Opinion



From the Feed Crisis to Stable Red Meat Prices: How Can Japan's Experience Inspire Palestine?

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Introduction:

Palestinian families today face the red-meat counter with mounting anxiety: a kilogram of meat has gone from being a staple of the daily diet to a heavy financial burden on already strained household budgets. Yet a quick look behind the scenes at farms and slaughterhouses reveals an often-overlooked economic reality: the price of meat on consumers' tables is not made at the shop—it is set at the livestock feed trough.

Economic and agricultural data indicate that feed accounts for 40% to 70% of total livestock production costs. In Palestine, livestock farmers are squeezed by imported feed prices, which fluctuate with shipping costs and global commodity markets, while cooperative protection mechanisms are almost entirely absent.

How, then, has a country such as Japan—reliant on imports for about 80% of its concentrated feed and exposed to shipping and exchange-rate risks—built a robust institutional system that protects its farmers from collapse and ensures stable food supplies? And how can Palestine draw on this experience to move from crisis toward productive self-reliance?

First: Diagnosing Palestine's Crisis - Full Exposure and the Domino Effect

Palestine's livestock sector is caught in a "domino effect": any global inflationary wave or spike in grain prices (such as corn and soybeans) is passed directly on to Palestinian farmers, with no buffers. Without support and stabilization funds, farmers are left with two equally painful choices: (1) sell their sheep early or liquidate the farm to avoid mounting losses, reducing the national livestock population; or (2) pass steep cost increases on to consumers, triggering unprecedented jumps in local red-meat prices. This structural vulnerability makes agriculture a less attractive environment for investment and leaves national food security at the mercy of external volatility.

Second: Lessons from Japan - Institutional Design for Feed Stability

Despite the substantial differences between Japan and Palestine in technological development, institutional capacity, and available resources, Japan's experience is not presented here as a model to be copied wholesale. Its relevance to Palestine lies in the potential to learn from its use of public policy to limit the effects of feed-price volatility and to move from temporary crisis responses toward more sustainable institutional mechanisms, adapted to Palestinian circumstances. This approach can be considered through four strategic pillars:

1. A Shared-Risk Safety Net: "Compound Feed Price Stabilization System"

Japan uses a two-tier protection mechanism to cushion livestock farmers from sharp increases in feed prices. It provides financial compensation linked to changes in the import prices of raw materials rather than fixing feed prices in the market.

Japan relies on a two-level safety net to address feed-price spikes:

- **The Ordinary Compensation Fund (通常補塡):** This fund is financed by contributions from livestock farmers and feed manufacturers. According to Japan's Ministry of Agriculture, the contributions are ¥800 per tonne from farmers and ¥1,600 per tonne from feed manufacturers. Compensation is paid to participating

farmers when the average raw-material import price in the current quarter exceeds the average for the previous four quarters or the previous year, and covers the increase up to a threshold of 115% of that average.

- **The Extraordinary and Emergency Compensation Fund (異常補塡):** This fund provides an additional layer of protection when the average import price exceeds 115% of the average for the previous four quarters. It is funded equally by the government and feed manufacturers, helping compensate for the portion above that threshold and absorb major price shocks.
- **Tax treatment of contributions:** Based on available official information, Japanese tax rules allow farmers' and feed manufacturers' contributions to be included among tax-deductible expenses. More precisely, this is a deduction under specific provisions, not a general tax exemption.

This mechanism shows how the burden of price volatility can be shared among farmers, the private sector, and the state, rather than leaving farmers to face shocks alone. Contribution rates vary according to the fiscal year and the organization administering the fund; the figures of ¥800 and ¥1,600 should therefore be understood as rates reported in the ministry's summary, not as fixed amounts for every year. (*Sources: Japan Ministry of Agriculture summary; USDA report on system revisions in 2023.*).

2. Financial and Environmental Innovation: "Eco-Feed"

Rather than simply accept rising prices for imported corn, Japan has developed advanced programs to recycle food leftovers and industrial by-products (such as bakery waste, beverage by-products, and vegetable-processing residues), converting them through fermentation and processing into liquid and dry feed.

- **Results:** Model farms using these feeds have achieved reductions in feeding costs ranging from 28% to 90%.
- **Added value:** Farmers are awarded commercial and official certifications that allow them to sell their meat as "environmentally friendly circular meat," giving the product strong marketing advantages and the potential to command attractive prices.

3. Structural Integration of Land Use and Feed Production (Kouchiku Renkei)

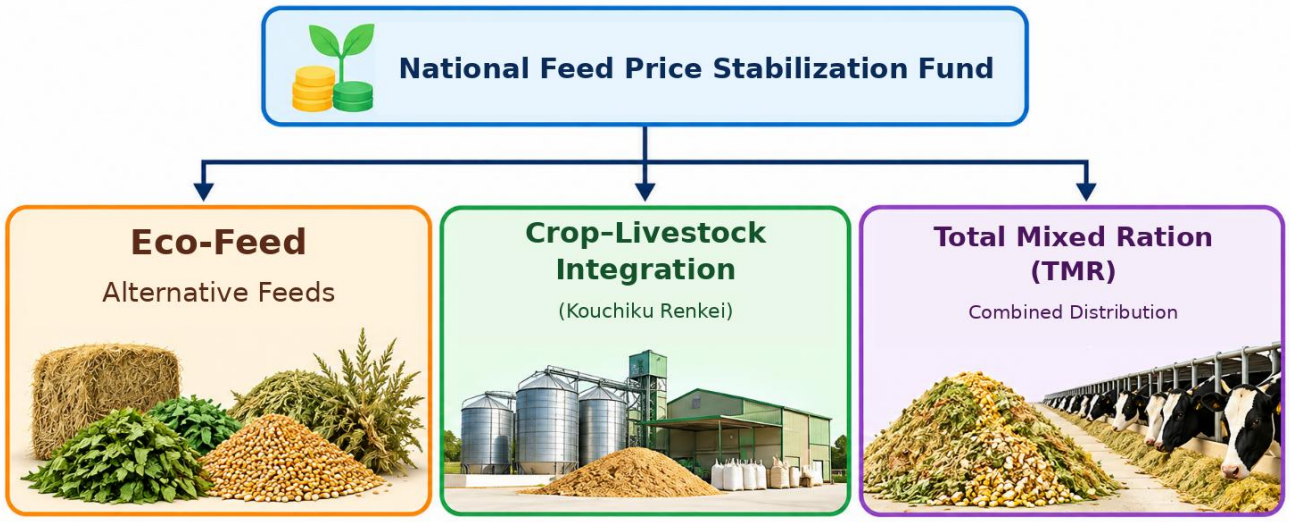
Japan applies a strategic policy linking crop farmers with livestock producers. Rice and grain farmers are supported in converting part of their land to "feed rice," forage corn, and silage. In return, livestock farmers commit to purchasing locally produced feed and supplying crop farmers with treated livestock manure to fertilize the soil, creating a closed and sustainable economic cycle.

4. Institutionalizing Logistics Services (TMR Centers)

Japan has specialized centers that prepare total mixed rations (TMR): scientifically balanced feed mixes are prepared and delivered directly to farms. These centers help small-scale livestock farmers save the time, effort, and expense of mixing feed themselves, while also reducing waste and preserving feed's nutritional value.

Third: A Roadmap for Palestine- A Practical Vision to Protect the Sector and Lower Prices

The Ministries of Agriculture and Finance, in cooperation with civil-society organizations and the private sector, can adapt lessons from this experience to Palestinian realities by launching a national initiative to increase reliance on locally produced feed and reduce dependence on imports. The initiative could include the following steps:



1. Establish a "National Solidarity Fund to Stabilize Feed Prices"

- **Mechanism:** Establish a joint financial fund involving the Ministry of Agriculture, the General Union of Farmers' Associations, major feed importers in Palestine, and other relevant stakeholders.
- **Funding:** Set aside a nominal share of every tonne of imported feed, alongside a government contribution and tax incentives for participating feed companies.
- **Objective:** Cushion sudden global spikes in the prices of wheat, barley, soybeans, and corn, and provide rapid compensation to farmers to prevent successive jumps in meat prices.

2. National Circular Agriculture Initiative (Eco-Feed Palestine)

- **Available resources:** Palestine has agricultural and food-industry residues that could be used to produce feed, including olive pomace, grape- and fruit-pressing residues, waste from bakeries and vegetable and food-processing plants, prunings from palm trees and other crops, and organic waste from central produce markets.
- **Implementation:** Establish local processing and fermentation units to convert these residues into silage and affordable, high-protein feed, potentially reducing feed costs for Palestinian farmers by 30%–50%.

3. Partnership Program Between Crop Farmers and Livestock Producers

- Support farmers in the West Bank in using rain-fed and fallow, currently underused land to grow winter and summer forage crops such as vetch and barley. Encourage forage crops between olive, stone-fruit, and grape vines, and connect farmers with livestock producers through long-term supply contracts.
- Use treated wastewater to grow forage crops on land near treatment plants, building on successful Palestinian experience in this area.
- Reduce reliance on imported compound feed and curb the depletion of foreign currency reserves.

4. Establish Cooperative Feed-Mixing and Distribution Centers (Palestinian TMR)

- Establish shared logistics centers through agricultural cooperatives in each governorate to prepare and sell ready-made, balanced feed mixes.
- These centers would ensure that small-scale farmers in villages and remote areas can obtain high-quality feed at wholesale prices, helping prevent exploitation by intermediaries.

Conclusion:

Curbing the rise in red-meat prices in Palestine is not an unattainable dream, but it does require a shift from responding to crises after they occur to building policies that protect production and soften the effects of external volatility. Japan's experience, despite the differences between its circumstances and Palestine's, offers an

important lesson: when institutional protection is combined with partnership among farmers, the private sector, and the state, vulnerabilities can be turned into opportunities for resilience and growth.

Protecting livestock farmers and developing safe local feed from available resources are therefore not merely measures to reduce production costs; they are investments in stable markets, Palestinian families' right to accessible food, and the continued role of livestock as a pillar of the national economy. Food security does not begin on store shelves. It begins with land that is cultivated, a farm that endures, and a farmer who has support.

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