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Exporter Guide

2016 Exporter Guide

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Report Highlights: Israel is a sophisticated, industrialized, free market economy with a diversified manufacturing sector. Though Israel did experience some economic slowdown due to the global economic crisis, GDP growth rates since that time continue to increase and unemployment rates continue to sink. Recently, there has been public pressure to help decrease the cost of living in Israel, which is forcing the government to look to expand trade, especially in the food and agriculture sectors. Israel is party to a free trade agreement with the US, though tariff rate quotas still apply on certain goods.

Post:
Tel Aviv

Author Defined:
SECTION I: MARKET OVERVIEW

Overall Business Climate

Israel is a parliamentary democracy of approximately 8.5 million people (July 2016). Of that population, around 75 percent are Jewish and 25 percent are non-Jewish, mostly Arab. The country's area is 20,330 square kilometers, making it slightly smaller than the US state of New Jersey. Current population growth is estimated at 1.53 percent.

Israel is a sophisticated, industrialized free market economy, with a diversified manufacturing sector. Israel experienced an economic slowdown due to the global economy's underperformance and economic weakness in the European Union (EU), which is Israel's main export market. Much of Israel's recent economic growth can be attributed to the growth of start-up firms.

Israel's economic growth slowed in recent years, as a result of weaker world trade growth; however, Israeli gross domestic product (GDP) growth in recent years has ranged from 2 to 5 percent per annum. Israeli GDP increased by 2.6 percent in 2015, its slowest pace since 2009, marking the second consecutive year of sub-3 percent growth for the first time in over a decade. The Bank of Israel's Research Department forecast 3 percent GDP growth in 2016 and 3.1 percent in 2017. The rate of inflation over the next fiscal year, ending in the third quarter of 2017, is expected to be 1.0 percent. The Bank of Israel prime rate is expected to remain at its current level of 0.1 percent during much of the coming year, and to begin rising at the end of 2017.

Total Israeli exports of goods and services decreased approximately 3.1 percent in 2015, as compared to an increase of 1.5 percent in 2014. Conversely, Israeli imports increased by 0.6 percent in 2015, as compared to a 3 percent increase in 2014. The Israeli Ministry of Finance forecast a 1.9 percent increase in Israeli exports and a 6.2 percent increase in Israeli imports in 2016.

Israel's unemployment rate decreased significantly in recent years, reaching 4.8 in the second quarter of 2016. This is down from 5.9 percent in 2014 and 5.3 percent in 2015. Current projections expect it to remain around 4.8 percent in the coming year.

Israel has a 120-member unicameral legislature, known as the *Knesset.* Prime Minister Benjamin Netanyahu's Likud party led in the March 2015 elections, for the fourth consecutive time. Winning a plurality, the Likud Party was able to form a government with 30 of the 120 parliamentary seats. The party's primary rival, the center-left Zionist Union Alliance, won 24 seats. The new government coalition holds only a one seat majority in the *Knesset* (61 seats), and may face challenges in the passage of legislation.

Currently, there are heightened tensions in Israel with regard to security. There is concern that the war in Syria could spill over, posing a threat to Israel and other neighboring countries, though that has not been the case thus far. Concurrently, the protracted peace process with the Palestinian Authority remains at an impasse, creating potential for ongoing security concerns.

The US Department of State recently published the [2016 Investment Climate Statement]. That report contains additional information on Israeli economics, politics, legal and regulatory systems, dispute resolution, corruption, labor, and intellectual property rights.

Israel's Market Characteristics

Israel is a technologically advanced, market-oriented economy. Consumers are sophisticated and enjoy cosmopolitan food tastes. Despite recent popular protests over food prices and the high cost of living, Israelis remain willing to pay for high-value products.

Israel's limited land and water resources preclude a high level of agricultural self-sufficiency and affect local production costs and consumer prices. The country posts sizeable trade deficits in food and agricultural products, importing large volumes of feed grains and sizable volumes of consumer oriented products.

Cost of Living

In 2011 Israeli consumers began to protest the high cost of living, which was well above the OECD average. The Israeli government responded by creating a number of committees to study the issue and make policy recommendations. One specific set of recommendations impacting dry food imports was approved in 2014 and entered into force September 30, 2016. The new policy, known as the Cornflakes Law, opened up some food imports to independent traders operating outside of the manufacturer's distribution system or what are referred to as *parallel imports.* Products such as pasta, breakfast cereals, cookies, crackers, snacks, rice and beans can now be imported into Israel by independent traders, creating greater competition and decreasing prices. Thus far, the reform does not apply to *sensitive* food products, such as animal products (i.e. eggs, milk, and beef) and infant formula, for which the requirement of individual permits remains. The list of sensitive foods is periodically updated (see Appendix II). Under this system, imports of non-sensitive foods will be unrestricted, provided that they meet predetermined standards.

In 2015, both the Israeli Ministry of Agriculture and Ministry of Economy began to take significant steps to reduce the prices of staple food for Israeli consumers. Duty free quotas and reduced import fees for a number of food products (i.e. fish and cheese) were put in place.

Food and Agricultural Product Consumption

According to the latest Israeli Household Expenditure Survey, annual average household consumption expenditures in 2014 totaled about $49,240, up 2.2 percent from 2012. Of total expenditures, 16 percent were allocated to food and agricultural products. Food, excluding fruit and vegetables, accounted for 13 percent. Fruits and vegetables accounted for the remaining three percent. The largest single expenditure on food was meals away from home, at 2.7 percent, followed by meats and poultry, at 2.5 percent.

The Israeli food industry is expanding rapidly and consumer habits are changing accordingly. Over the recent past, Israelis have started to eat out more frequently and to select premium food when doing so. Table 1 shows food as a percentage of total household expenditures, clearly demonstrating the increased expenditures on meals away from home and the concomitant decrease in spending on staple goods, such as bread, dairy products and eggs.

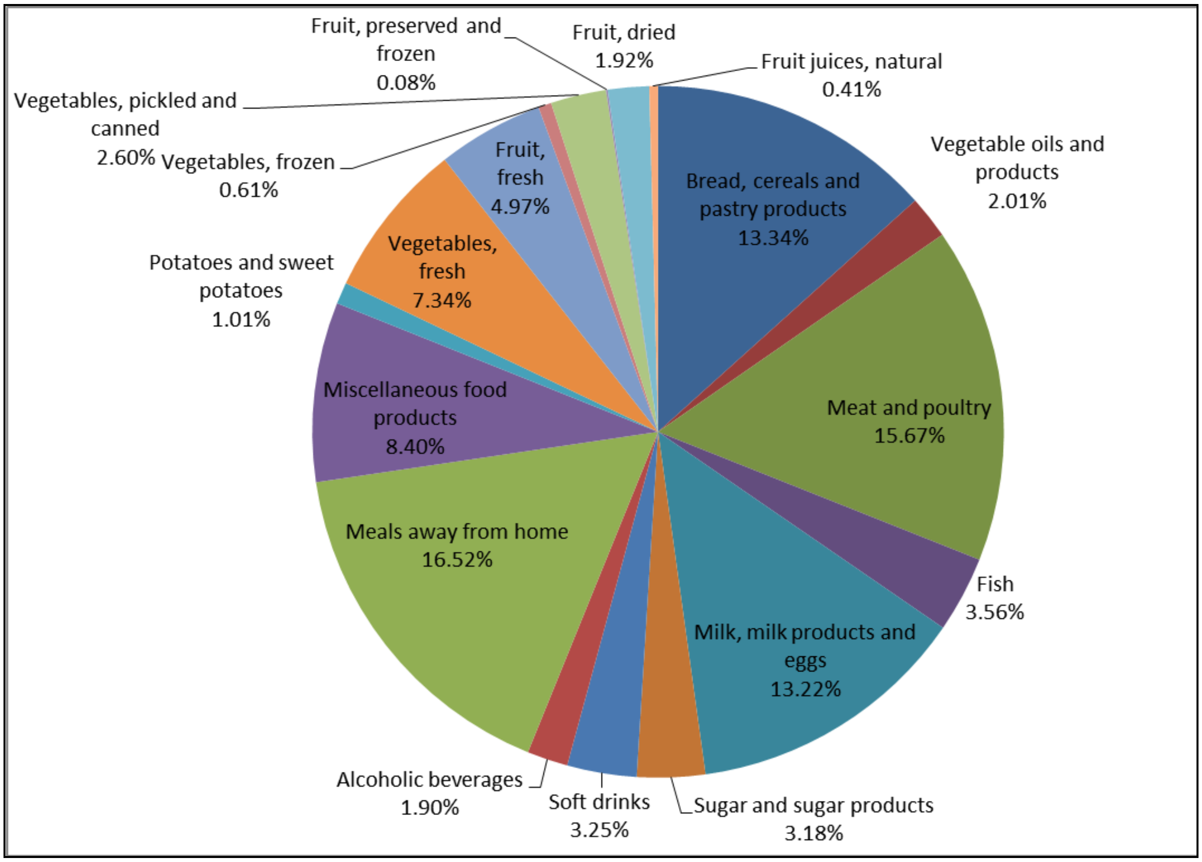
Table 1: Monthly Consumption Expenditures (as a percentage), 2000-2014

MONTHLY COMPOSITION OF CONSUMPTION EXPENDITURE FOR FOOD AND BEVERAGES, BY SUB-GROUPS, IN PERCENTAGE , IN 2000-2014										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Consumption expenditures total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food (excl. vegetables and fruit)	**13.2**	**13.4**	**13.7**	**14.0**	**13.3**	**13.3**	**13.2**	**13.1**	**13.6**	**13.1**
Bread, cereals and pastry products	2.3	2.3	2.4	2.5	2.4	2.3	2.3	2.3	2.3	2.2
Vegetable oils and products	0.3	0.3	0.3	0.4	0.3	0.4	0.4	0.3	0.3	0.3
Meat and poultry	2.6	2.7	2.7	2.8	2.6	2.7	2.6	2.5	2.7	2.5
Fish	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Milk, milk products and eggs	2.4	2.4	2.4	2.5	2.4	2.4	2.3	2.2	2.3	2.1
Sugar and sugar products	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.6	0.5
Soft drinks	0.7	0.7	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.5
Alcoholic beverages	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Meals away from home	2.2	2.3	2.4	2.3	2.2	2.3	2.3	2.5	2.7	2.7
Miscellaneous food products	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.3	1.3	1.4
Vegetables and fruit	**3.2**	**3.2**	**3.2**	**3.2**	**3.0**	**3.1**	**2.9**	**3.0**	**3.1**	**3.1**
Potatoes and sweet potatoes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Vegetables, fresh	1.1	1.2	1.2	1.2	1.1	1.1	1.0	1.1	1.2	1.2
Fruit, fresh	0.9	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Vegetables frozen, pickled and canned	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.5	0.5
Fruit, dried	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fruit juices, natural	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Source: Israeli Central Bureau of Statistics

Figure 1 breaks down the 16 percent of average household food expenditures. Meals away from home, and meat and poultry make up the highest percentages, followed by near equal percentages of dairy, cereals, and fruits or vegetables. These trends are indicative of higher-income consumers with the purchasing power to eat away from home and to consume increasing levels of animal protein.

Figure 1: Food Expenditures by Category Group, Percent, 2014



Source: Household Expenditure Survey, 2014, Israeli Central Bureau of Statistics

Table 2 further illuminates the correlation between food consumption and income. In this chart, the population is ranked according to income and divided into deciles, where the tenth decile represents the highest 10 percent of incomes and the first decile represents the lowest 10 percent of incomes. Surprisingly, spending on food is reasonably steady amongst the bottom half of incomes, while overall consumption decreases as incomes decrease. Higher income deciles tend to spend more on animal proteins (meats, fish, and dairy), alcohol, fruits and vegetables. Similarly, the higher income deciles greatly outspend their peers on food away from home.

Additional details on expenditures and product categories can be found in Appendix III.

Table 2: Monthly Expenditures in Deciles of Israeli Households, 2014

CONSUMPTION EXPENDITURE IN DECILES OF HOUSEHOLDS, BY NET MONEY INCOME PER STANDARD											
NIS, unless otherwise stated	2014										
	Income Deciles										
	10	9	8	7	6	5	4	3	2	1	Total
Households in population (thousands)	**237.1**	**237.0**	**237.2**	**237.3**	**236.7**	**237.2**	**237.3**	**236.6**	**237.9**	**237.3**	**2,371.6**
Consumption expenditures	**24,343**	**20,035**	**17,664**	**16,729**	**15,287**	**13,764**	**12,669**	**10,660**	**9,697**	**9,690**	**15,053**
Food	**3,259**	**2,892**	**2,747**	**2,564**	**2,346**	**2,239**	**2,230**	**1,950**	**1,989**	**2,137**	**2,435**
Food (excl. vegetables and fruit)	**2,686**	**2,364**	**2,240**	**2,085**	**1,904**	**1,822**	**1,789**	**1,554**	**1,593**	**1,704**	**1,974**
Bread, cereals and pastry products	346	351	349	344	336	323	324	292	273	311	325
Vegetable oils and products	50	44	46	47	47	41	52	46	47	70	49
Meat and poultry	393	332	382	346	357	369	376	335	453	475	382
Fish	105	91	98	91	88	84	90	83	71	66	87
Milk, milk products and eggs	389	375	365	337	326	311	295	283	261	278	322
Sugar and sugar products	87	83	88	77	81	79	80	63	65	73	77
Soft drinks	69	72	78	78	91	82	89	71	78	85	79
Alcoholic beverages	81	70	61	56	43	47	34	31	23	18	46
Meals away from home	923	710	566	482	338	255	254	180	154	164	402
Miscellaneous food products	244	237	209	227	197	233	194	171	168	166	205
Vegetables and fruit	**573**	**528**	**507**	**479**	**442**	**417**	**441**	**396**	**396**	**433**	**461**
Potatoes and sweet potatoes	24	25	25	25	24	24	25	25	23	25	25
Vegetables, fresh	206	189	187	173	160	160	185	153	168	207	179
Fruit, fresh	163	146	133	128	116	107	105	110	104	98	121
Vegetables, frozen	22	23	17	18	15	13	13	11	8	9	15
Vegetables, pickled and canned	73	71	74	71	68	59	57	56	52	53	63
Fruit, preserved and frozen	3	2	2	2	2	2	2	2	2	2	2
Fruit, dried	70	61	54	51	45	40	46	33	34	33	47
Fruit juices, natural	13	11	14	11	12	11	8	7	6	6	10

Source: Household Expenditure Survey, 2014, Israeli Central Bureau of Statistics

Israel's Trade Agreements

Israel is a member of the World Trade Organization (WTO) and party to a number of free trade agreements (FTA), which include agreements with Canada, the European Union, the United States, **MERCOSUR,** Mexico, the European Free Trade Association, and Turkey. Free trade agreements with

Colombia and Panama are awaiting confirmation or ratification. Israel also participates in qualified industrial zone (QIZ) programs with Jordan and Egypt, which grants third-party countries access to the Israel-US trade agreement for products containing Israeli content.

Following the 1985 FTA between the US and Israel, a bilateral Agreement on Trade in Agricultural Products (ATAP) was signed in 1996. A successor agreement, effective through 2008, was signed in 2004. Since then, annual extensions have been issued to allow the parties to negotiate a permanent agreement. Under the current FTA-ATAP regime, virtually any product produced in Israel that can be competitive in the US market can enter the US duty-free. In contrast, US products continue to face high tariffs in many sectors limiting their access or penetration into the Israeli market. The current ATAP regime provides US food and agricultural products access to the Israeli market under one of three different categories: 1) unlimited duty-free access; 2) duty-free TRQs; or 3) preferential tariffs set at least 10 percent below Israel's Most Favored Nation (MFN) rates. The US government and industry continue to pressure for negotiation of a permanent ATAP agreement.

Israel's Imports of Food and Agricultural Products

In 2015, imports of food and agricultural products (HS 1-24) to Israel totaled around $5.3 billion, a 6.5 percent decrease compared to 2014. The EU is Israel's main trading partner and held a 39.4 percent share, while the United States captured just 9.5 percent of the market. Food and agricultural product imports account for about 8.6 percent of Israel's total import bill.

According to FAS data, imports of US-origin food and agricultural products to Israel in 2015 were $487 million, a 34 decrease compared to 2014. The decrease was mainly due to a decrease in soybean and corn feed imports from the US. In recent years, Black Sea sources, such as Ukraine and Russia, have captured a greater market share of bulk products due to lower prices and proximity, which results in lower freight costs than products from the US.

With the recent decrease in bulk grains and oilseeds to Israel, tree nuts now account for much of US food and agricultural exports to the country. Almonds (shelled and unshelled) face tariff rate quotas and high levies for out-of-quota product, while US-origin shelled walnuts and pistachios enjoy duty-free access.

For over the last two decades US beef was banned for import due to veterinary restrictions and kosher requirements. In February 2016, the Veterinary Services of the Israeli Ministry of Agriculture waved the ban on imports of US beef and an agreement on kosher standards was reached with Israel's Chief Rabbinate, allowing the renewal of US beef exports to Israel. Given the current quota on US beef, FAS-Tel Aviv estimates the market potential to be around $15 million annually. The market for US beef could grow beyond that level, if the quota were adjusted appropriately.

Table 3: US Exports of Agricultural & Related Products to Israel, 2011–2015, USD mil

U.S. Exports of Agricultural & Related Products to *Israel(*)*
CY 2011 - 2015 and Year-to-Date Comparisons
(In millions of dollars+)

Export Market: *Israel(*)*

Product	2011	2012	2013	2014	2015	January - August Comparisons 2015	2016	%Chg
	Calendar Years (Jan-Dec)							
Bulk Total	431.0	184.8	168.6	231.0	61.8	42.1	130.7	210.6
Wheat	147.0*	73.3	62.5	55.6	42.5	26.6	23.0	-13.4
Corn	159.0	7.1	0.0	94.4	2.2	2.2	70.3	3150.9
Coarse Grains (ex. corn)	24.0	0.0	0.0	0.0	0.2	0.0	0.0	-
Rice	22.0	16.8	15.0	11.2	9.6	7.6	13.2	73.7
Soybeans	74.0	77.9	83.2	60.3	0.1	0.0	20.3	14900
Oilseeds (ex. soybean)	4.0	3.3	4.2	6.0*	2.9	2.7	1.4	-50.3
Cotton	0.0	1.9	0.1	0.7	1.0	1.0	0.0	-
Pulses	1.0	3.2*	1.8	2.1	2.6	1.4	1.7	19.2
Tobacco	0.0	0.4	0.3	0.2	0.0	0.0	0.0	-
Other Bulk Commodities	2.0	0.9	1.4	0.7	0.7	0.5	0.8	43.9
Intermediate Total	186.0	209.7	212.4*	171.1	116.0	73.3	74.2	1.2
Soybean Meal	39.0	58.2*	53.8	31.0	18.3	16.9	0.3	-98.4
Soybean Oil	3.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Vegetable Oils (ex. soybean)	8.0	10.2	12.8*	5.6	6.0	4.1	3.0	-27.0
Animal Fats	0.0	0.0	0.1	0.0	0.0	0.0	0.0	-
Live Animals	1.0	0.5	0.4	1.1	1.3	0.8	0.1	-81.6
Hides & Skins	2.0	1.2	1.1	1.1	1.0	0.7	0.7	-8.4
Hay	0.0	0.1	0.1	0.0	0.0	0.0	0.0	-
Distillers Grains	54.0*	51.5	40.4	44.9	26.4	10.6	23.6	123.7
Feeds & Fodders NESOI	55.0	57.8	52.3	58.6*	34.9	21.9	25.5	16.3
Planting Seeds	5.0	5.6	6.0*	5.5	4.8	2.8	4.0	43.7
Sugar, Sweeteners, Bev. Bases	4.0	2.9	23.4	5.3	2.0	1.3	1.5	13.0
Other Intermediate Products	17.0	21.6	22.1	18.0	21.3	14.3	15.5	8.8
Consumer Oriented Total	270.0	234.1	247.7	298.9*	272.9	179.7	169.8	-5.5
Beef & Beef Products	1.0	0.6	0.5	0.2	0.4	0.3	0.0	-93.3
Pork & Pork Products	1.0*	0.1	0.3	0.1	0.1	0.1	0.0	-97.1
Poultry Meat & Prods. (ex. eggs)	1.0	1.2	1.0	0.7	0.3	0.2	0.0	-88.1
Meat Products NESOI	0.0	0.0	0.0	0.2	0.1	0.1	0.1	41.6
Eggs & Products	6.0*	4.4	4.0	2.4	2.5	1.7	2.6	47.6
Dairy Products	32.0*	15.2	15.4	20.1	16.7	13.4	8.8	-34.3
Fresh Fruit	12.0	10.6	12.1	13.1*	8.2	5.6	7.4	33.3
Processed Fruit	21.0	18.0	16.9	26.1*	17.6	11.0	14.0	27.0
Fresh Vegetables	0.0	0.3	0.3	0.5	2.9*	0.5	0.2	-56.9
Processed Vegetables	7.0	7.5	7.6	7.4	8.1*	5.1	4.5	-11.7
Fruit & Vegetable Juices	13.0*	4.9	7.4	5.7	5.0	3.2	3.7	14.5
Tree Nuts	94.0	78.7	88.4	123.8*	114.7	75.9	59.0	-22.3
Chocolate & Cocoa Products	3.0	4.6	4.6	7.2	8.6*	5.5	7.7	39.4
Snack Foods NESOI	13.0	17.7	18.0	18.2*	16.3	10.3	10.5	1.3
Breakfast Cereals	6.0	7.1	7.6	8.5	8.7*	5.3	4.3	-18.4
Condiments & Sauces	14.0	14.4	15.8*	12.1	12.6	7.8	7.2	-7.4
Prepared Food	31.0	26.9	24.5	28.1	29.2	19.7	21.4	8.4
Wine & Beer	2.0	2.7	2.3	2.4	2.9*	1.9	1.9	1.3
Non-Alcoholic Bev. (ex. juices)	2.0	3.9	4.3	5.8	4.8	3.2	7.3*	128.0
Dog & Cat Food	12.0	15.3	16.5*	16.2	13.2	8.4	8.9	6.4
Other Consumer Oriented	0.0	0.1	0.2	0.2	0.3	0.3	0.1	-48.6
Agricultural Related Products	46.0	33.7	35.7	40.7	36.8	23.7	23.6	-0.6
Distilled Spirits	5.0	4.7	4.4	6.6	6.7*	4.4	4.8	10.1
Ethanol (non-bev.)	3.0*	2.7	0.5	1.2	0.1	0.1	0.1	80.4
Biodiesel & Blends > B30	8.0*	0.6	0.0	0.0	0.0	0.0	0.0	-
Forest Products	22.0	19.3	23.3	26.2	21.4	15.1	14.7	-2.8
Fish Products	8.0	6.5	7.6	6.6	8.5	4.2	3.9	-5.4
Agricultural Products	887.0*	628.6	628.8	700.9	450.7	295.1	374.7	27.0
Agricultural & Related Products	933.0*	662.3	664.5	741.6	487.4	318.8	398.2	24.9

Prepared By: Global Policy Analysis Division/OGA/FAS/USDA
Source: U.S. Census Bureau Trade Data
* Denote Highest Export Levels Since at Least CY 1970
+Values of $0.05 million or more are rounded to $0.1 million
www.fas.usda.gov/GATS
GATSHelp@fas.usda.gov
Biodiesel aggregate includes only higher-level and pure biodiesel HTS chapter 38 codes; biodiesel blends below 30% by volume (aka. petroleum oils containing biodiesel) found in chapter 27 are excluded.

Table 4: US Supplier Strengths and Weaknesses

Advantages	**Challenges**
The ATAP offers the United States tariff rate quotas for some products and reduced duties for a number of others.	Most ATAP quotas are for products for which the United States has no comparative advantage or for which Israel has no import needs. The average US quota fill use is only 32 percent. Some fresh produce lacking risk assessments cannot enter Israel. Israel remains unwilling to phase-out tariffs completely.
Kosher products have a much higher market share in Israel as large supermarket chains and hotels buy only kosher products. Over 10,000 American companies produce products for the kosher market, so the United States is expected to have a competitive advantage in this area.	Many US firms are unresponsive to Israeli requests to do business.
	Israel is increasingly adopting EU standards, which, in many cases, are more restrictive than international standards.
High cost of living has forced the GoI to reconsider existing tariffs and quotas. Temporary duty free quotas for some fresh fruits and vegetables, as well as dairy products, are being considered.	The EU is Israel's main trading partner. A new agricultural agreement was signed between Israel and the EU in November 2009, resulting in greater market access on both sides.
After a 13 year ban on US beef, the Israeli veterinary services lifted the ban in February 2016.	Most frozen beef imported by Israel originates from South America and Eastern Europe, both of which have strong price advantages over US beef products.
The Israeli consumer is already familiar with US products and is receptive to additional products.	Kosher requirements are increasingly strict and consumers are demanding high-level kosher certification for their food products.
Israel and Palestine's economies are linked. US exporters can use Israel as a gateway to the Palestinian market with its rapidly growing population.	The recent upsurge in violence could hurt trade.
	Import requirements are strict and new-to-market products are often detained at port.
Israel's per capita consumption of fresh fruits and vegetables is high.	Israel will not agree to the US request for a complete phase-out of tariffs under the ATAP.
Israeli consumers are increasingly health-conscious and prefer to eat a balanced diet. Supermarkets are carrying more gluten-free rolls, legumes, organic products, and whole wheat pastas that were once only available at specialty stores. US suppliers are considered to be a reliable source for high quality, healthy food products.	The HRI sector generally prefers imports from nearby countries.
Israel is almost completely dependent on imports to meet its grain, oilseeds, and feed needs and the United States is one of the largest worldwide suppliers.	Many Israeli traders consider the Black Sea Basin a natural source for grains due to its proximity and the convenience of small and medium-sized cargoes.

SECTION II: EXPORTER BUSINESS TIPS

Potential exporters should focus on establishing business relationship with a reliable and efficient Israeli importer and distributor, in order to better identify the appropriate distribution and sales channels. Exporters are encouraged to meet with Israeli importers in person to explore business opportunities. In person meetings tend to build confidence and facilitate communication. FAS Tel Aviv is available to facilitate exchanges – both of US exporters to Israel or of Israeli buyers at US. food shows or conventions.

Large Israeli food retail chains like Shufersal and Blue Square have their own purchasing and importing divisions to handle food imports directly. Major supermarkets are increasingly importing directly from foreign suppliers in order to reduce costs. US suppliers should initially contact the purchasing or importing divisions of these large food chains, especially for new-to-market food products. A list of contacts for Israel's major food supermarkets and importers is available from FAS Tel Aviv upon request. US exporters should consider the price sensitiveness of their customers, their product requirements, purchasing policies, and expected purchase volumes.

Additional Marketing Tips:

- Direct marketing is common through mail, phone, email, etc.
- Telephone marketing is increasingly common, but with mixed results.
- The internet is widely used in Israel, and an increasingly direct marketing avenue as Israel has a very competitive and dynamic telecommunications market with one of the highest mobile and household broadband penetration rates in the world.
- Israel has an extensive road network that connects the entire country, as well as advanced inland and international transport facilities. Rental cars, taxis and limousines with drivers are readily available for visitors. US drivers may rent cars with a valid US or international driver's license. One of the most notable advances in transport in Israel in recent years is the modernization of the train system. Commuter trains run from Tel Aviv to most of the large cities, including Jerusalem and Ben Gurion Airport. Extensive freight services are available and most often used between Haifa, the port in the north, and Ashdod, Israel's primary port in the south.
- Ben Gurion International Airport offers connections to major international destinations. Ben Gurion is the country's center of air passenger and cargo operations. Several companies still provide internal flights between Tel Aviv, Haifa and Eilat from Sde Dov airport.
- Roughly 40 percent of Israel's 8.5 million people are concentrated in the greater Tel Aviv metropolitan area, Israel's commercial and financial center. Other major concentrations of population are the Haifa metropolitan area (15 percent), a major port city and center for the petrochemical and high tech industries, and Jerusalem (11 percent).
- For first-time exporters, it is important to note that distinct cultural differences between Israel and the United States may in some cases dictate changes in selling, advertising, and marketing. Although many strategies used by firms in the United States can be equally effective in Israel, US companies should understand that selling in Israel is not the same as selling in the domestic US market.
- Israel's tariff classification is based on the Harmonized System (HS) Code. Israel's Customs and Purchase Tax Tariff is the main instrument used for the classification of goods. The correct classification of goods is key to determining tax rates, as well as obtaining various

authorizations, permits and licenses. It is recommended to contact a professional customs broker prior to export.

- Almost all goods are imported through Israel's two Mediterranean ports, Haifa in the north and Ashdod in the south, and through Ben Gurion International Airport. These ports have good transportation links to the rest of the country. While most companies are headquartered in the Tel Aviv or Haifa metropolitan areas, a growing number of firms maintain branches, showrooms, or service facilities in Jerusalem and Be'er Sheva.
- El Al Airlines, United Airlines and Delta Airlines operate daily direct flights from Tel Aviv to New York, Philadelphia, and Los Angeles. Most European airlines offer competitive prices and routes to the US via Europe.
- A visa is not required for US citizens traveling for tourism or short-term business projects. Visitors are entitled to remain in Israel up to three months from the date of their arrival, in accordance with the conditions of the visa issued to them upon their entrance to Israel.
- US travelers can refer to the Department of State's International Travel Information for the most up-to-date information on Travel Warnings and Visa Requirements for Israel.

Local Business Practices and Customs

Hebrew and Arabic are the two official languages of Israel. English is the third and principal international language, and Russian is also prevalent. Many signs in public places are in all three languages and most Israelis are multilingual.

Business hours are Sunday through Thursday from 8:00 a.m. to 5:00 p.m. for most businesses and government offices. Occasionally, business people will be willing to hold meetings on Friday mornings.

Jewish Holidays in Israel are mainly in September, October and April. Exporters should take note of Israeli holidays, as their Israeli counterparts will be closed on those dates. Additionally, there is no public transportation on the Jewish Sabbath (Friday sundown to Saturday sundown) and some Jewish holidays.

The US Department of Commerce provides additional details regarding the Israeli business environment on their Business Travel website.

General Consumer Tastes and Preferences

Israeli consumers tend to demand kosher products and many of the larger supermarket chains only carry kosher foods. Similarly, many hotels, restaurants and industrial buyers only source kosher products. As Israeli incomes have increased, consumers have also become more health-conscious thereby further shifting food demand toward products considered wholesome or healthy.

During the last decade, an increasing share of consumers, as many as 58 percent, preferred to buy their products through supermarket chains, instead of through the traditional channels of open markets and small grocery stores. This trend is combined with marked improvements in price competition, resulting from the 2011 consumer protests.

In recent years, Israeli consumers have begun to identify private label brands with lower price and with a known product quality. Supermarket chains tout private labeling as a growth engine and as a tool to fight the market control of large manufacturers. In examining the impact of the private label market as a whole however, it is clear that the Israeli market has not undergone a significant change. The total market share of private label products is steady, with sales hovering around 5.6 percent of total food products sold in Israel.

Online shopping is continuing to gain popularity, as retailers improve websites and create more user-friendly platforms. Due to consumer price-sensitivity, some websites, such as Shufersal, offer a button to present cheaper alternatives to selected products. A second button allows consumers to see healthier alternatives in terms of calories, fat or sodium to those selected. These kinds of advances will encourage growth in online shopping as will the growth in distribution and delivery options for online shoppers.

Kosher Certification

Since December 1994, Israel has banned the import of non-kosher meat and meat products. The Chief Rabbinate of Israel retains exclusive jurisdiction over the Kashrut law and kosher certification, including the recognition of kosher certifying bodies outside of Israel. Kosher certifications are costly and drive up retail beef prices. While kosher certification poses a significant challenge to many US beef exporters, imports of non-kosher beef offal are permissible. With the exception of meat (beef, poultry, mutton and products thereof) there is no legal requirement that imported food and agricultural products be kosher. However, non-kosher products struggle to make inroads into the local market since Israel's large supermarket chains and hotels normally opt not to carry such items.

Tariff Protection

Over the years the OECD has found that Israeli consumers are paying higher than global average prices for food and agricultural products. Indirect support programs designed to help Israeli farmers and ranchers are based on trade protectionism. These measures needlessly drive up local food prices. In this sense, many of the *2010 OECD Review of Agricultural Policies: Israel* report conclusions still hold; most importantly, although government supports have fallen over time, not all market distorting policies have been removed.

FAS Tel Aviv finds that Israel's tariff profile for some agricultural products (i.e., dairy, meat, eggs, and some fruits and vegetables) continues to remain prohibitively high on many product lines. Indicative of the uneven nature of Israel's tariff profile are the low tariffs, even sometimes duty-free status, for certain coarse grains and oilseeds.

Israel Import Documentation and Requirements and Food Standards and Regulations

Specifics on Israel's import documentation requirements are outlined in the 2016 Food and Agricultural Import Regulation report are available online.

Customs Procedures: Valuation and the VAT

1. **Customs Valuation and Tax:** Israel has implemented the WTO Customs Valuation Agreement. Under WTO regulations, the basis for valuation is the transaction value. In most cases the cost,

insurance, and freight (CIF) price are included.

Israel's tariff classification is based on the Harmonized System. Israel’s Customs and Purchase Tax Tariff is the main instrument used for the classification of imported goods. The correct classification of goods is the key to determining correct duty rates. It is also utilized for obtaining authorizations, permits, licenses, and meeting all other conditions for the import of goods.

2. **Value Added Tax:** As of October 1, 2015, the VAT was lowered from 18 percent to 17 percent. The VAT is imposed on all products and services, with the exception of fresh vegetables and fruits.

Recommendations for US Food and Agricultural Product Exporters

Exporters that adhere to following recommendations will stand a better chance of success in accessing the Israeli agricultural and food market:

1. A US Certificate of Free Sale, obtained from the FDA, facilitates the Israeli Ministry of Health’s import licensing procedures.
2. Given that Israel is adopting EU standards, US exporters already familiar with EU import requirements will have better success in gaining entry to the Israeli market.
3. Products certified as being manufactured under Good Manufacturing Practices (GMP) or HACCP will have greater ease of access to the Israeli market.
4. Being included on the FDA’s list of registered facilities is viewed favorably by Israel’s import licensing authority. It provides confirmation that the exporting manufacturer’s facility has been inspected by the FDA and or USDA.
5. Products must have a minimum shelf life of 6 months upon port arrival.

SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

Retail Supermarket Chains

In early 2016, Mega, previously Israel’s second largest food retailer, filed for bankruptcy and was forced to liquidate its assets. Following Mega’s bankruptcy the largest food retailers are now Shufersal, Yenot Bitan, Rami Levy, Hazi-Hinam, Victory and Osher Ad. Israel’s largest retail producer and seller of pork and non-kosher products is Tiv Ta’am.

Over the last 6 years there has been a steady decrease in the control of the major food retail chains and an increase in the market share of smaller food retailers.

Online Food Market

The Israeli online food market has recently experienced rapid growth. Food now makes up the largest share of online sales in Israel. The online food market grew from approximately 700 million shekels (US $184 million) in 2013 to 4.2 billion shekels (US $1.1 billion) within three years.

The number of Israelis that purchase food online at least once a year increased from only 17 percent in 2012, to 47 percent. Despite the rapid growth of the online food market in Israel, the market share is still relatively small. Online food sales currently stand at 4 percent of the total food market, while in other developed markets online food sales account for 6 percent of retail sales. FAS Tel Aviv expects that the online food market will continue to grow at a similar pace in the coming years and reach approximately 8 percent of the Israeli food market within five years.

Food Processing Industry

The Israeli food processing industry includes a number of technologically sophisticated companies. Many of these have joined forces with international companies to improve access to raw materials and overseas markets. Many also operate in foreign markets on their own. Multi-national food manufacturers like Nestle, Unilever, Danone, and Pepsi partner with well-known Israeli food companies such as Osem and Strauss. These partnerships capitalize on the size and sophistication of the Israeli market. They utilize the local market and its manufacturing practices to gauge the commercial viability of new product and health developments. The local food processing industry is dominated by four groups (Tnuva, Osem-Nestle, Unilever, and Straus). Limited competition in the food processing sector has increased consumer food prices.

Leading Food Suppliers

The leading food suppliers in Israel are Tnuva Ltd., Strauss Group Ltd. and Osem, controlling nearly one third of the market. The top ten suppliers’ market share has held steady at 54.7 percent of the total since 2014. Those suppliers, and their respective shares, are listed in Table 5.

Table 5: Top 10 Food Suppliers in Israel, 2016

Food Supplier	Market Share
Tnuva Ltd.	13.2%

Strauss Group Ltd	10.1%
Osem	7.8%
Central Company for Beverage Distribution Ltd.	6.0%
Neto Trade Ltd.	3.8%
Unilever Israel Diplomat	3.5%
Diplomat	3.2%
Sano	2.8%
Hogla Kimberly	2.5%
Leiman Schlussel	1.8%

Israeli Market Trends

The food service industry is expanding and consumer habits are changing. Israelis are dining out more frequently and choosing premium food products.

Culinary Traditions: Israel's food culture is as diverse as its inhabitants. The country is a melting pot of different culinary traditions, which ranges from Eastern European to North African traditional Jewish cooking. Additionally, there are strong Arab and Mediterranean influences, making Middle Eastern foods very popular.

Beef and Seafood: Israelis are increasingly demanding high-quality beef and seafood products when dining out. This has spurred the opening of more high-end beef and seafood restaurants. Many of these restaurants can be located through Israel's restaurant guide, the country's restaurant and food sector's major internet portal. The online guide has the most up-to-date information on restaurants, bars, cafes, and kosher restaurants in Israel.

Health Trend: Israeli consumers are increasingly health-conscious and aware of the need to eat a balanced diet. Local food manufacturers, importers, retailer and restaurants are adjusting product lines and menus for a growing population of vegans, vegetarians, and the gluten-sensitive. Supermarkets are beginning to carry gluten-free rolls, organic products and whole wheat pastas that were once available at specialty stores. Cafes have also followed this trend — starting from low-calorie servings and onward to vegetarian menus and vegan dishes.

In spite of these trends, many people still struggle to find the right balance between health and indulgence, unwilling to compromise on taste. Many local manufacturers are pitching the notion of balanced health and indulgence in their marketing campaigns.

Private Labeling: Adoption of private labels is increasing as consumers demand lower retail prices with guarantees of product quality. In recent years, local consumers more identify private labeling with lower prices and reasonable product quality. Chains denounced private labeling as a growth engine and as a tool to fight the market power of the major manufacturers. While private labeling is more common than in the past, the total market share of private label food products is holding steady at around 5.6 percent of total food products sold in Israel.

Israeli Consumer Priorities: Based on a survey conducted by Nielsen Israel in March 2016, “taste" is the most influential factor in purchasing food, followed by "health" and "price", at 34 percent, 28 percent and 27 percent, respectively. Six percent of survey participants indicated that the country of origin is an influential factor; four percent indicated that the brand is an influential factor, and only one percent indicated that the "packaging design" is an influential factor.

According to the same survey, 50 percent of consumers prefer to buy locally produced products; three percent prefer imported products, while the remaining 47 percent do not hold a certain preference. Of the participants 87 percent stated that they prefer Israeli products for nationalist reasons, 41 percent find that the taste and quality of Israeli products is superior and 17 percent buy Israeli products out of habit.

Food Service - Hotel Restaurant Institutional

According to the most recent publications, the value of Israel's service sector in 2015 stood at $136 billion. Israel's hotel, restaurant and institutional (HRI) accounts for 9 percent, or $12.2 billion, of that service sector.

The Israeli HRI food service sector is highly complex and diverse. Setting local culinary trends is Tel Aviv, Israel's food and cultural hub. The city benefits from a young urban population, with 25-29 year-olds representing 8 percent of the total, while 30-34 year-olds make up 9 percent of the city's population.

In Israel there are approximately 20,000 companies active in the HRI sector. The sector includes accommodation services (hotels, guesthouses, rural lodging) and food services (restaurants, coffee shops, catering companies and pubs). This includes 383 hotels, including hotels temporarily closed, with around 51,316 rooms and an additional 6,434 rooms in the rural lodging sub-category. The larger hotel chains tend to have central purchasing offices, as do large caterers.

Sources indicate that roughly 35 percent of food service businesses are kosher certified. Nevertheless many of the non-kosher certified restaurants utilize only kosher ingredients.

The Israeli Defense Force (IDF), the Israeli Police, and Israeli Prison Service are a significant component of the HRI sector and also have central purchasing offices. Their purchases are usually handled through a competitive bidding system. Foreign companies can bid to supply the sector using a local representative.

FAS Tel Aviv recommends that US exporters focus on establishing business relationships with a reliable and efficient importer, agent, distributor or the final HRI customer. It is advisable to identify efficient distribution and sales channels.

Firsthand visits by US exporters, manufacturers, and investors to explore opportunities and meet with Israeli importers and investors strengthen confidence with local partners. Visiting local HRI shows and exhibiting at the main food shows in Europe (i.e., ANUGA, SIAL), which leading Israeli firms attend, is a quick means of obtaining a broad overview of the sector. Such visits also assist in establishing a broad network of contacts.

Large HRI firms have their own purchasing or importing division to handle food imports directly. Suppliers from the United States should initially contact the purchasing or importing divisions of these large hotel and restaurants chains.

Many well-known American brands are present in Israel under a franchise agreement including McDonalds, Pizza Hut, Domino's Pizza, Ben and Jerry's, and others. Israel's franchise industry has been developing rapidly in recent years. The franchisers are local companies and families. Interested US companies who are considering entering the Israeli market should contact FAS Tel Aviv for further information.

Israel has no official centralized legislation for franchises. The industry's rules and regulations are primarily derived from Israeli contract law and intellectual property legislation. In 2006, the Franchise Promotion Center, a public institution that promotes franchising in Israel, published a 'Code of Ethics' for the franchise industry. Though not a binding law, many franchisors have already provided their support and have used it to set new standards in the franchise industry.

Israel does not have specific regulations applicable exclusively to foreign companies. Nevertheless there are important cultural and religious factors which foreign firms must consider, including kosher and Sabbath regulations. Sources indicate that Starbucks and Dunkin' Donuts met with limited success in Israel due to differences in consumer tastes and pricing issues. Locale ambiance is extremely important. An establishment's management and product variety must be tailored to blend in with the local environment and consumer preferences.

Venues

Shopping malls and centers are popular in Israel. Over 200 shopping centers exist and others are planned. American specialty shops, chain stores, and franchises have outlets in malls and shopping centers. When marketing to these venues, the key to success is offering a variety of new products that meet Israeli taste preferences.

The average floor size of a supermarket is 600 square meters. Some of the larger stores have areas of 1,000 - 2,000 square meters. Typical Middle Eastern-style open-air markets and small groceries serve the remainder of the food market. In recent years, specialty food stores have developed in all of the main metropolitan centers.

SECTION IV: BEST HIGH-VALUE PRODUCT PROSPECTS

Table 6: Best Consumer-Oriented Prospects (Metric Tons and USD)

Product Category	HS Code	2015 Market Size (Volume)	2015 Israeli Imports all sources	US Share of Israeli import	2015 Israel Imports all sources	5-YR Avg. Annual Import Growth	Import Tariff Rate	Key Constraints	Market Attractiveness for US Suppliers
Pistachios (Shelled & in shell)	08025000	3,613 MT	$38.4Mil	78%	3,613 MT	Growth of 12% per annum in terms of value, 8% in terms of	Pistachios from the US enter duty free. Turkey has a 100 ton TRQ, above the TRQ faces a 23%	Competition mainly from Turkey.	Demand for US -pistachios is strong due to Turkish imports facing high import levies.
Almonds (Shelled & in shell)	08021000	9,327 MT	$33.9Mil	85%	3,563 MT	Growth of 74% per annum in terms of value, 210% in terms of quantity	Voluntary WTO TRQ of 1,500 MT on shelled almonds If two containers are imported, a 100% duty is paid on the first container and 0% on the second. Out of quota duty on shelled almonds is $1.80/kg, while worldwide the duty is	Local production is protected by high duties	Lower duties than other countries face, US almond production industry is strong
Cashew (Shelled & in shell)	08013000	3,169 MT	$23.4Mil	11%	3,169 MT	Growth of 11% per annum in terms of value, 17% in terms of quantity	Duty is 4%. The US, EU, Brazil, Uruguay, Paraguay and Argentina are exempt from duty	Competition mainly from Vietnam and India.	US cashew enter duty free
Walnuts (Shelled & in shell)	08023000	4,813 MT	$43.9Mil	91%	4,813 MT	Growth of 8% per annum in terms of value, 9% in terms	Duty is 4%. US walnuts enter duty free.		US walnuts enter duty free
Raisins	08062000	NA	$6.2Mil	91%	2,110 MT	Growth of 0% per annum in terms of value, 3% in terms of quantity	General duty $1.77/ kg but no more than 340%. EU TRQ 120 tons. Over EU $1.49/ kg but no more than 340%.	Local production is protected by high duties	
Prunes	08132000	NA	$9.1Mil	70%	2,011 MT	Growth of 17% per annum in terms of value, -1% in terms of	General duty $0.26/ kg but no more than 30%. The US is granted a duty-free TRQ of		

Ice Cream	21050000	27,755 MT	$7.1 Mil	4.88 %	2,214 MT	Growth of 11% per annum in terms of value, 12% in terms of	General duty 4%. The US is granted a duty-free TRQ of 113 tons. Out of quota tariff is	Local ice cream industry is very strong.	There is a growing demand for high quality ice cream. The US is a good source
Wine	22040000	30.1 Mil liter	$25.8 Mil	10%	6.1 Mil liter	Growth of 0% per annum in terms of value, -2% in terms of quantity	General duty : • Sparkling wine - 12%, no less than $0.96/liter. • Containers holding 2 liters or less - 12%+ , $0.37/liter, no less than $1.34/liter • Other grape must- 12%+ $0.32/liter, no less than $0.67/liter.	80% of consumption is from local production, and the rest is mainly from France, Italy, South America, and the US	This market is likely to become more dynamic
Grape Juice	20096000	17.14 Mil liters	$4.74	43.2%	6,050 MT	Growth of 0% per annum in terms of value, 32% in terms of quantity	General duty- 12% but no less than $0.41/kg. US duty 85% of general duty. The Israeli Government annually opens voluntary TRQs to the US and	High tariffs	US grape juice is considered better quality than the juice from competing sources. Local production is very small.
Frozen fish (excluding fish fillets and fish meat of heading 0304)	03040000	NA	$50.4 Mil	5.56%	12,475 MT	Growth of 1% per annum in terms of value, 1% in terms of quantity	General duty between 0-$1.71/ kg depending on product. US duty 85%-90% of general duty rate, and various TRQs		The US is Israel's largest exporter of frozen fish livers and roes.
Cheese and Curd	4060000	140,227 MT	$37.24 Mil	8.2%	6,674 MT	Growth of 24% per annum in terms of value, 35% in terms of	General duty- between $1.24/kg-$3.55/kg depending on product Limited US TRQ	High tariffs and limited TRQs	In the US there are a number of dairies that produce Kosher cheese

Beef- fresh or chilled	02010000	According to press releases 20,000 MT, post estimate 75,500 MT	$12.59 Mil	0%	Official Central Bureau of Statistics 1,548 MT. Post est.	Prior to 2015 imports were prohibited	General duty- 12% + $3.42/kg. US TRQ of 1,424 tons, over TRQ 90% of general duty.	Price, Kosher certification	In 2016 the Israeli veteran services opened the market to US beef. US beef is considered superior
Fresh Apples	08081000	126,322 MT	$22.15 Mil	31.94%	16,568 MT	Growth of 24% per annum in terms of value, 31% in terms of quantity	General duty: $0.5/kg though no more than 553%. US TRQ of 4,000 MT, over TRQ 90% of general duty. The EU enjoys a 3,280 MT TRQ	Low quota. Competition from EU. A common fungal disease may impact US apples and pears	High demand for US apple varieties.

NOTE: Market Size (Volume) = Imports + Domestic Production – Exports.
Exporter must be aware that voluntary TRQs change periodically and must be checked with importer
Sources: Central Bureau of Statistics, Israel; Israel Dairy Board; Israel's Tax Authority

SECTION V: KEY CONTACTS AND FURTHER INFORMATION

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The Central Bureau of Statistics
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Food Control Service - Ministry of Health
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Israel Veterinary and Animal Health Services
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APPENDIX I: STATISTICAL DATA

Table A. Key Trade & Demographic Information

Agricultural Imports from all Countries ($Mil) / US Market Share (%)	$5,323/8.5%
Consumer Food Imports from all Countries ($Mil) / US Market Share (%)	$2,141/12.7%
Edible Fishery imports from all Countries ($Mil) / US Market Share	$356/2.4%
Total Population (Millions) / Annual Growth Rate (%)	8.57/2%
Urban Population (Millions) / Annual Growth Rate (%)	7.7/2%
Number of Major Metropolitan Areas	4
Size of the Middle Class* (Millions) / Growth Rate (%)	2.49/2%
Per Capita Gross Domestic Product (US Dollars)	$36,579
Unemployment Rate (%)	5.3%
Per Capita Annual Food Expenditures (US Dollars)	$2,330
Percent of Female Population Employed	55.9%
Exchange Rate	$1 = ~NIS 3.8

*Population whose income is between 75-125 percent than the median income

Table B. Consumer Food & Edible Fishery Product Imports (Million $)

Product code	Product label	Israel's imports from the world			Israel's imports from the US			US share
		2013	2014	2015	2013	2014	2015	2015
'02	Meat and edible meat offal	507.5	428.7	455.2	1.6	0.0	0.5	0.1%
'03	Fish and crustaceans, mollusks and other aquatic invertebrates	286.3	368.7	355.7	3.1	4.0	3.1	0.9%
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere **...**	78.2	104.9	106.7	16.3	15.4	11.0	10.3%
'07	Edible vegetables and certain roots and tubers	106.2	103.4	145.8	6.2	3.7	5.9	4.1%
'08	Edible fruit and nuts; peel of citrus fruit or melons	200.1	271.3	267.1	108.4	143.7	143.3	53.7%
'09	Coffee, tea, mate and spices	155.8	133.1	146.8	2.5	2.3	1.8	1.3%
'16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates	157.8	104.5	80.2	7.1	6.9	6.6	8.2%
'17	Sugars and sugar confectionery	309.5	293.0	246.4	4.8	3.9	4.9	2.0%
'18	Cocoa and cocoa preparations	167.7	182.9	185.4	2.5	2.7	3.5	1.9%
'19	Preparations of cereals, flour, starch or milk; pastry cooks' products	241.8	251.3	245.0	15.7	15.6	20.0	8.2%
'20	Preparations of vegetables, fruit, nuts or other parts of plants	212.9	216.4	224.5	37.6	36.2	40.1	17.9%
'21	Miscellaneous edible preparations	312.4	362.5	337.0	47.0	51.8	51.7	15.3%
'22	Beverages, spirits and vinegar	221.4	252.3	273.6	13.0	9.5	9.2	3.4%
	Total	2,957.5	3,072.8	3,069.3	265.6	295.5	301.7	9.8%

Source: UN Comtrade Database

Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products (USD Million)

	2013	2014	2015
US	265.6	295.5	301.7
United Kingdom	254	265	245
Netherlands	144	151	165
Italy	146	164	157
Argentina	170	123	137
China	158	146	136
Uruguay	145	141	135
Norway	89	118	123
Turkey	94	110	121
Poland	78	85	101
France	79	83	96
Germany	95	105	94
Paraguay	93	86	87
Belgium	71	69	79
Ireland	85	98	71
Total from the top 15 suppliers	1,967	2,040	2,049

Source: UN Comtrade Database

APPENDIX II: SENSITIVE FOOD PRODUCTS

3. Milk products, and milk products substitutes, including canned products
4. Meat and poultry products, and their substitutes, including canned products
5. Fish products and their substitutes, sea food, including canned products
6. Food supplements: vitamins, minerals and herbs
7. Baby food, including; infant formula, follow-up formula, baby porridge, puree baby food, biscuits baby food and fruit juice baby food
8. Food products for people with metabolic disorders (for people with PKU; Gluten-free food products; Lactose-free food products; Low calorie food products; Free of sugar food products)
9. Canned food (pH >= 4.5)
10. Eggs products, including confectionery products that contain eggs
11. Gelatin products, including products that contain gelatin
12. Honey products according to the Israeli Honey Standards (SI 373)
13. Other food products that have to be storage in low temperature
14. Mineral water and other bottled water
15. Beverages that are based on mineral water
16. Mushroom products, which mushroom is a main ingredient
17. Food products for athletes
18. Color additives for the retail market
19. Mayonnaise and spreads that contain eggs
20. Food products containing caffeine above 150 ppm (excluding coffee and tea)
21. Fresh fruit and vegetables
22. Vitamins, minerals and amino acids, which is consumed by the food industry
23. Other kind of foods that the food and nutrition services decided that it’s a “sensitive” food product

Source: Israeli Ministry of Health

APPENDIX III: CONSUMPTION DATA

Food Expenditures Monthly Consumption of Household, Detailed Category, 2014, (NIS)

Quintiles	5	4	3	2	1	Total
Consumption expenditures - total	22,424	17,131	14,304	11,779	9,630	15,053
Food	3,077	2,610	2,278	2,095	2,118	2,435
Food (excl. vegetables and fruit)	2,519	2,129	1,843	1,681	1,699	1,974
Bread, cereals and pastry products	**350.0**	**342.0**	**320.0**	**306.0**	**306.0**	**325.0**
Standard bread	1.2	2.1	3.0	3.5	5.4	3.0
Sliced bread	5.1	7.6	10.3	12.1	12.2	9.5
Special bread	35.9	30.8	23.5	18.5	12.9	24.3
Light bread	5.6	5.9	4.2	3.8	1.9	4.3
Sabbath loaf, standard and sweet	13.4	14.4	13.0	12.2	9.3	12.5
Rolls and bagels	22.5	21.6	19.6	18.5	18.2	20.1
Pitta (oriental bread)	11.6	14.9	18.5	29.7	52.7	25.5
White flour	3.3	4.4	6.8	6.8	9.2	6.1
Other flour	2.3	2.6	1.8	6.4	5.4	3.7
Self-rising flour	1.7	1.3	1.0	0.7	0.5	1.0
Bread crumbs	4.0	3.6	2.7	1.8	1.5	2.7
Various cereals	4.0	3.4	3.3	3.1	3.1	3.4
Oatmeal	2.6	1.8	1.7	1.1	0.9	1.6
Couscous	2.0	2.7	1.8	2.1	1.4	2.0
Semolina	0.5	0.8	1.2	0.7	0.7	0.8
Rice	9.7	11.3	11.7	14.7	28.4	15.2
Brown rice	0.7	0.6	0.3	0.3	0.3	0.4
Cakes	29.1	24.8	22.4	21.1	18.6	23.2
Cookies and biscuits	45.0	36.7	35.8	30.0	27.9	35.1
Wafers	9.5	8.9	8.0	8.8	8.7	8.8
Salty snacks	14.3	18.5	21.1	19.9	19.0	18.6
Bagels	5.0	4.4	3.8	3.2	2.8	3.8
Peanut snacks	5.2	6.9	6.9	5.5	5.1	5.9
Potato snacks	3.7	5.2	5.8	5.2	4.8	5.0
Crackers	8.1	6.0	5.3	4.0	2.7	5.2
Healthy snacks	10.5	7.8	6.7	3.0	1.8	6.0
Frozen dough	3.8	4.2	3.2	2.9	2.4	3.3
Yemeni bread	2.8	4.1	3.0	2.7	2.0	2.9
Pastry products, frozen	6.7	8.2	8	6.2	4.3	6.7
Pastry products, not frozen	18.8	17.9	15.0	13.7	8.1	14.7
Other pastry and grain products, frozen	7.5	5.7	5.4	3.2	2.8	4.9
Noodles and macaroni	15.0	14.4	11.9	11.5	10.0	12.6
Breakfast cereals	25.4	27.9	23.6	21.8	14.6	22.7
Soup mandels and crotons	3.3	3.2	2.1	2.2	2.1	2.6
Rice crispies	6.6	5.1	4.3	3.0	1.7	4.1
Vegetable oils and products	**47.0**	**46.0**	**47.0**	**45.0**	**60.0**	**49.0**
Soybean oil	1.4	2.7	3.3	2.7	4.7	2.9
Olive oil	17.3	13.4	12.6	11.0	20.4	15.0
Sunflower oil, corn oil and other oils	3.9	2.6	4.8	8.5	15.4	7.0

Canola oil	10.3	12.5	11.4	9.8	7.1	10.2
Margarine	2.8	3.4	3.8	3.1	3.1	3.2
Mayonnaise	4.2	5.5	5.1	4.8	3.8	4.7
Sesame oil (tahina)	7.2	5.6	5.5	5.2	5.4	5.8
Meat and poultry	**364.7**	**361.5**	**358.6**	**364.0**	**460.2**	**381.8**
Beef, fresh	67.6	64.3	59.9	69.5	115.9	75.5
Beef, frozen	13.3	13.5	17.7	12.9	12.6	14.0
Frozen beef, minced	3.7	5.5	3.6	3.0	2.5	3.7
Fresh beef, minced	13.6	10.9	10.4	16.2	21.9	14.6
Beef, minced (not known whether fresh or frozen)	9.9	13.5	11.2	9.0	9.5	10.6
Lamb	10.7	20.4	22.2	32.9	59.6	29.2
Beef liver and internal parts	3.6	2.8	3.5	2.6	2.3	3.0
Chicken, live or fresh	36.3	34.2	44.2	54.7	104.3	54.7
Chicken, frozen	1.8	1.4	2.6	2.3	4.8	2.6
Chicken and turkey breast	53.5	50.6	49.2	45.3	42.2	48.2
Chicken and turkey, minced (fresh and frozen)	2.7	2.1	2.2	1.3	0.9	1.8
Chicken leg quarters	51.8	41.1	39.8	33.8	20.6	37.4
Chicken and turkey liver	3.7	4.7	3.7	3.7	3.7	3.9
Meat roll, shwarma, chicken and turkey pieces	9.4	9.7	8.9	4.1	3.3	7.1
Other parts of chicken and turkey	6.8	9.7	9.8	9.0	8.2	8.7
Sausage	35.2	34.8	32.8	27.5	23.8	30.8
Hot dogs	7.8	9.2	9.1	10.7	9.7	9.3
Meat and poultry, smoked	2.2	1.9	2.1	1.2	0.4	1.5
Meat and poultry products, frozen	16.2	16.4	11.5	13.3	8.4	13.2
Meat and poultry products, ready	2.9	2.3	1.8	2.3	1.1	2.1
Fish	**100.6**	**96.2**	**85.4**	**78.7**	**72.3**	**86.7**
Fresh fish	29.3	24.3	26.2	24.1	23.7	25.6
Other fish	31.7	30.7	22.2	21.3	18.4	24.9
Frozen fish	7.4	10.3	11.0	9.8	8.2	9.3
Preserved fish	19.8	20.2	16.9	16.0	15.3	17.6
Processed fish	7.2	6.4	4.6	3.6	3.4	5.0
Fish paste and fish salad	2.9	2.4	1.9	1.6	1.7	2.1
Ready to cook fish products	0.5	0.4	0.8	1.0	0.8	0.7
Milk, milk products and eggs	**387.6**	**348.6**	**308.2**	**286.5**	**279.0**	**322.0**
Pasteurized milk	46.1	47.9	47.9	54.1	60.9	51.4
Sterilized and long-life milk	0.5	0.4	0.6	0.3	2.0	0.8
Other milk	3.9	2.8	1.5	1.1	1.3	2.1
Chocolate drink, cocoa and coffee	9.8	11.6	9.0	8.9	9.2	9.7
Butter	11.0	10.4	8.9	6.8	5.5	8.5
Sour milk products and yogurt	44.7	33.2	28.5	26.4	28.5	32.3
Milk and cheese delicacies	34.5	38.6	32.2	30.7	18.7	31.0
Sour cream	5.3	5.3	6.4	6.6	8.1	6.3
Sweet cream	10.7	9.5	8.2	7.5	4.7	8.1
Hard cheese	54.7	47.5	41.3	34.9	30.5	41.8
Processed cheese	3.3	2.1	1.8	1.4	0.9	1.9
Soft white cheese	37.1	32.0	28.6	27.2	32.8	31.5

Cottage cheese	24.5	21.6	16.8	12.4	9.1	16.9
Brined cheese	27.9	19.9	14.6	11.8	9.7	16.8
Ice cream and popsicles	28.6	23.2	19.0	16.0	15.9	20.6
Eggs	36.3	37.1	38.8	35.7	38.3	37.3
Organic eggs	4.4	3.1	1.5	0.8	0.4	2.0
Sugar and sugar products	**85.7**	**81.9**	**77.1**	**72.5**	**70.3**	**77.5**
Sugar	4.8	5.9	5.8	7.8	10.3	6.9
Sugar substitutes	3.7	1.5	1.7	0.7	0.2	1.6
Jam and confiture	5.7	5.3	4.0	3.0	2.3	4.1
Honey	4.4	4.1	4.5	4.4	4.0	4.3
Candies	9.5	9.8	9.5	7.4	6.3	8.5
Halvah	2.9	2.4	3.0	2.3	2.1	2.5
Chocolate and bonbons	25.7	22.1	19.1	15.6	12.6	19.0
Other sweets	20.8	21.5	20.7	22.1	24.9	22.0
Chocolate spread and cocoa spread	4.8	6.5	6.5	6.4	5.4	5.9
Dates, nuts and carob spreads	2.9	2.5	1.9	2.0	1.9	2.3
Soft drinks	**70.5**	**76.3**	**86.5**	**80.3**	**82.6**	**79.2**
Soda water	2.6	2.6	3.0	1.9	1.8	2.4
Malt beer	1.0	1.4	1.1	0.5	0.5	0.9
Soft drinks, non-carbonated	20.5	24.3	32.0	29.7	31.4	27.6
Soft drinks, carbonated	27.4	30.1	31.5	31.9	35.4	31.3
Mineral water	14.9	13.7	14.8	12.4	9.8	13.1
Sweet concentrates	4.1	4.2	4.1	3.8	3.7	4.0
Alcoholic beverages	**75.0**	**54.1**	**43.4**	**35.9**	**23.4**	**46.4**
Wine	42.2	21.2	14.6	10.5	10.2	19.8
Beer	15.9	17.6	13.0	9.3	5.3	12.2
Vodka	3.2	5.3	5.7	5.1	2.8	4.4
Brandy, liqueur, cognac and other alcoholic beverages	13.8	10.0	10.1	11.1	5.1	10.0
Meals away from home	**801.6**	**495.3**	**323.9**	**217.2**	**174.5**	**402.5**
At work	52.6	49.4	27.9	13.6	4.4	29.6
At restaurants	459.8	238.9	152.8	96.8	96.3	208.9
At coffee shops	146.1	85.1	46.3	32.0	13.5	64.6
At kiosks and cafeterias	120.1	101.9	84.8	66.5	52.8	85.2
At pubs	22.8	19.8	12.2	7.2	7.0	13.8
Miscellaneous food products	**236.3**	**227.2**	**193.4**	**194.7**	**170.9**	**204.5**
Tea	11.6	8.8	8.8	7.0	6.8	8.6
Regular coffee	21.2	14.2	14.0	20.2	26.1	19.1
Instant coffee	16.5	14.6	12.0	10.0	9.8	12.6
Cocoa powder	2.6	2.5	2.4	2.6	2.3	2.5
Salt	1.4	1.4	1.4	1.4	2.2	1.5
Baking materials	2.3	2.5	2.4	3.0	2.0	2.4
Prepared sauces for pasta and salad	12.2	8.5	6.9	5.0	3.2	7.2
Vinegar	1.7	1.4	1.4	0.9	0.5	1.2
Mustard	1.3	1.2	0.8	0.5	0.6	0.9

Ketchup	4.0	4.6	4.4	4.1	3.7	4.2
Spices	14.7	11.6	13.0	12.0	11.2	12.5
Poppy seed, sesame seed and minced coconut	0.9	1.0	1.3	1.1	0.6	1.0
Powdered soup and sauces	9.5	8.8	7.1	5.3	3.8	6.9
Pudding mix, gelatin	2.7	3.3	2.5	2.3	2.0	2.6
Gum	8.0	6.3	5.1	3.8	2.5	5.1
Baby food	13.3	19.8	21.9	24.6	21.8	20.3
Baby fruit and vegetable puree	0.6	0.8	0.2	0.8	0.9	0.7
Beans, dried	1.6	1.8	1.9	2.0	1.9	1.8
Chick-peas	1.3	2.0	1.7	1.6	1.5	1.6
Other dry pulses	2.5	2.3	2.4	2.6	3.2	2.6
Instant meals (not frozen)	1.7	2.5	1.7	2.1	0.9	1.8
Fresh readymade food	26.6	17.5	8.6	6.8	4.8	12.9
Granola	4.4	2.8	2.0	1.1	0.5	2.2
Meat substitutes, vegetarian	7.0	7.0	5.6	4.9	5.6	6.0
Cheese or milk substitutes	5.6	4.3	4.0	2.8	1.3	3.6
Vegetables and fruit	**558**	**481**	**435**	**414**	**419**	**461**
Potatoes and sweet potatoes	**25.0**	**24.8**	**24.2**	**24.2**	**24.8**	**24.6**
Vegetables, fresh	**199.6**	**173.7**	**165.0**	**170.5**	**185.5**	**178.8**
Onions and scallions	11.3	11.1	10.6	9.8	11.0	10.8
Garlic	4.4	4.2	3.8	3.5	4.3	4.0
Carrots	5.7	5.5	5.2	4.2	5.0	5.1
Lettuce	7.7	6.2	5.0	4.6	4.0	5.5
Eggplants	4.4	4.5	4.3	5.3	5.9	4.9
Cabbage	4.9	4.9	5.1	5.3	7.4	5.5
Cauliflower	4.7	3.7	2.8	2.7	4.1	3.6
Cucumbers	16.5	15.4	15.0	16.3	18.5	16.4
Beetroot	2.5	2.0	1.7	1.7	1.0	1.8
Tomatoes	30.6	27.3	25.3	25.2	26.3	26.9
Green and red peppers	15.3	14.2	11.4	9.7	8.5	11.8
Hot peppers	1.0	1.4	1.2	1.3	1.2	1.2
Radishes	1.2	0.9	0.7	0.6	0.4	0.8
Squash	6.2	5.2	5.4	5.9	7.8	6.1
Corn cobs	2.7	2.4	1.4	1.2	0.9	1.7
Fresh beans	1.5	1.3	1.0	1.5	1.6	1.4
Fresh mushrooms	10.1	7.8	5.0	3.5	2.2	5.7
Pumpkin	3.3	2.7	2.2	1.8	1.6	2.3
Kohlrabi	2.2	2.0	1.6	1.2	0.9	1.6
Broccoli, fava beans, okra and other vegetables	6.5	6.1	4.7	3.8	4.5	5.2
Leaf vegetables	11.2	9.9	9.3	9.3	11.8	10.3
Culinary herbs	3.4	2.4	1.9	1.7	1.8	2.3
Parsley	4.4	3.8	3.8	3.2	3.6	3.8
Coriander	2.3	2.6	2.8	2.3	1.7	2.4
Sprouts	1.6	1.0	0.9	0.5	0.3	0.9
Cut vegetables for salad	3.1	2.1	1.0	0.9	1.1	1.6
Fruit, fresh	155.6	129.7	112.9	103.7	103.2	121.0
Oranges	5.9	5.5	5.2	4.6	5.2	5.3

Tangerines and mandarins	6.6	5.7	5.6	5.4	4.5	5.6
Grapefruits	0.6	0.6	0.4	0.3	0.2	0.4
Lemons	5.7	4.5	4.3	4.1	4.6	4.6
Avocados	9.5	8.2	6.7	5.1	4.7	6.8
Watermelons	10.1	8.5	7.8	8.2	7.9	8.5
Pears	6.0	5.8	4.5	4.4	3.7	4.9
Peaches, nectarines	13.7	10.8	8.4	8.8	6.9	9.7
Bananas	13.4	11.9	11.4	10.8	9.7	11.4
Sugar melons	5.2	3.5	3.1	2.7	1.8	3.3
Apricots	1.7	2.1	1.3	1.2	1.2	1.5
Grapes	14.1	12.0	10.1	8.6	7.6	10.5
Pomegranate	1.8	1.7	1.1	1.2	1.0	1.3
Plums	4.3	3.9	3.0	3.1	1.8	3.2
Strawberries	9.9	6.2	5.8	4.6	3.1	5.9
Apples	22.8	21.6	18.4	15.4	16.9	19
Persimmons	3.6	3.3	2.2	1.9	1.0	2.4
Mangos	3.8	3.2	3.0	2.6	1.6	2.8
Kiwi	1.4	1.2	1.1	0.7	0.5	1.0
Pomelo	1.6	1.1	1.0	0.5	0.7	1.0
Fresh figs	1.7	1.0	0.9	0.6	0.4	0.9
Fresh dates	0.8	0.6	0.5	0.5	0.4	0.6
Cherries	3.4	2.5	2.1	1.5	2.0	2.3
Guava	0.7	0.4	0.4	0.7	0.5	0.5
Vegetables, frozen	**22.7**	**17.2**	**15.5**	**10.9**	**8.5**	**14.9**
Potato products, frozen	3.7	3.6	4.0	2.8	2.3	3.3
Frozen vegetables - mixed	3.8	2.2	1.9	1.9	1.4	2.2
Frozen vegetables - single	15.2	11.5	9.5	6.1	4.8	9.4
Vegetables, pickled and canned	**72.9**	**71.0**	**62.2**	**55.1**	**55.5**	**63.3**
Canned peas and carrots	0.9	1.1	1.2	1.1	1.0	1.1
Canned beans and corn	4.2	5.1	5.1	4.5	4.5	4.7
Other canned vegetables	8.7	8.8	6.0	5.4	4.1	6.6
Pickled cucumbers	5.9	6.3	5.5	5.4	6.3	5.9
Olives	8.7	8.1	8.6	5.2	5.2	7.2
Other pickled vegetables	1.7	1.5	1.2	1.6	1.0	1.4
Tomato puree	5.9	6.4	5.8	5.0	6.5	5.9
Humus salad	12.4	13.1	12.4	13.7	16.4	13.6
Tehina salad	3.6	2.3	1.5	1.5	1.5	2.1
Eggplant salad	5.9	4.2	3.3	2.8	1.5	3.5
Cabbage salad	1.7	1.6	1.6	1.3	1.5	1.5
Skhug	0.8	1.1	1.2	1.3	0.9	1.0
Turkish salad, tomato salad	1.2	1.1	1.1	0.8	0.8	1.0
Other prepared salads	7.8	8.2	5.3	3.9	2.3	5.5
Fruit, preserved and frozen	**2.9**	**1.8**	**1.5**	**2.2**	**1.8**	**2.0**
Fruit, dried	**67.0**	**50.1**	**43.4**	**39.8**	**33.5**	**46.8**
Dates	6.7	4.5	4.8	4.2	3.7	4.8
Raisins	1.4	1.2	1.0	1.0	0.7	1.1
Figs and prunes	1.8	1.2	1.0	0.5	0.7	1.1

Other dried fruit	4.1	3.6	1.9	2.4	1.7	2.7
Roasted seeds	4.0	4.0	4.4	5.3	4.5	4.4
Nuts	21.7	12.9	12.0	10.3	5.9	12.6
Almonds	9.0	5.6	4.9	3.0	3.4	5.2
Peanuts	2.8	2.4	1.6	1.6	0.7	1.8
Pistachio	2.9	2.4	1.4	1.2	1.0	1.8
Cranberries	2.1	1.4	1.2	0.7	0.5	1.2
Other mixed nuts	9.7	10.4	8.6	8.9	10.7	9.7
Fruit juices, natural	**12.0**	**12.3**	**10.7**	**8.1**	**6.2**	**9.9**

Source: Household Expenditure Survey, 2014, Israeli Central Bureau of Statistics