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Israel

Grain and Feed Annual

Annual Report

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Report Highlights:

Israel is almost completely dependent on imports to meet its grain and feed needs.

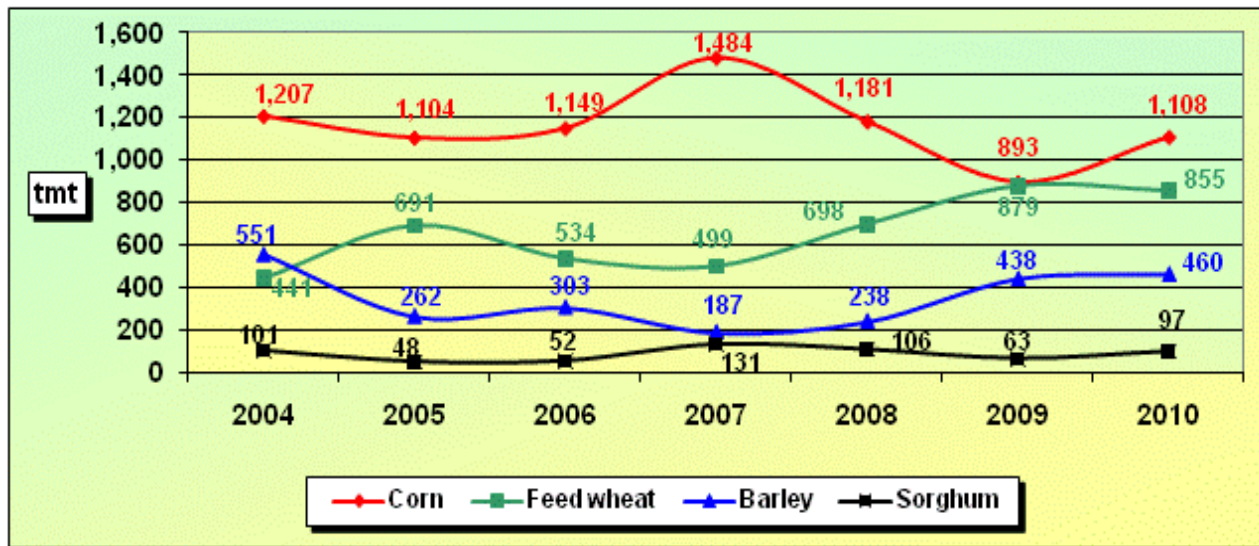
Feed wheat and corn are the main ingredients of feedstuffs used in the local poultry, dairy, cattle and aquaculture farms in Israel. The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price. Many Israeli traders consider the Black Sea Basin (BSB) a "natural" source for grains due to its proximity and the convenience of small shipments. However, whenever there is a shortage of grains from the BSB, the market share of U.S. grains increases significantly.

Due to the ban on grain exports from Russia, combined with Ukraine grain export quotas; the Israeli feed milling industry is shifting from barley and feed wheat to corn and sorghum. As a result, the U.S. market share of corn and sorghum in Israel is expected to increase in MY 2010/11 to about 60 percent and nearly 100 percent, respectively. In addition, since two of Israel's main milling wheat suppliers are Russia and Ukraine, it is estimated that the U.S. market share of milling wheat in Israel will increase to about 50 percent in MY 2010/11, compared to 23 percent in MY 2009/10.

Executive Summary:

The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships.

Chart 1: Major Grains/Feedstuff Import to Israel, CY



Source: Israeli Ministry of Agriculture

MY 2009/10 Trade - Despite the high prices of grains combined with restricted supplies from Ukraine and Russia, total grain import demand in MY 2009/10 increased by nearly 5 percent compared to the previous year (from 3.0 million tons to 3.16 million tons) and reached a record high.

As a result of the expected continued grains export ban in Russia and the short supply of grains in Ukraine in MY 2010/11 and in order to rebuild barley and feed wheat stocks, feed wheat (0.916 million tons- equal to last year record high) and barley (0.52 million tons - record high) imports reached record highs in MY 2009/10. In addition, corn imports increased by 5 percent to almost one million tons. On the other hand, sorghum imports decreased by 55 percent to 31 tmt. Due to the increased imports of feed wheat and barley, sorghum imports decreased significantly.

Restricted supplies of corn from BSB caused increased corn imports from the US, whose market share for corn increased in MY 2009/10 by 100 percent, compared to the previous year (from 17 percent share to 34 percent share). In addition, due to restricted supplies of sorghum from Ukraine, U.S. market share for sorghum increased from 0 share in MY 2008/9 to 68 percent share in MY 2009/10.

In MY 2009/10 milling wheat imports decreased by 7 percent compared to the previous year. The decrease was mainly due to relatively high stocks of milling wheat combined with restricted supplies of milling wheat from Ukraine, Russia and Hungary.

Despite the global rise in commodities prices combined with the fact that Israel is a net food importer, the Israeli government did not subsidize or changed tariffs on any grains (all grains enter Israel duty-free). The increase in food prices did not lead to problems in Israel as have been evident in some developing and other food import dependent countries. In CY 2010, inflation/CPI

was 2.7 percent, within the range of the price stability target. Excluding the housing component, the CPI increased by 1.9 percent in 2010.

MY 2010/11 Trade - Total grain imports in MY 2010/11 is estimated to decrease slightly to just above 3 million tons, mostly wheat (about 1.5 million tons) and corn (about 1.25 million tons). The slight decrease is mainly due to increased local grains stocks combined with shortage of grains from Ukraine and Russia.

Due to the expected continued low supplies of feed wheat and barley from the BSB in MY 2010/11, the local feed milling industry will use corn and sorghum on the account of feed wheat and barley.

As a result, corn and sorghum imports in MY 2010/11 are expected to increase significantly compared to the previous year and will total about 1.25 million tons of corn and 130,000 MT of sorghum. In addition, it is expected that corn and sorghum imports from Ukraine will decrease in 2010/11. Therefore, post estimates that U.S. market share of corn and sorghum in Israel will continue to increase in 2010/11 – Corn: from 34 percent in MY 2009/10 to about 60 percent in 2010/11 (about 750 tmt of U.S. corn); Sorghum: from 68 percent in MY 2009/10 to nearly 100 percent in 2010/11 (about 140 tmt of U.S. sorghum).

Since usually two of Israel's main milling wheat suppliers are Russia and Ukraine, it is estimated that the U.S. market share of milling wheat is expected to increase significantly from 23 percent in MY 2009/10 to about 50 percent in MY 2010/11.

MY 2011/12 Trade - Total grain imports in MY 2011/12 is estimated to increase from about 3 million tons in MY 2010/11 to about 3.1 million tons in MY 2011/12, mostly wheat (about 1.65 million tons) and corn (about 0.9 million tons). The increase is mainly in order to rebuild barley and feed wheat stocks combined with increased supplies of grains from Ukraine and Russia and the U.S. market share of milling wheat, corn and sorghum is likely also to decrease, with Eastern Europe and Argentina supplying the remainder. This scenario is according to the assumption that supplies of grains from Ukraine and Russia will reach their multi annual average.

On the other hand, if Russia is to keep grain export ban continuous MY 2011/12 combined with limited supplies of grains from Ukraine, in addition to the assumption that world corn production will not decrease significantly, grain imports and market shares will be unchanged from MY 2010/11 levels.

Local Production - Due to continued unfavorable rainfall in most of Israel it is estimated that domestic wheat production for MY 2011/12 will not change compared to previous year production levels, and will total about 100,000 MT. A more precise estimate will be available in April-May 2011. Israel did not increase its wheat growing area as a result of the global spike in wheat prices.

On the other hand, driven by the significant increase in world prices for corn, corn production in MY 2011/12 is estimated to total about 8,000 tons, a 430 percent increase from the previous year levels. A more precise estimate will be available in May-June 2011.

In the coming decades experts predict difficulties in the ability to produce food due to world population growth and climate change. Therefore, Israel must prepare for a possible shortage of staple foods in the next two decades and consider replacing current agricultural crops with wheat. In order to overcome the scarcity in natural resources, particularly arable land, Israel may have to give up crops like sunflower seeds and cotton in the Jezreel Valley (North of Israel) in favor of wheat. It is estimated that Israel will be able to increase its local wheat production by about 50,000 tons.

In addition, Israeli will may have to decide to cut down on food exports in order to provide food for its population.

According to the Israeli experts, in view of the climate crisis the Agriculture Ministry will have to consider new R&D strategies such as genetic research to develop wheat that is more resistant to dry conditions, as we face in Israel.

Commodities:

Wheat

Production:

In MY 2010/11, harvest totaled 100,000 metric tons, 27 percent below the last 10-year average for Israel wheat crop (137,000 tons) but unchanged from last crop year's harvest.

The below average production is due to the continued drought conditions mainly in the southern part of the country. As a result of the drought conditions in MY 2010/11, the Ministry of Finance declared a drought year in the southern part of the country (Negev region). The declaration enables compensation payments to growers.

The quality of the MY 2010/11 crop was good and the entire crop reached protein levels of at least 12 percent.

Israel did not increase its wheat growing area as a result of the spike in wheat prices. While in any given year about 90,000 HA are planted to wheat, only about 75 percent is harvested for milling; the remainder is cut as fodder for livestock feed. Due to the continued unfavorable rainfall in the southern parts of the country (the largest wheat growing area) it is estimated that wheat production will total about 100,000 MT in MY 2011/12, unchanged from last year. A more precise estimate will be available in April-May 2011.

Table 1: Wheat Production, Thousand Metric Tons, Crop Year

MY	Total Production	Percent Change Compared to Previous Year
2001	162	
2002	179	10
2003	187	4
2004	128	-32
2005	180	41
2006	132	-27
2007	145	10
2008	60	-59
2009	100	67
2010	100	0
10-year average	137	
2011*	100	0

Source: CBI, Statistical Abstract of Israel, Different Years.

*Forecast: Based on information collected from the Field Crops Organization.

In the coming decades experts predict difficulties in the ability to produce food due to world population growth and climate change. Therefore, Israel must prepare for a possible shortage of staple foods in the next two decades and consider replacing current agricultural crops with wheat. In order to overcome the scarcity in natural resources, particularly arable land, Israel may have to give up crops like sunflower seeds and cotton in the Jezreel Valley (North of Israel) in favor of wheat. It is estimated that Israel will be able to increase its local wheat production by about 50,000 tons.

In addition, Israeli will may have to decide to cut down on food exports in order to provide food for its population.

According to the Israeli experts, in view of the climate crisis the Agriculture Ministry will have to consider new R&D strategies such as genetic research to develop wheat that is more resistant to dry conditions, as we face in Israel.

Farm Gate Price for Locally Produced Wheat

The price paid to Israeli wheat growers is based on the CBOT price at harvest time. Freight and handling costs are added to construct a landed equivalent. In MY 2010/11, the average base price paid to farmers was \$250/ton.

According to the current CBOT price, the average base price which will be paid to farmers in MY 2011/12 is \$393/ton, a 57 percent increase from the previous year.

Consumption:

Due to Russia's decision to ban grain exports combined with Ukraine's grain export quotas, local consumption is forecast to decrease by 5-10 percent compared to the previous MY to 1.7 million tons in MY 2010/11. Human consumption in Israel is steady at about 875,000 tons annually, so any variation in total annual consumption is a result of changes in wheat for feed use, and changes in demand by the Palestinian Authority (PA).

There are 19 flour mills in Israel and their full capacity is 1.2-1.4 million tons.

The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. Due to expected continued restricted supplies of feed wheat and barley from Eastern Europe and the BSB in MY 2010/11, the local feed milling industry is shifting to corn and sorghum on the account of feed wheat and barley.

Local Mixed Grains Market

About 90 percent of the local feed milling industry is controlled by 7 feed millers. The total market of the Israeli feed milling industry is estimated at 2.3-2.55 million tons of mixed grains per year.

Table 2 - The Largest Feed Millers in Israel, Annual Mixed Grains

	thousand tons	Share
Ambar	775	35%
Miloubar	575	26%
Zemach	255	12%
Tadmir	210	10%
Asamey Oz	200	9%
Asam Hagalil	110	5%
Kfar Yehoshua	80	4%
Total	2,205	100%

Trade:

MY 2010/11 Outlook - As a result of the expected continued restricted supplies of milling wheat from the BSB in 2010/11 combined with the projected below average local wheat production, it is estimated that U.S. market share of milling wheat in Israel will increase significantly compared to the previous year from 23 percent in 2009/10 to about 55 percent in 2010/11 (about 500 tmt of U.S. milling wheat). On the other hand, if Ukraine and Russia's crop estimates in March-April 2011

will be positive, it is likely that Russia will be lifting its export ban and Ukraine will increase its grain export quotas or even cancel them (in recent months Ukraine has already increased its grain export quotas) and imports of milling wheat from Ukraine and Russia will increase in the second half of MY 2010/11 on the account of the American share, and the American share is expected to total about 35 percent (about 320 tmt).

As a result of the estimated below average wheat production combined with Israel's annual population growth (1.8 percent), milling wheat imports are expected to increase about 3 percent compared to the previous year from 877 tmt in 2009/10 to about 900 tmt in 2010/11.

Due to the continued restricted supplies of feed wheat, it is expected that the Israeli feed milling industry will increase the purchases of corn and sorghum on the account of feed wheat in the first half of MY 2010/11. For the second half of MY 2010/11 there are 2 options: 1) If Ukraine and Russia's crop estimates in March-April 2011 will be positive, it is likely that Russia will be lifting its export ban and Ukraine will increase its grain export quotas or even cancel them and imports of feed wheat are expected to increase in the second half of MY 2010/11 compared to the first half of MY 2010/11; 2) If Russia and Ukraine crop estimates in March-April 2011 will be low, it is expected that Russia will not lift its export ban and Ukraine will continue with its grain export quotas policy and restricted supplies of feed wheat from Ukraine will continue in the second half of MY 2010/11.

If restricted feed wheat supplies will continue for the entire MY 2010/11, feed wheat imports are expected to total about 600 tmt in 2010/11, a 30 percent decrease from the previous year. If 2011 Ukraine and Russia grain harvests will be positive, feed wheat imports in the second half of MY 2010/11 will increase compared to the first half of MY 2010/11, and feed wheat imports are expected to total about 750 tmt in 2010/11, a 10 percent decrease from the previous year.

MY 2011/12 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If Russia is to keep grain export ban continuous in CY 2011 combined with limited supplies of feed wheat supplies from Ukraine, in addition to the assumption that world corn production will not decrease significantly, feed wheat imports will decrease further to about 550,000 MT in MY 2011/12. On the other hand, if feed wheat supplies will increase from the BSB, feed wheat imports into Israel will likely to total about 800,000 MT.

In recent years (MY), feed wheat imports were not less than 481 tmt and not more than 918 tmt per year. Feed wheat imports average of the past 6 years totaled 713 TMT.

Milling wheat - Local human consumption is steady at about 875,000 tons annually. If limited supplies of milling wheat from Ukraine and Russia will continue, the American milling wheat share is expected to total about 50 percent. On the other hand, if Ukraine and Russia will have good harvests, the American share will total about 25 percent.

In recent years (MY) milling wheat imports were not less than 660 tmt and not more than 940 tmt per year. Milling wheat imports average of the past 6 years totaled 823 TMT.

MY 2009/10 - Despite the ban on grain exports from Russia, combined with Ukraine quotas on grain export, feed wheat imports did not change from the previous year and totaled 916 tmt (equal to last year record high). It is estimated that Israel imported high quantities of feed wheat in order to increase their feed wheat stocks.

There have been no imports of feed wheat from the U.S. in recent years, and this situation is not expected to change in the future.

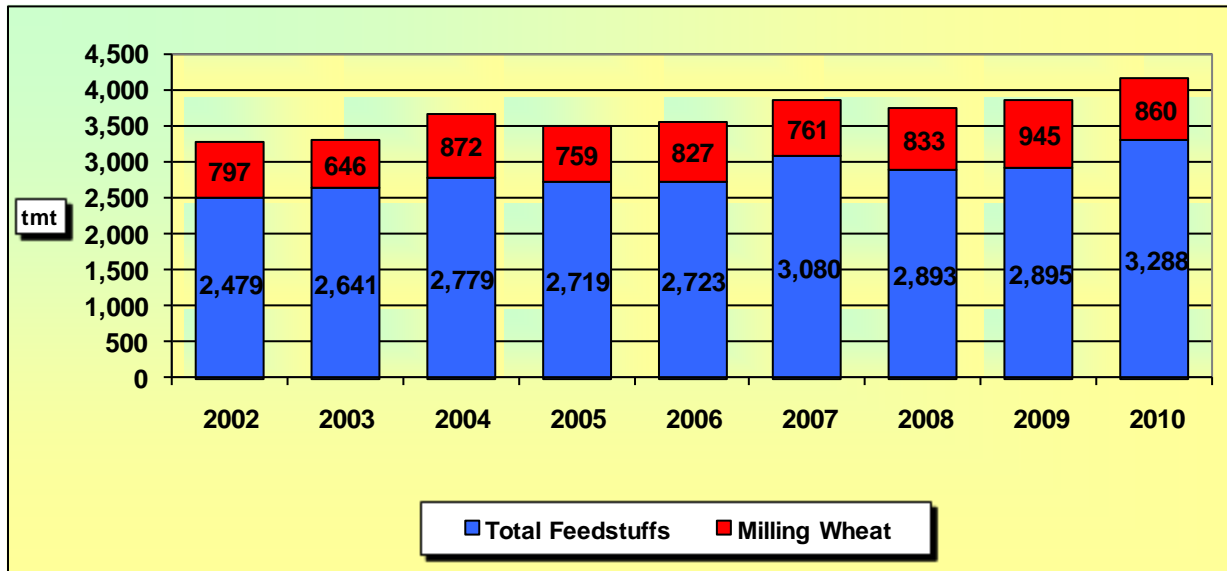
Imports of milling wheat in MY 2009/10 decreased 7 percent compared to the previous MY (from 941 tmt to 877 tmt). The decrease was due to increased milling wheat stocks combined with shortage of milling wheat from Ukraine and Russia.

Despite the low milling wheat supplies from the Black Sea Region in MY 2009/10, imports of U.S. milling wheat decreased significantly compared to the previous MY (from 314 tmt in 2008/09 to 200 tmt in 2009/10). The decrease in imports of U.S. milling wheat was mainly due to the fact that Israeli milling industry succeeded in getting quotas for milling wheat from Ukraine. All in all, the market share of U.S. milling wheat decreased 30 percent compared to the previous year (from 33 percent share in 2008/09 to 23 percent share in 2009/10).

Usually milling wheat imports for Israel are being supplied by Russia, Ukraine, U.S. Kazakhstan, Hungary, Germany and France. Imports of milling wheat (light wheat) from France are mainly for the Passover period.

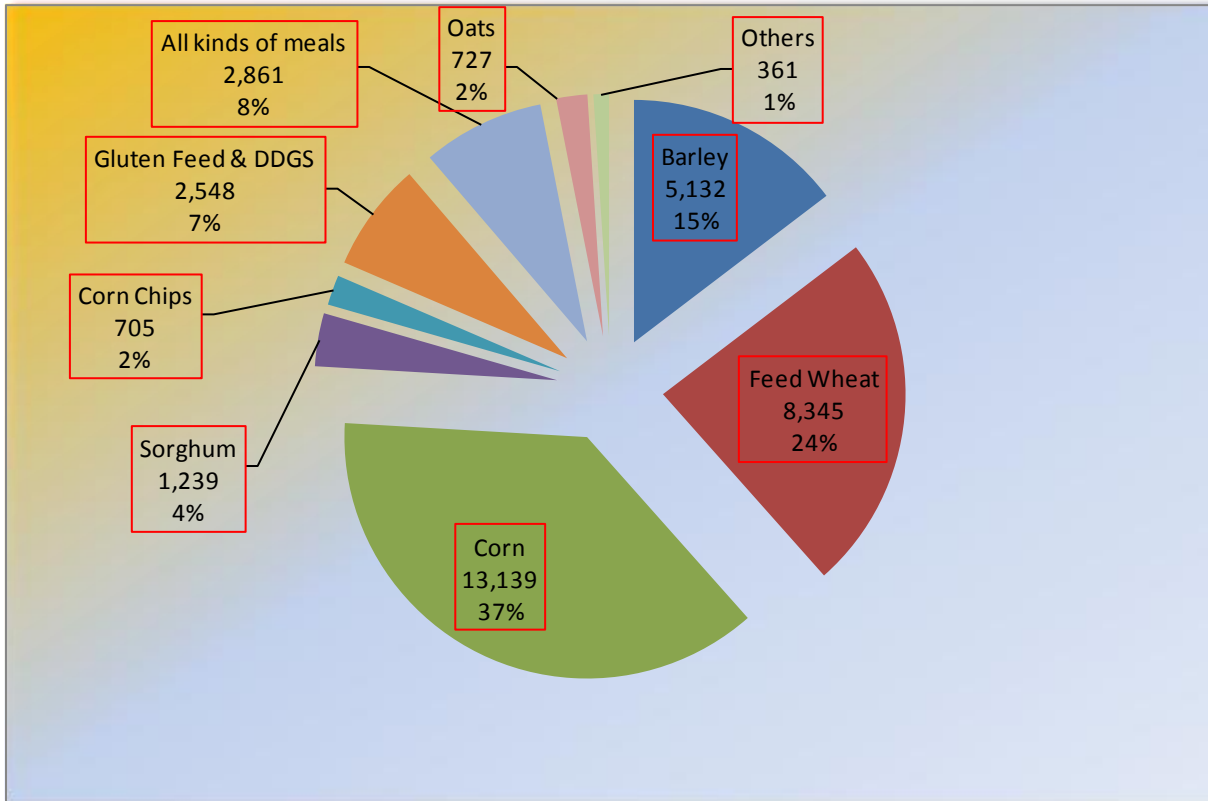
Due to the price factor, the Palestine Authority purchases milling wheat only from the BSB region.

Chart 2: Total Import of all Feedstuff and Milling Wheat, CY



Source: Israeli Ministry of Agriculture

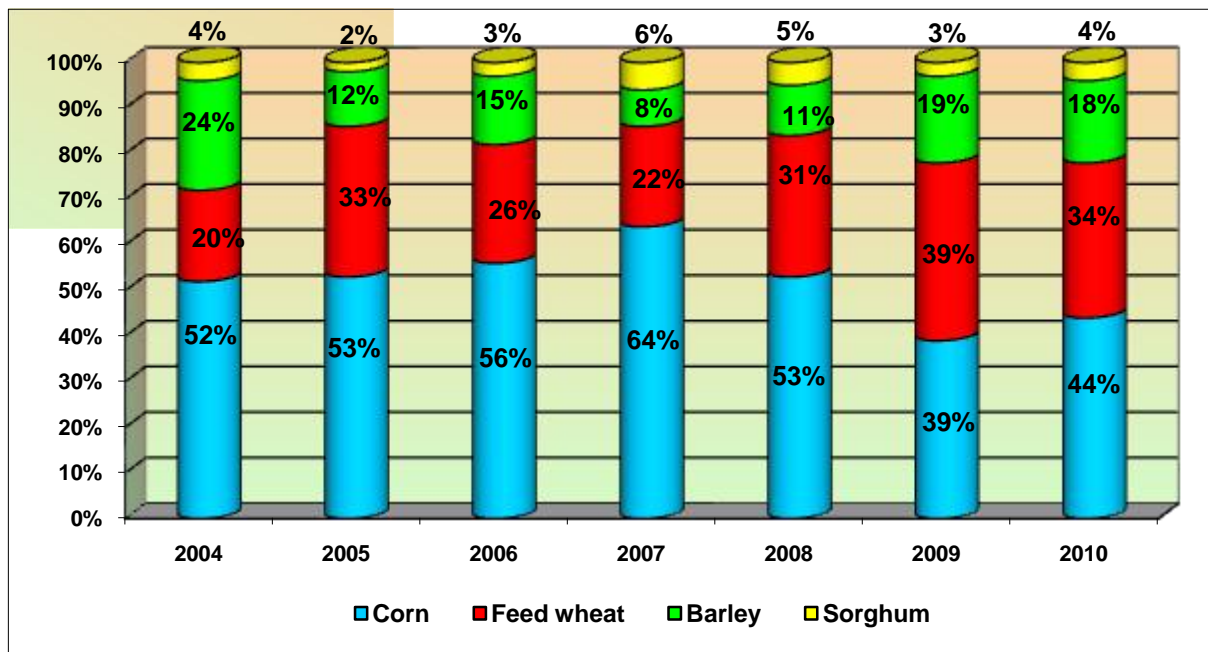
Chart 3: Total Import of all Feedstuff to Israel from 1997-2010 (CY), tmt and Market Share



Source:

Israeli Ministry of Agriculture

Chart 4: Major Grains/Feedstuff Import to Israel, Market Share, CY



Source: Israeli Ministry of Agriculture

Table 3: Israel Grains Imports , MY, Thousand Metric Tons

MY [1]	Milling Wheat	Feed Wheat	Total Wheat	Barley	Corn	Sorghum	Total Import
2002	614	666	1,280	460	698	45	2,483
2003	907	181	1,088	493	1,292	194	3,067
2004	730	685	1,415	374	1,040	50	2,879
2005	871	700	1,571	301	1,173	44	3,089
2006	665	583	1,248	246	1,295	68	2,857
2007	856	481	1,337	202	1,412	171	3,122
2008	941	918	1,859	362	899	70	3,190
2009	877	916	1,793	525	940	31	3,289
Average	808	641	1449	370	1094	84	2,997

Source: Ministry of Agriculture, Office of Prices and Supply

Table 4: Import Share of Total Grain Import Quantity, Percent, MY

MY	Milling Wheat	Feed Wheat	Total Wheat	Barley	Corn	Sorghum	Total Import
2002	24.7	26.8	51.6	18.5	28.1	1.8	100.0
2003	29.6	5.9	35.5	16.1	42.1	6.3	100.0
2004	25.4	23.8	49.1	13.0	36.1	1.7	100.0
2005	28.2	22.7	50.9	9.7	38.0	1.4	100.0
2006	23.3	20.4	43.7	8.6	45.3	2.4	100.0
2007	27.4	15.4	42.8	6.5	45.2	5.5	100.0
2008	29.5	28.8	58.3	11.3	28.2	2.2	100.0
2009	26.6	27.9	54.5	16.0	28.6	0.9	100.0
Average	26.8	21.5	48.3	12.5	36.5	2.8	100.0

Table 5: U.S. Market Share of Total Grain Import Quantity, Percent, MY

MY	Milling Wheat	Feed Wheat	Barley	Corn	Sorghum
2002	58	0	0	39	89
2003	74	0	0	82	89
2004	42	0	0	24	54
2005	30	0	3	52	65
2006	23	0	0	56	85
2007	37	0	0	88	96
2008	33	0	0	17	0
2009	22	0	0	34	68
Average	40	0	0.4	49	68

Source: Ministry of Agriculture, Office of Prices and Supply

Import Trade Matrix

Israel Wheat			
Time Period	MY	Units	1,000 MT
Imports for	2008/09	Imports for	2009/10
U.S.	314	U.S.	200
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	1,545	Others not Listed	1,593
Grand Total	1,859	Grand Total	1,793

** Others not listed are mainly Ukraine, Russia, France, Germany and Hungary.

[1] October-September

Stocks:

Milling Wheat Stocks

The emergency milling wheat stocks in July are usually at record high and are estimated at 165,000 tons. Stocks generally decline from July through May (30,000 tons), and then begin rebounding again in the spring with the onset of the harvest. The emergency stocks are based on domestic milling wheat harvest, however in case of shortage in local wheat production stocks are rebuilt with imported milling wheat.

Production, Supply and Demand Data Statistics:

Wheat Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	60	60	60	60		60
Beginning Stocks	334	334	314	425		315
Production	93	100	100	100		100
MY Imports	1,862	1,793	1,500	1,500		1,600
TY Imports	1,862	1,793	1,500	1,500		1,600
TY Imp. from U.S.	243	166	0	450		300
Total Supply	2,289	2,227	1,914	2,025		2,015
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	1,000	927	700	830		880
FSI Consumption	975	875	950	880		880
Total Consumption	1,975	1,802	1,650	1,710		1,760
Ending Stocks	314	425	264	315		255
Total Distribution	2,289	2,227	1,914	2,025		2,015

1000 HA, 1000 MT

Commodities:

Barley

Production:

There is a limited amount of barley produced in Israel, but it is all harvested as silage; all barley grain is imported. All local barley production is located in the south of Israel. Most of it is sold to the Arab sector for feeding livestock, mainly sheep. Due to non-favorable rainfall in the southern parts of the country, production in crop year 2010/11 totaled about 1,100 tons, 26 percent decrease from crop year 2009/10 levels. The decrease is mainly a result of the continued local water shortage.

Trade:

MY 2010/11 Outlook - It is expected that lower barley supplies from Eastern Europe (mainly Ukraine) combined with increased corn and sorghum imports will decrease barley imports into Israel in MY 2010/11. Therefore, it is estimated that barley imports in 2010/11 will decrease about 28 percent compared to the previous year, and will total about 375 TMT.

MY 2011/12 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If supplies of feed wheat and barley from Eastern Europe and BSB do not change significantly from MY 2009/10 levels and corn and sorghum prices are competitive, barley imports will likely will likely decrease further to about 350 tmt.

In recent years (MY) barley imports were not less than 200 tmt and not more than 525 tmt per year. Barley imports average of the past 8 years totaled 370,000 MT.

MY 2009/10 - In MY 2009/10, despite the higher prices of barley (Israel imports mainly from Ukraine), imports of barley increased nearly 45 percent compared to the previous year (from 362 tmt to 525 tmt) and reached a record high.

The increase was due to expectations by Israeli importers that restriction on supplies of feed wheat and barley will continue in MY 2010/11 and in order to rebuild stocks, barley imports increased significantly in 2009/10.

There have been no imports of barley from the U.S. in recent years, and this situation is not expected to change in the future.

<p style="text-align: center;">Import Trade Matrix Israel Barley</p>

Time Period	MY	Units	1,000 MT
Imports for	2008/09	Imports for	2009/10
U.S.	0	U.S.	0
Others		Others	
Total for Others	0	Total for Others	0
Other not Listed	362	Other not Listed	517
Grand Total	362	Grand Total	525

** Other not listed is mainly Ukraine.

Production, Supply and Demand Data Statistics:

Barley Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	35	35	34	55		35
Production	0	0	0	0		0
MY Imports	490	525	350	375		350
TY Imports	490	525	350	375		350
TY Imp. from U.S.	0	0	0	0		0
Total Supply	525	560	384	430		385
MY Exports	6	0	0	0		0
TY Exports	6	0	0	0		0
Feed and Residual	475	495	340	385		344
FSI Consumption	10	10	10	10		11
Total Consumption	485	505	350	395		355
Ending Stocks	34	55	34	35		30
Total Distribution	525	560	384	430		385
1000 HA, 1000 MT						

Commodities:
Sorghum

Production:

There is a limited amount of sorghum produced in Israel, but it is all harvested for silage; all sorghum grain is imported. The level of consumption hinges on price relationships with other grains, primarily corn and feed wheat. In crop year 2010/11, about 1,500 hectares were planted for sorghum silage. The majority of sorghum production is located in the central and northern parts of Israel. Production in crop year 2010/11 totaled about 20,000 MT, 33 percent down from crop year 2009/10 levels. Post estimates that sorghum silage production in crop year 2011/12 will be about 25,000 MT.

Trade:

MY 2010/11 Outlook – Due the grain export ban in Russia and the short supply of grain in Ukraine, where Israel generally fulfills its import needs, it is estimated that sorghum imports in 2010/11 will increase by about 380 percent compared to the previous MY, and will reach about 150,000 MT.

In recent years Israeli importers have started to purchase Ukraine sorghum on the account of American sorghum, however as a result of the sorghum situation in Ukraine, the U.S. market share of sorghum in Israel is estimated to increase to nearly 100 percent in MY 2010/11.

Due to the presence of the Xanthophyll 1 pigmentation in corn that has an effect of turning the broiler meat yellow, Israeli feed millers are increasing sorghum purchases. Israeli consumers refuse to buy yellow chickens, since they relate the color to poor health and obesity. Therefore, sorghum is mainly a substitute for feed wheat and barley. When Eastern Europe has normal yields of feed wheat and barley, sorghum imports are mainly for the Passover period (kosher issues).

MY 2011/12 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If restricted supplies of feed wheat and barley from Eastern Europe and BSB will continue, total sorghum imports into Israel are forecasted to reach up to 115,000 MT in 2011/12.

On the other hand, if supplies of grains from Ukraine and Russia will reach their multi annual average, sorghum imports will decrease to about 55 tmt, and U.S. market share will be about 30 percent and the remainder will be imported from Ukraine.

The expected dramatic decrease in the U.S. sorghum share is mainly due to the fact that Israeli importers prefer to purchase Ukraine sorghum on the account of American sorghum. In recent years, when Ukraine sorghum harvest was positive, the Ukraine market share of sorghum in Israel reached 70-100 percent and the remainder was imported from the U.S.

Many Israeli traders consider the BSB a “natural” source for grains due to its proximity and the convenience of small shipments. In addition, there are significant price gaps between American and Russian grains.

In recent years (MY) sorghum imports were not less than 31 tmt and not more than 194 tmt per year. Sorghum imports average of the past 8 years totaled 84,000 MT.

MY 2009/10 - The decrease in sorghum imports was due to the fact that importers purchased high quantities of feed wheat, corn and barley combined with short supply of sorghum in Ukraine. All in all, sorghum imports in 2009/10 decreased 56 percent from the previous MY.

In MY 2009/10, the market share for U.S. sorghum totaled 68 percent compared to 0 percent in the previous MY. The dramatic increase in U.S. market share was due to restricted supplies of sorghum in Ukraine.

Import Trade Matrix Israel Sorghum			
Time Period	MY	Units	1,000 MT
Imports for	2008/09	Imports for	2009/10
U.S.	0	U.S.	21
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	70	Others not Listed	10
Grand Total	70	Grand Total	31

Production, Supply and Demand Data Statistics:

Sorghum Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	0	0	0	1		5
Production	0	0	0	0		0
MY Imports	39	31	100	150		55
TY Imports	39	31	100	150		55
TY Imp. from U.S.	21	21	0	140		0
Total Supply	39	31	100	151		60
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	34	26	95	141		54
FSI Consumption	5	4	5	5		5
Total Consumption	39	30	100	146		59
Ending Stocks	0	1	0	5		1
Total Distribution	39	31	100	151		60

1000 HA, 1000 MT

Commodities:

Corn

Production:

In MY 2010/11 corn production decreased significantly and totaled about 1,500 tons, from 150 HA. The decrease was due to sharp decrease in world prices for corn, combined with the continued

local water supply shortage. All local grain corn was non-biotech and was consumed by human food manufacturers that export their products to Europe.

Driven by the significant increase in world prices for corn, corn production in MY 2011/12 is forecast to total about 8,000 tons, 430 percent increase from the previous year levels. A more precise estimate will be available in May-June 2011.

Consumption:

In MY 2009/10, corn consumption totaled about 0.94 million tons, 5 percent higher than in the previous year. Due to high levels import of feed wheat and barley from Russia and Ukraine, Israeli importers did not increase corn imports significantly, however as a result of the expected continued low supplies of feed wheat and barley from Russia and Ukraine, corn consumption in MY 2010/11 is estimated to reach 1.25 million tons.

Trade:

MY 2010/11 Outlook - Due to continued expected restricted supplies of feed wheat and barley from the Black Sea Basin in MY 2010/11, corn imports are estimate to be 1.25 million tons, about 33 percent increase compared to previous year level.

In recent years, corn is imported mainly from the U.S., Ukraine, Russia and Argentina. However, as a result of the grain situation in BSB, it is estimated that corn imports from the U.S. will increase significantly in MY 2010/11 and U.S. market share of corn in Israel will increase from 34 percent in 2009/10 to about 60 percent in 2010/11 (about 750 tmt of U.S. corn). On the other hand, if Ukraine and Russia’s crop estimates in March-April 2011 will be positive, it is likely that Russia will be lifting its export ban and Ukraine will increase its grain export quotas or even cancel them and imports of corn from Ukraine and Russia will increase in the second half of MY 2010/11 on the account of the American share, and the American share is expected to total 40-50 percent.

MY 2011/12 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If Russia and Ukraine will continue to experience shortage of grains and world corn production stays at MY 2009/10 levels, therefore total corn imports into Israel are forecasted to total about 1.3 million tons in MY 2011/12. On the other hand, if feed wheat supplies will increase in addition to the assumption that world corn production will not decrease significantly, corn imports into Israel are projected to decrease to about 0.9 million tons and the U.S. share is likely also to decrease to about 35 percent, with Eastern Europe and Argentina supplying the remainder.

MY 2009/10 - Due to the expected continued shortage of grains from Ukraine and Russia, Israeli importers increased their feed wheat and barley stocks, and therefore corn imports increased by only 5 percent from the previous MY (from 0.9 million tons to 0.94 million tons).

In MY 2009/10, imports of U.S. corn increased by 106 percent compared to the previous year and totaled 321 tmt, and with a 34 percent market share.

Import Trade Matrix			
Israel			
Corn			
Time Period	MY	Units	1,000 MT

Imports for	2008/9	Imports for	2009/10
U.S.	156	U.S.	321
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	743	Others not Listed	619
Grand Total	899	Grand Total	940

Production, Supply and Demand Data Statistics:

Corn Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	5	0	1		4
Beginning Stocks	23	23	56	45		30
Production	0	11	0	2		8
MY Imports	1,053	940	1,350	1,250		1,000
TY Imports	1,053	940	1,350	1,250		1,000
TY Imp. from U.S.	330	321	0	750		420
Total Supply	1,076	974	1,406	1,297		1,038
MY Exports	20	0	10	0		0
TY Exports	20	0	10	0		0
Feed and Residual	900	839	1,250	1,172		918
FSI Consumption	100	90	100	95		95
Total Consumption	1,000	929	1,350	1,267		1,013
Ending Stocks	56	45	46	30		25
Total Distribution	1,076	974	1,406	1,297		1,038
1000 HA, 1000 MT						

Commodities: Rice, Milled

Consumption:

In recent years local rice consumption has increased significantly and is expected to continue to grow 2-4 percent annually in the next few years.

According to the Household Expenditure Survey for 2008 (latest data available), the annual household expenditure for rice totaled \$110 million, this is a 60 percent increase from 2006. The

dramatically increased household expenditure for rice is attributed mainly to the increase in global rice prices combined with the increase in local rice consumption.

The increase in local rice consumption during the last decade is attributed to the population growth, increased household income and health food awareness. In recent years Israelis eat out more and choose sushi when dining at restaurants. Due to the increase in demand for sushi, more sushi restaurants were opened. In addition, Israel hosts approximately 250,000 foreign workers, primarily from Southeast Asia, who are known for their relatively high rice consumption.

Israel population is about 7.7 million people: 75% Jewish (5.8 million) and 20.2 percent Arabs, mainly Muslims. The demand for rice by the Israeli-Arab sector is significantly higher than the Jewish sector. In addition, there are significant differences in rice demand in the Jewish sector; rice consumption by families of Jews immigrants from North Africa is higher compared to rice consumption by families of Jews immigrants from Europe, N. American and Russia.

As a result of the consumption differences, Israel's annual per capita consumption of rice is from 2.5-10 kg depends on the sector.

According to the Household Expenditure Survey for 2008, the annual household expenditure for food totaled \$6,888 per household, of which 0.8 percent was spent on rice (\$53).

Trade:

Israel is completely dependent on rice imports to meet its local rice demand.

The total value of rice imports in CY 2009 (latest data available) decreased 7 percent compared to the previous year (from \$86.7 million in 2008 to \$80.7 million in 2009) and increased 35 percent compared to 2007 (\$59.7 million in 2007).

The dramatically increased rice import value in 2008 and 2009 compared to 2007 is attributed mainly to the increase in global rice prices combined with the increase in local rice consumption.

The largest rice exporters to Israel in 2009 were: Thailand (\$35.4 m), Australia (\$24.3 m), Italy (\$4.5 m), India (\$3.9 m), Vietnam (\$3.1 m), Uruguay (\$2.4 m), Spain (\$2.4 m), and the U.S. (\$2.4 m).

In CY 2009, the U.S. market share for all rice imports totaled nearly 3 percent, representing a value of \$2.4 million; this is a 140 percent increase from CY 2007.

All rice imports enter Israel duty-free.

Marketing:

Prices in Local Stores

In 2010, the average price for 1 kg of regular packed rice decreased by 4 percent compared to 2009 and totaled \$2.83 per kg. The slight decrease is as a consequence of a worldwide rice price decrease. However, as a result of the recent global rise in food prices, including rice prices, it is expected that local rice prices will increase in the coming months.

