

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Ministry of Finance fails to mitigate prices during Passover, and Minister of Health escalates campaign against "Fast Food" and other "unhealthy" foods.

General Information:

Ministry of Finance Fails to Mitigate Prices during Passover - Despite the promises of the Israeli Minister of Finance of significant price reductions on an assortment of food items before Passover (starting 22 April 2016), a market survey done by a leading financial media conglomerate found that the minister's measures had minimal effect on prices. After lowering the custom duties on 13 food items by 20 to 50 percent, the Ministry of Finance (MOF) demanded that Israeli retailers lower their prices accordingly, but the survey found that prices for these items decreased only by 4 percent compared to September of 2015. The products for which the MOF lowered its import tariffs include hard yellow cheese, beef, olive oil, and frozen fish. Ironically, the survey revealed that despite the reduction in tariffs, prices for yellow cheese went up by 7 percent and olive oil by 3 percent.

Burger King Reopens - After closing its outlets in 2010, Burger King reopened its first outlet in Tel Aviv, announcing that it would open over 50 outlets in a five year period. The new franchisees have an initial investment value of \$12 million, and are being developed in order to meet Israeli consumers soaring demand for fast food.

A web survey involving 4073 participants asked which foreign food chains they would like to see in Israel and revealed the following: 35 percent would like to see Starbucks, 24 percent KFC, 13 percent Dunkin Donuts, 10 percent Subway and 4 percent Wendy's. While Cinnabon, Sbarro, The Coffee Bean, Kenny Rogers, Hoggy's, Hardrock Café, and Hooters all received between 1-2 percent in the survey.

Minister of Health Escalates Campaign against "Fast Food" - After criticizing McDonald's business practices, the Israeli Minister of Health's campaign against casual dining/fast food reached a new level, as he established a public committee that will examine ways to make changes in the eating habits of Israelis. The committee, chaired by the director general of the Ministry of Health, is looking at measures that will change the eating habits of Israelis such as levying taxes on what are considered "unhealthy" food items, as well as implementing a traffic light labeling system to inform consumers of their choices.

Fish Imports to Remain Tax Free – Israeli fish imports will probably remain tariff free, after the Ministry of Finance implemented a measure eliminating tariffs on 13 products in April, 2016, in an attempt to reduce consumer prices at the onset of Passover. This decision is a result of negotiations between the Ministry of Agriculture and the Ministry of Finance, with the latter agreeing to provide fish growers direct subsidies of 60 M INS(15.5M Dollars) to modernize the fish industry.

As a pilot the Israeli government opened a quota for tax free fish imports until July 2016. If the pilot succeeds, fish importation will probably remain tariff free.