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Israel

Oilseeds and Products

Annual

2005

Approved by:
Asif J. Chaudhry
U.S. Embassy, Cairo

Prepared by:
Gilad Shachar

Report Highlights:
In the first half of MY 2004 (October 2004 through March 2005), Israel saw a 3 percent decrease in soybean imports compared to the same period one-year ago (from 334 TMT to 323 TMT). The U.S. market share for soybeans decreased by 58 percent for the same time period. The forecast for MY 2004 is for a U.S. market share for soybeans of 27-30 percent. Imports of oil meals (all kinds of oil meal) in the first half of MY 2004 (October 2004 via March 2005) decreased by 29 percent compared to the same period in the previous year.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tel Aviv [IS1]
[IS]

Executive Summary

Israel is totally dependant on imports for its soybeans use. Data for the first half of MY 2004 show that soybean and oil meal (all kinds of oil meal) imports have decreased by 3 and 29 percent respectively, compared to the same period one year ago. In CY 2004, the U.S. market share for soybeans decreased by 70 percent (from 243 tmt to 72 tmt), and the U.S. market share for oil meals dropped by 76 percent (from 46 tmt to 20 tmt). In recent years, the American market share has been effected by increased imports of soybeans from Argentina and Brazil.

In CY 2004, local soy meal prices decreased compared to the previous year, dropping from $403/ton in March 2004 to $272/ton in March 2005 (a 32 percent decrease).
Recently, local grain millers and processing plants have shown a preference for imports of Hi-Pro 48 percent oil meals. There is also a growing demand for canola oil meal.

Oilseed, Soybean

Israel Oilseed, Soybean							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	70	50	77	40	77	40	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	494	570	600	590	0	625	(1000 MT)
MY Imp. from U.S.	152	163	300	165	0	175	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	564	620	677	630	77	665	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	472	560	570	570	0	600	(1000 MT)
Food Use Dom. Consump.	10	5	20	10	0	10	(1000 MT)
Feed,Seed,Waste Dm.Cn.	5	5	10	5	0	5	(1000 MT)
TOTAL Dom. Consumption	487	580	600	590	0	615	(1000 MT)
Ending Stocks	77	40	77	40	0	50	(1000 MT)
TOTAL DISTRIBUTION	564	620	677	630	0	665	(1000 MT)
Calendar Year Imports	0	597	0	553	0	575	(1000 MT)
Calendar Yr Imp. U.S.	0	243	0	72	0	120	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

In Israel, there is essentially no production of oilseeds for crushing. In CY 2004, Israeli production of sunflower seed for confectionery totaled 13,500 MT, of which 10,100 MT (75 percent) were exported, mainly to Spain. In CY 2004, 15,000 MT of peanuts were produced for confectionery, of which 8,300 MT (55 percent) were exported. A small quantity of sunflower seeds is grown as well. In CY 2004, the planted area for peanuts and sunflower totaled approximately 3,000 and 6,000 ha, respectively. In CY 2005, it is estimated that 8,000 ha will be planted for sunflower seed. All oilseeds for crushing are imported. This condition is not expected to change, as production for crushing is not economical due to Israel's serious water shortage. Neither the partial replenishment of water reserves during the recent years, nor the development of increased recycled water resources, will fundamentally change the situation for oilseeds production.

In CY 2003, total peanut and sunflower production value increased by 22 and 7 percent respectively, compared to the previous year (see tables 1-2).

Table 1: Peanuts Disposition, by Destination, $ Millions[1], Percent, Nominal Terms

CY	2002		2003	
	Value	Percent	Value	Percent
Local Markets	13.64	50.90	14.77	45.03
Delivery to Processors	2.18	8.13	2.36	7.20
Inter-Mediate Produce	0.94	3.51	0.72	2.19
Export	10.04	37.46	14.95	45.58
Grand Total	**26.80**	**100.0**	**32.80**	**100.0**

Source: Ministry of Agriculture and Rural Development, 2003 Annual Report.

Table 2: Sunflower Disposition, by Destination, $ Millions, Percent, Nominal Terms

CY	2002		2003	
	Value	Percent	Value	Percent
Local Markets	4.18	34.26	3.11	23.74
Delivery to Processors	0.00	0.00	0.00	0.00
Inter-Mediate Produce	0.20	1.64	0.22	1.60
Export	7.82	64.10	9.78	64.10
Grand Total	**12.2**	**100.0**	**13.1**	**100.0**

Source: Ministry of Agriculture and Rural Development, 2003 Annual Report.

Prices

In CY 2004, local price for sunflower seed was $1,350 per ton for premium quality, and $350/ton for second-class. It is estimated that prices in 2005 will be unchanged from CY 2004.

[1] Exchange Rate, 1 USA Dollar=4.4New Israeli Shekel.

Table 3: Producer Prices for Israeli Peanuts and Sunflower, CY, $ Per Ton, Real Terms (2003=100.0)

CY	Peanuts		Sunflower	
	Price Per Ton	Percent Change Compared to the Previous Year	Price Per Ton	Percent Change Compared to the Previous Year
2000	1,119.3		1,005.3	
2001	1,141.1	1.9%	813.5	-19.1%
2002	1,128.0	-1.1%	1,002.4	23.2%
2003	1,336.1	18.4%	969.5	-3.3%
Average Price	**1,181.1**		**947.6**	**1,181.1**

Source: Ministry of Agriculture and Rural Development, 2003 Annual Report.

Research and Development

Experiments with canola oil varieties conducted in CY 2003 showed the advantages of the "Rainbow" and "Monty" varieties (see table 4). The results were promising and experiments will continue.

Table 4: Yields by Varieties, Canola Oil Experiment, 2003

Varieties	Kg Per Ha	Origin
Rainbow	1,890	Australia
Monty	1,690	Australia
RGS 003	1,680	Italy
RWOO 8911	1,620	Italy
Quantom	1,550	Italy
Suprass-400	1,510	Australia
Mystic	1,410	Australia
SUPRASS-300	1,330	Australia
Average	**1,585**	

Source: Field Crops Journal, Israel, January 2004.

Consumption

The consumption of oilseeds, mainly soybeans, is derived from the demand for oil meals for livestock and poultry. Annual consumption of oilseeds by crushers is very close to total crushing capacity. Feed mix sales have increased by 3 percent: from 2,339 tmt in CY 2003 to 2,402 tmt in CY 2004. There is an increasing demand for soy based meat substitute foods for human consumption. In 2004, the local market value of such foods is estimated at $63.6 million. The market value has grown by 6 percent compared to the previous year and is expected to continue to grow in the next few years. It is estimated that fifty percent of the population in Israel consumes meat substitute food products (soy), although only 8 percent is vegetarian. In addition, the local market value for soymilk consumed in Israel is estimated at $27.3 million. Approximately 7 percent of the population consumes soymilk.

Processing Plants

Three soybean processing plants are active, down from four, three years ago. Solbar produces soy protein concentrate, textured soy products for industrial meat applications, vegetarian meat analogs, oils and animal feed. The oils and the animal feed products are delivered only to the local market. Until CY 2002, ninety percent of the total soybean imports originated from the U.S. However, since CY 2003 U.S. market share is decreasing and has reached as low as 20 percent of the total. At present, most soybean imports are from Brazil, and are GMO free. Solbar produces approximately 35 and 30 percent of local oil and oil meal, respectively. Almost 95 percent of the total soy proteins and soy isoflavones produced by Solbar are exported to Europe, China and other far-east countries, and their worldwide market share stands at 5 percent.

Table 5: Solbar's Main Markets, $ Thousand, in Nominal Terms, CY

Markets	2004	2003	2004 Percent Change Compared to 2003	2004 Market Share	2003 Market Share
Local Market	83,996.1	64,522.7	30%	62%	62%
Exports	50,931.2	39,957.9	27%	38%	38%
Total	**134,927.3**	**104,480.6**	**29%**	**100%**	**100%**
Oils Sector	36,068.2	27,965.2	29%	27%	27%
Oil Meals Sector	45,500.0	34,572.7	32%	34%	33%
Proteins Sector	53,359.1	41,942.7	27%	39%	40%
Total	**134,927.3**	**104,480.6**	**29%**	**100%**	**100%**

Source: Solbar Industries LTD.

Shemen Industries manufactures several types of edible oils, soybean meal, proteins and other high-value extracts. Shemen also imports soybean meals, corn oil, palm oil, cotton oil and olive oil in order to complete its line of products. The soybean is imported from Brazil, Argentina and the U.S. In CY 2004, Shemen imported nearly 260 tmt of soybeans. Annual value of sales is estimated at $137 million, of which 98 percent is from the local market. The company is the only manufacturer of sunflower and canola oils in Israel. Shemen produces approximately 40 percent of local oil and oil meal. In 2004, Shemen's soy products plant, SOYPROTEC, began to produce top-quality soy products from GMO-free beans. The plant produces soy isoflavones, soy protein concentrates, and textured soy protein. Soyprotec's annual full capacity stands at 15 tmt, however, in 2004 the plant produced only 4,500 MT (30 percent).

Table 6: Shemen's Main Markets, $ Thousand, in Nominal Terms, CY

Markets	2004	2003	2002	2004 Market Share	2003 Market Share
Oils Sector	18,658.2	17,059.8	13,807.0	20	23
Oil Meals Sector	68,859.1	55,550.2	46,481.4	76	76
Other (including Protein sector)	3,629.1	708.0	137.5	4	1
Total	**91,146.4**	**73,318.0**	**60,425.9**	**100**	**100**

Source: Shemen Industries LTD.

Table 7: Annual Local Soy Crushing Capacity, by Plants, CY 2004

Plant	Tons	Percent
1. Shemen	230,000	37
Of which: Soy-Protec	15,000	2
2. Solbar	247,000	40
3. Teth-Beth	144,000	23
Total	**621,000**	**100**

Trade

Exports

Total value of confectionery peanut exports has increased by 48 percent, from $10.0 million in CY 2002 to $14.9 million in CY 2003. Sixty two percent of Israeli confectionery peanuts are exported to Italy, and 32 percent are exported to Belgium and Germany.
Total value of sunflower exports for confectionery increased by 26 percent, from $7.8 million in CY 2002 to $9.8 million in CY 2003 (see tables 1,2). The Spanish share of Israeli sunflower seeds in CY 2003 increased by 4 percent compared to the previous year (from $10.2 million to $10.9 million).

Imports

As a result of a worldwide decrease in soybean prices in the second quarter of 2004, imports of soy meals increased, which resulted in a decrease in local soy meal production. In the first half of MY 2004 (October 2004 to March 2005), data show a 3 percent decrease in soybean imports, compared to the same period a year ago (from 334 tmt to 323 tmt). In the first half of MY 2004, data show was a 60 percent decrease in the U.S. market share for soybeans (from 160 tmt to 64 tmt - see tables 8-11). Soybean imports have decreased by 7 percent in CY 2004, from 596 tmt in CY 2003 to 554 tmt in CY 2004.

The decreased quantity of imports is mainly a result of lower demand from the local livestock sector, which remained stable in production volume but improved its feed conversion. In CY 2004, the U.S. market share for imported soybeans dropped by 68 percent compared to the previous year, from 243 tmt to 72 tmt. The drop in U.S. market share was a result of increased imports from Brazil, and Argentina. The forecast for MY 2004 is for total soybean imports of 570 tmt, of which the U.S. market share will stand at 27 percent.

Table 8: Feed and Grain Imports to Israel, MY[2], Thousand Metric Tons

MY	Soybeans	Gluten	Meals	Rapeseeds	Other Substitutes	Total Import
1998	636	87	126	72	22	943
1999	580	117	185	55	49	986
2000	617	132	124	67	51	991
2001	679	146	113	45	48	1,031
2002	580	152	111	37	26	906
2003	570	156	255	41	39	1,061
2003(till March)	334	72	111	16	21	554
2004 (till March)	323	50	79	14	8	474

Source: Ministry of Agriculture, Office of Prices and Supply

Table 9: Imports Share of Total Feed and Grains Import's Quantity, Percent, MY

MY	Soybeans	Gluten	Meals	Rapeseeds	Other Substitutes	Total Import
1998	67.44	9.23	13.36	7.64	2.33	100.0
1999	58.82	11.87	18.76	5.58	4.97	100.0
2000	62.26	13.32	12.51	6.76	5.15	100.0
2001	65.86	14.16	10.96	4.36	4.66	100.0
2002	64.02	16.78	12.25	4.08	2.87	100.0
2003	53.72	14.70	24.03	3.86	3.68	100.0
2004(till March)	68.14	10.55	16.67	2.95	1.69	100.0

Source: Ministry of Agriculture, Office of Prices and Supply

Table 10: U.S. Feed and Grain Imports to Israel, MY, Thousand Metric Tons

MY	Soybeans	Gluten	Meals	Rapeseeds	Other Substitutes	Total Import From the U.S.
1998	551	87	33	0	4	675
1999	574	117	69	0	22	782
2000	497	126	40	0	33	696
2001	530	127	23	0	32	712
2002	259	148	36	0	10	453
2003	163	149	35	8	17	372
2003(till March)	160	65	27	8	13	273
2004(till March)	64	50	5	0	3	122

Source: Ministry of Agriculture, Office of Prices and Supply

[2] October through September.

Table 11: U.S. Share of Total Imports (Percent)

MY	Soybeans	Gluten	Meals	Rapeseeds	Other Substitutes	Total Import From the U.S.
1998	86.64	100.00	26.19	0.00	18.18	71.58
1999	98.97	100.00	37.30	0.00	44.90	79.31
2000	80.55	95.45	32.26	0.00	64.71	70.23
2001	78.06	86.99	20.35	0.00	66.67	69.06
2002	44.66	97.37	32.43	0.00	38.46	50.00
2003	28.60	95.51	13.73	19.51	43.59	35.06
2003(till March)	47.90	90.28	24.32	50.00	61.90	49.28
2004(till March)	19.81	100.00	6.33	0.00	37.50	25.74

Source: Ministry of Agriculture, Office of Prices and Supply

Import Trade Matrix, Soybean

The following table summarizes Israeli soybean imports.

Import Trade Matrix Israel Oilseed, Soybean (TMT) Time Period: CY			
Imports for:	**2003**		**2004**
U.S.	243	U.S.	72
Others	354	Others	481
Grand Total	597	Grand Total	553

Implications for U.S. Exporters

Due to the high price of American soybeans compared to Argentinean and Brazilian soybeans, and the superior quality of the Argentinean and Brazilian soybeans, the U.S. share of soybeans is expected to remain stable or even decrease slightly in CY 2005.
A growth opportunity exists for U.S. exporters in the export of soybean substitutes (gluten, sunflower, flour fish and other substitutes).

Oil Meals

Israel Meal, Soybean							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Crush	472	577	570	590	0	600	(1000 MT)
Extr. Rate, 999.9999	0.792373	0.795494	0.792982	0.79322	0	0.793333	(PERCENT)
Beginning Stocks	5	5	0	5	0	5	(1000 MT)
Production	374	459	452	468	0	476	(1000 MT)
MY Imports	94	60	90	72	0	80	(1000 MT)
MY Imp. from U.S.	28	23	45	35	0	40	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	473	524	542	545	0	561	(1000 MT)
MY Exports	1	0	1	0	0	0	(1000 MT)
MY Exp. to the EC	1	0	1	0	0	0	(1000 MT)
Industrial Dom. Consum	1	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	471	519	541	540	0	556	(1000 MT)
TOTAL Dom. Consumption	472	519	541	540	0	556	(1000 MT)
Ending Stocks	0	5	0	5	0	5	(1000 MT)
TOTAL DISTRIBUTION	473	524	542	545	0	561	(1000 MT)
Calendar Year Imports	0	55	0	60	0	65	(1000 MT)
Calendar Yr Imp. U.S.	0	17	0	20	0	25	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

Oil meal production is geared toward livestock consumption mainly poultry. It is limited by crushing capacity and complemented by imports. Israeli crushers can produce 44 and 48 percent soy meal. However, the local crushing plants cannot satisfy the growing demand for Hi-Pro 48 percent meal. The shortage is satisfied by imports. Only broilers and calves are being fed with the 48 percent meal. The local capacity of oil meal stands at 500 tmt, of which 80 percent are 44 percent soy meal and the reminder is 48 percent soy meal (peeled soybeans). However, local consumption is estimated at 600 tmt. Shemen and Solbar produce approximately 18 and 13 tmt of oil meal per month, respectively. The rest is produced by the Teth-Beth company (11 tmt per month). Recently, there has been an increasing demand for

canola oil meal. In addition, Solbar produces corn meal. At present, Solbar and Shemen are the only local producers of Hi-Pro 48 percent soy meal (peeled soybeans). Shemen has invested $1.6 million in a new plant that produces Hi-Pro 48 percent soy meal (peeled soybeans). The equipment for the new facility was imported from the United States. The plant began production at the end of 2004.

Soybean Meal Prices

In CY 2004, prices for soy meal in Israel decreased significantly. The decrease in prices was dictated by the price of soybeans on the Chicago Board of Trade (CBOT). From March 2004 through March 2005, soy meal prices decreased by 32 percent.

Table 12: Monthly Average Price for Soy Meals, and Feed Mix, ($ Per Ton)

Months	Soy Meals	Percent Change Compared to Previous Month	Feed Mix For Broilers	Percent Change Compared to Previous Month	Feed Mix For Cattle	Percent Change Compared to Previous Month
3/2004	403.1		322.2		237.6	
4/2004	434.4	7.76	332.5	3.20	248.6	4.63
5/2004	419.3	-3.48	339.1	1.98	251.6	1.21
6/2004	410.2	-2.17	338.9	-0.06	251.6	0.00
7/2004	386.5	-5.78	317.8	-6.23	236.7	-5.92
8/2004	371.7	-3.83	313.6	-1.32	230.1	-2.79
9/2004	312.0	-16.06	300.5	-4.18	220.5	-4.17
10/2004	270.7	-13.24	284.2	-5.42	209.7	-4.90
11/2004	264.4	-2.33	284.0	-0.07	212.1	1.14
12/2004	258.8	-2.12	282.5	-0.53	207.6	-2.12
1/2005	264.6	2.24	278.4	-1.45	205.1	-1.20
2/2005	262.3	-0.87	276.9	-0.54	202.6	-1.21
3/2005	272.1	3.74	279.3	0.87	201.6	-0.49
Average Price	**333.1**		**303.8**		**224.3**	
3/2005 Percent Change Compared to 3/2004	**-32.5%**		**-13.3%**		**-15.1%**	

Source: Agricultural Statistics Quarterly, Israel.

Table 13: Sales[3] of Feed Mix, by Type, Thousand of Tons, CY

CY	For Cattle	For Poultry					For Sheep, Goats and Other Livestock	Grand Total
		Broilers	Layers	Turkeys	Other	Total		
2000	450.3	686.5	308.0	382.6	151.3	1,528.4	221.2	2,199.9
2001	459.8	744.0	299.0	389.4	149.0	1,581.4	273.4	2,314.6
2002	473.1	733.6	295.1	347.3	150.0	1,526.0	291.7	2,290.8
2003	490.0	723.1	306.8	329.7	174.2	1,533.8	315.0	2,338.8
2004	507.7	786.6	311.2	316.9	161.7	1,576.4	318.0	2,402.1

Source: Agricultural Statistics Quarterly, Israel.

Table 14: Feed Mix Share Out of Total Feed Mix Quantity, Percent, CY

CY	For Cattle	For Poultry					For Sheep, Goats and Other Livestock	Grand Total
		Broilers	Layers	Turkeys	Other	Total		
2000	20.5	31.2	14.0	17.4	6.9	69.5	10.1	100.0
2001	19.9	32.1	12.9	16.8	6.4	68.3	11.8	100.0
2002	20.7	32.0	12.9	15.2	6.5	66.6	12.7	100.0
2003	21.0	30.9	13.1	14.1	7.4	65.5	13.5	100.0
2004	21.1	32.7	13.0	13.2	6.7	65.6	13.2	100.0

Source: Agricultural Statistics Quarterly, Israel.

Trade

Exports

No exports of oilseeds or feed were recorded in 2004. Approximately 7-10 percent of Israeli feed mix sales are to the Palestinian Authority (PA), mainly for poultry, sheep and goats.

Imports

At present, Israeli companies import 48 percent soy meal (peeled soybeans). Oil meals (of all kinds) imports during October 2004 through March 2005 were 29 percent lower than in the same period in the previous year. In 2004, there was a worldwide decrease in oil meals prices, imports of oil meals increased mainly from South America, and due to that, demand for local oil meals decreased in the third quarter of 2004.
The U.S. market share for imported oil meals (from October 2004 thru March 2005) decreased by 80 percent compared to the same period in previous year (see table 10,11). Due to the improved quality of Brazilian and Argentinean meals and the higher price of American meals, the U.S. share of oil meals is expected to remain stable or even decrease slightly in MY 2005.

Import Trade Matrix, Meal, Soybean

The following table summarizes Israeli soybean meal imports.

[3] Including sales to Palestinian Authority, estimated at about 7 percent. Excluding sales by feeding centers.

Import Trade Matrix Israel Meal, Oil (TMT) Time Period: CY			
Imports for:	**2003**		**2004**
U.S.	25	U.S.	20
Total for Others	25	Total for Others	40
Grand Total	50	Grand Total	60

Trade Policy

Current tariffs are valid through August 6, 2005. The government is considering a possible reduction to be implemented after this date.

Table 15: Tariffs on Oils and Soy Meals, Percent

	Soy oil, Sunflower oil and Canola oil		Other Oils		Soy Meal	
Starting from	U.S. E.U	Other Countries	U.S. E.U	Other Countries	U.S. E.U	Other Countries
8/29/2001	4.5	7.5	-	-	5.5	9.2
8/6/2003	4	7	-	-	4.5	7.5

Source: Shemen Industries LTD.

Implications for U.S. exporters

Recently, there has been a growing demand for canola oil meal and fish flour. Local grain millers and processing plants prefer to import more Hi-Pro oil meals instead of soybeans as an ingredient for oil meals.

Vegetable Oils

PSD Table Israel Oil, Soybean							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Crush	472	577	570	590	0	600	(1000 MT)
Extr. Rate, 999.9999	0.180085	0.17331	0.180702	0.186441	0	0.188333	(PERCENT)
Beginning Stocks	20	10	12	9	17	5	(1000 MT)
Production	85	100	103	110	0	113	(1000 MT)
MY Imports	10	10	10	11	0	12	(1000 MT)
MY Imp. from U.S.	1	0	1	0	0	0	(1000 MT)
MY Imp. from the EC	5	5	5	0	0	0	(1000 MT)
TOTAL SUPPLY	120	120	125	130	17	130	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	40	50	43	57	0	60	(1000 MT)
Food Use Dom. Consump.	60	60	62	67	0	69	(1000 MT)
Feed Waste Dom. Consum	3	1	3	1	0	0	(1000 MT)
TOTAL Dom. Consumption	103	111	108	125	0	128	(1000 MT)
Ending Stocks	12	9	17	5	0	2	(1000 MT)
TOTAL DISTRIBUTION	115	120	125	130	0	130	(1000 MT)
Calendar Year Imports	10	8	10	9	0	10	(1000 MT)
Calendar Yr Imp. U.S.	1	1	1	1	0	1	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

Soy, corn, canola, olive, rapeseed and sunflower oils are all produced in Israel. Vegetable oils are also imported as crude and refined domestically – both by crushers and by large manufactures of margarine, snacks and other food. Approximately 90 percent of local consumption is from local production, and the remainder is imports. About 90 percent of total local oil consumption is of soy oil. Currently, there are 3 producers of soy oil (Shemen, Solber and Teth-Beth). In addition, Solbar produces corn oil. There are 2 main markets for oil: the industrial sector and households. Soy oil is the most demanded oil for the industrial

sector. It is estimated that production for the industrial sector is approximately 80 tmt per year (excluding Judah, Samaria and Gaza strip), of which 21.6 tmt (27 percent) is produced by Shemen. Solbar and Teth-Beth produce the remainder. Local oil's production for households is estimated at 86 tmt per year, of which 41.3 tmt (48 percent) is produced by Shemen, and the remainder is produced by others.

Olive Oil Market

In CY 2004, 20,000 hectares of olives were planted, of which 18,000 ha (90 percent) were for oil, and the remainder was for fresh consumption. Most of the planted area is in the Arab sector, in the northern parts of Israel. However, in recent years, Jews began to grow olives for oil, and due to that, the planted area increased by 1,500 ha. There are approximately 210 producers of olive oil in Israel.

In CY 2004, olive oil production totaled approximately 7,000 MT, of which 5,500 MT (79 percent) were from the Arab sector, and the rest was produced in the Jewish sector. In 2004, annual local olive oil consumption was approximately 15,000 MT, of which 7,000 MT (47 percent) were produced locally, and the remainder was imported, mainly from Mediterranean countries. Annual olive oil consumption is estimated at 2.2 liters per capita. From 1996 through 2004, olive oil consumption increased by 142 percent (from 7,000 MT to 15,000 MT), and it is expected to continue to grow 6 percent annually in the next few years. The driving force behind this growth is the health trend in recent years and intensive market promotion by the Israeli Olive Board. Approximately 86 percent of the population in Israel consumes olive oil, valued at $27.3 annually.

Margarine Market

There are three producers of margarine in Israel, Unilever (the biggest), Olivia, and Shemen. The margarine market is valued at $45.5 million (in consumer prices), of which margarine for spreading is $25 million (55 percent), and the remainder is for baking ($20.5 million).

Consumption and Household Expenditure on Vegetables Oils

Consumption of vegetables oil has increased significantly in recent years, especially olive oil. This trend is expected to continue in the future. The high growth rate is mainly explained by rapid growth of snack and fast food industries. According to the Household Expenditure Survey for 2003, the monthly average expenditure for vegetable oils and products totaled $7.70, 15 percent higher than in 2001. Of the total vegetable oils expenditure, soya oil accounted for $2.50. This is 38 percent higher compared to 2001.

Table 16: Annual Local Consumption Per Capita, Oilseeds Products, Kg

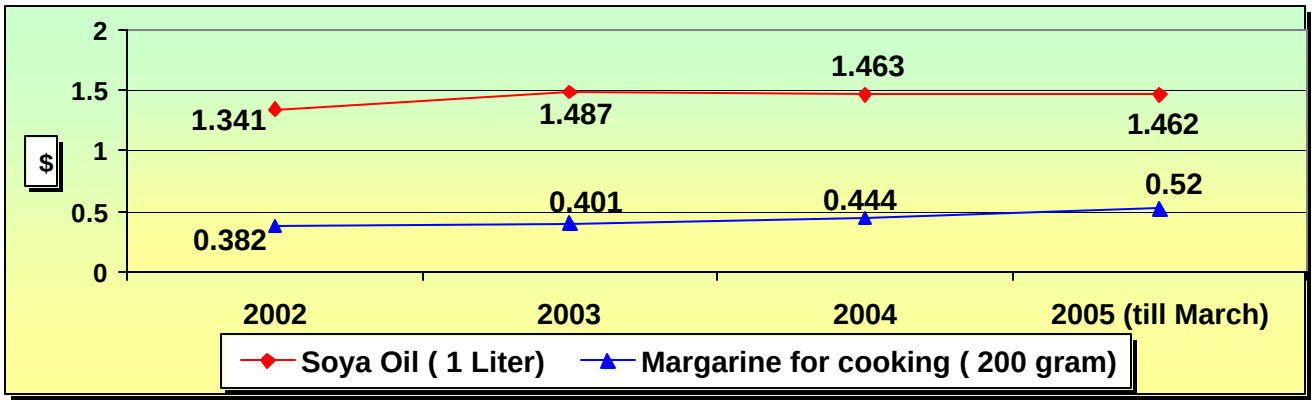
CY	Vegetable oils, refined	Nuts	Sesame, Peanuts and Sunflower	Butter
2003	28.2	2.7	6.9	0.7

Source: CBS, Statistical Abstract of Israel, 2004

Prices

Crushers use the price of oil to compensate for the lower price of protein meal, which is dictated by direct importation by local feed millers. In the long-term, the price of soybean meals and oils is dictated by the CBOT price for soybeans; in the short-term component prices change according to market demand and supply. Local annual average retail prices for soy oil in CY 2003 increased by 10.9 percent compared to the previous year (see chart 4).

Chart 1: Annual Average Retailer Price, Nominal Terms, $, CY



Source: Price Statistic Monthly, Different Years, CBS.

Trade

Imports

In CY 2003, total value of vegetable oil product imports was 45 percent higher than in CY 2002, rising from $34.15 million to $49.54 million. In CY 2004, oil imports represented approximately 10 percent of local oil consumption. Most purchases are based on spot transactions in the international market and not on long-term contracts.

Other Oils

In CY 2003, other oil imports included palm oil in its various forms, $12 million mainly from Singapore (43 percent). The palm oil imports during CY 2003 had increased by 43 percent compared to the previous year. The sunflower and safflower imports in CY 2003 totaled $6.1 million, 83 percent higher than in the previous year, mainly from Argentina (44 percent)

Table 17: Imports of Soybean Oil and its Derivatives, whether or not refined, but Not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)		% of Total Imports	
Origin	**2002**	**2003**	**2002**	**2003**
France	1,036	1,683	23.49	15.43
Belgium	175	123	3.97	1.13
Netherlands	116	228	2.63	2.09
Portugal	0	74	0.00	0.68
Greece	1,197	3,864	27.14	35.43
Switzerland	1,281	1,291	29.04	11.84
Other Europe	3	6	0.07	0.06
Total Europe	**3,808**	**7,269**	**86.33**	**66.66**
U.S.	1	981	0.02	9.00
Argentina	602	2,655	13.65	24.35
Other	0	0	0.00	0.00
Total Out of Europe	**603**	**3,636**	**13.67**	**33.34**
Grand Total	**4,411**	**10,905**	**100.00**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years

Table 18: Imports of Palm Oil and its Derivatives, whether or not refined, but Not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)		% of Total Imports	
Origin	**2002**	**2003**	**2002**	**2003**
Austria	0	526	0.00	4.37
Germany	3	858	0.04	7.13
Netherlands	15	368	0.18	3.06
Switzerland	3,803	1,847	45.27	15.36
Other Europe	20	1	0.24	0.01
Total Europe	**3,841**	**3,600**	**45.72**	**29.93**
Malaysia	465	3,211	5.54	26.70
Singapore	3,947	5,214	46.98	43.35
Other	148	2	1.76	0.02
Total Out of Europe	**4,560**	**8,427**	**54.28**	**70.07**
Grand Total	**8,401**	**12,027**	**100.00**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years.

Note: Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". Netherlands and Switzerland, which are large trading centers, appear in Israel's statistics as suppliers of all kinds of oil, when actually only brokers are located there.

Table 19: Imports of Olive Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)		% of Total Imports	
Origin	**2002**	**2003**	**2002**	**2003**
France	103	89	1.43	1.35
Germany	23	13	0.32	0.20
Italy	442	276	6.14	4.20
Spain	4,563	3,084	63.37	46.94
Greece	73	48	1.01	0.73
Turkey	532	48	7.39	0.73
Other Europe	1	150	0.01	2.28
Total Europe	**5,737**	**3,708**	**79.67**	**56.44**
U.S.	7	15	0.10	0.23
Egypt	400	584	5.55	8.89
Jordan	1,057	2,263	14.68	34.44
Total Out of Europe	**1,464**	**2,862**	**20.33**	**43.56**
Grand Total	**7,201**	**6,570**	**100.00**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years.

Table 20: Imports of Corn Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)		% of Total Imports	
Origin	**2002**	**2003**	**2002**	**2003**
Cyprus	147	0	11.38	0.00
Belgium	18	0	1.39	0.00
France	56	0	4.33	0.00
Turkey	215	10	16.64	0.53
Netherlands	95	65	7.35	3.47
Other Europe	23	425	1.78	22.69
Total Europe	**554**	**500**	**42.88**	**26.70**
U.S.	**694**	**1,229**	**53.72**	**65.62**
Argentina	44	67	3.41	3.58
Other	0	77	0.00	4.11
Total Out of Europe	**738**	**1,373**	**57.12**	**73.30**
Grand Total	**1,292**	**1,873**	**100.00**	**100.00**

Source: CBS, Foreign Trade Statistics, Different Years.

Exports

In CY 2003, the total value of vegetable oil exports was 22 percent lower than 2002, dropping from $2.31 million to $1.81 million. The decrease is mainly a result of decreased exports of soybean oil.

Table 21: Exports of Olive Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Destination, CY, $ Thousands and percent

	Value ($ Thousands)			% of Total Imports		
Destination	**2001**	**2002**	**2003**	**2001**	**2002**	**2003**
Germany	44	0	4	22.45	0.00	0.84
Belgium	17	0	0	8.67	0.00	0.00
Italy	30	21	1	15.31	12.43	0.21
U.K.	3	10	1	1.53	5.92	0.21
Switzerland	0	17	3	0.00	10.06	0.63
Other West Europe	1	8	12	0.51	4.73	2.52
Russia	0	29	110	0.00	17.16	23.06
Total Europe	**95**	**85**	**131**	**48.47**	**50.30**	**27.46**
U.S.	**38**	**43**	**263**	**19.39**	**25.44**	**55.14**
Japan	29	23	40	14.80	13.61	8.39
Thailand	12	0	2	6.12	0.00	0.42
Other	22	18	41	11.22	10.65	8.60
Total Out of Europe	**101**	**84**	**346**	**51.53**	**49.70**	**72.54**
Grand Total	**196**	**169**	**477**	**100.0**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years.