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Israel

Food Processing Ingredients 2017

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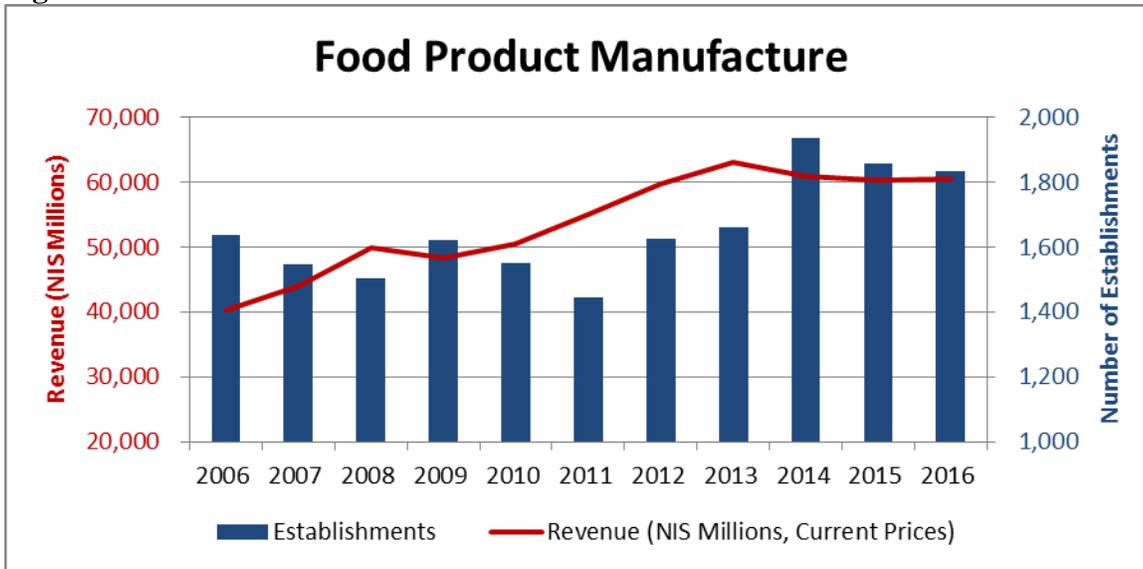
Report Highlights:

With over 1,800 facilities, the Israeli food processing sector is an important player in the domestic economy. In 2016, Israeli food processors' annual revenue stood at \$15.9 billion while the beverage and tobacco industry's annual revenue was \$2.1 billion. The sector currently represents over 18 percent of Israel's total manufacturing industry's revenue. With limited land and resources, as well as a growing population, the ingredients demanded by the Israeli food processing sector represent an excellent opportunity for U.S. exporters of food ingredients. In 2016, Israel imported \$2.3 billion in raw food products for the food processing industry.

SECTION I: MARKET SUMMARY

The Israeli food and beverage processing industry is made up of more than 1,800 food processing facilities and 132 beverage plants. The industry employs over 64,000 workers. In 2016, the Israeli food processing industry's annual revenue was \$15.9 billion (New Israeli Shekel (NIS) 60.4 billion) while the beverage and tobacco industry's annual revenue was \$2.1 billion (NIS 8 billion). The sector currently represents over 18 percent of Israel's total manufacturing industry's revenue.

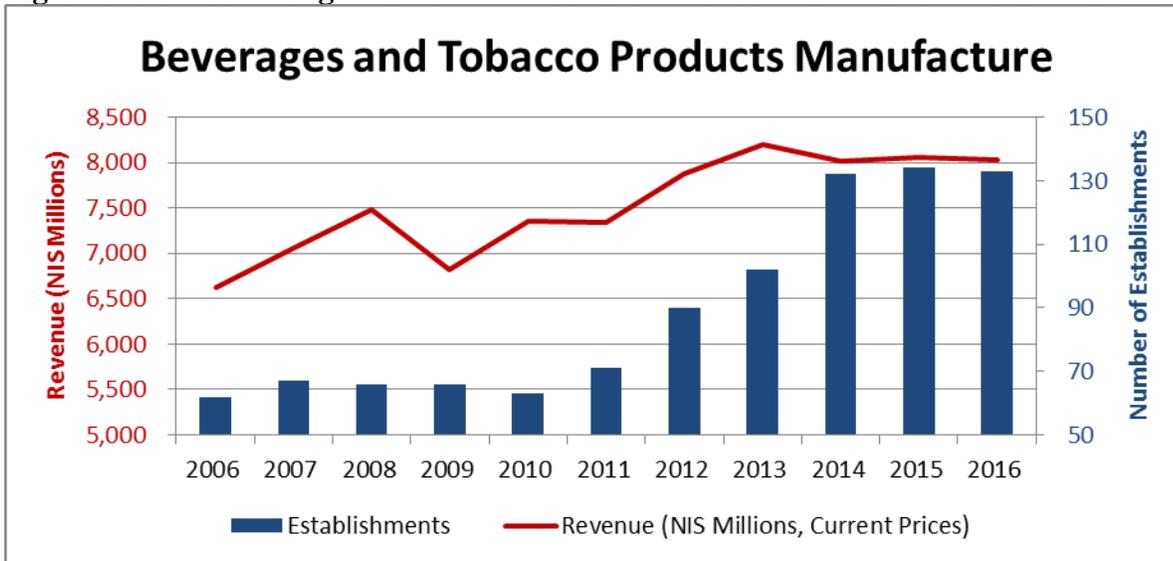
Figure 1: Israel Food Manufacture Revenue and Number of Establishments



NIS = New Israeli Shekel

Source: Israel Central Bureau of Statistics; FAS Tel Aviv office research.

Figure 2: Israel Beverages and Tobacco Manufacture Revenue and No. of Establishments



NIS = New Israeli Shekel

Source: Israel Central Bureau of Statistics; FAS Tel Aviv office research.

Israel's food and beverage processing industry is centralized, and a small number of large local companies supply most of the food sold in Israel. The five largest food companies are Osem, Strauss, Unilever, Tnuva, and the Central Beverage Company.

For some products Israel is fully dependent on imports; soybeans, rice, sugar, coffee and tea are only some examples of commodities not produced in Israel. Other commodities such as wheat, corn, apples and almonds are produced, but production does not meet market demand, creating an opportunity for imports. As a result the import of raw materials for processing is an important link in Israel's food supply chain. Israel's Food Balance Sheet is presented in the following table.

Table 1: Food Balance Sheet, Annual Quantities 2015, Tons

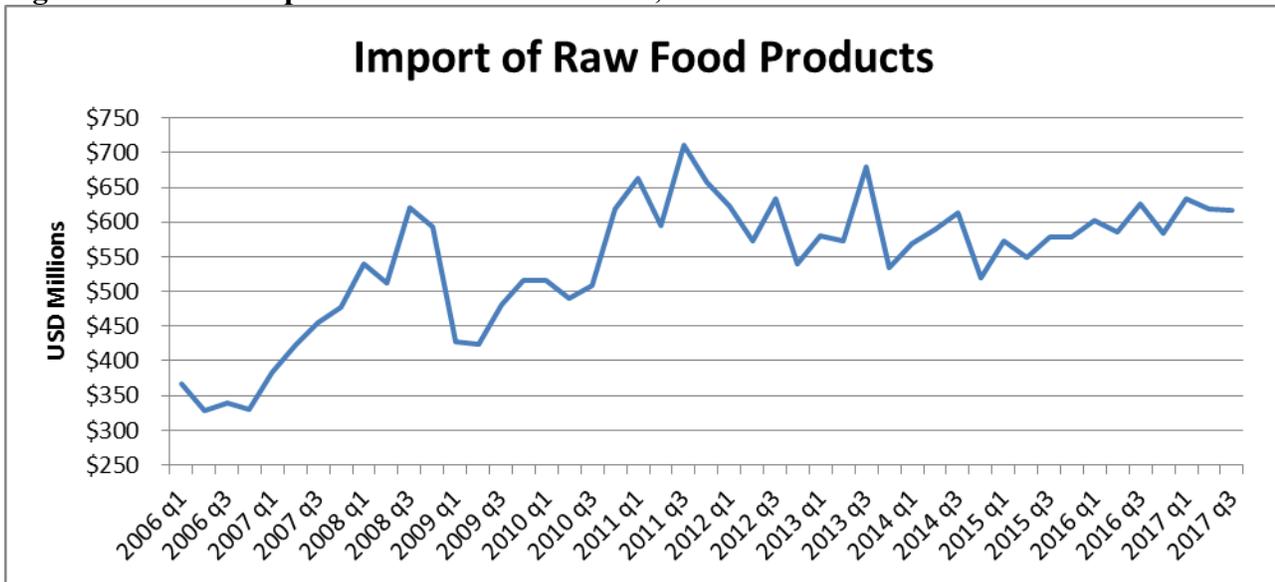
	Production and foreign trade				Available supply by designation				
	Production	Imports	Exports	Change in stocks	Food	Other supply and waste	Industrial uses	Seeds for sowing	Animal feed
Cereals and cereal products – total	239,640	1,545,476	108,814	-4,014	896,086	29,175	-	11,000	744,054
Potatoes and starches – total	616,822	30,257	218,450	15,919	376,247	10,234	-	26,200	28
Sugar, sweets and honey – total	5,945	494,461	97,798	15,995	367,447	10,008	7,157	-	2,000
Legumes – total	32,620	38,662	1,586	-15	57,901	235	7,845	3,730	-
Oil grains and nuts – total	37,446	94,650	11,316	-	116,600	2,642	-	1,538	-
Vegetables and melons – total	1,534,065	783,840	387,544	88,000	1,702,862	20,855	103,914	281	14,449
Fruits – total	1,344,162	392,424	371,320	-	1,257,102	41,013	67,000	-	150
Beverages (1) – total	63	29	3	-	89	-	-	-	-
Stimulants – total	-	113,261	12,516	-36	100,781	-	-	-	-
Oils and fats – total	121,893	114,590	1,871	-2,947	235,297	2,262	-	-	-
Meat – total	542,274	65,896	23,909	-	582,942	1,318	-	-	-
Eggs	104,919	16,870	4	-	121,743	42	-	-	-
Fish – total	10,767	58,702	2,815	-	65,264	1,389	-	-	-
Milk and dairy products – total	1,479,768	128,767	60,896	-10,792	1,534,256	16,951	-	-	7,224

(1) Beverages: units – millions of litres instead of tons; litre instead of kg; ml. instead of gram.

Source: Israel Central Bureau of Statistics; FAS Tel Aviv office research.

Ingredients are imported directly by the processors or by importers that later on supply the processors. Based on Israel's Central Bureau of Statistics, in 2016 Israel imported \$2.3 billion in raw food products for the food processing industry; this figure does not include fodder.

Figure 3: Israel's Import of Raw Food Products, USD Million at Current Prices



Source: Israel Central Bureau of Statistics; FAS Tel Aviv office research.

Israeli food production has been stable for the past few years, indicating that manufacturers are not expanding to keep up with increasing demand, driven by population growth. Some of the gap between increasing demand and current supply is being filled by exports, which expanded by six percent during 2016.

Current market trends:

- Greater focus on healthy nutrition, reduced fat, reduced salt, reduced sugar;
- The Israeli food processing industry is focused on improving the nutritional value of its products, in order to promote healthy eating habits and lifestyles among the local population. For example, in 2017 Osem, one of Israel's largest food manufacturing company, launched a reduced-sugar ketchup;
- The Israeli government is undergoing a new labeling regulation that will require warning labels on foods deemed unhealthy. Based on the current draft regulation products that are considered high in sugar, saturated fats and sodium content will be marked with a red sticker. Though, products with artificial sweeteners will not be marked with a red sticker. In order to be exempted of the red label food manufacturers may reformulate their products and substitute sugar with artificial sweetener;
 - Many companies have already altered their ingredients to fit with the new guidelines in packaged food to avoid the red sticker;
- Although consumers remain health-conscious, the indulgence trend has grown as well;
- Gluten-free products have experienced significant growth rates;
- Rise in protein enriched products;
- More consumers are seeking organic, natural products that do not contain preservatives;
- Rising consumption of milk alternatives.

Table 2: Advantages and Challenges for U.S. Exporters to Israel

Advantages	Challenges
U.S. products are perceived as better products.	High shipping costs.
The Israeli consumer appreciates American products and they are in demand.	Low-cost competition from Eastern Europe, Turkey, former Soviet Union, South America, and Asia.
Many U.S. suppliers are kosher certified.	Restricted food ingredients, for example non-kosher meat, poultry and pork.
Free trade agreement between the U.S. and Israel.	Israeli buyers unfamiliar with U.S. suppliers and products.
Israel has the potential to be a bridge to the Palestinian Authority with its rapidly growing population.	U.S. exporters lack knowledge of the Israeli market and are unaware of new opportunities.

SECTION II: ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

U.S. food ingredient suppliers should focus on establishing their business relationship with a reliable and efficient importer and distributor. Identify the appropriate distribution and sales channels. Commissioned agents are generally used for raw materials and commodities. Potential U.S. exporters can expand trade if confidence between them and their Israeli partners is strengthened. Visits by U.S. exporters and manufactures to Israel to explore opportunities and meet with Israeli importers would strengthen the relationship and market potential.

Large food processors like Strauss group, Osem and Sugat have their own purchasing and importing division to handle ingredient imports directly. Major food processors are increasingly importing directly from foreign suppliers in order to reduce costs. Suppliers should initially contact the R&D, as well as purchasing or importing divisions of large food manufactures, especially for new-to-market ingredients. A listing of contacts for Israel's major food processors is available from FAS Tel-Aviv upon request.

U.S. exporters should consider the price sensitiveness of their customers, their product requirements, purchasing policies, and expected purchase volumes. Regarding the Food Standards and Regulations, look for the latest [GAIN – Israel Standards](#) report.

Additional Entry Options:

- Direct marketing (phone/video calls, emails, meetings);
- The internet is widely used in Israel, and an increasing direct marketing avenue;
- Manufacturing under licensing agreements is also common in Israel;
- The government of Israel encourages both joint ventures and licensing;
- Participating or visiting the [ISRAFOOD](#) an international food and beverages exhibition in Tel Aviv for professionals of the catering and food wholesale, retail, restaurants, hotels, institutional and food shops. It is the largest trade exhibition of its kind in Israel. ISRAFOOD represents an excellent opportunity to present products to key food importers, distributors, retailers, wholesaler and processors.

The main competition that U.S. ingredient exporters have is from European product. Israeli food regulation is aligned to that of the European Union (EU) rather than to U.S. regulations and standards. As such, Israeli importers tend toward purchasing EU products. Israel is a small country with a limited market, due to the political situation in the Middle East, products that are imported to Israel cannot be later on re-exported to neighboring countries. The U.S. exporters need also to consider the longer freight time to Israel and the higher transport costs. On the other hand there are advantages for the U.S. products which are:

- The Israeli consumer considers U.S. products to be better products;
- There are many products in the U.S. which already hold a Kosher certificate, thus they do not have to face the hurdle of obtaining a certificate;

- There is a free trade agreement (FTA) between the U.S. and Israel which gives an advantage for some products to be imported to Israel with better tariffs and custom rates than from other countries;
- Israel and the Palestinian Authority (PA) are almost one market. Products imported to Israel may be destined for the [PA food and beverage manufacturing sector](#), with its market of over three million people.

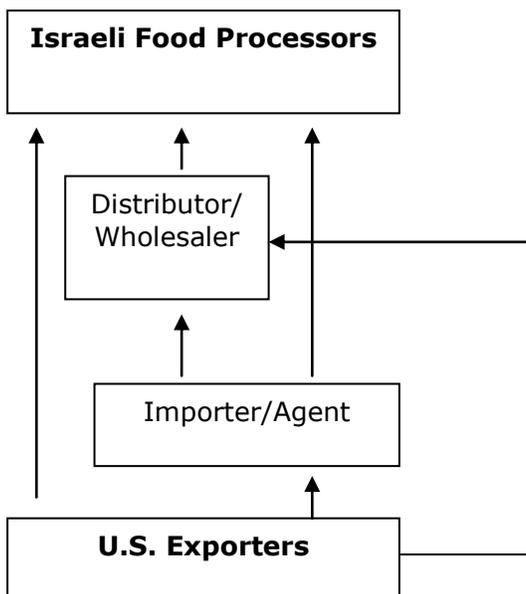
B. Market Structure

Raw food materials are imported either directly by food manufacturers, through importers, or agents. Importers and agents sell directly to food manufacturers or via distributors. Local producers of raw food materials generally sell directly to food manufacturers, but will use distributors to supply to smaller food manufacturers.

The large food processing companies, as well as some large distributors, prefer to source their food ingredients directly from overseas suppliers. By removing local agents from the distribution chain, they can save costs and are able to buy bulk and repack as needed. The majority of the big food processing companies in Israel have their own import departments.

Smaller Israeli food processors tend to prefer to purchase from agents because they can obtain better service from local agents. The local agents normally buy large quantities from overseas and distribute those to smaller buyers. Small food processors are able to use local suppliers to protect themselves from some risk and better manage contract terms, quality issues, etc.

Figure 4: Distribution Channel for Imported Food Ingredients:



There is a very similar system for domestically produced products. Some importers also serve as dealers and buy domestically produced products and sell them to the local food processors.

Food processors sell their products to a variety of sectors, including: HRI, food service, retail and wholesale. More information regarding the Israeli HRI sector and the Israeli Retail Market can be found online at the [USDA FAS GAIN website](#).

C. Company Profiles

Table 3: Profile of Major Food Manufactures

Company (Main Product Types)	Sales in 2016, \$ Million	End-Use Channel	Production Location	Procurement Channels
Tnuva (Dairy, fish, meat & poultry, soy products)	1,792	Retail & HRI	Israel, U.S. , Romania	Direct
Strauss-Elite (Confectionary, dairy, ice cream, prepared salads, coffee, beverages)	1,346	Retail & HRI	Israel, U.S., Poland, Serbia & Montenegro	Direct
Osem (Confectionary, snacks, prepared meals, pasta, breakfast cereals, tea, cakes, soups)	1,083	Retail, HRI, Industry	Israel, U.S., Europe	Direct
Neto Group (Canned food, fish, meat snacks, milk products, pastries and baked products, fruit and vegetables)	651	Retail, HRI, Industry	Israel	Direct, Importers
Uniliver Bestfoods (Snack foods, confectionary, ice cream, margarine, tea, soup mixes)	532	Retail, HRI, industry	Israel, Europe, New Zealand	Direct
Frutarom (Flavor & fragrance molecules)	881	Retail	Israel	Direct, importers
Shemen (Edible oils, soybean meal, soy protein, margarine)	148 (2015)	Retail, HRI, industry	Israel	Direct, importers
Tiv-all (Frozen soy & vegetables ready to eat products)	257	Retail & HRI	Israel, Czech, Sweden	Direct, importers
Soglowek (Poultry & meat ready to eat products, frozen baked products)	142	Retail & HRI	Israel	Direct
Angel Bakeries (Baked food)	134	Retail & HRI	Israel	Direct, importers, distributors
Poliba (Baking products)	94	Retail, HRI, industry	Israel	Direct, importers
Galam (Fructose, glucose & starch)	107	Retail, HRI, industry	Israel	Direct, importers
Maabarot (Baby food, pet food, food ingredient, calf milk replacement)	88	Retail	Israel	Direct, importers

Company (Main Product Types)	Sales in 2016, \$ Million	End-Use Channel	Production Location	Procurement Channels
Vita Pri Hagalil (Canned food, prepared fruit & vegetables)	N/A	Retail, HRI	Israel	Direct
Delidag (Frozen fish products)	N/A	Retail & HRI	Israel	Direct, importers
Carmit (Confectionary)	33	Retail, HRI	Israel	Direct, importers
C.H.S (Protein products)	163	Industry	Israel	Direct, importers
Galam (Fructose, glucose & starch)	N/A	Retail, HRI, industry	Israel	Direct, importers
Berman Bakeries (Baked food)	90	Retail, HRI	Israel	Importers, distributors
Wissotzky (tea)	64	Retail, HRI	Israel	Direct, importers
Starkist (fish)	55	Retail, HRI	Israel	Direct
Zanleal (Canned food, prepared fruit & vegetables)	52	Retail, HRI	Israel	Direct
Dganit Ein Bar (Baked and cooked food and bread)	51	Retail, HRI	Israel	Direct, distributors
Tapogan (Frozen vegetables)	43	Retail, HRI	Israel	Direct
Ahva (Sesame products)	38	Retail, HRI	Israel	Direct, distributors

Source: D&B Web Site, Israel; FAS Tel Aviv office research.

Table 4: Profile of Major Fresh & Frozen Turkey, Chicken and Meat Food Manufactures

Company	Sales in 2016, \$ Million	End-Use Channel	Production Location	Procurement Channels
Baladi (Fresh and frozen meat products)	205	Retail, HRI	Israel	Direct, importers
Of Yerusalim (Fresh & frozen turkey & chicken products)	196	Retail, HRI	Israel	Direct
Tiv-Tirat Tzvi (Fresh & frozen turkey & chicken products)	N/A	Retail, HRI	Israel	Direct
Off Hagalil (Fresh & frozen turkey & chicken products)	N/A	Retail, HRI	Israel	Direct
Kornish Hen (Fresh & frozen turkey & chicken products)	262	Retail, HRI	Israel	Direct
Milouff (Fresh & frozen turkey & chicken)	N/A	Retail & HRI	Israel	Direct
Of Tov (Fresh & frozen turkey & chicken products)	206	Retail & HRI	Israel	Direct

Source: D&B Web Site, Israel; FAS Tel Aviv office research.

Table 5: Profile of Major Dairy Food Manufactures

Company	Sales in 2016, \$ Million	End-Use Channel	Production Location	Procurement Channels
Tara	N/A	Retail, HRI,	Israel	Direct

		industry		
Yotvata Dairies	106	Retail, HRI	Israel	Direct
Gad Dairy	94	Retail, HRI, industry	Israel	Direct

Source: D&B Web Site, Israel; FAS Tel Aviv office research.

Table 6: Profile of Major Livestock Feed Manufactures

Company	Sales in 2016, \$ Million	End-Use Channel	Production Location	Procurement Channels
Ambar Feed Mill (Livestock feed)	N/A	Retail, industry	Israel	Direct, importers
Miloubar (Livestock feed)	N/A	Retail	Israel	Direct, importers

Source: D&B Web Site, Israel; FAS Tel Aviv office research.

Table 7: Profile of Major Beverages and Concentrates Manufactures

Company (Main Product Types)	Sales in 2016, \$ Million	End-Use Channel	Production Location	Procurement Channels
Coca Cola (Israel) (Beverages)	1,454	Retail & HRI	Israel	Direct
Jafora-Tabori (Beverages)	236	Retail , HRI, industry	Israel	Direct, importers
Tempo (Beverages)	295	Retail & HRI	Israel	Direct, importers
Soda Stream (Beverages)	417	Retail	Israel	Direct, importers
Gan Shmuel (Citrus & tomatoes beverages, concentrations)	235	Retail, HRI, industry	Israel	Direct
Prigat (Beverages & citrus concentrations)	161	Retail & HRI	Israel, Spain, Romania	Direct, importers
Eden Springs (Beverages)	N/A	Retail & HRI	Israel	Direct
Carmel Mizrahi Winery (Beverages)	N/A	Retail, HRI	Israel	Direct
Ganir (Beverages, and citrus concentrations)	97	Retail, HRI	Israel	Direct, importers
Off Hagalil (Fresh & frozen turkey & chicken products)	N/A	Retail, HRI	Israel	Direct
Neviot (Beverages)	88	Retail, HRI	Israel	Direct
Barkan Winery (Beverages)	N/A	Retail & HRI	Israel	Direct
Golan Heights Winery (Beverages)	N/A	Retail & HRI	Israel	Direct

Source: D&B Web Site, Israel; FAS Tel Aviv office research.

D. Sector Trends

- A. The Israeli food industry is highly centralized, 40 percent of all the retail sales and 65 percent of the major suppliers are of products coming from the four largest companies: Tnuva Group, Coca-Cola, Osem-Nestle and Strauss-Elit. Israeli companies produce some foreign brands of food products under license with the rights to market within specific geographical regions. The rest of the supplies are made from some other big food companies as listed in the table above, leaving very limited room for other small companies. Recent Israeli regulation is giving favorable treatment to smaller firms in an effort to deconsolidate the market.
- B. The Israeli government is trying to bring new players into the market by issuing import permits and duty free quotas to smaller companies and importers. Policymakers hope that increased competition will put downward pressure on prices and reduce the cost of living. As an example in the past year there were some quotas issued for importation of hard yellow cheese in order to increase the competition in the market that was dominated by two local suppliers. That led to a reduction in the cost of the imported cheese although there was almost no effect on the price of the local produced cheese.
- C. An ecosystem of start-up incubators and investment funds focused on health and food technologies from the farm-to-the-fork (agriculture, processing, packaging, consumer products) has developed in Israel in the last number of years. The Kitchen and Foodlab Capital are two examples of Israeli private-sector start-up incubators and venture capital that help support the commercialization of new technologies and companies.
- D. The local industry is facing challenges as a result of the Israeli Ministry of Health’s fight against obesity. The Israeli government is considering a new labeling regulation that will require warning labels on foods deemed unhealthy. Based on the current draft regulation products that are considered high in sugar, saturated fats and sodium content will be marked with a red sticker.
- E. Multinational companies (Nestle, Danone, Uniliver, PepsiCo and others) are often joint investments with Israeli investments.
- F. Israeli companies produce some foreign brands of food products under license with the rights to market within specific geographical markets.
- G. Israeli manufacturing companies export kosher food products to Jewish and Israeli communities worldwide. In 2016, Israel exported roughly one billion dollars in food and beverages.

SECTION III: COMPETITION

The U.S. food industry has a very positive image in Israel in terms of reliability and food safety. U.S. exporters need to be competitive in their pricing or present products of excellent quality. Israel has a large food production industry of its own. There is also strong price competition among food importers seeking to maintain or enlarge their market share. Nearby EU countries operate with relatively low transportation costs.

Local and EU suppliers remain U.S. exporters’ main competitors. The U.S. industry’s primary advantage is supply reliability, product quality, and the recognition its high food safety standards. Conversely, high shipping costs, adoption of EU standards, import duties, and import licensing requirements remain major market barriers.

Table 8: Major Imports Products Categories and Competitors’ Market Share, 2016

Product Category	Major Supply Sources (Share in value %)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
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Product Category	Major Supply Sources (Share in value %)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Fish and Crustaceans, Mollusks and Other Aquatic Invertebrates HS03 Import N/A CIF \$403 million	1. Norway 38% 2. China 15.2% USA Supplier 1% share	Norway is a large provider of Salmon, located closer to Israel than the USA. China is a large provider of frozen fish. China's advantage is relatively low prices.	Local production only covers 15-20% of the local demand.
Milk and Cream, Concentrated or Containing Added Sugar or Other Sweetening Matter HS0402 Imports 8,199 MT CIF \$23.7 million	1. Germany 53.9% 2. Netherlands 14.2% USA Supplier 17.9% share (2 nd largest supplier in 2015)		Good local quality and quantity, close to the consumer and milk industry.
Cheese and Curd HS 0406 Imports 8,494 MT CIF \$46.4 million	1. Poland 26.1% 2. France 17.1% 3. Netherlands 15.9% USA Supplier 5.7% share, 5th largest market share	Pricing and availability.	Local production does not cover local demand.
Other Nuts, Fresh or Dried, Whether or Not Shelled or Peeled (Excluding Coconuts, Brazil Nuts and Cashew Nuts) HS0802 Imports 17,314 MT CIF \$132 million	1. Turkey 11.3% USA Supplier 72.3% share	Good quality and availability.	Local production does not cover local demand.
Dried Apricots, Prunes, Apples, Peaches, Pears, Papaws "Papayas", Tamarinds and Other Edible Fruits, and Mixtures of Edible and Dried Fruits or of Edible Nuts (Excluding Nuts, Bananas, Dates, Figs, Pineapples, Avocados, Guavas, Mangoes, Mangosteens, Citrus Fruit and Grapes, Unmixed) HS0813 Imports N/A (estimated at 3,979 MT) CIF \$15.7 million	1. Turkey 35.8% USA Supplier 29.5% share The U.S. market share has suffered a large decline over the past 5 years, from 58.6% in 2012.	Pricing and availability.	Local production does not cover local demand.
Cereals HS10 Imports N/A CIF \$766 million	Black Sea suppliers USA has the 3rd largest market share at 5% while a decade ago the USA was in 3rd place with a market share of 20%	The U.S. market share is being replaced by regional suppliers who have increased production and greatly improved quality in recent years.	Israel is dependent on imports for its grain and feed needs.
Soybeans, Whether or Not Broken HS1201 Imports 451,001 MT	1. USA 48.6%		Israel is dependent on imports.

Product Category	Major Supply Sources (Share in value %)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
CIF \$181 million			
Fruit Juices (Including Grape Must) and Vegetable Juices, Unfermented and Not Containing Added Spirit, Whether or Not Containing Added Sugar or Other Sweetening Matter HS 2009 Imports 34,542 MT CIF \$64.9 million	1. Brazil 16.1% 2. South Africa 8% USA Supplier 9.5% In 2015 the USA held a record high market share of 21.1%, the USA average market share in the last five years is 13.26	Pricing and availability.	Local production does not meet market demand.

Metric tons = MT. Cost-insurance-freight = CIF.

Source: CBS, Foreign Trade Statistics; FAS Tel Aviv office research.

SECTION IV: BEST PRODUCT PROSPECTS

Category A: Products Present in the Market which have Good Sales Potential

Table 9: Products Present in the Market which have Good Sales Potential

Product Category	2016 Market Size (Volume)	2016 Imports (\$ millions)	5-YR Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Facing Market Development	Market Attractiveness for USA
Pistachios (Shelled & in shell) HS 08025	3,204 MT	\$31.5	Growth of 8% per annum in terms of value, 3% in terms of quantity	Pistachios from the U.S face no import duties.	Competition mainly from Turkey.	Demand for U.S.-pistachios is strong due to Turkish imports facing high import levies. U.S. pistachios enter duty free.
Almonds (Shelled & in shell) HS 08021	3,577 MT	\$27.6	Growth of 76% per annum in terms of value, 65% in terms of quantity	WTO TRQ of 1,700 MT for shelled almonds where a 100% duty is paid on the first container and 0% on the second. U.S. duty on shelled almonds is NIS 6.91/kg. The U.S duty on in-shell almonds is NIS 5.21/kg, while worldwide the duty is NIS 8.52/kg. "Almonds regarding which the director general of the ministry of industry and trade has approved them to be intended for the manufacture of chocolate, confectionary", HS 08021110 and 08021210, are duty free for all countries.	Local production is protected by high duties	Lower duties than worldwide duties, U.S. almond production industry is strong

Product Category	2016 Market Size (Volume)	2016 Imports (\$ millions)	5-YR Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Facing Market Development	Market Attractiveness for USA
Cashew (Shelled & in shell) HS 08031	3,805 MT	\$29.3	Growth of 7% per annum in terms of value, 7% in terms of quantity	Duty is 4%. The U.S, EU, Brazil, Uruguay, Paraguay and Argentina are exempt from duty.	Competition mainly from Vietnam and India.	U.S. cashew enter duty free
Walnuts (Shelled & in shell) HS 08023	5,921 MT	\$33.2	Growth of 2% per annum in terms of value, 13% in terms of quantity	Duty is 4%. U.S. walnuts enter duty free.		U.S. walnuts enter duty free
Raisins HS 08062	2,393 MT	\$6.7	Growth of -3% per annum in terms of value, 1% in terms of quantity	General duty for bulk is NIS 6.62/ kg, but no more than 340%. WTO TRQ 600 MT. US 90% of general duty. General duty for non-bulk is NIS 6.62/ kg, but no more than 340%. US TRQ of 1,294 tons. Over the U.S TRQ no less than NIS 2/kg.	Local production is protected by high duties	
Prunes HS 08132	2,154 MT	\$7.6	Growth of 13% per annum in terms of value, 2% in terms of quantity	The general duty for bulk is NIS 0.98/ kg but no more than 30%. The general duty for non-bulk is NIS 4.17/kg but no more than 102%. WTO of 1,500 tons, over the TRQ NIS 2/kg. The U.S. is granted a duty-free TRQ of 2,000 MT which applies to all prunes. Over the U.S TRQ. 90% of general duty.	Argentina and Chile are offering significantly lower prices	

Product Category	2016 Market Size (Volume)	2016 Imports (\$ millions)	5-YR Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Facing Market Development	Market Attractiveness for USA
Frozen fish (excluding fish fillets and other fish meat of heading 0304) HS 0303	12,775 MT	\$53.7	Growth of 7% per annum in terms of value, 2% in terms of quantity	General duty between NIS 0-6.3/kg depending on product. U.S duty 85%-90% of general duty rate, and various TRQs depending on the product		The U.S. is Israel's largest exporter of frozen fish livers and roes
Cheese and Curd HS 0406	8,493 MT	\$46.4	Growth of 25% per annum in terms of value, 33% in terms of quantity	General duty-between NIS 4.17/kg-13.49/kg depending on product Limited U.S. TRQ of 649 MT. Over TRQ 90% of general duty. WTO TRQs 6,000 MT.	High tariffs and limited TRQs.	In the U.S there are a number of dairies that produce Kosher cheese
Protein; concentrates and textured protein substances HS 210610	NA	\$8.73	Growth of 15% per annum in terms of value, NA in terms of quantity	Duty free		The U.S. holds a 58 percent market share and there is an increase in protein enriched products
Fruit Juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter HS 2009	34,542 MT	\$64.9	Growth of -3% per annum in terms of value, NA in terms of quantity	General duty-between free of duty- 30% of value depending on product. U.S duty 85%-90% of general duty rate, and various TRQs depending on the product		

Sources: Central Bureau of Statistics, Israel; Israel Dairy Board; Israel's Tax Authority; FAS Tel Aviv office research.

Category B: Products Not Present in Significant Quantities But That Have Good Sales Potential

There is a market demand for frozen cherries and berries. Prices for these products are high and local production does not meet demand. As part of the trend, Sunfrost, a leading food processor in Israel owned by Tnuva that specializes in frozen vegetables and fruits, came out this summer with a new line of frozen berries and tropical fruit. A much smaller company, “mama meri”, manufactures packages of frozen cherries and berries sourced from the U.S. and Poland.

Blackberries, Blueberries and Cherries sold in Israel, of U.S. origin



Category C: Products Not Present Because They Face Significant Barriers

1. Non-kosher meats are not allowed for importation.
2. Kosher barriers on Crustaceans and Mollusca. They are not kosher and most supermarkets will not sell them as well as the major hotels and restaurants.
3. Pineapple, banana, cherries and citrus are not allowed for importation due to plant protection restrictions.
4. Almonds, apples, pears, cheese and dairy products importation face quotas tariffs and custom tax.
5. Natural honey faces high duties.

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

U.S. Embassy Israel, Foreign Agricultural Service (FAS) Office of Agricultural Affairs
Physical Address: 71 Hayarkon Street, Tel Aviv, Israel 63903
Email: agtelaviv@fas.usda.gov

For additional information, see www.fas.usda.gov. See also to our Food and Agricultural Import Regulations and Standards (FAIRS) reports, FAIRS Export Certificate, Food Processing Ingredients Sector, and HRI Food Service Sector GAIN reports.

GOVERNMENT REGULATORY AGENCY CONTACTS

Israel WTO-TBT Enquiry Point, Israeli Ministry of Industry, Trade and Labor
Telephone: 972-3-7347502 - Fax: 972-3-7347626
Email: Yael.Friedgut@moital.gov.il

Food Control Service (FCS), Israeli Ministry of Health
12 Ha'arba'a St., Tel Aviv, Israel 64739
Telephone: 972-3-6270112 - Fax: 972-3-6270126
Website: www.health.gov.il/english/

Israel Veterinary and Animal Health Services (IVAHS), Israeli Ministry of Agriculture
Chief Import & Export Veterinary Officer
Veterinary Services and Animal Health
PO BOX 12, Beit Dagan, Israel 50250
Telephone: 972-3-968649 - Fax: 972-3-9605194
Email: shlomoga@moag.gov.il

Plant Protection & Inspection Service (PPIS), Israeli Ministry of Agriculture
P.O. Box 78, Bet Dagan, Israel 50250
Telephone: 972-3-9681561 - Fax: 972-3-9681582

Standards Institution of Israel (SII)
42 H. Levanon St., Tel Aviv, Israel 69977
Telephone: 972-3-6465154 - Fax: 972-3-6419683
Website: <http://www.sii.org.il/14-he/SII.aspx>

The Central Bureau of Statistics (CBS)
66 Kanfei Nesharim Street P.O. Box 34525, Jerusalem, Israel 91342
Telephone: 972-2-6592666 - Fax: 972-2-6521340
Website: http://www.cbs.gov.il/reader/?MIval=cw_usr_view_Folder&ID=141