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Report Highlights:

The exporter guide provides an economic and market overview, as well as demographic trends and practical tips for U.S. exporters on how to conduct business in Israel. The report further describes three market sectors (food retail, food service, and food processing), recommendations for market entry, and recommendations for high-value product prospects - focusing on consumer-oriented products.

Additional reports referenced herein can be found online at the following website:

<https://gain.fas.usda.gov/#/search>.

Market Fact Sheet: Israel

Executive Summary	Quick Facts		
<p>Israel is a technologically advanced, market-oriented economy. In 2022, Israel's annual GDP reached \$522.03 billion. According to Israel's Central Bank¹, Israel's GDP grew by 4.4 percent in 2022, and is expected to grow by 2.3 percent in 2023, and by 2.8 percent in 2024. The inflation rate as of December 2023 is 3.5 percent and expected to be 2.5 percent in 2024.</p>	<p>Top Trends Milk alternatives, Protein-enriched products, Vegan, Premium, Home cooking and baking, Online food shopping, Home delivery and Private label.</p>		
<p>Food Processing Industry With over 1,800 facilities, the Israeli food processing sector is an important player in the domestic economy. The Israeli food processing industry is innovative, marketing thousands of new products per year. Multi-national food manufacturers partner with well-known Israeli food companies. Five groups dominate the local food processing industry: Tnuva, Osem-Nestlé, Central Company for Beverages Distribution (Coca-Cola), Soda Stream and Strauss.</p> <p>In 2022, Israel imported \$10.9 billion of food products -- a large percentage of which was for the food processing industry. Almost all ingredients from horticultural sources are imported (including all the sugars and 95 percent of the grains). Most oils and concentrates are also imported. In 2022, Israeli food processors' annual revenue stood at \$17.35 billion. Main sub-sectors include bakery products, prepared meals, dairy products, and the processing and preserving of meat. The sector represents approximately 19.1 percent of the total manufacturing industry's revenue.</p>	<p>Top Food Service Trends Demand for healthier dishes, Demand for plant-based dishes, Demand for high-quality, higher end food products, and Shift towards takeaway and delivery orders.</p>		
<p>Food Retail Industry² Israeli fast-moving consumer goods (FMCG) sales reached \$15.65 billion in 2021 -- \$12.8 billion of which were from food and beverages products. The food retail market is made up of supermarket chains, as well as urban and gas stations convenience stores, neighborhood grocery stores, and wet markets. In 2021, over 65 percent of the sales of the total retail market were from supermarket chains, with the top three leading supermarket retailers accounting for over half of the market. The leading retail supermarkets in Israel are: Shufersal, Rami Levi and Merav-Mazon Kol/Osher Add.</p>	<p>Top Consumer Foodservice Chains McDonald, Aroma Israel (Shefa Franchisers Ltd), R2M Hospitality Group, Reshet Cafe Cafe Ltd., Greg Coffee Shops Ltd., Landwer, Pizza Hut, Orgad - H.S.N. (Burger Ranch), and Elgad Pizza (Domino's Pizza)</p>		
<p>Food Service- Hotel Restaurant Institutional (HRI) In 2022, Israel reported a total of around 57,700 hotel rooms, 13,000 consumer foodservice outlets, as well as outlets in the institutional sector. Based on the Israeli Central Bureau of Statistics, the total revenue of the hotel sector in the first three quarters of 2022 sector was \$2.77 billion, two percent higher than the same period of the previous year. Isrotel's (one of Israel's top hotel chains) 2021 financial report attributed 23 percent of the hotel's income to food and beverages. Reportedly, the Israeli hotel sector's food sales reached an estimated \$580 million in 2021. According to the Israeli Central Bureau of Statistics, accommodation and food service activities increased by forty-two percent in 2021.</p>	<p>Top Institutional Catering Companies Sodexo, C.I.P Mevo Horon (Mevushelet), Idit Food Logistics, Z.R. Delicacies & Events, and L. Eshel Food Services</p>		
	<p>Top Hotel Chains Fattal Hotels, Isrotel Hotel Management, and Dan Hotels</p>		
	<p>Top Host Country Food Retailers Shufersal, Rami Levi and Merav-Mazon Kol/Osher Add.</p>		
	<p>Top Manufacturers in Israel Tnuva Ltd., Strauss Group Ltd., Osem, Unilever, and the Central Company for Beverages Distribution (Coca-Cola).</p>		
	<p>GDP/Population Population (<i>millions</i>): 9.816 (as of October 2023) GDP (<i>billions USD</i>): \$522.03 (2022) GDP per capita¹ (<i>USD</i>): \$49,789(as of 2022)</p>		
	<p>Trade Overview (\$ billion) 2022</p>		
		Total	U.S. Share
	Food and Agricultural Products ³ Exports	\$2.4	20%
	Food and Agricultural Products ³ Imports	\$10.9	6%
	Total Israeli Exports	\$72,570	26%
	Total Israeli Imports	\$107,757	9%
	<p><i>Data and Information Sources:</i> Israeli Central Bureau of Statistics (CBS), Storenext, Euromonitor, Trade Data Monitor, Bank of Israel, FAS Tel Aviv office research, UN Comtrade Database, Company Financial Reports, CofaceBdi, Israeli Restaurant and Café Association, Dun's 100</p> <p>¹ Bank of Israel forecast 2023 ² Knesset, Israeli Parliament research center ³ Harmonized Tariff Schedule Chapters 1-24 ⁴Bank of Israel publication, PPP exchange rate</p>		

For any questions, please contact agtelaviv@usda.gov.

NOTE: This report largely covers the market situation for calendar year 2022 and early 2023 and does not reflect the impact of the Israel-Hamas conflict.

SECTION I – MARKET OVERVIEW

Israel is a parliamentary democracy of more than 9.7 million people (Israel Central Bureau of Statistics, September 2022), growing just under two percent annually. Nearly 75 percent of the population is ethnically Jewish, with 25 percent being non-Jewish and mainly of Arab descent. Israel’s area is approximately 20,330 square kilometers, making it roughly the size of the U.S. state of New Jersey. Nearly 40 percent of Israel's population is concentrated in the greater Tel Aviv metropolitan area, Israel's commercial and financial center. Other major population centers include Jerusalem and the Haifa metropolitan area, a major port city and center for the petrochemical and high-tech industries.

Israel’s annual per capita GDP in purchasing power parity terms is \$49,789 (Israel’s Central Bank). In 2022, Israel’s annual GDP reached \$522.03 billion. According to Israel’s Central Bank, Israel’s GDP grew by 4.4 percent in 2022, and is expected to grow by 2.3 percent in 2023, and by 2.8 percent in 2023. The inflation rate in 2023 is expected to be 3.5 percent.

Israel is a technologically advanced, market-oriented economy. The country is an industrialized, free-market economy, with a diversified manufacturing sector. Israel’s main export markets are the European Union (EU) and United States. Consumers are sophisticated and enjoy cosmopolitan food tastes. Although there have recently some street protests over food prices and the high cost of living, Israelis remain willing to pay more for high-value products. Recent domestic and international events including Russia’s invasion of Ukraine, COVID-19, international commodity price increases, and most recently the Israel-Hamas conflict and the Houthi threat on Red Sea vessel movement drove food and agricultural commodity prices upwards. Currently, over 16 percent of household expenditures are dedicated to food products. Producers, food processors, wholesalers, retailers, food service operators, and food importers are all part of a well-developed agribusiness sector, contributing to a domestic scenario that is competitive and dynamic.

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

For more in-depth information about Israel’s economy, see the Bank of Israel’s [publications](#) and the U.S. Department of State’s Israel [Investment-climate-statements 2023](#).

Israel and the United States benefit from a free trade agreement (FTA). The [United States-Israel Free Trade Agreement](#) (FTA) entered into force in 1985 and holds the unique distinction of being the United States’ first FTA partner. The FTA continues to serve as the foundation for expanding trade and investment between the United States and Israel by reducing barriers and promoting regulatory transparency.

Table 1: Advantages and Challenges Facing U.S. Supplier Strengths

Advantages	Challenges
The U.S.-Israel FTA offers the United States tariff rate	Fresh produce lacking a risk assessment cannot enter

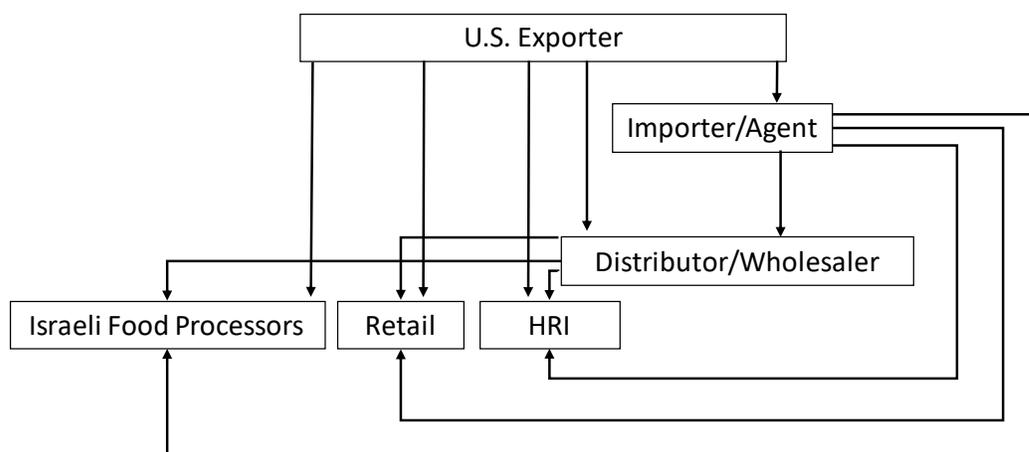
quotas for some products, while reducing duties on other products.	Israel.
Kosher products have a high market share in Israel; large supermarket chains and hotels buy only kosher products. Over 10,000 American companies produce kosher products; U.S. products have a comparative advantage.	Israel is adopting EU-27 standards, which, in many cases, are more restrictive than international standards.
Israel is almost completely dependent on imports to meet its grain, oilseeds, and feed needs. The United States is one of the largest global suppliers.	Kosher requirements are strict; consumers are demanding high-level kosher certification for their food products.
The Israeli consumer is already familiar with U.S. products and is receptive to new and emerging products from the United States. Many Israelis lived in the United States, and often seek out US products.	Import requirements are strict; labeling requirements differ from the United States and new-to-market products, for a variety of reasons, are often detained at port.
Israelis are health-conscious, preferring to eat a balanced diet. Supermarkets are carrying products that were once only available at specialty stores. U.S. products are known for their high quality and wholesomeness.	Many Israeli traders consider the Black Sea region a natural source for grains due to its proximity and the convenience of small- and medium-sized cargoes.

SECTION II – EXPORTER BUSINESS TIPS

Market Research: U.S. exporters should establish business relationships with reliable and efficient Israeli importers and distributors. These will help identify the appropriate distribution and sales channels. Exporters are encouraged to meet with Israeli importers in person to explore business opportunities. Face-to-face meetings tend to build confidence and facilitate communication. FAS Tel Aviv (Post) can help introduce U.S. exporters to Israel or Israeli buyers to U.S. participants in food shows or conventions.

Market Structure: U.S. exporters able to reliably supply in large quantities should approach large Israeli food retail chains. Food retailers like Shufersal and Rami Levi have their own purchasing and importing divisions. Suppliers should contact the purchasing or importing divisions of these large food chains, especially for new-to-market food products as they have the most experience with branding and distribution. Post can provide lists of local importers and facilitate contact information. Exporters should consider customers’ price sensitivity, product requirements, purchasing policies, and volumes.

Chart 1: Israel, Food Import Distribution Channel



General Consumer Tastes and Trends: 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. At the same time, as Israeli incomes have increased, consumers have also become more health-conscious thereby shifting food demand toward products considered wholesome or healthy. Most consumers prefer to buy their products at supermarket chains, instead of open markets or small grocery stores.

Marketing Tips:

- Direct marketing is common through mail, phone, and email. Most Israelis have good English skills which makes marketing easier.
- The internet is widely used in Israel, and a growing direct marketing avenue.
- For first-time U.S. 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 practices. Although many strategies used by firms in the United States can be equally effective in Israel, U.S. companies should understand that selling in Israel is not the same as selling in the U.S. market.
- [Israel's tariff classification](#) is based on the Harmonized Tariff System (HS). Israel's Customs and Purchase Tax Tariff is the main instrument used for the classification of goods. The correct classification of goods is the 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 exporting.
- Almost all goods are imported through Israel's two Mediterranean ports, Haifa in the north and Ashdod in the south. Ben Gurion International Airport is also an important port of entry. 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.
- 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.
- A visa is not required for U.S. citizens traveling for tourism or short-term business projects.
- U.S. travelers should 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 foreign language, (although the use of 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, businesspeople will be willing to hold meetings on Friday mornings. Most business and restaurants close on the Jewish Sabbath, which is Friday sundown until Saturday sundown.

Jewish Holidays in Israel are mainly in April, September, and October. Exporters should take note of Israeli holidays, as their Israeli counterparts often do not work on those dates. Additionally, there is no public transportation on the Jewish Sabbath and on some Jewish holidays.

Recommendations for U.S. Food and Agricultural Product Exporters

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

- A U.S. Certificate of Free Sale, obtained from the U.S. Food and Drug Administration (FDA), facilitates the Israeli Ministry of Health's import licensing procedures.
- Given that Israel is adopting EU-27 standards, U.S. exporters already familiar with EU-27 import requirements will have better success in gaining entry to the Israeli market.
- Products certified as being manufactured under Good Manufacturing Practices (GMP) or Hazard Analysis and Critical Control Points (HACCP) will have greater ease of access to the Israeli market.
- 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 U.S. Department of Agriculture.
- Products must have a minimum shelf life of six months upon arrival at port.

SECTION III – IMPORT FOOD STANDARDS AND REGULATIONS AND IMPORT PROCEDURES

Israel Import Documentation and Requirements and Food Standards and Regulations

For detailed information regarding standards and regulations for importing food and agricultural products into Israel, see [GAIN-Israel – \(IS2022-0006\) Food and Agricultural Import Regulations and Standards – FAIRS Israel 2022 report](#).

Customs Procedures - Valuation and the Value Added Tax

Customs Valuation and Tax: Israel has implemented the World Trade Organization (WTO) Customs Valuation Agreement. Under the 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 Tariff System. Israel's Customs and Purchase Tax Tariff is the main instrument used for classifying imports. The correct classification of goods is the key to determining correct duty rates. It is utilized for obtaining authorizations, permits, licenses, and meeting all other conditions for the import of goods.

Value Added Tax: The value added tax (VAT) is 17 percent. The tax is imposed on all products and services, excluding fresh fruit and vegetables.

Tariffs and Free Trade Agreements: Israel is a member of the World Trade Organization (WTO) and party to free trade agreements (FTA). The United States-Israel Free Trade Agreement is the United States' first trade agreement (1985). Following the 1985 U.S.-Israel FTA, a bilateral Agreement on Trade in Agricultural Products (ATAP) was signed in 1996. 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 U.S. market can enter the United States duty-free. In contrast, U.S. products continue to face high tariffs in many sectors limiting their access to the Israeli market. The current ATAP regime provides U.S. food and agricultural products access to the Israeli market under one of three different categories:

1) unlimited duty-free access; 2) duty-free tariff rate quotas (TRQ); or 3) preferential tariffs set at least 10 percent below Israel’s Most Favored Nation (MFN) rates. The U.S. government and industry continue to seek more favorable permanent agreement in agricultural products.

Israel’s tariff profile for some agricultural products (i.e., dairy, meat, eggs, and some fruit 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 specific products not produced in Israel. This is true for certain coarse grains and oilseeds. For further information see Israel’s Customs and Purchase Tax Tariff [website](#).

SECTION IV: MARKET SECTOR STRUCTURE AND TRENDS

Key Developments for Top Sectors:

Product	Trend
Baked salty pastries and snacks.	2021 to 2022 - 200.1 percent growth in sales
Premium products (quality desserts and cheeses)	2021 to 2022 - 54.2 percent growth in sales
Milk alternatives	2021 to 2022 – 97.6 percent growth in sales Milk alternatives include soy, oat, rice, and almond
Meat alternatives	-Israeli hamburger restaurants are selling U.S. meatless hamburgers. Meat alternatives include soy hamburgers, mushroom, lentil, and quinoa hamburgers, seitan, and tofu. -Increase in the number of products available at food retailers.
Sparkling wine.	2021 to 2022- 81.2 percent growth in sales.
Nonalcoholic beverages and juices.	2021 to 2022- 7.6 percent decline in sales.
Private label products (out of total FMCG)	2021 to 2022 – 0.2 percent growth in sales.
Fresh and chilled beef.	-Israeli consumers move to fresh beef cuts that replace frozen and cheaper cuts. -Increase in number of butchers that replace supermarket sales of beef.

Source: StoreNext, Israeli Press, and FAS Tel Aviv office research. (the figures are volume and not value)

Best Consumer-Oriented Product Prospects:

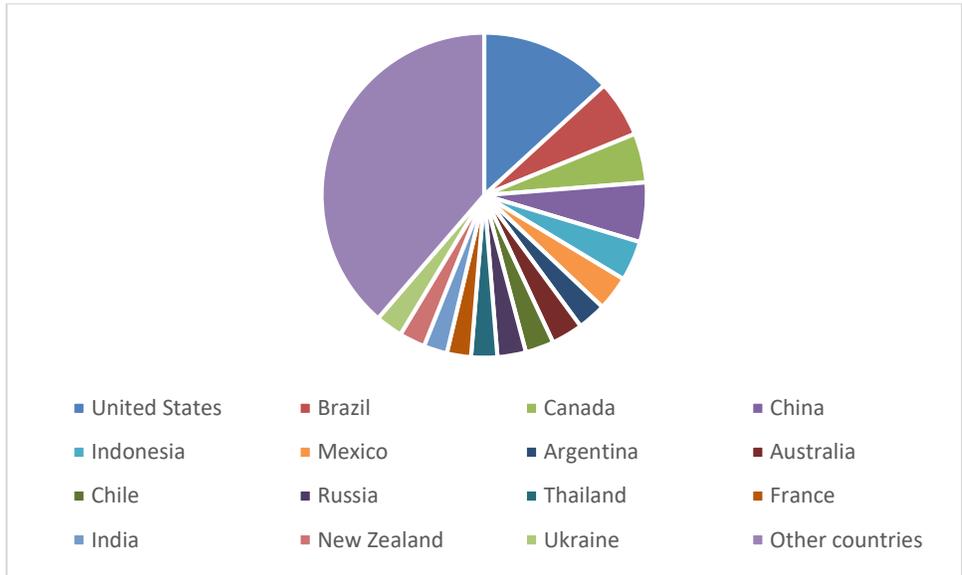
In the Israeli market already and have good sales potential	Not present in the Israeli market in significant quantities, but have good sales potential
Nuts	Processed beef
Processed and frozen fruit	Fresh cherries and berries
Dairy products	Premium dessert products such as premium chocolate bars, cookies, ice cream, and cheese
Alcohol	Frozen kosher appetizers
Grape juice	Vegan and vegetarian products
Pears and apples	

Sauces	Gluten free products
Beef	Maple syrup
Condiments and ethnic food products	Sweet potato products
	Ready-to-eat products

Key Competitors Situation

In 2022, Israel’s imports of agricultural and related products¹ stood at \$13.7 billion. The United States is the largest supplier with a market share of 13.2 percent. The main competition for the US is the EU due to its vicinity and pricing.

Chart 2: Origin of Imported Ag & Related Products in 2022



Source: BICO-Trade Data Monitor

Best High-Value, Consumer-Oriented Product Prospect Categories: The trend in the Israeli food market is healthy foods, demanding products that have reduced fat, reduced salt, and reduced sugar component. As of January 2020, the Israeli [Ministry of Health Food Labeling regulation](#) requires all food products with high levels of sugar, sodium, or fat to have a front of pack labeling to alert consumers. However, despite the regulation and the growing health-conscious trend among consumers, there is also growing demand for quality-foods such as high-end chocolates, desserts, and cheeses. Israeli food manufacturers, importers, retailers, and restaurants are adjusting their product lines and menu offerings to meet the demand of a growing number of vegans, vegetarians, and gluten-sensitive consumers. At the same time, consumers are seeking out more organic and natural products.

Supermarket chains are also touting private labels that guarantee product quality at lower retail prices than branded products, as a growth engine. Today there is also an upswing in online shopping, as retailers improve their product quality offerings alongside more user-friendly websites.

¹ BICO- Agricultural and Related Products

While eating out, Israelis frequently demand high-quality beef and seafood products – opening possibilities for greater amounts of U.S. kosher products.

SECTION V – AGRICULTURAL AND FOOD IMPORTS

Israel is a net food importer. In 2022, Israel’s agricultural imports (HS 01-24) stood at \$10.9 billion and exports at \$2.4 billion (CBS statistics). Approximately six percent of the imports were from the United States. For the past 13 years, Israeli Agricultural sector production has stagnated despite population growth, making Israel even more dependent on agricultural imports in the coming years.

Israel is a good export market destination for U.S. food and agricultural products, particularly for dried fruits, nuts, fresh apples and pears, cheese, beef, and other food products. Niche products that target a specific health issue like diabetes or celiac disease (gluten-free food) are experiencing growth in demand, as well as vegetarian and vegan products. Demand for high-end food products is also growing. Recently signed agreements between the US and Israel enable the United States to export eggs, beef products, and live cattle to Israel.

Table 3: Israel, Consumer Food & Edible Fishery Product Imports (U.S. dollars million)

Product HS Code	Product Label	Israel's Imports from the world				Israel's Imports from the United States				U.S. Share			
		2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
2	Meat and edible meat offal	671.8	646.2	869.4	1,072	20.1	10.0	22.5	56.7	3.0%	1.5%	2.60%	5.29%
3	Fish and crustaceans, mollusks, and other aquatic invertebrates	529.0	474.7	603.3	780.4	3.6	1.8	2.3	2.3	0.7%	0.4%	0.4%	0.29%
4	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere	150.0	196.9	196.8	216.8	8.1	9.6	12.7	11.2	5.4%	4.9%	6.4%	4.18%
7	Edible vegetables and certain roots and tubers	157.1	188.3	302.0	460.5	6.5	5.6	19.7	9.9	4.1%	3.0%	6.5%	2.15%
8	Edible fruit and nuts; peel of citrus fruit or melons	351.6	362.4	393.7	441.9	166.6	167.6	144.4	169.2	47.4%	46.3%	36.7%	38.29%
9	Coffee, tea, mate, and spices	163.8	187.1	233.0	247.9	0.3	0.9	2.7	1.6	0.2%	0.5%	1.2%	0.65%
16	Preparations of meat, of fish or of crustaceans, mollusks, or other aquatic invertebrates	139.1	134.0	153.0	178.8	10.7	9.1	4.9	12.1	7.7%	6.8%	3.2%	6.8%
17	Sugars and sugar	233.2	234.2	306.8	354.4	4.1	4.9	7.5	8.0	1.7%	2.1%	2.5%	2.3%

	confectionery												
18	Cocoa and cocoa preparations	233.0	245.6	265.0	294.9	7.8	8.2	6.0	8.8	3.3%	3.3%	2.3%	3%
19	Preparations of cereals, flour, starch, or milk; pastry cooks' products	383.5	414.8	459.0	518.0	35.7	37.2	26.1	27.7	9.3%	9.0%	5.7%	5.3%
20	Preparations of vegetables, fruit, nuts, or other parts of plants	322.1	334.1	378.0	430.8	43.7	44.2	41.7	41.7	13.6%	13.2%	11.0%	9.7%
21	Miscellaneous edible preparations	431.1	435.7	471.2	527.1	63.9	66.3	53.7	54.9	14.8%	15.2%	11.0%	10.4%
22	Beverages, spirits, and vinegar	404.1	456.9	594.6	586.2	10.4	15.1	29.7	26.5	2.6%	3.3%	5.0%	4.5%
	Total	4,169.4	4,310.7	5,225.7	6,109.7	381.2	380.4	374.1	430.6	9.1%	8.8%	7.2%	7%

Source: Israeli Central Statistics Bureau, FAS Tel Aviv office research.

SECTION VI – KEY CONTACTS AND FURTHER INFORMATION

Links to Government Sources

- Israel Tax Authority - [Customs Tariff Book](#)
- Israel Central Bureau of Statistics (CBS) - [Exports and Imports](#)
- [The Standard Institution of Israel \(SII\)](#)
- Ministry of Economy and Industry- [Foreign Trade Administration](#) (FTA)
- [Ministry of Agriculture](#)
- Ministry of Health- [Food Control Administration](#)

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For questions or comments regarding this report, or assistance exporting to Israel, please contact the Foreign Agricultural Service in Tel Aviv. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

FAS Tel Aviv Market Reports:

- [GAIN ISRAEL - Israel Retail Foods 2023 Annual](#)
- [GAIN ISRAEL - Israel Food Service - Hotel, Restaurant & Institutional 2023 Annual](#)
- [GAIN ISRAEL - Israel Food Processing Ingredients 2023 Annual](#)

Attachments:

No Attachments