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Israel

EXPORTER GUIDE ANNUAL

Annual Report

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Report Highlights:

Israel is a net food importer. It is a strong market for U.S. agricultural exports, such as grains, oilseeds, dried fruits and prepared food products. The current exchange rate of the U.S. dollar versus the euro, which continues to favor U.S. sales, combined with the expected GDP growth for Israel in 2010 and the Agreement on Trade in Agricultural Products (ATAP) between the U.S. and Israel, offer good opportunities for American agricultural and food products in Israel. Agricultural and food imports in 2008 from the U.S. increased by 33 percent to \$628 million.

Post:

Tel Aviv

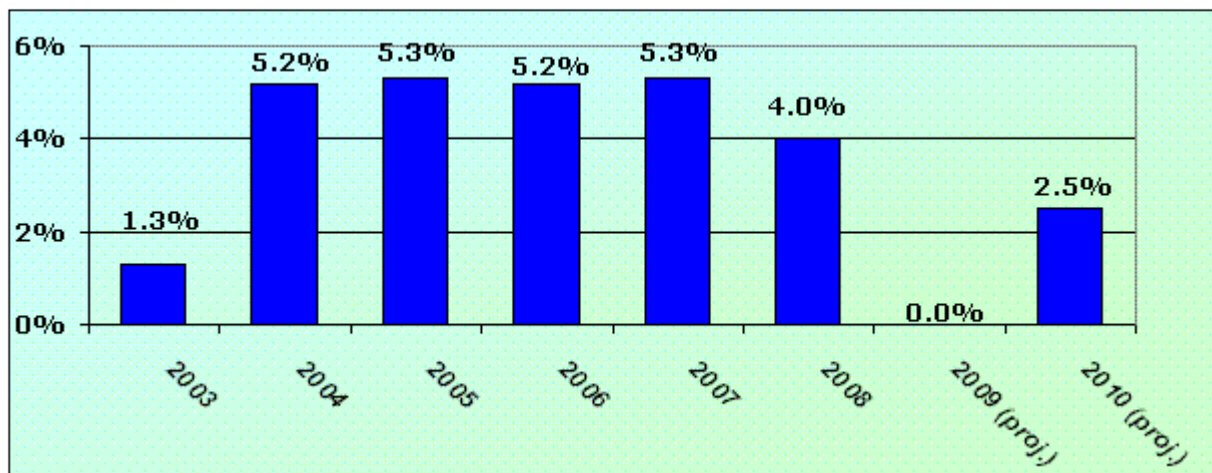
Author Defined:

Section I: Market Overview

Economic and Demographic Situation

Despite the global economic recession, actual and predicted effects on the Israeli economy are much less than those worldwide. Recently, the Bank of Israel adjusted upward its economic growth forecast for 2009 and 2010 - it now expects an unchanged gross domestic product for 2009 instead of a contraction of 1.5 percent as had been predicted earlier. Economic growth in 2010 is now expected at 2.5 percent, instead of 1 percent, as was forecast in April 2009. Israeli growth in 2010 will be led by exports, which are expected to increase 6.3 percent (excluding diamonds).

Chart 1: GDP, Annual Growth Rate



Source: Israeli Ministry of Finance

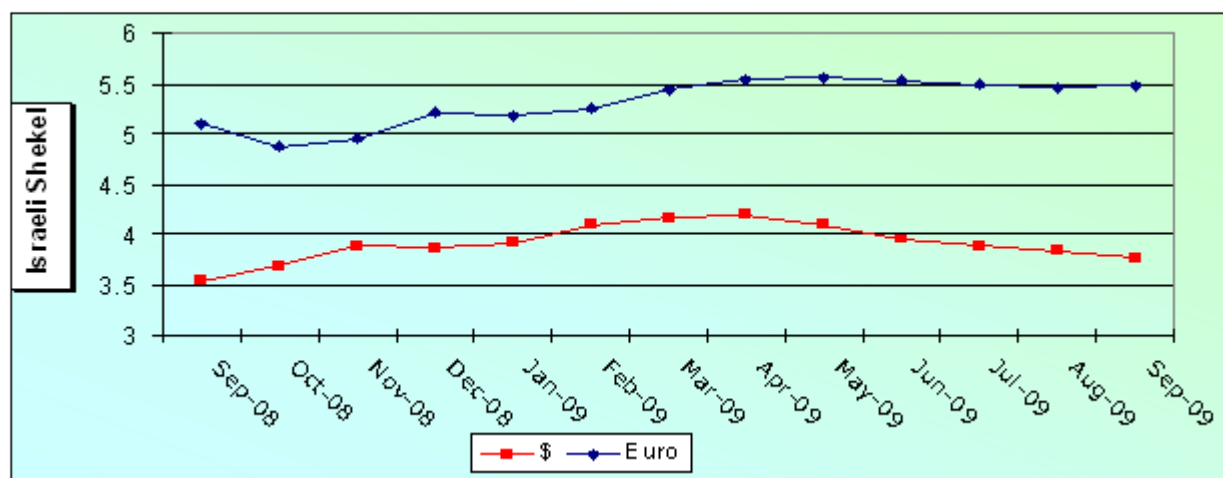
CPI in 2009 is forecast to grow to 4.0 percent, compared to 3.5 percent in 2008. Due to the global and local economic slowdown, during 2008 and 2009, the Bank of Israel reduced the key interest rate, which stands at 0.75 percent (October 2009), compared to a 4.25 percent in September 2008.

The Bank of Israel expects the unemployment rate for 2009 and 2010 to reach 8.1 and 8.3 percent, respectively, compared to a 6.3 percent jobless rate in 2008. Although unemployment

has increased in the current crisis, it has not risen to the levels it reached in the recession of 2001–03 (10-12% unemployment). In addition to the local employment force, there are about 185,000 foreign workers, mainly from Thailand, Philippines, and Eastern Europe, and 47,000 workers from the Palestinian Authority. Foreign workers work mainly in the Agricultural sector, construction, restaurants and elder care services.

During the period between February 2009 and September 2009, the US dollar weakened by 8.2 percent against the Israeli shekel, and the euro strengthened by 4.5 percent against the Israeli shekel. Due to these reasons, the current exchange rate of the U.S. dollar versus the Euro continues to favor U.S. sales.

Chart 2: U.S. Dollar and Euro to Israeli Shekel Exchange Rate



Source: CBS, Israel

Israel Food Processing Industry

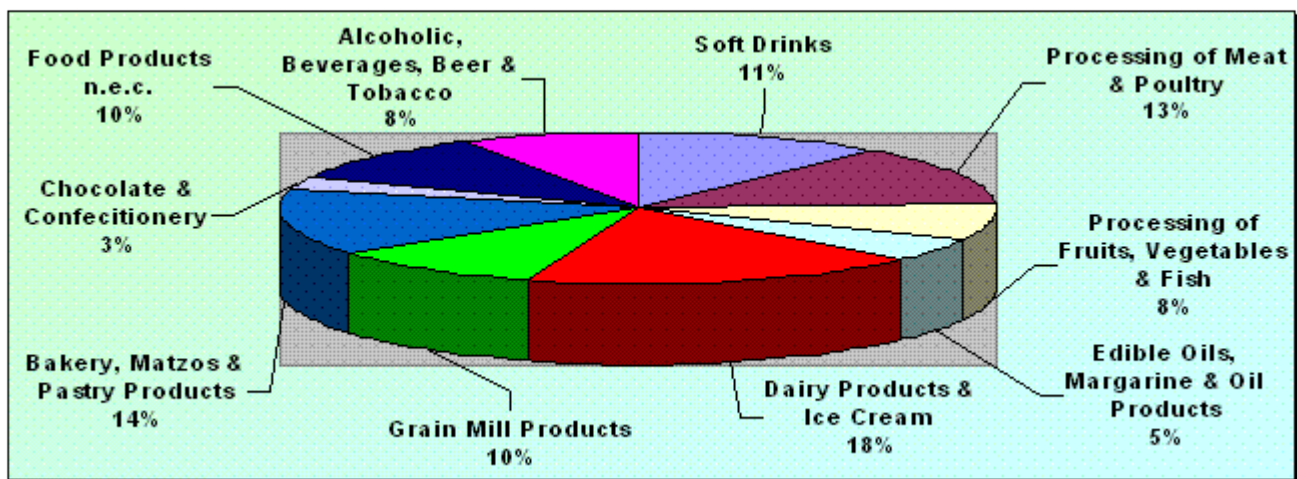
The food and drink industry is one of the largest manufacturing industries in Israel, with a turnover of \$15.5 billion in 2008, 1 percent increase compared to 2007. Expected growth rate in the next few years is 2-4 percent annually.

The HRI market, including the army, hospitals, hotels, restaurants and other places of employment, is valued at about \$7.5 billion. Over 50 percent of the total food supply directed at non-institutional consumers is sold through supermarkets and retail chains. Two major supermarket chains with hundreds of outlets throughout the country dominate the retail food market.

For further information, see Israeli Food Processing Sector Report:

<http://www.fas.usda.gov/gainfiles/200603/146176957.pdf>

Chart 3: Food Processing Industry Value, by Sub-Sectors, Percent, CY 2008



Source: The Food Industries Association, Manufacturers' Association of Israel

Consumer Buying and Eating Habits

Main Facts:

- Annual household consumption expenditure in 2008 totaled \$ 41 , 280 (1.9 % up from 2007), of which 17 . 2 % (\$ 7 , 100) was directed to food purchases.
- Where do they buy food? 56% - Supermarket chains, 19 % - Grocery shops, 6% - open markets, and 20% - other shops.
- 66% of the Jewish sector buy food products through supermarket chains, while only 11% of the Arab sector buy products through supermarket chains.
- Nearly 70% of consumers prefer kosher food products.
- 1.4 million (19%) Israelis are above age of 50, and 2.1 million (28.7%) Israelis are under the age of 14. The average household size is 3.7 people.
- Israelis are quality oriented and are ready to pay a premium for quality food products.
- Shoppers are eating out more frequently and in 2007 they spent more than \$2.7 billion on food away from home.

Consumers are acquainted with American products and wish to have more of them available. During the last decade, an increasing share of consumers preferred to buy their products through supermarket chains (56%) instead of through the traditional channels of open markets and small grocery stores.

Except for meat, kosher certification is not an obligatory requirement for importing food into Israel. However, non-kosher products have a much smaller market share as the large supermarket chains and hotels refuse to carry them.

**Table 1: Food- Household Purchase by Outlet Type - % of Total Expenditure
(Excl. Meals Away From Home), 2008**

	Grocery Stores	Open Markets	Supermarket Chains	Others
Food - Total	18.8	5.7	56.0	19.5
Bread, Cereals and Pastry Products	22.9	1.7	57.1	18.3
Meat, Poultry and Fish	10.2	4.0	48.4	37.4
Soft Drinks	25.9	1.2	64.4	8.5
Fresh Fruits and Vegetables	7.2	23.0	40.3	29.5
Dried Fruit	23.0	14.5	50.3	12.2

Source: Household Expenditure Survey, 2008, CBS.

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

Israel has been a member of the World Trade Organization (WTO) since 1995. Israel's first Free Trade Area Agreement (FTAA) was with the European Community in 1975. The U.S./Israel FTA came in 1985. Israel has also agreements with Bulgaria, Turkey, Jordan, Mexico, Canada and Romania. All new EU member states were automatically included in the agreement with 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 crops and livestock products with a combination of tariff rate quotas and relatively high duties. In 2004, the agreement was extended until 2008. Negotiations on the next extended agreement started in February 2008.

In 2008, imports [1] of goods (excluding diamonds) totaled \$ 55.7 billion (20% increase compared to 2007), while exports [2] totaled \$41.7 billion (18% increase compared to 2007), resulting in a trade deficit of \$14.0 billion, a 28 percent increase from the previous year. The EU is Israel's largest trading partner, followed by the U.S.

Agricultural and food imports in 2008 increased nearly 30 percent compared to the previous year (from \$3.40 billion to \$4.41 billion). Out of total imports, \$1.81 billion (41%) were food and beverages products. The depreciating U.S. dollar combined with good economic growth in Israel in 2008 increased the competitive advantage of U.S. agriculture and stimulated import demand for U.S. agricultural and food products. Agricultural and food imports from the U.S. increased by 33 percent to \$628 million. Although imports from the EU became more expensive for Israeli

importers, imports of agricultural and food products from the EU increased 23 percent to \$1.7 billion in 2008.

The most important U.S. food and agriculture exports to Israel are grains, oilseeds, dried nuts and fruits. The largest volume of American exports of food and agriculture to Israel is milling wheat, soybeans and feed grains. No duties restrict imports of these products. U.S. exports of prepared vegetables, fruits and nuts and miscellaneous edible preparations show a trend of expansion, while imports of cereals and feed have decreased in recent years. Beef meat imports stopped totally due to kosher demand and Israeli concerns over BSE.

Food and agricultural exports in 2008, totaled \$2.1 billion, a 2 percent decrease compared to 2007. Out of total exports, \$1.3 billion (61%) and \$745 million (35%) were vegetables products and food and beverages products, respectively. Agricultural and food exports to the U.S. in 2008 increased 25 percent (from \$191 million to \$238 million) while agricultural and food exports to the EU decreased 9.5 percent to \$1.3 billion.

Table 2: Israeli Imports of Agricultural and Prepared Food Products, \$ Million, CY

	Total			U.S.			EU		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Live animals	440.6	454.4	633.9	14.2	29.4	39.6	90.3	96.7	124.1
Vegetable products	1,072.5	1,397.2	1,826.8	229.4	287.4	390.5	296.9	423.4	585.6
Animal & Veg. oils	80.0	104.3	141.4	2.9	3.5	3.3	25.0	35.7	45.9
Prepared foods, Tobacco	1,200.4	1,447.1	1,809.4	129.1	151.2	194.1	786.0	824.7	947.2
Total	2,793.5	3,400.0	4,411.5	375.6	471.5	627.5	1,198.2	1,380.5	1,702.8

Source: CBS, Israel

Table 3: Trend in Israeli Imports of Agricultural and Prepared Food Products, Percent Change Compared to the Previous Year

	Total	U.S.	EU
	2008 % Change Compared to 2007	2008 % Change Compared to 2007	2008 % Change Compared to 2007
Live animals	39.5	37.7	28.3
Vegetable products	30.7	35.9	38.3
Animal & Veg. oils	35.6	-5.7	28.6
Prepared foods,	25.0	28.4	14.9

Tobacco			
Total	29.8	33.1	23.3

2009 - According to Israel's Central Bureau of Statistics, data from January through August 2009 show total agricultural and food imports decreased by 17 percent compared to the same period one year ago (from \$2.86 billion to \$2.38 billion). Agricultural and food imports from the U.S. decreased by 33 percent to \$289 million in 2009 (till August) and imports of agricultural and food products from the EU decreased nearly 12 percent to \$966 million in 2009.

Agricultural and food products imports into Israel have decreased in 2009 mainly due to the economic slowdown. The improved economic activity in the second quarter of 2009, both globally and in Israel, combined with improved forecasts for global growth and world trade, is expected to boost demand for agriculture products in the fourth quarter of 2009 and in 2010.

Table 4: Agricultural Imports from the U.S., January-August, \$ Million

Description	2008 (1-8)	2009 (1-8)	% Change
Live animals; animal products	27.3	9.4	-65.6
Vegetables products	286.6	177.2	-38.2
Animal or Vegetables fats & oils	2.3	3.0	30.4
Prepared foodstuffs, beverages, tobacco	119.1	99.8	-16.2
Total	\$435.3	\$289.4	-33.5%

Source: CBS, Israel

Table 5: Advantages and Challenges for U.S. Exporters to Israel

Opportunities	Threats
In recent years Israel's economy has remained strong, boosting demand for agriculture products. Israeli Economy to resume growth in 2010.	The security situation in Israel remains precarious.
The current exchange rate of the U.S. dollar versus the Euro continues to favor U.S. sales.	Growing competition from Eastern Europe, Turkey, Former Soviet Union, South America and the Far East. This sector generally only imports from nearby countries.
The standard of living in Israel is expanding rapidly, increasing the demand for high quality food products.	Israel is increasingly adopting EU standards and requirements on imports.
American products are known for their quality and reliability.	Kosher requirements are becoming increasingly strict.
Israel is a "bridge" to the Palestinian Authority with its rapidly growing population and future increased standard of living.	U.S. suppliers lack knowledge of the Israeli and Palestinian markets and its opportunities.
High consumer interest in new food products.	Import requirements can be quite strict, and new-to-market products are often detained at port.

The ATAP offers the U.S. tariff rate quotas for several important products, and reduced duties for several others. Negotiations on the new ATAP agreement started in February 2008 and are about to be renewed.	Israel is unlikely to agree to the U.S. request for a complete phase-out in tariffs. Improved FTA between Israel and the EU on processed food products.
Israel is a net food importer. Israel is highly dependent on grain and oilseed imports.	Israel has a strong domestic manufacturing system and EU agricultural and food products remain very competitive.

Section II: Exporter Business Tips

Local Business Customs:

1. Customs Valuation and Taxes

Israel has implemented the WTO Customs Valuation Agreement. 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 increased its VAT rate on July 1st, 2009 from 15.5 percent to 16.5 percent. The raise in the VAT rate is a temporary measure and will be in force until the end of 2010 where it will revert back to 15.5 percent.

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 7.4 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. American specialty shops, chain stores, and franchises have outlets in malls and shopping centers, while others like Starbucks and Dunkin Donuts failed to succeed in the Israeli

market. The key to success is offering an increasing variety of new products meeting the Israeli taste preferences and services to the consumer.

The institutional services, including the army, hospitals, hotels, restaurants, banquet halls and places of employment, account for 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. Two 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 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 IS9015 –

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative Tel%20Aviv Israel 8-3-2009.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative%20Tel%20Aviv%20Israel%208-3-2009.pdf)

SPS and Regulatory Systems: Four agencies are involved in Israel's food/livestock/plants safety supervision, including the National Food Control Service, which is part of the Ministry of Health, the Standards Institution of Israel, the Israel Veterinary and Animal Health Services and the Plant Protection and Inspection Services which are a part of the Ministry of Agriculture. The Food Control Service (FCS) is in charge of imported food licensing and is notorious for its difficult requirements on high-value food products. Depending on the product, both the Ministry of Trade and MOAG have responsibility for managing quota allocations under the FTA.

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. The FCS enforces the food and food labeling standards. 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, however, Israel is increasingly adopting EU standards and requirements on imports, which in many cases are different from the American requirements.

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.

As background of its general wish to encourage the free international flow of goods, the Israeli cabinet passed decision No. 2191, which is titled "improvement of Terms of Trade Standardization" on August 12, 2007. The decision determines that among others, by June 30, 2010 at least 65 percent of Israeli's mandatory standards will be international or regional standards. This means that over the next three years, at least 110 mandatory standards will undergo revision by adoption of international or regional standards.

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 (FCA), which is also responsible for the approval of labeling and packaging. All plant material (including dried fruits and nuts) require import approval from the Plant Protection and Inspection Service (PPIS). 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. Packed 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 non-kosher 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 Mad Cow Disease.

General Tips for Exporters

- Consider participating in FAS Tel Aviv organized or sponsored events.
- Consider showing at the Kosherfest in New York (October 27-28, 2009) as many Israeli buyers attend this show. _ <http://www.kosherfest.com/09/public/enter.aspx>
- Communicate with potential importers about 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;
- Suggestions for increasing exporter and food product opportunities in Israel. During the last few years post discussed food exporting issues with American exporters and with State Departments of Agriculture. Post concluded that the American exporters lack information regarding the criteria necessary to increase a food product's opportunity in the Israeli market. In order to help US exporters in selecting

manufacturers or food products that will have an easier access to the Israeli market, the FAS office in Tel Aviv has listed a few requirements that, if followed, will improve the product's chances in the local market (see annex 4).

TRADE SHOWS IN ISRAEL

ISRAFOOD

24-26 November, 2009 – Tel Aviv

http://www.stier.co.il/english/fair_israfood.htm _

AGRO-MASHOV

The Agro Mashov is Israel's greatest annual international agriculture exhibition.

13-14 January, 2010 – Tel Aviv

<http://www.mashov.net/>

AGRITECH

For the past three decades, Agritech has served as a platform to bring together more than 7,000 foreign visitors from 115 countries to interact with leading agriculture technology companies of the world.

15-17 May, 2012 – Tel Aviv

<http://www.agritech.org.il/>

WATEC

WATEC exhibition is Israel's prime event for showcasing its technologies and expertise in Water and Environment Technology fields.

17-19 November, 2009

<http://www.kenes.com/watec2009/mailshots/ms1.htm?ref1=db1>

Section III: Market Sector Structure and Trends

Market Channels:

- Retail Chains – Two supermarket chains dominate the Israeli food retailing, accounting for 59% (\$4.8 billion) of the market. The rest belongs to other private supermarket chains,

grocery stores, drugstores and convenience stores.

- * Most of them buy only kosher food products.

- * Large supermarket chains import directly and also buy from importers/wholesalers. Others usually buy only via importers/wholesalers.

- HRI Sector – Hotel chains, restaurants and institutional food sector. Only large chains such as hotel chains or large caterers have a central purchasing office. Most HRI sector buy only kosher food products.
- Food Importers – about 300 importers. They buy kosher and non kosher food products.

1. Retail Food Sector

In 2008, the retail food market (food retail chains and minimarkets) was valued at \$9.3 billion, a 2.3 percent increase from 2007. Out of total retail food market value, about 62 percent (\$5.7 billion) belonged to the two major retail food-marketing chains. There are approximately 5,500 grocery stores and 1,700 minimarkets 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 150 convenience stores, which are open 24 hours, were established in recent years.

2. HRI Sector

Israel's HRI sector is complex and very diverse, with large commercial and institutional components. The improved tourist industry will continue to fuel demand from hotels and restaurants. Understanding import regulations and distribution channels, as well as making local contacts, are essential to entering this market. Nuts, salmon, and dairy products are among the U.S. products having good prospects in this market.

The HRI market was estimated to be valued at \$7.5 billion in 2008, 1 percent decrease compared to 2007. In 2007, the HRI market grew by 5 percent. As a result of the improved economic activity in the second quarter of 2009, both globally and in Israel, and in the light of improved forecasts of global growth and world trade, it is expected that the HRI market will grow by 2-3 percent in 2010.

Food service is divided into two categories: commercial and institutional. The commercial sector is divided into sub-sectors: hotels and restaurants. The commercial sector comprises an estimated 360 hotels (46,500 rooms); 1,174 rural tourism houses; and 4,399 food businesses (restaurants, coffee shops, fast food, pubs and bars), of which 1,539 (35 percent) are kosher certified. Some of the restaurants that are not kosher certified still use only kosher ingredients. In addition, there are about 900 banquet halls. The most popular food businesses are: coffee shops, Mediterranean, Italian, Thai and Japanese restaurants. In 2008, sales of the restaurants, coffee shops, kiosks, pubs and bars were estimated at \$2.65 billion. Approximately 45 percent of the bars and 23

percent of the pubs are located in central and northern Israel. Approximately 1,600 restaurants, coffee shops, pubs and bars are located in the Tel Aviv area.

As a result of the improved security situation in Israel, tourism experienced a 32 percent increase in 2008 (3 million tourists) compared to 2007. Out of total tourist arrivals, 21 percent were from the U.S. As a result of the global financial crisis, tourist arrivals in 2009 are forecast to decrease by 10-17 percent compared to 2008. Data from January thru June 2009 show tourism experienced a 20 percent decrease compared to the same period in 2008 (from 1.48 million to 1.18 million).

The institutional food service companies include approximately 4,000 kitchens. The Israeli Defense Forces (IDF) is the largest institutional food consumer, taking about 4 percent of all Israeli food through its purchasing channels. IDF outsources a part of its food supply chain (150,000 meals/day). In addition, the Israeli police force joined the IDF as a consumer adding another 31,000 meals/day.

For further information, see Israeli HRI Food Service Sector Report:

<http://www.fas.usda.gov/gainfiles/200812/146306720.pdf>

Market Trends:

- Demand for Healthy foods is increasing; organic food, reduced in fat, lower salt, low in sugar, more grains and fibers and added vitamins, probiotics and health benefits. Niche products that target a specific health issue, such as diabetes, and celiac disease (gluten free food) are also in demand.
- Increased consumption of non alcoholic and alcoholic drinks.
- Adoption of private labels is increasing due to benefits such as lowering retail price, guaranteeing quality and increasing customer loyalty.
- After several recent food safety scandals, food safety has also become increasingly important to Israeli consumers.
- As a result of the increasing number of women in the workforce, there is an increasing demand for nutritional ready-to-eat meals and other foods that have a low preparation time.

Section IV: Best High Value Products Prospects

- Beers (premium beers and economy brands)

- Wine and Spirits
- Non alcoholic drinks
- Tea
- Organic and health food products
- Honey
- Dry grocery food products
- Ethnic foods
- Ready meals (premium quality only)
- Soft skimmed cheese
- Specialty gourmet foods
- Processed and frozen fish and sea food
- Frozen vegetables
- Food industry ingredients
- Baking industry ingredients

Section V: Key Contacts and Further Information

U.S. Mailing Address: AGRICULTURE UNIT 7228 BOX 3 APO AE 09830

Packages can weigh no more than 70 pounds and must not be larger than 108 inch. Anything larger will be subject to a tariff.

Local Mailing address: Office of Agricultural Affairs in the U.S. Embassy in Tel Aviv ; Tel: 972-3-5197588, Fax: 972-3-5102565, Web Site : <http://usembassy-israel.org.il/fas/> ; E-mail: gilad.shachar@usda.gov ; yossi.barak@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

Ms. Raya Boyarski, Import Officer: Tel: 972-3-6270103

Israel Veterinary and Animal Health Services (IVAHS)

Web Site: <http://www.vetserveng.moag.gov.il/vetserveng>

Ministry of Agriculture

P.O. Box 12

50250, Bet Dagan, Israel

Import & Export Veterinary Division

Chief Import & Export Veterinary Officer Dr. Med. Vet. Shlomo Garazi

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

Plant Protection & Inspection Service (PPIS)

P.O. Box 78

50250, Bet Dagan, Israel

Contact: Ms. Miriam Freund, Director

Tel : 972-3-9681560

Fax: 972-3-9681582

E-mail: miriamf@moag.gov.il

Web Site: <http://www.ppiseng.moag.gov.il/ppiseng/>

Standards Institution of Israel

42 H. Levanon St

69977, Tel Aviv, Israel

Web Site: 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/>

Other Useful Web Sites

Agriculture in Israel

<http://www.moag.gov.il/agri/files/agriculture/index.html> _

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

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

The Centre for International Agricultural Development Cooperation (CINADCO)

<http://www.cinadco.moag.gov.il/cinadco>

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

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

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

Annex 1: Key Trade & Demographic Information, 2008

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%)	\$4,411/14.2%
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%)	\$1,809/10.7%
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%)	\$156/1.7%
Total Population (Millions) / Annual Growth Rate	7.4/1.8%
Number of Major Metropolitan Areas	3
Per Capita Gross Domestic Product (U.S. Dollars)	\$27,300
Unemployment Rate (%), September 2009	7.8%
Per Capita Annual Food Expenditures (U.S. Dollars)	\$1,919
Annual Average Exchange Rate for 2008 (US\$1 = X.X local currency)	US\$1=3.6 NIS

Source: CBS, Israel

Annex 2: Imports of Main U.S. Agricultural and Food Products to Israel

Chapter Code	Product Category	2007		2008	
		Million \$	%	Million \$	%
1	Live animals	1.8	0.4	1.8	0.3
2	Meat & edible meat offal	0	0.0	0	0.0
3	Fish, crustaceans and mollusca	2.7	0.5	2.6	0.4
4	Dairy produce; eggs, natural honey; edible products of animal origin	24.2	5.1	34.5	5.5
5	Products of animal origin n.e.c	0.6	0.1	0.6	0.1
6	Live trees and other plants, bulbs, roots and other garden plants	0	0.0	0.1	0.0
7	Edible vegetables, roots and tubers	3.9	0.8	5.5	0.9
8	Edible fruits and nuts; peel of melons and other citrus fruit	60.1	12.7	84.7	13.5
9	Coffee, tea, mate and spices	1.5	0.3	2.4	0.4
10	Cereals	129.7	27.5	196.0	31.2
11	Products of milling industry; malt and starches; wheat gluten	6.4	1.4	16.3	2.6
12	Oil seeds, grains, fruits, industrial and medical plants. Straw and feed	80.0	17.0	79.5	12.7
13	Tree gum; resins, other vegetable saps and extracts	5.7	1.2	5.9	0.9
14	Vegetable planting materials; vegetable products n.e.c	0	0.0	0.1	0.0

15	Animal or vegetable fats and oils; animal or vegetable waxes	3.5	0.7	3.3	0.5
16	Preparation of meat, fish, or of other aquatic invertebrates	6.6	1.4	6.9	1.1
17	Sugar and sugar confectionery	3.3	0.7	5.3	0.8
18	Cocoa and cocoa preparations	1.4	0.3	2.7	0.4
19	Preparations of cereals, flour starch or milk; pastry products	14.0	3.0	14.5	2.3
20	Preparations of vegetable, fruits, nuts and other plants	15.0	3.2	21.0	3.3
21	Miscellaneous edible preparations	51.7	11.0	54.1	8.6
22	Alcoholic beverages and vinegar	9.4	2.0	35.1	5.6
23	Residues and waste from the food industries; prepared animal feed	29.6	6.3	44.9	7.1
24	Tobacco and tobacco substitutes	20.1	4.3	9.3	1.5
	Grand total	\$471.5	100%	\$627.5	100%

Source: CBS, Israel

Annex 3: Imports of Main Agricultural and Food Products into Israel from All Sources

Chapter Code	Product Category	2007		2008	
		Total - \$Million	%	Total - \$Million	%
1	Live animals	41.4	1.2	68.8	1.6
2	Meat & edible meat offal	215.7	6.3	327.0	7.4
3	Fish, crustaceans and mollusca	128.2	3.8	156.0	3.5
4	Dairy produce; eggs, natural honey; edible products of animal origin	62.8	1.8	73.2	1.7
5	Products of animal origin n.e.c	6.3	0.2	8.8	0.2
6	Live trees and other plants, bulbs, roots and other garden plants	13.3	0.4	12.4	0.3
7	Edible vegetables, roots and tubers	67.4	2.0	104.8	2.4
8	Edible fruits and nuts; peel of melons and other citrus fruit	124.9	3.7	169.2	3.8
9	Coffee, tea, mate and spices	79.9	2.3	107.5	2.4
10	Cereals	710.8	20.9	974.2	22.1
11	Products of milling industry; malt and starches; wheat gluten	60.4	1.8	90.2	2.0
12	Oil seeds, grains, fruits, industrial and medical plants. Straw and feed	302.1	8.9	331.1	7.5
13	Tree gum; resins, other vegetable saps and extracts	31.6	0.9	27.9	0.6

14	Vegetable planting materials; vegetable products n.e.c	6.9	0.2	9.7	0.2
15	Animal or vegetable fats and oils; animal or vegetable waxes	104.3	3.1	141.4	3.2
16	Preparation of meat, fish, or of other aquatic invertebrates	54.6	1.6	81.5	1.8
17	Sugar and sugar confectionery	258.9	7.6	293.6	6.7
18	Cocoa and cocoa preparations	95.2	2.8	109.8	2.5
19	Preparations of cereals, flour starch or milk; pastry products	159.4	4.7	205.6	4.7
20	Preparations of vegetable, fruits, nuts and other plants	179.0	5.3	215.2	4.9
21	Miscellaneous edible preparations	251.1	7.4	311.2	7.0
22	Alcoholic beverages and vinegar	143.1	4.2	182.2	4.1
23	Residues and waste from the food industries; prepared animal feed	168.1	4.9	243.7	5.5
24	Tobacco and tobacco substitutes	137.7	4.0	166.6	3.8
	Grand total	\$3,403	100%	\$4,411	100%

Source: CBS, Israel

Annex 4: Suggestions for Exporters to Increase Opportunities for Food Products in the Israeli Market

- Obtaining a Certificate of Free Sale in the United States may ease the import licensing process by the Israeli Ministry of Health.
- Obtaining a document approving the production under Good Manufacturing Practices (GMP) or HACCP will increase the product's chance for an easy introduction to the Israeli market.
- Being listed on the FDA's list of registered plants and carrying a registration number from the FDA demonstrates to the Israeli import licensing authority that the exporting manufacturer is inspected by the FDA or the USDA.
- Shipment from the US to Israel and selling time may last a few months; therefore only products with at least 9 months of shelf life can be considered for exports to Israel.

- Only facilities exceeding a minimal production capacity can be considered for exporting to Israel since the biggest importers buy in relatively big quantities.
- Carrying a Kosher certificate is an advantage in the local market. Some surveys claim that between 60% - 70% of the Jewish population consume Kosher products. The biggest retail chains, the hotels and the institutional markets are buying only Kosher products.

Annex 5: Map of Israel



^[1] C.I.F.

^[2] F.O.B.