DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

EBS/84/265

CONFIDENTIAL

December 20, 1984

To: Members of the Executive Board

From: The Secretary

Subject: Jordan - Use of Fund Resources - Compensatory Financing Facility - Fluctuations in the Cost of Cereal Imports

Attached for consideration by the Executive Directors is a paper on a request expected to be received from Jordan for a purchase equivalent to SDR 57.4 million under the decision on the compensatory financing of fluctuations in the cost of cereal imports. A draft decision appears on page 24.

This subject will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Kaibni, ext. 7721.

Att: (1)

CONFIDENTIAL

INTERNATIONAL MONETARY FUND

JORDAN

Use of Fund Resources--Compensatory Financing Facility--Fluctuations in the Cost of Cereal Imports

Prepared by the Research Department and the Middle Eastern Department

(In consultation with the Exchange and Trade Relations, Legal, and Treasurer's Departments)

Approved by R. R. Rhomberg and P. Chabrier

December 18, 1984

The Managing Director has been informed that the Jordanian authorities will shortly request a purchase of SDR 57.4 million (equivalent to 77.7 percent of quota) under the Decision on Compensatory Financing of Fluctuations in the Cost of Cereal Imports (Decision No. 6860-(81/81), adopted May 13, 1981, as amended). The request is being made with respect to a net shortfall of the same amount, consisting of a shortfall in aggregate earnings from merchandise exports, travel, and workers' remittances and an excess in the cost of cereal imports calculated for the year ended June 1984.

At present, Jordan has no outstanding purchases under the compensatory financing facility. The proposed purchase of SDR 57.4 million comprises an export component of SDR 34.4 million (46.6 percent of quota) and a cereal import component of SDR 23.0 million (31.1 percent of quota). 1/ The proposed purchase would raise the Fund's holdings of the member's currency from 100 percent of quota to 177.7 percent.

This paper, which is being circulated in advance of the formal request by Jordan, is presented in four sections and three annexes. The sections deal with: (1) balance of payments position and cooperation with the Fund; (2) determination of the amount of compensation; (3) causes of the shortfall in aggregate earnings and of the excess in cereal imports; and (4) staff appraisal and proposed decision. The annexes provide, respectively, a brief review of recent developments and policies, a summary of Fund relations with Jordan, and a table of basic data on the Jordanian economy. 2/

1/ Jordan's two previous CF purchases made in 1971 (SDR 4.5 million) and 1973 (SDR 2.85 milliion) have since been fully repurchased.

2/ The information and analysis contained in this report are based on the findings of a staff mission which visited Jordan during the period October 25-November 6, 1984. The mission consisted of Messrs. B.A. Karamali (Head-MED), K. Chu (RES), and A. Kayoumy (MED), and Miss Pirret (Secretary-MED). Mr. S. Shaalan also visited Amman for a few days during this period.

1. Balance of payments position and cooperation with the Fund

a. Balance of payments position

After registering surpluses for many years, the overall balance of payments position of Jordan recorded a deficit in 1982 when exports rose by only 9 percent (compared with 42 percent in each of 1980 and 1981); the rise in earnings from workers' remittances decelerated, and official transfer receipts declined for the first time in several years. On the payments side, total imports rose, though at a rate significantly lower than in the preceding two years, despite a sharp increase in imports of petroleum products. The current account swung from a surplus of SDR 288 million in 1980 to a deficit of SDR 305 million in 1982. While there was an increase in net capital inflows in 1982, the surplus on that account was not sufficient to offset the current account deficit, with the result that the overall balance of payments recorded a deficit of SDR 160 million in 1982 compared with surpluses of SDR 284 million in 1980 and of SDR 37 million in 1981 (Table 1).

In 1983, although imports declined by 3.5 percent, the current account widened further to a deficit of SDR 364 million, and the overall balance of payments position recorded a small surplus (SDR 26 million) largely due to substantial increases in capital inflows associated with a rise in Government's net external borrowing. The deterioration in the current account resulted from a 20 percent decline in exports and stagnation of workers' remittances due to less buoyant economic conditions in the neighboring Arab countries, as well as to the continued large decline in official transfer receipts.

In 1984, based on actual data for the first six to seven months, the overall balance of payments position is expected to show a deficit of about SDR 62 million. The deficit on current account, projected at SDR 273 million, is some SDR 90 million smaller than the 1983 deficit, but this improvement is more than offset by a projected decline in the capital account surplus to SDR 211 million. The improvement in the current account reflects a projected recovery in combined earnings from merchandise exports and services receipts, with a slight decline in imports offsetting a 16 percent fall in official transfer receipts. The surplus on the capital account, on the other hand, is projected to decline sharply, reflecting the authorities' decision to limit the growth of external debt outstanding, and a turnaround in the private sector's transactions to a net outflow of SDR 124 million compared with a net inflow of SDR 28 million in 1983. The private sector's short-term capital outflows mainly represent credits extended to Iraqi importers. Gross international reserves fell from SDR 1.8 billion at end-1983 to SDR 1.6 billion at end-September 1984, equivalent to about seven months of imports at the 1983 level.

The prospects are for a reduced deficit in the overall balance of payments in 1985 to be followed by a small surplus in 1986. In 1985, a further reduction in the current account deficit, together with a smaller decline in the surplus on capital account, are expected to lead to an overall deficit of the order of SDR 40 billion.

Table 1. Jordan: Balance of Payments, 1979-85

	1979	1980	1981	1982	1983 1/	Projected 1984	Projected 1985
				(In millions of SDRs)			
A. Current account	-5	288	-35	-305	-364	-273	-238
Goods and services	-816	-740	-1,146	-1,268	-1,125	-910	-877
Trade balance	-1,205	-1,401	-2,073	-2,261	-2,299	-2,150	-2,279
Exports, f.o.b. 2/	312	442	626	682	543	670	800
Imports, c.i.f.	1,517	1,843	2,698	2,943	2,842	2,820	3,079
Services (net)	389	661	926	993	1,174	1,240	1,402
Of which:							
Receipts	809	1,009	1,345	1,458	1,511	1,633	1,813
Remittances	(465)	(610)	(879)	(985)	(1,039)	(1,187)	(1,334)
Travel	(344)	(399)	(466)	(473)	(472)	(446)	(479)
Unrequited transfers (net)	811	1,028	1,111	963	761	637	639
Private	-9	20	40	25	14	13	15
Government	820	1,008	1,071	938	747	624	624
B. Capital account	150	83	178	292	404	211	198
Government (net)	130	59	57	239	376	335	335
Of which:							
Receipts	(349)	(507)	(821)	(815)	(814)	(761)	(786)
Private (net)	20	24	121	53	28	-124	209
Of which:							
Short-term (net)	8	3	63	-29	5	-150	173
C. Net errors and omissions	15	-90	-109	-147	-14	--	--
D. Allocation of SDRs	3	3	3	--	--	--	--
E. Overall balance	163	284	37	-160	26	-62	-40
F. Financing	-163	-284	-37	160	-26	62	40
Commercial Banks 3/	47	-156	3	4	-6	...	...
Central Bank 3/	-210	-128	-40	155	-20	...	...
Net use of Fund resources	--	--	--	--	--	--	57 4/
				(As percent of GDP)			
Memorandum items:							
Current balance	-0.3	11.4	-1.2	-8.8	-9.5	-6.0	-5.0
Overall balance	8.4	11.2	1.2	-4.7	0.7	-1.5	-1.0
Gross international reserves (end of period)							
In millions of SDRs	1,163	1,606	1,720	1,621	1,766	1,594 5/	
In months of imports	9.2	10.5	7.6	6.6	7.5	7.1	

Source: Annex Table 15.

1/ Preliminary.
2/ Includes re-exports.
3/ Increase in assets (-).
4/ Proposed CF purchase.
5/ End-September.

b. Cooperation with the Fund

Since the proposed purchase is equivalent to more than 50 percent of quota, the request may be met only if the Fund is satisfied that the member has been cooperating with the Fund in efforts to find, where required, appropriate solutions for its balance of payments difficulties. The last Article IV consultation discussions with Jordan were conducted in Amman in August 1983, and the Board discussion of the staff report took place on November 21, 1983 (EBM/83/158). Executive Directors commended the Jordanian authorities for the rapid growth of the economy, pursuit of prudent financial policies, and favorable price performance that had been achieved in recent years.

In response to Jordan's request for a CF purchase, a staff mission visited Jordan in October/November 1984 in order to collect the information needed to carry out the calculations as well as to assess the policy matters relevant to a judgment regarding Jordan's cooperation with the Fund. The mission concluded that the authorities were continuing to implement broadly appropriate adjustment policies and that the payments deficits being currently experienced by Jordan were due to temporary and reversible factors beyond its control. A brief report prepared by the staff mission on Jordan's "Recent Developments and Policies" is provided in Annex I. Jordan is on an 18-month consultation schedule, and a staff team is scheduled to visit Jordan in February 1985 for consultation discussions.

The Jordanian authorities have a good track record of sound economic management and prudent financial policies. The last three years have been characterized by major external and domestic adjustments as external grant receipts from other Arab governments fell from SDR 1 billion in 1981 to SDR 0.9 billion in 1982 and further to SDR 0.7 billion in 1983; for 1984, these receipts are estimated to amount to SDR 0.6 billion. 1/ During this period, Jordan's external finances were also affected by the less buoyant economic conditions in the neighboring oil-exporting countries (which constitute the main markets for Jordanian goods and labor) and by the effects of the world economic recession on demand for phosphates and other export products. Responding promptly to the changed economic conditions, the authorities were able to restrain the growth of imports through effective demand management policies and also initiated measures for larger domestic resource mobilization. In addition, various export promotion measures were adopted. As the Jordanian dinar remains pegged to the SDR within narrow margins, it depreciated markedly vis-a-vis the U.S. dollar in the past few years. The dinar's real effective exchange rate against a basket of 28 currencies depreciated by 3.6 percent during the period January 1983-October 1984. Jordan does not maintain unapproved exchange restrictions on payments for current transactions.

1/ In 1978, several Arab governments agreed to extend to Jordan grants totaling US$1.2 billion annually over a period of ten years.

Oil exploration efforts have been stepped up in recent months, and oil discoveries made so far are expected to generate sufficient supplies to cover about one tenth of domestic requirements by 1986. In 1984, the import bill for fuel is estimated at SDR 580 million, equivalent to 21 percent of total imports. In February 1983, domestic prices of petroleum and petroleum products were raised sharply, resulting in a substantial drop in the fuel subsidy in the budget. Since then, however, the fuel subsidy has risen somewhat, reflecting partly the impact of the depreciation of the Jordanian dinar vis-a-vis the U.S. dollar, moderate growth in domestic consumption, and a rise in transportation costs of crude oil to Jordan following a new agreement with Tapline. For 1984, the fuel subsidy is projected at JD 15 million representing about 3 percent of total current expenditures. The authorities have prepared an energy conservation program which is to be submitted to the Parliament for approval shortly.

The brunt of domestic financial adjustment has been borne by the Government budget in the form of severe restraint in the growth of current expenditures and substantial curtailment of capital expenditures. Total budget expenditures (current and capital) are expected to decline from 49 percent of GDP in 1981 to an estimated 35 percent of GDP in 1984, more than matching the drop of 10 percentage points in the ratio of foreign grants to GDP over the same period. Despite a marked slowdown in the tempo of economic activity during these years, there has been a steady expansion in domestic revenues as a result of tax measures and improved collection. Domestic revenues financed 88 percent of current expenditures in 1983 compared with 67 percent in 1980; the authorities are hopeful of reaching their goal of financing all current expenditures through domestic revenues by 1986. Some new revenue measures have already been formulated for inclusion in the 1985 budget. The expected overall budget deficit of JD 54 million for 1984 represents a substantial improvement over the deficit of JD 143 million in the preceding year; in relation to GDP, the overall deficit is expected to drop from 10 percent in 1983 to 3 percent in 1984. This improvement in the fiscal performance is expected to continue in 1985.

Monetary developments in recent years show a continuous deceleration in monetary expansion, from 27 percent in 1980 to 15 percent in 1983. During 1984, domestic liquidity is expected to grow by about 11 percent. The Central Bank has made active use of its credit control instruments with a view to ensuring that genuine credit needs were fully met while at the same time restraining credit for speculative and less essential purposes. Interest rates on deposits have been adjusted upwards during each of the last three years and, in view of the fall in the inflation rate to about 3.5 percent in 1984, the real rate of return has increased to about 5 percent per annum.

Real GDP growth has fallen from 7.5 percent in 1981 to 4.5 percent in 1983. Prospects for 1984 are for a further decline to 4 percent, mainly because the agricultural sector has been adversely affected by a severe drought, and other sectors, such as construction, which are dependent on inflows of transfers (both official and private) are experiencing a slowdown. On the other hand, there has been a pickup in exports and in industrial production in Jordan associated with improving conditions in the region, especially in Iraq. Prospects for 1985 and 1986 are for slightly higher rates of GDP growth than in 1984, partly due to the completion of capacity expansion in some industries, and to the expected increase in transfer receipts.

In the judgment of the staff, the adjustment policies pursued by Jordan have been effective in mitigating the adverse impact of external changes on its balance of payments situation. Apart from the temporary effects of the conditions that have given rise to the proposed purchase under the CFF, Jordan's balance of payments position is satisfactory. For these reasons, the staff considers that the request by Jordan meets the requirement of cooperation associated with a CF purchase in the upper tranche.

2. Determination of the amount of compensation

The calculations of the amount of compensation are based on actual data for the year ended June 1984, the most recent month for which comprehensive actual data are available.

The decision on compensatory financing of fluctuations in the cost of cereal imports (Decision No. 6860-(81/81)) provides that the amount of compensation be calculated as the sum of the shortfall in export earnings and the excess in cereal import costs, subject to quota limitations. In this case, export earnings include receipts from travel and workers' remittances, as well as merchandise exports, as provided in paragraph 4 of the 1979 decision on compensatory financing of export fluctuations (Decision No. 6224-(79/135)).

For the year ended June 1984, a shortfall of SDR 34.4 million is calculated for aggregate earnings from merchandise exports, travel, and workers' remittances, and an excess of SDR 23.0 million for cereal import costs. The net shortfall, derived as the sum of the shortfall in aggregate earnings and the excess in cereal imports, is SDR 57.4 million, which is the amount of the proposed purchase (Table 2).

a. Shortfall in aggregate earnings

Growth of Jordan's aggregate earnings from merchandise exports, travel, and workers' remittances decelerated sharply from nearly 30 percent per annum during the three years 1980-82 to 3 percent in the year ended June 1983. The growth recovered to 9 percent in the shortfall year ended June 1984, and a further modest increase to an annual rate of 10 percent is projected for the two post-shortfall years. Based on these movements, a shortfall of SDR 34.4 million is calculated for the year ended June 1984.

Table 2. Jordan: Determination of the Amount of Compensation

(In millions of SDRs)

	Years Ending June				
				Projected 1/	
	1982	1983	1984	1985	1986
1. Aggregate earnings from merchandise exports and services	1,850	1,898	2,076	2,286	2,512
2. Cereal imports 2/	104	119	163	151	162
3. Net amount: (3.1) + (3.2)			57.4		
3.1 Export shortfall			34.4		
3.2 Cereal import excess 3/			23.0		
4. Proposed purchase: (4.1) + (4.2)			57.4		
4.1 Export component			34.4		
4.2 Cereal component			23.0		

1/ Based on judgmental projections (Tables 3-7).
2/ Imports on commercial terms on a c.i.f. basis. Jordan has been receiving food aid amounting in value between SDR 1-3 million annually.
3/ In calculating the cereal import excess, Jordan's cereal exports, ranging in value between SDR 0.4 million and SDR 1.4 million in recent years, have been taken into account in determining the compensable amount of the cereal import excess. The excess in gross cereal imports calculated in Table 7 is SDR 23.2 million, which is larger than the excess of SDR 23.0 million in net cereal imports; in accordance with the procedure described in SM/81/52 (3/6/81), the compensable amount corresponds to the smaller of the two amounts.

b. Excess in cereal imports

The value of cereal imports in the year ended June 1984 was about 46 percent higher than the average for the two preceding years. Cereal imports are projected to decline by 7 percent in the year ending June 1985 before increasing by 7 percent in the following year. The excess in cereal imports, after adjustments to take account of cereal exports, is calculated at SDR 23.0 million. 1/

1/ See footnote 3, Table 2 for an explanation of the treatment of a small amount of annual cereal exports.

3. Causes of the shortfall in aggregate earnings and of the excess in cereal imports

a. Shortfall in aggregate earnings

The shortfall of SDR 34.4 million in aggregate earnings is accounted for by shortfalls of SDR 30.4 million in merchandise exports and of SDR 17.6 million in travel, which are partly offset by an excess of SDR 19.7 million in workers' remittances (Table 3). The shortfall in merchandise exports is largely related to a shortfall in manufactured exports caused by reduced demand in major trading partners (particularly Iraq), and to low world prices of Jordan's major exports (phosphate products). The shortfall in earnings from travel reflected a drop in the number of tourists largely attributable to security problems in neighboring countries.

(1) Merchandise exports

Jordan exports a variety of products, including agricultural products (fruits and vegetables), phosphate products (rocks and fertilizers), and manufactures, such as building materials (wood products, steel structures, and cement), chemicals, and machines. The share of agricultural products in total merchandise exports has been declining in recent years, while the shares of phosphate products and manufactures have been increasing. In the shortfall year, phosphate exports accounted for 42 percent of earnings from merchandise exports, major manufactures for 33 percent, and major agricultural products for 15 percent. The markets for Jordan's exports have been concentrated largely in a limited number of neighboring countries; Middle Eastern countries accounted for nearly 60 percent of Jordan's total exports in the shortfall year, with Iraq alone accounting for about one fourth of the total. Other markets include East European countries, India and industrial countries.

After growing at an annual average rate of nearly 40 percent during the three years ended June 1982, earnings from merchandise exports declined by 13 percent in the year ended June 1983; the 1982/83 decline was due to both volume and price factors. The volume decline was mostly on account of a lower volume of manufactured exports, not fully offset by an increase in the volume of phosphate rock exports. The unit value decline was caused largely by lower export unit values for phosphate rock (Table 4). The decline in manufactured exports reflected a contraction of Jordan's export markets; after increasing by 10-12 percent annually during 1980-81, the non-oil import volume of trading partners increased only by 1 percent in 1982 and declined by 3 percent in 1983. The contraction of the Iraqi market was much greater: after growing on average by 56 percent annually during 1980-82, the value of merchandise imports of Iraq--accounting for about one fourth of Jordan's exports in the shortfall year--declined by an estimated 42 percent in 1983. The decline of Jordan's phosphate export unit value was in line with the movements of the export prices of competing countries. Although Jordan increased its shipments of phosphate rocks, world phosphate market conditions remained depressed, and export prices of phosphate rocks declined 10 percent in the year ended June 1983.

Table 3. Jordan: Aggregate Earnings and Shortfalls by Major Category, 1979-86

	Years Ending June						Projected		Shortfall	
	1979	1980	1981	1982	1983	1984	1985	1986	Geometric	Arithmetic
	(In millions of SDRs)									
Aggregate earnings	905	1,136	1,618	1,850	1,898	2,076	2,286	2,512	34.4	48.4
Merchandise exports	182	259	373	482	417	473	553	615	30.4	35.0
Travel	294	368	465	492	443	449	464	487	17.6	18.0
Workers' remittances	429	509	780	876	1,038	1,154	1,269	1,410	-19.7	-4.6
	(Percentage change)									
Aggregate earnings		25	42	14	3	9	10	10		
Merchandise exports		42	44	29	-13	13	17	11		
Travel		25	26	6	-10	1	3	5		
Workers' remittances		19	53	12	18	11	10	11		

Table 4. Jordan: Merchandise Export Movements and and Underlying Factors 1/

	Years Ending June					
	1980	1981	1982	1983	1984	Projected 1985-86 Average
	(Percentage changes)					
Export movements 2/						
By commodity groups						
Value	42	44	29	-13	13	14
Of which: Phosphate rocks	(57)	(47)	(10)	(-5)	(-1)	(9)
Major manufacture	(44)	(41)	(60)	(-39)	(18)	(15)
Volume	41	21	19	-7	15	7
Of which: Phosphate rocks	(77)	(14)	(-4)	(2)	(5)	(3)
Major manufactures	(28)	(32)	(53)	(-40)	(19)	(11)
Unit value	2	16	8	-4	-3	7
Of which: Phosphate rocks	(-11)	(28)	(14)	(-7)	(-7)	(7)
Major manufactures	(11)	(8)	(5)	(--)	(--)	(4)
By destination						
Value	42	44	29	-13	13	14
Of which: Arab Common Market 3/	63	53	45	-56	28	(...)
Of which: Iraq	(314)	(102)	(64)	(-55)	(38)	(...)
Underlying factors						
Market growth: 4/						
Real GDP	1	--	-1	1	4	4.5 6/
Industrial production	5	--	-1	1	8	5.1 6/
Non-oil import volume	10	12	1	-3	2	4.6 6/
Iraq's import value 5/	(93)	(65)	(10)	(-42)	(...)	(...)
World prices phosphate rock 7/	26	26	8	-13	-3	7
Real effective exchange rates 8/	6	-4	4	3	-2	(...)

1/ Values, unit values and prices are in SDR terms.
2/ Based on data presented in Table 5.
3/ Members are, in addition to Jordan, Iraq, Sudan, Syria and Yemen Arab Republic.
4/ Calendar year data; growth rates are derived by using as weights Jordan's export shares to major trade partner countries.
5/ Staff estimates.
6/ Projected growth rates for 1985.
7/ Moroccan export price.
8/ Trade-weighted; (-) depreciation.

In the shortfall year, a number of factors contributed to a recovery of exports by 13 percent. Markets for Jordan's exports expanded. In particular, exports to Iraq increased by 38 percent following an agreement at the end of 1982 between the Central Banks of Jordan and Iraq to provide their exporters with guarantees of letters of credit. In addition, the Central Bank of Jordan entered into an agreement with the Central Bank of Iraq to extend credits of up to US$125 million to finance Iraq's imports from Jordan. Moreover, fertilizer exports, which began in 1982, expanded rapidly. The recovery in the year ended June 1984 reflected a sharp increase in exports in the period January-June 1984, when exports increased by 29 percent from the comparable period of 1983. Jordan's exchange rate has been pegged to the SDR within a narrow band, and Jordan's domestic financial policy has been aimed at maintaining external competitiveness. The real effective exchange rate, after appreciating by 3-4 percent annually during the preshortfall period, depreciated by 2 percent in the shortfall year. The index of the real effective exchange rate was at a somewhat depreciated level in the shortfall year compared with the average for the preshortfall period.

The relatively high export growth recorded in the first six months of 1984 is not expected to continue, and exports are projected to grow at an annual rate of about 15 percent in the two post-shortfall years. In addition to the agreements with Iraq noted above, Jordan signed commercial protocols with Iraq and Egypt, which are expected to facilitate further growth in Jordan's exports to these countries. 1/ Jordan's production capacity of fertilizers and cement has been expanded recently and the larger supplies of these products are expected to contribute to the expansion of exports in the two post-shortfall period.

The shortfall of SDR 30.4 million in merchandise exports is largely accounted for by shortfalls of SDR 10.7 million in earnings from phosphate rocks and of SDR 20 million in major manufactures; the former is due to price factors, while the latter is largely due to volume factors. In addition, a shortfall of SDR 4.7 million is calculated for agricultural products largely on account of low prices (Table 5). Owing to the rapid increase in the export volume of phosphate products (in particular, fertilizers), the volume shortfall in manufactures exports is fully offset by a volume excess in phosphate products. Consequently, in aggregate, the shortfall in merchandise exports is entirely attributable to price factors.

1/ The commercial protocol with Iraq, for an aggregate amount of US$75 million, was signed in April 1984 for the period April-December 1984; the protocol is to be renewed every year, with the amount to be negotiated each year. The commercial protocol with Egypt, for an amount of US$100 million, was signed in October 1984; the protocol is also to be renewed every year. These two agreements involve the export of Jordan's products to these countries and the import by Jordan of crude oil from Iraq and cotton, rice, and manufactures from Egypt.

Table 5. Jordan: Merchandise Export Shortfalls by Commodity and Volume and Unit Value

	Percentage Share	Years Ending June						Projected		Shortfall	
		1979	1980	1981	1982	1983	1984	1985	1986	Geometric	Arithmetic
					Part A: Earnings						
					(In millions of SDRs)						
Total		182	259	373	482	417	473	553	615	30.4	35.0
Major exports		165	233	337	440	369	424	504	565	31.5	36.4
Agricultural products		41	47	69	79	63	71	81	87	4.7	5.2
Fruits		14	20	27	29	22	21	28	31	4.9	5.2
Vegetables		27	27	42	50	41	50	53	56	-0.3	--
Nonagricultural products		124	186	268	361	306	353	423	478	26.6	31.2
Phosphate products		58	91	134	147	175	198	238	274	3.5	8.4
Rocks		(58)	(91)	(134)	(147)	(139)	(137)	(153)	(164)	(10.7)	(11.0)
Fertilizers		(--)	(--)	(--)	(--)	(36)	(61)	(85)	(110)	(--)	(-2.6)
Manufactures		66	95	134	214	131	155	185	204	20.0	18.4
Building materials		(32)	(46)	(60)	(101)	(56)	(68)	(82)	(91)	(9.9)	(11.6)
Chemicals		(16)	(22)	(40)	(45)	(48)	(44)	(50)	(53)	(3.9)	(4.0)
Machinery		(3)	(5)	(8)	(11)	(5)	(5)	(6)	(7)	(1.5)	(1.8)
Others		(15)	(22)	(26)	(57)	(22)	(38)	(47)	(53)	(3.2)	(5.4)
Miscellaneous products		17	26	36	42	48	49	49	50	-1.5	-1.4
					(Percentage change)						
Total			42	44	29	-13	13	17	11		
Major exports			41	45	31	-16	15	19	12		
Agricultural products			15	47	14	-20	13	14	7		
Fruits			43	35	7	-24	-5	33	11		
Vegetables			--	56	19	-18	22	6	6		
Nonagricultural products			50	44	35	-15	15	20	13		
Phosphate products			57	47	10	19	13	20	15		
Rocks			(57)	(47)	(10)	(-5)	(-1)	(12)	(7)		
Fertilizers			(--)	(--)	(--)	(--)	(69)	(39)	(29)		
Manufactures			44	41	60	-39	18	19	10		
Building materials			(44)	(30)	(68)	(-45)	(21)	(21)	(11)		
Chemicals			(38)	(82)	(13)	(7)	(-8)	(14)	(6)		
Machinery			(67)	(60)	(38)	(-55)	(--)	(20)	(17)		
Others			(47)	(18)	(119)	(-61)	(73)	(24)	(13)		
Miscellaneous products			53	38	17	14	2	--	2		
					Part B: Indices						
					(1984=100)						
Value 1/	100.0	39	55	79	102	88	100	117	130	8.5	
Major exports	89.7	39	55	80	104	87	100	120	134	7.8	
Agricultural products	15.0	58	66	97	111	89	100	114	122	6.6	
Nonagricultural products	74.7	35	53	76	102	87	100	121	136	7.9	
Phosphate products	41.9	29	46	68	74	88	100	120	138	1.5	
Rocks	(2.0)	(42)	(66)	(98)	(107)	(101)	(100)	(112)	(120)	(7.8)	
Fertilizers	(12.9)	(--)	(--)	(--)	(--)	(59)	(100)	(139)	(180)	(--)	
Manufactures	32.8	43	61	87	138	85	100	123	132	13.9	
Volume 1/2/		46	65	79	94	87	100	108	115	0.3	
Major exports		47	64	80	97	84	100	112	119	1.7	
Agricultural products		70	70	93	97	91	100	106	108	0.2	
Nonagricultural product		42	63	78	97	83	100	113	121	1.9	
Phosphate products		33	59	67	65	82	100	110	121	-6.6	
Rocks		(48)	(85)	(97)	(93)	(95)	(100)	(103)	(105)	(-0.9)	
Fertilizers		(--)	(--)	(--)	(--)	(52)	(100)	(128)	(158)	(--)	
Manufactures		54	69	91	139	84	100	117	121	10.6	
Unit value		83	85	99	107	103	100	107	113	5.7	
Agricultural products		82	95	105	115	97	100	107	113	6.2	
Nonagricultural products		83	83	98	105	105	100	107	112	5.7	
Phosphate products		89	79	101	115	108	100	109	114	9.1	
Rocks		(89)	(79)	(101)	(115)	(107)	(100)	(109)	(114)	(8.9)	
Fertilizers		(--)	(--)	(--)	(--)	(114)	(100)	(109)	(114)	(--)	
Manufactures		79	88	95	100	100	100	105	109	2.7	

1/ *Figures refer to total exports, including miscellaneous products.*
2/ Based on the assumption that unit values of "miscellaneous products" move in the same manner as those of major exports and that the unit values of Jordan's major manufactures move in the same manner as the United Nations index of manufactures prices (see footnote 1 on page 15).

(a) Major agricultural crops. Major agricultural products consist of fruits and vegetables, with the former accounting for 4 percent and the latter for 11 percent of total merchandise exports in the shortfall year. Fruits include citrus (oranges and grapefruits) and watermelons, together accounting for 90 percent of earnings from total fruit exports. Vegetables include tomatoes, eggplants, cucumbers, and marrows, together accounting for two-thirds of earnings from vegetable exports. These crops are produced by small independent farmers largely concentrated in the Jordan Valley. Some fruits and most vegetables are produced in irrigated greenhouses. Farmers sell these crops at central markets where wholesale prices are determined competitively. Major export markets have been Saudi Arabia, Iraq, Syria, and Kuwait. Jordan is currently exploring new markets in Europe.

After increasing by 14 percent in the year ended June 1982, earnings from major agricultural products declined by 20 percent in the following year, owing to a decrease in the volume of fruit exports and declines in the prices of both fruits and vegetables. Jordan experienced difficulties in marketing its crops in some countries, particularly in Iraq, because of increased supplies from both larger domestic production and from competing sources, particularly Turkey. As a result, average prices of fruits and vegetables declined, reflecting in particular sharp decreases in the prices of eggplants, marrows, and other vegetables.

Earnings from major agricultural products recovered by 13 percent in the shortfall year as a result of a price-based recovery in the value of vegetable exports; earnings from fruit exports declined owing to a drop in prices which more than offset an increase in volume.

Earnings from major agricultural products are projected to increase by 14 percent in the first post-shortfall year and by 7 percent in the second. The projected increases are attributable about equally to higher volumes and prices. On this basis, a shortfall of SDR 4.7 million calculated for the group is entirely accounted for by a shortfall in fruit exports; the aggregate shortfall for the group is due to price factors.

(b) Major nonagricultural products. This group consists largely of phosphate products and manufactures. The former consists of phosphate rock and phosphate fertilizers: (phosphoric acid and DAP); 1/ the latter consists of building materials (wood products, such as doors; steel products; and other building materials, such as cement 2/), chemicals, machines (including transport equipment), and miscellaneous manufactures. Major items in the chemical group are paints, pharmaceutical products, and detergents.

1/ For presentational purposes, phosphate fertilizers are classified as "phosphate products," rather than "chemicals," as in the standard international trade classification (SITC). Otherwise, the manufactures are classified in accordance with the SITC. Phosphoric acid and DAP (diammonium phosphate) in the phosphate fertilizer group are inorganic fertilizers produced from phosphate rocks.

2/ The group "building materials," as used in this paper refers to the group of manufactures referred to as "manufactures classified by materials" in the SITC.

(i) Phosphate products. Phosphate products are Jordan's major export, accounting for about 42 percent of total merchandise exports in the shortfall year. Jordan's current production capacity of phosphate rock is estimated at about 6 million tons per annum. Production and export of rocks, which are administered by the Jordan Phosphate Mines Company (JPMC), tripled between the mid-1970s and 1983, with production rising to 4.7 million tons and exports to 3.7 million tons in the latter year. In addition, domestic sales began in 1982 and reached 600 thousand tons in 1983. The main markets are: India, Pakistan, Bangladesh, Sri Lanka, Korea, East European countries and industrial countries. In 1983, the Jordan Fertilizer Company (JFC) began operations with a capacity to convert 1.3 million tons of phosphate rocks into 410 thousand tons of phosphoric acid and to produce 740 thousand tons of DAP by using 350 thousand thousand tons of phosphoric acid. Surplus acid and the entire DAP produced domestically are exported. Actual exports in 1983 reached 21 thousand tons of acid and 337 thousand tons of DAP mainly to India (both acid and DAP) and China and Pakistan (DAP). In the near future, acid is expected to be marketed in Indonesia, Turkey and Italy.

Jordan is a small producer of phosphate rock, accounting for about 4 percent of world production (6 percent of world export); larger producers include the United States, the U.S.S.R., China, and Morocco, which together account for 77 percent of world production. Industrial countries account for 43 percent of the world consumption, developing countries for 32 percent, and the Eastern European countries for the rest. World consumption of phosphate rock declined during 1981-82, reflecting mainly the impact of the world recession. As a consequence, the export price of phosphate rocks exported by major suppliers declined; for example, the Moroccan export price declined by 16 percent in SDR terms during the two years ended June 1984. Phosphate fertilizer prices (e.g., DAP) experienced similar reductions in recent years.

After increasing by 10 percent in the year ended June 1982, Jordan's earnings from phosphate rock exports declined by 5 percent in the following year and by a further 1 percent in the shortfall year ended June 1984. While export volume fluctuated between 3.5 million to 3.8 million tons, average prices, reflecting the depressed world market conditions, declined by 7 percent in 1982/83 and by a further 7 percent in the shortfall year. Earnings from phosphate rocks, at SDR 137 million in the shortfall year, were 4 percent lower than average earnings in the two preshortfall years. However, with the rapid rise in earnings from fertilizers, the growth of total earnings from the phosphate sector accelerated from 10 percent in the year ended June 1982 to 13 percent in the shortfall year. 1/

1/ The JPMC has sizable stocks of phosphate rocks, whereas the JFC operates with minimal stocks of its products. Although accurate data are not available, phosphate rock stocks of the JPMC are estimated to have increased by about 1 million tons in the shortfall year. The major reason for the increase was the JPMC's optimistic foreign sales forecasts. Although exports increased by 5 percent to 3.8 million tons in the shortfall year, the increase fell short of expectations. Because production plans had been based on expected sales, the lower-than-expected sales resulted in an unavoidable increase in stocks.

Earnings from phosphate products are projected to increase by 20 percent in the first post-shortfall year and by a further 15 percent in the second. The volume of rock exports is projected to increase by 2-3 percent per annum, while that of fertilizers, after growing by more than 90 percent in the shortfall year, is expected to grow by 28 percent in the first postshortfall year and by 23 percent in the second. World demand for phosphate products has been recovering from the 1981-82 recession, and as a consequence, world market prices of phosphate products have been recovering. For example, Moroccan export price of phosphate rock was 6 percent higher in the third quarter of 1984 than a year earlier. Export prices are projected to recover by 4-5 percent annually in U.S. dollar terms. On this basis, a shortfall of SDR 10.7 million is calculated for phosphate rock exports, but including fertilizers, the shortfall for the phosphate sector as a whole is calculated to be SDR 3.5 million.

(ii) Manufactures. After increasing between 40-60 percent annually during 1979-81, earnings from major manufactures declined by SDR 83 million (39 percent) in the year ended June 1983. 1/ In addition, lower exports to other Arab countries, particularly to Iraq and Syria, that were major importers of Jordan's manufactures, accounted for the drop in earnings in 1982/83. In that year, the value of merchandise exports to Iraq alone dropped by SDR 106 million (55 percent), and to Syria by SDR 13 million (54 percent). In 1983, the value of Iraq's total merchandise imports declined by an estimated SDR 8 billion (42 percent). Of the decline of SDR 83 million in Jordan's earnings from major manufactures, SDR 45 million was accounted for by building materials, SDR 6 million by machinery, and SDR 35 million by other manufactures; the value of chemical exports increased by SDR 3 million. In the shortfall year, earnings from manufactured exports recovered by 18 percent, but the recovery was not sufficient to bring earnings back to the average level realized in the preshortfall period. The recovery was assisted by the agreement (mentioned above) between the central banks of Jordan and Iraq.

During the two post-shortfall years, a number of factors are likely to contribute to the continued recovery of Jordan's manufactured exports. First, the commercial protocols signed with Iraq and Egypt are expected to facilitate larger exports to those two countries. Second, the credit agreement with the Central Bank of Iraq will continue to assist Jordanian exporters in their trade with Iraq. Third, the recent capacity expansions of fertilizer and cement production, and the latter coinciding with the slow pace of domestic construction activity, are expected to generate

---

1/ Statistical data for manufactured exports are readily available only in value terms, as presented in Part A of Table 5. In Part B of the table, the index of aggregate volume of manufactures has been derived by using the UN index of price of manufactures as a proxy for the unit value index of Jordan's manufactured exports. The decomposition of earnings from manufactured exports into volumes and unit values shown in Part B of Table 5 should, therefore, be considered only an approximation.

larger supplies for export. 1/ Earnings from manufactures are projected to increase by 19 percent in the first post-shortfall year and by a further 10 percent increase in the second year. Underpinning these projections is a sharp rise in volume (17 percent) in the first post-shortfall year to be followed by a moderate rise (3 percent) in the second year; price increases of 4-5 percent are projected for each year. The shortfall of SDR 20.0 million is accounted for by a shortfall of SDR 9.9 million in building materials, SDR 3.9 million in chemicals, SDR 1.5 million in machinery, and SDR 3.2 million in other manufactures. The shortfall in manufactured exports is largely due to volume factors.

(c) Miscellaneous exports

Miscellaneous exports, accounting for about 10 percent of total exports, consist of a variety of agricultural products and manufactures, from which only small earnings are generated individually; agricultural crops include olive oil, and manufactures include cigarettes. After increasing at annual rates ranging fron 14 percent to 53 percent for four years, earnings from miscellaneous exports increased by 2 percent in the shortfall year. On the expectation of modest growth in earnings from miscellaneous exports (due in part to low expected shipments of cigarettes) in the post-shortfall period, an excess of 1.5 million is calculated for the group.

(2) Services

(a) Travel. Tourists in Jordan consist mainly of Middle East nationals, including Jordanians residing abroad, and other nationals, mostly Europeans and Americans. In the shortfall year, 81 percent of earnings from travel were accounted for by visitors from the Middle East, and 19 percent by other nationals; in terms of the numbers, 84 percent of the tourists came from the Middle East countries and 16 percent from other countries. Arab and other Middle East nationals include transit visitors traveling to Saudi Arabia for the annual pilgrimage. Average expenditure per tourist has moved mainly in line with changes in the cost of living in Jordan and in the proportions of different nationals and pilgrims in the total number of tourists; expenditure per tourist has tended to be the highest for tourists from outside the Middle East and the lowest for the transit pilgrims.

After rising at an annual rate of about 26 percent during the two years ended June 1981, receipts from travel grew only by 6 percent in the ended June 1982, and declined by 10 percent in the following year (Table 6).

1/ A new cement plant with an annual production capacity of 2 million tons started operations in September 1984; the entire amount of cement produced at the new plant is earmarked for export markets, mainly in Egypt and Saudi Arabia.

Table 6. Jordan: Travel and Workers' Remittances

	Years Ending June						Projected		Shortfall
	1979	1980	1981	1982	1983	1984	1985	1986	Geometric
					(In millions of SDRs)				
Earnings									
Travel	294	368	465	492	443	449	464	487	17.6
Middle East 1/	234	298	351	392	362	364	374	392	12.6
Other countries	147	70	114	100	81	85	90	95	4.9
Workers' remittances	429	509	780	876	1,038	1,154	1,269	1,410	-19.7
					(Percentage change)				
Travel		25	27	6	-10	1	3	5	
Middle East 1/		27	18	12	-8	1	3	5	
Other countries		-52	63	-12	-19	5	6	6	
Workers' remittances		19	53	12	18	11	10	11	
					(1984=100)				
Aggregate indices									
Travel									
Value	65	82	104	110	99	100	103	111	4.5
Number of tourists	93	103	122	115	98	100	102	106	3.8
Average expenditure	70	80	85	96	101	100	101	105	0.7
Workers' remittances	37	44	68	76	90	100	110	122	-1.7

1/ Including Jordanians abroad visiting home temporarily; in the shortfall year, these visitors accounted for 11 percent of earnings from travel.

The weakening of earnings essentially reflected a reduction in the number of tourists, particularly from Europe and America, due to security problems in neighboring countries. In the shortfall year, the number of tourists recovered slightly, possibly in response to an improvement in the security situations; but average expenditures, which had grown steadily through 1982/83, declined slightly as a result of the deceleration of domestic inflation in Jordan and a reduced proportion of tourists from outside the Middle East.

In the post-shortfall period, the number of tourists is projected to recover by 2-3 percent a year, averaging about 4 percent higher than in the shortfall year, but still some 14 percent below the peak number attained in 1981. Large investments in tourism made in recent years are expected to accommodate further growth in the number of tourists visiting Jordan. 1/ Average expenditure of tourists is also projected to increase moderately and earnings are projected to grow by about 4 percent a year.

The shortfall of SDR 17.6 million calculated for earnings from travel is largely accounted for by shortfalls of SDR 12.6 million in earnings from tourists from Middle East countries; earnings from other tourists recorded a smaller shortfall (SDR 4.9 million).

(b) Workers' remittances. The number of Jordanian workers abroad has increased steadily over the years. Although accurate data are not available, the outflow of Jordanian workers is estimated to have averaged 8-10 thousand annually during 1976-80 and 4-6 thousand annually during 1981-84. The slowdown in the outflow of workers in recent years is attributable partly to the reduced growth of economic activity in neighboring oil-exporting countries, and to the improved employment opportunities in Jordan itself. As of 1983, Jordanian workers abroad were estimated at 315 thousand, of whom 271 thousand (86 percent) were in neighboring oil-exporting countries: Saudi Arabia (52 percent), Kuwait (25 percent), United Arab Emirates (3 percent), Libya (4 percent), and Qatar (2 percent); the rest (44 thousand) were in industrial countries. Jordanian workers abroad include a large number of professional and administrative workers; the former category includes engineers, health specialists, technicians, teachers and scientists with long-term contracts with host-country employers.

Growth in earnings from workers' remittances has fluctuated on account of a number of factors; in addition to changes in economic activity in the host countries and in wages and salaries of Jordanian workers abroad, investment opportunities in Jordan, particularly in real estate, have had an important bearing on fluctuation of workers' remittances. After growing by 36 percent a year during the two years ended June 1981, growth decelerated to 15 percent during the following two years; a further deceleration to 11 percent occurred in the shortfall year (Table 6).

1/ For example, the number of tourist-class hotel beds increased by 60 percent during 1981-84. Current occupancy rate of these hotels is estimated at about 78 percent.

More recently, security problems in some host countries, an increase in Jordanian workers returning home, and the stabilization of real estate values in Jordan have contributed to a surge in earnings from workers' remittances. Returning workers brought their savings home, and the stabilization of real estate values made it possible for a larger number of Jordanian workers to afford investments in real estate in Jordan. Thus, earnings in the first half of 1984 were 23 percent higher than in the corresponding period of 1983.

The surge in remittances during the first half of 1984 is not expected to continue in the post-shortfall period partly because indications are that the number of Jordanian workers returning home is diminishing. 1/ However, a number of factors suggest that earnings from workers' remittances are likely to continue to grow in the two post-shortfall years. Although the number of Jordanians returning home increased during the first half of 1984, the total number of Jordanian workers abroad is expected to remain stable and may perhaps increase in the near term in view of the professional, administrative, and skilled character of Jordanian work forces abroad. Furthermore, continued stability in real estate values suggests that the increase in remittances for real estate investments in Jordan may be expected to continue. On this basis, earnings are projected to grow by about 10-11 percent per annum--a rate sharply lower than the annual rates of 20-50 percent realized during 1980-81. An excess of SDR 19.7 million is calculated for workers' remittances during the 12 months ended June 1984.

b. Excess in the cost of cereal imports

Jordan imports wheat, maize, rice, and other cereals, mainly barley. Only limited quantities of wheat and barley are produced domestically so Jordan's entire consumption requirements of maize and rice and the bulk of the requirements of wheat and barley are met by imports. Wheat and barley are cultivated in rainfed areas, and consequently their production is subject to wide fluctuations in line with changing weather conditions. In turn, imports of these two cereals have fluctuated largely because of the annual variation in domestic production. Government policies in recent years have aimed at giving sufficient price incentives to farmers and expanding storage facilities to reduce the impact of domestic production shortfalls on consumption.

The growth of the value of commercial cereal imports accelerated sharply from about 15 percent a year during the two years to June 1983 to 37 percent in the year ended June 1984. Prolonged dry weather during the critical sowing period (December 1983 through January 1984) reduced the 1983/84 wheat and barley crops sharply, resulting in large increases in the imports of these two cereals (Table 7). The value of cereal imports increased from an average of SDR 111 million in the two years to June 1984.

1/ Preliminary data for the second half of 1984 suggest that the number of returning workers has declined.

Table 7. Jordan: Cereal Import Excesses by Major Cereals and Volume and Unit Value 1/

	Percentage Share	1979	1980	1981	1982	1983	1984	Projected 1985	Projected 1986	Arithmetic Excess
		Part A: Values								
		(In millions of SDRs)								
Total		73	92	90	104	119	163	151	162	23.2
Wheat		29	41	42	48	68	100	83	89	22.4
Maize		12	18	18	23	25	27	32	34	-1.2
Rice		16	8	11	19	16	19	20	22	-0.2
Other		16	25	19	14	10	17	16	17	2.2
		(Percentage changes)								
Total			26	-2	16	14	37	-7	7	
Wheat			50	2	14	42	47	-17	7	
Maize			50	--	28	9	8	18	6	
Rice			-50	37	73	-16	19	5	10	
Other			56	-24	-26	-29	70	-6	6	
		Part B: Indices								
		(1984=100)								
Value	89.6	39	46	49	62	75	100	93	99	14.2
Wheat	61.3	29	41	42	48	68	100	83	89	22.4
Maize	16.6	44	67	67	85	93	100	119	126	-4.6
Rice	11.7	84	42	58	100	84	100	105	116	-1.0
Volume		61	76	96	67	79	100	87	91	15.2
Wheat		53	81	109	53	71	100	78	81	23.4
Maize		70	83	73	95	102	100	107	112	-3.0
Rice		88	39	57	103	94	100	108	112	-3.4
Unit Value		65	61	51	92	94	100	106	110	-0.4
Wheat		55	51	38	91	96	100	106	110	-0.6
Maize		64	81	91	90	90	100	111	113	-1.0
Rice		97	118	102	97	92	100	97	103	2.6

1/ Jordan exports cereals ranging in value between SDR 0.4 million and SDR 1.4 million in recent years. The excess in cereal imports net of cereal exports is calculated at SDR 23.0 million. In Table 2, the latter amount of SDR 23.0 million is shown as the compensable shortfall.

On the assumption that the 1984/85 and 1985/86 crops of wheat and barley return to average levels and that domestic consumption of all cereals, including those that are not produced domestically (maize and rice), continue to grow in line with the trend in recent years, the value of commercial cereal imports is projected to average at SDR 157 million during the two post-excess years. An excess of SDR 23.2 million calculated for aggregate cereal imports is accounted for by an excess in wheat imports (SDR 22.4 million) and in other cereal imports (SDR 2.2 million), partly offset by shortfalls in the imports of maize and rice.

(1) Wheat

Wheat is Jordan's major cereal crop. Over the years, domestic production has averaged about 110 thousand tons a year; in addition Jordan has met annual requirements by importing about 280 thousand tons commercially. Wheat is sown in November-December and harvested in June-July of the following year. Depending largely on the amount and distribution of rains during the sowing season, wheat production in Jordan fluctuated between 50 thousand and 130 thousand tons during the four-year period, 1979/80-1982/83. In 1983/84, a severe drought from December 1983 through early February 1984 caused a sharp reduction in the 1983/84 crop to about 10 thousand tons, compared with 115 thousand tons harvested a year earlier. As a consequence, wheat imports increased by about 100 thousand tons to 399 thousand tons in the year ended June 1984. The value of wheat imports increased from SDR 58 million per year during the pre-excess period to SDR 100 million in the excess year, almost entirely on account of an increase in import volume.

During the post-excess years, on the assumption of normal crops and of a steady annual increase in consumption due to population growth, wheat imports are projected to average 310 thousand tons. Wheat import prices--taking into account the prospective world wheat prices and shipping costs--are likely to be about 8 percent higher than in the excess year. On this basis, the value of wheat imports is projected to average SDR 86 million, and an excess of SDR 22.4 million is calculated owing entirely to volume factors.

(2) Maize and rice

Maize and rice (husked) are not produced in Jordan, therefore, domestic requirements are met exclusively by imports. Imports of both maize and rice have fluctuated around rising trends in recent years, while import prices have fluctuated in response to their world market prices and shipping costs. In the past three years, import volume of maize has averaged about 150 thousand tons and rice imports about 50 thousand tons. Import prices of both maize and rice increased by about 10 percent in the excess year ended June 1984. The value of maize imports increased by 8 percent, while that of rice by 19 percent.

During the post-excess years, steady increases in the volumes of maize and rice along their historical trends are projected. Import prices of maize are projected to increase; however, in line with an expected decline in international rice prices, import prices of rice are projected to decline somewhat in the first post-excess year before they increase in the second. On this basis, a shortfall of SDR 1.2 million is calculated for maize, and of SDR 0.2 million for rice.

(3) Others

Other cereals include barley as an important item. After fluctuating between 19-28 thousand tons during 1980/81-1982/83, domestic production of barley dropped to an estimated 5 thousand tons in 1983/84, resulting in a large increase in imports in order to maintain domestic consumption. The value of other cereal imports, therefore, increased from SDR 12 million per year during the pre-excess period to SDR 17 million in the excess year. On the assumption that the value of other cereal imports is to be about SDR 16-17 million a year during the post-excess period, an excess of SDR 2.2 million is calculated for the group.

4. Staff appraisal and proposed decision

The Jordanian authorities are expected to request a purchase of SDR 57.4 million (or 77.7 percent of quota) under the decision on the compensatory financing of fluctuations in the cost of cereal imports (Decision No. 6860-(81/81), adopted May 13, 1981, as amended). The proposed purchase is in respect of a shortfall of SDR 34.4 million in aggregate earnings from merchandise exports, travel, and workers' remittances, and an excess of SDR 23.0 million in cereal imports for the 12 months ended June 1984. At present, Jordan has no outstanding purchases under the compensatory financing facility.

Jordan's external balance turned around from a surplus in 1981 to a large deficit in 1982. While the current account deficit widened further in 1983, the overall balance of payments registered a small surplus during that year, mainly due to a rise in net external borrowing by the Government. In 1984, Jordan's balance of payments position was adversely affected by several factors, including a further drop in grants, a slow-down in earnings related to external developments and a rise in cereal imports resulting from drought. The impact of these developments on the balance of payments has been mitigated by the adjustment policies pursued by Jordan Jordan; as a consequence, the deficit in the overall balance of payments for 1984 is expected to be limited to SDR 62 million. The deficit is projected to be reduced to SDR 40 million in 1985, before returning to a surplus situation in 1986. Gross international reserves declined during the first nine months of 1984--from SDR 1.8 billion at end-1983 to SDR 1.6 billion at end-September 1984. The staff considers that the balance of payments need of Jordan justifies the proposed CF purchase.

Since the proposed purchase exceeds 50 percent of Jordan's quota, it may be approved only if the Fund is satisfied that the member has been cooperating with the Fund in an effort to find, where required, appropriate solutions for the member's balance of payments difficulties. In recent years, the authorities have responded by putting into effect, in a timely and forceful manner, adjustment measures in response to external changes affecting the balance of payments. A staff mission that visited Jordan in late October 1984 concluded that the authorities were continuing to implement generally appropriate policies in support of balance of payment adjustment. On this basis, the overall payments deficit is expected to decline in 1985 and to be followed by a small surplus in 1986. The staff considers Jordan's balance of payments position to be satisfactory, and that Jordan's policies are in accord with the guideline on cooperation associated with purchases in the upper CF tranche.

After recording annual growth rates ranging from 14 to 42 per cent during the three years ended June 1982, Jordan's aggregate earnings from merchandise exports, travel, and workers' remittances increased only by 3 percent in the year ended June 1983, because of decreases in earnings from merchandise exports and travel. In the shortfall year, earnings recovered by 9 percent, but did not quite reach the medium-term trend of earnings for that year. The shortfall of SDR 34.4 million in aggregate earnings is accounted for by a shortfall of SDR 30.4 million in merchandise exports and a shortfall of SDR 17.6 million in travel, partly offset by an excess in workers' remittances. The shortfall in merchandise exports is accounted for by shortfalls of SDR 20.0 million in manufactured exports, SDR 10.7 million in phosphate rock exports, and SDR 4.7 million in agricultural exports. The shortfalls in manufactured and agricultural products were largely due to contraction of Jordan's main markets in neighboring countries. The shortfall in phosphate rock exports was due to low world prices caused mainly by the world recession. The shortfall in earnings from travel reflected the diminished number of tourists attributable to security problems in some neighboring countries during 1982-83.

Aggregate earnings are projected to grow at a slightly higher rate of 10 percent in the post-shortfall period. The projections for merchandise exports are based on several considerations including: (a) the prospect of improvements in external market conditions, (b) a larger volume of trade with Iraq and Egypt following the conclusion of commercial protocols with the two countries, (c) increases in supplies available for export stemming from capacity expansions, and (d) the expectation that Jordan's policies in the period ahead will preserve external competitiveness. Projections of earnings from services were based largely on an expected recovery in the number of tourists and on continued growth, though at a reduced rate, in workers' remittances.

The excess of SDR 23.0 million in cereal imports is attributable to large increases in the cost of wheat and barley imports following production shortfalls caused by a prolonged drought during the critical sowing period between December 1983-January 1984. Wheat production in 1983/84 was about

100 thousand tons below average, and barley production was about 20 thousand tons lower. As a consequence, the value of cereal imports increased to SDR 163 million in the year ended June 1984, from an annual average of SDR 111 million in the two preceding years. Wheat and "other" cereals (with barley as a major item) registered excesses of SDR 22.4 million and SDR 2.2 million, respectively. Two other cereals (maize and rice) which are not produced domestically experienced small shortfalls.

Cereal imports are projected to decline by 7 percent in the first post-excess years, but to increase by 7 percent in the second. The increase on the latter year is based on the assumption that domestic consumption of cereals will rise in line with past trends and that domestic crops of wheat and barley will be at average levels.

In summary, the staff believes that the net shortfall in Jordan's aggregate earnings from merchandise exports, travel, and workes' remittances and in the cost of its cereal imports in the year ended June 1984 was due to factors largely beyond Jordan's control for the following reasons: in the case of aggregate earnings, the dominant factors included the contraction of markets, a weakening of world prices of major exports, and security problems in some neighboring countries; in the case of cereal imports, the drought was the major factor. In view of the expected recovery in the growth of aggregate earnings and of the expected deceleration in the growth of cereal imports, the staff considers that the net shortfall is temporary in character.

The request for a compensatory financing purchase under Decision No. 6860-(81/81) is expected to include a statement that Jordan will cooperate with the Fund in efforts to find, where required, appropriate solutions for its balance of payments difficulties. The staff, therefore, considers that the expected request will meet all the requirements set forth in that decision. Accordingly, the following draft decision is proposed for adoption by the Executive Board after a duly authenticated request has been received:

1. The Fund has received a request from the Government of Jordan for a purchase of SDR 57.4 million under the Decision on Compensatory Financing of Fluctuations in the Cost of Cereal Imports (Executive Board Decision No. 6860-(81/81), adopted May 13, 1981, as amended).

2. The Fund notes the representation of Jordan and approves the purchase in accordance with the request.

Recent Economic Developments and Policies 1/

1. Production, employment, wages, and prices

a. Overall developments of production and prospects

The West Bank of Jordan, covering approximately 7 percent of the country's total area, has been occupied by Israel since 1967. The East Bank of Jordan has limited natural resources (comprised mainly of phosphates and potash) and a narrow agricultural base, as less than 6 percent of total land is arable while water is in scarce supply. Despite these constraints, Jordan's economic performance in recent years has been impressive largely due to good economic management and prudent use of considerable external receipts from official grants and inflows of remittances from Jordanian workers abroad. During the first Five-Year Development Plan, 1976-80, the rate of growth in real GNP is estimated to have averaged about 9 percent per annum with considerable diversification achieved through expansion of the mining and manufacturing sectors, supported by buildup of the infrastructure.

After rising by about 10 percent in 1981, the real growth rate of GNP decelerated to about 5 percent in 1982 and 4 percent in 1983, reflecting mainly the impact of the retrenchment policies adopted to adjust to the sharp reductions in external grant receipts and the slowdown in inflows of remittances, owing to less buoyant conditions in neighboring oil producing countries (Annex Table 8). The real rate of growth in 1984 is likely to be slightly lower (about 4 percent in GDP and 3 percent in GNP) than in 1983 mainly because the agricultural sector has suffered from a severe drought; in addition, a number of other sectors dependent on inflows of transfers (both official and private), such as construction, tourism, and services, have also been witnessing a slowdown due to the decline of these inflows. However, the setbacks in these sectors have been partially offset by the expansion in the industrial and transport sectors due to the greater penetration of the Iraqi market and improving conditions in the neighboring region for Jordanian exports. Prospects for 1985 and 1986 are for slightly higher rates of growth than in 1984, partly due to the completion of capacity expansion in some industries and to the expected increase in transfer receipts. Moreover, likely improvements in overall regional and world economic conditions should help Jordan's export industries as well as remittances from Jordanian workers abroad.

The agricultural sector in Jordan accounts, on the average, for about 7 percent of GDP at factor cost, engages about 10 percent of the labor force, and generates about one fifth of domestic exports. Agricultural production has fluctuated sharply in recent years in response to changing

---

1/ This Annex discusses Jordan's economic developments since the last Article IV consultation concluded at the Executive Board meeting of November 21, 1983; the next Article IV consultation mission is tentatively scheduled for February 1985.

weather conditions. Following a decline in 1981 and 1982, agricultural production, particularly of field crops such as wheat and barley, rose substantially in 1983 as a result of better weather conditions and timely rainfall (Annex Table 9). In 1984, however, agricultural production is expected to decline sharply in view of the prevailing drought conditions.

The industrial and mining sector in Jordan contributes, on the average, about 19 percent of GDP at factor cost. The principal mining activity is phosphate rock production, with an output of 4.7 million tons in 1983. The major part of phosphate output is exported, accounting for one fifth of Jordan's total exports in 1983. Principal industrial products include phosphate fertilizers, potash, cement, and refined petroleum products. Also, there is a large number of small-scale private industrial firms engaged in food processing, clothing and building materials. Reflecting the general economic slowdown in the region, the rate of growth in industrial production decelerated considerably in 1982 and 1983 (Annex Table 10). With some improvement in the economic environment in 1984, industrial production is expected to pick up. Plant capacity for phosphates is expected to increase from 4.8 million tons to 5.8 million tons by the end of the year. Also, production capacity for potash and cement is expected to double by the end of 1984.

Jordan's domestic energy requirements are mostly met through imports of petroleum. In 1983 crude oil imports from Saudi Arabia through the Trans-Arabian pipeline (Tapline) amounted to SDR 530 million or about one fifth of total imports. Virtually all the petroleum products consumed in Jordan are produced domestically at the country's only refinery in Zarka. The refinery is operated by the Jordan Petroleum Refining Company Limited (JPRC) in which the Government has a 3 percent share. The refinery has a capacity of 13,000 tons per day, which is estimated to satisfy projected demand for petroleum products until 1987. The JPRC is solely responsible for the distribution and marketing of its output of petroleum products, namely gasoline, kerosene, aviation fuel, and gas oil. It is estimated that the overall consumption of petroleum products in Jordan increased at an average annual rate of about 15 percent. The transportation sector is the leading consumer, accounting for about 48 percent of total petroleum product consumption. Consumption by other sectors included electricity (17 percent), industry (13 percent), and households (15 percent), mainly in the form of kerosene and liquid petroleum gas.

Domestic prices of petroleum products have been increased several times in recent years in line with the Government's policy to reduce the cost of petroleum subsidization. Effective February 1, 1983, the prices of petroleum products other than jet fuel were raised by 18-57 percent; the price of jet fuel, which had remained low for many years, was increased by 159 percent (Annex Table 11). In 1984, however, the fuel subsidy in the budget rose somewhat, reflecting partly the impact of the rise in the value of the U.S. dollar, partly the expansion of consumption, and partly the rise in transportation costs of crude oil to Jordan as a result of the new Tapline agreement. In order to facilitate the conservation and improve the allocation of resources for energy, a new Ministry of Energy was established in November 1984. The prospect for finding oil in commercial quantities has recently been enhanced as a result of the discovery of an oil field. Two oil wells have been made operational and a third well is being drilled; the expectation is that the production from these wells, as well as others (with estimated output of 4-5 thousand barrels per day) could by 1986 meet about one tenth of the domestic requirements. To rationalize the sources of energy requirements and to increase revenues, the authorities are considering the building of a pipeline to Iraq to import oil as well as to provide an export outlet for Iraqi crude oil. Meanwhile, an agreement has been concluded with Iraq for purchases of oil in exchange for exports of Jordanian products.

b. Employment and wages

Jordan's population (East Bank only) was estimated at 2.5 million in 1983 and the labor force at 531,000, of which 78 percent was Jordanian and the remainder mainly from other Arab countries. The number of Jordanians working abroad is estimated at slightly over 300,000. The slowdown in economic activity in recent years has not adversely affected the domestic level of employment mainly because the authorities' policies have given priority to Jordanian workers for employment and have emphasized reduced dependence on foreign labor. While the rate of net outflow of Jordanian labor has slowed down in 1984, prospects for future growth remain favorable mainly because the Jordanian workers in the neighboring oil producing countries are in a relatively better position as most of them are skilled and white collar workers with more stable and secure employment conditions.

There has been no general salary increase for civil servants since 1981 when salaries were raised by 15 percent. However, merit increases of about 2-3 percent have been provided regularly. No general salary increases are expected in 1984.

c. Prices

Most prices are determined competitively although the Government maintains a system of price regulations for some agricultural products, locally produced consumer goods as well as certain services such as doctors' fees, utility fees, and some rents. The rate of increase in prices, as reflected by the cost of living index, has shown a downward trend in recent years. The increases in the cost of living index decelerated from 7.7 percent in 1981 to 5 percent in 1983 and to an estimated annual rate of less than 4 percent in 1984 (Annex Table 12). As for near-term prospects, these favorable trends are expected to continue.

2. Public Finance

In Jordan, budgetary transactions of the Central Government determine both the direction and the overall impact of the public sector's fiscal operations. Since 1981, budgetary developments have been dominated by the sharp decline in foreign grants (Annex Table 13). This has necessitated major adjustment efforts with respect to other budget components, reflected in a marked slowdown in the growth of current expenditures, a substantial curtailment of capital expenditures, and a steady expansion in domestic revenues. In relation to GDP, the overall budget deficit declined from about 11 percent in 1980 to about 9 percent in 1981 and 7 percent in 1982. However, in 1983 due to a very large decline in foreign grants the overall budget deficit rose to JD 143 million (to about 10 percent of GDP) compared with JD 96 million in 1982. This occurred despite the fact that both current and capital expenditures were lower than budget estimates. As for 1984, indications are that in view of the stringent expenditure policies, current outlays will be marginally below the budget estimates and the 1983 provisional actuals. A substantial shortfall is likely in respect of capital expenditures as foreign grants are expected to be well below the budgeted level. Domestic revenues, though falling short of the budget estimates, are projected to be 7 percent above the 1983 provisional actuals. The expected overall budget deficit at JD 54 million (3 percent of GDP) represents a substantial improvement over the performance in 1983.

Foreign grants as a percentage of GDP, which amounted to 17.5 percent in 1981, are expected to equal 7.6 percent in 1984. This drop of 10 percentage points has been more than matched by a decline in total expenditures (current and capital) over the same period, from 48.7 percent of GDP in 1981 to an expected 35.4 percent of GDP in 1984. On the other hand, the ratio of domestic revenues to GDP has stayed at about 26 percent during these years. Thus, the bulk of the burden of adjustment has been borne by expenditure cuts, mainly in respect of development outlays. This is understandable as public sector investment is closely related to the level of external assistance. At the same time, however, the authorities have succeeded in effectively restraining the growth in current expenditures and increasing domestic revenues through introduction of tax measures and improved collection. One of the major fiscal policy objectives of the authorities has been to increase the share of domestic revenues in financing current expenditures. This objective is being achieved since domestic revenues financed 88 percent of current expenditures in 1983 compared with 67 percent in 1980. It is expected that by 1986 all of current expenditures will be financed from domestic revenues.

3. Monetary and credit developments and policies

Jordan's financial system includes the Central Bank, 16 commercial banks (of which 8 are branches of foreign banks), 6 specialized credit institutions, and a number of nonbank financial institutions. Domestic saving and investment activities in Jordan are strongly influenced by the inflows of grants from neighboring oil producing countries and private remittances from the large number of Jordanians working abroad. The financial system has effectively mobilized these resources and channeled them to finance diversified economic activities.

The main feature of monetary developments in recent years has been the continuous deceleration in monetary expansion. The rate of growth of domestic liquidity declined from 27 percent in 1980 to 20 percent in

1981, to 19 percent in 1982, and 15 percent in 1983 (Annex Table 14). Data for the first nine months of 1984 indicate a further deceleration in the growth of domestic liquidity. In contrast to previous years, the main factor contributing to the deceleration during the period January-September 1984 was the sharp decline in net foreign assets, while domestic assets rose considerably, exceeding the amount for the first nine months of 1983 by about 44 percent. During the first nine months of 1984, although credit to the private sector increased at a moderate rate of about 11 percent, net claims on Government rose sharply. However, during the last quarter of the year net claims on Government are expected to decline sharply following the receipt of the final installments of external grants. The overall liquidity expansion for the year as a whole is expected to be about 11 percent. The continuous moderation in growth of domestic liquidity in recent years reflects the impact of the authorities' pursuit of cautious monetary policies in light of shrinking inflows of external grants and stagnation of remittances.

In recent years, credit policy has been rationalized and streamlined in the following manner: the Central Bank has been assisting and encouraging a number of banks to engage in syndicating loans for domestic industries; the Central Bank has also been helping in arranging refinancing facilities for existing domestic industries; the Central Bank has ensured that credit is made available to viable productive industries and services while at the same time restraining credit for speculative and less essential purposes; and at a time when lending rates have been stable, the real rate of interest on savings has been increased. 1/ Currently, the interest rate on CDs, bonds, and bank deposits is about 8.45 percent which provides a real rate of return of about 5 percent as the inflation rate is estimated at about 3.5 percent. Domestic savings are expected to respond to the real positive rate of interest. In addition, the Central Bank has responded in a flexible manner to the changing economic situation and has made active use of some of its tools. On occasion it has also relied on its powers of moral suasion. According to one of the measures taken recently, commercial banks operating in Jordan (both domestic and foreign) are required to participate in the purchase of shares of domestic companies and/or of specialized credit institutions. Specialized credit institutions are thus provided with resources to support activities which normally would not receive commercial bank credit. This policy is an extension of an ongoing policy which initially required the banks to

---

1/ Changes and developments up to August 1983 are reported in Recent Economic Developments (SM/83/220, pp. 28-29). Since then the following changes have been introduced:
Effective November 1, 1983, interest rates on certificates of deposit were raised by 0.25 percent to 7.25-8.5 percent.
Effective November 5, 1983, the banks were required to distribute their balances with the Central Bank relevant to reserve ratio as follows (previously all reserve assets were in current account): (a) 5 percent of relevant deposits in the form of deposits subject to two day's notice, and (b) the remainder in the form of current account.
Effective January 1984, minimum capital requirement of commercial banks

participate in purchases of government bonds and Treasury bills on a voluntary basis. At a second stage, this undertaking became a requireement. The third stage emerged when corporate bonds were included in this arrangement. The fourth and latest requirement is that banks participate in the equity of domestic companies. With the growth of activity in the Amman Stock Exchange, commercial banks are not likely to be overly concerned about the liquidity of their equity participation. Banks have been given a reasonable time to fulfill this requirement. The law also provided that the equity investment by banks should not exceed 10 percent of any company's capital and reserves so as to protect the depositors' interests.

More recently, the Central Bank has required that the reserve assets of the commercial banks held in the Central Bank be distributed in the following order: 60 percent is subject to two days' notice and 40 percent is to be deposited in the current account. The reason for this measure is to prevent the banks from using their overnight intrabank deposits to circumvent the purpose of reserve requirements.

4. External sector

a. Overall developments

Following an average annual surplus of about SDR 161 million during 1979-81, the overall balance of payments recorded a deficit of about SDR 160 million in 1982 largely due to the sharp decline in official external grant receipts and in the growth rates of exports and workers' remittances, reflecting the decelerating pace of economic activity in

---

1/ (continued from page 29) was raised from JD 3 million to JD 5 million and the adjustment is to be completed by the end of 1984.
Effective February 29, 1984, commercial banks were required to hold the following investments as a percent of their total Jordan dinar deposits: (i) 4 percent in development bonds and public entities bonds; (ii) 4 percent in corporate bonds; and (iii) 4 percent in Treasury bills. Also, commercial banks should invest in equities a minimum of 15 percent of their paid-up capital and reserves provided that this investment should not exceed 10 percent of any company's capital and reserves.
Effective April 1, 1984, advances extended by the Central Bank to commercial banks were exempted from the reserve ratio requirement.
Effective May 5, 1984, maximum interest rates on time and savings deposits became as follows: (a) 6.5 percent on savings deposits with commercial banks; (b) 7 percent on savings deposits with the specialized credit institutions and financial companies; (c) 8.5 percent on time deposits (time deposit maturity requirements were eliminated); and (d) 8.75 percent on certificates of deposit.
Effective July 1, 1984, the reserve ratio was decreased from 10 percent to 9 percent on demand deposits and from 7 percent to 6 percent on time and saving deposits. Reserve assets should be deposited with the Central Bank in the following proportions: (i) 60 percent into deposits subject to two days' notice, and (ii) 40 percent into current accounts.

the Arab oil producing countries. While the external sector's current account continued to deteriorate in 1983 due to a 20 percent decline in exports and a further deceleration in the growth rate of workers' remittances as well as a large drop in external grant receipts, the overall balance recorded a surplus of about SDR 26 million, mainly as a result of a sharp rise in the official drawings on external loans. The deficit on the current account rose to SDR 364 million in 1983 from SDR 305 million in 1982 despite a 3 percent decline in total imports, reflecting reductions in imports of petroleum, foodstuffs, and others. The decline in imports attested to the adjustment of domestic expenditures during the year in the face of the abrupt change in external circumstances, including the sharp decline (SDR 191 million) in grant receipts. The net official drawings on external loans increased by about SDR 137 million in 1983 whereas the private sector's capital inflows declined by a total of about SDR 26 million (Annex Table 15).

On the basis of data for the first 6-7 months, the balance of payments is expected to record an overall deficit of SDR 62 million in 1984. The main reason for the deficit is the sharp decline in official grant and loan receipts. With imports expected to be at about the same level as in 1983, and an expected turnaround in export performance, as well as a slight acceleration in inflows of remittances, the goods and services account (excluding official transfers) is expected to show an improvement of about SDR 215 million compared with the level of 1983. However, this improvement is partly offset by a decline of about SDR 123 million in government grant receipts, and as a result the current account deficit is projected at SDR 273 million in 1984 compared with about SDR 365 million in 1983. The surplus on the capital account (SDR 211 million) is expected to be substantially less than in the year before, SDR 404 million (and not sufficient to cover the deficit on current account) partly due to a decline in government borrowing and partly due to a sharp rise in private capital outflows reflecting trade credits extended to importers in Iraq. Prospects for the balance of payments outcome for 1985 and 1986 envisage continuation of the improving trends of 1984 and suggest a smaller overall deficit in 1985 and a possibility of a small surplus in 1986. This outcome is foreseen mainly because of improved prospects for Jordanian exports, partly because a number of projects and plants are scheduled to come on stream, and partly as a result of recent trade arrangements with Iraq, as well as improved market conditions in neighboring countries.

b. Reserves and external debt

The net foreign assets of the banking system increased each year during 1978-81, but declined in 1982. These assets rose in 1983, but declined again in the first nine months of 1984 and were equal to SDR 879 million at the end of September 1984 compared with SDR 994 million at the end of September 1983. At the end-September 1984 level, they were equivalent to about four months of 1983 imports.

Outstanding external public and publicly guaranteed debt with maturity of more than one year rose by 25 percent in 1983 to a level of SDR 2,477 million; including also undisbursed debt at the end of the year, total external debt amounted to SDR 3,551 million in 1983 (Annex Table 17). External debt service payments amounted to about SDR 207 million in 1983 including interest of SDR 103 million and payments for principal of SDR 104 million (Annex Table 18). At that level, total debt service payments were equivalent to 38 percent of merchandise exports and 14 percent of exports of goods and services; the corresponding ratios for 1982 were 30 percent and 12 percent, respectively.

5. Exchange and trade system

There have been no changes in the exchange and trade system since the 1983 Article IV consultation discussions with Jordan. Jordan's exchange and trade system remains virtually free of restrictions on payments for current transactions.

Since February 1975, the Jordan dinar's exchange rate has been pegged to the SDR within narrow margins, and the U.S. dollar has remained the intervention currency. From the end of December 1982 to the end of October 1984, the Jordan dinar depreciated by 11.8 percent against the U.S. dollar; over the same period, the dinar's real effective exchange rate against a basket of 28 currencies of Jordan's trading partners depreciated by about 3.6 percent (Chart).

CHART 1

JORDAN

EXCHANGE RATE INDICATORS

(Jan. 1979 =100)

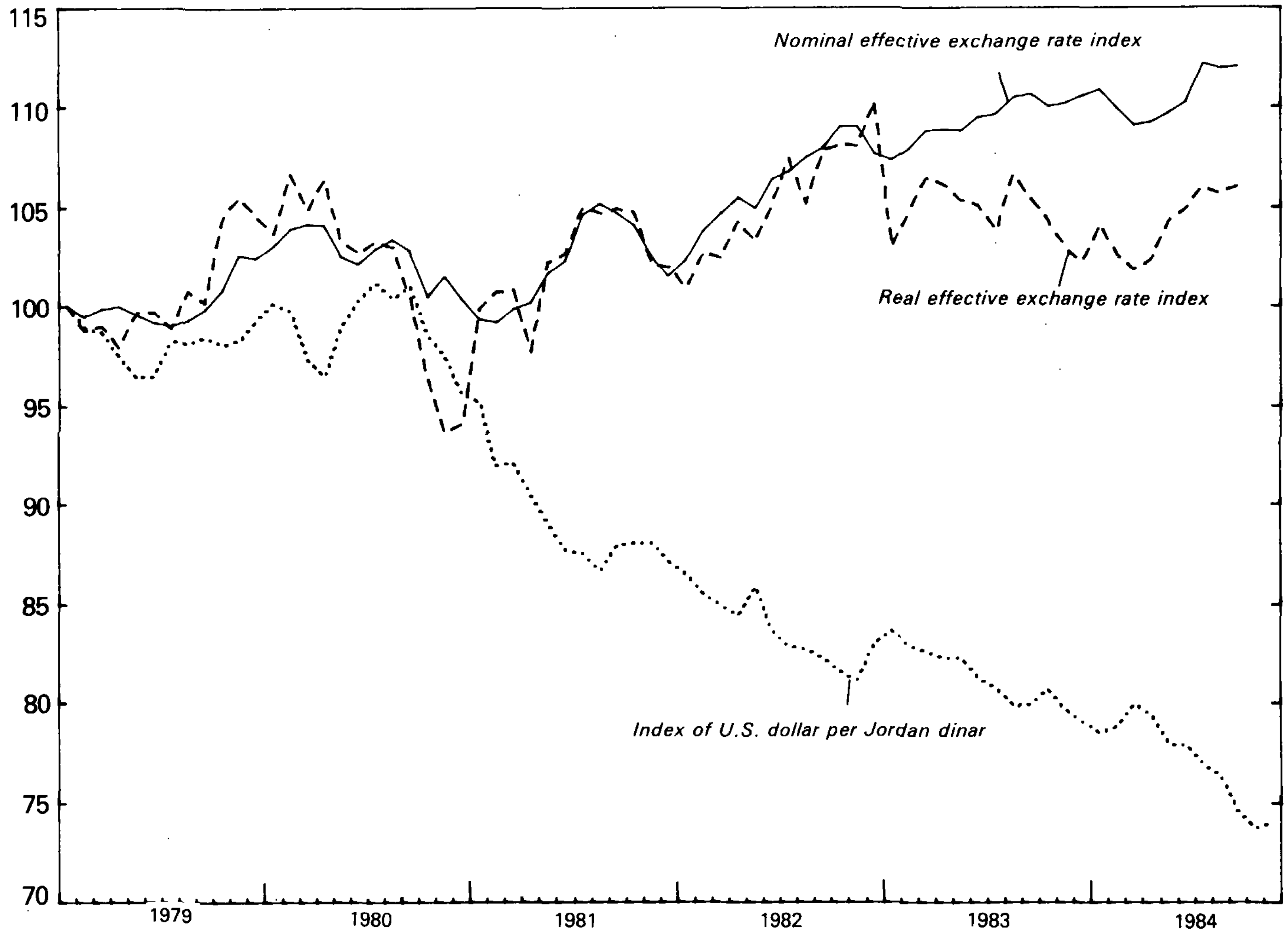

Table 8. Jordan: Industrial Origin of Gross Domestic Product at Current Prices, 1978-86 1/

(In millions of Jordan dinars)

	1979	1980	1981	1982	1983 2/	1984 2/	1985 2/	1986 2/
Agriculture	43.6	64.6	76.6	83.8	99.1	89.2	119.1	141.8
Manufacturing and mining	121.6	167.1	208.3	230.3	256.8	301.8	346.3	413.5
Electricity and water	10.1	17.1	21.0	25.3	28.5	30.5	40.8	52.0
Construction	70.5	97.5	110.6	121.9	126.8	135.1	143.8	162.8
Trade	123.6	166.5	196.7	220.5	233.7	255.2	266.9	287.9
Transport and communication	62.9	79.7	102.7	123.5	146.3	174.1	215.4	288.0
Government services	129.1	170.2	191.2	218.5	232.9	251.5	283.2	319.9
Other services	107.2	125.7	152.3	177.4	193.9	211.7	265.0	301.3
GDP at factor cost 3/	668.6	888.4	1,059.4	1,201.2	1,318.0	1,449.1	1,680.5	1,967.2
	(21.3)	(32.9)	(19.2)	(13.4)	(9.7)	(9.9)	(16.0)	(17.1)
Net indirect taxes	84.4	91.1	123.1	142.0	169.3	189.0	203.5	231.8
GDP at market prices 3/	753.0	979.5	1,182.5	1,343.2	1,487.3	1,638.1	1,884.0	2,199.0
	(19.1)	(30.1)	(20.7)	(13.6)	(10.7)	(10.1)	(15.0)	(16.7)
Net factor income from abroad	168.3	205.8	318.5	352.2	361.0	371.0	435.7	513.2
GNP at market prices 3/	921.3	1,185.3	1,501.0	1,695.4	1,848.3	2,009.1	2,319.7	2,712.2
	(18.0)	(28.7)	(26.6)	(13.0)	(9.0)	(8.7)	(15.5)	(16.9)

Source: Department of Statistics.

1/ East Bank only.

2/ Preliminary estimates.

3/ Figures in parentheses are annual growth rates.

Table 9. Jordan: Agricultural Production, 1978-83 1/

(In thousands of metric tons)

	1978	1979	1980	1981	1982	1983
Field crops						
Wheat	53.3	16.5	133.6	50.6	52.3	115.0
Barley	15.6	4.8	38.1	19.2	19.7	28.2
Lentils	8.3	0.8	6.3	7.9	8.1	8.4
Vetch	3.0	1.1	1.8	0.4	2.6	3.0
Tobacco	1.2	1.1	3.3	3.3	1.1	5.8
Chick peas	0.4	0.4	1.4	1.4	1.5	2.9
Vegetables						
Tomatoes	208.8	171.8	162.9	204.5	195.3	212.3
Eggplant	64.1	52.7	52.4	62.4	45.4	47.8
Cucumbers	30.1	22.0	38.7	43.7	59.5	53.7
Cauliflower and cabbage	27.7	16.5	12.8	10.9	11.4	11.0
Melons	40.3	15.5	40.3	46.9	45.9	48.4
Broad beans	5.0	8.2	10.8	3.5	3.8	3.6
Fruits						
Olives	37.0	6.8	44.5	18.9	40.4	22.2
Grapes	30.7	23.0	18.2	25.8	26.8	25.8
Citrus	32.9	29.9	48.5	53.8	42.2	50.2
Bananas	21.1	8.0	6.2	7.3	6.7	6.9
Figs	0.8	0.4	1.1	1.1	1.1	1.2
Almonds	0.6	0.9	0.7	0.5	0.5	0.5

Sources: Department of Statistics and Ministry of Agriculture.

1/ East Bank only.

Table 10. Jordan: Production of Principal Industries, 1979-84 1/

	Unit	1979	1980	1981	1982	1983	January-June 1982	January-June 1983	January-June 1984
Phosphates (dry)	1,000 tons	2,828.1	3,911.3	4,243.7	4,390.5	4,745.5	2,165.2	2,187.3	2,992.2
Cement	1,000 tons	623.2	912.7	964.7	788.4	1,269.0	387.9	502.8	793.5
Petroleum products	1,000 tons	1,612.4	1,760.0	2,126.0	2,463.9	2,499.0	1,231.4	1,367.4	1,296.6
Sole leather and wool	tons	190.7	103.0	118.3	38.8	37.2	21.1	17.2	18.7
Upper leather	million sq. ft.	2.4	2.5	2.1	2.2	2.3	1.2	1.1	1.0
Detergents	1,000 tons	10.6	15.3	18.8	15.2	12.7	8.6	5.8	12.9
Liquid batteries	1,000 units	62.9	66.3	57.3	40.4	36.5	20.4	18.3	26.0
Cigarettes	million cigarettes	3,414.1	4,188.3	4,711.4	4,613.7	4,067.4	2,309.7	1,509.3	2,208.0
Spirits and alcoholic beverages	million liters	7.2	6.8	9.0	9.5	7.2	6.0	3.4	3.4
Paper	1,000 tons	7.1	8.8	15.4	15.0	11.9	7.8	5.3	8.6
Electricity	million kwh	842.1	1,051.4	1,174.9	1,387.2	1,699.9	641.8	802.1	909.4
Iron	1,000 tons	81.0	86.2	134.9	192.7	209.9	71.6	117.7	80.5
Textiles	1,000 yards	1,416.7	1,641.2	1,308.0	1,123.5	1,130.6	552.9	606.5	552.1
Fodder	1,000 tons	51.7	47.9	55.4	63.6	60.9	29.1	32.9	25.7
				(1979 = 100)					
Index of industrial production 2/		100.0	119.5	139.2	143.8	150.9			
					(In percent)				
Rate of change			19.5	16.5	3.3	4.9			

Source: Central Bank of Jordan.
1/ East Bank only.
2/ Weights used in the index are based on 1979 values.

Table 11. Jordan: Controlled Retail Price of Petroleum Products, 1976-84

Item	Unit	Controlled Price in Fils Per Unit as From					
		4/27/76	11/10/77	7/27/79	4/2/81	2/1/83	Percentage change on 2/1/83
Super gasoline	Liter	70	95	130	130	195	50
Regular gasoline	Liter	60	75	105	105	165	57
Kerosene	Liter	20	20	30	55	65	18
Diesel oil	Liter	16	16	24	50	65	18
Aviation fuel	Liter	...	...	27	27	70	159
Liquid gas	12.5 kgs	...	...	130 1/	130 1/	130 1/	--
Asphalt	Ton	...	...	16,000	16,000	16,000	--

Source: Financial Orders, Government of Jordan.

1/ Price in Amman; price elsewhere in Jordan 135 fils.

Table 12. Jordan: Cost of Living Index - "East Bank," 1981-84

(1980 = 100)

Period (Annual and Quarterly Averages)	All Items	Food	Housing	Clothing and Footwear	Drinks and Tobacco	Other Goods and Services
Weight	(100.0)	(42.2)	(35.0)	(6.6)	(1.0)	(15.2)
1981	107.7	108.1	102.9	126.3	109.9	109.7
1982	115.7	113.2	111.1	133.3	128.4	124.1
1983	121.5	116.1	120.9	138.0	165.6	131.3
1984: Quarter I	124.6	116.8	125.9	138.8	170.9	137.6
Quarter II	125.3	118.6	125.8	138.4	172.3	137.7
Quarter III	125.5	118.1	125.8	138.4	172.3	140.2

Source: Department of Statistics.

Table 13. Jordan: Central Government's Budgetary Operations, 1979-84

	Actuals 1979	Actuals 1980	Actuals 1981	Actuals 1982	Budget Est. 1983	Prov. Actuals 1983	Budget Est. 1984	Expected Actual 1984 1/
	(In millions of Jordan dinars)							
Revenue and grants	398.2	435.4	515.5	545.1	647.9	526.0	633.0	547.0
Domestic revenue	187.9	226.1	309.2	360.6	432.9	396.0	450.0	422.0
Foreign grants	210.3	209.3	206.3	184.5	215.0	130.0	183.0	125.0
Expenditure and net lending	502.2	539.4	616.3	640.7	713.6	669.2	701.4	601.0
Current expenditure	321.3	336.1	391.5	433.8	471.4	449.0	452.5	440.0
Capital expenditure	154.7	177.4	184.7	182.4	218.0	186.3	227.7	140.0
Net lending	26.2	25.9	40.1	24.5	24.2	33.9	21.2	21.0
Overall deficit	-104.0	-104.0	-100.8	-95.6	-65.7	-143.2	-68.4	-54.0
Financing	104.0	104.0	100.8	95.6	65.7	143.2	68.4	-54.0
Foreign (net)	30.7	67.7	61.6	60.5	62.3	86.8	66.4	24.0
Domestic	-6.8	16.3	25.6	82.3	3.4	22.6	2.0	30.0 2/
Banking system (net)	(-12.7)	(21.2)	(27.0)	(82.3)	(...)	(20.3)	(...)	(...)
Central Bank (net)	[3.6]	[53.0]	[19.6]	[61.4]	[...]	[-5.1]	[...]	[...]
Commercial banks (net)	[-16.3]	[-31.8]	[7.4]	[20.9]	[...]	[25.4]	[...]	[...]
Nonbank sources	(5.9)	(-4.9)	(-1.4)	(--)	(...)	(2.3)	(...)	(...)
Discrepancies	80.1	20.0	13.6	-47.2	...	33.8	...	...
Memorandum items:								
Changes in:								
Obligation reserve account 3/	-20.4	-20.5	-14.7		...	...	...	...
Advances	0.2	...	7.2		...	...	...	...
Other funds and accounts 4/	59.9	0.5	6.1		...	...	...	...
	(As percentage of GDP)							
Revenue and grants	52.9	44.5	43.6	40.6	43.6	35.4	38.6	33.4
Domestic revenue	25.0	23.1	26.2	26.9	29.1	26.6	30.3	25.8
Foreign grants	27.9	21.4	17.5	13.7	14.5	8.7	12.3	7.6
Expenditures and net lending, of which:	66.7	55.1	52.1	47.7	48.0	45.0	42.8	36.7
Current expenditures	42.7	34.3	33.1	32.3	31.7	30.2	27.6	26.9
Capital expenditures	20.6	18.1	15.6	13.6	14.7	12.5	13.9	8.5
Overall deficit	-13.8	-10.6	-8.5	-7.1	-4.4	-9.6	-4.2	-3.3

Sources: Central Bank of Jordan, Ministry of Finance, and staff estimates.

1/ Based on actual data for the first nine months.
2/ Foreign financing is expected to amount to about JD 61 million and thus, domestic financing is obtained as a residual.
3/ Includes revenues receivable, remittances in transit, and credit accounts.
4/ Shortfall in actual expenditures from the obligation expenditures plus expenditure commitments of previous years disbursed during the year.

Table 14. Jordan: Factors Affecting Changes in Money and Quasi-Money, 1978-84

End of Period	1979	1980	1981	1982	1983	September 1983	September 1984	Proj. 1984
	(In millions of Jordan dinars)							
Money and quasi-money	166.4	211.7	195.0	223.5	211.8	190.0	126.2	175.8
Money	97.3	122.1	106.8	85.9	81.9	94.3	35.5	...
Quasi-money	69.1	89.6	88.2	137.6	129.9	95.7	90.7	...
Foreign assets (net) 1/	63.3	110.1	14.4	-61.9	10.1	36.4	-95.4	-24.0
Domestic assets (net)	103.1	101.6	180.6	285.4	201.7	153.6	221.6	199.8
Claims on private sector	131.2	96.6	149.5	151.9	150.3	131.5	114.2	160.0
Claims on public entities and specialized credit institutions 2/	3.6	6.3	20.7	29.1	15.8	6.3	-3.6	9.8
Claims on Government (net)	-12.7	21.2	27.0	82.3	20.3	92.2	67.8	30.0
Other items (net) (increase-)	-19.0	-22.5	-16.6	22.1	15.3	-76.4	43.2	--
	(Changes in percent)							
Money and quasi-money	27	27	20	19	15	13	8	11
Money	26	26	18	12	10	12	4	...
Quasi-money	30	30	23	29	21	16	12	...
Claims on private sector	42	22	28	22	18	16	11	16

Sources: Central Bank of Jordan and International Monetary Fund, International Financial Statistics.

1/ Excludes Central Bank foreign assets net revaluation profits of JD 12.2 million in 1978, of JD 5.4 million in 1979, and net revaluation losses of JD 0.9 million in 1980, JD 2.0 million in 1981, JD 3.9 million in 1982, JD 10.5 million in January-June 1982, and JD 0.8 million in January-June 1983. Due to these adjustments, the changes in net foreign assets and in other items (net) in this table differ from the changes that may be derived from the Monetary Survey (Table 9).

2/ Excludes Housing Bank.

Table 15. Jordan: Balance of Payments, 1979-86

	1979	1980	1981	1982	1983 1/	Projections 1984	1985	1986
				(In millions of SDRs)				
A. Current account	-5.4	287.9	-35.3	-305.0	-364.5	-273	-238	-260
Goods and services	-816.3	-740.5	-1,146.3	-1,267.7	-1,125.1	-910	-877	-902
Trade balance	-1,205.4	-1,401.3	-2,072.8	-2,260.7	-2,298.8	-2,150	-2,279	-2,500
Exports, f.o.b.	(311.8)	(442.2)	(625.7)	(682.2)	(543.1)	(670)	(800)	(920)
Of which:								
Re-exports	[98.8]	[133.2]	[192.7]	[204.0]	[131.0]	[160]	[216]	[278]
Imports, c.i.f.	(-1,517.2)	(-1,843.5)	(-2,698.5)	(-2,942.9)	(-2,841.9)	(-2,820)	(-3,079)	(-3,420)
Foodstuffs	[-279.2]	[-306.4]	[-433.1]	[-495.0]	[-465.2]	[-438]	[-464]	[-500]
Petroleum	[-177.8]	[-293.8]	[-450.4]	[-594.8]	[-530.1]	[-580]	[-593]	[-645]
Other	[-1,060.2]	[-1,243.3]	[-1,815.0]	[-1,853.1]	[-1,846.6]	[-1,802]	[-2,022]	[-2,275]
Services (net)	389.1	660.8	926.5	993.0	1,173.7	1,240	1,402	1,598
Remittances	(403.4)	(491.8)	(745.1)	(823.9)	(851.3)	(981)	(1,110)	(1,238)
Receipts	[465.3]	[610.4]	[879.2]	[984.8]	[1,039.1]	[1,187]	[1,334]	[1,488]
Payments	[-61.9]	[-118.6]	[-134.1]	[-160.9]	[-187.8]	[-206]	[-224]	[-250]
Travel	(112.5)	(121.4)	(152.9)	(134.6)	(130.6)	(101)	(124)	(130)
Receipts	[343.9]	[399.5]	[466.4]	[473.2]	[472.1]	[446]	[479]	[508]
Payments	[-231.4]	[-278.2]	[-313.5]	[-338.6]	[-341.5]	[-345]	[-355]	[-378]
Investment income (net)	(28.5)	(36.6)	(73.8)	(84.2)	(42.7)	(-33)	(-43)	(-62)
Oil transit dues	(2.4)	(2.4)	(2.4)	(2.4)	(2.4)	(2)	(2)	(2)
Other services (net)	(-157.7)	(8.6)	(-47.7)	(-52.1)	(146.7)	(189)	(220)	(290)
Unrequited transfers (net)	810.9	1,028.4	1,111.0	962.7	760.6	637	639	(642)
Private	(-9.3)	(20.4)	(39.9)	(24.7)	(13.8)	(13)	(15)	(18)
Government	(820.3)	(1,008.0)	(1,071.1)	(938.0)	(746.8)	(624)	(624)	(624)
B. Capital account	150.3	82.6	178.1	292.5	404.3	211	198	273
Government	130.0	58.8	57.3	238.8	376.2	335	335	400
Receipts	(348.6)	(506.8)	(820.7)	(815.5)	(814.0)	(761)	(786)	(890)
Payments	(-218.6)	(-448.0)	(-763.4)	(-576.7)	(-437.8)	(-426)	(-451)	(-490)
Private long-term (net)	12.1	21.0	57.6	82.3	22.8	26	36	46
Private short-term (net)	8.2	2.9	63.1	-28.6	5.3	-150 2/	-173 2/	-173 2/
C. Net errors and omissions	15.2	-89.7	-108.7	-147.1	-13.8	--	--	--
Total (A through C)	160.1	280.8	34.1	-159.6	26.0	-62	-40	13
D. Allocation of SDRs	3.1	3.1	3.1	--	--	--	--	--
E. Overall balance	163.2	283.9	37.2	-159.6	26.0	-62	-40	13
F. Financing (increase in assets-)	-163.2	-283.9	-37.2	159.6	-26.0	62	40	-13
Commercial banks	46.9	-156.2	2.8	4.1	-6.4	...	...	...
Central Bank	-210.1	-127.7	-40.0	155.5	-19.6	...	...	...
Net use of Fund resources	--	--	--	--	--	...	57.4 3/	...
				(As percent of GDP)				
Memorandum items:								
Current balance	-0.3	11.4	-1.2	8.8	-9.5	6.0	...	...
Overall balance	8.4	11.2	1.2	-4.7	0.7	1.5	...	...

Sources: Central Bank of Jordan, Monthly Statistical Bulletin and staff estimates.
1/ Preliminary.
2/ These flows reflect largely credits provided to Iraq by the private sector.
3/ Proposed CF purchases.

Table 16. Jordan: Government Foreign Grant Receipts, 1979-83 1/

	1979	1980	1981	1982	1983 1/
			(In millions of SDRs)		
Total aid	820.3	1,008.1	1,071.1	937.9	746.8
By source					
Arab governments	772.7	955.4	1,018.5	866.0	666.2
UN agencies	35.7	36.8	52.6	71.9	80.6
U.S. Government	11.9	15.9	--	--	--
By use					
Budget support	542.4	523.0	582.1	475.8	355.3
Other 2/	277.9	485.1	539.0	462.1	411.5
			(In percent)		
Aid/imports	54.1	54.7	39.7	31.9	26.3

Sources: Central Bank of Jordan and Ministry of Finance.

1/ Preliminary.
2/ Includes refugee and UN programs and extrabudgetary operations.

Table 17. Jordan: Outstanding External Public and Publicly Guaranteed Debt with a Maturity of over One Year--By Creditor, 1979-84 1/

(In millions of SDRs) 2/

End of Period	Disbursed 1979	Disbursed 1980	Disbursed 1981	Disbursed 1982	Disbursed 1983	Disbursed and Undisbursed 3/ 1983	Disbursed and Undisbursed 3/ End-June 1984
Arab governments	193.7	241.3	301.5	393.1	463.5	912.0	939.9
Abu Dhabi	9.8	20.4	23.0	28.9	31.0	30.9	30.8
Iraq	14.4	18.9	31.1	48.0	61.9	298.7	302.4
Kuwait	76.3	95.9	120.4	163.0	182.3	312.1	312.7
Qatar	2.3	2.4	2.6	2.3	2.6	2.6	2.4
Saudi Arabia	90.9	103.7	124.4	150.9	185.7	267.7	291.6
Other governments	308.5	420.2	587.6	807.0	872.0	1,097.6	1,135.7
Iran, Islamic Republic of	12.2	13.7	15.0	21.9	21.9	22.7	22.8
Germany, Federal Republic of	123.8	125.2	137.0	148.8	156.8	175.1	210.1
Japan	8.3	12.2	15.2	29.7	47.5	133.1	137.2
United Kingdom	64.8	70.1	58.9	90.8	91.6	114.5	114.1
United States	87.5	184.4	333.7	484.3	510.6	572.5	573.3
Other	11.9	14.6	27.8	31.5	43.6	79.7	78.2
International agencies	87.7	126.3	186.0	228.5	311.5	625.7	671.3
IBRD	--	1.0	10.1	40.7	62.4	236.0	308.0
IDA	43.0	51.7	60.3	66.8	72.5	72.5	72.4
Arab Fund	20.8	24.8	42.2	48.7	52.6	132.0	115.9
OPEC Special Fund	1.4	4.4	4.8	7.0	7.0	16.5	16.6
Unallocated	22.5	44.4	68.6	65.3	117.1	168.7	158.4
Other	199.9	198.3	302.1	560.4	830.1	915.5	907.1
Foreign companies	7.9	6.9	40.4	149.3	201.4	221.3	221.2
International banks	192.0	191.4	261.7	411.1	628.7	694.2	685.9
Total	789.8	986.1	1,377.2	1,989.0	2,477.1	3,550.8	3,654.0

Source: Central Bank of Jordan.

1/ Excludes loans received and payments made for military purchases and oil purchases.

2/ Converted at JD 1 = SDR 2.579.

3/ Provisional.

Table 18. Jordan: Service on External Public Debt, 1979-88 1/

	Interest	Amortization	Total	Ratio of Total Debt Service: Merchandise Exports	Ratio of Total Debt Service: Exports of Goods and Services
	(In millions of SDRs)			(In per cent)	
1979	30.7	42.6	73.3	23.4	5.2
1980	46.7	57.8	104.5	23.6	5.4
1981	77.4	119.4	196.8	31.5	7.4
1982	69.9	121.0	190.9	28.0	6.6
1983	102.8	103.9	206.7	38.1	7.3
1984 2/	110.7	139.9	250.6	...	...
1985 2/	110.7	158.5	269.2	...	...
1986 2/	115.3	158.1	273.4	...	...
1987 2/	94.1	180.9	275.0	...	...
1988 2/	80.8	177.6	258.4	...	...

Source: Central Bank of Jordan.

1/ Debt outstanding at the end of 1983; excludes repayments on military loans, but includes repayments on revolving oil credits.
2/ Projected.

Fund Relations with Jordan
(As of November 30, 1984)

I. Membership Status

(a) Date of membership: August 1952
(b) Status - Article XIV

A. Financial Relations

II. General Department

(a) Quota: SDR 73.9 million

	Millions of SDRs	Percent of Quota
(b) Fund holdings of Jordan dinars	73.9	100
(c) Use of Fund credit:	--	--
(d) Reserve tranche position	--	--

III. SDR Department

(a) Net cumulative allocation: SDR 16.9 million

(b) Holdings: SDR 15.8 million, or 93.3 percent of net cumulative allocation

B. Nonfinancial Relations

IV. Exchange System:

Effective February 15, 1975, Jordan ceased pegging the dinar to the U.S. dollar and linked it to the SDR with margins of 2.25 percent. The November 15, 1984, exchange rate vis-a-vis the U.S. dollar was JD = US$2.4850.

V. Last Article IV Consultation:

August 1983; the Staff Report (SM/83/206) was discussed by the Executive Board on November 21, 1983 (EBM/83/158). Decision as follows:

1. The Fund takes this decision in concluding the 1983 Article XIV consultation with Jordan, in the light of the Article IV consultation with Jordan conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).

2. The Fund notes that Jordan continues to operate a liberal exchange system and welcomes the termination of a bilateral payments arrangement with a Fund member.

VI. Technical Assistance:

None since a visit to Jordan by a staff member of the Bureau of Statistics in November 1978.

Jordan: Basic Data

Area	35,000 square miles
Population	2.5 million (est. 1983)
GNP at market prices (1983 estimate)	SDR 4.77 billion
GNP per capita (1983 estimate)	SDR 1,904

	1979	1980	1981	1982	Prel. 1983	Proj. 1984
	(In millions of Jordan dinars)					
National accounts (in current prices) 1/						
GNP at market prices	921.3	1,185.3	1,501.0	1,695.4	1,848.3	2,009.0
GDP at market prices	753.0	979.5	1,182.5	1,343.2	1,487.3	1,638.0
GDP at factor cost	668.6	888.4	1,059.4	1,201.2	1,318.0	1,449.0
Agriculture	(43.6)	(64.6)	(76.6)	(83.8)	(99.1)	(89.0)
Industry and mining	(121.6)	(167.1)	(208.3)	(230.3)	(256.8)	(302.0)
Construction	(70.5)	(97.5)	(110.6)	(121.9)	(126.8)	(135.0)
Electricity and water	(10.1)	(17.1)	(21.0)	(25.3)	(28.5)	(31.0)
Services	(422.8)	(542.1)	(642.9)	(739.9)	(806.8)	(892.0)
	(In percent)					
Gross fixed investment/GNP	32	34	38	35	32	...
Rate of change						
GNP at market prices	18	29	27	13	9	9
GDP at market prices	19	30	21	14	11	10
GDP at factor cost	21	33	19	13	10	10

	1980	1981	Actual 1982	Prov. Actual 1983	Budget Est. 1984	Expected Actual 1984
	(In millions of Jordan dinars)					
Government finance						
Revenue and grants	435.4	515.5	545.1	526.0	633.0	547.0
Domestic revenue	(226.1)	(309.2)	(360.6)	(396.0)	(450.0)	(422.0)
Foreign grants	(209.3)	(206.3)	(184.5)	(130.0)	(183.0)	(125.0)
Expenditures and net lending	539.4	616.3	640.7	669.2	701.4	601.0
Current	(336.1)	(391.5)	(433.8)	(449.0)	(452.5)	(440.0)
Capital	(177.4)	(184.7)	(182.4)	(186.3)	(227.7)	(140.0)
Net lending	(25.9)	(40.1)	(24.5)	(33.9)	(21.2)	(21.0)
Overall deficit	-104.0	-100.8	-95.6	-143.2	-68.4	-54.0
Foreign financing (net)	(67.7)	(61.6)	(60.5)	(86.8)	(66.4)	(24.0)
Domestic financing	(16.3)	(25.6)	(82.3)	(22.6)	(2.0)	(30.0)
Of which: bank financing	[21.2]	[27.0]	[82.3]	[20.3]	[...]	[...]
Discrepancies	20.0	13.6	-47.2	33.8	...	...

	1979	1980	1981	1982	1983	Proj. 1984
	(As percentage of GDP at market prices)					
Domestic revenue	25.0	23.1	26.2	26.9	26.6	25.8
Foreign grants	27.9	21.4	17.5	13.7	8.7	7.6
Current expenditure	42.7	34.3	33.1	32.3	30.2	26.9
Overall deficit	-13.8	-10.6	-8.5	-7.1	-9.6	-3.3

Jordan: Basic Data (Concluded)

	1979	1980	1981	1982	1983	Proj. 1984
	(In milions of Jordan dinars)					
Changes in money and credit						
Foreign assets (net)	63.3	110.0	14.4	61.9	10.1	24.0
Domestic assets (net)	103.1	101.6	180.6	285.4	201.7	199.8
Claims on nongovernment sector	(134.8)	(102.9)	(170.2)	(181.0)	(166.1)	(169.8)
Claims on Government (net)	(-12.7)	(21.2)	(27.0)	(82.3)	(20.3)	(30.0)
Other items (net) (increase-)	(-19.0)	(-22.5)	(-16.6)	(22.1)	(15.3)	(--)
Money and quasi-money	166.4	211.7	195.0	223.5	211.8	175.8
	(In percent)					
Rate of change						
Money and quasi-money	27	27	20	19	15	11
Money	26	26	18	12	10	...
Quasi-money	30	30	23	29	21	...
Claims on nongovernment sector	42	22	28	22	18	16
Ratio of money and quasi-money (at year end) to GNP	84	83	77	83	87	89
Balance of payments						
	(In millions of SDRs) 1/					
Trade balance	-1,205.4	-1,401.3	-2,072.8	-2,260.7	-2,298.9	-2,150.0
Exports (f.o.b.)	(311.8)	(442.2)	(625.7)	(682.2)	(543.1)	(670.0)
Imports (c.i.f.)	(-1,517.2)	(-1,843.5)	(-2,698.5)	(-2,942.9)	(-2,841.9)	(-2,820.0)
Workers' remittances (net)	403.4	491.8	745.1	823.9	851.3	981.0
Other services (net)	-14.3	169.0	181.5	169.1	322.4	259.0
Transfers (net)	810.9	1,028.4	1,111.0	962.7	760.6	637.0
Current account balance	-5.3	287.9	-35.3	-305.1	-364.5	-273.0
Capital transactions (net)	150.3	82.6	178.1	292.5	404.3	211.0
Errors and omissions (net)	18.5	-86.8	-105.7	-146.8	-13.8	--
Overall balance	163.2	283.9	37.2	-159.6	26.0	-62.0
	(As percent of GDP at market prices)					
Import of goods	78.1	73.0	88.5	85.0	74.1	66.7
Export of goods (f.o.b.)	16.1	17.5	20.5	19.7	14.2	15.9
Services (net)	20.0	26.2	30.4	28.7	30.6	29.3
Transfers (net)	41.8	40.7	36.4	27.8	19.8	15.1
Current account balance (deficit-)	-0.3	11.4	-1.2	-8.8	-9.5	-6.2
	(In millions of SDRs)					
Gross international reserves (end of period)	1,163.3	1,606.3	1,720.2	1,620.8	1,765.8	1,593.8 2/
	(In months)					
Ratio of gross international reserves to average monthly imports during the year	9.2	10.5	7.6	6.6	7.5	7.1 2/
	(In millions of SDRs)					
Total external public debt service	73.3	104.5	196.8	190.9	206.7	250.6 3/
	(In percent)					
External debt service as percent of exports of goods and services	10.4	9.5	10.4	11.4	12.0	13.6 3/
External debt service/GNP	3.1	3.4	5.1	4.4	4.3	4.8 3/

1/ JD 1 = SDRs 2.579.
2/ At the end of the first nine months of 1984.
3/ Projection for 1984.