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Grain and Feed Annual

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Report Highlights:

In MY 2011/12, overall import demand for grains is expected to increase by two percent compared to the previous year, mainly due to lower prices as a result of the increased supplies of feed wheat and corn from Russia and Ukraine, combined with the population growth.

In MY 2012/13, trade expects that if Russian and Ukrainian supplies remain unchanged from MY 2011/12 levels, total grain imports will increase by about 1.7 percent, while market share will remain unchanged from the previous year. The increase is due to population growth.

In 2011, the Israeli Ministry of Trade reduced the import tariff on wheat flour from 12 percent to zero. As a result, 40,000 tons of wheat flour were imported from the Ukraine representing 5 percent of total local flour demand. The elimination of this tax may decrease milling wheat imports by about 3 percent in the coming years.

MY 2010/11 was an exceptional year for U.S. grain exports as they captured a higher market share due to the Russian grain export ban and the Ukrainian grain export quotas in place through

July 2011. For MY 2011/12, U.S. market share is expected to drop significantly as normal production returns to the Black Sea Basin (BSB).

Despite the higher prices for U.S. grains and feedstuff compared to Black Sea prices, there are still good prospects for U.S. milling wheat (Hard Red Winter) and corn. The main reason local bakeries prefer U.S. milling wheat is due to its higher quality as compared to BSB milling wheat. Local feed millers are also aware of the higher quality of U.S. corn compared to BSB corn. In addition, demand for DDGS and CGF is expected to remain strong in MY 2011/12 and 2012/13.

Executive Summary:

Disclaimer :

This report was prepared by the Foreign Agricultural Service in Tel Aviv for U.S. exporters of domestic food and agricultural products and U.S. regulatory agencies. While care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation, or because clear and consistent information about these policies was unavailable. It is highly recommended that U.S. exporters verify the full set of certificate requirements with their foreign customers before any goods are shipped. Final import approval of any product is subject to the importing country's rules and regulations.

From 1998 through 2011 total grain imports for feed increased yearly by an average of 1.7 percent. The driving force behind the increase is mainly population growth. The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on relative prices. It relies heavily on supplies from the Black Sea Basin (BSB) as it provides cost advantages due to its proximity to Israel. However when a supply shortage occurs in the BSB, as happened last year, Israel tends to source grains from other regions, especially from the US.

In MY 2010/11, despite the high prices of grains combined with restricted supplies from the Ukraine and Russia, and the record high imports of DDGS and Corn Gluten Feed (CGF), total grain import demand increased by one percent compared to the previous year (from 3.29 million tons to 3.32 million tons). The restricted supplies from the BSB, due to an export ban on Russian grains and export quotas on Ukrainian grain from August 2010 to July 2011, resulted in a significant increase in demand for U.S. milling wheat, corn and sorghum. Imports from the United States increased nearly 170 percent from 2009/2010, as the Israeli feed milling industry shifted consumption from barley and feed wheat to corn and sorghum and U.S. wheat replaced that from the Black Sea.

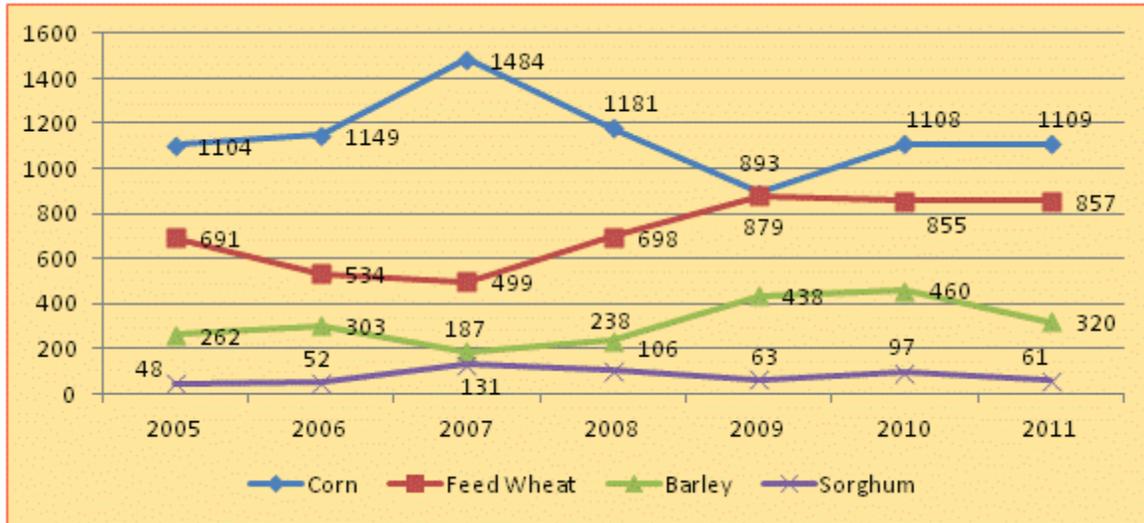
In MY 2011/2012, the grain import and consumption trend is reverting to normal due to the lifting of the Russian and Ukrainian restrictions in July 2011. Therefore, Post estimates that U.S. market share of corn and sorghum will decrease in 2011/12; Corn from 55 percent of the market in MY 2010/11 to about 35 percent in 2011/12; Sorghum will drop from 96 percent in MY 2010/11 to about 50 percent in 2011/12. As for milling wheat, U.S. market share is expected to decrease from 70 percent in MY 2010/11 to 40 percent in MY 2011/12.

In MY 2012/13, trade sources report that if Russian and Ukrainian supplies remain unchanged from MY 2011/12 levels, total grain imports will be increased by about 1.7 percent, while market share will remain unchanged from the previous year.

In 2011, the Israeli Ministry of Trade reduced the import tariff on wheat flour from 12 percent to zero. The tariff was lowered in an effort to control inflationary pressures which were causing social unrest throughout the country. As a result, in CY 2011, about 40,000 tons of wheat flour were imported from the Ukraine into Israel. The local flour millers have started discussions with the Israeli Ministry of Finance in order to increase the import tariff on wheat flour. The increased wheat flour imports from Ukraine are likely to decrease the demand for milling wheat imports in the coming years. If tariff remains zero, flour imports may increase from 40,000 tons to about 60,000 tons in the coming years.

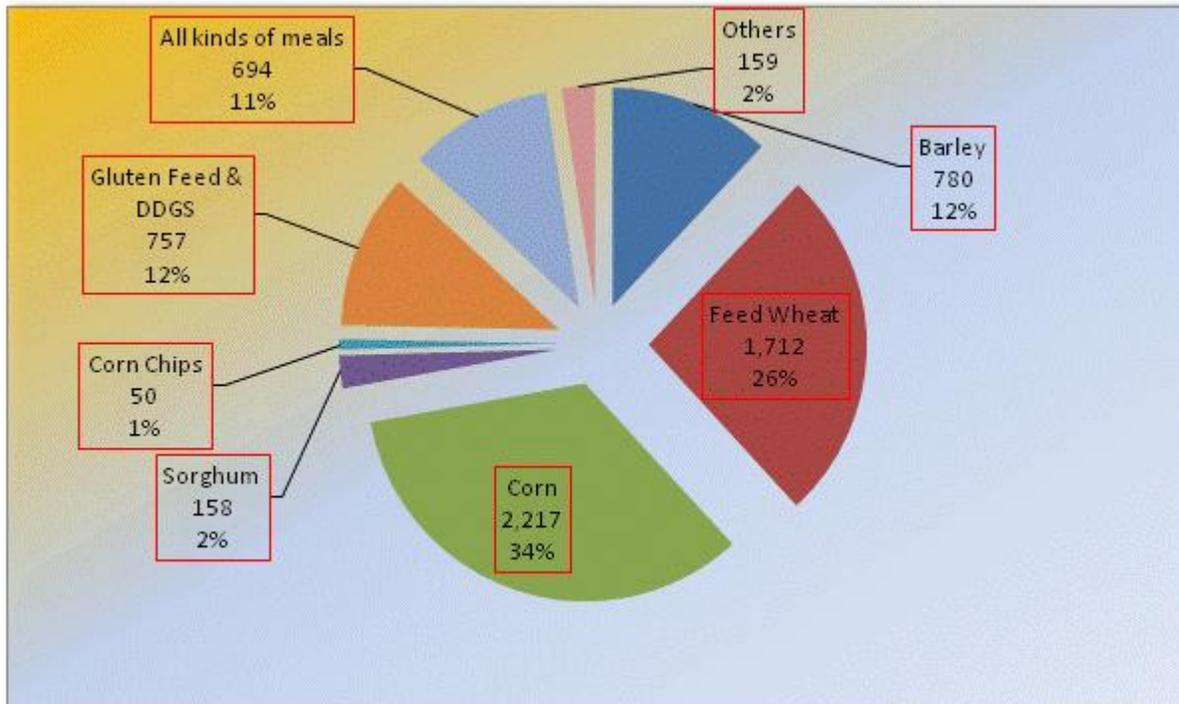
With the reemergence of the BSB in the world market, export prospects for U.S. grains have weakened, nonetheless demand for U.S. milling wheat and corn will continue.

Chart 1: Major Feed Grains and Feedstuff Imports by Israel, CY



Source: Israeli Ministry of Agriculture

Chart 2: Total Imports of all Feedstuff to Israel from 2010-2011 and Market Share



Source: Israeli Ministry of Agriculture (amounts in TMT)

Commodities:

Wheat

Production:

Wheat production in Israel is insignificant as it accounts for only six percent of its total consumption with a production area of 65,000 ha. In MY 2011/12, domestic production was 100,000 metric tons, unchanged from last year but 24 percent below the 10-year average due to continued drought conditions in the southern part of the country (Negev region). Out of the total planted area, 60 percent was in the southern parts of Israel, and the rest was grown in the Golan, Western Galilee and the northern inner valleys of Israel.

The Ministry of Finance declared the southern part of the country as a drought area, enabling compensation payments to growers. Due to the drought, yields in the southern part were only 750 kg of milling wheat per ha.

On the other hand, production in Northern Israel was at a record high totaling 50,000 tons, half of Israel's MY2011/12 production, with average yields of 6,500 kg per ha, 30 percent above the historical average of 5,000 kg per ha.

The quality of the MY 2011/12 crop was good with an average protein level of 12 percent, and an average gluten index of 80, unchanged from the last 5-years.

In MY 2012/13, wheat production is expected to increase to 150,000 MT, as favorable rainfall is expected in the southern part of the country. This would result in a 50 percent increase from the previous year. Nevertheless, this forecast can change if there is inadequate rainfall in the coming months.

Local organic wheat production is very limited, and totals about 3,000 tons in recent years and is not expected to change in the coming years. The organic milling wheat is grown mainly in the southern part of Israel.

Table 1: Wheat Production, Thousand Metric Tons, Crop Year

MY	Total Production	Percent Change Compared to Previous Year
2002	179	
2003	187	4
2004	128	-32
2005	180	41
2006	132	-27
2007	145	10
2008	60	-59
2009	100	67
2010	100	0
2011	100	0
10-year average	131	
2012*	150	50

Source: CBI, Statistical Abstract of Israel, Different Years.

*Forecast: Based on information collected from the Field Crops Growers Organization.

The price paid to Israeli wheat growers is based on the CBOT price at harvest time. Freight and handling costs are added to construct a landed equivalent. The Israeli Government sets this price structure. In MY 2011/12, the average base price paid to farmers was \$400 per ton.

Consumption:

In MY 2011/12, as a result of Russia and Ukraine lifting their export restrictions in July 2011, local consumption is estimated to increase by about 20 percent to 1.7 million tons as compared to the previous year. This increase will take place mainly in feed wheat, as the feed industry will shift its consumption from coarse grains to feed wheat.

In MY 2012/13, if supplies of wheat from Russia and Ukraine remain unchanged from MY 2011/12, combined with the assumption that Israel will not enter into a recession which can result with a slight decrease in local meat and bakery products consumption, then wheat consumption will total about 1.72 million tons. The expected slight increase is mainly due to local population growth.

Human consumption in Israel is about 900,000 tons annually and is increasing according to the annual population growth (1.8 percent). In MY 2010/11, included in the total consumption were 40,000 tons of wheat flour that were imported from Ukraine (which are equal to 55,000 tons of grain milling wheat). In addition to the local annual population growth, total annual consumption is a result of changes in wheat for feed use and changes in demand in the Palestinian Authority (PA). Since the PA does not have access to sea ports, all grains are imported via Israeli sea ports.

There are 19 flour mills in Israel and their full capacity is 1.2-1.4 million tons. All the flour mills are privately owned.

Feed Mill and Feed Center Sectors

The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price ratios. Due to increased supplies and lower prices of feed wheat from Eastern Europe and the Black Sea Basin (BSB) since July 2011, the local feed milling industry is shifting to feed wheat and barley at the expense of corn and sorghum.

About 90 percent of the local feed milling industry is dominated by 7 feed millers. The feed milling industry sells mixed feed and compound feed to all the livestock sectors.

Table 2 - The Largest Feed Millers in Israel, Annual Sells, 2011

	thousand tons	Share
Ambar	775	35%
Miloubar	575	26%
Zemach	255	12%
Tadmir	210	10%
Asamey Oz	200	9%
Asam Hagalil	110	5%
Kfar Yehoshua	80	4%
Total	2,205	100%

In addition to the feed millers, there are about 150 feed centers in Israel that sell their feed mix mainly to the cattle industry. Out of the total feed centers, 15 are large and sell their feed mix

mainly to the big cattle growers, and the rest are considered small-sized feed centers, which sell feed mix to smaller-sized operations. Each small-sized feed center supplies feed mix to around 200-300 cattle operators.

The total Israeli feed milling market demand (feed millers and feed centers) is estimated at 2.5 million tons of mixed feed and compound feed per year. Their typical mixed feed is made of grains, oil meals and other protein sources (DDGS and CGF) while for compound feed; they add feed additives, like minerals, amino acids, and more.

Table 3: Sales of Mixed Feed and Compound Feed, by Type, Thousands of Tons, CY

CY	For Cattle	For Poultry	For Sheep and Goats	Swine	Fish	Other livestock	Grand Total
2006	517	1,518	172	66	56	14	2,343
2009	491	1,679	140	81	44	17	2,452
2010	518	1,626	147	78	49	14	2,432

Source: Agricultural Statistics Quarterly, Israel.

Trade:

Grains and grain by-products (DDGS and CGF) are imported by the feed stuff importers. The biggest feed stuff importer is Shovre-Bar, which is owned by the 3 biggest feed millers in Israel (Ambar, Miloubar and Zemach).

Shovre-Bar imports about 65 percent of total feed stuff to Israel. At the request of the feed millers, Shovre Bar issues a tender in which major international grain producers and other grain trading companies can bid by submitting their proposals. After reviewing the proposals, Shovre-Bar decides on the best offer. The tenders are usually published monthly.

In addition to Shovre-Bar, there are six feed stuff importers that buy feed stuff without using the tender process.

MY 2011/12 Outlook - As a result of Russia lifting its grain export ban on July 1st, 2011 and Ukraine cancelling its grain export quotas, it is estimated that the U.S. market share of milling wheat in Israel will decrease compared to the previous year from 70 percent in 2010/11 to about 40 percent in 2011/12 (about 320 tmt of U.S. milling wheat). It is estimated that milling wheat imports will total 900 TMT, a one percent increase from MY 2010/11.

Post estimates that unless there is a shortage of grains from the BSB region, the U.S. share of milling wheat is projected to remain at 35 percent in the forthcoming years. Israeli importers buy only U.S. Hard Red Winter (HRW) Wheat. Although the supply from the BSB region is sufficient for the Israeli importers, they will continue to purchase American milling wheat in the coming years. Israeli bakeries have a preference for U.S. wheat due to its superior quality when compared to Russian or Ukrainian wheat.

As a result of increased feed wheat and other grains supplies from the BSB in MY 2011/12, the Israeli feed milling industry will purchase more feed wheat and barley to the detriment of corn and sorghum purchases.

Imports of feed wheat are forecast to total 850 tmt in MY 2011/12, a 41 percent increase from the previous year. All feed wheat is imported from the Ukraine and Russia.

There have been no imports of feed wheat from the U.S. in recent years, and this situation is not expected to change in the future.

MY 2012/13 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price ratios. If feed wheat supplies from the BSB continue at present level and world corn production does not decrease significantly, feed wheat imports into Israel will likely total 850,000 MT.

On the other hand, if there is a shortage of feed wheat from the BSB, feed wheat imports will decrease to about 600,000 MT in MY 2012/13.

Imports of milling wheat for local human consumption will be about 900,000 tons in MY 2012/13. If Ukraine and Russia continue to have good harvests, the American share will total about 35 percent (320 tmt). Due to this forecast local milling wheat production will increase to 150,000 tons in MY 2012/13, therefore imports of milling wheat in MY 2012/13 are expected to be unchanged compared to MY 2011/12.

On the other hand, if Ukraine and Russia experience limited supplies of milling wheat as happened in MY 2010/11, the American milling wheat share is expected to increase to about 60 percent, while the rest is likely will be imported mainly from Russia, Ukraine, Germany and France.

MY 2010/11 – As a result of the ban on grain exports from Russia, combined with Ukrainian quotas on grain export, imports of feed wheat in MY 2010/11 decreased by nearly 35 percent compared to MY 2009/10 (from 916 tmt to 600 tmt).

No imports of feed wheat from the U.S. were recorded in 2010/11 and this situation is not expected to change in the coming years.

Imports of milling wheat in MY 2010/11 increased 1.5 percent compared to the previous MY (from 877 tmt to 890 tmt). The increase was mainly because local wheat production was below the national average levels and totaled nearly 100,000 MT.

Due to the low milling wheat supplies from the Black Sea Region (mainly Russia and Ukraine) in MY 2010/11, imports of U.S. milling wheat increased significantly compared to the previous MY (from 200 tmt in 2009/10 to 555 tmt in 2010/11) hitting a seven year high.

The market share for U.S. milling wheat increased 204 percent compared to the previous year (from 23 percent share in 2009/10 to 70 percent share in 2010/11).

A small portion of the milling wheat was imported from Hungary, Germany and France. Imports of milling light wheat from France is used mainly during the Passover period.

The Palestinian Authority purchases milling wheat mainly from the BSB region due to price.

Table 4: U.S. Market Share of Total Grain Import Quantity, Percent, MY

MY	Milling Wheat	Feed Wheat	Barley	Corn	Sorghum
2002	58	0	0	39	89

2003	74	0	0	82	89
2004	42	0	0	24	54
2005	30	0	3	52	65
2006	23	0	0	56	85
2007	37	0	0	88	96
2008	33	0	0	17	0
2009	22	0	0	34	68
2010	70	0	0	55	93
Average	43.2	0	0.3	50.0	71.0

Source: Ministry of Agriculture, Office of Prices and Supply

Stocks:

Milling Wheat Stocks

The Government of Israel maintains emergency stocks of milling wheat and feed stuff.

At the present time, there are two franchises responsible for the milling wheat stocks (two milling wheat importers).

The emergency milling wheat stocks in July of 2011 were at a record high and estimated at 165,000 tons. Stocks generally decline from July through May (30,000 tons), and then begin rebounding again in the spring with the onset of the harvest. In MY 2010/11, 100,000 MT of the local milling wheat were delivered to the emergency stocks, while the rest were imported.

In addition to the emergency stocks, the importers have their own milling wheat stocks, and it is estimated that total milling wheat stocks (emergency stocks and non emergency stocks) in MY 2011/12 and MY 2012/13 will total about 200,000 tons. These milling wheat stocks are sufficient to meet nearly two months worth of human demand.

Feed Wheat Stocks

The Israeli Government maintains emergency feed stuff stocks through two franchises (feed stuff importers). The feed stuff stocks include all the feed grains, DDGS and corn gluten feed with ending stocks of 120,000 tons per year, of which 40,000 tons are feed wheat. These emergency feed stuff stocks are sufficient to meet approximately two weeks' worth of feed demand.

Since all feed stuff is imported into Israel, the government enforces an emergency stock level of 120,000 tons and the 2 franchises are obligated to maintain this level at all times.

In addition to the emergency stocks, the importers maintain their own feed wheat stocks. It is estimated that ending feed wheat stocks (emergency stocks and non emergency stocks) in MY 2011/12 and MY 2012/13 will total about 95,000, and 75,000 tons, respectively.

All in all, it is estimated that total ending stocks for milling wheat and feed wheat will total about 295,000 and 275,000 tons in MY 2011/12 and 2012/13 respectively.

Policy:

Milling Wheat

In July 2011, the Israeli Ministry of Trade reduced the import tariff on wheat flour from 12 percent to zero due to the food protests this past summer. As a result, 40,000 tons of wheat flour were imported from Ukraine into Israel, representing 5 percent of total local flour consumption. (40,000 tons of wheat flour is equivalent to about 55,000 tons of wheat grain)

The local flour millers have started discussions with the Israeli Ministry of Finance in order to increase the import tariff on wheat flour. The millers feel threatened by a possible increase in the influx of Ukrainian flour, however there is a low likelihood that the government will give in. This as a result of public demand for increased international competition in the food markets and the elimination of custom tariffs on imported food products, which have made prices unbearable and led to massive protests last summer.

Although the elimination of the import tariff on wheat flour may create a small opportunity for U.S. flour exports, due to price difference between Ukrainian and U.S. wheat flour, combined with the advantage of Ukraine due to its proximity to Israel, Post expects that about 90 percent of wheat flour will be imported from Ukraine, while the rest will be imported from France and Germany.

Production, Supply and Demand Data Statistics:

Wheat Israel	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	60	65	60	65		65
Beginning Stocks	447	447	289	289		229
Production	100	100	100	100		150
MY Imports	1,392	1,392	1,700	1,750		1,750
TY Imports	1,392	1,392	1,700	1,750		1,750
TY Imp. from U.S.	433	555	0	320		320
Total Supply	1,939	1,939	2,089	2,139		2,129
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	750	750	1,000	1,000		1,000
FSI Consumption	900	900	900	910		920
Total Consumption	1,650	1,650	1,900	1,910		1,920

Ending Stocks	289	289	189	229		209
Total Distribution	1,939	1,939	2,089	2,139		2,129
1000 HA, 1000 MT, MT/HA						

Commodities:

Barley

Production:

There is a limited amount of barley produced in Israel, and it is all harvested as silage. All barley grain is imported. All local barley production is grown in the south of Israel and is sold mainly to Arab sheep herders.

Consumption:

Barley is consumed mainly by cattle, dairy, sheep and horses

Due to restricted supplies of barley from Ukraine and Russia in MY 2010/11, corn, sorghum, DDGS and CGF consumption increased at the expense of barley consumption. However, due to the increased harvest in Ukraine and Russia in MY 2011/12, barley consumption is expected to increase by about 60 percent compared to the previous year, mainly at the expense of corn and sorghum consumption.

Trade:

MY 2011/12 Outlook

Higher supplies and lower prices from Eastern Europe will lead to an increase barley imports in 2011/12. On the other hand, competitive prices of feed wheat from the Black Sea Region will moderate barley imports' growth.

It is estimated that barley imports in 2011/12 are forecast to increase by 60 percent compared to the previous year, and will total about 450 tmt.

MY 2012/13 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If supplies and prices of feed wheat and barley from Eastern Europe and BSB do not change significantly from MY 2011/12 levels and corn and sorghum prices stay at the current level, barley imports are expected to increase to about 475 tmt.

Although corn is considered an excellent grain for poultry, its use in broiler rations in Israel is limited due to the xanthophyll 1 pigmentation, which turns the broiler meat yellow. Israeli consumers refuse to buy yellow broilers, since they relate the color to poor health. All in all, due to the expected slight increase in livestock production on the one hand and the limitation on yellow corn content in the broilers feed ratio, it is expected that barley imports will increase by about 5 percent compared to the previous year.

On the other hand, if Ukraine experiences barley shortages as happened in MY 2010/11, while corn and sorghum prices are competitive, barley imports are expected to decrease and total about 250,000 MT, while corn and sorghum imports will increase.

MY 2010/11 - In MY 2010/11, due to lower supplies of barley from Eastern Europe (Israel imports mainly from Ukraine), imports of barley decreased 45 percent compared to the previous year (from 525 tmt to 287 tmt).

There have been no imports of barley from the U.S. in recent years, and this situation is not expected to change in the future.

Import Trade Matrix			
Israel			
Barley			
Time Period	MY	Units	1,000 MT
Imports for	2009/10	Imports for	2010/11
U.S.	0	U.S.	0
Ukraine	500	Ukraine	277

Other not Listed	25	Other not Listed	10
Grand Total	525	Grand Total	287

Stocks:

The emergency feed stuff stocks include all the feed grains, DDGS and corn gluten feed and stand at about 120,000 tons per year. Out of this amount, about 32,000 tons are barley.

Production, Supply and Demand Data Statistics:

Barley Israel	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	35	35	37	32		32
Production	0	0	0	0		0
MY Imports	287	287	250	450		475
TY Imports	287	287	250	450		475
TY Imp. from U.S.	0	0	0	0		0
Total Supply	322	322	287	482		507
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	275	280	240	440		465
FSI Consumption	10	10	10	10		10
Total Consumption	285	290	250	450		475
Ending Stocks	37	32	37	32		32
Total Distribution	322	322	287	482		507

1000 HA, 1000 MT, MT/HA

Commodities:

Sorghum

Production:

There is a limited amount of sorghum produced in Israel, but it is all harvested for silage; all sorghum grain is imported. In crop year 2011/12, about 1,500 hectares were planted for sorghum silage. The majority of sorghum production is located in the central and northern parts of Israel. Production in crop year 2011/12 totaled about 20,000 MT, a 33 percent drop from crop year 2010/11 levels. Post estimates that sorghum silage production in crop year 2012/13 will be about 50,000 MT.

Consumption:

The level of consumption hinges on price relationships with other grains, primarily corn and feed wheat.

Sorghum is a minor feed grain in Israel, and its market share out of the total feed stuff imports, is only about 2 percent.

Due to Kosher rules, sorghum is consumed mainly prior to Passover. However, whenever there is a shortage of grains from Ukraine and Russia, sorghum imports increase (mainly from the U.S.). In MY 2010/11 sorghum consumption increased by 320 percent compared the previous year. The increase was due to the restricted supplies of grains from Russia and Ukraine. However, due to the fact that Ukraine and Russia cancelled their export restrictions, barley and feed wheat consumption will increase, while sorghum consumption is likely to decrease by about 100 percent in MY 2011/12 compared to the previous MY.

Trade:

MY 2011/12 Outlook –Due to the high supply of grain in Ukraine and Russia, it is estimated that sorghum imports in 2011/12 will decrease by about 50 percent compared to the previous MY, and will reach about 60,000 MT.

Additionally, in recent years Israeli importers have started to purchase Ukrainian sorghum. This year, due to increased supplies and lower costs versus U.S. sorghum, it is expected that the market share of U.S. sorghum will decrease by nearly 50 percent from a 96 percent share in 2010/11.

MY 2012/13 Outlook -The price among the four main feed grains determine Israeli feed milling industry choice. If supplies of grains from Ukraine and Russia reach their multiyear average, sorghum imports will not change compared to the previous year and will total 60 tmt, and the U.S. market share will be about 50 percent with the balance from Ukraine.

In recent years, when Ukraine sorghum harvest was high, the Ukraine market share of sorghum in Israel reached 60-90 percent and the remainder was imported from the U.S.

Many Israeli traders consider the BSB a “natural” source for grains due to its proximity and the convenience of small shipments. In addition, there are significant price gaps between American and Russian grains.

On the other hand, if restricted supplies of feed wheat and barley from Eastern Europe and BSB occur, total sorghum imports into Israel are forecasted to reach up to 125,000 MT in 2012/13, and the U.S. market share will reach about 90 percent.

MY 2010/11 – Due to the grain export ban in Russia and the short supply of grain from Ukraine, where Israel generally fulfills its import needs, sorghum imports in 2010/11 increased by 316 percent compared to the previous MY, and totaled 125,000 MT.

As result of the low sorghum supplies in Ukraine, the U.S. market share of sorghum in Israel increased by 37 percent in MY 2010/11 compared to the previous year (from 68 percent share in 2009/10 to 96 percent share in 2010/11).

<p style="text-align: center;">Import Trade Matrix Israel</p>

Sorghum			
Time Period	MY	Units	1,000 MT
Imports for	2009/10	Imports for	2010/11
U.S.	21	U.S.	120
Ukraine	10	Ukraine	5
Others not Listed	0	Others not Listed	0
Grand Total	31	Grand Total	125

Stocks:

Since sorghum is consumed only prior to Passover, ending stocks are usually very low and total 1,000-5,000 tons. The ending stocks of sorghum are not expected to change in the coming years.

Production, Supply and Demand Data Statistics:

Sorghum Israel	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	0	0	0	1		5
Production	0	0	0	0		0
MY Imports	125	125	50	60		60
TY Imports	125	125	50	60		60
TY Imp. from U.S.	102	120	0	30		30
Total Supply	125	125	50	61		65
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	120	119	45	51		55
FSI Consumption	5	5	5	5		5
Total Consumption	125	124	50	56		60
Ending Stocks	0	1	0	5		5
Total Distribution	125	125	50	61		65

1000 HA, 1000 MT, MT/HA

Commodities:

Corn

Production:

Corn production is insignificant in Israel and despite the significant increase in world prices for corn in MY 2010/11; local grain corn production continued to decrease and totaled about 1,300 tons, from an area of 100 HA. In MY 2011/2012 corn production is expected to decrease another 26 percent due to its high water consumption demand. Post estimates that local grain corn production will not change significantly in the coming years and will total 1,000-1,500 tons per year. All local grain corn was non-biotech and was used by food manufacturers that in turn export their products to Europe.

Consumption:

Broilers are the main consumers of feed wheat and corn. Broiler production is forecast to increase by about 5 percent in the coming years. However, in the last 3 years, DDGS and CGF imports have increased significantly, and currently about 5-10 of the feed mix is made of DDGS and CGF. The increase in CGF and DDGS imports is at the expense of imports of coarse grains imports. Israel is considered one of the biggest importers and end users of DDGS and CGF.

Currently, there is no local production of biotechnology crops in Israel and this situation is not expected to change in the next few years. On the other hand, Israeli's are allowed to import and consume GM crops and their byproducts.

Israel has no declared government policy on genetically modified organisms (GMO) although regulations have been in the works for the last 5-6 years, which will probably require positive labeling when a product or an ingredient is genetically modified. It is unknown if and when these new regulations will be approved by the Israeli authorities.

In MY 2010/11 (October 2010-September 2011), corn consumption totaled 1.3 million tons, 38 percent higher than in the previous year. The increase was due to a shortage of feed wheat and barley from Russia and Ukraine. As a result of the increased supplies of feed wheat and barley from the Black Sea Basin, corn consumption in 2011/12 is forecast to decrease to 0.95 million tons.

Despite the fact that Israeli nutritionists consider corn as an excellent grain for poultry, it cannot replace all feed wheat and barley since its use in broiler feed mix is limited to 35 percent of the broiler ration. Corn content is limited due to the yellow color it turns the broiler meat. Israeli consumers perceive yellow broilers as being sick or fat. This limitation will continue in the future, and therefore the local feed millers must use other grains and byproducts in the feed mix.

Trade:

MY 2011/12 Outlook: Due to the rising competition of feed wheat from the Black Sea Basin in MY 2011/12 (October 2011-September 2012), corn imports are forecast to decrease by about 26 percent compared to the previous MY numbers (about 0.95 million tons). It is expected that in the first half of MY 2011/12, domestic demand for corn will decrease and will rise again in the second half of MY 2011/12. Imports of feed wheat have been increasing significantly in the first half of MY 2011/12, at the expense of corn imports, however since local corn stocks will decrease during the year combined with an expected high harvest of corn from the U.S., it is expected that corn imports will increase in the second half of MY 2011/12.

In recent years, corn is imported mainly from the U.S., Ukraine, and Russia. It is estimated that corn imports from Russia and Ukraine will increase significantly in MY 2011/12 reducing the American share which is expected to total 35 percent.

MY 2012/13 Outlook – If feed wheat supplies remain at MY 2011/12 levels and world corn production does not decrease significantly, corn imports into Israel are projected to total about 0.97 million tons, a two percent increase from the previous year and the U.S. share is likely to total about 36 percent, with Ukraine and Russia supplying the rest. The slight increase is mainly due to the expected annual population growth in Israel.

On the other hand, if Russia and Ukraine experience shortages of grains (as happened in MY 2010/11) and world corn production stays at MY 2011/12 levels, total corn imports into Israel are

forecasted to increase and total about 1.25 million tons in MY 2012/13. The American share would increase to about 60 percent.

MY 2010/11 - U.S. exporters were able to capitalize on the shortage of grains, wheat and barley from Ukraine and Russia to meet the feed mills' demand. According to the Israeli Ministry of Agriculture data, this led to a record import demand of 1,300 MT of corn with U.S. corn accounting for 55 percent (715 tmt) of it for an increase of 60 percent from 2009/2010.

Post uses the Israeli Ministry of Agriculture data and verifies the data with Israeli importers, while the USDA is using U.S. Census trade data. This may explain the difference between the USDA 2010/11 import figure and Post figure (1,050 USDA, 1,350 Post figure).

Import Trade Matrix Israel Corn			
Time Period	MY	Units	1,000 MT
Imports for	2009/10	Imports for	2010/11
U.S.	321	U.S.	715
Ukraine and Russia	619	Ukraine and Russia	585
Others not Listed	0	Others not Listed	0
Grand Total	940	Grand Total	1,300

Stocks:

Due to high imports of corn in MY 2010/11, corn stocks reached 47,000 tons. However, since imports of feed wheat and barley from Ukraine and Russia are expected to increase in MY 2011/12, at the expense of corn imports, corn stocks are expected to decline to 28,000 tons in MY 2011/12.

Production, Supply and Demand Data Statistics:

Corn Israel	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	1	0	1		1
Beginning Stocks	56	56	46	47		28
Production	0	1	0	1		1
MY Imports	1,050	1,300	1,100	950		970
TY Imports	1,050	1,300	1,100	950		970
TY Imp. from U.S.	679	715	0	330		350
Total Supply	1,106	1,357	1,146	998		999
MY Exports	10	0	0	0		0
TY Exports	10	0	0	0		0
Feed and Residual	950	1,215	1,000	880		890
FSI Consumption	100	95	100	90		90
Total Consumption	1,050	1,310	1,100	970		980

Ending Stocks	46	47	46	28		19
Total Distribution	1,106	1,357	1,146	998		999
1000 HA, 1000 MT, MT/HA						