed prices at all stages in marketing of a product throughout a country.

*A significant volume of the total output can be exported at prices lower than the domestic prices.

*The control of the products which must pass through specialized processing plants before becoming suitable for consumption.

CHAPTER FIVE

5. MARKETING ORGANIZATION.

5.1 Ministry of Agriculture (MOA).

5 2 Agriculture Marketing Organization (AMO).

5.3 Ministry of Supply (MOS).

5.4 Agriculture Marketing and Processing Company (AMPCO).

5.5 Jordan Valley Farmers Association (JVFA).

5.6 Jordan Cooperative Organization (JCO).

5.6.1 Parallel Markets.

5.6.2 Marketing Cooperatives.

5.7 Municipalities.

5.Marketing Organization

There are several governmental, non-governmental and quasi-governmental organizations which play an active role in supporting and controlling the marketing of fresh fruits and vegetables in Jordan.

This part of the study is dedicated to illustrate briefly the role of the different marketing organizations in the marketing process of fresh fruits and vegetables and to emphasize on their role in the exports of these products.

5.1. Ministry Of Agriculture MOA

Since April 1987, all the marketing activities concerning fresh fruits and vegetables have been transferred to the Agricultural Marketing Organization, except those concerning the West Bank and Gaza products.

The Ministry of Agriculture still issues the permits to import the products from the West Bank and Gaza.These products should be sold only at Amman Wholesale Market.These permits are issued on the basis that a maximum of 50% of the production of West Bank and Gaza can be exported to Jordan. There are inspectors from the ministry at the bridges between the East and

West Bank of Jordan to control the flow of the products.

The Cropping Pattern (1)was applied in 1985 by the Ministry as a result of falls in the prices of the main products (tomatoes, cucumber, squash and eggplant).It was a direct intervention from the government to reduce the supply of these crops and to encourage producing more potatoes , onion, garlic and fodders. Production of these crops has not decreased as rapidly as the area planted because producers have shifted to production under plastic houses and tunnels in which yield were higher . While land under production has decreased, the main policy tool , there has not been a proportional decrease in the total production.On the other hand prices have remained on the same level as it was before implementation the Cropping Pattern policy.

4.2 The Agricultural Marketing Organization(AMO)

It had been established according to the law No.(15) for the year 1987 (Agricultural Marketing Organization) Appendix(3). The organization is divided into five different directorates to execute the

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(1)Jiron R."Agricultural Policies Affection Production and Marketing of Fruits and Vegetables In Jordan" Ibid. P C-3.

following responsibilities:(1)

a) Issuance the import and export permits of fresh fruits and vegetables. Permits are issued after the approval of the monthly plan by the Technical Committee which is responsible for deciding the proper policy regarding external trade flows of fresh fruits and vegetables.

The exporter gets the export permit from AMO (Import and Export Division) which includes details of the shipment and quantity and destination. The duplicate copy must be returned to AMO after the shipment is made.In addition to the permit the exporter has to get a certificate of origin from the Chamber of Commerce and a valid invoice.

The importer gets the import permit from AMO, and accordingly gets the import license from the Ministry of Industry and Trade.Imports of potatoes ,onion, garlic and apples are monopolized by the Agricultural Marketing and Processing Company (AMPCO).

b)Conducting marketing studies and research on

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(1)"<u>Agricultural Marketing Organization</u>" 1987 ,Law and Functions Amman .LAW No. (15) for the year 1987 Agricultural Marketing Organization Law.

domestic , Arab and foreign markets to develop, organize and increase the efficiency of marketing .

c)Providing and analyzing marketing information on domestic , Arab and foreign markets concerning quantities, prices ,kinds ,sources and supply of the agricultural commodities.

d)Providing information on export markets regarding regulations and procedures followed in these markets.

e)Advising the farmers and middlmen with the best methods of handling the produce through the different stages of marketing channels such as sorting ,packing and transporting.

f)Controlling the quality of fresh fruits and vegetables by means of providing information on standard specifications of the products.

g)Encouraging the setting up of grading and packing centers .

h)Supervising the implementation of regulations and instructions issued by the organization and take the necessary measures against violations.

I)Encouraging the establishment of boards specialized in the marketing of the agricultural products and contributing to their promotion.

The team of the rapid marketing appraisal study of the marketing of four vegetable crops in Jordan stated that their is an obvious lack of quality control at all levels of the fruits and vegetables production/ marketing system. The result of the lack of quality control is a diseased and infected produce entering the marketing channels, topping practices by farmers, high post-harvest losses, and inability to meet,in a consistent manner,consumer demand- particularly the demand of potential export markets.(1)

Although new regulations were set for AMO to inspect the produce before it is sold in the central wholesale markets or to the exporters, but these regulations are not generally followed by farmers or exporters.

4.3. Ministry Of Supply(MOS)

The Ministry of Supply is partly responsible for controlling fresh fruits and vegetables retail prices in Amman, Irbid, Zarka and Karak. A four members committee representing Agricultural Marketing Organization, Ministry Of Agriculture, Municipality and Ministry Of Supply meet daily to decide the daily retail prices of fresh fruits and vegetables sold in these cities.The

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(1) Shermerhorn R.W. & Others, 1988 "Rapid Marketing Appraisal of The Marketing of Four Vegetable Crops in Jordan".Postharvest Institute For Perishables, USA P.76.

pricing committee use the highest and lowest price as a benchmarks to determine the highest and lowest retail price for the following day.The committee depends on its members "market experience" and "personal judgment" to estimate the margins without using any mathematical model which takes in consideration all the related variables such as quality and grades.

Retail pricing doesn't enhance competitivness because it doesn't reflect the quality nor grades which makes it difficult to the consumer and the exporter to get first class quality.

4.4. Agricultural Marketing And Processing Company (AMPCO).

(AMPCO) is a stock company, 100 percent beneficialy owned by the government of Jordan.It has been capitalized at JD 10 million.

The mandate of AMPCO has given it the following responsibilities:(1)

a)Exporting horticultural products to Arab countries and EEC countries.

b)Importing horticultural products (AMPCO monopolizes the imports of potato, onion, garlic

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(1)"Rapid Marketing Appraisal Of The Marketing Of Four Vegetable Crops In Jordan", ibid.

and apples).

c)Provision of market information and establishing quality and grade standards especially to the European markets.

d) Achieving self-sufficient scheme in potatoes by charging higher prices than the actual import price in the domestic market which encouraged producers to supply more potatoes,in the other hand these higher prices caused consumers to purchase less .

e)Operating the processing plants of tomatoes and horticultural products assembly centers at Arda, Wadi El Yabes, North Shona and Safi.Table (5-1).

A recent report has evaluated AMPCO activities during the past three years (1) .This report has concluded the following:

* Re- examination of benefits relative to costs of AMPCO's Processing of tomato paste for domestic or export use from tomato supplies, has showed that the total cost per ton including administration for the 2,431 tones of tomato paste produced in 1986 averaged

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(1) Jiron R . & Others , 1988,"Agricultural Policies Affecting Production and Marketing of Fruits and Vegetables in Jordan". Ibid .P A-16

Table(5.1) Agricultural Marketing And Processing Company Activites During 1985 - 1987

(QUANTITY IN TONES)

TYPE OF THE ACTIVITY	YEAR		
	1985	1986	1987
Tomato Paste Production	4296.41	2431	6036.8
Total Exports Of Fru. & Veg.	37766	36705	21589
Total Imports Of Fru. & Veg.	25590	28945	19946
Fru. & Veg. Cooled Storage	7207	1857	27333

Source:AMPCO Annual Report(1987) and unpuplished data

JD 553 and the selling value is JD 227 /ton with a loss of JD 331 per tone.The researchers recommended two options, the first would be to terminate paste processing.The other option would be to reduce the price paid to farmers for tomatoes used in processing.

Although it has requested all cargo space available during early vegetables season, AMPCO has not succeeded in achieving its planned exports to EEC countries.AMPCO supposed to export three thousand tons of vegetables to EEC countries in 1987, but it didn't.The total Jordanian exports to Europe did exceed 1,066 tons in 1987.

The total sales of 1987 were JD 7.5 million and the net loss of that year was JD 470 thousand.(1)

4.5. Jordan Valley Farmers Association(JVFA)

JVFA has been established by the temperary law No.(19) in 1974. It was intended that (JVFA) would provide a package of agricultural services and inputs to its members .These services include marketing service for the members production using the three marketing assembly centers in the Jordan Valley which are owned now by AMPCO .According to the report which was carried out in September 1985 by the Agency for

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(1) Agricultural MArketing and Processing Company (AMPCO). Annual Report- 1987.

International Development, the JVFA has never succeeded in making the market centers operational for the purpose intended and its participation in marketing activities is minimal at best (1).The marketing division was not established yet and work either.

4.6. Jordan Cooperative Organization (JCO)

In 1968 the (JCO) was established to take the full responsibility of supervising all aspects of cooperative movement in the country. It is a non-profit organization ,it's main objectives are land development, food security and social economic development. In order to achieve these objectives the (JCO) performs many functions, such as providing information , technical assistance for existing cooperatives and members, external loan services to cooperatives and their members for agricultural and non-agricultural purposes at a reasonable low interst rate.

In the exports activity, in 1979 Jordan Cooperative Organization has joined venture with the Agricultural Marketing Organization and the private

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(1)Maury B.. and E. Hogen,1985" Supply And Demand For Southern Mediterranean Horticultural Products,Volume V " The Agency For International Development, Jordan,p.18.

sector in a contract to export fruits and vegetables valued twenty six million Jordanian dinners to Iraq.The share of the organization was 25% of the contract (1).

Also it supplies cooperatives with all types of material inputs such as pesticides, herbicides, veterinary medicament, and fertilizers .Also JCO provides marketing services for outputs at a reasonable low cost through parallel markets and marketing cooperatives.

4.6.1 Parallel Markets :

These markets were established in early eighthys by JCO to work in parallel with private retailers in the country with very low profit margins.It was established to deal with cooperative farmers directly, but latter on started to buy the fruits and vegetables from the wholesale markets and repack it in a consumer plastic bags without gradind or sorting.

There are three parallel markets in Amman, Tafila, Maa'n and two branches in Aqaba.These markets sell directly to the consumers usually with lower prices,

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(1)The Arab Organization for Agricultural Development. 1982. Supply and Demand for Fruits and Vegetables in Eastern Arabic Countries.Part Two,Jordan. Khartoom, Sudan.

TABLE(5.2) SALES OF THE (JCO) PARALLEL MARKETS IN AMMAN, AQABA AND TAFILA

SALES IN JD

MARKET NAME	THE TYPES OF COMMODITES SOLD				
	VEG.&FRU.	GROCERY	CLOTHES	WOOD PRO.	TOTAL
JABEL AM.	132745	475027	5602	2424	615799
MAA'N		31257			
TAFILA		32464			
AQABA-1		47117			
AQABA-2		46200			
TOTAL	132745	632067	5602	2424	772839

Source: JCO, Parallel Market Annual Budget sheet 1987 they sell vegetables, grocery items, clothes and wooden products.(Table 5.2). It noticed from the this table that the Jabel Amman branch is the only market which deals with fruits and vegetables in addition to the other items.

4.6.2 Marketing Cooperatives:

There are two marketing cooperatives that deal with fruits and vegetables in Jordan, they are:

A. Me'addi Marketing Cooperative

It was established in 1981 by 16 members, to operate as commission agent at Arda Local Wholesale Market on the behalf of their members. In 1983 the volume of its sales was JD 750 thousands, in 1967 its sales dropped to JD 400 thousands due to the financing relationships between the farmers and the commission agents in the wholesale markets .This cooperative charges the farmers a commission on the sales of the produce excluding the cost of the container at a rate of (5%) i.e the cooperative charges lower commission than the other commission agents. Me'addi cooperative has practiced exporting activities during 1981 but it couldn't continue due to the tough competition with the other local exporters who were not members in the cooperative.

B. Karak Ghors Farmers Marketing Cooperative

It was established in 1984 to deal as a commission agent in Amman Wholesale Market for the purpose of selling the produce of Karak's farmers mainly.It was successful at the beginning but recently it's activity was decreased because farmers prefer to sell their produce through other commission agents who finance them with loans.

4.7.Municipalities

According to the law No.(55) which was issued in 1966, for establishment of wholesale markets in the municipalities, seven wholesale markets were established since 1966 in Amman, Zarka, Irbid, Karak, Tafila, Mafrak and Salt. These municipalities charges a four percent fees on the products value sold in the wholesale market.Only Amman and Mafrak municipalities collect their fees directly by their employees while the other five municipalities gather their fees through contractors who guarantee a specific amount of money to be paid at the beginning of the year or during the year in monthly instalment.

A recent study by The Agriculture Marketing Organization concluded that the role of the municipalities in managing the wholesale markets is very limited.The study recommended that all the municipalities who lease their wholesale market should stop this action immediately .An administrative team headed by the market manager should be appointed to take the responsibility of (1)

* Collecting municipality fees.
* Facilitating marketing practices inside the market.
* Providing the marketing information and statistics.
* Maintaining and developing the wholesale market facilities.

The reason of this recommendation is mainly due to the limited services provided by the contractors.The only activity of the contractor is to collect the fees.

4.8 The General Association for The Owners of Agricultural Products Wholesale Stores.

It has been established in 1972 by the low No. 25/1972. The registered members of this association for the year 1988 was eighty four wholesalers.

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(1)Agriculture Marketing Organization, September 1988. "The Wholesale Markets of Fresh Fruits and Vegetables in Jordan. Amman, Jordan". P (45)

The main functions of the association are:

1.Issues the certificate of membership which is required for the issuance of the business permit from the Ministry of Trade and Industry and the municipality.

2.To establish the legal cooperatives which are related to the association.

3.Finding new export markets in the neighboring countries and exchange agricultural products between Jordan and the neighboring countries.

4.Establishing the best techniques for storing and exhibition the agricultural products.

Since it has been established the association did not organize the exporters of fresh fruits and vegetables or the wholesalers who practice exporting.

CHAPTER SIX

6. RESULTS AND DISCUSSIONS

6.1 Introduction.

6.2 Export Market Structure.

6.3 Jordan Exports Trend.

6.4 Fruits and Vegetables Exports.

6.5 Difficulties Facing Jordanian Exporters.

6.6 Marketing institutions.

6.7 Establishing of Export Marketing Board.

6.RESULTS AND DISCUSSION

6.1 Introduction:

This study describes the exporters sector of fresh fruits and vegetables in terms of their market structure and their role in the Jordanian national economy.Also it estimates the trend of Jordan exports of fresh fruits and vegetables and the constraints facing Jordan exports to the traditional Gulf markets and the new markets in European countries.

Also the study explains the marketing organization and the role of the related institutes in exports of fruits and vegetables.

6.2 Export Market Structure:

More than ninety percent of the exporter's workshops are located in Amman , next to Amman Wholesale Market (Wahdat and Abu Alanda), some of the exporters do not have workshops so they use the empty yards next to Amman Wholesale Market to load the cooled trucks.

Table (6.1) shows that 36% of the exports are handled by four exporters, 51% of exports are handled by the first eight exporters and the rest 49%

Table (6.1) The Annual Market Shares Of The First Eight Exporters Of Fresh Fruits And Vegetables.

Exporter's (#)	Exporter's share in the total Jordanian exports
I	18.0
II	6.5
III	6.2
IV	5.0
FIRST FOUR EXPORTERS	36.0
V	4.5
VI	4.1
VII	3.2
VIII	3.2
FIRST EIGHT EXPORTERS	51.0
THE FOURTY TWO OTHER EXPORTERS	49.0
TOTAL FIFTY EXPORTERS	100.0

of the market activity are controlled by fourty two exporters.

According to market classification by Bain(1), the writer has found that, Jordan export market structure is characterized by the following:-

a) The degree of seller concentration:

Based on seller concentration, these findings assure that the type of the export market structure is"OLIGOPOLY".The degree of Oligopoly is "Low-Moderate" concentration, which is similar to the classification carried out by Bain (p 141), for the American Meat Packing Industry in 1963, in which roughly 35-50 per cent of the market was controlled by four firms, roughly 45-50 per cent of the market is controlled by the first eight and with a large number of sellers in all.

There is a probability that collusion among sellers will be imperfect or ineffective, so that generally prices will be lower and output larger than when seller concentration is very high.Thus even with blockaded entry, prices is much more likely to lie below the monopoly limit and closer to a competitive price.

b) The degree of product differentiation:

As among the products of the various sellers, there

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(1) J.Bain, "Industrial Organization" Ibid.

is no product differentiation .The only issue which can be taken in consideration is grading.Only one exporter practice grading,he is specialized in orange exports which are produced , graded and packed in Gaza Strip, while the rest of the exporters do not practice grading.

c) The conditions of entry to the market:

It is not easy for new sellers to enter the export market due to the following barriers:

***Finance**: new exporters need a large capital to start the business to cover the costs of buying the products from the wholesale markets and/or the farmers in cash, because it takes time to be well known to get the products on credit (exporters usually pay the cost of their exports after one to two weeks).In addition to that, any new exporter needs to hire an office in a wholesale market and a workshop.

***Market information**: All exporters in the sample who are in business have got representitives in the export markets to provide them with daily information about prices,quantities and qualities of the required types of fruits and vegetables.These representitives cost the exporters high expenses in terms of salaries, accommodations,traveling and communications.

***Experience**: In addition to the finance and the market information, it was found that the majority of the exporters depend on their past experience in dealing with the commission agents in external and domestic markets, export and import procedures,and production periods in the Jordan and the other competitive countries like Turkey, Lebanon, Egypt and Cyprus.A recent report on the role of agricultural wholesale firms in marketing fruits and vegetables in Jordan(1) has found the same result.He stated that 91% of the exporters depend on their own experience due to the absence of the studies on the export markets, no marketing information and the absence of experts in this type of business.

6.3 Jordan Exports trend:

A time series of Jordan exports of fruits and vegetables during 1968-1987 was chosen for the trend analysis (Table 6.2).

A polynomial regression model (one type of curvilinear response model) was used to estimate the trend equation of Jordan exports. The relation between

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(1)Abdulla Samara,1986"The Role of Agricultural Wholesale Firms in Marketing Fruits and Vegetables" MBA thesis submitted University of Jordan, Amman Jordan.

Table (6.2) The time series data used in the regression analysis

YEAR	QUANTITY OF EXPORTS(TONS)
1968	125293
1969	110829
1970	125945
1971	118446
1972	113386
1973	150585
1974	251003
1975	257240
1976	295363
1977	303496
1978	329232
1979	376935
1980	384215
1981	464513
1982	514498
1983	474289
1984	491558
1985	450760
1986	379897
1987	349563

Source:Department Of Statistics, External Trade Statistics (1968-1987) time (Years as the independent variable) and (exports as the dependent variable) is quadratic in a range of the time ; exports should increase as time pass , but this relation was correct until 1984 when exports started to decrease. Although the significant measures such as- the R Squared, F ratio, t-student- for the cubic equation (equation No.1) and (figure 9)were higher(R squared = .96),the Quadratic equation was chosen because the prediction for exports in the next four years by using the Cubic equation become in mines which is not reasonable , while it is more logic when the Quadratic equation is used (table 6.3).

$$Y= 163067.7-41157X+8846.9X^2-316.2X^3 ......(1)$$

The basic computer output (1) in table (5.3) presents the regression results of the analysis for the fitted regression function No.2:

$$Y = -4900.02 + 44549.85*X - 1111.65*X^2 ....(2)$$

This response function is plotted in figure (10),together with the original data. According to the estimated function the expected exports for the next four years as follows:

YEAR	EXPECTED EXPORTS IN TONES
1988	440 409
1989	437 158
1990	431 683
1991	423 986 .

6.4 Fruits and Vegetables Exports

The analysis of the field survey results showed the following indicators:

a) About 99% of the exports have been exporting by land in a cooled trucks with a capacity of (15-17) tones each. About 40% were exported to Saudia Arabia , 25% to Kuwait and 17% to United Arab Emirts, Qatar and Bahrain (Fig 11).

b) None of the exporters practice grading , except for the already graded orange which is imported from the Gaza Strip.

c) The majority of the exporters (90%) use labels contain their names and the brand. Only one of them has his own trade mark while the others haven't.

d) None of the exporters follow any kind of standards they just export what they call "the first class local product".

e) The first class quality is mainly exported to Kuwait and Dubi markets, while the rest is exported to

Table (6.3)

A- Regression Analysis Results OF JORDAN EXPORTS

INDEX	NAME	MEAN	STD.DEV.
1	X1	10.5	5.92
2	X2	143.5	127.9

DEP. VAR. EXPORTS

DEPENDENT VARIABLE: EXPORTS

VAR.	REG. COEFF.	T(DF= 17)
X1	44549.93	4.774
X2	-1111.65	-2.575
CONSTANT	-4900.14	

R SQUARED = .85

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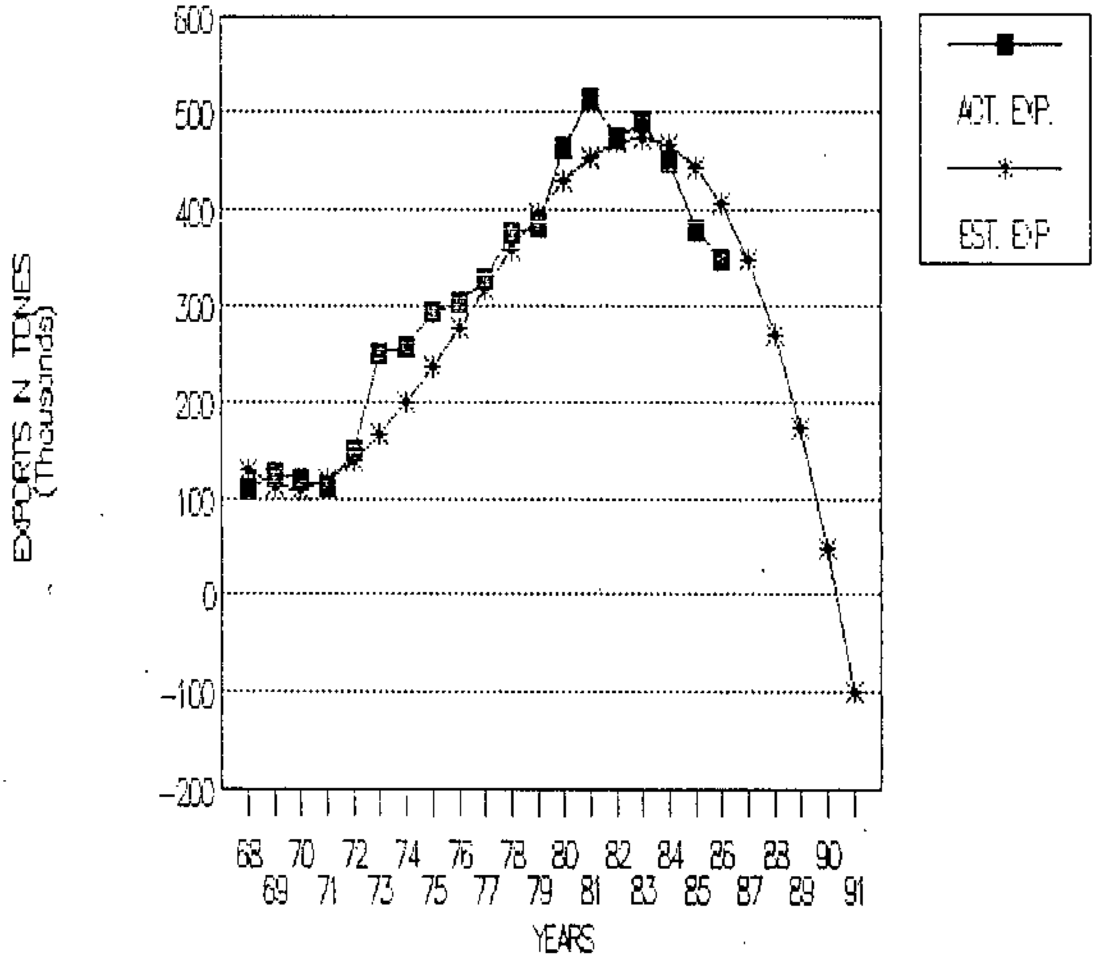
B- ANALYSIS OF VARIANCE TABLE

SOURCE	SUM OF SQU.	D.F	MEAN SQU.	F RATIO
REGRESSION	320721424099	2	160360712049	49.022
RESIDUAL	55610804750	17	3271223808.86	
TOTAL	376332228850	19		

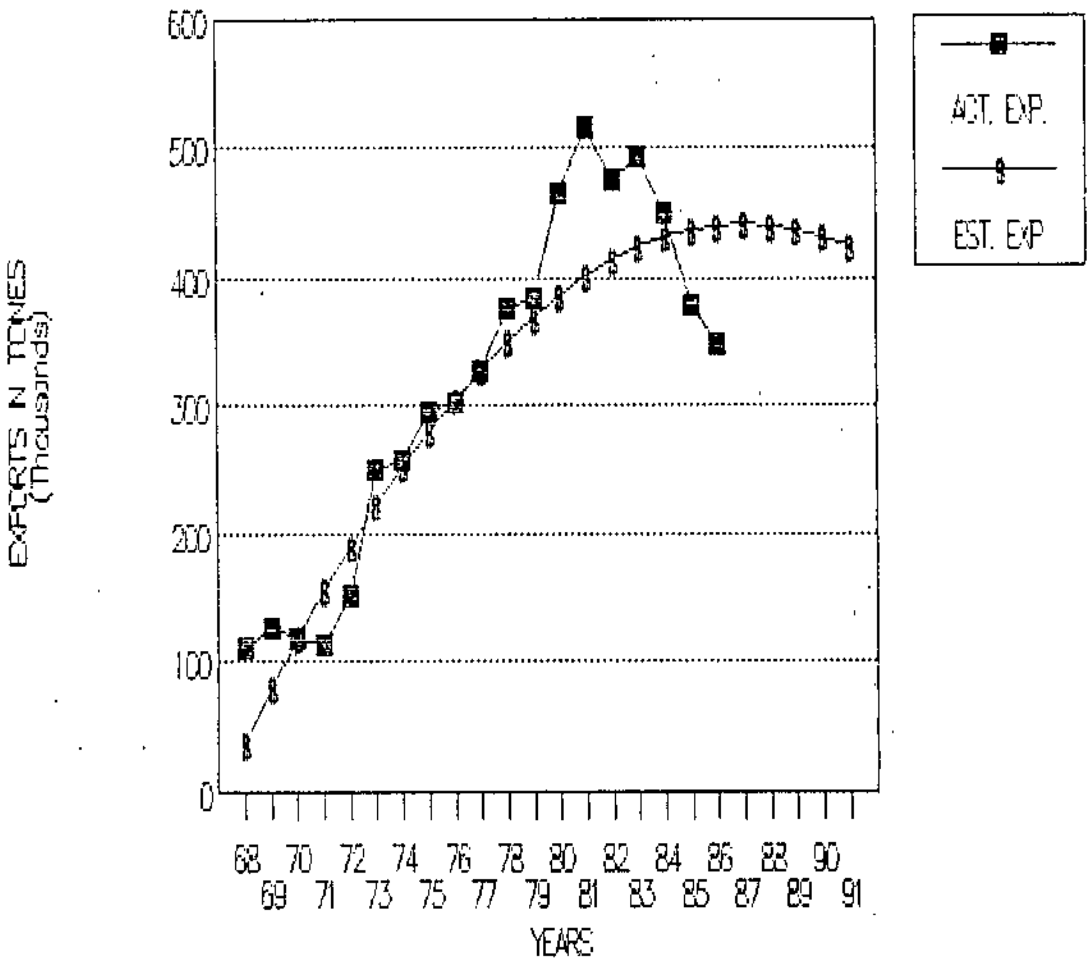
Fig(9) Jordan Exports of Fr.& Veg.68-8

Y=163067.7-41157X+8846.9X^2-316.2X^3

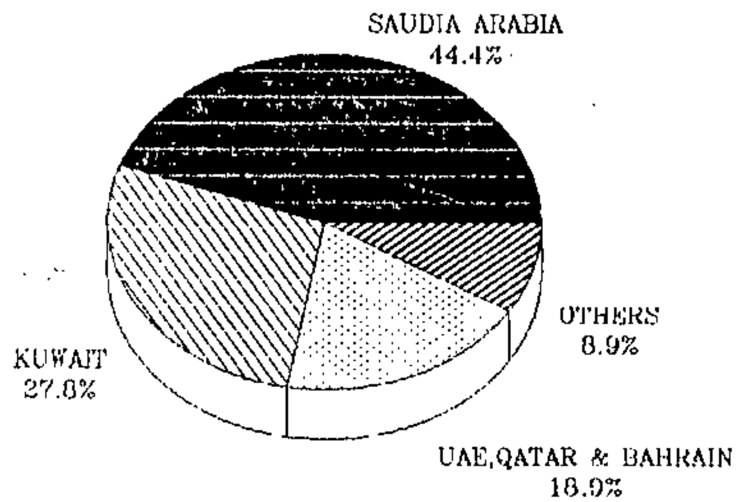


Fig(10) Jordan Exports of Fr.& Veg.68-8

$$Y=-4900.02+44549.85*X-1111.65X^2$$



FIG(11)GEOGRAPHICAL DISTRIBUTION OF
FR.&VEG.EXPORTED BY THE SAMPLE IN 87



Saudia Arabia markets.The reason of this behavior, as the exporters concluded, was the strong competition in the Kuwait and Dubia markets with the products which are imported from many different countries to those two small markets , while the Saudi market is quite large and the competition is less (1)

f) The exporters get their exports from three main sources; about 51% of the exported crops from Amman Wholesale Market, 23% from Arda and Baqa'a markets and 26% from producers. The latter are mainly tomatoes during summer season (Fig 12).

g) All the exporters deal with commission agents in the export markets, these agents sell the products on auction basis in the wholesale markets.

h) About fifty percent of the exporters were exporting from Turkey, Lebanon, and Greece during the period (1982 - 1987).Most of these exporters stated

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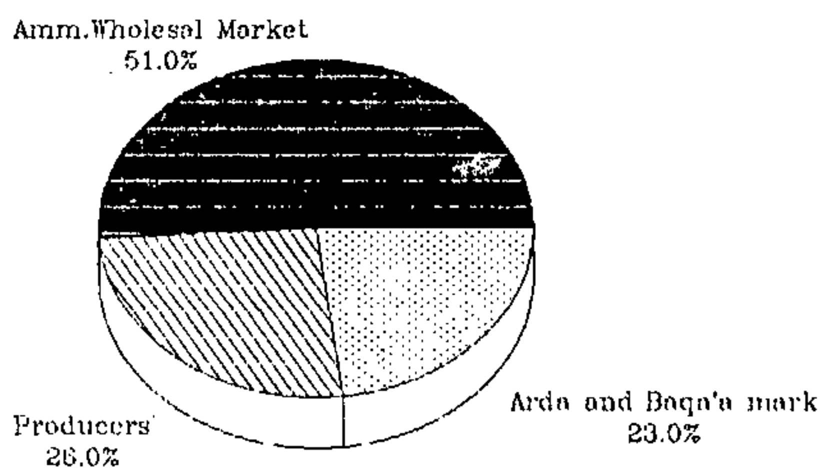
(1) The writer believes that this behavior was one of the main reasons of the sharp decline in fruits and vegetables exports to the Saudi market (from 240 thousand tones in 1984 to about 150 thousand tones in 1987).If the exports quality was properly controlled by a formal agency this sharp decline could be avoided.

FIG(12)The Main Sources of Exported
FR.&VEG.EXPORTED BY THE SAMPLE IN 87



that the main reasons of exporting from these countries were the subsidies offered by these governments, cheap labor, better quality of the products, numerous types of fruits, grading and packing facilities.

6.5 Difficulties Facing Jordanian Exporters:

a) Export Market information:

The lack of market information such as prices, qualities, specifications and demand of fruits and vegetables in the export markets have caused a serious losses to the exporters.

b)The Producers:

The majority of Jordanian producers do not produce a top quality production in terms of grading at the farm level, cleaning the produce from soil, and using high doses of pesticides and insecticides (many shippments have been rejected at Saudia Arabia boarders due to the high content of pesticides)

c)Competition:

The main competitors of Jordan exports in the traditional markets are Turkey and Lebanon.This competition actually is carried by some Jordanian exporters who left Jordan to Turkey and Lebanon and established a grading and packing centers due to subsidies and support given by Turkish authorities, lower prices of the products and materials used in packing,cheap labor force and the difference in the exchange rate against US Dollar either in Turkey or Lebanon.

d)Containers:

The majority of the exporters have concluded that one of the main reasons of the drop in Jordanian exports is the containers.

All of Jordan exports except tomatoes, califlower and watermellon are exported in polestyrin containers,in which they are weak in structure, easy to break, bad condector to the cooled air and easy to catch dirt due to it's white color. All these defects cause a serious drop in quality of produce whish is reflected badly on the selling price.

e)Saudi Arabia Boarder Regulations:

All exports to Saudi Arabia markets should be unloaded at the Saudi boarders and re-loaded in Saudi cooled trucks.This regulation causes a serious losses because these pereshiable products can not stand the change in temperature and re-loading.Exporters estimated the losses due to this action in a range of ten to twenty percent of each shippment.

Another problem is the customs duties paid to Saudi authorities which reaches to twelve percent of the value of the invoice.

f) The local production in the importers countries:

The national production of fruits and vegetables has showed a significant growth during the past ten years, especially in products similar to the Jordanian exports to these countries such as tomatoes, squash, eggplant, cucumbers, watermellon sweetmellon,...etc.

g) Export Policies:

The absence of export policy to determine the type of exportable fruits and vegetables and the period for exporting Jordanian products pushed some of the exporters to leave Jordan to Turkey and Lebanon.

In early 1987, The Agricultural Marketing Organization started the application of the export policy which allow the exporters to export all types of local product at any time of the year .

6.6 Marketing Institutions:

The three marketing institutions which have been interviewed assured that the Jordanian exports are facing a strong challenge, due to the competition in the traditional markets with the local production of these countries in addition to the Turkish and Lebanes products.

a) The Agricultural Marketing and Processing Company:

The representive of The Agricultural Marketing and Processing Company has confirmed that Jordan will loose the traditional markets if the present situation would continue . He suggested that a group action should be taken as soon as possible to regulate the exporters sector , control the quality of the exports and create new markets.

The representive has confirmed that one of the possible solutions could be establishing a marketing board.Which should be composed from exporters only, but another producers board should be established also.The two boards should work close to each other because production and exports of fruits and vegetables can not be separated.

b) The Jordan Cooperative Organization:

The representive of The Jordan Cooperative Organization has agreed on establishing a marketing board.He has suggested that the board should be from the exporters only and it should be either a consultary board or a monopoly board. He added ; the consultary board should be run by the exporters only without any intervention from the government. The main functions of the board should be to find new markets and advise the exporters with the new techniques, while the inspection function should be carried out by The Agricultural Marketing Organization inspectors.

c) <u>The Agricultural Marketing Organization:</u>

The representive of The Agricultural Marketing Organization confirmed that Jordan exports to the traditional markets facing a serious challenge due to the strong competition in these markets which has been created by the Jordanian exporters.The absence of clear export policy until 1986, was the main reason which pushed the exporters to leave Jordan and start competing the Jordanian products in the Gulf markets.

He added , an export marketing board could help in organization of the exporters sector , such a board should be composed of both the exporters and the producers.The board functions should help the exporters in developing their exports in a consultary way by looking for new markets, recommending new specifications and standards but it shouldn't interfere in the inspection on exports because interference is the main function of the government departments such as The Agricultural Marketing Organization.

6.7 Establishment Of Export Control Marketing Board

Abbott(1) stated that the necessary conditions for establishing a marketing board are:

1. If at least a majority of two thirds of the exporters agrees on establishing the board.

2. And they export more than 50 percent of the total exports

More than 70% of the questioned exporters agreed on establishing an export marketing board. These exporters have exported in 1987 more than fifty per cent of Jordan exports of fruits and vegetables.

The proposed function of this board should be as follows:

a) Establishing a clear, solid policy to develop Jordan exports.

b) Establishing grading and packing standards to be applied by all exporters and enforce them to follow it.

c) Establishing new container specifications to fulfill the required specifications of export markets.

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(1) Abbott J.C. and H.C. Creudeland. 1974."Agricultural Marketing Boards, Their Establishment and Operation" Ibid.p18

d) Issuing export licenses and facilitate export procedures.

e) Inspecting all the shipments before leaving Jordan and penelize the ones who do not follow the rules.

f) Cooperate with other government and non-government institution in terms of direct extension to the producer to produce a top quality ,clean and well graded production.

This group of exporters who proposed the above function has justified their need to this board because they are facing many difficulties which can be solved only through a control board.

CHAPTER SEVEN

7. Conclusions And Recommendations

7.1 Conclusions

7.2 Recommendations.

7.3 Draft Proposal for Export Control Marketing Board.

CHAPTER SEVEN

7. Conclusions And Recommendations

7.2 Conclusions:

a) The main competitors of Jordan export markets are the Jordanian nationality exporters in Turkey and Lebanon .This conclusion has been assured by the questioned exporters.

b) The main reasons that pushed the exporters to Turkey and Lebanon are the support of the Turkish authorities in terms of subsidies,the limited types of fruits and the lack in export facilities such as packing and grading centers.

c) There is a lack of coordination between the exporters in Jordan, which caused a tough competition between them in the export markets.

d) The costs of exporting to Saudia Arabia can be reduced if the Saudian authorities apply the Arab Community Market agreement.

e) The monopoly of The Agricultural Marketing and Processing Company on imports of apples, onions, potatoes and garlic has denyed the private exporters from compensation some of their losses by barter trade.

f) The request of AMPCO for all cargo space available during the early season to Europe has denyed the private exporters to develop their exports to EEC countries.

7.2 Recommendations:

1) There is an urgent need to create incentives program which may include subsidizing exports during certain seasons.

2)A new wholesale market should be constructed, which is suggested to be specialized in products for export purposes .The location of this market should be outside Amman, in Abu-Alanda area which is close to the exporters workshops.

3) More care should be given to extension programs directed to the producers about proper harvesting, handling, packing, grading and topping.

It is recommended that the proposed export control marketing board should manage the activities of this market such as quality control,grading, packing and other supporting facilities.

4) There is a need to organize the exporters community in terms of licenseing and applying standards for packing, grading ,labeling and transporting. The most active procedure could be useful is to apply a legislation of a control marketing board.

7.3 Proposal for export control marketing board

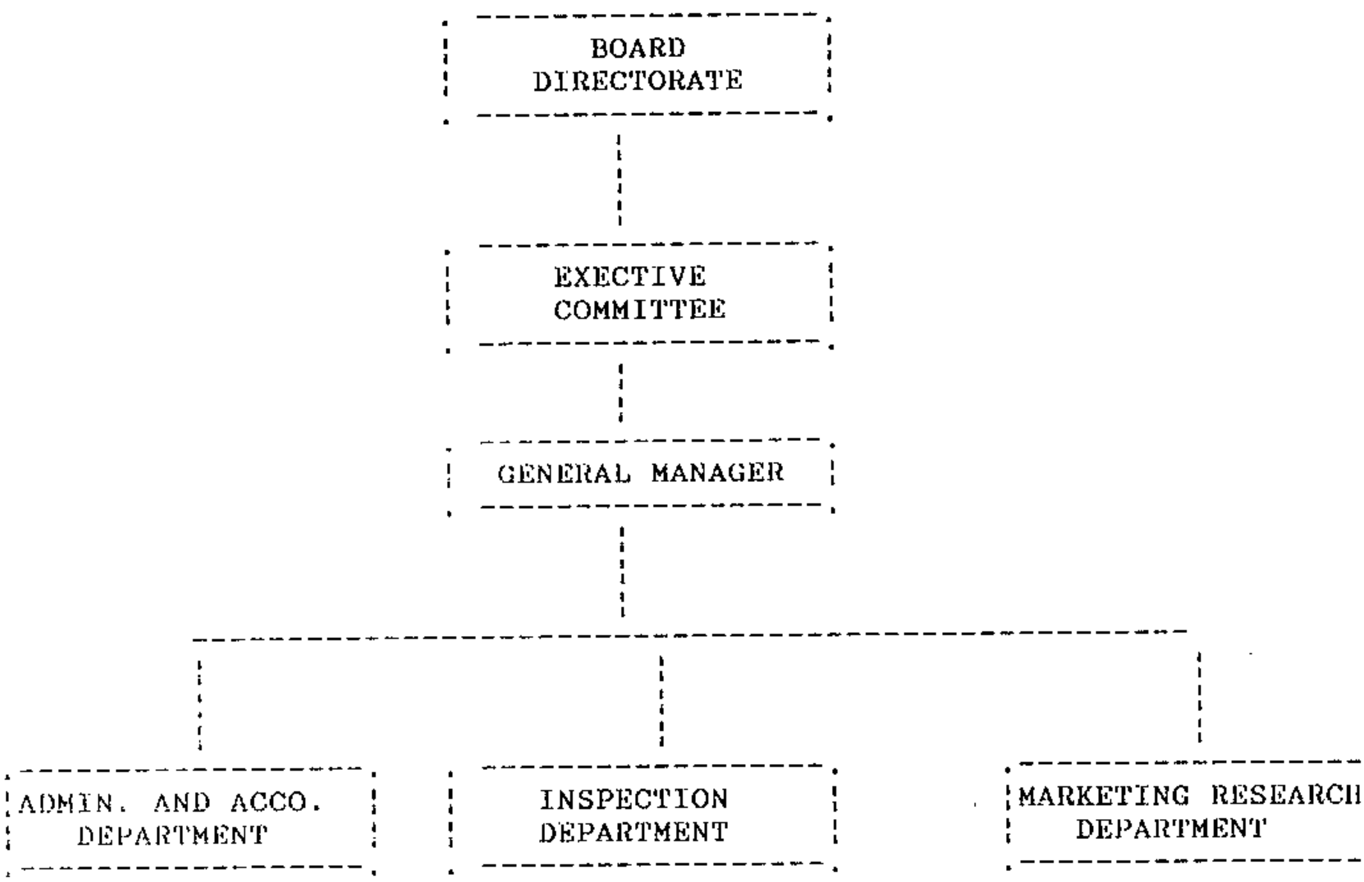
The following is a proposal for establishing an export control marketing board for fresh fruits and vegetables (figure 13):

1- The name of the board: " JORDAN EXPORT CONTROL BOARD OF FRESH FRUITS AND VEGETABLES".

2- The Functions Of The Board:

* Advise the government on the minimum quality, grade and packing standards and labeling procedures to be applied such as the standards of European Community Commission (ECC) for fresh fruits and vegetables.
* The licensing of all exporters of fresh fruits and vegetables and apply inspection procedures to secure the application of the minimum standards.
* Provide and operate assembling , grading and packing facilities to reach the desired quality standards.
* Negotiate conditions of transport, handling and storage of certain products with individual companies to secure the optimum economic deals for the benefit of

FIG (13) JORDAN EXPORT CONTROL BOARD OF FRUITS AND VEGETABLES



the exporter .

* Provide market information about wholesale prices in the local and international markets.
* Introduction of new standard contract form between the producers and the exporters to secure a regular flow of top quality produce which meet the board standards.

3- **Establishment of the board:**

a) <u>Board Directorate</u>:

The board of directors consists of the following:

* The chairman: Appointed by the Minister Of Agriculture
* Two representatives from the Ministry of Agriculture and the Agricultural Marketing Organization.
* A representative from the Ministry of Industry and Commerce.
* A representative from the Agricultural Credit Corporation.
* Three licensed exporters (elected by the exporters who are registered in the Wholesalers Association of Fruits and

Vegetables).

* Three producers appointed by the Minister Of Agriculture from (one member of the Jordan Valley Farmers Association, one member of a producer cooperative and two of the specialized producers in export production variaties).

The eleven members will be meeting four times in the year(at minimum) and the duration of the board of directorate lasts for three years.

The board elect an executive committee of four members and the chairman which will be responsible for appointment of the general manager and following up the board activities on a monthly basis.

b)Board Managment:

* The General Manager: Appointed by the executive committee of the board. He has to be a well experienced in export business of fruits and vegetables, dynamic and honest.

* Administrative and Accounting Department: Which will be responsible for:

-Secretary work, correspondence, filing

... etc.

-Regular accounting, budget,salaries...etc

- Issue the annual exporter's license after the recommendation of the inspection department, collecting fees and levies...etc.

* Inspectoin Department: consists of a group of well trained, experienced and honest inspectors, which will be responsible for the inspection of all exported shippments on a certain basis established by the board such as product quality, grading, packing, labeling and transporting conditions.

The inspection will be practiced at the packing centers on all the stages of the operation, then a certificate is given to the exporter for each cooled vehicle after sealing it in a special seal carrying the name of the board.Then the seal will be checked again at the boarder by the customes officers.

* Marketing Research Department: Which will be responsible for the following:

- Recommending and reviewing the quality standards, packing standards, transportation conditions ....etc.

- Carrying out the marketing research and publishing the results, and pass it to the exporters, producers and other related agencies.
- Collecting, processing, publishing and distribution of marketing information about the external prices, new regulations, new prospective markets, new technology of export business and so on.

3- Powers Of The Board:

* License exporters and other persons engaged in activities related to exports such as packing, grading, storing and transporting.
* Introduce and enforce grade and quality standards.
* Cancel any license for violation of the provision of the Board Act or any order or regulation of the board.
* To require full information relating to the production, packing, transporting , processing, storing and marketing of the

regulated products from all persons engaged there in.

* Appointing inspectors, officers and employees to carry out the board purposes.
* Collect license fees from all persons involved in packing, grading, storing and exporting the regulated products.
* Charge fees in respect of services rendered by the board and impose levies on the regulated products.
* Establishing and operating transportation, grading, packing, storage and marketing facilities and laboratories and any other necessary for carrying out the purposes of the board.
* Publishing and distributing of marketing information and research results related to the regulated products.

4- Financial Resources Of The Board:

* From the transferred assets of the agencies whose functions are transferred to the board.
* From revenues of licenses, fees and imposed levies funds.

The following are the main questions which had been asked during the interview to the representitives of the marketing institutions involved in exports of fresh fruits and vegetables in Jordan:

1>How do you evaluate the present situation of Jordan exports?

....

....

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....

2>What are the main difficulties facing Jordan Exports?

*...

*...

*...

*...

*...

3> What kind of action do you think that should be taken to solve these problems?

*...

*...

*...

*...

*...

*...

*...

4>Do you think that a control board consisting of exporters, farmers, and the government, could help in solving the difficulties facing exports?

....

....

....

....

....

5>Any other suggestions or comments?

*..

*..

*..

*..

Exporters Questionnaire

1.The name of the exporter......................

2.Exporter's address..........................

3.The Volume of exports during 1987:

-Vegetables.................tones.

-Fruits.....................tones.

4.The volume of exports of fruits and vegetables during "

-1986......................tones.

-1985......................tones.

-1984......................tones.

5.How do you transport to the export markets?

*By air *By land *Others

6.Did you export to the following countries?

-Arab countries:

-Saudia Arabia.........tones.

-Kuwait................tones.

-U.A.E.................tones.

-Qatar.................tones.

-Syria.................tones.

-Lebanon...............tones.

-Iraq..................tones.

-Other Arab Countries...tones.

-European countries:

-France................tones.

-England...............tones.

-Holland...............tones.

-W.Germany.............tones.

-Others................tones.

7.From where do you get the produce for exports? And how much from each source?

-Wholesale markets:

-Amman................%.

-Arda.................%

-Others...............%

-Directly from the producer %

-Contractors...............%

-Others....................%

8.Do you grade the produce before export?

*Yes *No

If yes , then where do you grade?

-In the farm -Grading center or workshop

- Do you grade manually or by machine?

9.Do you own your trade mark? *Yes *No

If no, why?

....

....

....

....

10. Do you follow a certain specifications to each export market? *Yes *No

If yes, What are these specifications?

....

....

....

....

11. How do you arrange the deals in the export markets?

....

....

....

....

....

12. Did any of your shippments rejected?

*Yes *No

If yes, then, When it was rejected, why it has been rejected and in which country?

....

....

....

....

13. Did you ever cooperate with other exporters either in Jordan or abroad in exporting together?

*Yes *No

If yes, then :

-The country of the other exporter........

-The reason of cooperation................

....

-The volume of cooperation...........tons.

....

14.Do you like to cooperate with the other exporters? If yes, then what is the form of this cooperation?

*Private Company.

*Cooperative.

*Marketing Board.

15.Do you agree on enforcement of the following?

-Grading all the exports? *Yes *No

-Inspection on all the exports? *YEs *No

-Follow a united Trade Mark? *Yes *No

-Follow a standard specifications for containers? *Yes *No

16.How do you evaluate the current situation of Jordan exports?* Excellent *Good *week.

17.If the evaluation is week, then what are the reasons of that?

....

....

....

....

18.What are the solutions for these problems that you may suggest?

....

Law No.(15) for the Year 1987
Agricultural Marketing Organization Law

Article 1.
This will be the Agricultural Marketing Organization Law for the year 1987 and shall become effective from the date of its publishing in the official Gazette.

Article 2.
Wherever they appear throughout this Law, the following terms shall have the corresponding meanings, unless the context indicates otherwise:

The Minister : Minister of Agriculture
The Organization : The Agricultural Marketing Organization
The Board : The Board of Directors of the Organization formed by law.
Director General: The Director General of the Organization
Agricultural Products: Crops and livestock products, whether fresh or processed

Article 3.
An organization shall be established in the Kingdom to be called "Agricultural Marketing Organization". It shall have a legal entity with administrative autonomy, have its headquarters in Amman, and shall have the right to establish branches and offices in other parts of the Kingdom and outside of the country.

Article 4.
The Organization aims at, formulating the marketing policies pertaining to agricultural products within and outside the Kingdom , following up their implementation. and organizing and developing marketing.

In order to accomplish these objectives , the organization shall cooperate and coordinate with the concerned entities, in the following:

a. Carrying out studies and research related to the marketing of agricultural products within and outside of the Kingdom with the objectives of organizing and developing marketing; presenting the information available to it and results arrive at through these studies and research, to the public and private sectors to benefit from.
b. Formulating plans for exporting and importing of agricultural products, and supervising their implementation.
c. Specifying the products and quantities of agricultural products to be permitted for export or import and pertinent dates.
d. Setting the specifications for agricultural products whether to be imported or exported, or for those that are offered for sale in the local markets. Also,

making sure that these specifications are followed.

e. Setting specifications for containers of agricultural products including weights and technical specifications, and following up on conformance with specifications.

f. Participating in the conduct of technical and economic feasibility studies for agricultural production and food processing.

g. Participating in fixing prices of agricultural products.

h. Making the necessary recommendations the granting exports, imports and re-export permits by the concerned authorities, and issuing marketing certificates necessary for that; collecting duties specified in accordance with by-laws issued in conjunction with this law.

i. Encouraging the establishment of boards specified in the marketing of agricultural products, and contributing to their promotion.

j. Supervising and organizating marketing activities in the assembly , storage, and selling places for agricultural products.

k. Other duties and tasks that come under the objectives and responsibilities of the organization to carry out.

Article 5.

a. The organization will be administered by a Board of Directors called the Board of Directors of the Agricultural Marketing Organization formed as follows:

1. The Minister	President
2. The General Director	Vice President
3. Representative of the Ministry of Agriculture appointed by the Minister of Agriculture	Member
4. Representative of the Ministry of Industry and Trade appointed by the Minister of Industry and Trade.	Member
5. Representative of the Ministry of Supply appointed by the Minister of Supply.	Member
6. Representative of the Ministry of Occupied Territories appointed by the Minister of Occupied Territories.	Member
7. Representative of the Customs Department appointed by the Minister of Finance.	Member
8. Director General of the Cooperative Organization or his deputy if he is absent.	Member
9. Three persons experienced and	

specialized in agricultural and marketing affairs, appointed by the cabinet upon recommendation of the Minister for a 2 year period. Members.

b. Each of the members is entitled, on each attended session, for a financial reward specified by the cabinet.

Article 6.

a. Upon invitation from its president or his deputy in case of the president's absence, the Board will meet at least once every month or whenever the need arises. The meeting is considered legal if attended by the majority of the board members provided that the President or the vice president are attending.The Boards resolutions are taken concensously or by the majority of attending the members,In case of a tie, the chairman will have the deciding vote.

b. The Board may form one or two committees from among its members, in the number of Board decides, to carry out work entrusted to the committee. The Board may invite experts or consultants to attend its meetings for the advice, without giving them the right to vote.

Article 7.

The Board shall be entrusted with the following duties and responsibilities:

a. Setting the general policy for the organization and making the necessary resolutions to achieve its objectives.
b. Concluding agreements with others.
c. Preparing draft Legislations concerning the organization.
d. Approving of the organizations annual budget and forwarding it to the cabinet for endorsement.

Article 8.

The General Director is appointed ,his salary, allowances and other financial rights determined and services terminated by the decision of the cabinet upon recommendation of the Minister. Provided that the cabinet's decision is endorsed by the Royal Decree.

Article 9.

The Director General shall assume the following authorities and duties and will be held responsible before the Board for their implementation:

a. Putting into effect the general policy of the organization and the resolutions set by the Board.
b. Administering the organization and supervising its

staff.

c. Preparing the annual report concerning the activities of the organization, and presenting it to the Board.

d. Preparing the draft budget of the organization, and presenting it to the Board.

e. Any duties delegated to him by the Board or stated by laws which will be issued in accordance with this law.

Article 10.

The organization shall have all privileges, rights and exemptions enjoyed by the government departments.

Article 11.

The audit bureau shall audit the accounts of the organization.

Article 12.

a. The organization shall have its own staff who will governed by the civil service law.

b. The employees of the Jordan Organization for the marketing of agricultural products will be transferred to the organization once this law becomes effective. They shall retain all their rights and obligations; and their previous service shall be considered part of their services at the organization.The civil pension law will apply to those employees who are subject to it.

Article 13.

Notwithstanding any other legislation, employees of the organization who are authorized in writing by the General Director shall have the right to enter places of assembly storage and wholesale of agricultural products in order to ensure that this law and related by laws are implemented and to take the necessary legal measures against violators.

Article 14.

Any person violating this law and related by laws will be penalized a minimum of JD 25; the fine may not exceed JD 300. The agricultural commodities, containers, tools, and other materials used in committing the violation will be confiscated.

Article 15.

a. Taking into consideration item (b) of this article, the law of the Jordanian Organization for the marketing of agricultural products No. 36 for the year 1972 and its by-law No.94 for the year 1974, concerning its staff, shall be cancelled. Upon the effectiveness of this law, the organization shall become the legal and actual successor to the Jordanian organization for the marketing of the agricultural products. All its assets and liabilities will be transferred to the public treasury of the Kingdom and the treasury shall assume all obligations of the organization.

b. Other by-laws, instructions, and resolutions issued in accordance with law No.36 for the year 1972 shall remain in effect until cancelled or substituted by new laws.

Article 16.

The cabinet may issue the necessary by-laws for implementing this law.

Article 17.

The Prime Minister and the cabinet members are entrusted with the task of implementing this law.

March 7, 1987.

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الخلاصـــــــه

لقد شهد الاقتصاد الاردني تطورا كبيرا خلال العقود الثلاثه الماضيه ، ولقدارتفع اجمالي الدخل القومي من ٣٧٨ مليون دينـــار في عام ١٩٧٧ الى ١٠٤٠٠ مليون دينار في عام ١٩٨٧ .

ولقد اولت الحكومه قطاع الزراعه خلال تلك الفتره أهميه كبيره خاصه في مجال البنيه التحتيه ومثال ذلك قناه الغور الشرقيه التى جعلت منطقه وادى الاردن من أهم المناطق المرويه في المنطقه،حيث تتركز زراعه اشجار الحمضيات والموز.

وبالاضافه الى البنيه التحتيه كالطرق ومراكز تجميع المنتوجات في غور الصافي،وادى اليابس والشونه الجنوبيه،وشبكات الكهربــــاء والمدارس ،فأن الحكومه اخذت على عاتقها توفير التمويل الـــــلازم للعمليات الزراعيه بنسب فائده مخفضه وشروط سهله من خلال مؤسســــه الاقراض الزراعي، اتحاد مزارعى وادى الاردن والمنظمه التعاونيه.

وتلعب الصادرات الزراعيه من الخضار والفواكه الطازجه دورا هاما في الاقتصاد القومي، فاضافه لكونها قناه تسويقيه هامه تستوعب مــا يقارب من ٤٠% من الانتاج المحلي فانها تعتبر مصدرا هاما للعمـــلات الصعبه حيث وصلت هذه الايرادات ما يعادل ٣٠،٨ مليون دينار في عـــام ١٩٨٢ اى ما نسبته ٢١% من اجمالي الصادرات الاردنيه من كافــــــه المنتجات المصدره.

ومنذ نهايه العام ١٩٨٢ اخذت الصادرات الاردنيه من الخضــــــار والفواكه الطازجه بالتراجع ،حيث انخفضت هذه الصادرات من ٥٢٠ الف طن في العام ١٩٨٢ لتبلغ ٣٤٠ الف طن في العام ١٩٨٧, .

وتهدف هذه الدراسه الى التعرف على المؤسسات الرسميه وشبــــــه الرسميه ذات العلاقه في صادرات الخضار والفواكه الطازجه من خـــلال

الخدمات التى تقدمها للتصدير، وتهدف كذلك الى دراسه وتحديد هيكل السوق وتأثيره على كفأه واداء قطاع تصدير الخضار والفواكه، ويأتي الهدف الثالث لاستفتاء المصدرين ومندوبي بعض المؤسسات الرسميه بشان أنشاء مجلس تسويقي متخصص للصادرات الاردنيه من الخضار والفواكه الطازجه.

ولقد تم اعداد استماره من نوع استماره الاستقصاء حيث تم ملؤها بأسلوب المقابله الشخصيه مع المصدرين واحتوت على المعلومات المتعلقه بتحديد هيكل سوق المصدرين وعلى اراء المصدرين بأنشاء مجلس تسويقي للصادرات من الخضار والفواكه،وكذلك على أهم المعوقات التى تواجه الصادرات والحلول المقترحه للتغلب عليها.

كذلك تم أجراء مقابلات شخصيه مع ثلاثه من المؤسسات ذات العلاقه بالتصدير وهي مؤسسه التسويق الزراعي والشركه الاردنيه لسويق وتصنيع المنتوجات الزراعيه والمنظمه التعاونيه الاردنيه،حيث كان موضوع المقابله عن معوقات الصادرات الاردنيه واستفتائها بشأن أنشاء مجاس تسويقي لصادرات الخضار والفواكهز

ولقد خلصت الدراسه الى النتائج التاليه:

١- أن هيكل سوق المصدرين من نوع احتكار القله بمستوى معتدل (low-moderate Oliogopoly)، حيث يتحكم ثمانيه من المصدرين بما يقارب من ٥١% من صادرات الخضار والفواكه.

٢- هنالك عده عوائق تواجه الراغبين في الدخول الى قطاع الصادرات وأهمها ألامكانيات التمويليه من اجل شراء المنتجات من السوق المحلي، المعلومات التسويقيه عن الاسواق التصديريه من حيث الانواع المطلوبه والاسعار واساليب التعامل، الحصول على محل لشراء المنتجات من الاسواق المركزيه حيث لوحظ أن هذه الفئه والتى تسيطر على ٥١% من

حجم الصادرات تمتلك جميعها محلات في الاسواق المركزية للخضار والفواكه في المملكه.

٣- ان اهم الاسواق التصديريه الاردنيه هي السعوديه، الكويت، ودبي حيث صدر الى هذه الاسواق في العام ١٩٨٧ ٤٥%، ٢٧% ١٣% من الخضار و٤٠%، ٢٥% و٢٣% من الفواكه على الترتيب.

٤- تشير تنبوات الداله التربيعيه المستنبطه من اجراء تحليل الانحدار للسلسله الزمنيه من عام ١٩٦٨ الى ١٩٨٧ : $(Y=163067.7+44549.85*X-1111.65*X^2)$ مع بقاء الظروف السائده حتى نهايه السلسله الزمنيه في عام ١٩٨٧ بان الصادرات الاردنيه ستوالى انخفاضها، وعليه يجب اتخاذ الاجراءات المناسبه لوقف هذا الانخفاض.

٤- اهم المعوقات التى تواجه الصادرات الاردنيه هي المنافسه في الاسواق التقليديه من قبل المنتجات التركيه واللبنانيه وتدني الطلب نتيجه لزياده الانتاج في الدول المستورده وكذلك الى تدني مستوى العبوات المستعمله في التصدير خاصه عبوات البوليسترين.

٥- ان اسباب اتجاه المصدرين الى التصدير من تركيا هي: الدعم الذى تقدمه الحكومه التركيه للمصدرين والذى يصل في بعض الاحيان الى ١٢% من قيمه الصادرات، بالاضافه الى نوعيه الانتاج الجيده وتعدد الاصناف من الفواكه الصيفيه وانخفاض كلفه اليد العامله ومهارتها وكذلك الى توفر الامكانيات الفنيه الخاصه بالتدريج والتوضيب والعبوات الجيده.

ويوصي الباحث بالامور التاليه:

١) اعداد برنامج دعم للمصدرين الاردنيين مشابه لبرنامج دعم السلطات التركيه.

٢) التركيز على البرامج الارشاديه للمزارعين لتحسين اسلوب القطف وفرز وتدريج الثمار في مزارعهم وتنظيفها من الاتربه والفضلات قبل الاسالها الى سوق الجمله او مشغل المصدر.

٣) تنظيم قطاع المصدرين من خلال الترخيص وتطبيق أنظمه التدريج والتعبئه والتغليف.

ويرى الباحث أن انشاء مجلس تسويقي متخصص بتنظيم قطاع الصادرات يمكن ان يرقى بالصادرات الاردنيه من الخضار والفواكه الطازجه بحيث يعمل على تنظيم المصدرين وتطبيق المواصفات القياسيه المتعلقــــه بالمنتجات والعبـــوات والنقل

الجامعه الاردنيـــــــــــه
كليه الزراعــــــــــــــه
قسم الاقتصاد والارشاد الزراعي

"دور المجالس التسويقيه في تطويـــــر
تسويق الخضار والفواكـــه في الاردن"

اعداد
عامر صبحي عيسى الجبارين

المشرف
الدكتور محمد سمير الهبـــــاب

قدمت هذه الرساله استكمالا لمتطلبات درجه الماجستيـــر
في الاقتصاد الزراعي بكليه الزراعه/الجامعه الاردنيـــه

اذار ١٩٨٩