

Voluntary Report – Voluntary - Public Distribution

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Report Name: Israel's Reform to Decentralize the Control on Toiletries and Food

Country: Israel

Post: Tel Aviv

Report Category: National Plan

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Report Highlights:

Israel's reform to decentralize the control on toiletries and food will impact the import of processed food products.

On January 21st, the Israeli Minister of Economy and Israeli Minister of Finance, Barkat and Smotrich, announced that the Economic Arrangements Bill will include a reform intended to decentralize the control on the imports of cosmetics and processed food products. Currently, the four largest importers hold approximately 50% of the food and personal care market. According to the reform, each importer must choose one large manufacturer from their portfolio and cease importing products from any other company. The reform was announced in the press directly, with no warning to importers or exporters.

As Israel is a small market, there is a limited number of importers with the experience and logistical ability required to import high volumes of cosmetics or food. If the reform is approved, American companies will be required to either search for a capable importer to establish a physical presence in Israel and operate imports into Israel themselves, or stop all activity in the country. All three possibilities impose financial losses on American exporters and manufacturers, and until they partner with a new importer, their activity in Israel will be put on hold.

On January 31st, the Ministry of Finance opened an [official channel](#) (in Hebrew) to submit public comments. The comment period closed on February 11th. On February 24th, the Israeli Government announced that the reform was removed from the Arrangements Bill. The Ministry of Economy intends to propose an independent legislation or include the reform in next year's budget. Post will provide updates accordingly.

Attachments:

No Attachments.