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American Month: Explore the Israeli Food and Non-Food Market

The FAS Tel Aviv Office and SuperSal, the largest supermarket chain in Israel, are jointly organizing an American Month for processed food and non-food products. The event is scheduled for November 2006. SuperSal was founded in 1957 and is the oldest retail chain in Israel. The chain owns 220 stores throughout the country. Sales in 2005 exceeded \$1.9 billion and the number of workers exceeded 9,000 employees.

Over the last two years, the chain has undergone structural and personnel changes to adjust to changing market conditions and to increase competitiveness. The chain is now highly interested in ventures into new areas and with new products.

American manufacturers, traders and exporters of food and non-food products who are looking for new market opportunities are invited to offer their products to a developed, modern and fast-growing market. The main objective of this promotion is to introduce new American products to Israeli consumers. This promotional event will give the exporters the ability to conduct a market study and determine if Israeli consumers are willing to purchase the targeted products. Exporters will introduce new food and non-food products to the Israeli market, through the SuperSal chain. As part of the promotion, there will be lottery contests between the buyers. Prizes will include free air-tickets to the United States, discounts on purchases, and more.

The Israeli Market

Israel is a market of 6.9 million consumers with an average per capita GDP of \$17,600. The monthly household consumption expenditure in 2004 totaled \$2,320, of which 16 percent (\$378) was for food consumption. Private consumption expenditure on food, tobacco, and beverages exceed \$2 billion. In 2004, food imports of the same items totaled

\$985 million, of which the U.S share totaled \$268 million (27 percent). The main competitors are European suppliers who own fifty five percent of the market. In addition, foods from the Far East and Turkey have also carved out a significant market share. Private consumption expenditures generally have been growing faster than GDP. Recent political developments in the region and a new economic program have already ignited the recovery of the Israeli economy. Consumption is expected to grow faster than the general economy and, as with other Mediterranean countries, food is considered a central pillar of consumption and the relaxation culture.

The current exchange rate between the U.S. dollar and the euro continues to favorably impact U.S. market share, as European products become more expensive. Best prospects in the Israeli market are for fish and seafood products, frozen bakery products, breakfast cereals, nuts and dried fruits, powdered soups and sauces, wines, health and organic foods, tea, Juices, coffee, candies and frozen vegetables.

For the American Month in the SuperSal supermarket chain all products must be kosher.

If you would like to enter or expand your presence in this dynamic market, please contact:

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Sincerely yours,

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