

FOOD SECURITY BULLETIN

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EDITORIAL

This 16th issue of the Food Security Bulletin, which is the first one for the year 2017, is special because it follows the completion by MAS of the “Strategic Review of Food and Nutrition Security in Palestine”, commissioned by the World Food Programme (WFP) of the United Nations (UN). Therefore, this issue will summarize and highlight the main findings and recommendations of the Strategic Review. The full study has been finalized and will be published in November 2017 in both English and Arabic. The Strategic Review aims to support the Palestinian government in accelerating progress towards eliminating food insecurity and malnutrition in Palestine, in line with Sustainable Development Goal (SDG) 2: “End hunger, achieve food security and improved nutrition, and promote sustainable agriculture” by 2030. After an extensive consultation process with all major national and international stakeholders, the research team assembled by MAS came up with important findings and conclusions regarding various aspects of food and nutrition insecurity in Palestine including: the nature of the problem, the policy response, methodology issues, the legal and regulatory framework, the programmatic response, the main agencies and programs, and impact evaluation. Finally, the Strategic Review concludes with a few sets of specific recommendations for addressing food and nutrition insecurity in Palestine in order to achieve SDG 2 by 2030. These recommendations target changes in the national policy framework, the institutional and legal framework, nutrition, and the design and implementation of programs and stakeholder coordination.

In addition, this issue of the Food Security Bulletin looks at changes and trends in the prices of basic food items in Palestine as well as globally and presents the state of the Palestinian olive oil sector in 2016.

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HIGHLIGHTS

- MAS has recently completed and will soon publish and distribute the “Strategic Review of Food and Nutrition Security in Palestine”, commissioned by the WFP, which aims to accelerate the progress of the Palestinian government towards eliminating food insecurity and malnutrition by 2030, in line with SDG 2;
- Between November 2016 and May 2017, the Palestinian Food Price Index (FPI) increased by 0.4%, reaching 105.6 points at the end of the period. The year-on-year rise – between May 2016 and May 2017 – in Palestinian food prices was 0.5%;
- The 274 olive presses operational in Palestine in 2016 pressed a total of 84,148 tons of olives, producing 20,135 tons of olive oil. The amounts of pressed olives and of extracted oil declined by 11.6% and 4.5%, respectively, from 2015. In 2016 domestic olive oil consumption was 18,000 tons in 2016, while 4,000 tons of olive oil were exported;
- In November 2016-May 2017 (the period between the previous issue of the Food Security Bulletin and this issue), global food prices increased by 0.4%, while the rise between May 2016 and May 2017 was 10.2%.

DEFINITIONS

Food Security: The World Food Summit (1996) established that “Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life”. This widely accepted definition points out to the following dimensions of food security:

- **Food Availability:** The availability of sufficient quantities of food of appropriate quality, supplied through domestic production or imports (including food aid);
- **Food Access:** Access by individuals to adequate resources (entitlements) for acquiring appropriate foods for a nutritious diet. Entitlements are defined as the set of all commodity bundles over which a person can establish command given the legal, political, economic and social arrangements of the community in which they live (including traditional rights such as access to common resources);
- **Utilization:** Utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being where all physiological needs are met. This brings out the importance of non-food inputs in food security;
- **Stability:** To be food secure, a population, household or individual must have access to adequate food at all times. They should not risk losing access to food as a consequence of sudden shocks (e.g. an economic or climatic crisis) or cyclical events (e.g. seasonal food insecurity). The concept of stability can therefore refer to both the availability and access dimensions of food security.

Food Security in Palestine: The Food Security Sector (FSS) in Palestine, co-led by the Food and Agriculture Organization (FAO) and the World Food Programme (WFP) in close cooperation with the United Nations Relief and Works Agency for the Near East (UNRWA) and the Palestinian Central Bureau of Statistics (PCBS), classify Palestinian households within four categories with respect to food security (2014):

- **Food Secure:** Households that have sufficient food consumption, which they will be able to maintain without use of coping strategies while meeting their essential food and non-food needs;
- **Marginally Food Secure:** Households that risk not being able to maintain sufficient food consumption, and households that have adequate financial means but did not adapt their diet to an acceptable level;
- **Moderately Food Insecure:** Households that face issues with either the quantity or quality of food consumed, which they cannot address due to their limited financial means or without resorting to irreversible coping options;
- **Severely Food Insecure:** Households with a severe or significant consumption gap that they cannot counter through economic means or coping mechanisms.

Poverty in Palestine: The PCBS defines poverty using the budget of a standard household (five members: two adults and three children). There are two poverty lines:

- **Poverty Line:** A standard household with a monthly budget below NIS 2,293 (2011) covering food, clothing, health care, education, transportation, and housekeeping supplies;

- **Deep Poverty Line:** A standard household with a monthly budget below NIS 1,832 (2011) covering food, clothing, and housing costs.

Standard of Living: The Standard of Living is defined as a household’s food consumption relative to its total consumption. The PCBS has divided the Standard of Living into three categories:

- **Higher Standard of Living:** Food consumption to total consumption is less than %30;
- **Middle Standard of Living:** Food consumption to total consumption is %30-44;
- **Lower Standard of Living:** Food consumption to total consumption is more than %45.

Global Hunger Index (GHI): The GHI (2015) measures hunger and malnutrition through four weighted indicators: undernourishment, child wasting, child stunting, and child mortality. The index ranks countries on a 100-point scale and divides them into five categories:

- **Low Hunger:** 0.09.9-;
- **Moderate Hunger:** 10.019.9-;
- **Serious Hunger:** 20.034.9-;
- **Alarming Hunger:** 35.049.9-;
- **Extremely Alarming Hunger:** 50.0100.0-.

Undernourishment: FAO defines undernourishment as being unable to acquire enough food to meet the daily minimum dietary energy requirements, over a period of one year.

Sustainable Development Goals (SDGs): In 2015, the UN countries adopted a set of 17 goals with 169 targets to end poverty, protect the planet, and ensure prosperity for all to be achieved between 2016 and 2030 under the 2030 Agenda for Sustainable Development.

Human Development Index (HDI): The HDI is a summary measure of average achievement in key dimensions of human development: enjoying a long and healthy life; being knowledgeable; and having a decent standard of living. It is calculated based on four indicators: life expectancy at birth, mean years of schooling, expected years of schooling, and GNI per capita (Purchasing Power Parity \$).

Consumer Price Index (CPI): The CPI is mostly used as a tool for measuring inflation and increases in the cost of living. It is calculated by taking price changes for the items in a predetermined basket of goods and averaging them. There are 568 items (goods and services) used by the PCBS in calculating the Palestinian CPI, and the items are weighed according to their importance. Food weighs around %40 of the total CPI, transport and communication %13, and textiles, clothing and footwear %10.

Food Price Index (FPI): The FPI compiled by FAO represents international prices of food commodities. It is calculated by taking the weighted average of five commodity group price indices: meat, dairy, cereals, oils, and sugar.

Strategic Review of Food and Nutrition Security in Palestine 2017

In late 2016 the United Nations World Food Programme (WFP) commissioned the Palestine Economic Policy Research Institute (MAS) as a Lead Convener to conduct a national “Strategic Review of Food and Nutrition Security in Palestine”. The Strategic Review was intended to enable the government of Palestine to accelerate progress towards eliminating food insecurity and malnutrition, in line with Sustainable Development Goal (SDG) 2. In the National Policy Agenda (NPA) 2017-2022, the Palestinian government confirmed its commitment to the 17 SDGs, adopted by more than 150 world leaders at the United Nations Sustainable Development Summit on 25 September 2015. In specific, SDG 2 aims to “End hunger, achieve food security and improved nutrition, and promote sustainable agriculture” by 2030. Although there is no hunger in Palestine in the same form that dominates societies in many other developing countries, food and nutrition security as well as sustainable agriculture remains a persistent problem in the Palestinian socio-economic and developmental context.

Methodology

The work on the Strategic Review took place in the first four months of 2017, and the methodological approach was comprised of two major components. In addition to desk review of existing literature on Palestine and international best practices, the Strategic Review relied heavily on intensive, in-depth consultations with all relevant national and international stakeholders in order to look into and analyze the current situation as well as the existing needs and response gaps; the involved partners, their current roles, and institutional capacities; and the present policies and programs in the food and nutrition security sector in Palestine.

To serve the purposes of the Strategic Review, MAS assembled a team of specialized senior experts from academia, civil society, and the food sector. A total of six consultation workshops were organized and discussed the following topics: dimensions of food security and nutrition; food security indicators; food security and nutrition policies and design of programs; implementation of food security and nutrition programs; laws and regulations; national institutional capacity; role of partners and coordination among them; and impact of food assistance on the Palestinian economy.

Finally, the findings and recommendations of the Strategic Review were shared with a

selected group of national stakeholders from the government, civil society, and the private sector to verify the outcomes and assure national ownership of results.

Findings

Food and Nutrition Insecurity in Palestine
The Strategic Review confirms that all four aspects of the global definition of food security – availability, access, stability, and utilization – are relevant to the Palestinian situation. In terms of availability, food in the Palestinian market comes from two major sources: local agricultural production and imports, which are playing an increasingly important role in meeting Palestinian food needs. With respect to accessibility, physical and social access are not major issues in Palestine, while economic access emerges as the main driver behind food insecurity. With respect to stability, vulnerable Palestinian households are disproportionately disadvantaged when it comes to negative shocks caused by the continuing Israeli occupation as well as food price rises in the international market. With regards to food utilization, or nutrition, Palestinians face problems such as obesity and micronutrient deficiency.

Policy Response to Food Insecurity and Poverty

Policy response to the twin challenge of food insecurity and poverty has been complicated. Despite a persistent demand for a developmental approach, on-the-ground implementation has taken place through relief channels, which means managing the consequences of poverty and food insecurity rather than eliminating their root causes. The deteriorating situation has necessitated the intervention of numerous local and international actors, whose involvement and efforts have contributed to strengthening the resilience of Palestinian society, but whose proliferation constitutes a challenge in terms of defining a shared vision and policies or coordinating efforts related to planning, implementation, follow-up, and evaluation as well as ownership. At the national policy level, the issue of food insecurity has been addressed in the National Policy Agenda (NPA) 2017-2022 as one of the areas of planned interventions, which shows that policy-makers do not perceive of food and nutrition security as an integrated system of national policies related to human, household, or national economic security. At the sectoral level, food insecurity has been dealt with in the National Strategy for the Agricultural Sector 2017-2022 and the National Strategy for Social

Development 2017-2022, while the Sectoral Strategy for the Development of Economy 2017-2022 does not give distinct attention to food security or agricultural production.

Food Security Methodology Issues

One of the consequences of the absence of a national vision, control, and ownership of the Food Security Sector (FSS) is the lack of a nationally driven methodology for measuring and assessing the status of food security. Instead, the FSS has resorted to methods developed in-country, based on food security surveys that have been conducted periodically by the Palestinian Central Bureau of Statistics (PCBS) since 2009, with the last in 2014.

Legal and Regulatory Framework

The Palestinian legal system lacks explicit rules on the right to food protection and specific rules that guarantee food and nutrition security. Nonetheless, Article (10) of the Basic Law of 2003 protects basic human rights and liberties and urges the Palestinian National Authority (PNA) to work without delay to become a party to regional and international declarations and covenants that protect human rights. From a legal point of view, food security would not be ideally reached without demonstrating the implications of the right to adequate (safe and appropriate) food. The Palestinian legal framework for food safety is fundamentally composed of: Public Health Law No 20 of 2004, Agriculture Law No 2 of 2003, the Palestinian Standards and Measurements Law No 6 of 2000, the Decree on the Law of Industry No. 10 of 2011, and the Consumer Protection Law No 21 of 2005. There is no umbrella food safety law yet, although proposals have been discussed at several junctures over the past years.

Policy Response to Malnutrition

In order to attenuate the effect of malnutrition, the Ministry of Health devised the first National Nutrition Policy and Strategy in 2008, since updated. The goals of the plan include increasing diet diversity, food fortification, and micronutrient fortification to fight deficiency, making sure that the nutrient needs of population at risk, such as women and children, are met; advocating for the consumption of a well-balanced diet; improving the level of communication and coordination among stakeholders; and raising nutrition awareness in Palestinian society.

Programmatic Response to Food Insecurity and Poverty

Crippled with fiscal deficit and lack of policy space, the PNA has adopted social protection as a main policy to tackle food insecurity. Eligible poor households receive various social assistance packages, ranging from cash transfers to food assistance. Moreover, local and international actors implement a wide array of assistance programs, most of which provide for the basic and most urgent needs of the poorest families. While these programs, usually dependent on the availability of largely external funding, are vital to sustaining livelihoods, there still remain serious concerns about the ability of current social protection schemes to reduce food insecurity in a sustainable or systematic manner. The existing safety net is still being developed and does not emerge from a coherent social services and protection policy framework.

Main Agencies and Programs

The Ministry of Social Development (MoSD) is the largest provider of social protection providing regular cash assistance, subsidizing electricity bills for poor families, granting free health insurance cards, exempting children of poor families from public school fees, and providing cash assistance to families vulnerable to social, health, and economic shocks as well as orphans. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is the second largest social protection agency, providing social assistance to registered refugees in addition to basic services and social assistance, including emergency food assistance, emergency cash assistance, and cash for work. The WFP is the main international organization providing food security assistance – in kind and food vouchers – for non-refugees in Palestine through cash transfer programs (CTP) beneficiaries, distributed by the MoSD, non-CTP vulnerable households via Global Communities (WFP's main NGO service provider), and herder and Bedouin communities in the West Bank via UNRWA. FAO runs a two-component program: the humanitarian critical assistance for producers and the development of local capacity and the enabling environment for increased productivity, competitiveness, and employment in agriculture.

Impact Evaluation

Social assistance is vital for vulnerable households to cope with poverty. However, most assistance does not increase households' ability to generate income. The effect on poverty of such protective and preventive assistance is transitory and can only be empowering or transformative, depending on sustainability and to the extent it is combined

with other social development interventions (labor and microfinance tools).

Recommendations

The Strategic Review came up with a series of recommendations for addressing food and nutrition insecurity in Palestine in order to achieve SDG 2 by 2030, summarized below:

National Policy Framework

It is necessary to develop a comprehensive national approach to food and nutrition security, which would eliminate the current incoherence between the macro and sectoral policies and within sectoral policies and the absence of a clear national approach to food and nutrition security, the weak institutional structure, and the fragmented Palestinian management of the sector. This new approach should be based on an integrated system of national and sectoral policies related to social assistance, production, and import policies; provision of strategic primary commodities; price policies; consumer rights and protection; promoting good nutrition and a culture of balanced consumption; agricultural policies and strategies that support small farmers and provide them with supporting services and funds; and policies related to ensuring provision of basic utilities to all communities.

Institutional and Legal Framework

More efforts are needed to develop a comprehensive, effective social security system capable of meeting the interests and rights of all Palestinians, with focus on the most vulnerable and marginalized. Also, Palestine should start effectively implementing existing preferential trade arrangements signed with other states, to the extent that is possible, in line with the supply and demand equilibrium. Food safety and quality is another important aspect of food and nutrition security in Palestine that needs to be dealt with at the legal and institutional levels. Additionally, establishing a permanent, empowered, well-structured national coordination body is of high priority in the short term and much overdue. Rooted in a vision of secure food as an element of national economic security, its mandate would be defined to address a host of food-related issues (production, trade, access for the poor, nutrition, and safety/quality) in a manner that encompasses the multi-dimensional nature of food and nutrition security, and public health as well as economic production and growth. A special law would be needed to regulate such a council of institutions and its relation to concerned executive governance arms.

Nutrition

Food assistance programs should utilize the available nutrition data to design and implement interventions according to the nutritional needs of the benefitting population. Coordination needs form the base of the pyramid comprised of all UN agencies and beyond delivering food assistance programs in order to guarantee the delivery of nutritionally adequate food assistance. Programs need to be redesigned to enhance nutrition education, raise awareness, and promote an active lifestyle as required steps towards improving nutrition. A nutritional status assessment should be at the core of understanding individual, household, and population needs when designing programs.

Design and Implementation of Programs and Stakeholder Coordination

Social protection schemes should be gradually shifted away from traditional food assistance modalities towards voucher and cash and employment generating programs, with food assistance limited to the extremely food insecure. To increase the exit poverty rate and reduce dependence on food assistance, the PNA could establish a national fund, in close cooperation with international donors and the private sector, to provide soft loans to poor households to empower them via employment generating programs. To enhance the effectiveness of programs and reduce leakage, the existing targeting instruments should be integrated into a coherent mechanism approved by all actors, with the MoSD targeting mechanism used in the cash transfer program – which has proved effective in reducing exclusion leakage rates – serving as a model. In addition, it is important to adopt a unified national portal for all actors to ensure non-duplication in the provision of assistance, thus enhancing the effective use of resources by all parties. It is critical to develop better common methods for monitoring, controlling, and evaluating the implementation of various programs to ensure their responsiveness to actual needs.

Hunger Gaps and Challenges

In line with international best practice, the Strategic Review encourages shifting to a more system-based rather than program-based approach, through better household profiling targeting, geographical targeting, and greater reliance on cash transfers and consistency on the value of cash assistance. Advantage should be taken of evolving opportunities to phase out in-kind transfers and expand the cash-based modality. Also, more effort is required in regards to food safety, starting from laws and regulations through monitoring and implementation. National authorities need to assume full control over the food security sector through development of a national food security coordinating body.

Food Prices in Palestine

Food prices in Palestine, measured by the Food Price Index (FPI) reported by the PCBS as a component of the Consumer Price Index (CPI), exhibited significant volatility in the recent period. Local food prices went up by 0.2% in December 2016, 0.3% in January 2017, 1.6% in February, and 2.2% in March, after which they dropped by 1.5% in April and 2.3% in May. As a result, between November 2016 (the last month reported in Food Security Bulletin 15) and May 2017, the Palestinian FPI increased by 0.4%, reaching 105.6 points at the end of the period. The year-on-year rise – between May 2016 and May 2017 – was 0.5%.

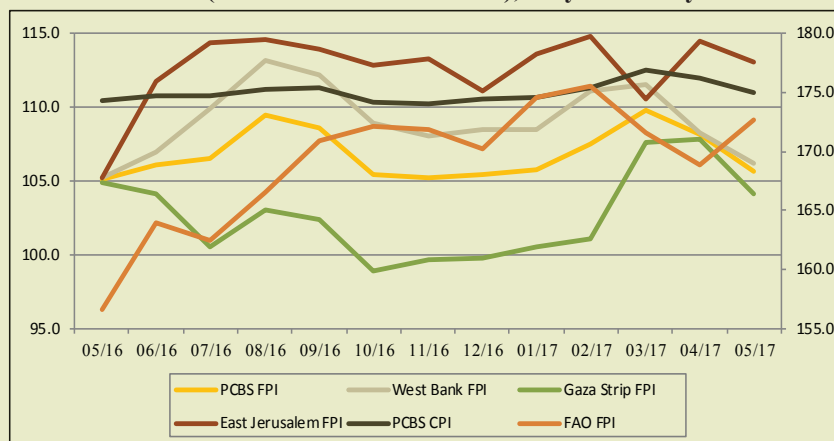
Food Prices versus Consumer Goods Prices

In the past few months the changes in the monthly FPI and CPI in Palestine followed the same pattern. This is explained by the fact that the FPI constitutes a major component of the CPI, with a relative weight of about one third. The only difference between the changes in the two indices was that the changes in the FPI were more pronounced. In November 2016-May 2017, the FPI went up by 0.4%, compared to a rise of 0.8% in the CPI. Between May 2016 and May 2017, both food prices and overall consumer goods prices increased by 0.5%.

Domestic Food Prices versus Global Food Prices

Figure 1 compares Palestinian food prices, measured by the PCBS FPI, with global food prices, measured by FAO. The two sets of food prices continued their distinct paths. Because being comprised of mostly locally produced items, the Palestinian FPI is largely immune to changes in the world food prices.

Figure 1: PCBS FPI by Region, PCBS CPI (Base Year 2010=100) and FAO FPI (Base Year 2002-2004=100), May 2016-May 2017



Source: PCBS, 2017 and FAO, 2017.

Over the course of the past six months, food prices in Palestine and globally went up by 0.4%. However, the year-on-year increase in the FAO index of 10.2% was significantly higher than in the PCBS FPI (0.4%).

Food Prices by Region

The PCBS FPI represents the weighted average of three geographical indices: for the West Bank (0.59), the Gaza Strip (0.34), and East Jerusalem (0.07%). Consequently, nationwide food price levels follow closely the changes in the West Bank FPI. In the West Bank, food prices declined by 1.8% in the period November 2016-May 2017, while they increased by 1.0% on annual basis. Meanwhile, the Gaza Strip FPI increased by 4.6% over the past six months, whereas it decreased by 0.7% year-on-year. Finally, the East Jerusalem index dropped by only 0.1% in November 2016-May 2017 but went up by 7.4% in May 2016-May 2017.

Basic Food Items Prices

Table 1 shows the monthly prices of nine basic food items from the Palestinian consumer basket over the past year as well as the changes in them in the periods November 2016-May 2017 and May 2016-May 2017.

Between November 2016 and May 2017 the prices of all selected food items dropped, with the exception of the price of milk, which remained unchanged. White sugar, chicken eggs, and fresh beef experienced the most significant price declines of 12.9%, 12.7%, and 12.2%, respectively. The smallest decreases were observed in the prices of olive oil and fresh chicken: 0.3% and 0.7%, correspondingly.

Year-on-year, the price of chicken eggs went up considerably by 19.1%, while the price of white sugar rose by 1.3%. The price of milk remained the same. The prices of the other basic food items dropped. The largest decline was in the price of fresh beef of 15.5%, followed by the price of white flour (6.9%).

Table 1: Prices of Nine Basic Food Items in Palestine, May 2016 - May 2017 (NIS)

Items	Unit (kg)	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Change Nov 2016-May 2017 (%)	Change May 2016-May 2017 (%)
Rice	25	134.1	134.7	135.6	134.5	134.0	133.8	130.3	129.3	128.9	129.8	128.9	128.6	126.4	-3.0	-5.7
White Flour	60	144.5	140.2	140.0	138.7	144.5	137.8	137.5	137.2	124.9	138.2	139.5	141.4	134.6	-2.1	-6.9
White Bread	1	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.6	-2.7	-5.3
Fresh Beef	1	52.8	53.6	53.8	53.0	52.7	52.4	50.8	45.7	45.1	45.4	44.9	46.2	44.6	-12.2	-15.5
Fresh Chicken	1	13.8	13.7	13.0	15.9	14.6	13.6	13.8	13.9	13.5	15.3	16.6	13.8	13.7	-0.7	-0.7
3% Milk	1	7.4	7.4	7.4	7.4	7.3	7.4	7.4	7.3	7.4	7.4	7.3	7.3	7.4	0.0	0.0
Chicken Eggs	2	11.0	11.7	11.9	14.4	15.2	14.1	15.0	15.7	15.8	15.3	15.1	14.2	13.1	-12.7	19.1
Olive Oil	1	31.4	31.4	31.6	31.3	31.7	30.8	31.0	31.4	30.8	30.8	31.0	30.9	30.9	-0.3	-1.6
White Sugar	50	130.1	134.3	146.9	148.0	146.1	149.0	151.4	148.6	144.8	141.9	142.6	124.3	131.8	-12.9	1.3

Source: PCBS, 2017.

Olive Oil in Palestine

Olive Press Activities

According to data from the PCBS, in 2016 there were a total of 274 operational olive presses in Palestine, up from 272 in 2015, in addition to 21 temporarily closed ones.¹ Of the operational olive presses, 255 were fully automatic, while 19 were traditional or half automatic; of the total 245 presses were located in the West Bank and 29 in the Gaza Strip.

Last year 84,148 tons of olives were pressed, producing 20,135 tons of olive oil. This means that the quantity of pressed olives and of extracted oil dropped by 11.6% and 4.5%, respectively, compared to 2015. The Jenin and Tubas governorates pressed the most olives – 24.2% – comparable to the whole amount pressed in Gaza – 23.8%.

1 <http://www.pcbs.gov.ps/Downloads/book2258.pdf>

The extraction rate (measuring the ratio of extracted olive oil over pressed olives) in 2016 was 23.9%, above the 2015 level of 22.2% and the average for the period 2003-2015 of 23.5%.

The extraction rate varies between different years and locations due to the climate conditions and the irrigation practices. In 2016 the extraction rate in the West Bank (25.6%) was significantly higher than in the Gaza Strip (18.5%), continuing a trend from previous years. Generally the climate in Gaza is not favorable for the cultivation of olive trees, which is the reason why only 23.8% of all olives were pressed there.

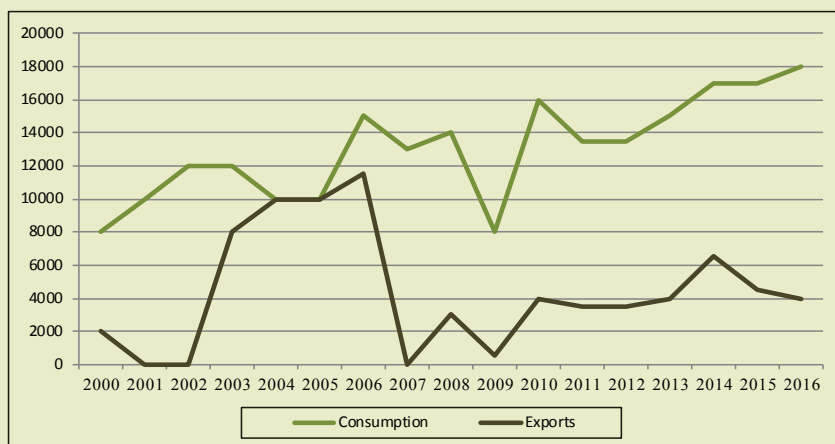
The operational olive presses in Palestine employed 1,393 workers in 2016, similar

to the year before. Nearly three quarters of them were wage employees, while the rest were unpaid family members. Wage employees earned a total of \$0.92 million, compared to \$1.1 million in 2015. In 2016 the gross value added of olive pressing activities was \$8.8 million, with an output value of \$10.8 million and intermediate consumption of \$2.1 million. These figures marked an increase of 22.4% and 5.1% in the value added and in the output, correspondingly, and a decline of 35.0% in the intermediate consumption.

Domestic Consumption and Trade

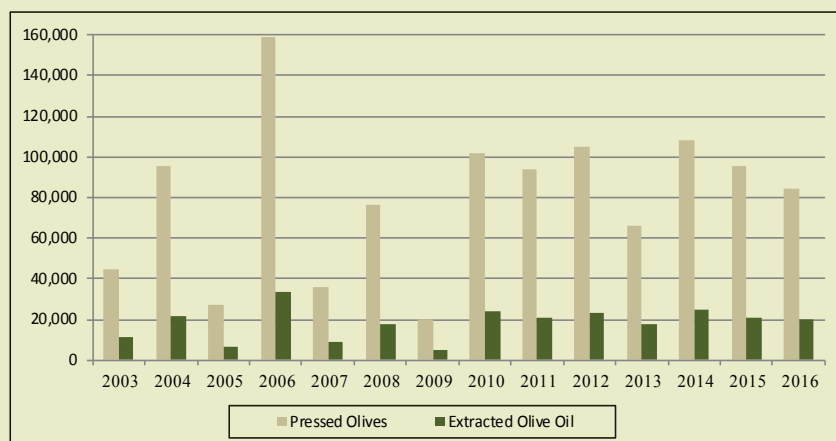
Data from the International Olive Council show that domestic olive oil consumption in Palestine was 18,000 tons in 2016, while exports of olive oil from Palestine reached 4,000 tons.² This means that local production suffices to satisfy domestic consumption, and some quantity of olive oil is even left for export. Import of olive oil from other producers is only minimal.

Figure 3: Consumption and Exports of Olive Oil in Palestine, 2000-2016 (Tons)



Source: International Olive Council, 2017.

Figure 2: Quantity of Pressed Olives and Extracted Olive Oil in Palestine, 2003-2015 (Tons)



Source: PCBS, 2017.

2 <http://www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures>

Global Food Prices

Global food prices, as measured by the FAO FPI, continued their upward move in the first months of 2017, which started at the beginning of 2016 after major drops in 2014 and 2015. In recent months the largest rises in the global FPI occurred in the months of January 2017 (2.7%) and May 2017 (2.5%). The most significant decline was in March 2017 (2.2%). In the period November 2016-May 2017 food prices on the international market went up by 0.4%, whereas the increase between May 2016 and May 2017 was much larger at 10.2%.

The June 2017 edition of “Food Outlook: Biannual Report on Global Food Markets”, published by FAO, highlights the stability at the global food markets for most commodities covered in the report. The global food import bill is expected to exceed \$1.3 billion this year, a rise of 10.6% from 2016. The reasons are the larger import volumes and the rising shipping costs.

Global Food Prices of Basic Food Commodities

Figure 4 shows the movements in the global FPI in the last two years as well as in the five basic food commodity group indices which make up the overall index: meat, dairy, cereals, oils, and sugar. Below is a short description of the trends in the world prices of these five basic commodities in recent months.

Meat Price Index

Globally the price of meat continued going up, following a trend which started in April

2016. Over the period November 2016-May 2017, the meat price index went up by 5.2%, while it increased by 11.3% between May 2016 and May 2017. In May 2017 the global price of meat (171.7 points) reached its highest level since July 2015 (172.7 points).

FAO expects world production of meat to stagnate for a third consecutive year as the growth in meat production in most countries will be offset by a fall in China. Global food trade will expand by 2.5% due to increased demand from China and more supply from the US and Brazil.

Dairy Price Index

Similarly, the price of dairy products also continued increasing. The rise between November 2016 and May 2017 was smaller than in the price of meat: 3.6%. However, the year-on-year increase in the global dairy price index was major at 50.8%. The February 2017 level (194.2 points) was the highest since August 2014 (200.8 points).

According to FAO, the favorable weather conditions and improved milk prices in several countries will push world milk production up in 2017. Meanwhile, global dairy products trade will also increase though modestly, by 1%.

Cereals Price Index

The changes in the global price of cereals did not follow any particular trend. While the cereals price index went up by 4.7% in November 2016-May 2017, the year-on-year change was negative at -2.9%.

FAO forecasts a 2.2% drop in the world wheat production, driven by decreases in the output in North America, Russia, and Australia, after a record high level in 2016. Nonetheless, the global wheat market will remain well supplied in 2017/2018 due to carryover stocks. The production of coarse grains this year, on the other hand, will remain high, almost equal to last year's record level. The expected growth in maize production in South America and southern Africa will compensate for the forecast drops in the global production of barley and sorghum.

Oils Price Index

The price of oils at the international markets was also unstable. The FAO oils price index dropped by 3.9% in the period November 2016-May 2017; however, the change on annual basis was positive at 3.3%. In January 2017 the price of oils reached its highest level (186.3 points) since June 2014 (188.8 points).

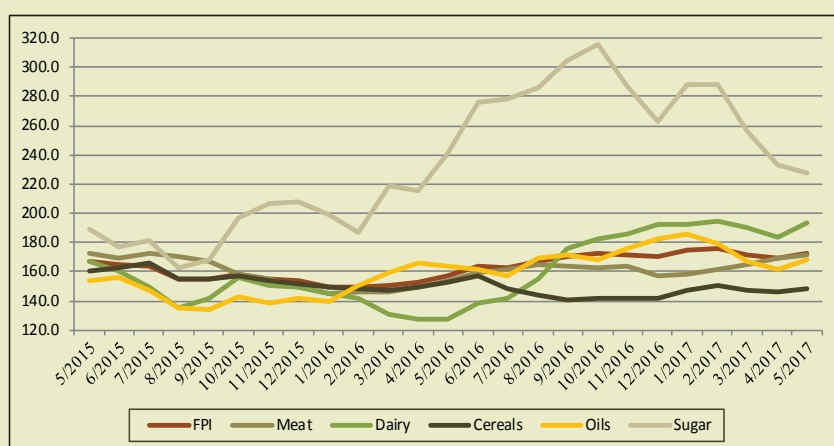
According to FAO, the oilcrops supply and demand in the 2016/2017 season are reaching a balance, which has been pushing prices down in the first months of 2017. The market is expected to remain well supplied in 2017/2018.

Sugar Price Index

After some major increases in 2016 and the first couple of months of 2017, the global price of sugar went down in March, April, and May 2017. As a result, it marked an overall decline of 20.6% between November 2016 and May 2017 and of 5.2% in May 2016-May 2017.

FAO explains the drop in the sugar price in international markets as the result of a few factors. First, the sugar output in Brazil's center-south region exceeded significantly the expected level. In addition, Pakistan is expected to raise its exports of sugar, while China decided to impose duties on imports above its World Trade Organization (WTO) tariff-rate quota (TRQ) commitment.

Figure 4: FAO FPI and Five Basic Food Commodities Price Indices, May 2015-May 2017 (Base Year 2002-2004=100)



Source: FAO, 2017.

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