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Israel

Fishery Products

Israeli Seafood Market

2004

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Report Highlights:
Israeli's domestic seafood consumption in 2003 totaled 70 thousand tons. Domestic production accounted for 39 percent, while 61 percent was imported. Local production value in CY 2003 decreased by 4.9 percent compared to the previous year (from $99.3 million to $94.4 million). Total demand for fish is expected to increase to 73,000 tons in 2005, of which 29,000 tons is expected to be of local production.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Tel Aviv [IS1]
[IS]

Executive Summary

Local seafood consumption in CY 2003 totaled 70 thousand tons, of which 61 percent were imported, and the remainder domestic production. Local production has increased dramatically during the last decade, driven primarily by aquaculture and mariculture, which have increased 57 percent and 1,460 percent, respectively, since 1992. In CY 2003, the value of local production totaled $94.4 million, 4.9 percent lower than in the previous year ($99.3 million). Total demand for fish is expected to reach 73,000 tons in 2005, of which 44,000 tons (60 percent) will be imported, while 29,000 tons will be from local production. According to the Household Expenditure Survey, from 1986 to 2002 the total annual household expenditure for seafood increased by 84 percent (from $161.1 million to $296.6 million). The largest seafood exporters to Israel are Norway, Kenya and Argentina. Import value in CY 2003 totaled $102.8 million. U.S. market share captured slightly less than two percent.

Fish Production

Local production has increased dramatically during the last decade, driven primarily by aquaculture and mariculture, which have increased 57 percent and 1,460 percent, respectively since 1992. Aquaculture and mariculture production in 2003 totaled 19,000 and 3,120 tons, respectively. Local fish production in CY 2003 totaled 27,210 tons, slightly higher than in the previous years. The stagnation in production was a result of the fishpond health crisis in November 2003. The Israeli Health Ministry ordered that all fish raised by local fish farmers be removed from supermarkets' shelves as a "precautionary measure" due to fears regarding continued use of a banned chemical (malachite green) in fish-breeding ponds. For two weeks the sale of Carp, Tilapia, Trout, Grass Carp, Mugilids and Barramundi was prohibited. In CY 2003, the value of local production decreased by five percent compared to the previous year (from $99.3 million to $94.4 million). Ninety percent of total local production was for food, and the rest was for ornamental fish. The main species in aquaculture are tilapia and carp. However, during the last few years there has been a shift from fresh tilapia to fresh carp. The primary species in mariculture is the sea bream. The forecast for domestic production in the next few years is for continued increases. Production is expected to reach 29,000 tons for CY 2005; total demand is expected to reach 73,000 tons.

Table 1: Israeli Fish Sources, 1992-2003, CY

Source	1992		2003		2003 % Change Tons, Compared to 1992
	Landed Weight, Tons	Percent	Landed Weight, Tons	Percent	
Marine Catch	3,246	5.8	3,500	5.0	7.8
Lake Kinneret	2,217	4.0	1,590	2.3	-28.3
Aquaculture	12,132	21.7	19,000	27.3	56.6
Mariculture	200	0.3	3,120	4.5	1460.0
Total Domestic Production	17,795	31.8	27,210	39.1	52.9
Import	38,205	68.2	42,350	60.9	10.8
Grand Total	**56,000**	**100.0**	**69,560**	**100.0**	**24.2**

Source: Annual Fish Sector Report, Fish Department, Ministry of Agriculture

Table 2: Aquaculture, Yields by Species in the Last Decade, Tons

CY	Carp	Tilapia	Mugilids	Silver & Grass Carps	Trout	Bass	Others	Total
1992	7,555	3,368	486	365	0	0	360	**12,132**
1995	7,120	5,960	1,047	516	0	0	0	**14,643**
1998	7,172	6,691	1,476	451	707	157	0	**16,654**
2001	6,208	8,217	1,633	718	448	378	555	**18,157**
2002	7,748	7,819	1,824	616	374	495	324	**19,200**
2003	6,999	8,012	1,832	630	489	526	512	**19,000**

Source: Annual Fish Sector Report, Fish Department, Ministry of Agriculture

Table 3: Mariculture, Yield by Species in the Last Decade, Tons

CY	Sea Bream	Labrax	Red Drum	Bass	Other	Total
1992	200	0	0	0	0	**200**
1995	600	100	0	0	0	**700**
1998	1,643	30	128	80	21	**1,902**
2001	2,688	214	109	70	80	**3,161**
2002	2,561	346	140	0	10	**3,057**
2003	2,588	335	161	0	36	**3,120**

Source: Annual Fish Sector Report, Fish Department, Ministry of Agriculture

Table 4: Local Fish Production Value, $ Million- Nominal Terms

Production Value	Value			CY 2003 % Change Compared to CY 2001
	2001	2002	2003	
Pond Fish	50.22	49.33	44.90	-10.6
Maricultures Fish, Sea and Lake Fish	40.22	44.22	40.66	-1.1
Ornamental Fish	4.66	5.55	8.89	90.8
Total Fish	**94.90**	**99.30**	**94.40**	**-0.5**

Source: CBS, Statistical Abstract of Israel, Different Years.

Aquaculture

Aquaculture, which increased by 57 percent, is the source of much of the increase in local production in the last decade. Aquaculture production in CY 2003 totaled 19,000 tons, originating from approximately 2,000 fishponds in Israel. The forecast for aquaculture production in the next few years is for further increases, up to 22,000 tons.

Table 5: Aquaculture in the Last Decade

CY	Yield, Tons	Yield Per Ha	Value, $1000	Average Price Per Ton
1993	12,956	4,300	39,400	3,041
1994	15,281	4,990	42,440	2,777
1995	16,341	5,380	54,531	3,337
1996	16,854	5,450	64,312	3,816
1997	16,671	5,390	60,840	3,649
1998	16,654	5,380	55,106	3,309
1999	16,368	5,290	45,492	2,779
2000	17,184	5,550	54,685	3,182
2001	18,157	5,870	57,944	3,191
2002	19,200	6,200	45,480	2,369
2003	19,000	6,150	54,720	2,880

Source: Annual Fish Sector Report, Fish Department, Ministry of Agriculture

Mariculture

Local mariculture production increased by 1,460 percent in the last decade, with production in 2003 totaling 3,120 tons. Three farms are responsible for 94 percent of all mariculture production: two farms in the Eilat region produced 2,800 tons, and one farm in the Ashdod region produced 500 tons.

Mariculture Price

Due to the increase in mariculture supply during the last decade, the price per ton decreased by $3,121, this represent a 37 percent drop since CY 1993 (see table 6). This trend line is expected to continue in the future if demand remains stagnant.

Table 6: Mariculture in the Last Decade

Year	Yield, Tons	Value, 1,000$	Price per Ton	Income of Fish Fry, 1,000$	Total Value, 1,000$
1993	300	2,500	8,333	---	2,500
1994	450	3,570	7,933	---	3,570
1995	700	5,285	7,550	---	5,285
1996	898	6,761	7,529	1,026	7,787
1997	1,593	11,370	7,137	1,419	12,789
1998	1,902	12,414	6,527	2,647	15,061
1999	2,408	14,829	6,158	4,172	19,001
2000	2,914	18,496	6,347	3,208	21,704
2001	3,161	17,665	5,588	3,740	21,405
2002	3,056	16,124	5,276	2,427	18,551
2003	3,120	16,261	5,212	2,663	18,924

Source: Annual Fish Sector Report, Fish Department, Ministry of Agriculture

Organic Fish

The local organic fish market is very small, and annual production is approximately 20 tons. Most of the production is in kibbutz Geva, northern Israel. This market is not expected to increase dramatically in the forthcoming years.

Value of Fish Production

Total production value in CY 2003 decreased by 5 percent compared to CY 2002 (from $99.3 million to $94.4 million). The decrease in value was mainly a result of the fishpond health crisis during November 2003. Fish production as a share of total value for all agriculture production, decreased by 7 percent compared to the previous year (table 7).

Table 7: Local Agricultural & Fish Production Value, CY, $ Million-Nominal Terms

Agricultural Value	2001	2002	2003
Grand Total	3,255.3	3,474.2	3,577.7
Of Which: Livestock and Products	1,388.4	1,414.5	1,417.6
Of Which: Fish	94.9	99.3	94.4
Fish as a Percentage of Total Agricultural Value	2.9	2.8	2.6
Fish as a Percentage of Total Livestock and Products Value	6.8	7.0	6.6

Source: CBS, Statistical Abstract of Israel, Different Years.

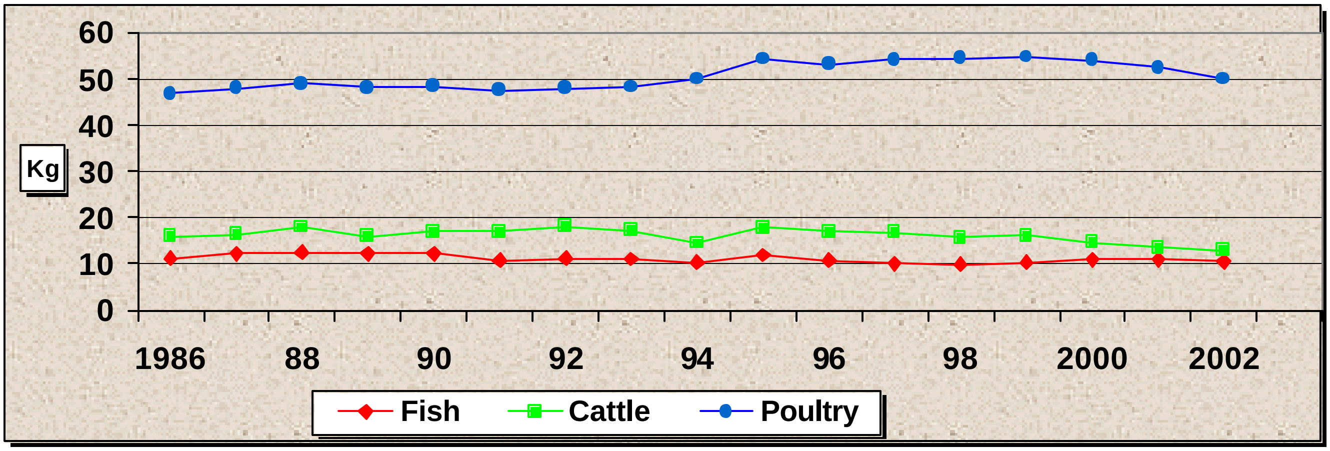
Fish Processing Industry

The Israeli delicatessen fish market is still relatively small, with an annual value in CY 2003 of $22.2 million. This market has grown in the last few years, and is expected to continue to grow 5 percent annually in the next few years. The driving force behind this growth is the one million immigrants from the former Soviet Union, who are known for their relatively high fish consumption.

Consumption

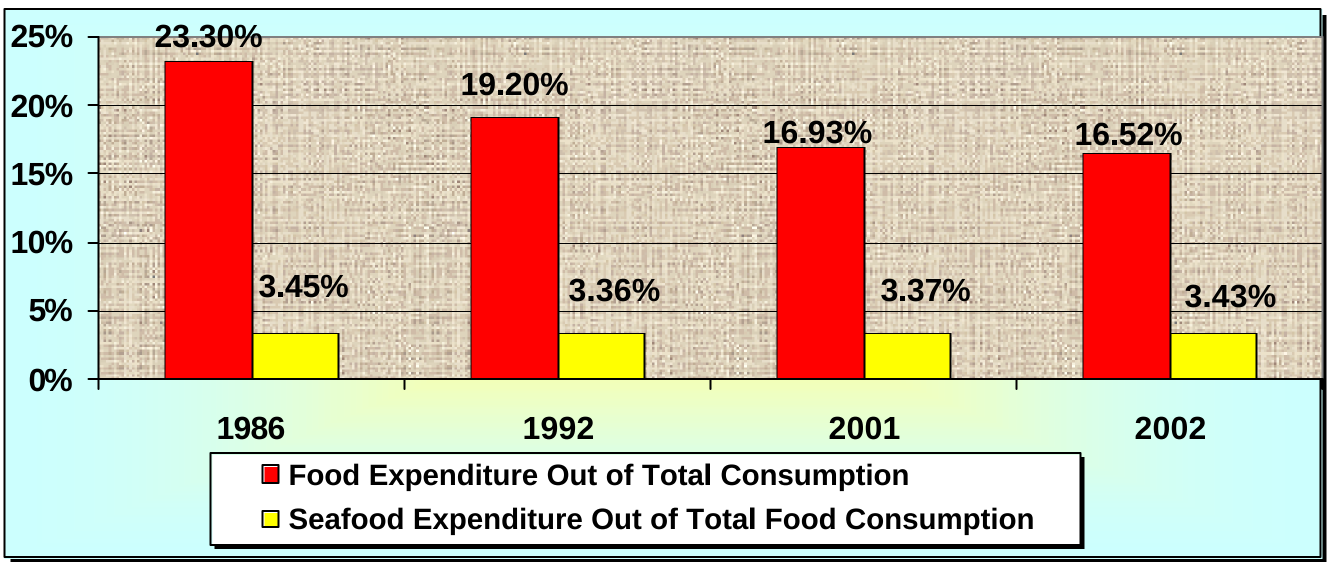
During the last decade approximately 40 percent of seafood consumed in Israel was from local sources. Local seafood consumption in 2003 totaled 69,560 tons, of which 70 percent were imported, and thirty percent were produced domestically.
Israel's per capita consumption of seafood has been steady for many years and totals 10.5 kg, half that of Europe's 20 kg. The increase in seafood consumption during the last decade is attributed to increased demand from immigrant consumption. This, in addition to increased household income and health food awareness, has led to a shift in the demand for fish. Consumers now prefer fresh tilapia instead of fresh carp, previously the most popular fish in the market. Consumers have also increased their demand for frozen and processed seafood. Annual consumption of tuna is nearly 7,000 tons, mostly canned. There is also a large consumption of salmon, herring, mackerel, matias, caviar and sardine. In recent years, Israelis have begun to eat out more and choose high-quality seafood such as shrimp, crab, lobster, calamari, shellfish, fillet, salmon and sushi when dining at restaurants. Due to the increase in demand for high quality seafood, there are more high quality seafood restaurants. The private sector (households) makes up about 70 percent of total fish consumption, while hotels and celebrating halls make up the remainder. Out of total household expenditure on seafood, (excluding meals away from home) 44 percent and 14 percent are spent in marketing networks and open markets, respectively. Almost 90 percent of all Israeli households consume seafood. According to the Household Expenditure Survey for 2002, the annual household expenditure for seafood totaled $296.6 million. From 1986 to 2002, the total annual household expenditure for seafood increased by 84 percent (from $161.1 million to $296.6 million). Due to the Kashrut laws, the high quality seafood market (shrimp, crab, lobster, calamari and shellfish) is limited in size. The Kashrut laws prohibit the sale of these products in supermarkets, where consumers prefer to purchase seafood products.

Chart 1: Annual Fish, Cattle and Poultry Consumption, Per Capita, Kg, CY



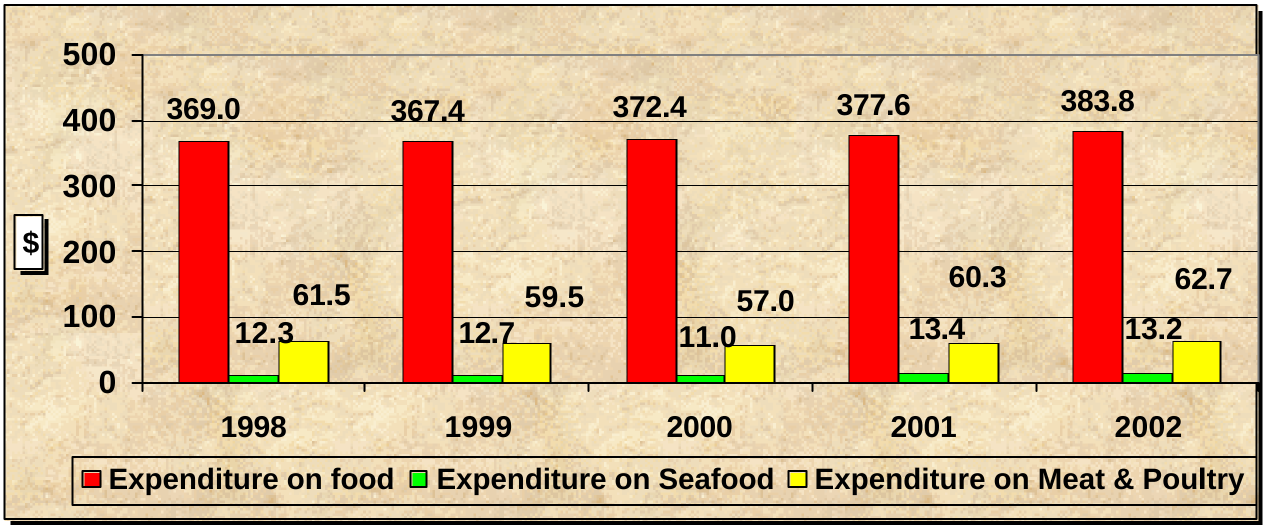
Source: CBS, Statistical Abstract of Israel, Different Years.

Chart 2: Household Expenditure in Israel – CY



Source: Household Expenditure Survey, Different Years, CBS

Chart 3: Monthly Average Household expenditure[1] on food, Seafood, Meat & Poultry, CY, Price in Real Terms (2001=100)



Source: Household Expenditure Survey, Different Years, CBS

Table 8: Monthly Average Household Expenditure on Seafood Products

Kind	2002	
	$	**Percent**
Fresh Fish[2]	4.04	30.6
Chilled Fish	5.04	38.2
Preserved Fish	2.60	19.7
Processed Fish	1.12	8.5
Fish Paste and Fish Salads	0.40	3.0
Total	**13.20**	**100.0**

Source: Household Expenditure Survey, 2002, CBS

Table 9: Food- Household Purchase by Outlet Type - % of Total Expenditure (Excl. Meals Away From Home)

	Grocery Stores	Supermarket	Open Markets	Fruit & Vegetables Stores	Butcher Stores	Other Stores
Food - Total	**23.0**	**49.0**	**9.0**	**4.9**	**7.6**	**6.5**
Meat and Poultry	8.8	39.2	6.7	0.2	38.3	6.8
Fish	12.2	43.9	14.0	0.4	10.3	19.2

Source: Household Expenditure Survey, Different Years, CBS.

[1] Exchange Rate, 1 USA Dollar=4.5 NIS.
[2] Including: Common carp, Tilapia, Common grey mullet, Bass, Denise, etc.

Table 10: Monthly Average Household Seafood Meals

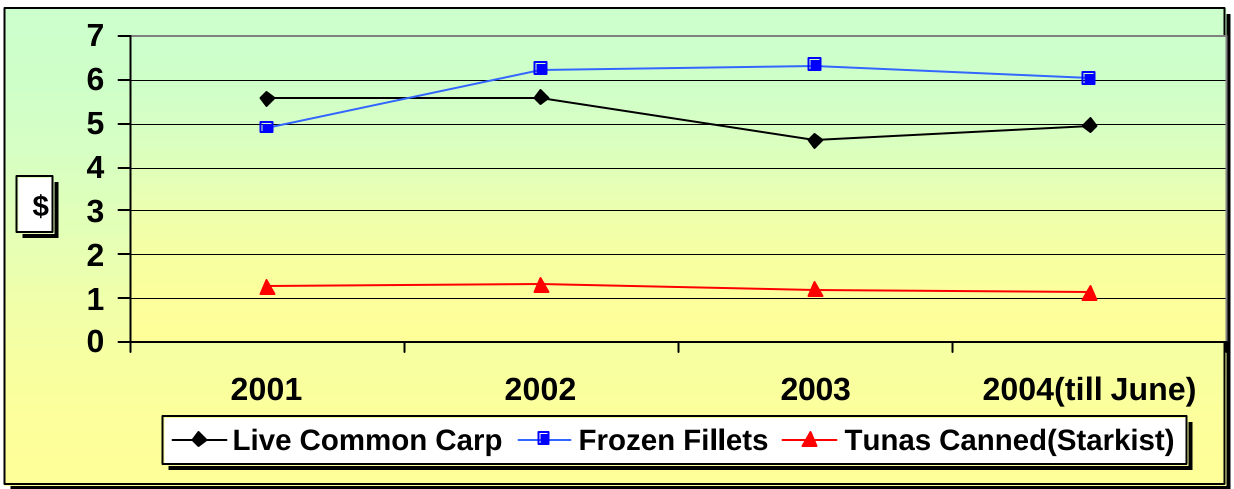
Household kind	Percent
1-3 Meals	27.3
4 Meals	24.6
More than 4 Meals	36.1
Don't Consume Seafood	12.0
Total	100.0

Source: Fish Growers Union Survey

Prices in Local Stores

The price of live carp experienced a decline in 2002 as a consequence of over production. There was an increase in production of 1,000 tons – a 16 percent increase over the previous year. The price for canned tuna has been flat and is not expected to change in 2005.

Chart 4: Annual Average Prices for Fishery Products in the Local Stores, CY In Nominal Terms, Live Carp and Frozen Fillets 1 kg, Tuna 170 g.



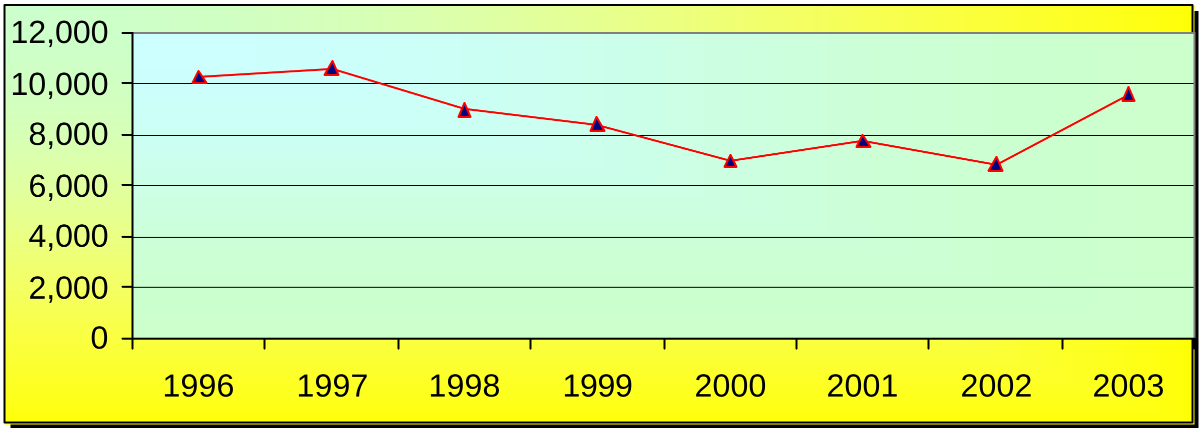
Source: Price Statistic Monthly, Different Years, CBS

Trade

Export

Fish exports have increased by 40 percent during the last year: from $6.8 million in CY 2002 to $9.5 million in CY 2003. Most of the exports are of ornamental fish. The EU is still the main market for Israeli fish receiving nearly 90 percent of all exports. In CY 2003 the U.S. market share for fish products totaled 4 percent, valued at $436,000. This is a 55 percent increase over 1999 sales figures. Exports are not expected to increase in CY 2004, and they will total approximately $10 million.

Chart 5: Fishery Products, Total Exports Value, $ Thousands, CY



Source: CBS, Foreign Trade Statistics, Different Years.

Table 11: Exports of Israeli Fishery Products, by Destination, CY, $ Thousands

	Value ($ Thousands)				% of Total Export			
Destination	**1999**	**2001**	**2002**	**2003**	**1999**	**2001**	**2002**	**2003**
France	1,678	1,372	906	1,195	19.98	17.73	13.30	12.50
Belgium	715	835	870	1,127	8.51	10.79	12.77	11.79
Netherlands	999	1,203	1,191	1,359	11.90	15.55	17.48	14.21
Italy	670	717	444	437	7.98	9.27	6.52	4.57
Germany	722	754	580	1,387	8.60	9.74	8.51	14.51
Spain	372	309	425	543	4.43	3.99	6.24	5.68
Portugal	291	241	182	223	3.47	3.11	2.67	2.33
Greece	117	59	86	186	1.39	0.76	1.26	1.95
Sweden	25	38	82	132	0.30	0.49	1.20	1.38
Denmark	231	265	199	276	2.75	3.42	2.92	2.89
U.K.	1,650	1,093	1,108	1,666	19.65	14.13	16.26	17.42
Other EU	18	27	53	46	0.21	0.35	0.78	0.48
Total EU	**7,488**	**6,913**	**6,126**	**8,577**	**89.16**	**89.34**	**89.90**	**89.70**
Norway+ Switzerland	11	24	46	133	0.13	0.31	0.68	1.39
Total West Europe	**7,499**	**6,937**	**6,172**	**8,710**	**89.30**	**89.65**	**90.58**	**91.09**
Poland	0	19	27	24	0.00	0.25	0.40	0.25
Other East Europe	199	12	33	16	2.37	0.16	0.48	0.17
Total East Europe	199	31	60	40	2.37	0.40	0.88	0.42
Total Europe	**7,698**	**6,968**	**6,232**	**8,750**	**91.66**	**90.05**	**91.46**	**91.51**
U.S.	281	157	186	436	3.35	2.03	2.73	4.56
Africa	98	144	60	130	1.17	1.86	0.88	1.36
Far East	33	109	5	12	0.39	1.41	0.07	0.13
Others	288	360	331	234	3.43	4.65	4.86	2.45
Total Out of Europe	**700**	**770**	**582**	**812**	**8.34**	**9.95**	**8.54**	**8.49**
Grand Total	**8,398**	**7,738**	**6,814**	**9,562**	**100.0**	**100.0**	**100.0**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years.

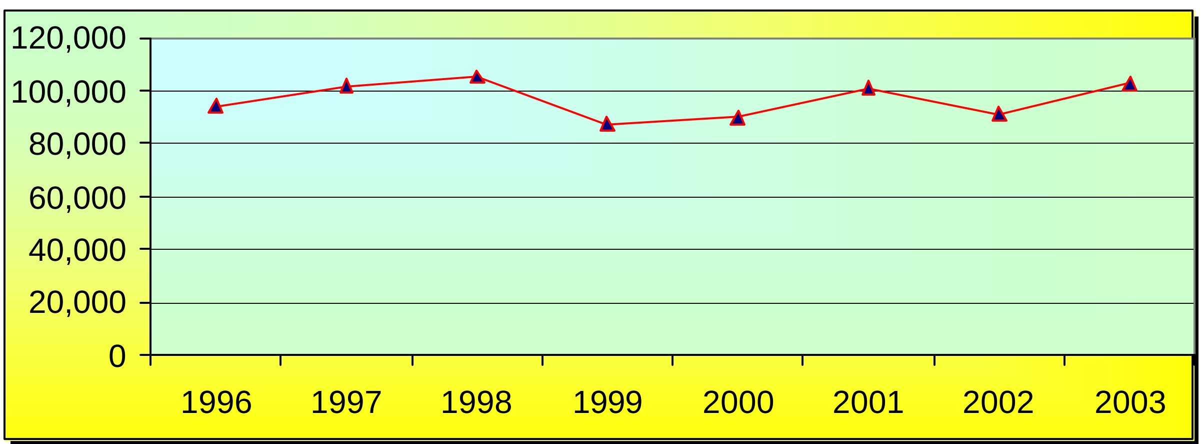
Imports

The total value of seafood imports in CY 2003 increased by 13 percent compared to the previous year. The largest seafood exporters to Israel are Norway (salmon), Kenya (frozen fillets) and Argentina (hake). Imports from those countries in CY 2003 totaled $102.8 million. During the last decade, about 60 percent of the total seafood consumed in Israel was from imports. In CY 2003, the U.S. market share for all seafood imports totaled nearly 2 percent, representing a value of $1.8 million, this is a 60 percent decrease from CY 1999.
The forecast for imports for the next few years is for further increases, reaching approximately 47,000 tons in CY 2006.

Business Opportunities in the Israeli Market

With the Euro getting stronger, it is likely that the demand for U.S. products will increase. Best opportunities for imported fish are during the period of Jewish holidays, Rosh Hashanah (New Year) and Succot (Feast of Tabernacles) – September and October and at Passover during April, when traditional meals include all kinds of fish. The fish processing industry will continue to increase in the next few years by 5 percent annually. Therefore there are opportunities for U.S. exporters. In addition, there is a high demand for quality seafood; shrimp, crab, lobster, calamari, shellfish, fillet, salmon and sushi. Due to the new agricultural agreement between the United States and Israel, there are tax-free quotas and tax reductions (see tables 13, 14). All in all, there are vast opportunities in Israel for U.S. seafood products.

Chart 6: Fishery Products, Total Imports Value, $ Thousands, CY



Source: CBS, Foreign Trade Statistics, Different Years.

Table 12: Imports of Fishery Products, by Origin, CY, $ Thousands

	Value ($ Thousands)				% of Total Import			
Destination	**1999**	**2001**	**2002**	**2003**	**1999**	**2001**	**2002**	**2003**
France	662	1,216	880	669	0.76	1.20	0.96	0.65
Netherlands	8,568	7,001	6,512	6,594	9.80	6.94	7.14	6.41
Germany	833	425	272	238	0.95	0.42	0.30	0.23
Spain	966	559	953	2,605	1.10	0.55	1.04	2.53
Portugal	161	52	89	199	0.18	0.05	0.10	0.19
Greece	67	445	859	718	0.08	0.44	0.94	0.70
Denmark	1,886	1,553	1,640	1,117	2.16	1.54	1.80	1.09
U.K.	2,417	1,396	1,877	1,066	2.76	1.38	2.06	1.04
Other EU	379	276	126	418	0.43	0.27	0.14	0.41
Total EU	**15,939**	**12,923**	**13,208**	**13,624**	**18.23**	**12.80**	**14.48**	**13.25**
Norway	21,579	22,546	22,669	27,430	24.68	22.34	24.85	26.67
Iceland	1,652	2,556	2,369	1,869	1.89	2.53	2.60	1.82
Total West Europe	**39,170**	**38,025**	**38,246**	**42,923**	**44.79**	**37.68**	**41.92**	**41.73**
Ukraine	168	176	247	276	0.19	0.17	0.27	0.27
Russia Federation	348	756	502	170	0.40	0.75	0.55	0.17
Hungary	0	412	105	0	0.00	0.41	0.11	0.00
Other East Europe	267	531	1,168	749	0.31	0.53	1.28	0.73
Total East Europe	783	1,875	2,022	1,195	0.90	1.86	2.22	1.16
Total Europe	**39,953**	**39,900**	**40,268**	**44,118**	**45.69**	**39.53**	**44.14**	**42.89**
U.S.	4,634	3,244	1,718	1,874	5.30	3.21	1.88	1.82
Canada	647	638	903	563	0.74	0.63	0.99	0.55
Uruguay	3,753	3,232	3,275	3,985	4.29	3.20	3.59	3.87
Argentina	10,624	9,092	7,092	8,042	12.15	9.01	7.77	7.82
Other S.America	965	1,525	1,810	1,936	1.10	1.51	1.98	1.88
Tanzania	1,172	2,539	4,794	3,050	1.34	2.52	5.25	2.97
Kenya	17,136	23,421	17,598	19,285	19.60	23.21	19.29	18.75
Other Africa	528	3,080	3,450	5,972	0.60	3.05	3.78	5.81
Vietnam	749	2,068	3,281	5,303	0.86	2.05	3.60	5.16
Singapore	2,834	3,754	2,177	1,387	3.24	3.72	2.39	1.35
Thailand	2,069	4,892	1,821	2,085	2.37	4.85	2.00	2.03
Other Asia	1,963	2,913	2,305	4,132	2.24	2.89	2.53	4.02
Oceania	422	630	744	721	0.48	0.62	0.82	0.70
Other	0	0	0	407	0.00	0.00	0.00	0.40
Total Out Side Europe	**47,496**	**61,028**	**50,968**	**58,742**	**54.31**	**60.47**	**55.86**	**57.11**
Grand Total	**87,449**	**100,928**	**91,236**	**102,860**	**100**	**100**	**100**	**100**

Source: CBS, Foreign Trade Statistics, Different Years.

Seafood Import Duties

In the free trade agreement signed between the U.S. and Israel, there are quotas for tax-free imports. In addition, U.S. exports face a smaller tax burden compared to the exports from other origins.

Table 13: Quantities for Tax Free Imports from the USA, Tons, CY

Codes	Short Description of Product	2004	2005	2006	2007	2008
0303	Fish frozen, not fillet, from fresh water	281	301	322	344	368
0303	Fish frozen, not fillet, from salt water	4,909	5,253	5,620	6,014	6,435
0306.1300	Shrimps & Prawns	50	50	50	50	50
0307.5000	Octopus and Calamari	40	40	40	40	40

Table 14: Tax Reduction Percentage for U.S. Exporters

Codes	Short Description of Product	U.S. Tax
0302.1100	Trout	12.75%+$756.52/ton
0304.1000	Fish, fillet or other parts, fresh or chilled	Exempt
0304.1020	Pacific Ocean Salmon, Atlantic and Danuba	Exempt
0304.1030	Trout fillet	Exempt
0304.1040	Tuna	8.7%+$774.32/ton
0304.1050	Fillet of Skipnack, Sardines, Mackerels	Exempt
0307.0000	Mollusks	13.05%+871.11

Import Procedure

New procedures for food import were published recently. Imported products were divided into two groups - regular and non-regular products. Fishery products are in the category of non-regular products. The procedures for the non-regular group are as follows:

Non-Regular Products:

Importation of these kinds of products requires the following procedures: 1) The importer must fill out an application that he is a qualified importer, and he declares that he or someone on his behalf has a warehouse for the purpose of storage; 2) A preliminary application for authorization to import food products, and a border station release application.
The following certificates are required for the purpose of releasing the food products from the border station:
a. original/copied official importer certificate.
b. original/copied food certificate.
c. shipment invoice.
d. gate pass certificate.
e. copy of the bill of lading and packing list.
f. copy of the import tax.

For further import regulations see Gain Report IS4014.

Annex 1: Names of Commercial Fish in Israel

Saltwater Fish	Freshwater Fish
Saddled bream	Galilee St. Peter's fish
Golden banded goatfish	Jordan St. Peter's fish
Lizard fish	Longhead barbel
Small barracuda	Large scale barbel
Barracuda	Barramundi
Hake	Damascus barbel
Bouge	Tristram tilapia
Bluefish	Rainbow trout
Sharks, Skates, Rays	Silver carp
Golden/White/Dusky grouper	Kinneret bleak
Pandora	Eal
Yellowfin tuna	Common carp
Little tunny	
Gilt sardine	
Horse mackerel	
Corb	
Pompano	
European sea bass	
Red mullet	
Red drum	
Meagre	
Common sole	
Rabbit fish	
Salema	
White bream	
Amber jack	
Bullet tuna	
Chub mackerel	
Common grey mullet	
Glodspot grey mullet	
Thinlipped grey mullet	
Striped bream	
Seabream	