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Israel

Exporter Guide

Annual

2004

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Report Highlights:
Israel has a population of approximately 6.8 million with an annual growth rate of 1.8 percent. Private annual consumption expenditure per household in 2003 totaled $27,037, of which 17 percent ($4,596) was for food. With regard to food purchases, Israelis are considered quality-oriented and are willing to pay a premium for quality food products.

Includes PSD Changes: No
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Tel Aviv [IS1]
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Section 1- Market Overview

Economic and Demographic Situation

Israel's population in 2004 totaled 6.8 million, of which 19 percent were Muslims and other minorities. The annual population growth rate was 1.8 percent; unemployment totaled 10.5 percent. Recently, the Central Bureau of Statistics (CBS), a government agency, had published preliminary statistics for 2004, an economic growth rate of 4.2 percent for 2004. Per capita gross domestic product (GDP) increased by 2.4 percent above the 2003 level of $16,800. Total consumption rose by 5.2 percent in 2004 boosted by a 15 percent increase in purchases of durable goods. Private annual consumption expenditure per household in 2003 totaled $27,037, of which 17 percent is for food (including fresh vegetables and fruits). The annual average per capita income stands at $18,600. Inflation levels, historically very high in Israel, have been brought down to one percent.

Israel receives generous economic and military assistance from the United States. In 2003, assistance totaled $2.7 billion, of which $600 million was for civilian economic assistance. Israel does not benefit directly from other types of U.S. development assistance but is a partner in regional U.S.– backed cooperation programs with Jordan, Egypt, and the Palestinians. Many of these regional cooperation projects deal with agriculture and water.

Since the beginning of the present political violence in the region, cooperation between Israel and the Palestinians has entered a state of hibernation, however Israel's commercial relationship with the United States has developed rapidly since the signing of the Israel Free Trade Area Agreement (FTAA) in 1985. Since 1995, nearly all tariffs on trade between the two countries have been eliminated. Israel also has free trade agreements with Canada, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Turkey, Mexico, and the European Union. Israel has a preferential trade arrangement with Jordan and a customs union with the Palestinian Authority. As a member of the World Trade Organization (WTO), Israel implemented the WTO Customs Valuation Agreement that required legislation to eliminate non-tariff barriers.

Consumer Buying & Eating Habits

When buying food, Israelis put a strong emphasis on quality and are ready to pay for quality food products. The Israeli consumer is acquainted with American products and wishes to have more of them available. During the last decade an increased share of consumers prefer to buy their products through supermarkets chains, instead of through the traditional channels of open markets and small grocery stores (see table 1).

Table 1: Monthly Household Consumption Expenditure, $, CY 2002

	Value	Percent
Consumption Expenditure - total	2,322	
Food - total	**383**	**100**
Bread, Cereals and Pastry Products	54	14
Vegetable Oils and Products	7	2
Meat and Poultry	63	16
Seafood	13	3
Milk, Milk Products and Eggs	56	15
Sugar and Products	13	3
Soft Drinks	19	5
Alcoholic Beverages	6	2
Miscellaneous Food Products	31	8
Fresh Vegetables & Fruits	54	14
Frozen & Pickled Vegetables	14	4
Dried Fruit	7	2
Fruit Juices, natural	2	1
Meals away from home	43	11

Source: Household Expenditure Survey, 2002, CBS.

Table 2: 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**
Bread, Cereals and Pastry Products	27.9	51.7	2.9	0.2	0.2	17.1
Vegetable Oils and Products	27.4	55.5	4.8	0.6	0.2	11.5
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
Milk, Milk Products and Eggs	35.8	57.5	2.4	0.3	0.1	3.9
Sugar and Products	27.3	54.9	3.9	0.4	0.1	13.4
Soft Drinks	37.9	53.0	2.7	0.3	0.0	6.1
Alcoholic Beverages	25.2	57.2	3.8	0.4	0.5	12.9
Miscelaneous Food Products	26.8	56.7	2.7	0.3	0.3	13.2
Fresh Vegetables & Fruits	8.7	32.7	28.1	28.2	0.1	2.2
Frozen & Pickled Vegetables	21.9	67.6	4.2	1.2	0.9	4.2
Dried Fruit	22.8	40.0	13.6	1.4	0.0	22.2

Source: Household Expenditure Survey, 2002, CBS.

Trade and the Market for U.S. Products and Services

Israel ranks twenty-first among the largest export markets in the world for all U.S. products and services. In 2003, approximately $17.42 billion in two-way trade was recorded. Although the European Union (EU) is Israel's largest trade partner, the United States is Israel's largest single country trade partner. In 2003, total imports were $34 billion, of which $5 billion (15.6 percent) were from the United States and $14 billion (40.8 percent) from the EU. According to Israeli statistics, in 2003 exports were $32 billion: $12 billion (37.5 percent) to the United States and $8 billion to the EU.

Agricultural imports from all over the world totaled $2.5 billion in 2003, 6 percent above previous year levels. Of total Agricultural imports, $489 million (20 percent) were from the U.S. and $930 million from the EU. Imports from the U.S. decreased by 10 percent compared to 2002. Israeli food and agricultural exports in 2003 totaled over $1 billion, of which $165 million (12.9 percent) were to the United States and $785 million to the EU.

In 1996, Israel and the United States signed a five-year Agreement on Trade in Agricultural Products (ATAP), in which Israel was allowed to protect a number of sensitive crop and livestock products with a combination of tariff-rate quotas and relatively high duties.

Table 3: Opportunities and Challenges for U.S. Exporters to Israel

Opportunities	Challenges
With the euro getting stronger, it is likely that the demand for U.S. products may increase.	Due to the long distance between the U.S. and Israel, the shipping costs are high.
There has been tremendous growth of food stores (supermarkets, grocery stores, 24-hour convenience stores), and restaurants.	The intensive competition from Eastern Europe , Turkey, Former Soviet Union, South America and the Far East. Products from those areas are cheaper then products from the U.S. and EU.
The Israeli consumer is acquainted with American products and wishes to have more of them here.	U.S. suppliers' interest in the Israeli market is still low.
Israel has the potential to be a "bridge" to the Palestinian Authority with its rapidly growing population and in the future, an increasing standard of living.	Political and security conditions in the region are not conclusive for marketing activities that highlight U.S. products.
New and improved agricultural trade agreement between the U.S. and Israel.	Many traders are unaware of new opportunities that exist.

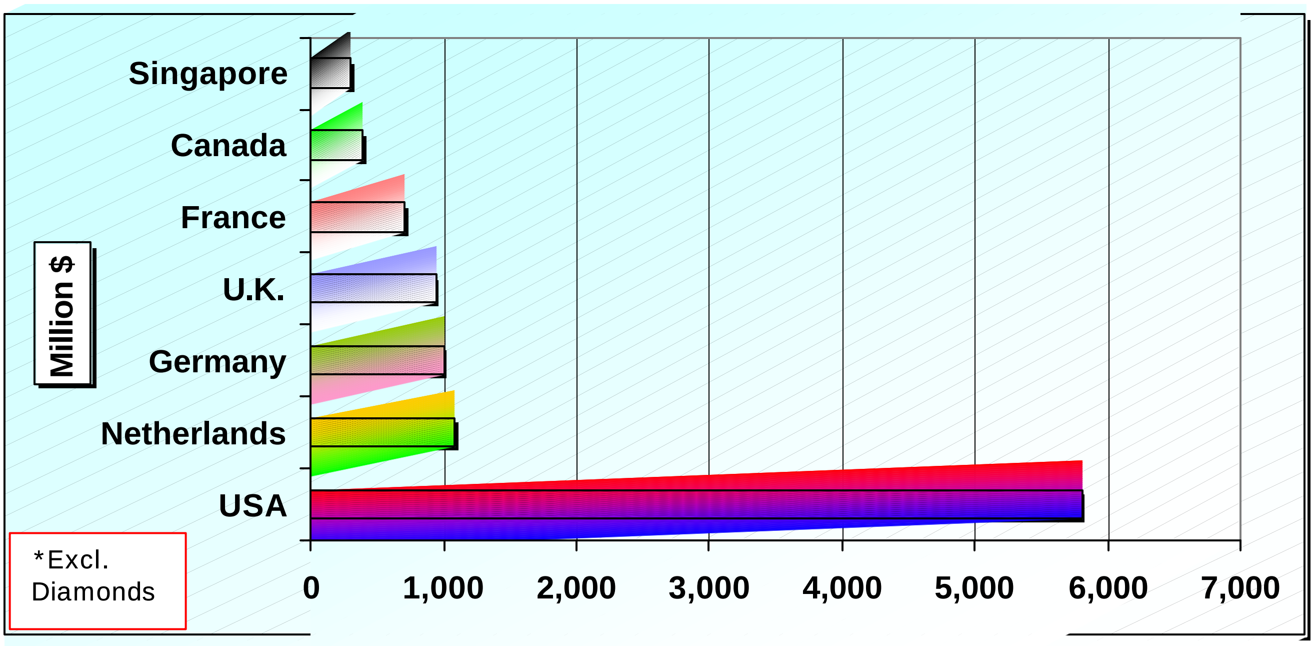
Table 4: Imports, by Regions[1], Million $

CY	Months	Total	EU	USA	Asia	Other
2003	**1-8**	17,333.6	7,147.0	3,217.9	2,653.1	4,315.6
2004	**1-8**	20,749.5	8,219.8	3,646.6	3,506.1	5,377.0
Percent Change		**+19.71%**	**+15.01%**	**+13.32%**	**+32.15%**	**+24.59%**

Source: Central Bureau of Statistics

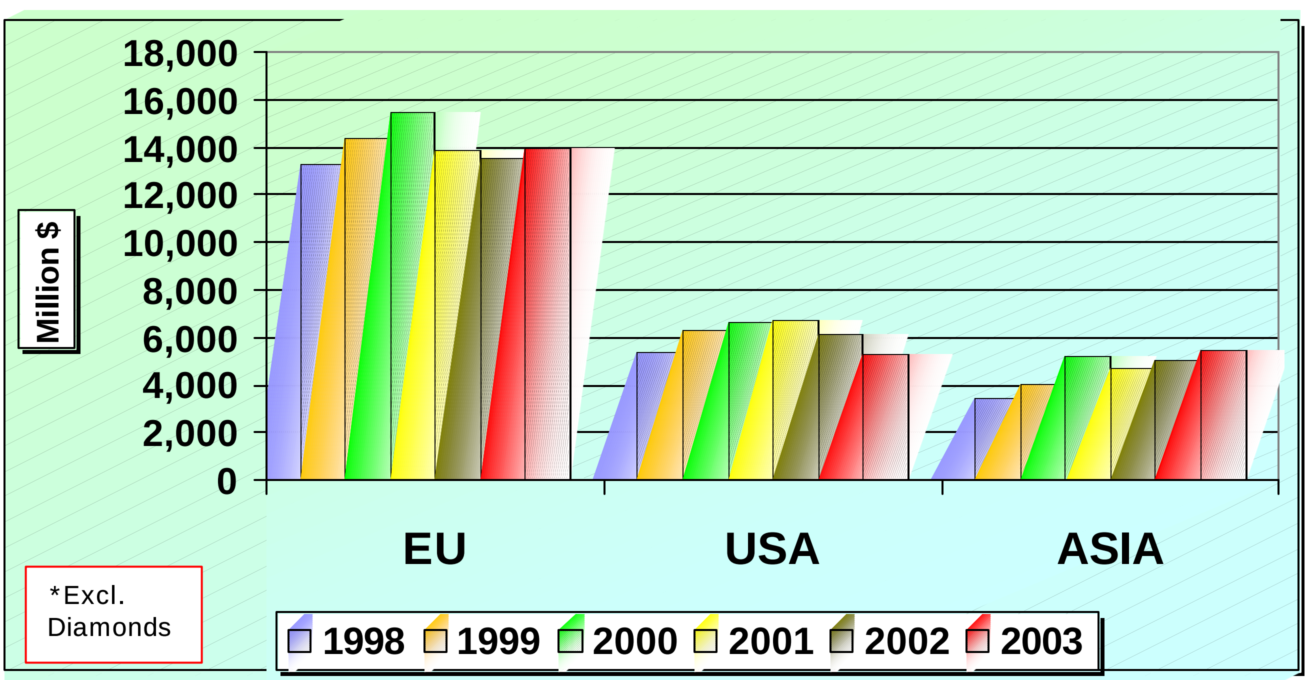
[1] Excl. diamonds

Chart 1: Imports, by Major Countries, CY 2003



Source: CBS, Foreign Trade Statistics, Different Years.

Chart 2: Imports by Regions, 1998-2003



Source: CBS, Foreign Trade Statistics, Different Years.

Section 2: Exporter Business Tips

Local Business Customs:

1. Customs Valuation and Taxes

Israel has implemented the WTO Customs Valuation Agreement, effectively eliminating most non-tariff barriers. Under WTO regulations, the basis for valuation is the transaction value, in most cases the CIF price.

2. Value Added Tax and Purchase Tax

Israel lowered the VAT to 17 percent on virtually all services and products sold in Israel (except fresh fruits and vegetables), including imports. The VAT on imports is levied on the CIF landed cost plus purchase tax. VAT is recovered by the importer upon resale of the goods and is ultimately paid by the consumer. Israel levies purchase taxes on many consumer goods. The GOI reduced or eliminated the tax on more than 600 items in 2000, including televisions, washing machines, electrical appliances and cosmetics. Rates that had ranged from 25-85 percent were reduced to 5-45 percent. Purchase taxes of up to 90 percent on motor vehicles, fuel, tobacco and liquor were left unchanged.

Consumer Taste and Preference

The food service industry is expanding and consumers' habits are changing.
Over the last few years, Israelis have begun to dine out more frequently and choose premium food when doing so. Approximately 20 percent of Israel's 6.8 million people are concentrated in the Tel Aviv District, Israel's commercial and financial center. Other major concentrations of the population are the Haifa area (15 percent), a major port city and center for the petrochemical industry, and Jerusalem (12 percent). While most companies are headquartered in the Tel Aviv or Haifa metropolitan areas, a growing number of firms maintain branches, showrooms, or service facilities in Jerusalem and Beer Sheva.

Consumer malls and shopping centers are popular in Israel. Over 200 malls exist and others are planned. Many American specialty shops, chain stores, and franchises have their outlets in malls and shopping centers. The key to success is offering an increasing variety of new products and services to the consumer.
The institutional services, including the army, hospitals, hotels, restaurants, celebrating halls and places of employment, take up 30 percent of the total market share (households and institutional). Over 50 percent of the total food supply directed at non-institutional consumers is sold through supermarkets and retail chains. Three major supermarket chains with hundreds of outlets throughout the country dominate the retail food market. The average floor size of a supermarket is 600 square meters. Some of the larger stores have areas of 1,000 - 2,000 square meters. Typical Middle Eastern-style open-air markets and small groceries serve the remainder part of the food market. In recent years, specialty food stores have developed in all of the main metropolitan centers.

Food Standards and Regulations

See Gain Report IS4014.

The Standards Institution of Israel (SII) is the agency responsible for the development of most product standards, compliance testing, and certification of products and industry

quality assurance systems. For further information, interested firms should contact: The Standards Institution of Israel, 42 Levanon Street, Tel Aviv 69977; Tel: 972-3-6465154; Fax: 972-3-6419683; E-mail: vered@sii.org.il.
It is the declared policy of the Government of Israel to adopt international standards wherever possible, and to implement mandatory standards related only to safety, health, and the environment. In practice, however, many products are still subject to mandatory standards some of which were designed to favor domestic producers over importers. As in the case of plywood, these local standards often specify terms of design rather than performance.

The Israel plywood standard effectively excludes most United States plywood from the market. Israel has not officially adopted ISO-9000 standards, although there is a growing preference for ISO-9000 standards among Israeli importers. This is especially important in the case of ingredients and raw materials destined for the production of export products.

The Government of Israel requires that food and health products be registered with the Ministry of Health before they can be sold in the country. FDA approval for food and health care products is not mandatory, but Israeli importers prefer it as it accelerates the product registration process and import license approval. Product registration normally takes from 4-6 weeks if all documentation is in order.

Another subject to be considered is the issue of kosher food. Kosher certification is not a legal requirement for importing food into Israel. However, non-kosher products have a much smaller market as the three big supermarkets in Israel and hotels refuse to carry them. Manufacturers who produce kosher products must be able to satisfy Israeli rabbinical supervisors that all ingredients and processes are kosher. According to the Law for Prevention of Fraud in Kashrut, only the Chief Rabbinate of Israel is authorized to determine and approve a product as kosher for consumption in Israel, or authorizes another supervisory body to act in its name. Here too United States products have an advantage as Israel's Chief Rabbinate recognizes the kashrut certification issued by many American rabbis. It is, however, quite simple for Israeli importers to send an Israeli rabbi to any supply source, thereby reducing the American advantage. In recent years, opportunity for non-kosher foods has been increasing as immigrants from the Former Soviet Union (FSU) make up a significant share of purchasing power (15 percent).

Import Procedure

New procedures for food import were published recently. Imported products are divided into two groups - regular and non-regular products. (see Annex 1 and 2)
The procedures for the two groups are as follows:

Importer Registration:

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. This procedure is used for the two kinds of products.

2. An importer of regular products has to fill out the following certificate: Importer Statement.

3. Following the importer certificates filing, he will receive an official importer certificate from the Israeli Food & Nutrition Services.

Product Registration:

1. Requires filing a preliminary application for authorization to import regular food products.

Non-Regular Products:

Importation of these kinds of products requires the following procedures:

1. See section 1- importer registration

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/copy official importer certificate
   b. original/copy 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

Import Licenses

All import licensing requirements for U.S. made consumer and industrial goods have been eliminated under the United States - Israel Free Trade Area Agreement (FTAA) of 1985 and World Trade Organization (WTO) agreements. Imported food items require the approval of the Ministry of Health's Food Control Administration, which is also responsible for approval of labeling and packaging. All plant material (including dried fruits and nuts) requires import approval from the Plant Protection and Inspection Service. Unprocessed and unpackaged imported meat must be licensed by the Israel Veterinary Services (IVS) and originate in a plant which has been certified as approved by the IVS. Packaged meat and poultry for retail sale are subject to licensing by the Food Control Administration of the Ministry of Health. Israel law requires that all meat and poultry imports be certified kosher by the Rabbinical Council of the Chief Rabbinate or a body authorized by the Council. As an exception, it is possible to import nonkosher beef offal. Israel's veterinary authorities ban imports of bone-in beef from countries where there is a danger of transmitting Foot and Mouth Disease (FMD) or Bovine Spongiform Encephaly (BSE), also known as the Mad Cow Disease.

General Tips for Exporters

- Consider participating in FAS Tel Aviv organized or sponsored events.
  FAS Tel Aviv normally participates in ISRAFOOD - An International Food & Beverages Exhibition in Tel Aviv for professionals of the catering and food wholesale, retail, restaurants, hotels, institutional and food shops. During the same time the HOTEX exhibition takes place – presenting food display and restaurant equipment. It is the largest trade exhibition of its kind in Israel. Israfood represents an excellent opportunity to present products to key food importers, distributors, retailers, wholesaler and processors. The trade show take place during the month of November.
- Communicate with potential importers of your product. Contact FAS Tel Aviv to obtain a list of local importers; Tel: 972-3-519-7588/7324/7686;
  Fax: 972-3-510-2565; E-mail: gilad.shachar@usda.gov; Yossi.barak@usda.gov; us_emb@netvision.net.il

Annex 1: Regular Products (may change in the future)

Group	Description	Group	Description
1. White Chocolate	1.1 White chocolate with additives (almond, raisin, etc.).	**6. Candies**	6.1 Pressed candies.
	1.2 White chocolate with cream.		6.2 Hard candies with flavors.
	1.3 White chocolate snack, with cream.		6.3 Hard candies filled with flavors.
	White chocolate candy, with cream.		6.4 Hard candies filled with chewing gum.
2. Milk Chocolate	2.1 Milk chocolate.		6.5 Toffee with flavors.
	2.2 Milk chocolate with additives (almond, raisins, etc.).		6.6 Toffee filled with flavors.
	2.3 Milk chocolate snack, with cream.	**7.**	Other confectionery
	2.4 Milk chocolate candy, with cream.	**8.**	Beverage flavors
	2.5 Milk chocolate with cream.	**9.**	Brown flavors
3. Acrid Chocolate	3.1 Acrid chocolate	**10.**	Dairy flavors
	3.2 Acrid chocolate with additives (almond, raisins, etc.)	**11.**	Fruit flavors
	3.3 Acrid chocolate snack, with cream.	**12.**	Meat flavors
	3.4 Acrid chocolate candy, with cream.	**13.**	Mint flavors
	3.5 Acrid chocolate with cream.	**14.**	Nuts flavors
4. Chewing Gum	4.1 Chewing gum with flavors	**15.**	Tobacco flavors
	4.2 Chewing gum filled in flavors	**16.**	Vanilla flavors
5. Confectionery	Starched candies	**17.**	Vegetables spices and herbs

Group	Description	Group	Description
18. Sugar	18.1 White sugar	**31. Wafers**	31.1 Regular wafers
	18.2 Brown sugar		31.2 Coated wafers
	18.3 Burnt sugar		31.3 Filled wafers
19.	Cocoa powder		31.4 Filled and coated wafers
20.	Mix for Ice cream (parve)	**32.**	Crackers
21.	Sweet spreads (like Nutella)	**33. Biscuits**	33.1 Regular biscuits
22. Chocolate for cooking	22.1 Regular Chocolate for cooking		31.2 Coated biscuits
	22.2 Chocolate for cooking with additions		31.3 Filled biscuits
	22.3 Chocolate for cooking with cream		31.4 Filled and coated biscuits
	22.4 Candy chocolate for cooking	**34. Pasta products**	34.1 Dried pasta, based on durum
	22.5 Snack chocolate for cooking		34.2 Dried pasta, based on wheat, without durum
23. Milk Chocolate for cooking	23.1 Milk Chocolate for cooking	**35. Starch**	35.1 Wheat starch
	23.2 Milk chocolate for cooking with additives		35.2 Corn starch
	23.3 Milk Chocolate for cooking with cream		35.3 Potato starch
	23.4 Candy milk chocolate for cooking	**36. Wheat and products**	Wheat, Wheat flour, Matzot flour, Matzot, Wheat products
	23.5 Snack milk chocolate for cooking	**37. Bread and products**	37.1 White bread
24.	Sweetening (like sorbitol)		37.2 Black bread
25.	Sweetening (like Aspartame)		37.2 Special bread
26.	Emulsifiers		37.3 Sabbath loaf, standard and sweet
27.	Emulsifying salts		37.4 Rolls and Bagels
28.	Firming agents		37.5 Muffins
29.	Flavor enhancers		37.6 Toasts
30.	Glazing agents		37.7 Croutons
			37.8 Pastry flakes
			37.9 Pitta (oriental bread)

Group	Description	Group	Description
38. Halvah	38.1 Sesame halvah	**52. Desserts and powder for desserts**	52.1 Pudding mix, without gelatin
	38.2 Sesame halvah with additives		52.2 Gels and powders
	38.3 Other halvah	**53. Processed fruit and vegetables**	53.1 Dried fruits
	38.4 Other coated halvah		53.2 Sweated fruits
39. Cookies	39.1 Regular cookies		53.3 Dried vegetables
	39.2 Filled cookies		53.4 Sweated vegetables
	39.3 Coated cookies	**54.**	54.1 Canned fruits in syrup
	39.4 Pizza	**55. Oiled / salted / vinegary vegetables and fruits**	55.1 Canned fruit and vegetables in vinegar
	39.5 Filled and coated cookies		Canned fruit and vegetables in salt
	39.6 Cakes		Canned fruit and vegetables in oil
40. Yeasts	40.1 Instant dried yeasts for baking	**56. Jams**	56.1 All kind of jams
	40.2 Other yeasts		56.2 Confiture
41.	Colors		56.3 Fruit dainty
42.	Flour treatment agents	**57. Sauces**	57.1 Vinegar
43.	Gelling agents		57.2 Vinegary sauces
44.	Modified starches	**58.**	Mustard
45.	Raising agents	**59.**	Fillings and coating for cakes
46.	Stabilizers	**60.**	Acidity regulators
47.	Enzymes	**61.**	Anti foaming agents
48. Non alcoholic beverages	48.1 soft drinks, carbonated	**62.**	Preservatives
	48.2 Soft drinks, non carbonated	**63.**	Propellants
49.	Beer, till 0.5% alcohol	**64. Snacks**	64.1 Snacks with potatoes
50. Syrup	50.1 Syrup with flavors		64.2 Snacks with cereals
	50.2 Fruit syrup		64.3 Snacks with rise
	50.3 Industrial syrup		64.4 Snacks with dried fruits
	50.4 Syrup for Ice cream, drinks.		64.5 Snacks with nuts
51.	Powders for making drinks		64.6 Snack with soy protein
			64.7 Granola snacks
			64.8 Snacks with corn

Group	Description	Group	Description
65.	Rice products	**84.**	Antioxidants
66.	Flavor and smell materials	**85.**	Acids
67. Coffee	Instant coffee, ground coffee	**86.**	Bulking agents
68.	Tea	**87.**	Foaming agents
69.	Beans: Cocoa, soy, coffee	**88.**	Thickeners
70.	Cereals flour, without wheat	**90. Juices and nectars**	90.1 Juices
71.	Dried soy products		90.2 Nectars
72.	Corn and products	**91. Concentrates**	From fruits
73. Spices	73.1 Mixed spices		
74. Fresh vegetables and fruits	74.1 Fresh fruits		
	74.2 Fresh vegetables		
75. Dried soups	75.1 Dried soups with noodles		
	75.2 Fried soups with rice.		
	75.3 Dried soups with vegetables		
76. Paste	Sesame oil (tahina), nut paste		
77. Dishes	77.1 Instant Noodles dish		
	77.2 Instant Rice dish		
	77.3 Instant cereals dish		
78. Potato products	Instant potato powder		
79. Oils	Vegetables oils		
80.	Attar Oils		
81.	Morning cereals		
82. Nuts and Seeds	82.1 All kinds of nuts		
	82.2 All kinds of seeds		
83.	Anti caking agents		

Annex 2: Sensitive Products (may change in the future)

Group
1. Milk products, and milk products substitutes (crops)
2. Meat and poultry products, and their substitutes (crops)
3. Fish products, and their substitutes (crops)
4 Food supplements: vitamins, minerals and herbs
5. Baby food
6. Eggs products
7. Canned food (under pH 4.5)
8. Gelatin products, including products that contain gelatin
9. Honey products
10. Other food products that have to be stored in low temperature
11. Mineral water
12. Mushroom products
13. Food that was exported, but was returned to Israel.
14. The food and nutrition services have the final decision if they think that other products are also sensitive

Section 3: Market Sector Structure and Trends

1. Retail Food Sector

In 2003, the retail food market was valued at $8 billion, of which 43 percent ($3.4 billion) belonged to the three major retail food-marketing chains. The traditional open markets capture only 9 percent ($738 million) of the food market. The private supermarkets (the "fourth chain") held 13 percent of market share, while grocery stores and minimarkets held 24 percent ($1.89 billion). Approximately 5,500 grocery stores and 1,700 minimarkets exist in Israel. Due to the intensive competition in the Israeli food sector, the grocery stores and minimarkets are operating at very small profit margins. More than 100 convenience stores, which are open 24 hours, were established in recent years. The food sector's growth in CY 2003 totaled 3 percent, and a further growth of 2-3 percent is expected in CY 2004.

Table 5: The Three Major Chains

Chain	No. of Stores in 2003	Commercial Area	Turnover in 2003	No. of Stores in 2004
Super Sol	165	3.6 million sq.ft.	$1.42 billion	162
Blue Square Coop	171	3.0 million sq.ft	$1.29 billion	157
ClubMarket	130	2.3 million sq.ft	Estimated at $700 million	122
Group Total	**466**	**8.9 million sq.ft**	**$3.4 billion**	**441**

Each of the major groups operates several brands of neighborhood supermarkets, superstores, discount units and full price shops. All stores stock only Kosher products. In the upcoming months, ClubMarket will open 20 new stores.
For further information, see Gain Report IS4010, Retail Food Sector.

Table 6: Other Supermarkets

Store	No. of Stores in 2004	Type of Store	Turnover in 2004
Tiv Taam	14	Non-Kosher/International	$289 million
Hatzi Hinam	4	Discount	$244 million
COOP Jerusalem	20	Kosher	$95 million
Rami Levi	7	Discount	$89 million
Birchat Haaretz	17	Kosher	$89 million
Yad Yizchak	3	Discount	$67 million
Victory	7	Discount	$56 million
Haviv	1	Discount	$49 million
Madanei Manya	4	Discount	$34 million
Metro Market	6	Kosher	$34 million
Grand Total	**63**		**$1.05 billion**

Over the last five years, several independent operators have opened “mini chains”.

2. HRI Sector

The Israeli HRI market is very complex and diverse. The food service is divided into two categories: commercial and institutional. The commercial sector is divided into subsectors: hotels and restaurants. The commercial sector comprised an estimated 650 hotels and hostels, 2,300 restaurants, more than 700 celebration halls, over 420 coffee shops and cafeterias, and about 114 pubs and bars. In Israel there are about 2,300 kiosks, with a market value of $1 billion annually. Fifty percent of the kiosks are located in central Israel.

The institutional food service companies include approximately 4,000 kitchens. The Israeli Defense Forces (IDF) is the largest institutional food consumer. It is estimated that the IDF alone consumes about 4 percent of all Israeli food through its purchasing channels. Currently the IDF is in the process of privatization of food supply chain (150,000 meals/day). The Israeli police force will join the IDF as a consumer in the project adding an additional 20,000 meals/day. Total revenue of the Israeli food trade is estimated at $7.07 billion and the HRI market is valued at $4.42 billion.

Tourism increased in 2004. One million people visited Israel between January and August 2004, bringing tourism to its highest levels since 2001. During the first eight months of 2004, entries into the country rose by 54 percent, compared to the same period in 2003. Dining outside the home is becoming more popular, and more people are going to restaurants for premium food, including seafood, and meat. The growth of the HRI sector is hard to determine due to the unstable political and security situation in Israel.

Section 4: Best High Value Products Prospects

Wine
Energy drinks
Soy food products
Frozen pizza
Morning cereals
Fish and Seafood products
Baby food
Crackers
Chilled vegetables
Vinegar and Olive oil
Dried fruits & Nuts
Intermediate products for further processing (whip toppings, corn and potato starch, milk powder, products for the baking industry)

Annex 3 and 4 describe the main agricultural and food imports to Israel.

Annex 3: Imports of Main Agricultural and Food Products

Product Category	2002		2003	
	Million $	**Percent**	**Million $**	**Percent**
Live animals	25.876	1.12	22.593	0.92
Meat & edible meat offal	124.986	5.41	118.271	4.83
Fish, crustaceans and mollusca	91.236	3.95	102.860	4.20
Dairy produce; eggs, natural honey; edible products of animal origin	24.235	1.05	25.295	1.03
Products of animal origin n.e.c	2.513	0.11	2.151	0.09
Live trees and other plants, bulbs, roots and other garden plants	7.649	0.33	8.405	0.34
Edible vegetables, roots and tubers	36.195	1.57	44.125	1.80
Edible fruits and nuts; peel of melons and other citrus fruit	73.213	3.17	82.271	3.36
Coffee, tea, mate and spices	41.249	1.79	44.193	1.80
Cereals	381.568	16.52	419.225	17.11
Products of milling industry; malt and starches; wheat gluten	42.823	1.85	50.247	2.05
Oil seeds, grains, fruits, industrial and medical plants. Straw and feed	206.674	8.95	222.230	9.07
Tree gum; resins, other vegetable saps and extracts	13.178	0.57	17.107	0.70
Vegetable plaiting materials; vegetable products n.e.c	4.576	0.20	4.323	0.18
Animal or vegetable fats and oils; animal or vegetable waxes	57.851	2.50	71.125	2.90
Preparation of meat, fish, or of other aquatic invertebrates	35.941	1.56	32.872	1.34
Sugar and sugar confectionery	156.843	6.79	158.689	6.48
Cocoa and cocoa preparations	60.000	2.60	71.983	2.94
Preparations of cereals, flour starch or milk; pastry products	81.538	3.53	84.927	3.47
Preparations of vegetable, fruits, nuts and other plants	107.334	4.65	105.922	4.32
Miscellaneous edible preparations	182.562	7.90	174.274	7.11
Alcoholic beverages and vinegar	74.664	3.23	78.885	3.22
Residues and waste from the food industries; prepared animal feed	66.554	2.88	72.429	2.96
Wood and articles if wood	269.613	11.67	293.560	11.98
Cotton	141.557	6.13	141.518	5.78
Grand total	**2,310.428**	**100.00**	**2,449.480**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years.

Annex 4: Imports from the USA of Main Agricultural and Food Products

Product Category	2002		2003	
	Million $	**Percent**	**Million $**	**Percent**
Live animals	3.119	0.57	2.792	0.57
Meat & edible meat offal	0.753	0.14	0.898	0.18
Fish, crustaceans and mollusca	1.718	0.32	1.874	0.38
Dairy produce; eggs, natural honey; edible products of animal origin	3.528	0.65	4.363	0.89
Products of animal origin n.e.c	0.378	0.07	0.352	0.07
Live trees and other plants, bulbs, roots and other garden plants	0.049	0.01	0.059	0.01
Edible vegetables, roots and tubers	2.531	0.46	3.173	0.65
Edible fruits and nuts; peel of melons and other citrus fruit	36.311	6.67	42.274	8.64
Coffee, tea, mate and spices	3.369	0.62	3.336	0.68
Cereals	157.691	28.97	139.558	28.51
Products of milling industry; malt and starches; wheat gluten	15.121	2.78	19.697	4.02
Oil seeds, grains, fruits, industrial and medical plants. Straw and feed	140.602	25.83	96.074	19.63
Tree gum; resins, other vegetable saps and extracts	1.537	0.28	3.020	0.62
Vegetable plaiting materials; vegetable products n.e.c	2.273	0.42	1.104	0.23
Animal or vegetable fats and oils; animal or vegetable waxes	5.837	1.07	4.764	0.97
Preparation of meat, fish, or of other aquatic invertebrates	6.038	1.11	3.752	0.77
Sugar and sugar confectionery	3.749	0.69	2.399	0.49
Cocoa and cocoa preparations	0.549	0.10	0.746	0.15
Preparations of cereals, flour starch or milk; pastry products	10.151	1.86	10.443	2.13
Preparations of vegetable, fruits, nuts and other plants	11.810	2.17	10.667	2.18
Miscellaneous edible preparations	91.928	16.89	87.738	17.93
Alcoholic beverages and vinegar	3.900	0.72	3.431	0.70
Residues and waste from the food industries; prepared animal feed	18.574	3.41	25.891	5.29
Wood and articles if wood	16.305	3.00	14.954	3.06
Cotton	6.489	1.19	6.095	1.25
Grand total	**544.310**	**100.00**	**489.454**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years.

Section 5: Key Contacts and Further Information

U.S. Mailing Address: AGRICULTURE UNIT 7228 BOX 3 APO AE 09830
Packages can weight no more than 70 pounds and must not be larger than 108 inch. Anything larger will be subject to a tariff.

Local Mailing address: Contact the Office of Agricultural Affairs in the U.S. Embassy in Tel Aviv. Contact: Tel: 972-3-5197588, Fax: 972-3-5102565, E-mail: us_emb@netvision.net.il

Yossi Barak, Agricultural Specialist
Office of Agricultural Affairs, U.S. Embassy
71 Hayarkon St. Tel Aviv 63903, Israel
Tel: 972-3-519-7686 Fax: 972-3-510-2565
E-mail: yossi.barak@usda.gov

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71 Hayarkon St. Tel Aviv 63903, Israel
Tel: 972-3-519-7324 Fax: 972-3-510-2565
E-mail: gilad.shachar@usda.gov

Food Control Service
Ministry of Health
12 Ha'arba'a St.
64739, Tel Aviv
Israel
Web site: http://www.health.gov.il/english/
Tel: 972-3-6270100
Fax: 972-3-5619549
Contact: Ms. Ruthy Shinberg: Tel: 972-3-6270107
Milk Products Import Specialist: Contact: Mr. Eli Gordon: Tel: 972-3-6270136

Israeli Veterinary Services.
Web Site: http://agri3.huji.ac.il/~yakobson/vetserv/index.html
Ministry of Agriculture
P.O. Box 12
50250, Bet Dagan
Israel
Contact: Dr. Moshe Chaimovich, Director. E-mail: cvo_vsah@moag.gov.il, mosheh@moag.gov.il
Tel : 972-3-9681614, 972-3-9690871
Fax: 972-3-9681641, 972-3-9681746

Import and Export Veterinary Division

Chief Import & Export Veterinary Officer Dr. Med. Vet. Roni Ozari

Tel: 972-3-9681649, Fax: 972-3-9605194. E-mail: ronio@moag.gov.il

Plant Protection & Inspection Service
P.O. Box 78
50250, Bet Dagan
Israel
Contact: Ms. Miriam Freund, Deputy Director
Tel : 972-3-9681561
Fax: 972-3-9681582
E-mail: miriamf@moag.gov.il

Standards Institution of Israel
42 H. Levanon St
69977, Tel Aviv
Israel
Web Site: http:// www.sii.org.il
General Information: E-mail: vered@sii.org.il
Tel : 972-3-6465154
Fax: 972-3-6419683

Major Newspapers and Business Journals
- English Language:
Ha'aretz (daily English version) http://www.haaretz.com
The Jerusalem Post (daily newspaper) http://www.jpost.com
Globes http://www.globes.co.il/serveen/
The Marker http://www.themarker.co.il/eng /

More Useful Web Sites

Bank of Israel - http://www.bankisrael.gov.il/firsteng.htm

Central Bureau of Statistics - http://www.cbs.gov.il/engindex.htm

The Agricultural Research Center of Israel - http://www.agri.gov.il/

Ministry of Agricultural and Rural Development - http://www.moag.gov.il/english/

Faculty of Agricultural, Food and Environmental Quality Sciences
http://www.agri.huji.ac.il/index-eng.html