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Israel

Oilseeds and Products

Annual

2004

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Report Highlights:
October 2003 thru May, 2004 saw a 17 percent increase in soybean imports compared to the same period in the previous year (from 399 tmt to 467 tmt). The U.S. market share for soybeans deceased by 83.6 percent for the same period of time (from 62.9 percent to 34.3 percent). The U.S. market share has decreased as a result of the increase in the Argentinean and Brazilian market share. This pattern is not expected to change in MY 2004, and the U.S. market share for soybean will stand at 35-40 percent.
Israel imports of oil meals in MY 2003 (from October 2003 thru May, 2004) increased by 151 percent compared to the same period in the previous year.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Tel Aviv [IS1]
[IS]

Executive Summary

Israel is totally dependant on imports for its soybeans. Data from October 2003 thru May, 2004 show that soybeans and oil meal imports have increased by 17 and 151 percent respectively, compared to the same period in the previous year.
The U.S. market share for soybeans deceased by 83.6 percent (from 251 tmt to 160 tmt), and the U.S. market share for oil meals dropped by 53.6 percent (from 30 tmt to 35 tmt). In recent years the American market share is effected by increased imports of soybeans from Argentina and Brazil.
Local soy meal prices in CY 2004 have reached a record high, climbing from $244/ton in January 2003 to over $425/ton in March 2004 (up 74 percent). Recently, Hi Pro 48 percent soy meals are used in Israel.
The Household expenditure survey for 2002 showed that 40.9 percent of the household expenditure for vegetable oils was spent on olive oil, and the monthly average household expenditure on vegetable oils totaled $5.27.

Oilseed, Soybean

Israel Oilseed, Soybean							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	137	87	70	50	77	70	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	500	580	770	630	0	620	(1000 MT)
MY Imp. from U.S.	306	259	675	290	0	295	(1000 MT)
MY Imp. from the EC	3	3	5	0	0	0	(1000 MT)
TOTAL SUPPLY	637	667	840	680	77	690	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	560	580	728	600	0	620	(1000 MT)
Food Use Dom. Consump.	5	35	25	5	0	10	(1000 MT)
Feed,Seed,Waste Dm.Cn.	2	2	10	5	0	10	(1000 MT)
TOTAL Dom. Consumption	567	617	763	610	0	640	(1000 MT)
Ending Stocks	70	50	77	70	0	50	(1000 MT)
TOTAL DISTRIBUTION	637	667	840	680	0	690	(1000 MT)
Calendar Year Imports	750	671	0	597	0	620	(1000 MT)
Calendar Yr Imp. U.S.	620	552	0	243	0	260	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

In Israel, there is essentially no production of oilseeds for crushing. Israeli sunflower seed for confectionery production in CY 2003 totaled 12,000 MT, of which 8,000 MT (66.6 percent) were exported, mainly to Spain. Approximately 16,000 MT of peanuts are produced for confectionery, of which 8,700 MT (54.4 percent) were exported in 2003. A small quantity of safflower seeds is grown as well. The planted area for sunflower and peanuts in CY 2003 totaled 7,250 and 4,000 ha, respectively. All oilseeds for crushing are imported. This condition is not expected to change, as production for crushing is not economical due to Israel's serious water shortage. Neither the partial replenishment of water reserves during the rainy 2002/3 and 2003/4 winters, nor the development of increased recycled water resources, will fundamentally change the situation for oilseeds production. Total peanuts and sunflower production value in CY 2002 decreased by 17.3, 22.3 percent, respectively, compared to the previous year (see tables 1,2).

Table 1: Peanuts Disposition, by Destination, $ Millions[1], Percent, Nominal Terms

CY	2002		2001	
	Value	Percent	Value	Percent
Local Markets	13.33	50.90	13.80	43.59
Delivery to Processors	2.13	8.13	2.40	7.58
Inter-Mediate Produce	0.91	3.47	1.60	5.05
Export	9.82	37.50	13.86	43.78
Grand Total	**26.19**	**100.00**	**31.66**	**100.00**

Source: Ministry of Agriculture and Rural Development, 2002 Annual Report.

Table 2: Sunflower Disposition, by Destination, $ Millions, Percent, Nominal Terms

CY	2002		2001	
	Value	Percent	Value	Percent
Local Markets	4.18	34.26	3.09	19.67
Delivery to Processors	0.00	0.00	0.00	0.00
Inter-Mediate Produce	0.2	1.64	0.38	2.42
Export	7.82	64.10	12.24	77.91
Grand Total	**12.2**	**100.00**	**15.71**	**100.00**

Source: Ministry of Agriculture and Rural Development, 2002 Annual Report.

Prices

Due to the high price of soybeans, it is likely that there will be a shift from soybeans to cheaper protein suppliers like gluten, sunflower and other substitutes. However, the substitutes' import quantity depends on their price level.

Table 3: Producer's Price for Israeli Peanuts and Sunflower, CY, $ Per Ton, Real Terms (2002=100.0)

CY	Peanuts		Sunflower	
	Price Per Ton	Percent Change Compared to the Previous Year	Price Per Ton	Percent Change Compared to the Previous Year
2000	1,119.3		1,005.3	
2001	1,141.1	1.9%	813.5	-19.1%
2002	1,128.0	-1.1%	1,002.4	23.2%
Average Price	**1,129.5**		**940.4**	

Source: Ministry of Agriculture and Rural Development, 2002 Annual Report.

[1] Exchange Rate, 1 USA Dollar=4.5 New Israeli Shekel.

Research & Development

Experiment with the sunflower varieties, conducted in CY 2003 in the upper Galilee area (northern parts of Israel), showed the advantages of the "Tarsis 1" and "Hazera 2048" varieties (see table 4).

Table 4: Yields and Revenues by Varieties, Sunflower Experiment, 2003

Varieties	Kg Per Ha	Revenue Per Ha, $	Origin	Remarks
D"I 3	2,048	2,382	Local	For Cracking
Sun (Shemesh)	2,113	2,312	Local	For Cracking
Omer	1,874	2,102	Local	For Cracking
Y. 2000	2,267	2,567	Local	For Cracking
Hazera 4	2,639	2,184	Local	For Cracking
Hazera 2005	1,943	1,637	Local	For Cracking
Hazera 2048	2,847	1,707	Local	For Peeling
Tarsis 1	2,862	2,570	American	Unknown
Tarsis 2	2,668	2,401	American	Unknown
Average	**2,362**	**2,207**		

Source: Field Crops Journal, Israel, April 2004.

Consumption

The consumption of oilseeds mainly soybeans, is derived from the demand for oil meals for livestock and poultry. Annual consumption of oilseeds by crushers is very close to total crushing capacity. Feed mix sales have increased by 2.10 percent: from 2,290.8 tmt in CY 2002 to 2,338.8 tmt in CY 2003. Production of the local livestock remained stable in 2003. Consumption of peeled soybeans reached its highest level ever.
A new facility for the production of soy muffins, cakes and strudels (without flour wheat, gluten and sugar) has been established and started operating recently. In addition, another facility ("San-Soy") for soy desserts for the local market has been established and started production in February 2004.
It is estimated that soymilk's share of the total milk sector will reach 15 percent in the forthcoming years.

Processing Plants

Three soybean processing plants are active, down from four two years ago.
The two main plants are: Solbar and Shemen Industries.
Solbar produces soy protein concentrate, textured soy products for industrial meat applications, vegetarian meat analogs, oils and animal feed. The oils and the animal feed products are delivered only to the local market. Until CY 2002, ninety percent of the total soybean imports were imported from the U.S. However, since CY 2003 U.S. market share is decreasing and has reached as low as 20 percent of the total. Almost 95 percent of the total soy proteins and soy isoflavones produced by Solbar are exported mainly to west and east Europe, China and other far-east countries. In order to increase the marketing effectiveness, Solbar opened marketing offices worldwide: U.S. (SOLBAR U.S.A), Europe (SOLBAR EUROPE), China, Singapore, and in Brazil. It will invest $12 million in a new plant in China, which will be built in the free trade area in south Shanghai. The plant is expected to start production at the end of 2004. The company shows an interest in building processing facilities in the United States and in Brazil.

Table 5: Solbar's Main Export Markets, CY, $ Thousand, in Real Terms 9/2003

Markets	2000		2001		2002		2003[2]	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent
U.S. & Canada	36.7	0.3	4,908.0	14	2,589.5	7	712.2	2
Europe	17,702.6	98	22,740.4	67	25,741.3	72	18,008.7	65
Asia	179.3	1	4,687.8	14	5,670.9	16	6,103.8	22
Other	122.9	0.7	1791.8	5	1,987.8	5	2,708.9	11
Total	**18,041.5**	**100**	**34,128.0**	**100**	**35,989.5**	**100**	**27,533.5**	**100**

Source: Solbar Industries LTD.

Table 6: Solbar's Main Markets, $ Thousand, in Real Terms 9/2003

Markets	Till 9/30/02	Till 9/30/03	2003 Percent Change Compared to 2002	2002 Market Share	2003 Market Share
Israel	33,682.2	44,587.3	32.38%	56.50%	61.80%
U.S. & Canada	1,562.4	712.2	-54.41%	2.62%	0.99%
Europe	17,972.2	18,008.7	0.20%	30.15%	24.97%
Asia	4,526.2	6,103.8	34.85%	7.59%	8.46%
Other	1,867.8	2,708.9	45.03%	3.14%	3.78%
Total	**59,610.9**	**72,120.9**	**20.98%**	**100.00%**	**100.00%**
Oils' Sector	32,238.4	41,643.3	29.17%	54.08%	57.74%
Proteins' Sector	27,372.4	30,477.5	11.34%	45.92%	42.26%
Total	**59,610.9**	**72,120.9**	**20.98%**	**100.00%**	**100.00%**

Source: Solbar Industries LTD.

Shemen Industries manufactures several types of edible oils, soybean meal, proteins and other high-value extracts. Shemen also imports soybean meals, corn oil, palm oil, cotton oil and olive oil in order to complete its line of products. The company is the only manufacturer of sunflower and canola oil in Israel. Shemen's soy products plant, SOYPROTEC is producing top-quality soy products from non-GMO beans. The plant produces soy isoflavones, soy protein concentrates, and textured soy protein. Almost 99 percent of the total soy products are exported, mainly to Europe. Soyprotec's monthly full capacity stands at 5 tmt. It is one of seven plants worldwide producing this type of product. There are talks between Soyprotec and US giant Cargill regarding the distribution of Soyprotec's products in Europe. SANSOY, another Shemen plant is also a brand new manufacturer of high quality soy desserts for the local retail market.

Table 7: Annual Local Soy Crushing Capacity, by Plants, CY 2003

Plant	Tons	Percent
1. Shemen	300,000	42.7
Of which: Soy-Protec	60,000	8.5
2. Solbar	247,200	35.1
3. Teth-Beth	156,000	22.2
Total	**703,200**	**100.0**

[2] 2003- Till September

Trade

Exports

Total value of confectionery peanut exports has decreased by 29.1 percent, from $13.86 million in CY 2001 to $9.82 million in CY 2002. Sixty percent of Israeli confectionery peanuts is exported to Italy, and 36 percent is exported to Belgium and Germany.
Total value of sunflower exports for confectionery decreased by 36.1 percent, from $12.24 million in CY 2001 to $7.82 million in CY 2002 (see tables 1,2). The Spanish share of Israeli sunflower seeds in CY 2002 increased by 1.1 percent compared to the previous year (from $9.89 million in CY 2001 to $10.27 million in CY 2002).

Imports

Data from October 2003 thru May, 2004 show a 17 percent increase in soybeans imports compared to the same period in previous year (from 399 tmt to 467 tmt). There was an 83.6 percent decrease in the U.S. market share for soybeans (from 251 tmt to 160 tmt - see tables 8,9,10,11). Soybean imports have decreased by 11.0 percent in CY 2003: from 669 tmt in CY 2002 to 596 tmt in CY 2003. The decreased quantity of soybeans is mainly a result of decreased demand from the Palestinian Authority (PA). It is also a result of decreased demand from the local livestock sector which remained stable in production volume but improved its feed conversion. The U.S. market share for imported soybeans in CY 2003 dropped by 50 percent compared to the previous year, from 552 tmt to 243 tmt. The drop in U.S. market share was a result of increased imports from Brazil, and Argentina. Two Israeli crushers (Solbar and Teth-Beth) often join forces in soybean imports, and sometimes grain millers are included in shipping arrangements. Crushers sometimes combine their soybean purchases and share vessels, however, individual plants also buy supplies on their own.

Table 8: Feed and Grains Import to Israel, MY, Thousand Metric Tons

MY	Soybeans	Gluten	Meals	Rape Sunflower	Other Substitutes	Total Import
1997	515	78	126	50	14	783
1998	636	87	126	72	22	943
1999	580	117	185	55	49	986
2000	617	132	124	67	51	991
2001	679	146	113	45	48	1031
2002	580	152	111	37	26	906
2002[3]	399	90	68	29	23	609
2003[4]	467	94	171	34	28	794

Source: Ministry of Agriculture, Office of Prices and Supply

[3] Till May 31, 2003
[4] Till May 31, 2004

Table 9: Imports Share of Total Import's Quantity, Percent, MY

MY	Soybeans	Gluten	Meals	Rape Sunflower	Other Substitutes	Total Import
1997	65.77	9.96	16.09	6.39	1.79	100.00
1998	67.44	9.23	13.36	7.64	2.33	100.00
1999	58.82	11.87	18.76	5.58	4.97	100.00
2000	62.26	13.32	12.51	6.76	5.15	100.00
2001	65.86	14.16	10.96	4.36	4.66	100.00
2002	64.02	16.78	12.25	4.08	2.87	100.00
2002 (May)	65.52	14.78	11.17	4.77	3.76	100.00
2003 (May)	58.82	11.84	21.54	4.28	3.53	100.00

Source: Ministry of Agriculture, Office of Prices and Supply

Table 10: U.S. Feed and Grains Import to Israel, MY, Thousand Metric Tons

MY	Soybeans	Gluten	Meals	Rape Sunflower	Other Substitutes	Total Import From the U.S.
1997	408	76	15	0	0	499
1998	551	87	33	0	4	675
1999	574	117	69	0	22	782
2000	497	126	40	0	33	696
2001	530	127	23	0	32	712
2002	259	148	36	0	10	453
2002 (May)	251	87	30	0	10	378
2003 (May)	160	87	35	8	17	307

Source: Ministry of Agriculture, Office of Prices and Supply

Table 11: U.S. Market Share of Total Import's Quantity, Percent

MY	Soybeans	Gluten	Meals	Rape Sunflower	Other Substitutes	Total Import From the U.S.
1997	79.22	97.44	11.90	0.00	0.00	63.73
1998	86.64	100.00	26.19	0.00	18.18	71.58
1999	98.97	100.00	37.30	0.00	44.90	79.31
2000	80.55	95.45	32.26	0.00	64.71	70.23
2001	78.06	86.99	20.35	0.00	66.67	69.06
2002	44.66	97.37	32.43	0.00	38.46	50.00
2002 (May)	62.90	96.66	44.12	0.00	43.48	62.07
2003 (May)	34.26	92.55	20.47	23.53	60.71	38.66

Source: Ministry of Agriculture, Office of Prices and Supply

Import Trade Matrix, Soybean

The following table summaries the Israeli soybean's import.

Import Trade Matrix Israel Oilseed, Soybean			
Time Period	**MY**	**Units:**	**tmt**
Imports for:	**2001**		**2002**
U.S.	530	U.S.	259
Others		Others	
Others	149	Others	321
Total for Others	149	Total for Others	321
Others not Listed	0	Others not Listed	0
Grand Total	679	Grand Total	580

Trade Policy

For details see GAIN report #IS3005.

Implications for U.S. exporters

Due to the high price of American soybeans compared to Argentinean and Brazilian soybeans, and the superior quality of the Argentinean and Brazilian soybeans, the U.S. share of soybeans is expected to remain stable or even decrease slightly in CY 2004.
A good opportunity for U.S. exporters lies in the export to Israel of soybean substitutes (gluten, sunflower and other substitutes). In addition, during November thru February, U.S. soybean exporters have a price and supply advantage over Brazilian soybean exporters.

Oil Meals

Israel Meal, Soybean							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Crush	560	560	728	575	0	600	(1000 MT)
Extr. Rate, 999.9999	0.792857	0.796429	0.789835	0.798261	0	0.791667	(PERCENT)
Beginning Stocks	5	5	5	10	0	10	(1000 MT)
Production	444	446	575	459	0	475	(1000 MT)
MY Imports	65	111	70	180	0	140	(1000 MT)
MY Imp. from U.S.	60	48	45	53	0	42	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	514	562	650	649	0	625	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	1	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	552	0	638	0	614	(1000 MT)
Feed Waste Dom. Consum	508	0	650	1	0	1	(1000 MT)
TOTAL Dom. Consumption	509	552	650	639	0	615	(1000 MT)
Ending Stocks	5	10	0	10	0	10	(1000 MT)
TOTAL DISTRIBUTION	514	562	650	649	0	625	(1000 MT)
Calendar Year Imports	65	96	0	141	0	160	(1000 MT)
Calendar Yr Imp. U.S.	50	30	0	46	0	52	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

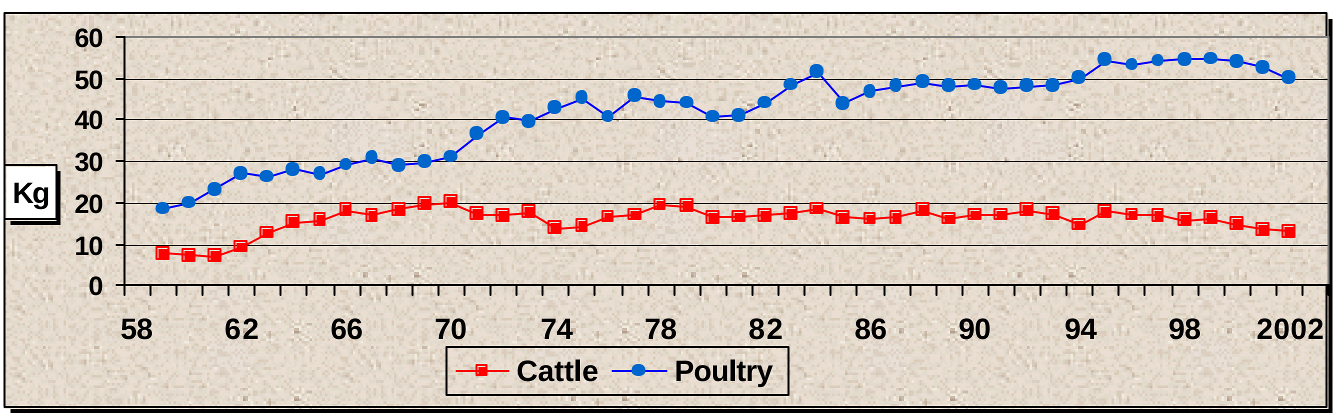
Production

Oil meal production is geared toward livestock consumption mainly poultry. It is limited by crushing capacity and complemented by imports. Israeli crushers can produce 44 and 48 percent soy meal. However, the local crushing plants cannot satisfy the growing demand for Hi Pro 48 percent meal. The shortage is satisfied by imports. Only broilers and calves are being fed with the 48 percent meal. Solbar is the only local producer of Hi Pro 48 percent soy meal (peeled soybeans).

The Broiler, Turkey, Beef and Dairy Cattle Industries

The broiler, turkey and cattle industries are the main consumers of oil meal.
The production volume of the local livestock sectors remained stable in 2003. In addition, soy meal prices during March 2004 increased by 61.5 percent compared to January 2003 (see table 12). Improved feed conversion will reduce the consumption of feed by local livestock. Due to the reasons mentioned above, it is likely that oil meals consumption in MY 2004 will decrease slightly. Broiler production in CY 2003 continued the recent trend of increased annual growth rate. Broiler production in CY 2003 was 3.3 percent higher than in the previous year and totaled 341,000 tons (live weight terms). Broiler production in CY 2002 was 7.7 percent higher than that in CY 2001. A different trend has occurred in the turkey industry. CY 2003 was the second consecutive year in which turkey production declined. Turkey production in CY 2002 has decreased by 7.4 percent, compared to that in the previous year (from 135,000 tons to 125,000 tons). Production in CY 2003 saw another decrease of 8 percent to 115,000 tons. The reduced turkey production is mainly explained by the changing consumer preferences. Consumers consider broiler meat tastier than turkey meat. The Israeli beef industry had grown in recent years while the Israeli dairy industry is going through a period of consolidation. Israeli milk production in CY 2003 totaled 1.1 billion liters, 2.76 percent lower than in the previous year. There are 115,000 dairy cattle in Israel and their annual average production of milk per milking cow stands at 9,761 liters. The annual local consumption of milk per capita stands at 100 liters. Local beef production in CY 2003 totaled 35,343 tons, 3,061 tons higher than CY 2002 (9.48 percent).
Total poultry meat consumption had increased constantly during the last 45 years. Per capita consumption grew from 18 kg in 1958 to 52 kg in 2001 and 50 kg in 2002. The 2 kg decrease between 2001 and 2002 is attributed to the economic recession in Israel and the steep deterioration in tourism as result of political unrest in the area. Due to the expected improvement in the economic situation in Israel, it is likely that poultry and cattle consumption will increase in CY 2004.

Chart 1: Annual Cattle and Poultry Consumption, Per Capita, Kg, Calendar year

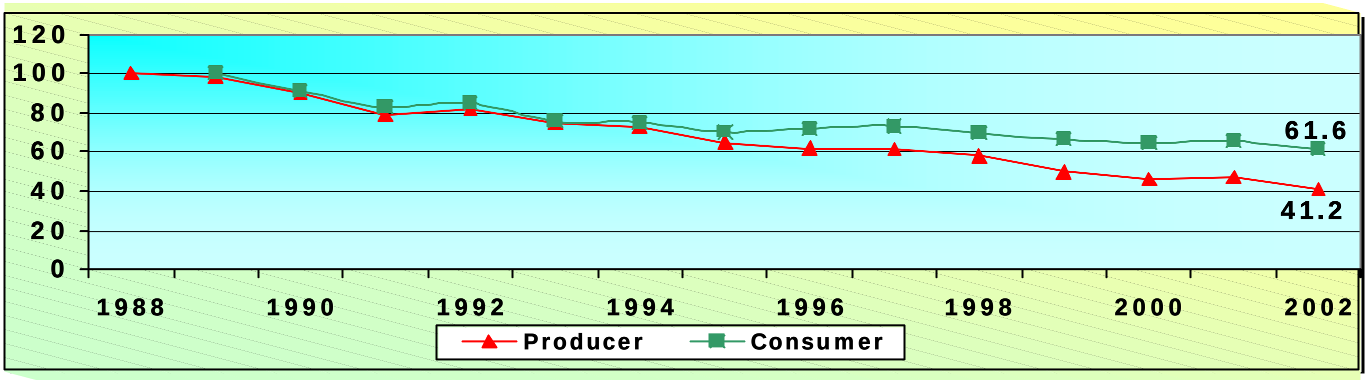


Source: Central Bureau of Statistics- Israel, Different Years.

Index prices of Broilers

The main reason for the increasing per capita consumption is the steep reduction in price for poultry meat in real terms. The reduction in real price for the producer and the consumer is not in the same proportion: in recent years the arbitration gap between the consumer price and the producer price has increased.

Chart 2: Index of Producer and consumer Prices for Broilers
(1988=100, producer), (1989=100, consumer)



Source: Central Bureau of Statistics- Israel, Different Years.

Soybean Meals Price

Prices for Soy meals in Israel increased significantly in CY 2003, and this pattern is expected to continue in CY 2004. The increase in prices is dictated by the price of soybeans on the Chicago Board of Trade.

Table 12: Monthly Average Price for Soy Meals, and Feed Mix, $ Per Ton

Months	Soy Meals	Percent Change Compared to Previous Month	Feed Mix For Broilers	Percent Change Compared to Previous Month	Feed Mix For Turkeys	Percent Change Compared to Previous Month
1/2003	244.0		242.7		234.9	
2/2003	242.9	-0.45	243.8	0.45	236.6	0.72
3/2003	240.4	-1.03	248.3	1.85	240.8	1.78
4/2003	241.5	0.46	250.9	1.05	243.1	0.96
5/2003	242.6	0.46	244.0	-2.75	235.8	-3.00
6/2003	246.1	1.44	244.8	0.33	236.8	0.42
7/2003	249.5	1.38	246.1	0.53	236.9	0.04
8/2003	251.1	0.64	246.1	0.00	237.1	0.08
9/2003	256.8	2.27	233.5	-5.12	246.5	3.96
10/2003	279.1	8.68	258.9	10.88	247.1	0.24
11/2003	356.5	27.73	277.7	7.26	269.7	9.15
12/2003	337.0	-5.47	281.5	1.37	282.3	4.67
1/2004	342.4	1.60	279.7	-0.64	286.0	1.31
2/2004	369.1	7.80	302.0	7.97	304.7	6.54
3/2004	394.1	6.77	315.0	4.30	315.1	3.41
4/2004	424.8	7.79	325.1	3.21	326.9	3.74
5/2004	410.0	-3.48	331.5	1.97	332.6	1.74
5/2004 Percent Change Compared to 1/2003	**68.03%**		**36.60%**		**41.60%**	

Source: Agricultural Statistics Quarterly, Israel.

Table 13: Sales[5] of Feed Mix, by Type, Thousand of Tons, CY

CY	For Cattle	For Poultry					For Sheep, Goats and Other Livestock	Grand Total
		Broilers	Layers	Turkeys	Other	Total		
2000	450.3	686.5	308.0	382.6	151.3	1,528.4	221.2	2,199.9
2001	459.8	744.0	299.0	389.4	149.0	1,581.4	273.4	2,314.6
2002	473.1	733.6	295.1	347.3	150.0	1,526.0	291.7	2,290.8
2003	490.0	723.1	306.8	329.7	174.2	1,533.8	315.0	2,338.8

Source: Agricultural Statistics Quarterly, Israel.

Table 14: Feed Mix Share Out of Total Feed Mix Quantity, Percent, CY

CY	For Cattle	For Poultry					For Sheep, Goats and Other Livestock	Grand Total
		Broilers	Layers	Turkeys	Other	Total		
2000	20.5	31.2	14.0	17.4	6.9	69.5	10.1	100.0
2001	19.9	32.1	12.9	16.8	6.4	68.3	11.8	100.0
2002	20.7	32.0	12.9	15.2	6.5	66.6	12.7	100.0
2003	21.0	30.9	13.1	14.1	7.4	65.5	13.5	100.0

Source: Agricultural Statistics Quarterly, Israel.

Trade

Exports

No exports of oilseeds or feed were recorded in 2003. Approximately 7-10 percent of the Israeli sales of feed mix is sold to the Palestinian Authority (PA), mainly for poultry, sheep and goats.

Imports

Oil meals (of all kinds) imports during October 2003 through May 2004 were 151.5 percent higher than in the same period in the previous year. The U.S. market share for imported oil meals (from October 2003 thru May 2004) decreased by 53.6 percent compared to the same period in previous year (see table 10,11). Due to the improved quality of Brazilian and Argentinean meals and the higher price of American meals, the U.S. share of oil meals is expected to remain stable or even decrease slightly in CY 2004.

[5] Including sales to Palestinian Authority, estimated at about 7%.
Excluding sales by feeding centers.

Import Trade Matrix, Meal, Soybean

The following table summaries the Israeli soybean meal imports.

Import Trade Matrix Israel Meal, Soybean			
Time Period	**MY**	**Units:**	**tmt**
Imports for:	**2001**		**2002**
U.S.	23	U.S.	36
Others		Others	
Others	90	Others	75
Total for Others	90	Total for Others	75
Others not Listed	0	Others not Listed	0
Grand Total	113	Grand Total	111

Trade Policy

For details see GAIN report #IS3005.

Implications for U.S. exporters

Due to the high prices of soybeans worldwide, the local grain millers and the processing plants prefer to import more Hi-Pro oil meals and not import soybeans as an ingredient for oil meals.

Vegetable Oils

PSD Table Israel Oil, Soybean							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Crush	560	560	728	575	0	600	(1000 MT)
Extr. Rate, 999.9999	0.178571	0.180357	0.179945	0.214783	0	0.2	(PERCENT)
Beginning Stocks	16	16	20	10	17	10	(1000 MT)
Production	100	101	131	123.5	0	120	(1000 MT)
MY Imports	14	10	10	10.5	0	11	(1000 MT)
MY Imp. from U.S.	2	0.3	1	0.3	0	0.4	(1000 MT)
MY Imp. from the EC	5	7	5	7	0	0	(1000 MT)
TOTAL SUPPLY	130	127	161	144	17	141	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	48	50	63	58	0	59	(1000 MT)
Food Use Dom. Consump.	60	65	78	74	0	72	(1000 MT)
Feed Waste Dom. Consum	2	2	3	2	0	1	(1000 MT)
TOTAL Dom. Consumption	110	117	144	134	0	132	(1000 MT)
Ending Stocks	20	10	17	10	0	9	(1000 MT)
TOTAL DISTRIBUTION	130	127	161	144	0	141	(1000 MT)
Calendar Year Imports	12	8	10	8.5	0	9	(1000 MT)
Calendar Yr Imp. U.S.	2	0.3	1	0.3	0	0.4	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Production

Soy, corn, olive, rapeseed and sunflower oils are produced in Israel. Vegetable oils are also imported as crude and refined domestically – both by crushers and by large manufactures of margarine, snacks and other food.

Consumption and Household Expenditure on Vegetables Oils

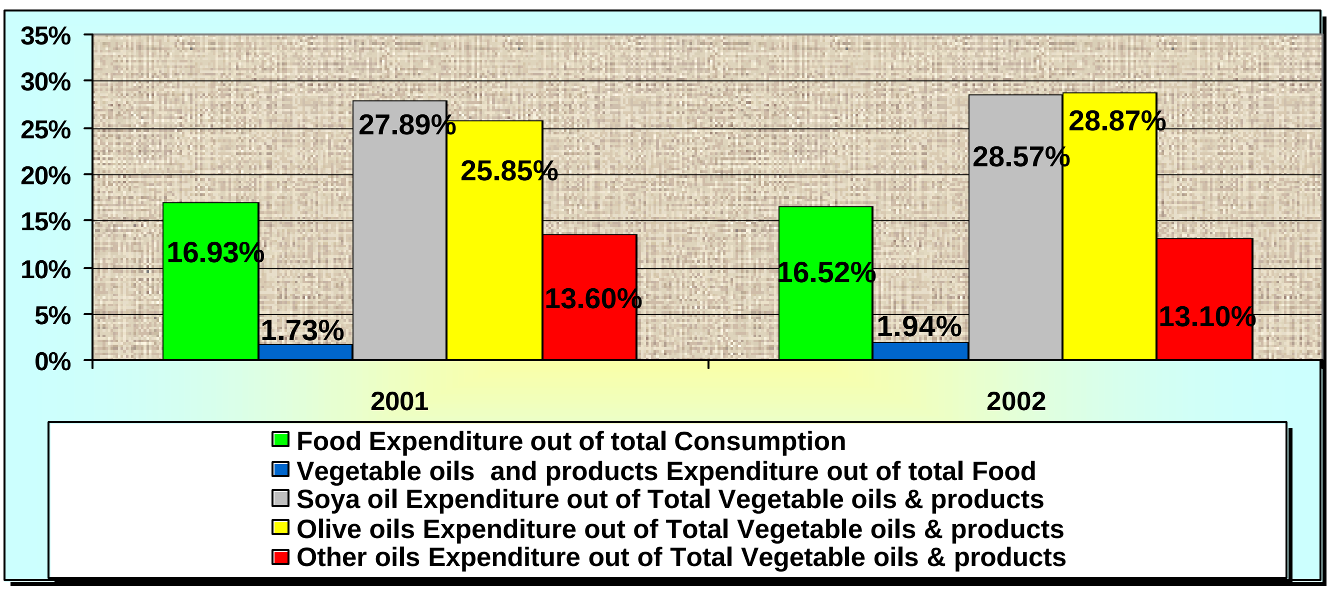
Consumption of vegetables oil has increased rapidly in recent years, especially olive oil. This trend is expected to continue in the future. The local consumption of vegetable oils in CY 2000 totaled 20.6 kg per capita, 45.1 percent higher than in CY 1996. The high growth rate is mainly explained by rapid growth of snack and fast food industries.
According to the Household Expenditure Survey for 2002, the monthly average expenditure for vegetable oils and products totaled $7.47, 14.4 percent higher than in the previous year. Out of the total vegetable oils expenditure $2.15 was for olive oil. This is 27.2 percent higher compared to the previous year. The vegetable oils and products' share out of the average household expenditure for food increased from 1.73 percent in 2001 to 1.95 percent one year later.

Table 15: Monthly Average Household Expenditure[6] on food, Vegetable oils and Products

	2001	2002	% Change
Food	378.22	383.77	1.47%
Of Which: Vegetable oils and products	6.53	7.47	14.39%
Soya oil	1.82	2.13	17.03%
Olive oil	1.69	2.15	27.22%
Other oils	0.89	0.98	10.11%
Sesame oil (tahina)	0.38	0.42	10.53%
Margarine	1.04	1.02	-1.92%
Mayonnaise	0.71	0.75	5.63%

Source: Household Expenditure Survey, Different Years, CBI

Chart 3: Monthly Average Household Expenditure in Israel, CY, Percent



Source: Household Expenditure Survey, Different Years, CBI

[6] Exchange Rate, 1 USA Dollar=4.50 New Israeli Shekel.

Table 16: Annual Local Consumption Per Capita, Oilseeds Products, Kg

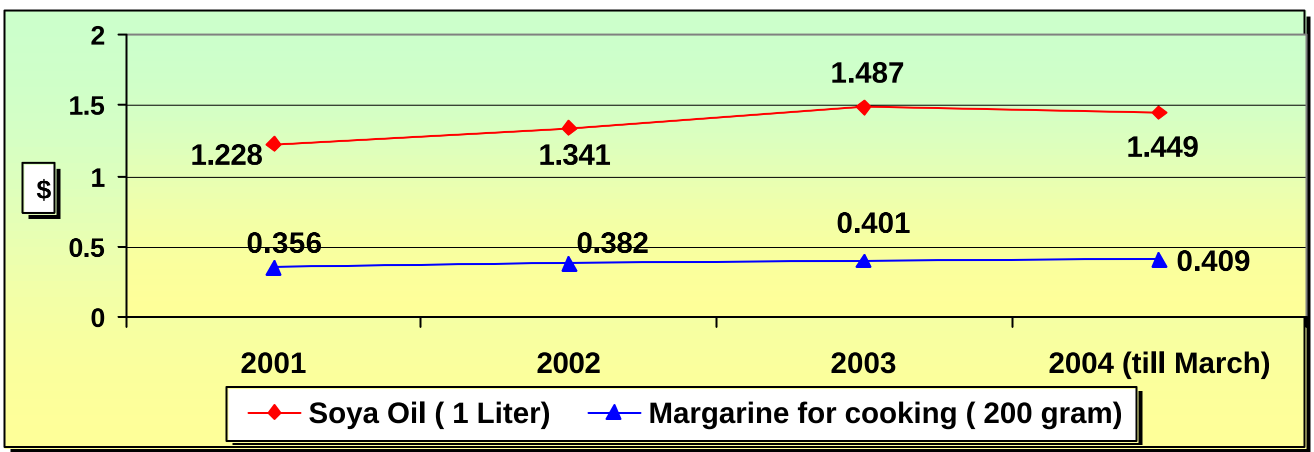
CY	Vegetable oils, refined, edible	Nuts	Sesame, Peanuts and Sunflower	Total
1996	14.2	2.7	3.2	20.1
1997	14.2	2.6	3.1	19.9
1998	17.7	2.8	2.5	23.0
2000	20.6	2.4	3.1	26.1
Average	**16.7**	**2.6**	**3.0**	**22.3**

Source: Central Bureau of Statistics, Statistical Abstract of Israel, Different Years.

Prices

Crushers use the price of oil to compensate for the lower price of protein meal, which is dictated by direct importation by the local feed millers. In the long-term, the price of soybean meals and oils is dictated by the CBOT price for soybeans; in the short-term component prices change according to market demand and supply. Local annual average retail prices for soy oil in CY 2003 increased by 10.9 percent compared to the previous year (see chart 4).

Chart 4: Annual Average Retailer Price, Nominal Terms, $, CY



Source: Price Statistic Monthly, Different Years, CBI.

Trade

Imports

Total value of vegetable oil product imports in CY 2002 is 0.1 percent lower than in CY 2001. It is down from $34.19 million in CY 2001 to $34.15 million in CY 2002.
Most purchases are based on spot transactions in the international market and not on long-term contracts.

Other Oils

Other oil imports in CY 2002 included palm oil in its various forms: $8.40 million, mainly from Singapore (47 percent). The palm oil imports during CY 2002 has increased by 48.6 percent compared to the previous year. The Sunflower and safflower imports in CY 2002 totaled $3.32 million, 0.9 percent higher than in the previous year.

Table 17: Imports of Soybean Oil and its Derivatives, whether or not refined, but Not Chemically Modified, CY, $ Thousands and percent

CY	Crude oil	Other	Total Value	Total Value Percent Change Compared to Previous Year
1996	3,229	1,109	4,338	
1997	792	2,856	3,648	-15.9%
1998	7,167	4,735	11,902	226.3%
1999	5,552	3,668	9,220	-22.5%
2000	2,139	2,211	4,350	-52.8%
2001	2,596	2,721	5,317	22.2%
2002	2,635	1,776	4,411	-17.0%

Source: CBI, Foreign Trade Statistics, Different Years.

Table 18: Imports of Soybean Oil and its Derivatives, whether or not refined, but Not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)				% of Total Imports			
Origin	**1997**	**1999**	**2001**	**2002**	**1997**	**1999**	**2001**	**2002**
France	0	52	0	1,036	0.00	0.56	0.00	23.49
Belgium	0	0	460	175	0.00	0.00	8.65	3.97
Netherlands	1,708	1,231	134	116	46.82	13.35	2.52	2.63
Italy	0	0	91	3	0.00	0.00	1.71	0.07
Spain	0	849	380	0	0.00	9.21	7.15	0.00
Portugal	440	0	0	0	12.06	0.00	0.00	0.00
Greece	0	1,117	1,507	1,197	0.00	12.11	28.34	27.14
Switzerland	1,116	600	206	1,281	30.59	6.51	3.87	29.04
Other Europe	0	3	77	0	0.00	0.03	1.45	0.00
Total Europe	**3,264**	**3,852**	**2,855**	**3,808**	**89.47**	**41.78**	**53.70**	**86.33**
U.S.	**3**	**4,013**	**1,543**	**1**	**0.08**	**43.52**	**29.02**	**0.02**
Argentina	381	1,351	919	602	10.44	14.65	17.28	13.65
Other	0	4	0	0	0.00	0.04	0.00	0.00
Total Out of Europe	**384**	**5,368**	**2,462**	**603**	**10.53**	**58.22**	**46.30**	**13.67**
Grand Total	**3,648**	**9,220**	**5,317**	**4,411**	**100.00**	**100.00**	**100.00**	**100.00**

Source: CBI, Foreign Trade Statistics, Different Years.

* Israel’s trade statistics are based on “country of purchase” which in many cases is different from the “country of origin”. Netherlands and Switzerland, which are large trading centers, appear in Israel’s statistics as suppliers of soybean oil, when actually only brokers are located there.

Table 19: Imports of Olive Oil and its Derivatives, whether or not refined, but not Chemically Modified, CY, $ Thousands and percent

CY	Virgin	Other	Total Value	Total Value Percent Change Compared to Previous Year
1996	962	11	973	
1997	1,091	191	1,282	31.7%
1998	4,457	274	4,731	269.0%
1999	4,592	809	5,401	14.1%
2000	6,443	310	6,753	25.1%
2001	6,114	775	6,889	2.0%
2002	5,479	1,722	7,201	4.5%

Source: CBI, Foreign Trade Statistics, Different Years

Table 20: Imports of Olive Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)				% of Total Imports			
Origin	**1997**	**1999**	**2001**	**2002**	**1997**	**1999**	**2001**	**2002**
France	0	47	0	103	0.00	0.87	0.00	1.43
Germany	7	75	31	23	0.55	1.39	0.45	0.32
Italy	173	288	502	442	13.49	5.33	7.29	6.14
Spain	888	1,539	3,207	4,563	69.27	28.49	46.55	63.37
Greece	15	4	396	73	1.17	0.07	5.75	1.01
Turkey	199	2,239	2,037	532	15.52	41.46	29.57	7.39
Other Europe	0	3	0	1	0.00	0.06	0.00	0.01
Total Europe	**1,282**	**4,195**	**6,173**	**5,737**	**100.00**	**77.67**	**89.61**	**79.67**
U.S.	**0**	**0**	**0**	**7**	**0.00**	**0.00**	**0.00**	**0.10**
Canada	0	0	43	0	0.00	0.00	0.62	0.00
Argentina	0	0	82	0	0.00	0.00	1.19	0.00
Ecuador	0	0	50	0	0.00	0.00	0.73	0.00
Egypt	0	39	57	400	0.00	0.72	0.83	5.55
Jordan	0	1,167	484	1,057	0.00	21.61	7.03	14.68
Total Out of Europe	**0**	**1,206**	**716**	**1,464**	**0.00**	**22.33**	**10.39**	**20.33**
Grand Total	**1,282**	**5,401**	**6,889**	**7,201**	**100.00**	**100.00**	**100.00**	**100.00**

Source: CBI, Foreign Trade Statistics, Different Years.

Table 21: Imports of Corn Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Origin, CY, $ Thousands and percent

	Value ($ Thousands)			% of Total Imports		
Origin	**2000**	**2001**	**2002**	**2000**	**2001**	**2002**
France	224	44	1,295	1.79	0.42	16.64
Germany	118	73	16	0.94	0.70	0.21
Italy	114	54	2	0.91	0.52	0.03
Belgium	25	82	38	0.20	0.79	0.49
Spain	126	416	0	1.01	4.00	0.00
Turkey	7,094	6,187	4,208	56.70	59.51	54.08
Netherlands	38	335	95	0.30	3.22	1.22
Other Europe	15	0	45	0.12	0.00	0.58
Total Europe	**7,754**	**7,191**	**5,699**	**61.97**	**69.17**	**73.24**
U.S.	**3,895**	**2,694**	**1,483**	**31.13**	**25.91**	**19.06**
Argentina	751	465	452	6.00	4.47	5.81
Other	112	46	147	0.90	0.44	1.89
Total Out of Europe	**4,758**	**3,205**	**2,082**	**38.03**	**30.83**	**26.76**
Grand Total	**12,512**	**10,396**	**7,781**	**100.00**	**100.00**	**100.00**

Source: CBI, Foreign Trade Statistics, Different Years.

Exports

Total vegetables oil exports value in CY 2002 is 61.8 percent lower than in CY 2001: it deteriorated from $6.07 million in CY 2001 to $2.31 million in CY 2002. The decrease in 2002 vegetables oils exports is mainly a result of decreased exports to Georgia and Turkey (see tables 24, 25).

Table 22: Exports of Olive Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Type, CY, $ Thousands and percent

CY	Virgin	Other	Total Value	Total Value Percent Change Compared to Previous Year
1996	370	16	386	
1997	361	108	469	21.5%
1998	50	52	102	-78.2%
1999	120	101	221	116.6%
2000	109	0	109	-50.7&
2001	171	25	196	79.8%
2002	132	37	169	-13.8%

Source: CBI, Foreign Trade Statistics, Different Years.

Table 23: Exports of Olive Oil and its Derivatives, whether or not refined, but not Chemically Modified, by Destination, CY, $ Thousands and percent

	Value ($ Thousands)				% of Total Imports			
Destination	**1999**	**2000**	**2001**	**2002**	**1997**	**1999**	**2001**	**2002**
Germany	37	5	44	0	16.74	4.59	22.45	0.00
Belgium	0	0	17	0	0.00	0.00	8.67	0.00
Italy	46	0	30	21	20.81	0.00	15.31	12.43
U.K.	0	0	3	10	0.00	0.00	1.53	5.92
Switzerland	0	0	0	17	0.00	0.00	0.00	10.06
Other West Europe	1	2	1	8	0.45	1.83	0.51	4.73
Russia	3	0	0	29	1.36	0.00	0.00	17.16
Total Europe	**87**	**7**	**95**	**85**	39.37	6.42	48.47	50.30
U.S.	**81**	**50**	**38**	**43**	36.65	45.87	19.39	25.44
Japan	17	7	29	23	7.69	6.42	14.80	13.61
Thailand	19	22	12	0	8.60	20.18	6.12	0.00
Other	17	23	22	18	7.69	21.10	11.22	10.65
Total Out of Europe	**134**	**102**	**101**	**84**	60.63	93.58	51.53	49.70
Grand Total	**221**	**109**	**196**	**169**	100.00	100.00	100.00	100.00

Source: CBI, Foreign Trade Statistics, Different Years.

Table 24: Exports of Soybean Oil and its Derivatives, whether or not refined, but Not Chemically Modified, CY, $ Thousands and percent

CY	Crude oil	Other	Total Value	Total Value Percent Change Compared to Previous Year
1996	0	172	172	
1997	3	702	705	309.9%
1998	9	1,391	1,400	98.6%
1999	0	169	169	-88.0%
2000	0	22	22	-87.0%
2001	1,126	2,696	3,822	1720.7%
2002	0	2	2	-99.9%

Source: CBI, Foreign Trade Statistics, Different Years.

Table 25: Exports of Soybean Oil and its Derivatives, whether or not refined, but Not Chemically Modified, by Destination, CY, $ Thousands and percent

	Value ($ Thousands)				% of Total Imports			
Destination	**1997**	**1998**	**1999**	**2001**	**1997**	**1998**	**1999**	**2001**
Netherlands	0	0	57	0	0.00	0.00	33.73	0.00
Turkey	0	0	0	1,465	0.00	0.00	0.00	38.33
Georgia	0	0	0	2,338	0.00	0.00	0.00	61.17
Other Asia	118	145	112	0	16.74	10.35	66.27	0.00
Jordan	575	1,248	0	0	81.56	89.14	0.00	0.00
Other	12	7	0	19	1.70	0.50	0.00	0.50
Grand Total	**705**	**1,400**	**169**	**3,822**	100.00	100.00	100.00	100.00

Source: CBI, Foreign Trade Statistics, Different Years.