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## Israel

### HRI Food Service Sector

### Food Service Sector in Israel

**2008**

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**Report Highlights:**

Despite the global economic slowdown, Israel can expect to reach an eight-year record for tourism to the country, with 2.8 million tourists in 2008, a 21 percent increase compared to 2007. On the other hand, the financial insecurity is forcing consumers to become more price-sensitive. Post estimates that many consumers and the HRI sector will shift to cheaper food products. The travel and Tourism industry is expected to contribute directly 2.4 percent to GDP in 2008 (\$4.2 billion).

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## I. MARKET SUMMARY

As a result of the global economic slowdown, Israel Central Bureau of Statistics estimates that GDP growth is expected to slow to 4.5 percent in 2008 and 2.0 percent in 2009 compared to 5.4 percent in 2007.

The two main effects of the financial crisis on Israel's agricultural and food imports will be with regard to the exchange rates and the private consumption expenditure on food, beverages and tobacco, which is expected to slow to 2.6 percent in 2008 compared to 4 percent in 2007. Financial insecurity is forcing consumers to become more price-sensitive, and post estimates that consumers and the HRI sector will prefer to purchase cheaper food products, which mainly come from Eastern Europe, Turkey, Former Soviet Union, South America and the Far East instead of expensive food products from the EU and the U.S.

The HRI market is very complex and diverse. 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 331 hotels (47,000 rooms), 1,200 rural tourism houses, 8,200 food business (restaurants, coffee shops, fast food, pubs and bars), of which 2,700 (33 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, pubs and bars, meat, Italian and Mediterranean restaurants. In 2007, sales of the restaurants, coffee shops, kiosks pubs and bars were estimated at \$2.6 billion. Approximately 37 and 25 percent of the restaurants respectively, are located in Tel Aviv and northern Israel. Approximately 1,567 food businesses are located in Tel Aviv. As a result of the current economic slowdown about 123 restaurants (3% of the total restaurants) were closed **by July 2008** and it is estimated that by the end of the year the number will reach to 220 restaurants.

The institutional local food market sales are estimated at \$1.5-\$1.9 billion per year, of which the Israeli Defense Forces (IDF) is the largest institutional food consumer. The IDF alone consumes about 4 percent of all Israeli food through its purchasing channels. In addition, the Israeli police and prison forces consume another 50,000 meals/day.

Despite the local economic slowdown, data for January thru September 2008 show that total number of tourists entering Israel increased by 38 percent compared to the same period one year ago (from 1.64 million to 2.23 million). Tourism Ministry officials say Israel can expect to reach an eight-year record for tourism in 2008. The number of visitors to Israel between January and September exceeded the number of tourists who visited Israel during the entire year of 2007.

Out of the total entries, 1.93 million were tourists (stayed at least 24 hours in Israel), and the rest were one day visitors. Out of the total entries in 2008, 21 percent were from the U.S., 10 percent from Russia, 9 percent from France, 6 percent from Great Britain, and 5 percent from Germany and Poland, each (see table 1).

During 2008, Tourism Ministry officials pushed to increase tourism by supporting legislation allowing an exemption for visitors from certain countries, e.g. Russia, to the visa application process. Tourism Ministry target projections for 2008, 2009 and 2012 are 2.8 million, 3.3 million and 5 million, respectively.

Another indicator of the improved tourism sector in 2008 is the figures released by the Israel Hotel Association (IHA). According to the IHA, between January and September there were 7.6 million tourist overnight stays in Israeli hotels, representing a 25 percent increase compared to the same period last year.

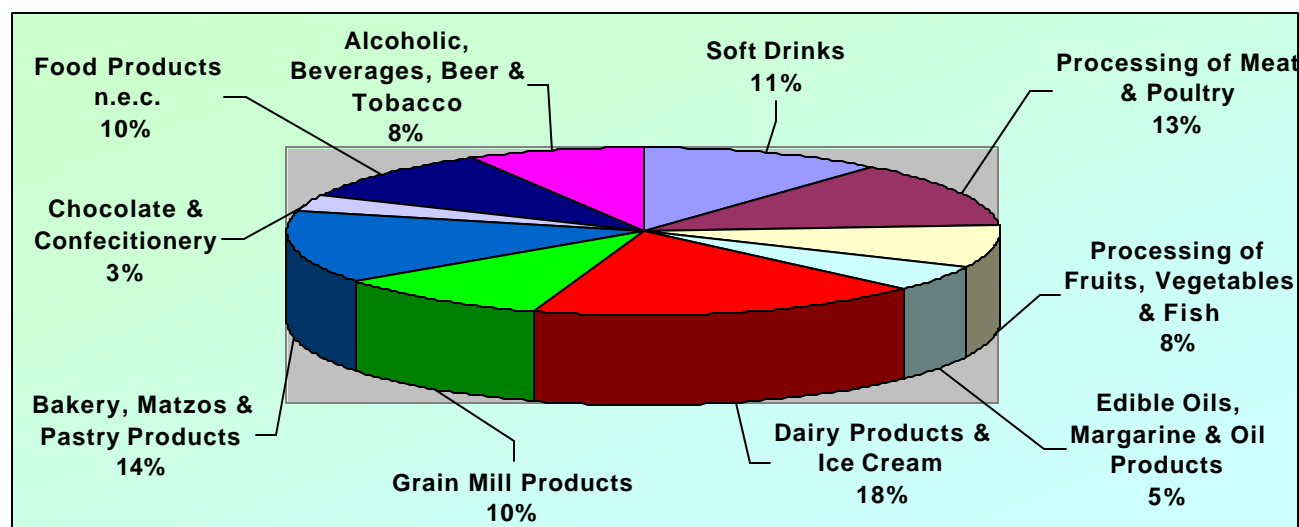
**Table 1: Entries to Israel, By Main Geographical Areas, January thru September**

	1-9/2008	1-9/2007	2008 % Change Compared to 2007
<b>Total</b>	<b>2,234,149</b>	<b>1,614,142</b>	<b>38%</b>
Asia	145,862	110,961	31%
Europe	1,377,082	913,683	51%
Africa	66,793	61,193	9%
North America	542,921	458,073	19%
Central & South America	66,137	44,655	48%
Oceania	22,896	17,030	34%
Unknown	12,458	8,547	46%

Source: CBS, Israel

**Israel Food Processing Industry:**

In 2007, the value of the food processing industry, including beverages, beer and tobacco, was estimated at \$1 . billion, a . percent increase compared to the previous year. The 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, occupies about 30 percent (\$ . billion) of the total. 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.

**Chart 1: Israeli Food Processing Industry Value, by Sub-Sectors, Percent, CY 2007**

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

**Consumer Buying and Eating Habits:**

The monthly household consumption expenditure in 2007 totaled \$2,820 (a 3.5% increase from 2006), of which 16.9 percent (\$477) was directed to food purchases and consumption. When buying food, Israelis are quality oriented and are ready to pay a premium for quality

food products. Consumers are acquainted with American products and wish to have more of them available. Since the mid 90's, an increasing number of consumers prefer to buy their products through supermarket chains rather than 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, hotels and most of banquet halls refuse to carry them. About two-thirds of consumers prefer kosher food products.

**Table 2: Type and number of food service establishment in Israel in 2007**

Type of Establishment	Number of Establishments
<b>Hotels</b>	
Hotels	331 (127,190 beds)
Youth hostels	29 (6,163 beds)
Rural Tourism	1,174 (26,148 beds)
<b>Grand Total No. of Beds</b>	<b>159,501</b>
<b>Food Businesses</b>	
Restaurants	2,500
Celebration Halls	900
Coffee Shops	1,449
<b>Total Food Business</b>	<b>4,849</b>
<b>Institutional Contracts</b>	
Company Cafeterias	1,750
School and University cafeteria	1,500
Kibbutz kitchens, elderly Homes	760
Hospitals and Prisons	225
<b>Total Inst. Contracts</b>	<b>4,235</b>

Source: CBS, Israel

### Trade and the Market for U.S. Food Products

Israel is a net food importer. Despite the local economic slowdown, data from January thru September 2008 show that total agricultural and food imports increased by 33 percent compared to the same period one year ago (from \$2.44 billion to \$3.256 billion). Out of total agricultural and food imports in 2008 (till September), \$1.22 billion (37%) were food and beverages products. The depreciating U.S. dollar combined with good economic growth in Israel increased the competitiveness of U.S. agriculture products and stimulated import demand for U.S. agricultural and food products. U.S. agricultural and food imports increased by 71 percent to \$493 million in 2008 (January - September). Imports of agricultural and food products from the EU increased 20 percent to \$1.24 billion in 2008. Other main suppliers of food include S. America, Turkey, Thailand and China. South American countries such as Brazil, Argentina and Uruguay mainly export kosher meat to Israel (frozen beef meat)

Palestinian Authority: American exporters should be aware of the cultural, economic and commercial nuances for sales bound for the Palestinian market. Post encourages American exporters wishing to market their goods in the West Bank & Gaza to strongly consider using local Palestinian agents and distributors. In addition, Israel has the potential to be a "bridge" to the Palestinian Authority with its rapidly growing population.

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

<b>Opportunities</b>	<b>Threats</b>
Despite the global economic slowdown Israel's economy has remained strong in 2008, boosting demand for agriculture products.	The security situation in Israel remains precarious, and the financial insecurity is forcing consumers and HRI sector to become more price-sensitive.
The current exchange rate of the U.S. dollar versus the Euro continues to favor U.S. sales.	Growing competition exists 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 food standards and requirements on imports.
The Israeli consumer has some knowledge of American products and wishes more of them were available.	Kosher requirements may be expensive.
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.
American products are known for their quality and reliability.	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.	Israel is unlikely to agree to the U.S. request for a complete phase-out in tariffs.
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.

**Ability of U.S. Exporters to Meet Market Requirements****Kosher:**

Israel law requires that the Rabbinical Council of the Chief Rabbinate or a body authorized by the Council certify all meat and poultry imports as being kosher. This policy presents significant challenges for U.S. food exporters. Kosher certification is not a legal requirement for importing food into Israel (excluding meat and poultry). However, non-kosher products have a much smaller market as the large supermarket chains, hotels and institutional food services refuse to carry them. About two-thirds of consumers buy kosher food products. 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; the Chief Rabbinate may authorize another supervisory body to act in its name. Here too, U.S. 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.

**Food Standards and Labeling Requirements:** In many cases Israeli food standards and labeling requirements are different from those in the U.S. and are more similar to the EU

standards. The Food Control Service (FCS), with the Ministry of Health, strictly enforces food regulations in the Israeli ports. Therefore, exporters intending to export to the Israeli market must be familiar with Israeli regulations and adjust to the requirements.

## II. ROAD MAP FOR MARKET ENTRY

### A. Entry Strategy

U.S. suppliers/exporters should focus on establishing business relationships with a reliable and efficient importer, and/or a commissioned agent and distributor and identify the appropriate distribution and sales channels. Visits by U.S. exporters/manufacturers/investors to explore opportunities firsthand, and to meet with Israeli importers/investors would strengthen confidence with local partners. Visiting local HRI shows/exhibitions would be a way to quickly obtain a broad overview of the sector and to meet a broad network of contacts.

Large HRI firms have their own purchasing/importing division to handle food imports directly. U.S. suppliers should initially contact the purchasing/importing divisions of these large hotel/restaurants chains. A listing of contacts for Israel's major hotel/restaurants/food service firms is available from the FAS Tel-Aviv Office upon request.

Franchising, particularly in the fast-food restaurant sector, has grown since its introduction to the local market in the mid-1980s. The U.S. share of the Israeli fast food franchising market exceeds 50 percent.

U.S. exporters should consider the price sensitiveness of their customers, their product requirements, purchasing policies, and expected purchase volumes. Regarding the Food Standards and Regulations, see Gain Report IS8020:

(<http://www.fas.usda.gov/gainfiles/200807/146295318.pdf>)

After identifying a market opportunity, an interested U.S. company should find an importer, an agent or a wholesaler with experience in the HRI sector. This entity can facilitate custom clearance and advise the exporter on ways of complying with product specific regulations, such as labeling, packaging, import duties, and sanitary regulations. Most food distributors acquire their imported products through an importer or an agent, who is often also a distributor with warehouses and means of transportation, though there are occasions in which supermarket chains and large HRI chains import directly.

#### Additional Entry Options:

- Direct marketing (phone/video calls, emails, meetings)
- Direct marketing is common also through mail order booklets.
- Telephone marketing is increasingly common, but with mixed results.
- The Internet is widely used in Israel, and an increasing direct marketing avenue.
- Manufacturing under licensing agreements is also common in Israel.
- The government of Israel encourages both joint ventures and licensing.

#### Tips from importers on ways to enter the market:

- Most importers seek a brand name that they can develop.
- All importers ask for exclusivity on a brand name for a few years.
- Importers believe that promotion is essential for increased sales; therefore, they usually ask the exporter for a partial investment in a promotion campaign.

Consider participating in ISRAFOOD - An International Food & Beverages Exhibition for professionals of the catering and food wholesale, retail, restaurants, hotels, institutional and food shops. 23-25 November, 2009 – Tel Aviv  
[http://www.stier.co.il/english/fair\\_israfood.htm](http://www.stier.co.il/english/fair_israfood.htm)

See the Exporter Guide Report for additional information:  
<http://www.fas.usda.gov/gainfiles/200811/146306338.pdf>

## B. Market Structure

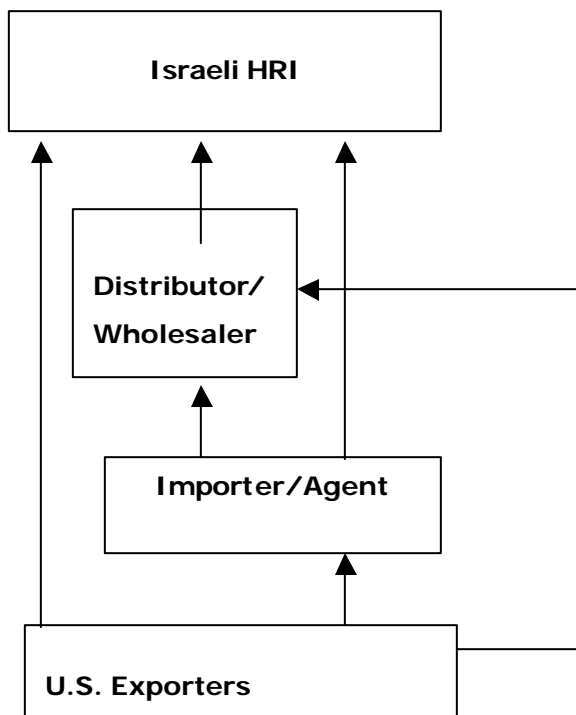
The HRI sector is widely dispersed. Only large chains such as hotel chains or large caterers have a central purchasing office. Owners of small bars, cafeterias and restaurants, which account for the largest number of outlets, purchase food products and ingredients in the local open market or the wholesale market. Most beverages are bought through distributors, a well-organized sector. About 42 percent of the perishable products are obtained from distributors, 22 percent from wholesale markets, and 18 percent from the retail sector. Commercial distributors to the HRI are quite dynamic, capable of supplying most of the needs of the country's small and diverse food service providers. Raw food materials and food products are imported either directly by the food manufactures, through importers, or agents. Importers and agents sell directly to the food manufactures or via distributors.

Many of Israel's food industries, that operate a distribution network, have developed departments specializing in supplying the HRI. In recent years, Unilever Israel, Osem-Nestle and Tnuva established special divisions that produce and market to the HRI market. These divisions are respectively, Tnuva-Chef, Nestle Food Service and Unilever Foodsolutions.

Sales departments of the leading companies visit thousands of HRI establishments weekly or daily in efforts to promote their products.

The food import business is a very dynamic sector in Israel, with over 300 food importers listed by the Tel Aviv-Jaffa Chamber of Commerce. The nationwide list is available from the Federation of Israeli Chambers of Commerce, 84 Hahashmonaim St. Tel Aviv 67011, P.O. Box 20027, Tel Aviv 67011, P.O. Box 20027, Tel Aviv 61200, Israel Tel.: 972-3-563-1010 ; Fax: 972-3-562-3274; e-mail: [razh@chamber.org.il](mailto:razh@chamber.org.il) ; <http://www.chamber.org.il>



**Distribution Channel for Imported Food Ingredients:****C. Sub-sector profiles****1. Hotels and Tourists**

Tourism is a very important industry to the Israeli economy. Israel is a popular tourist destination, offering a wide variety of tourist accommodations, from luxury hotels in major cities to bed and breakfast inns in smaller communities. The tourism infrastructure is well developed throughout the country and is continuously expanding. However, local tourism is hurt by the security/political situation in the area. Most hotels are located in Jerusalem, Eilat, Tel-Aviv, Dead Sea area and Tiberias.

In 2007, there were 61,842 available rooms in Israel (hotels, hostels, rural tourism). In 2007, 2.3 million people visited Israel, a 25 percent increase compared to the previous year. The increase can be attributed to an increasingly positive atmosphere in the region combined with the improvement in the security situation in Israel.

In 2007, overnight stays reached a record high of 20.5 million, a six percent increase compared to 2005. Out of total overnight stays, tourists made 8.4 million (41 percent) overnight stays, and there were 12.1 million Israeli lodgings. Average tourist stay in 2007 totaled 9.5 days, compared to 11 days in 2000 (the Millennium year) when tourism to the country was at its peak. In 2007, annual hotel-booking rates increased by nearly 7 percent compared to the previous year (from 58 to 62 percent), and the highest booking rates were recorded in Tel Aviv (73% occupancy) and the southern part of the country (Eilat and Dead-Sea).

In 2007, most of the tourists who arrived to Israel came for visiting friends and relatives (36%), pilgrimages (24%), vacation (26%) and business (8%). Out of total tourists in 2007, 40 percent were Jews, 23 percent Catholics, and 11 percent Protestants.

Income from foreign tourists totaled \$3 billion in 2007, 27 percent increase compared to 2006. It is estimated that about 3.3 million tourists will visit Israel in 2009.

Best opportunities for imported food products are during the period of Jewish holidays, Rosh Hashanah (New Year) and Succot (Feast of Tabernacles) in September and October, Chanuka in December, and at Passover during April.

**Table 4: Income, by Hotels, \$ Billion**

	2007	2006
<b>Number of Hotels</b>	331	334
Income – total	\$1.89	\$1.74
Israelis	\$1.13	\$1.10
Tourists	\$0.76	\$0.64

Source: Tourism Ministry, 2007 Annual Report.

**Table 5: Hotel Expenditures Out of Total Income, 2007**

	%
Labor cost	40
Food	14
Operating costs	18
Revenue	16
Management, Taxes, Rent and Advertising	12
<b>Total</b>	<b>100</b>

Source: Tourism Ministry, 2007 Annual Report.

**Table 6: Market Share of Hotels, by City, Foreign Tourists and Israelis, 2007 - %**

Area	Foreign Tourists	Israelis
	Share	Share
Jerusalem	34%	5%
Tel Aviv	23%	4%
Eilat	9%	48%
Tiberias	6%	8%
Netanya	4%	---
Dead Sea	5%	14%
Other	19%	21%

Source: Tourism Ministry, 2007 Annual Report.

## 2. Food Business

In 2007, there were about 8,200 food business in Israel (5% increase compared to 2006), of which 50 percent were restaurants. Meat restaurants and coffee shops being the fastest growing sub sectors. In recent years the food service industry has been expanding and consumers' habits have been changing. However, as a result of the current economic slowdown about 123 restaurants (3% of the total restaurants) have been closed in 2008 and another 100 are due to close until the end of the year. There are approximately 115,000 employees in the restaurant sector (5% increase compared to 2006), and they represent about 4 percent of Israel's total work force.

Over the last few years, Israelis have begun to dine out more frequently and choose premium food when doing so. Israeli consumers spent more than \$2.7 billion on food away from home in 2007.

In recent years, Israelis have showed a preference for high-quality beef and seafood when dining at restaurants and as a result more high quality beef/seafood restaurants were opened.

The leading hamburger chains in Israel for 2007 were McDonald's with 150 stores, following were the local chain Burger-Ranch<sup>1</sup> with 80 stores, and Burger King with 50 stores. The leading coffee chains in Israel for 2007 were Aroma with 172 stores, Café Café with 106 stores, Arcaffè with 56 stores, and cup o' joe with 52 stores.

Approximately 1,200 pizza establishments exist in Israel. The pizza sector's sales are estimated at \$100 million per year. The biggest pizza chains are Domino's Pizza (34 stores), Pizza Hut (40 stores), Pizza Meter (13 stores), and Pizza Domino (46 stores); combined these account for about 50 percent of all of the sector's sales. There are also many small pizza outlets that compete in this market.

Middle Eastern food is very popular in Israel, especially shawarma, falafel, and Hummus, both served as either a Pita sandwich or in plates in hundreds of small corner shops.

**Table 7: Food Business, By Type and City, 2007**

	Tel Aviv	Jerusalem	Haifa	Total	% of Food Business, by Type
<b>Meat</b>	291	139	88	518	20%
<b>Dairy</b>	86	76	20	182	7%
<b>Coffee Shops</b>	422	158	70	650	25%
<b>Italian</b>	141	74	51	266	10%
<b>Fish</b>	89	45	36	170	6%
<b>Mediterranean</b>	100	74	40	214	8%
<b>Bars</b>	318	60	50	428	16%
<b>Bakery Shop</b>	120	40	30	190	7%
<b>Total</b>	<b>1,567</b>	<b>666</b>	<b>385</b>	<b>2,618</b>	<b>100%</b>
<b>% of Food Business, by City</b>	59%	25%	16%	<b>100%</b>	

Source: BDI Co.

<sup>1</sup> In October 2008, Tel Aviv District Court announced that the chain is bankrupt and the court appointed temporary liquidators for the financially distressed fast-food chain.

Banquet halls are part of this sub sector. There are approximately 900 halls in which 30,000 weddings are celebrated annually, serving around 9 million meals. In addition, approximately 165,000 Bar Mitzvahs and Births (circumcision celebrations) occur, serving 10.8 million meals a year. An average cost per meal is about \$45-\$55.

### 3. Institutional

There are between 250-300 companies in the institutional food service sub-sector, of which five companies control 50 to 60 percent of the total market. This sector has strong price competition and concentration, with small companies that are often highly specialized in one market niche. The institutional local food market sales are estimated at \$1.5-\$1.9 billion per year, of which \$0.9 billion belongs to the restaurants and coffee shops sector, \$205 million to the hotel sector and celebration halls, each, and about \$260 million to work places and kindergartens. This market has grown in the last few years, and is expected to continue to grow 5-7 percent annually.

**Table 8: Leading Companies in the Institutional Sub-Sector**

Company Name	Type of Outlets	Location
Tnuva Shef (established 2001)	For hotels, restaurants and institutional kitchens (sales were estimated at \$220 million in 2007) In 2008, they won the tender of the Israeli police and prison forces, estimated at 50,000 meals/day.	National
Osem-Nestle Food Service (established 1999)	For hotels, restaurants and institutional kitchens	National
Unilever Food solutions Israel	For hotels, restaurants and institutional kitchens	National
Shefa (Foreign Parent Company – Sodexo)	Food for institutional kitchens and airline companies (100,000 meals per day)	National
Selected	Catering	National
Norkeit	Catering	National
Mevushelet	Prepared meals for companies (20,000 meals per day)	National
Resto (Foreign Parent Company – Compass Group)	Prepared meals	National
Nir Ezion	Prepared meals	National
Moav	Meals to companies	National
L. Eshel	Prepared meals	National
Nadir	Meals to Kibbutz kitchens	National

Catering operators buy their raw materials in bulk. When making a selection on products and suppliers, the most important factor is price. The second most important factor is the contribution of the product and supplier to the efficiency of the preparation process. Major changes in the past few years were in the supply of “portion controlled” products, development of dough products, especially frozen, development of ready to use and frozen vegetables, fruits, meats, and poultry. Leaders in this sector complain about lack of sophistication and too few changes. None of the leading caterers import directly.

### III. COMPETITION

Despite the local economic slowdown, data from January through September 2008 show that total agricultural and food imports increased by 33 percent compared to the same period one year ago (from \$2.44 billion to \$3.3 billion). Out of the total agricultural and food imports in 2008 (till September), \$1.22 billion (37%) were food and beverages products.

The current financial insecurity is forcing consumers to become more price-sensitive, and post estimates that consumers and the HRI sector will prefer to purchase cheaper food products, which mainly arrive from Eastern Europe, Turkey, Former Soviet Union (FSU), South America and the Far East on the account of expensive food products from the EU and the U.S.

Domestic and EU suppliers are the main competition for US exporters. The U.S. industry's main advantage lies in the normalization and standardization of regulations for products, reliability in supply, and product's quality. On the other hand, shipping costs, import duties and import licensing requirements are the main barriers to entering the market.

US exporters need to be competitive in their pricing or present products of excellent quality. Israel has a large food production industry of its own. There is also strong price competition among food importers seeking to maintain or enlarge their market share. Nearby EU countries supply sophisticated foods and beverages to the Israeli market, and operate with relatively low transportation costs. On the other hand, U.S. products benefit from tariff rate quotas and preferential customs tariffs. In addition, the current exchange rate between the U.S. dollar and the euro continues to favor U.S. suppliers, as European products are more expensive.

The U.S. food industry has a very positive image in Israel from the aspect of reliability and food safety. At the same time, American foods do not always have a fine cuisine reputation. Likewise, some Israelis believe that Israeli made products are of higher quality and match the Israeli taste for food.

### IV. BEST PRODUCTS PROSPECTS

**Table 9: Major Import Product Categories and Competitors' Market Share**

Product Category	Major Supply Source	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Meat & edible meat offal Net Imports: \$156.8 Million.  Live cattle for fattening	1. Argentina –48% 2. Brazil – 27% 3. Uruguay – 13% USA is an insignificant supplier (0%-1%) Live cattle: local herds, Australia, Hungary	the largest frozen beef exporters to Israel are Argentina, Brazil and Uruguay. Imported meat must be kosher. Australia and Hungary are considered BSE free.	Local beef demand is higher than local production. Local cattle fattening has increased significantly during the last decade, driven primarily by imported calves, and the development of an active feedlot industry.
Fish, crustaceans and mollusca Net Imports: \$103.2 Million	1. Norway – 24% 2. Kenya – 13% 3. Argentina– 10% USA is an insignificant	Largest seafood exporters are Norway (salmon), Kenya (frozen fillets) and Argentina (hake)	Domestic sea food production accounted for 40 percent, while 60 percent is imported

	supplier (1%-2%)		
Dairy produce; eggs, natural honey; edible products of animal origin Net Imports: \$31.7 Million	1. U.S. – 21% 2. Germany- 17% 3. Denmark – 15%	U.S. strength is in sorbets, Ice cream, cheddar cheese and natural honey	Israel's strength is in soft cheese. Most of the high quality hard cheese is imported.
Edible fruits and nuts; peel of melons and other citrus fruit Net Imports: \$92.7 Million	1. U.S. – 46% 2. Turkey – 26% 3. China – 5%	U.S. strength is in almond, walnut, pears and apples.	Local production of tree nuts is relatively small compared to demand.
Cereals Net Imports: \$566.1 Million	1. Black Sea Basin 2. Argentina & Brazil 3. U.S. – 20%	The U.S. has been affected by a variety of high quality grain suppliers to Israel and the high price gap between U.S. grains and other grains.	Israel is dependent on imports for its grain and feed needs
Oil seeds, grains, fruits, industrial and medical plants. Straw and feed Net Imports: \$280.7 Million	1. Argentina & Brazil 2. U.S. – 21%	The U.S. has been effected by increased imports of soybeans from Argentina and Brazil. U.S. strength is in gluten and corn chips.	Israel is dependent on imports for its grain and feed needs.
Preparations of cereals, flour starch or milk; pastry products Net Imports: \$94.5 Million	1. Italy – 23% 2. U.S. – 13% 3. Germany – 12%	The U.S. competitors are Italian and Turkish pasta and pastry products.	Osem-Nestle and Elite accounts for most of the local production.
Wine & Beer Net Imports: \$28.2 Million	1. Belgium – 23% 2. Netherlands – 15% 3. France – 12% U.S. wine market share is 7 percent. USA is an insignificant supplier of beer (0.5%)	In recent years wine & beer imports have increased significantly, mainly red wines. There is a growing market for specialty beers.	Domestic beer and wine production accounts for 76 percent and 70 percent, respectively, while the remainder is imported.

Source: CBS, Foreign Trade Statistics, Different Years

## 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](mailto:gilad.shachar@usda.gov) ; [yossi.barak@usda.gov](mailto: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 &amp; Export Veterinary Officer Dr. Med. Vet. Shlomo Garazi

Tel: 972-3-9681649, Fax: 972-3-9605194. E-mail: [shlomoga@moag.gov.il](mailto:shlomoga@moag.gov.il)**Plant Protection & Inspection Service (PPIS)**

P.O. Box 78

50250, Bet Dagan, Israel

Contact: Ms. Miriam Freund, Director

Tel : 972-3-9681561

Fax: 972-3-9681582

E-mail: [miriamf@moag.gov.il](mailto: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](http://www.sii.org.il)General Information: E-mail: [vered@sii.org.il](mailto: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**

Tourism and Hotel Services Statistics Quarterly

[http://www.cbs.gov.il/reader/hotel/hot\\_nosim\\_new\\_eng.html](http://www.cbs.gov.il/reader/hotel/hot_nosim_new_eng.html)The Tourism Portal - [http://www.tourism.gov.il/Tourism\\_Eng/](http://www.tourism.gov.il/Tourism_Eng/)

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

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

#### ANNEX: MAP OF ISRAEL

