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Tel Aviv Tidbits -Development in Israel's Agriculture and Food Sectors

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Agriculture in the News

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Report Highlights:

The following developments in Israel's Agriculture and Food Sectors are summarized in this report:

- New Possible Kosher Food Certification System in Israel
- Chinese Investors on the Move to Buy Israel's Largest Food Company
- More Oversight of Animal Feed Production
- Agro Mashov Trade Fair

General Information:

New Possible Kosher Food Certification System in Israel – Economy Minister Naftali Bennett announced plans on February 3, 2014 to "revolutionize" Israel's kosher food regulations and to introduce a three-tier system intended to make certification easier for restaurants and its consumers (the consumer will notice the new three-tier kosher system and be able to make an informed decision for choosing a kosher restaurant) and kashrut supervisors will be employed by external companies. The changes will aim to eliminate a conflict of interest and restore public faith in the system of declaring food kosher. The ministry plans for the reforms to be implemented within 12 months. Kosher certification for businesses in Israel is awarded by local state rabbinic bodies, known as kashrut committees that are under the supervision of the Chief Rabbinate of Israel. Kashrut inspectors visit applicants and review their kitchens when preparing food to ensure they meet the Kashrut laws. However, the ultra-Orthodox community also operates a variety of stricter kashrut certification committees, known as the "Badatz". Currently business owners pay the kashrut supervisor directly, which has been the cause of a conflict of interest in hiring supervisors. The plan is to establish independent companies, which will hire kashrut supervisors on behalf of the local religious councils, and then have them sent to supervise food operations on behalf of the company. Supervisors may be forced to toughen procedures or even take away a business's kosher certificate due to deficiencies that are discovered, but since supervisors receive a salary from the owner they're liable to turn a blind eye to any shortcomings. The regular certification will remain the same, but now there will be mehuderet (stringent) and mehadrin min hamehadrin (very scrupulous) ratings. Each kosher permit will have specific details as to which level of kashrut it has attained, including a list of raw materials, so the customers can make an educated assessment of where they believe the kashrut stands. It is unknown currently how this new kosher law proposal will impact kosher certification that is issued abroad.

Chinese Investors on the Move - Bright Food Group, China's second largest food company which is controlled by the government in Beijing, is in late-stage talks to buy all of the Tnuva shares controlled by Apax, a British private equity fund, in a deal that values the company at $2.5 billion. Tnuva is Israel's largest food and dairy manufacturer. Apax owns 73 percent of Tnuva, while Mivtach Shamir, an Israeli holding company, owns the remaining 27 percent. The sale of control of Tnuva to Bright Food would yield Apax a $1.2 billion profit on its investment in Tnuva. Apax and Mivtach Shamir bought control of the company in 2008 at $989 million. Apart from selling the stake now at a $2.5 billion valuation, Tnuva has over the years distributed dividends totaling $650 million. Bright Food had a turnover of
$7 billion in 2012, and has four publicly traded subsidiaries, including Food & Bright Dairy. The purchase of the Israeli dairy firm would be the Chinese group's latest potential foray overseas, since the company recently bought Australia's Manassen Foods and U.K.-based cereal maker Weetabix Food Co.

More Oversight of Animal Feed Production - Minister of Agriculture, Yair Shamir stated that "Stricter standards for feed intended for animals will protect the animal's health but is also expected to contribute to the health of the public who require animal protein". The Israeli Veterinary Services (ISV) recently conducted an inspection of animal feed as part of its regular inspection routine. In the light of the findings, it has decided to revise the conditions for issuing feed production permits in 2014. In surveys, some 30 samples of feed blends were taken randomly from 10 production facilities across Israel. The results indicate that 60% of the sampled facilities show abnormal levels of medicines and vitamins and cross contamination (product impurities caused by contact between raw feed ingredients and prepared feed and also from contact with appliances, equipment and additional elements). In follow-up, ISV decided to revise conditions and strengthen requirements for issuing feed production licenses this year, along the lines of an EU standard. Israeli animal feed production facilities will now be required to regularly test with the goal of ensuring that non-medical feed mixtures do not contain any residues above those allowed by law and that in medical feed mixes, the levels of medicine does not exceed the dose prescribed by veterinarians. Additionally, the feed production facilities are now required to control, monitor and prove the efficiency of the cleaning and hygiene processes used on production lines in order to prevent the contamination of the feed produced and in accordance with the ISV requirements.

The Latest and Greatest in Israeli Agriculture – Readers should be aware of Agro Mashov, an annual exhibition that highlights the results of the work of Israel's agricultural research & development institutes, particularly for new agricultural products and markets. This exhibition has been the center of innovation for Israel agricultural science, engineering and hi-tech industries for more than 15 years. Professionals from the length of the agricultural value chain comprise the bulk of the event's visitors. The exhibition will be held June 10-11, 2014 in Tel Aviv. Some 20,000 attendees are expected to take part in the event, including missions from around the world.