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Report Highlights:

FAS Tel Aviv (Post) forecasts Israel's wheat imports to reach 1.74 million metric tons (MMT) in market year (MY) 2022/23, a 2 percent increase from Post's MY 2021/22 figure. In MY 2021/22, U.S. wheat accounted for 8.2 percent of the market, up 55 percent from the previous year. This was mainly due to lower production in the Black Sea Basin (BSB) which is Israel's main source of grains. Post forecasts Israel's imports of corn in MY 2022/23 to reach 2 MMT, of which 180 thousand metric tons (TMT) are expected to be of U.S.-origin. Israel's imports of grain and feed will likely remain stable with a slight annual increase of 2 percent to match annual population growth. Soaring grain prices were of high concern to the local feed industry and users. Some feed prices grew by 71.1 percent, driving the industry to source cheaper products. Long operational queues in the seaports led to weeks long delays in offloading vessels, additional price increases, and uncertainty in supply.

Executive Summary

FAS Tel Aviv (Post) forecasts Israel's wheat production in MY 2022/23 (July – June) to reach 90 TMT, down 8.2 percent compared to 98 TMT in marketing year 2021/22. Wheat production is forecast to be lower, as it is mainly influenced by weather conditions. The 2022/23 growing season began with late rains and with almost no rainfall in some of the wheat growing areas. The planted wheat area remains stable as it has in past years.

Israeli wheat is dependent on rainfall and Post attributes the production increase in MY 2021/22 to good precipitation during the mild winter with no extreme weather.

Post forecasts Israel's imports of wheat in MY 2022/23 to reach 1.74 MMT, with a slight change of 2 percent from Post's MY 2021/22 figure. Post anticipates that if there will be a significant change in wheat imports, it will primarily be due to the rapidly changing commodity prices in the world market which can lead to substitution by other less expensive grains. Israeli feed mills alternate between the different grains according to their prices.

Post forecasts Israel's barley production in MY 2022/23 (October – September) will remain unchanged from the previous season, at about 15 TMT from a harvested area of around 5,000 hectares (ha). Post estimates that the area planted with barley is actually 6,700 ha but 1,700 ha goes to silage. The other 5,000 ha is for grain production. Most barley production is located in the south of Israel while the rest of the production is in the Beit-Sh'ean Valley, in the east of the country. Production is about 3 MT/ha for grains and around 8.5 MT/ha when cultivated for silage.

Israel is not a significant producer of corn and no corn is cultivated for feed use. Post forecasts Israel's corn consumption in MY 2022/23 (October – September) at 2.09 MMT, up around 14.2 percent, or increasing 261 TMT, compared to 2021/22. Consumption generally fluctuates somewhat, mainly influenced by grain prices and availability.

Corn is the main commodity used by Israel's feed industry. Poultry and egg production drives consumption followed by dairy, turkey, and other ruminants. Post forecasts Israel's imports of corn in MY 2022/23 to reach 2 MMT, of which 180 TMT are expected to be of U.S.-origin. In recent years, corn imports originate mainly from Ukraine, Argentina, and Brazil. MY 2021/22 saw imports of 220 TMT of U.S.-origin corn, up 40 TMT compared to the previous year.

Israel is almost self-sufficient in milk, poultry, and certain fruits and vegetables, but remains highly dependent on imports of many grains, feed products, and oilseeds. Israel has limited arable land suitable for agriculture and grazing. The water used for field crops is limited, expensive, and tightly controlled by governmental quotas. Precipitation is low in most of the country and limited to the winter months from October until April, and the arid conditions limit rain-fed agriculture. Farmers prefer to use their land and water resources for cash crops and for crops with low water demand. This will not change in the near future and Israel will continue relying on grain and feed imports. Due to the growing population, future demand for grains and feed will increase in the coming years.

Wheat

Production:

In MY 2022/23, Post forecasts wheat production of 90 TMT, which is 8.2 percent lower than the 98 TMT of wheat production in MY 2021/22. The increase in MY 2021/22 production was a direct result of high precipitation during the normal winter season with no extreme weather. In addition, political protests in recent years in some of the growing areas led to early harvesting for silage use to limit the burning of fields as Palestinian protestors burnt some 400 hectares of wheat fields along the Gaza Strip border in the past. This was not the case this season and farmers were able to cultivate and harvest most of their plots. Despite these two factors, wheat production in MY 2021/22 still did not hit the ten-year average of 106 TMT.

About 70 percent of Israeli wheat is planted in the south and the rest in the central and northern regions. Average rainfall in the southern wheat producing regions generally reaches 450 millimeters (mm) per year, while the northern regions receive 500-550 mm per year. Annual rainfall is concentrated during the winter months, from October until April. In MY 2020/21, rainfall was average or above in some areas for the third year in a row, the first time in over two decades. Despite the average rainfall, in some cases the distribution of the rainfall was not normal, leading yields to fall below average.

Current precipitation and soil moisture distribution are consistent with the annual averages in the central and northern parts of the country. In the southern parts, rainfall is well below annual averages. Post expects the low rainfall in the south to have some impact on total production and expects production to be 15 percent below the ten-year production average. As a result, Post forecasts MY 2022/23 production levels slightly lower than MY 2021/22 production (See Table 1 below). While in any given year about 100,000 ha of wheat are planted, only about 70 percent are harvested for milling while the remainder is used as fodder for livestock feed. Post anticipates these levels to remain steady this year.

Table 1: Israel's Wheat Production (TMT) and Annual Percent Change

| MY | Total Production | Annual Percent Change |
|-----------|-------------------------|------------------------------|
| 2009/10 | 100 | 67 |
| 2010/11 | 100 | 0 |
| 2011/12 | 100 | 0 |
| 2012/13 | 165 | 65 |
| 2013/14 | 130 | -21 |
| 2014/15 | 90 | -31 |
| 2015/16 | 155 | 72 |
| 2016/17 | 142 | -8 |
| 2017/18 | 50 | -65 |
| 2018/19 | 70 | 40 |
| 2019/20 | 75 | 7 |
| 2020/21 | 80 | 6.6 |
| 2021/22 | 98 | 22.5 |
| 2022/23 | 90* | -8.2* |

*Forecast: based on weather reports, media sources, Field Crop Organization.

Consumption:

Wheat consumption in MY 2022/23 is forecasted at 1.74 MMT, which is an increase of 32 TMT from MY 2021/22 figures. Post is revising upwards total wheat distribution for MY 2021/22 by 71 TMT, or 3.3 percent, from 2.15 TMT. This is mainly due to slightly higher demands from feed lots and larger stocks. Tight supplies from the Black Sea Basin (BSB) due to current political events and grain availability can lead to higher demand for U.S. milling wheat.

For human consumption, there is growing preference amongst Israeli consumers to use substitutes for white wheat flour, such as rice, spelt, teff, and rye flours. Due to the COVID-19 pandemic, since MY 2020/21, Israelis moved to more home cooking which led to a significant increase in demand for wheat flour and pasta products. Feed wheat consumption is expected to be influenced by market prices and availability in the BSB, the main source of grains for Israel. The BSB supplied 37 percent of the grain and feed imported by Israel in MY 2021/22, 6 percent lower than MY 2020/21. Tight supplies mainly in Russia and the Ukraine drove importers to source grain and feed elsewhere.

Feed Wheat – The Israeli feed milling industry shifts easily from corn, barley, and sorghum to feed wheat and vice versa, depending on prevailing prices. Feed mills do not entirely substitute one grain in their mix for another grain, regardless of the price relationship. For example, with wheat and corn, in MY 2021/22, the rapid changes in world grain prices and sharp increases in feed wheat prices and in other grains led local feed mills to shift between different ratios of grains in their feed formulas throughout the year. Larger volumes of barley were imported this year to replace some of the more expensive feed wheat in their feed products. However, feed mills overall still used significant quantities of wheat and did not replace it completely with cheaper grains such as barley.

Most mills use computerized systems to assist with substitution decisions in rations. The systems produce a best-value product considering the costs and benefits of available inputs (protein, carbohydrates, fat, price, etc.). Israeli feed mills produce hundreds of different feed formulas for different usages and for the different growth stages of the animals, and each formula has a slightly different feed ratio.

In MY 2021/22, Israel imported 720 TMT of feed wheat. Due to their proximity, BSB exporters, primarily Russia and Ukraine, dominated shipments to Israel. Imports of feed wheat from the United States in MY 2021/22 were zero, as they have been since 2010. Feed wheat from the United States was priced at least \$30/MT higher than Black Sea origin.

Milling Wheat – Israeli wheat for milling is sourced from Russia, the United States, Hungary, Germany, Canada, and Romania. Most of these imports are hard red winter wheat. There are 19 flour mills in Israel, with a total capacity of 1.3 MMT. In addition to milling wheat, there are also imports of packaged flour mainly from Ukraine and Russia. Annual non-feed wheat consumption in Israel used to be steady at around 1 MMT and was expected to stay stable despite annual population growth due to changing health trends that drive for the use of healthier flours. However, the COVID-19 pandemic and frequent lockdowns limited outside dining options and formed new trends of home cooking and baking. As a result, consumption reports published in Israel over the past year demonstrated higher demands for wheat flour and for pasta products

from the private sector. Israel is also shipping some milled wheat to the Palestinian Authority (PA) due to their insufficient milling capacity and high demand.

Trade:

In MY 2022/23, Post forecasts total wheat imports at 1.74 MMT a slight increase from previous year imports of 1.7 MMT.

Feed Wheat – Post forecasts that in 2022/23 feed wheat imports will be 740 TMT. Most feed wheat is imported from Ukraine. The quantity of wheat imports and its source might shift due to the current conflict between Russia and Ukraine that might influence wheat supplies and prices.

Milling Wheat – In MY 2022/23, milling wheat imports are expected to reach 1 MMT. Despite annual population growth of two percent, consumption remains stable. An increasing number of consumers in Israel are looking for white flour substitutes, such as whole wheat and gluten-free products, which is considered healthier.

Local production of milling wheat covers a maximum of 15 percent of annual consumption. The market share of U.S. wheat is expected to increase to 150 TMT in MY 2022/23 mainly due to the political tension around the BSB which might influence Black Sea wheat prices and availability. Wheat exports from the United States tend to have lower stability values than those demanded by Israeli millers, making the use of U.S. product impracticable in many cases. In the current marketing year, the share of U.S. wheat was 14.1 percent of total milling wheat imports compared to 8.9 percent in MY 2020/21.

Stocks:

In MY 2022/23, wheat stocks are forecast at 563 TMT.

The government's emergency stocks of milling wheat are usually at their annual high in July after the end of the harvest in Israel. During this period, stocks are generally at an estimated 150 TMT, which would be sufficient to cover two months of demand. Stocks generally decline from July through March or April to around 30 TMT and rebound again at the onset of the harvest.

Emergency stocks are based on the domestic wheat harvest size. However, in the case of a shortage in local wheat production, stocks are rebuilt with imported wheat, as was done this year. Emergency stocks are controlled by the Israeli Ministry of Agriculture (MOA). The MOA also chooses, through tenders, the companies that are best suited to store the emergency stocks. In addition to the emergency stocks, local importers usually have some milling wheat stocks, which tend to be imported.

When the COVID-19 pandemic first struck Israel, the government increased its emergency stocks due to extremely high public demand for food staples as well as stockpiling of food in Israeli households. After a few months into the pandemic, the public realized that there will be no food shortages. Despite the shutdown of many sectors by government orders imposed to prevent the spread of the pandemic, the food sector continued to operate as usual and the public stopped stockpiling food. As a result, the government became reluctant in allocating funding for additional emergency stocks since food shortage concerns subsided.

The MOA also holds emergency stocks of feedstuffs. These include feed grains, oilseed meal, DDGS and CGF. Stocks of wheat normally stand at about 120 TMT and are sufficient to meet feed demand for approximately two months. Out of the total wheat stocks of 120 TMT, about 20 TMT are feed wheat.

Table 2: Wheat Production, Supply and Distribution

| Wheat Market Year Begins Israel | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---------------------------------------|---------------|----------|---------------|----------|---------------|----------|
| | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 41 | 65 | 45 | 65 | 0 | 65 |
| Beginning Stocks (1000 MT) | 508 | 508 | 320 | 415 | 0 | 493 |
| Production (1000 MT) | 90 | 80 | 97 | 98 | 0 | 90 |
| MY Imports (1000 MT) | 1629 | 1643 | 1800 | 1708 | 0 | 1740 |
| TY Imports (1000 MT) | 1629 | 1643 | 1800 | 1708 | 0 | 1740 |
| TY Imp. from U.S. (1000 MT) | 0 | 90 | 0 | 140 | 0 | 150 |
| Total Supply (1000 MT) | 2227 | 2231 | 2217 | 2221 | 0 | 2323 |
| MY Exports (1000 MT) | 7 | 20 | 3 | 20 | 0 | 20 |
| TY Exports (1000 MT) | 7 | 20 | 3 | 20 | 0 | 20 |
| Feed and Residual (1000 MT) | 850 | 792 | 850 | 720 | 0 | 740 |
| FSI Consumption (1000 MT) | 1050 | 1004 | 1050 | 988 | 0 | 1000 |
| Total Consumption (1000 MT) | 1900 | 1796 | 1900 | 1708 | 0 | 1740 |
| Ending Stocks (1000 MT) | 320 | 415 | 314 | 493 | 0 | 563 |
| Total Distribution (1000 MT) | 2227 | 2231 | 2217 | 2221 | 0 | 2323 |
| Yield (MT/HA) | 2.1951 | 1.2308 | 2.1556 | 1.5077 | 0 | 1.3846 |
| | | | | | | |

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Barley

Production:

Post forecasts Israel's barley production in MY 2022/23 (October – September) at about 15 TMT from a harvested area of around 5,000 ha. Post estimates that the area planted with barley is actually 6,700 ha, but 1,700 hectares are going to silage. The other 5,000 ha is for grain production. Most barley production is located in the south of Israel, the remainder is in the Beit-Sh'an Valley in the east of the country. Production is about 3 MT/ha for grains and around 8.5 MT/ha when cultivated for silage.

Consumption:

FAS Tel Aviv forecasts Israel's barley consumption in MY 2022/23 at 475 TMT with no change from the MY 2021/22 figure.

Post is revising MY 2021/22 feed consumption estimates up by 70 TMT to 475 TMT, from earlier estimates of 405 TMT. The increase is due to the higher volumes of barley used in some feed products, replacing the more expensive wheat. Following feed wheat and corn, barley is the third most utilized feed grain in Israel. Post anticipates that annual consumption will range from 250 to 500 TMT over the next few years. Barley's main use in Israel is for sheep feed. Most feed mills will swap out feed wheat for barley depending on prices, as seen this year following the price increase of feed wheat.

Trade:

FAS Tel Aviv forecasts Israel's imports of barley in MY 2022/23 at around 470 TMT, same as 2021/22 figures. There have been no U.S.-origin barley imports in recent years. Most of Israel's barley imports come from Ukraine, taking advantage of shipping proximity and lower prices. However, depending on the duration of the current conflict in Ukraine, it will likely impact where Israel sources its barley in the near term.

Barley and other grains are necessary in feed rations due to the presence of a pigment in corn called *xanthophyll 1* that turns broiler meat yellow. Poultry producers and feed millers use higher amounts of barley, sorghum, or even feed wheat to mitigate the strong yellow pigment in chicken meat. Israeli consumers tend to associate yellow color in poultry to poor animal health and obesity. In recent years, annual barley imports have varied between 190 TMT and 550 TMT and will stay at these levels in the coming years.

Stocks:

FAS Tel Aviv forecasts Israel's barley stocks in MY 2022/23 at 42 TMT. Most of the stocks will be from the government's emergency feedstuff stocks. A limited number of stocks may, however, be held at private feed mills.

Table 3: Barley Production, Supply and Distribution

| Barley Market Year Begins Israel | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|--|---------------|----------|---------------|----------|---------------|----------|
| | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 5 | 5 | 5 | 5 | 0 | 5 |
| Beginning Stocks (1000 MT) | 39 | 39 | 35 | 42 | 0 | 42 |
| Production (1000 MT) | 5 | 15 | 7 | 15 | 0 | 15 |
| MY Imports (1000 MT) | 461 | 400 | 350 | 470 | 0 | 470 |
| TY Imports (1000 MT) | 461 | 400 | 350 | 470 | 0 | 470 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 505 | 454 | 392 | 527 | 0 | 527 |
| MY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| TY Exports (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed and Residual (1000 MT) | 460 | 402 | 350 | 475 | 0 | 475 |
| FSI Consumption (1000 MT) | 10 | 10 | 10 | 10 | 0 | 10 |
| Total Consumption (1000 MT) | 470 | 412 | 360 | 485 | 0 | 485 |
| Ending Stocks (1000 MT) | 35 | 42 | 32 | 42 | 0 | 42 |
| Total Distribution (1000 MT) | 505 | 454 | 392 | 527 | 0 | 527 |
| Yield (MT/HA) | 1 | 3 | 1.4 | 3 | 0 | 3 |
| | | | | | | |

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Corn

Production:

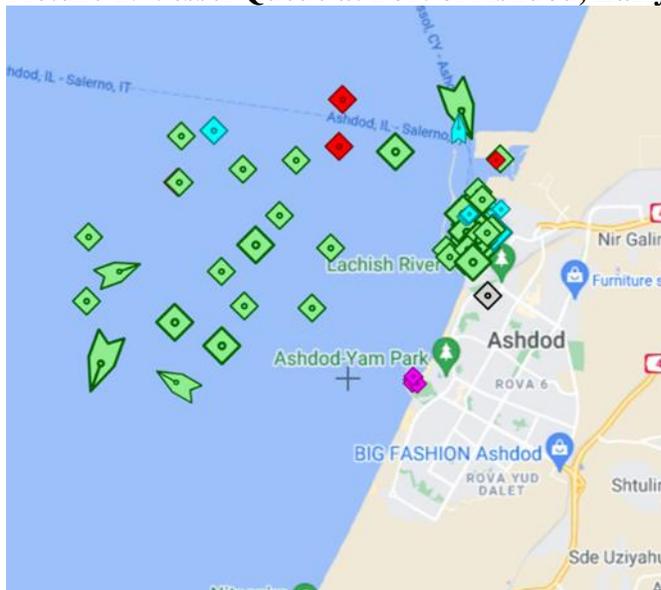
Israel is an insignificant producer of corn. No corn is cultivated for feed use. In calendar year (CY) 2021, total planted area was around 14,000 ha. Over half of this amount is for silage, with some 6,000 ha cultivated for human consumption as sweet corn (either fresh or processed). Popcorn grows on about 1,000 ha. Israel is entirely dependent on imports of feed corn and corn

for the starch industry. Due to water constraints (dependency on irrigation, water shortages, and high prices), farmers continue to produce other higher value crops in lieu of feed corn.

Consumption:

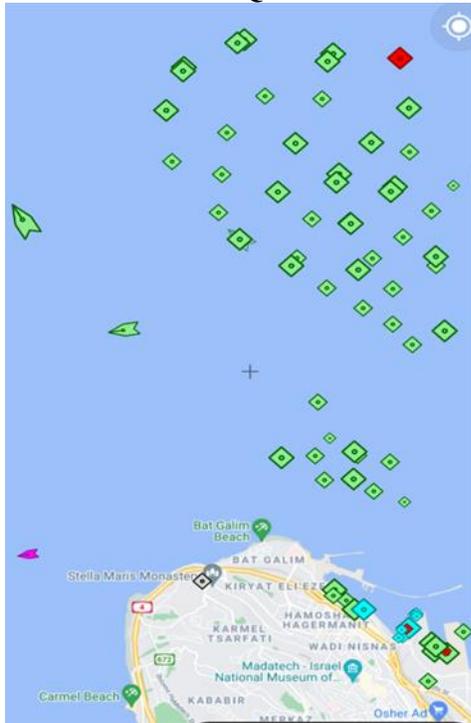
FAS Tel Aviv forecasts Israel’s corn consumption in MY 2022/23 (October – September) at 2.09 MMT up 261 TMT from MY 2021/22 figures. Post is revising MY 2021/22 consumption estimates down by 161 TMT to 1.829 MMT, from earlier estimates of 1.99 MMT. The decrease is due mainly to some shipments that were sent earlier to Israel earlier this year that were not offloaded due to a long operational queue at the ports, which led to not capturing these shipments in the MY figures. Port operational queues in the past year have elongated, some shipments having to wait weeks to be offloaded (See Pictures 1 and 2). This bears additional costs for the importers and later on reflect on the consumer prices. The volume of corn used in some feed products (and replacing it with less expensive wheat and barley) might change throughout the year due to world commodity prices.

Picture 1: Vessel Queue at Port of Ashdod, Early February 2022



Source: Marine Traffic App

Picture 2: Vessel Queue at Port of Haifa, Early February 2022



Source: Marine Traffic App

Corn is the main commodity used by Israel's feed industry. In recent years, there have also been corn purchases by farmers and the wildlife protection services – the corn is used to feed migrating birds to keep them away from agricultural fields and inland aquaculture.

Poultry and egg production drives consumption, followed by dairy, turkey, and other ruminants. In the last decade, total animal protein production increased by 1.4 percent, reaching 832,000 MT in CY 2018 (latest figures available). This trend will continue in the coming years. Annual per capita meat consumption in Israel is 86.1 KG per person, ranking it fourth in the world after Australia with 90.3 KG, the United States with 90.1 KG, and Argentina with 86.6 KG per capita (2014, the latest statistics).

BROILERS: In 2016, Israel eliminated its poultry production quota system. With no mandated quota, production surpluses were expected, but none occurred. Growers are now attempting to put in place an internal quota control to avoid excess production. The quota system, dating back to 1997, increased broiler production by 113 percent through 2014. Poultry production in 2021 is estimated at 530,000 MT, down by 3.6 percent from the last year (official figures for the whole year have not yet been published). The demand for poultry meat in MY 2021/22 were mainly from the private sector as the hotel, restaurant, and institutional (HRI) sector demand was cut drastically since the COVID-19 outbreak in early 2020. Private consumption rose due to increased home cooking. Poultry meat prices were mostly stable, though some prices did increase, attributed mainly to the higher costs of slaughterhouses due to a new domestic veterinary regulation imposed this year. Israel is self-sufficient in broiler production and there are almost no imports.

TABLE EGGS: In 2021, table egg production was 2.1 billion eggs (official figures for the whole year have not yet been published), with no significant change from 2020 due to production quotas. Shortages in the Israeli market usually occur around the months of April and September due to local holidays and imported table eggs fill the gap.

This year, due to the outbreak of avian flu in some of the growing areas which led to the eradication of chicken flocks in the infected areas, the government opened import quotas of 100 million table eggs to avoid market shortages. The Ministry of Agriculture and Rural Development with the poultry board control table egg production through a production quota system. The table egg prices are regulated. There is little incentive or interest in changing the existing system and therefore Israel will continue importing eggs in order to fill in the gaps. Imported eggs are cheaper than locally produced eggs but sold at the same price in the market due to governmental intervention.

MILK: In 2020, local cow milk production was 1.521 million liters (latest figures available). As production is regulated by quotas, 2021 figures should be similar to those of the past year, as was determined by the dairy board. The production quota for 2021 was 1.5 million liters and the quota for 2022 was set at 1.485 million liters. Post estimates that total milk production will stabilize around the quota quantities even with the growing population due to the increase in consumption of milk substitutes and in imported dairy products, mainly semi hard cheeses. Local consumption per capita is about 197 liters per person. Israel also produces 14 million liters of goat milk and around 10 million liters of sheep milk.

BEEF: There are three main sources for beef in Israel:

1. Imported frozen or chilled beef – 50-60 percent of supplies.
2. Imported feeder cattle that is fed and slaughtered in Israel – 25-30 percent of supplies.
3. Local grown cattle for beef – 3-4 percent of supplies.
4. Cattle sent from local dairy farms for slaughtering (old cows, male calves, cows that cannot get pregnant) – 12-14 percent of supplies.

No official figures have been published yet for 2021, but local beef production reached 80,000 MT in 2019. Post estimates that there was a 10-15 percent increase in production in 2021 due to higher volumes of imported feeder cattle. Israel is increasingly dependent on imported feeder cattle, as well as chilled or frozen beef as demand for beef rises. With the resource constraints and high dependence on imported inputs, locally produced beef is now more expensive than the imported product. Post expects to continue to see an increase in both chilled and frozen beef imports due to increasing demand, and a decrease in imported feeder cattle due to animal welfare groups that call for a ban on live feeder cattle imports.

Israel imported 294,005 heads of feeder cattle in 2021, up 32 percent from 2020. This increase can be attributed to one or more of the following factors – larger demand from the PA that buy some of their cattle from Israeli feed lots and higher demand for fresh beef by Israeli consumers.

TURKEY: Turkey meat is not common in Israeli cuisine. The local processing industry absorbs most domestically produced turkey. Total production in CY 2021 is estimated at 83,000 MT (final figures are not yet published) up 6,000 MT compared to 2020. Turkey consumption is

highly influenced by the HRI sector, mainly in some street food dishes (shawarma) because restaurant closures for some parts of the year drove many consumers to open street food outlets.

MUTTON AND GOAT MEAT: Israeli production of mutton and goat is estimated at 12,000 MT in 2020 (latest figure available), largely unchanged from previous years. Consumption is stabilizing at this amount for the near future, most of the fresh supply of mutton meat originates from imported lambs that are sent to local feed lots.

In MY 2021, Israel imported some 465,764 lambs for feeding, up by 132,197 heads from MY 2020. This stands in line with the increase of 24.2 percent in imports of feeder cattle this MY. The reason for this increase might be that Israeli importers in all sectors face elongated delays in sea shipments and in lack in availability of sea shipments and decided to have larger stocks available for the market so as not to face shortages.

PORK: Due to religious restrictions on pork consumption by the Jewish and Muslim population, local pork production is relatively small and production levels have remained unchanged since 1997, totaling about 14,000 MT. The Israeli Kosher Law prohibits imports of non-kosher meats but does permit domestic pork production.

FEED INDUSTRY: Eight feed mills control about 90 percent of the local feed milling industry. The largest feed miller controls 22 percent of the market and plans to increase production by 12 percent. There are some 150 feed centers in Israel. These are communal feed mills operated by local farming communities (i.e., Kibutzim), and sell their feed mix to the cattle industry. Fifteen of these are large feed centers servicing the largest cattle producers while the remaining 135 are smaller operations, selling feed to smaller producers. Each small feed center supplies feed to 100-300 cattle.

In MY 2021, the largest vegetable oil company in Israel, Shemen, shut down. The company produced soybean, corn, sunflower and canola oils for the domestic market. The company imported the oilseeds for its oil production and sold the different meals that were produced as a byproduct to the local feed industry. After the company's closure, most of the vegetable oils (excluding olive oil) are now imported into the country. In MY 2021/22, Israel saw an increase of oilseed meal imports, mainly soymeal, to replace the lack of domestic production.

In Israel, due to the dry weather including long dry summers and short winters with little rainfall, beef cattle lack grazing meadows. Most of the year farmers must feed cattle, making beef production in Israel relatively expensive. Post estimates that the total market for the Israeli feed milling industry (feed millers and feed centers) is about 4 MMT (excluding hay and silage). Their typical formulation is composed of grains, oilseed meals (i.e., soy, sunflower, and canola), and other feed sources such as DDGS and CGF. Israeli feed mills export about 15 percent of their production to Jordan and the PA.

Table 4: Feed Prices in Israel (US\$/MT)

| | August 2020 | August 2021 | % Difference |
|----------------------|--------------------|--------------------|---------------------|
| Corn | 198 | 340 | 71.7 |
| Barley | 220 | 312 | 41.8 |
| Feed wheat | 245 | 335 | 36.7 |
| Soy meal | 408 | 580 | 42.1 |
| Gluten feed | 243 | 340 | 39.9 |
| Canola meal | 260 | 359 | 38 |
| Sunflower meal | 276 | 400 | 44.9 |
| DDGS | 258 | 395 | 53.1 |
| Exchange rate INS/\$ | 3.4 | 3.22 | -5.3 |

Source: Israeli Cattle Growers Association, COMMODEX reports

Trade:

In MY 2022/23, corn imports are expected to be 2 MMT, of which 180 TMT are expected to be of U.S. origin. In recent years, corn has been imported mainly from Ukraine, Argentina, and Brazil. In MY 2021/22, 220 TMT of U.S. corn was exported to Israel. The dramatic decline of U.S. corn exports to Israel in the past decade is due to competitive pricing of Ukraine and South American corn, cheaper shipping costs, and quality concerns with U.S. corn. Notably, in the Middle East and North Africa, U.S. corn is increasingly perceived as being of lower quality than South American or Black Sea product. Corn shipments from the United States typically arrive with a higher percentage of broken kernels than comparable shipments from other sources.

Ukrainian and other Black Sea corn sources' proximity to Israel results in a freight advantage over the United States and South America. Israeli importers report that Ukrainian corn, including freight, may be as much as \$30 per ton lower than the U.S. product. However, in MY 2022/23, political tensions between the Ukraine and Russia might limit availability and supplies from the BSB. Israeli importers might source corn in other countries in order to avoid shortages. Soaring corn prices in the local market (See Table 4) that increased by 71 percent this year, drove the feed industry to limit its corn use and replace it with cheaper grains when possible. Corn imports over the past ten years have ranged between 900 – 2,000 TMT.

Israel remains a steady, long-time customer of U.S. corn co-products including DDGS and CGF. In recent years, DDGS and CGF imports have increased significantly. In MY 2021/22, Israel imported 532 TMT of CGF and DDGS, of which 85.5 percent was from the United States. This figure has doubled in the last decade. The country's dairy sector is a heavy user of DDGS and CGF with some DDGS earmarked for poultry consumption.

Stocks:

MY 2022/23 ending stocks are forecast at 100 TMT. These stocks will be held in government storage, as well as privately-owned feed mills and centers.

Table 5: Corn Production, Supply and Distribution

| Corn Market Year Begins Israel | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|--------------------------------------|---------------|----------|---------------|----------|---------------|----------|
| | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Stocks (1000 MT) | 131 | 131 | 114 | 100 | 0 | 100 |
| Production (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| MY Imports (1000 MT) | 1493 | 2000 | 1800 | 1839 | 0 | 2000 |
| TY Imports (1000 MT) | 1493 | 2000 | 1800 | 1839 | 0 | 2000 |
| TY Imp. from U.S. (1000 MT) | 540 | 180 | 0 | 220 | 0 | 180 |
| Total Supply (1000 MT) | 1624 | 2131 | 1914 | 1939 | 0 | 2100 |
| MY Exports (1000 MT) | 10 | 10 | 10 | 10 | 0 | 10 |
| TY Exports (1000 MT) | 10 | 10 | 10 | 10 | 0 | 10 |
| Feed and Residual (1000 MT) | 1400 | 1921 | 1700 | 1729 | 0 | 1990 |
| FSI Consumption (1000 MT) | 100 | 100 | 100 | 100 | 0 | 100 |
| Total Consumption (1000 MT) | 1500 | 2021 | 1800 | 1829 | 0 | 2090 |
| Ending Stocks (1000 MT) | 114 | 100 | 104 | 100 | 0 | 0 |
| Total Distribution (1000 MT) | 1624 | 2131 | 1914 | 1939 | 0 | 2100 |
| Yield (MT/HA) | 0 | 0 | 0 | 0 | 0 | 0 |

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Attachments:

No Attachments