

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Approved By:

Bret Tate

Prepared By:

Jessica Sullum Shay

Report Highlights:

- Grease the Wheels...errr, Oil Them at Least – Israel is Opening its Doors
- Trading Live Beef for Chilled
- New Competitive Process in Allocating Import Quotas for Fresh Beef
- Possible Corruption at Port

Grease the Wheels...errr, Oil Them at Least – Israel is Opening its Doors

The Israeli government announced that it will gradually increase the quota of olive oil that can be imported duty-free. Over the next three years, as much as 2,000 metric tons of olive oil will be imported duty-free. These quotas are in addition to the annual import quotas of 1,200 MT resulting from Israel's trade agreements with the EU and Jordan. According to the Ministry of Economy and Industry the quota increase will lead to a significant reduction in the cost of living, since the current duty on olive oil generally amounts to around one-third of the product's market price.

The US-Israel Agreement for Trade in Agricultural Products (ATAP) permits US olive oil to enter into Israel at 80 percent of the most favored nation (MFN) duty rate. According to the Israeli Central Bureau of Statistics, in 2016 the US was the fifth largest olive oil supplier to Israel.

Olive Oil Imported by Israel (USD, thousands)

Exporters	Imported value in 2012	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016
World	12,609	12,657	21,370	18,727	28,244
Spain	7,289	7,125	12,226	8,302	13,778
Turkey	26	149	99	64	4,470
Italy	1,452	1,387	2,376	3,210	3,888
Jordan	3,335	3,598	3,508	3,735	3,774
USA	166	38	2,934	694	901
Tunisia	0	0	0	2,442	677
Greece	39	147	44	125	393
Germany	78	138	126	139	145
Egypt	0	51	0	0	141

Source: Israel Central Bureau of Statistics

Trading Live Beef for Chilled

In a recent meeting the Israeli Minister of Agriculture, Uri Ariel, noted that the ministry is continuing to promote animal welfare and working to expand the import of chilled beef to Israel, with the goal of reducing demand for live animal imports. Over the past year, import quotas for duty-free chilled beef increased. Further quota expansions are expected over the next few years. Thanks to the quota increases, 2016 imports of chilled beef increased by more than 300 percent, from 1,548 MT in 2015 to 6,390 MT in 2016.

The Israeli market for US beef only re-opened in late 2015 after being closed for over a decade. In 2016 the US market share accounted for only one percent of imports though the market is continuing to grow throughout 2017.

New Competitive Process in Allocating Import Quotas for Fresh Beef

For the first time ever, Israel's Ministry of Economy and Industry will introduce a competitive process in allocating fresh beef import quota. The new system will be based on a maximum retail price and will ensure that the economic benefits of duty-free imports are passed on from importers to consumers. Under the new system, a quota committee will give each potential importer a rating based on their retail price per kilogram of ground beef. The lower the price per kilogram of fresh ground beef, the higher the bidder's rating and the better their chances of receiving a larger import quota allocation. This new system of quota distribution will not impact the 1,424 MT US quota.

Possible Corruption at Port

A suspected corruption investigation involving a vitamin importer has landed a senior division officer and several officials from Israel's Ministry of Health's Food Division in jail. Israeli media reported the arrests on October 29th, noting that they would likely impact import clearance times in the short term. Reports anticipated that port clearance times could increase to 15 days, up from the usual 2 days. Since the initial arrests, importers are complaining of delays with permit renewals and petitions for new foods products.