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Tel Aviv Tidbits -Developments in Israel's Agriculture and Food Sect

Report Categories:

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:

- Gaza War and its Impacts
- Imports of Agricultural and Food Products into Israel are Up
- 2013 Annual Survey of Organic Produce in Israel

Gaza War and its Impacts - Unlike previous conflicts with Hamas or Hezbollah, Israel entered the fighting in Gaza with an economy already losing steam. As a result, the Bank of Israel reduced its benchmark interest rate by a quarter-point to an all-time low of 0.25 percent in August 2014, the second consecutive surprise cut. This interest rate drop was a result of disappointing economic growth in Israel, low inflation, a still-limp recovery in Europe and the ongoing war with Hamas in Gaza. Israel's Ministry of Tourism reports that tourism for July dropped by 26 percent from the same period last year. The sector, comprising about 7 percent of the Israeli GDP economy, has lost at least \$566 million. Geographically, businesses in the south of the country were the hardest-hit from the war as they have been targeted by the bulk of the rocket fire from Hamas. The agricultural sector also experienced significant physical damage from falling projectiles as thousands of rockets and mortars landed in open fields, many of them on parts of farms. In addition to direct damage to crops caused by heavy Israeli defense force vehicles (e.g. tanks, trucks, etc), there has also been indirect long-lasting damage caused by these vehicles to the soil structure. Experts believe this damage will take approximately 10 years to remediate, the cost of which could total between \$8,500 to \$14,000 per hectare. On top of the crop damage, there have been incidents of injury and death of cattle, chicken and other livestock. It is estimated that southern Israel's agriculture suffered damages of about \$350 million. The Ministry of Agriculture (MoA) and Ministry of Finance are now receiving claims by the agricultural and food sector in order to compensate businesses affected. Most of the compensation being provided by the Government of Israel applies only to businesses within a 40 km. radius of Gaza. No question, agricultural and food production in Gaza was also affected by Israeli military response, but the scope of the impact has yet to be calculated.

Imports of Agricultural and Food Products into Israel are Up – During the first 7 months of 2014, Israel imported \$3.43 billion of agricultural and food products, an increase of 5.5 percent compared to the same period in 2013. During this same period, imports of U.S.-origin food and agricultural products totaled \$420 million, also up by 5.5% compared to the same period in 2013.

2013 Annual Survey of Organic Produce in Israel - According to Minister of Agriculture Yair Shamir, "Organic agriculture is a growing sector in Israeli agriculture. The decline in the number of violations detected in organic produce sold in Israel highlights the ongoing improvement of inspection and control activities. The MoA will continue to work with the retail networks to ensure regulations are enforced and the consumers are offered quality and fresh products at the various selling points". Both processed and fresh plant agricultural organic products are regulated by the MoA law since 2008, when the Regulations for the Regularization of the Production and Sales of Plant Organic products entered into effect, and the animal organic products regulations entered into force in 2013. Consumers can identify organic products by an Israeli MoA label for organics on the products themselves. This seal signifies that the product was grown and produced according to the organic standard and was inspected by one of the certifying and controlling bodies appointed for this purpose by the MoA (Skal Israel, Agrior and IQC – Institute of Quality and Control). Organic fruit, vegetables, fresh herbs and spices, breads, rice cakes, cut tomatoes were among the products inspected as part of the 2013 survey. The 2013 pesticide residue survey results show an improvement over previous years' surveys and point to a decline in residues of banned insecticides. The results of the 2013 survey indicate a 56 percent decline in violations compared to the 2012 survey. According to the survey results, only 3.8% of the samples taken in 2013 demonstrated any violation, in comparison to 6.8% of the products in 2012.