

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Report Highlights:

- Consumers Bear the Burden of Inefficiency
- Over-Bearing Regulation to Be Reformed
- Israeli Dairy Industry to Feed the Russian Bear

General Information:

Consumers Bear the Burden of Inefficiency

Inefficient operations at Israeli seaports are costing shippers significantly. Estimates put the added costs created by inefficiencies in 2016 at US \$62 million. This number is expected to rise 25 percent in 2017. The inefficiencies, and the costs they create, are the result of antiquated equipment, understaffing, labor strikes, and limited transportation from the port inland. Increased shipping outlays are passed on to Israeli consumers, who are already struggling with high food costs and an increasing cost of living.

The problem is most pronounced at the southern Mediterranean port of Ashdod; however, the northern port of Haifa is not without similar problems. In order to avoid long queues at Ashdod, products are being diverted to Haifa from Ashdod in some cases, and then transported back to the south by truck – at a substantially higher cost. Notably for US grain exporters, Ashdod lacks the facilities to accept Panamax or larger vessels and has very limited grain storage, all of which creates bottlenecks and increases costs.

Over-Bearing Regulations to Be Reformed

The Israeli Ministry of Agriculture is proposing reforms to facilitate the importation of specific food products. The reforms will cover the importation of meats, fruits and vegetables, eggs, and pet food. If approved, the measures will save importers up to US \$145 million per year, currently being paid as demurrage charges, laboratory fees, and other fees for paperwork required by the ministry. This move is part of the government decision to decrease market regulation by 25 percent. The updated policies will end mandatory testing of each shipment, add more labs to speed testing, extend shelf lives, and waive import permits in some cases. The ministry hopes that the reform will be implemented by the end of 2017.

Israeli Dairy Industry to Feed the Russia Bear

For the first time Israel will start to export dairy products to Russia. After a three year inspection of the Israeli dairy market, Russia approved the import of Israeli dairy products. Today, Israel exports 2,456 MT of dairy products per year, most of which are shipped to Jewish communities seeking Kosher products. Russia's large population of Jewish diaspora makes it a prime market for Israeli exporters.