



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

Agri-Food COUNTRY PROFILE

Israel

July 2004



Canada

Israel

AGRI-FOOD COUNTRY PROFILE

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Executive Summary

- The Israeli Economy is open and modern, featuring a well developed high tech sector. Israel is home to one of the worlds most skilled and educated work forces.
- Israel's most remarkable economic accomplishment has been the rate at which the economy has grown. Israel's export market has expanded from \$5.6 billion in 1985 to \$27.7 billion in 2003.
- In 2003 Israel reported a trade deficit of US\$6 billion, the lowest since 1991.
- The Israeli economy has shown strength in light of current economic and political hurdles.
- Foreign Affairs Canada and The Federation of Israeli Chambers of Commerce both consider 2004 to be a turning point for the economy as they report emerging opportunities in telecommunications, energy, oil and gas, agri-food and fish.
- Knowledgeable connected representation is the key to the Israeli marketplace. Reputable representation serves to minimize risk while doing business in Israel.
- Market access priorities for 2004 seek to expand the Canada-Israel Free Trade Agreement product coverage and secure long term opportunities for Canadian agri-food products.
- Israel offers a sophisticated and diversified market for agri-food products. Israel's total agri-food imports amount to \$US 3 billion per year.
- Canada's main competitors in Israel are the European Union accounting for nearly 35% of two way trade, and the United States with 30% of two way trade.

The Government of Canada has prepared this report based on primary and secondary sources of information. Readers should take note that the Government of Canada does not guarantee the accuracy of any of the information contained in this report, nor does it necessarily endorse the organizations listed herein. Readers should independently verify the accuracy and reliability of the information. This report is intended as a concise overview of the market for those interested in its potential and is not intended to provide in-depth analysis which may be required by the individual exporter.

Israel

COUNTRY PROFILE

Economy

The Israeli Economy is open and modern, featuring a well developed high tech sector. Israel is home to one of the worlds most skilled and educated work forces. This workforce has spurred a shift from a heavy industry focus, to the production of higher value products.

With considerable help from foreign aid, government assistance and massive immigration, Israel has developed its economy considerably in the past 25 years. Over this time, Israel's economic perspective has shifted towards greater market orientation and an openness to the world economy.

In 2000 and 2001 the Israeli economy contracted. This was in part due to Palestinian conflict and a decrease in global demand for high tech industry output. The security situation has also negatively impacted many sectors, but the hardiness of Israel's new economy promises a slow but steady recovery. Budget cuts, privatization, investment in infrastructure as well as tax cuts make up an economic reform strategy that has lead to economic growth of 1.2% in 2003.

Overview

Israel's per capita Gross Domestic Product (GDP) was approximately US\$17,505 in 2001, US\$15,782 in 2002 with recent data reporting an increase to US\$16,244 in 2003, with projections of US\$16,657 in 2004. These fluctuations follow a worldwide economic downturn and slow recovery. Deterioration in security conditions coupled with an economic slump effected all sectors, especially Israel's fast growing high tech sector.

Key sectors in the Israeli economy are information and communication technology, environment,

agriculture, biotechnology and transportation. It is estimated that nearly 33% of the workforce is employed in the services sector, delivering public, community and personal services. Industry accounts for 17% of the workforce while the agricultural sector employs 2%.

Israel's most remarkable economic accomplishment has been the rate at which it has grown. Israel's export market has expanded from US\$5.6 billion in 1985 to US\$27.7 billion in 2003. This growth occurred while combating the challenges of: national security, the absorption of immigrants, establishing modern infrastructure and providing quality public services. Growth during challenging times such as these speaks volumes for Israel's market potential.

Current situation

It seems that whatever the political environment, the Israeli economy continues to develop and display resilience. However,

In 2003 Israel reported a trade deficit of US\$6 billion, their lowest deficit since 1991. In response to this negative balance, the government has established economic reforms, foreign investment incentives such as grants and tax exemptions, as well as free trade agreements with many countries, including Canada. These reforms seek to address the trade balance, as well as, challenges such as inflation and unemployment.

Unemployment increased to 10.7% in 2003 due to high immigration rates as well as a rise in female participation in the labor force. During economic downturns families required an additional wage earner - the "added worker" economic phenomenon ensued. However the 2003 economy displayed promise through a rise in the number of

employees and an increase in number of hours worked.

| Gross Domestic Product | |
|-------------------------------|-------------------|
| GDP (2003) | US\$108.7 billion |
| GDP growth | 1.3% |
| GDP per capita | US\$16,244 |
| GDP by Sector (2002) | |
| Services | 66% |
| Industry | 31% |
| Agriculture | 3% |

Government Role

The Israeli government plays an active and interested role in the economy. The government economic program seeks to revive the economy through fiscal restraint, foreign investment incentives and the promotion of trade.

Infrastructure including transportation, energy generation and distribution, water treatment and telecommunications, is a priority for the Israeli government.

Forecast

The Israeli economy has shown strength in light of current economic and political hurdles. The Federation of Israeli Chambers of Commerce consider 2004 to be a turning point for the economy. Their projections call for the stabilization of key economic factors in the first half of 2004, where growth is projected to reach 1.8% in the second half of the year. GDP per capita is expected to remain steady. These projections are reliant on world trade and global economic recovery fueling a demand for Israel's economic output. In addition to this economic outlook, Foreign Affairs Canada reports emerging opportunities in telecommunications, energy, oil and gas, agri-food and fish.

The recovering economy paired with spending restraint will push deficits down in 2004, although the overall picture of the deficit will still remain high projected at 2.9% of GDP in 2005. Export driven growth will cause real GDP expansion in 2005, while inflation is forecasted to increase slightly but remain at a low rate.

Consumer Market

There are 1.2 million households in Israel. Roughly 90% of Israel's population resides in urban communities. Seven out of ten Israeli's own their own home. Average household size is 3.5 persons and average household income is over US\$28,000. Israel's per capita purchasing power sits at around US\$16,000. This is a decrease from past years, and this decrease has caused the Israeli consumer - traditionally price sensitive, to become more price sensitive. Food consumption accounts for approximately 20% of total household expenditure, as the average Israeli spends over \$2,000 on food annually. Roughly one fourth of total food expenditure going to fresh fruit and vegetable purchases. Housing accounts for 22%, transport and communications 19%, and education, culture and entertainment at 14%.

Slowly Israel has adjusted into a more Westernized society. Consumers seek the accessories of a Western lifestyle such as private automobiles, cell phones and malls. Even Kibbutzim; a lifestyle featuring social and economic unity, is diversifying production and featuring tourist facilities and outlet stores. Israel consumers are rapidly changing their shopping habits moving away from frequent visits to smaller local shops towards supermarkets. Over 40% of consumers buy their groceries at supermarkets. However, consumers do purchase specific items in different venues. Internet and telephone based sales of food and other goods has recently increased, this is partially due to some individuals reluctance to shop in public places due to security issues.

Israel has a healthy population growth rate of 1.39% annually. Population growth in Israel is fuelled by immigration. New immigrants to Israel come predominantly from eastern Europe and the former Soviet Union. Since 1987, more than one million immigrants have come from the former Soviet Union and have brought with them a wealth of technological skills. Roughly 70,000 people immigrate to Israel each year, a figure which is expected to continue for a number of years.

On a more specific note the Israeli food market is exhibiting a trend towards convenience foods as Israeli consumers are eating more prepared food, fast foods and snacks.

An important consideration when dealing with the Israeli consumer is kashrut, or kosher foods. Approximately 60% of the countries 5 million Jewish population consumes only kosher foods. Although Israel has 750 000 non-Jewish residents food requirements for the Muslim, Druze, Arab and Christian consumers are similar. Most foods on store shelves have a kosher label and those that don't cater to a very small segment of the population. The kosher consumer does not shop in stores that sell non-kosher products. The large consumer chains and many smaller stores therefore do not carry these goods. The large food processing plants also do not use non-kosher raw material in order to not jeopardize this market segment. The institutional food market only carries Kosher foods. By complying with Kosher requirements, exporters maximize market presence and consumer exposure.

| Major Cities | |
|---------------------|---------|
| Jerusalem | 639,000 |
| Tel Aviv | 354,000 |
| Haifa | 266,000 |
| Beer Shava | 200,000 |

| Demographics | |
|-------------------------|-----------|
| Total Population | 6,794,900 |
| Population Growth Rate | 1.39% |
| Breakdown by Age | |
| 0-14 yrs | 27% |
| 15-64 yrs | 63% |
| 65 yrs and over | 10% |
| Life Expectancy | |
| Male | 77 yrs |
| Female | 81 yrs |
| Total | 79 yrs |

Geography

Israel is located in the Middle East bordering the Mediterranean Sea, Egypt, Jordan, Syria and Lebanon. Israel has a total land area of 20,770 sq km. Israel proclaimed its capital Jerusalem, but Tel Aviv is considered the major population, financial, commercial and industrial centre.

The landscape is generally hilly and arid. The climate is predominantly hot and dry with desert areas in the east and temperate conditions in the west. There is a significant difference in climate from the winter to the summer. From April to October the climate is hot and humid with no rain. Sand storms are not uncommon in the spring and summer. From November to March the temperature is much cooler and there is a significant amount of rain. The overall climate requires a significant amount of land to be irrigated in order to produce agricultural products.

Natural resources include timber, potash, copper ore, natural gas, phosphate rock, magnesium bromide, clays and sand.

Infrastructure

Israel is currently upgrading infrastructure including transportation, energy generation and distribution, water treatment and telecommunications. At a time when budget constraints and reforms are the economic tone, it is evident infrastructure is a priority when billions have been allocated to complete projects like the national railway network.

Israel currently enjoys an advanced level of infrastructure that still requires ongoing government investment and commitment to development. A modernized railway system still in development currently runs between main cities like Jerusalem, Tel Aviv, Beer Shava and Haifa. Also, an extensive road network links the country.

Israel's port authority owns and operates the three main and monopolistic ports in the country - Haifa, Ashdod and Eilat. These three ports handle 98% of Israeli imports and exports on a year round basis.

Israel national and international telecommunication systems are highly advanced. This level of advancement is a direct result of the high tech sector dominance within the country providing advanced solutions at home.

Jerusalem is home to the Knesset (legislative body). Tel Aviv and its greater area embodies the major population, and houses most industrial and agricultural organizations as well as the stock exchange. Tel Aviv is the hub for rail and road travel within the country.

Distribution and Sales Channels

The retail market in Israel is comprised of supermarkets, convenience stores, specialty shops, and outdoor markets. Over 40% of consumers buy their groceries at supermarkets comprising 60% of retail food sales. However, consumers do purchase specific items in different venues. There are 470 supermarkets in Israel which are primarily

controlled by three chains. Super-Sol Ltd. operates over 140 stores in various formats including large supermarkets, discount food stores, club member superstores and many more. Blue Square Ltd. Is Super-Sol's major competitor with 170 stores including 12 mega hypermarket outlets. With over 160 stores, Clubmarket Ltd is the third largest food chain, like its competitors it operates in various formats.

Prospective exporters hoping to enter the Israeli market often look to the help of intermediaries experienced in particular markets. Knowledgeable connected representation is the key to the Israeli marketplace. Establishing distribution channels with the assistance of reputable representation also serves to minimize risk in a country with a current situation such as Israel.

Israel has a diverse import system with small two to three person operations that contract out distribution, to large companies that offer full marketing and logistical services. Most importers prefer exclusivity, particularly for new products. However, large international firms often use multiple importers for distribution.

An exporter to Israel can decide on an agent or distributor depending on the amount of control they wish to have over distribution.

It is also important to keep in mind the strict marking and labeling requirements in Israel (see below). Also, when traveling to Israel for business pay attention to security. Travel reports are offered by Foreign Affairs Canada at <http://www.voyage.gc.ca> .

Documentation

Standard documentation includes a certificate of origin, a commercial invoice, a bill of lading as well as a kosher certificate.

Commercial invoices must contain the following:

- names and address of suppliers, seller and buyer;
- shipping information;
- detailed description of goods;
- quantity or measure;
- price value per unit;
- total gross and net weights of each package;
- total gross and net weights of shipment;
- terms of supply;
- rates of exchange;
- statement of all charges involved;
- total value of shipment;
- HS tariff number heading;
- country of origin;
- name of Israeli agent (if applicable);
- Israel import license (if applicable);
- signature of the manufacturer, consigner, owner or duty authorized agent.

Documents that need to be authenticated must first be notarized in Canada. The exporter endures no cost by sending the documents to International Trade Canada's Authentication and Service of Documents branch.

Labelling Requirements

Israel demands strict marking and labelling procedures. The following information should be included on all consumer packaging entering Israel:

- country of origin;
- name and address of the producer;
- name and address of the Israeli importer;
- contents;
- weight or volume in metric units.

Hebrew must be used. English lettering in the label may also be used, but English lettering cannot be larger than the Hebrew letters, and both must be identical in content.

It is critical that products that are not kosher do not use wording or symbols that could imply that the food is kosher. For more information consult the Canadian Food Inspection Agency Web site at <http://www.inspection.gc.ca> - consult section 4.16.

Due to the specific nature of labelling requirements, Canadian exporters are urged to consult with and Israeli authority to ensure all requirements are met.

Trade Agreements

The Canada Israel Free Trade agreement (CIFTA) which came into effect on January 1, 1997, improves market access for agri-food products of export interest for both Canada and Israel. For more information on the Free Trade Agreement between the Government of Canada and the Government of the State of Israel please consult <http://www.dfait-maeci.gc.ca>

Israel has developed numerous strong relationships in order to strengthen its position in international markets. The most crucial agreements being the Free Trade Agreements with the European Union, the United States and the European Free Trade Association. These agreements place Israel in a free trade partnering position with primary economic regions worldwide. In addition, Israel has recently engaged in a Free Trade agreement with Turkey, is a member of the General Agreement on Tariffs and Trade (GATT), and of the United Nations.

Investment

The Israeli government aims to implement fundamental economic reforms and offer foreign investment incentives to obtain the enormous investment required to counteract unemployment. Such incentives include special grants, as well as tax exemptions determined by geographic location of the investment.

Direct foreign investment in Israel dropped nearly 50% in 2002 to US\$1.6 billion. However, The ongoing Arab-Israeli conflict is a major obstacle in attracting foreign investment. The Israeli Chambers of Commerce project an increase in foreign investment in 2004 as the US economy is on a slow path to recovery.

Market Access

In recent years Israel has placed emphasis on opening up to the world economy through free trade agreements with many countries including Canada. These measures seek to reduce market barriers and tariffs.

The Canada-Israel Free Trade Agreement (CIFTA) implemented in 1997 has helped to double trade since its inception. Tariffs on almost all manufactured products have been eliminated. Agri-food has benefited with improved market access for agri-food products of export interest for both Canada and Israel. CIFTA presently grants duty-free access to Canadian exports of wheat, frozen berries, potato flakes, flour, corn, frozen vegetables and various dried peas and beans.

The Canadian Government has set market access priorities for 2004 to expand CIFTA to include other agricultural products, and secure longer-term opportunities for Canadian agri-food products in areas such as vitamins, potatoes and pet food.

Tariffs

The CIFTA improves market access for agri-food products. Certain CIFTA guidelines for specific agri-food products are as follows:

- annual duty-free tariff rate quotas of 200,000 tonnes of course grains, 9,000 tonnes of malt, 10,000 tonnes of pulse crops.
- preferential tariff rate of 14% on frozen berries.
- confectionary products are duty-free.

Value Added Tax

Excluding fresh fruit and vegetables, all imported products are subject to a value added tax (VAT) of 18%. VAT is levied on the cost of insurance and freight, landed cost plus purchase tax.

Certification Requirements

In Israel administrative requirements call for Israeli importers to have:

Special Certificate - Issued to importer by competent authority (eg. Ministry of Health for drugs, Ministry of Transport for vehicles)

Kosher Certificate - required in order for importers to market kosher food products. Exporters who wish to maximize their market presence should comply with Chief Rabbinate requirements. Please consult Canadian contacts at the end of this report for Kashrut authorities in Canada.

Imported food products are subject to standards issued by the Standards Institution of Israel (SII) and the Ministry of Health's Food Control Services.

Import Licenses

Import licences on food items have been removed. Although imported food items still require the approval of the Ministry of Health's Food Inspection Service. This agency is also responsible for labelling and packaging requirements. Plant material must be approved by the Plant Protection and Inspection Agency. Imported meat must be licensed by the Israel Veterinary Services (IVS) and originate in a processing plant approved by the IVS. Imported fish require a Certificate of Origin and Hygiene.

Israeli law requires that all meat imports be certified kosher by the Rabbinical Council of the Chief Rabbinate, or a body authorized by the

council. Only beef offal may be imported non kosher.

Market Constraints

Under the rules of the CIFTA, both Canada and Israel have agreed to let their rights and obligations in trade be governed by the agreements under the World Trade Organization.

Agricultural trade between Israel and Canada face a number of barriers in the form of quotas agreed upon in the CIFTA. However, these duty free quotas have been set well above historical trade levels in the hopes of expanding agricultural trade, particularly in the areas of grains, oilseeds and pulses. Although many duties have been eliminated, most imports are still subject to a value-added tax of 18% (excluding fresh fruit and vegetables).

Other market constraints to keep in mind is the price sensitive nature of consumers, as well as an increasing reluctance to shop in-store due to security concerns. Also, liberal import policies cause high levels of international competition in free trade. Finally, the US has tariff advantages over some Canadian agri-food products.

General Merchandise Trade

Israel's total trade was valued at roughly US\$62 billion in 2002. Israel maintained a negative trade balance of US\$4 billion in 2002.

Israel's gross exports of goods neared US\$29 billion in 2002. Over 90% of Israel's exports were Industrial products. Industrial exports were dominated by polished diamond. Agricultural exports accounted for roughly 2% of total exports with a value of US\$611 million. Citrus fruit dominated agricultural trade accounting for 10% of agricultural exports.

Israel's gross imports of goods totalled US\$33 billion in 2002. Imports of consumer goods were

valued at US\$4.3 billion, of which US\$1.8 billion were durable goods. Production inputs accounted for US\$23 billion of total imports. Investment goods represented US\$5.7 billion of all imports, US\$4.5 billion of that total consisted of machinery and equipment.

Agriculture And Agri-food Overview and Outlook

Arable land comprises 17% of the Israeli landscape. Due to the climate, Israel has about 600 000 acres of irrigated land. The agriculture sector contributes to 3% of GDP and employs 2% of the workforce.

Israel offers a sophisticated and diversified market for agri-food products. Israel's primary agricultural products are fruits and vegetables, and some dairy and poultry products. The primary imports to Israel are cereals, meat, fruit and vegetables. Approximately 80% of Israel's domestically produced agriculture goods come from two types of co-operative agriculture settlements: the Kibbutz, a collective entity based on co-operative principles; and moshav, a village of family businesses in which each household earns money from their own products but work as a collective co-operative when purchasing and marketing products.

Israel relies on imports to meet 95% of its grains and oilseeds demand, these crops are not commonly grown locally due to their dependence on water. Pulses, particularly chickpeas, lentils and dried beans are an important part of the local diet. Because the local landscape is not conducive to growing these crops Israel relies entirely on imports.

Agricultural Policy

Today, most of Israel's food is domestically produced, classifying Israel as relatively self sufficient in food production growing 95% of its food requirements. Certain product categories such as grain, oilseeds, meat, coffee, cocoa and sugar are supplemented through imports making up the remaining 5% of food requirements. Farm production within the country focuses on poultry, flowers, fruits and vegetables.

The main strategic goals of Israel's agricultural sector are to find solutions to issues arising from changes in production and marketing.

Production has seen cultivation move from the centre of the country to the south where it uses marginal amounts of water through irrigation.

Marketing calls for the implementation of new World Trade Organization agreements. These agreements will place Israeli agricultural producers in competition with worldwide colleagues. Israel's government and Ministry of Agriculture and Rural Development supports the effort being invested into research and development to identify existing advantages while realizing new ones to ensure producers can withstand and excel amongst worldwide competition.

Agri-Food Import Market Competitors

The Israeli agri-food import market is worth US\$3 billion per year. Imports of prepared food account for half of this total. Canada's main competitors in Israel are the European Union accounting for nearly 35% of two way trade, and the United States with 30% of two way trade. New trading partners such as Turkey and countries from the former Soviet Union have significantly increased their trade with Israel in recent years. The United States has traditionally maintained a strong presence in the Israeli agri-food market, having tariff advantages over some Canadian agri-food products.

Principal Import Sources

| | |
|---------------|-----|
| United States | 22% |
| Belgium | 8% |
| Germany | 7% |
| UK | 7% |
| Switzerland | 5% |
| Canada | 1% |

Principal Export Destinations

| | |
|---------------|-----|
| US | 39% |
| Belgium | 7% |
| Germany | 4% |
| UK | 4% |
| Hong Kong | 4% |
| Canada | 1% |

Canada - Israel Trade and Investment

Total merchandise trade between Canada and Israel was valued at over \$850 million in 2003. Canada exported \$240 million, while imports from Israel were valued at \$615 million. This resulted in a negative trade balance of \$375 million.

Paper mill product comprised 10% of Canada's total exports to Israel in 2003, followed by alumina and aluminum production and processing at 8%, petroleum refineries 7%, other industrial machinery and manufacturing 6%, computer and peripheral equipment manufacturing 4% and telephone apparatus manufacturing 4%.

Imports from Israel were dominated by jewellery and silverware manufacturing at 16%, telephone apparatus manufacturing 8%, and semiconductor and electronic - pharmaceutical and medicine - and aerospace product manufacturing activities combined to account for 17% of Israeli imports to Canada.

Canada and Israel enjoy a longstanding bilateral relationship rooted in Canadian support and commitment to Israel's security and welfare as an

independent democratic state. The Canada-Israel Industrial Research and Development Foundation is a strong indication of the collaborative efforts between countries promoting research and development backed by a \$10 million dollar fund.

| Canada - Israel Bilateral Trade | |
|--|----------------|
| Total trade | \$716 billion |
| Exports | \$381 billion |
| Imports | \$335 billion |
| Balance | \$47.5 billion |
| Canada-Israel Trade | \$855 million |
| Exports | \$240 million |
| Imports | \$616 million |
| Balance | -\$376 million |
| Canada-Israel Ag-Trade | \$34 million |
| Exports | \$12 million |
| Imports | \$22 million |
| Balance | -\$10 million |

Two way agricultural trade was valued at \$34 million in 2003. Canada's exports were valued at \$12 million in 2003 and imports from Israel were valued at \$22 million, resulting in a negative agricultural trade balance of \$10 million.

Rape or colza seeds for sowing accounted for \$2.3 million or 19% of Canada's agricultural exports to Israel in 2003. Canada's other principal exports were lentils (dried, shelled, weathered, skinned or split) \$1.4 million. Israel's lentil imports have increased with an annual average growth rate of 9% over the last five years. The harsh climate allows Israel to only produce 50 tonnes annually.

Pet food reached export totals of \$1 million. Canada is now the third largest supplier of pet food to the Israeli market. Although non-kosher pet foods sell well in the market, kosher brands provide a distinct advantage and will likely provide a huge market in the future.

Israel imported peas to a value of \$860 000, and finally coffee products at a value of \$680 000.

Imports from Israel were dominated by vegetable products. Peppers as well as frozen vegetables represented 26% of Canada's imports from Israel in 2003. Communion wafers 6.4%, cut flowers and flower buds for bouquets or ornamental arrangements 6% and grape wines 4% were other dominant import products.

Bulk exports to Israel totalled \$3.6 million in 2003. This is a considerable increase from the low values around the \$1 million mark in 2001 and 2002. This is in part due to the emergence of Rape or Colza seeds as a leading export destined for Israel. This bulk export was not imported by Israel from 2000-2003. It went from not being an export item at all to being the top export representing 19% of Canada's agri-food exports to Israel. The overall category of Oilseeds, seeds for sowing and fodder grew 7-fold, from \$435,801 in 2002 to an impressive \$3.14 million in 2003.

Intermediate exports to Israel have been the most consistent. They totalled close to \$4 million in 2003. This is the lowest total in the past four years, but the numbers tend to fluctuate less than those of Bulk and Consumer exports.

Consumer oriented exports to Israel totalled \$4.3 million in 2003. This is the lowest total after two years of decrease from their highest point of \$8.3 million in 2001.

Agriculture and Agri-Food Opportunities

The CIFTA has greatly improved market access for Canadian exporters, and brings our level of access to the Israeli market closer to that enjoyed by the US and European Union. With ongoing efforts to expand bilateral relations through CIFTA, much opportunity exists for all Canadian exporters.

Canadian agri-food products are well-positioned to penetrate the Israeli market. A significant number of Canadian food manufacturers produce kosher food products including bakery products and ingredients, confectionary products, fish (especially salmon), soybean meal, and packaged food products and meals.

In addition to pulses, non-durum wheat, barley and soya beans, which Canada has traditionally exported to this market, there are numerous and varied opportunities in the following areas:

- prepared foods-cereals, health snacks, savoury snacks, sauces and spreads.
- fish and seafood products-high-quality fish such as salmon, sole and seafood for the restaurant market.
- confectionary products-chocolates, gum candies, biscuits.
- bakery products-baked snacks and consumer ready dried food items.
- frozen meals, frozen fruits, especially frozen berries for the dairy industry.
- wines - market demand has risen substantially.

Canada wine, especially ice wines, are well paced and ready to develop a market share in Israel.

The private label market offers opportunities as well. Private labels represent 5% of the major super markets volume and is expected to double within the next year. Canadian private labels have enjoyed great success in the Israeli market over the past few years. Canadian private label pet food accounts for 8% of the private label pet food sales in Israel.

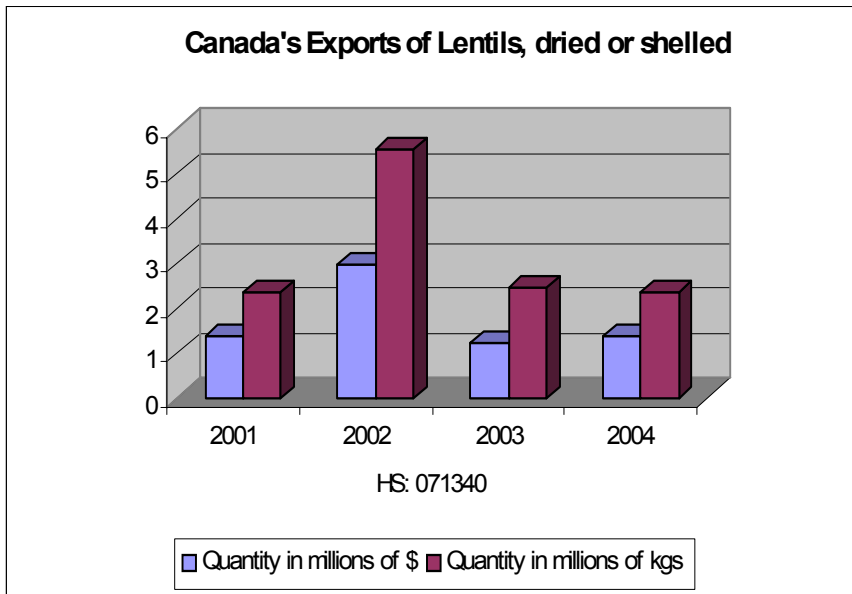
Canada's Exports to Israel

The following nine products represented 56% of Canada's agricultural exports to Israel in 2003. Data provided by STATS Can.



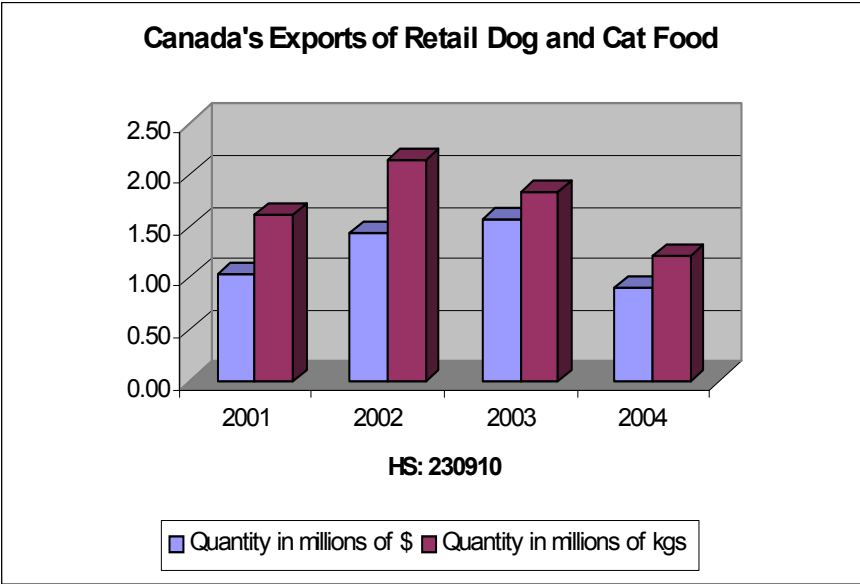
Export of Rape Colza seeds represented 19% of Canada's agri-food exports to Israel in 2003. Israel was Canada's 8th largest export market for this product.

Canada exported \$2.3 million dollars worth of Rape or Colza seeds to Israel in 2003, a drastic increase as none were exported in 2002.



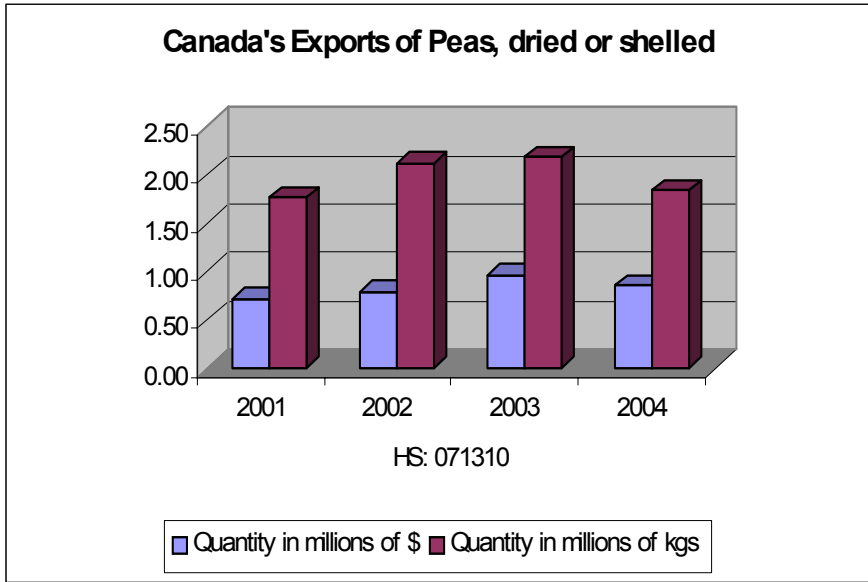
Export of lentils, dried or shelled represented 12% of Canada's agri-food exports to Israel in 2003. Israel was Canada's 26th largest export market for this product.

Canada exported \$1.4 million dollars worth of lentils, dried or shelled to Israel in 2003. This was an increase of approximately \$160 000 from 2002.



Exports of retail dog and cat food represented 8% of Canada's agri-food exports to Israel in 2003. Israel was Canada's 10th largest market for this product.

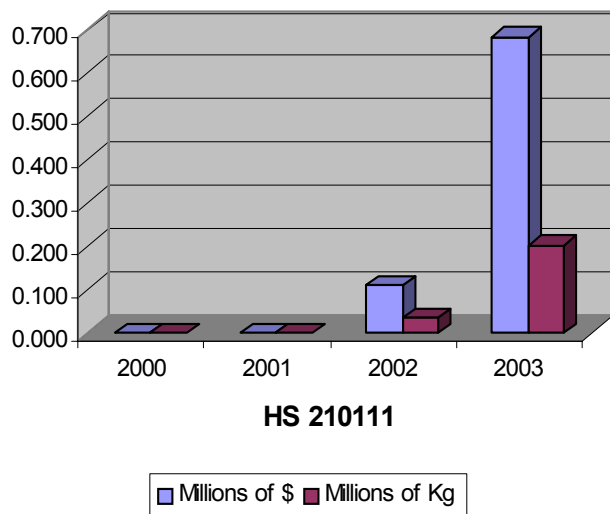
Canada exported \$908 680 worth of retail cat and dog food in 2003. This was a decrease of \$660 680 from 2002.



Export of peas, dried or shelled represented 7% of Canada's agri-food exports to Israel in 2003. Israel was Canada's 36th largest market for this product.

Canada exported \$857 393 worth in 2003. This was a decrease of \$115 522 from 2002.

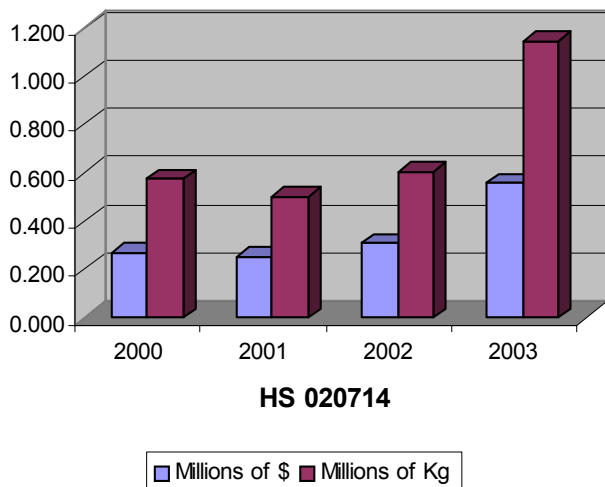
Canada's Exports of Coffee



Export of Coffee extracts represented nearly 6% of Canada's agri-food exports to Israel in 2003. Israel was Canada's 10th largest export market for this product.

Canada exported \$684 590 worth of coffee extracts to Israel in 2003. This was a substantial increase of over \$575 000 from 2002.

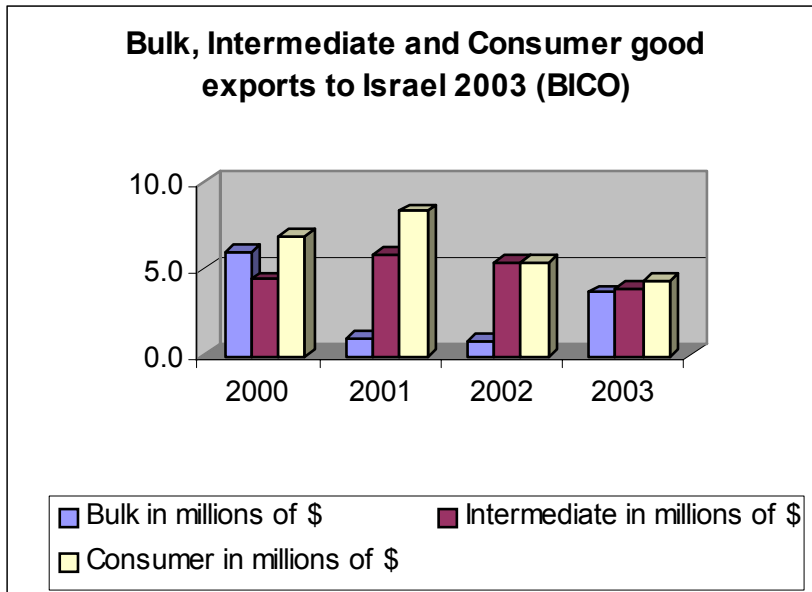
Canada's Exports of Soya Beans



Export of soya beans represented nearly 5% of Canada's agri-food exports to Israel in 2003. Israel was Canada's 23rd largest export market for this product. Canada exports \$556,374 worth in 2003, and increase of nearly \$250,000 from 2002.

Due to water shortages, Israel's domestic oilseed production is limited. Although US soybeans dominate the market, buyers are open to any quality supplier. Canadian exporters are therefore in a good position to compete.

Bulk exports to Israel totalled \$3.6 million in 2003. Intermediate exports to Israel totalled \$4 million, while consumer oriented exports to Israel totalled \$4.3 million. Consumer exports have declined steadily since a high of \$8.3 million in 2001.



Additional Information

| Promotional Venues | |
|---|--|
| <p>CONDI March 2003 (Annual) Tel Aviv Fairgrounds Tel Aviv, Israel 6th International Exhibition for the Bakery and Confectionery Industries</p> | <p>Eurokosher June 2003 (Annual) Le Salon Européen de l'alimentation Kasher Paris, France Internet: http://www.euro-kosher.com</p> |
| <p>KITEX May 2003 (Annual) Tel Aviv Fairgrounds Tel Aviv, Israel 16th International Exhibition of Supply and Technologies for Institutional Kitchens and Restaurants</p> | <p>Kosherfest November 2003 (Annual) Meadowlands Exposition Center Secaucus, N.J.</p> |
| <p>Agritech Israel 2003 May 2003 (Annual) Israel Trade Fair and Convention Centre Tel Aviv, Israel Israel Export Institute Internet: http://www.agritech.org.il</p> | <p>HOTEX Restaurant and Hospitality November 2003 (Annual) Tel Aviv Fairgrounds Tel Aviv, Israel</p> |

Canadian Contacts in ISRAEL

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Internet: <http://www.dfait-maeci.gc.ca/telaviv>

Canadian Commercial Corporation (CCC)

50 O'Connor St., Suite 1100
Ottawa, ON K1A 0S6
Tel.: 1-800-748-8191 or (613) 996-0034
Fax: (613) 995-2121
Internet: <http://www.ccc.ca>

Canadian International Development Agency (CIDA)

Industrial Co-operation Division (CIDA INC)
Place du Centre, 5th Floor
200 Promenade du Portage
Hull, QC K1A 0G4
Tel.: (613) 997-0563
Fax: (613) 953-5024
E-mail: info@acdi-cida.gc.ca
Internet: <http://www.acdi-cida.gc.ca>

Canadian Food Inspection Agency (CFIA)

59 Camelot Dr.
Nepean, ON K1A 0Y9
Tel.: (613) 225-2342
Fax: (613) 228-6653
E-mail: cfiamaster@inspection.gc.ca
Internet: <http://www.inspection.gc.ca>

Export Development Canada (EDC)

151 O'Connor St.
Ottawa, ON K2P 2L8
Tel.: 1-888-332-4593
Fax: (613) 598-6697
E-mail: export@edc4.edc.ca
Internet: <http://www.edc.ca>

Department of Foreign Affairs and International Trade (DFAIT)

125 Sussex Dr.
Ottawa, ON K1A 0G2
Internet: <http://www.dfait-maeci.gc.ca>

Authentication and Service of Documents (JLAC)

Tel.: (613) 992-6602
Fax: (613) 992-2467

Market Support Division (TCM)

Tel.: (613) 995-1773
Fax: (613) 943-1103

Middle East Division (GMR)

Tel.: (613) 944-6994
Fax: (613) 943-7975

Key Israeli Contacts

Agricultural Research Organization

Volcani Center
PO Box 6
Bet-Dagan, Israel 50250
Tel.: (972-3) 968-3111
Fax: (972-3) 966-5327
Internet: <http://www.agri.gov.il>

Ministry of Agriculture

Agricultural Centre
PO Box 50200
Bet-Dagan, Israel 50250
Tel.: (972-3) 948-5555
E-mail: pniot@moag.gov.il
Internet: <http://www.moag.gov.il/english>

Ministry of Foreign Affairs

Hakiryia, Romema
Jerusalem, Israel 91950
Tel.: (972-2) 530-3111
Fax: (972-2) 530-3367
Internet: <http://www.mfa.gov.il>

Food Control Services

Tel.: (972-3) 563-4781
Fax: (972-3) 562-5769

Ministry of Industry and Trade

30 Agron St.
PO Box 299
Jerusalem, Israel 91002
Tel.: (972-2) 622-0220
Fax: (972-2) 624-5110
Internet: http://www.moit.gov.il/tamas_en.asp

Department of Weights and Measures

Tel.: (972-2) 622-0601
Fax: (972-2) 560-5994

Israel Federation of Forwarders and Customs Agents

Tel Aviv, Israel
Tel.: (972-3) 563-1019
Fax: (972-3) 561-9027

Ministry of Health

2 Ben-Tabai St.
PO Box 1176
Jerusalem, Israel 91010
Tel.: (972-2) 670-5705
Fax: (972-2) 623-3026
E-mail: pniot@matat.health.gov.il
Internet: <http://www.health.gov.il/english.htm>

Israel Export Institute

29 Hamered St.
Tel Aviv, Israel 68125
Tel.: (972-3) 514-2830
Fax: (972-3) 514-2902
Internet:
<http://www.export.org.il/IsraelExportInstitute>

Federation of Israeli Chambers of Commerce

84 Hahashmonaim St.
Tel Aviv, Israel 67011
Tel.: (972-3) 563-1010
Fax: (972-3) 561-9027
E-mail: chamber@chamber.org.il
Internet: <http://www.chamber.israel.net>

Jerusalem Chamber of Commerce

10 Hillel St.
PO Box 2083
Jerusalem, Israel 91020
Tel.: (972-2) 625-4334
Fax: (972-2) 625-4335

Manufacturers Association of Israel

29 Hamered St.
PO Box 50022
Tel Aviv, Israel 61500
Tel.: (972-3) 519-8832
Fax: (972-3) 510-3154
E-mail: trade@industry.org.il
Internet: <http://www.industry.org.il>

Canadian Kashrut Authorities

Calgary Rabbinical Council

1607 90th Ave. SW
Calgary, AB T2V 4V7
Tel.: (403) 253-8600
Fax: (403) 253-7915

Khal Machzikei Hadas-Belz

5361 Hutchison St.
Montreal, QC H2V 4B4
Tel.: (514) 270-2460
Fax: (514) 272-8816

Montreal Vaad Hair

5491 Victoria Ave., Suite 117
Montreal, QC H3W 2P9
Tel.: (514) 739-6363
Fax: (514) 739-7024

Orthodox Rabbinical Council of British Columbia (BCK)

8080 Francis Rd.
Richmond, BC V6Y 1A4
Tel.: (604) 275-0042
Fax: (604) 277-2225

Ottawa Vaad Hakashrut

151 Chapel St.
Ottawa, ON K1N 7Y2
Tel.: (613) 232-7306
Fax: (613) 563-4593

Vaad Haeir of Halifax

1480 Oxford St.
Halifax, NS B3H 3Y8
Tel.: (902) 422-1301
Fax: (902) 422-7251

VAAD HA'IR of Winnipeg, Inc

#C306-123 Doncaster St.
Winnipeg, MB R3N 2B2
Tel.: (204) 487-9571
Fax: (204) 477-7405

Vaad Hakashruth Adas Yisroel

101 Frontenac Ave.
Toronto, ON M5N 1Z8
Tel.: (416) 783-1349
Fax: (416) 789-2849