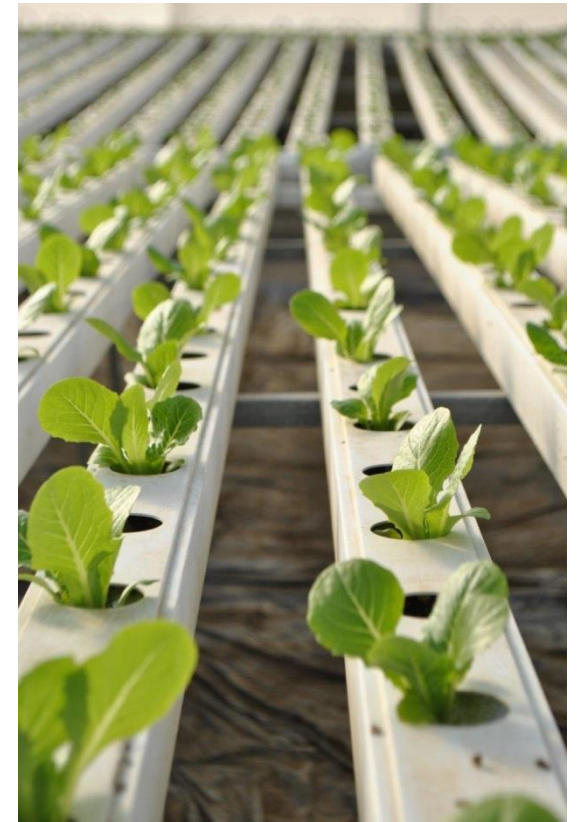


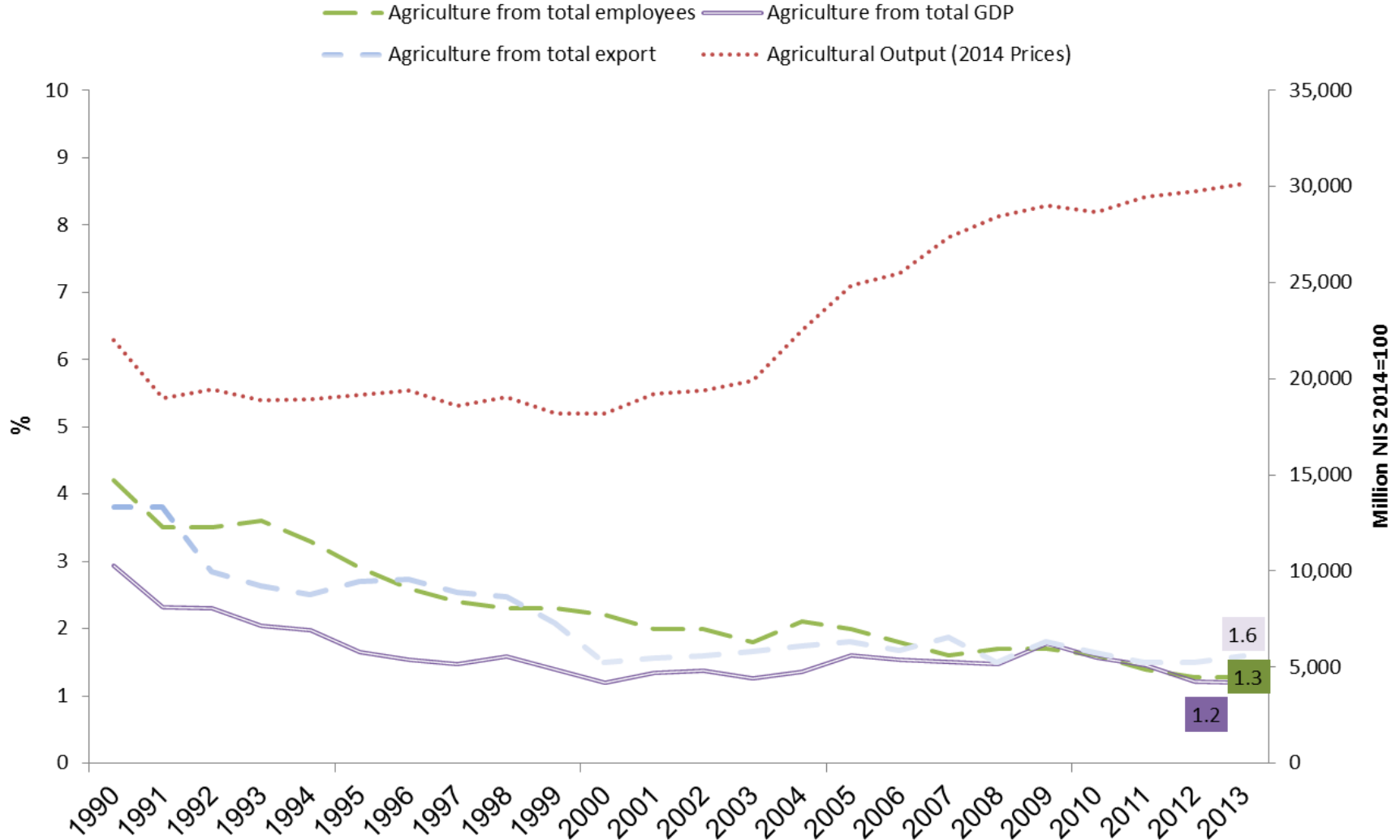


Agriculture in Israel

Seminar ENPARD 18-19.5.2016



Israel Agriculture in Figures

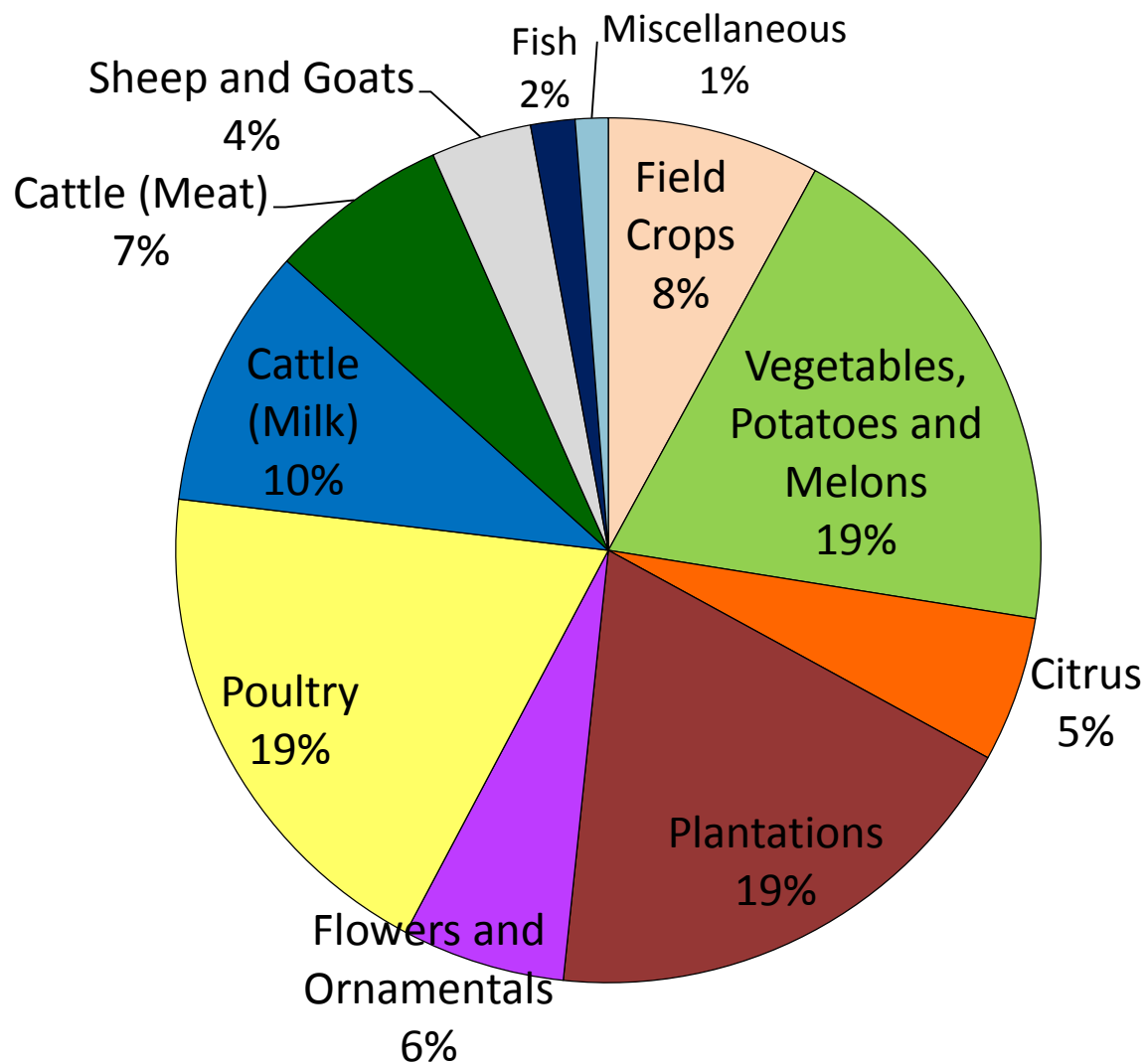


Source: Central Bureau of Statistics Israel



Value of Agricultural Output 2015

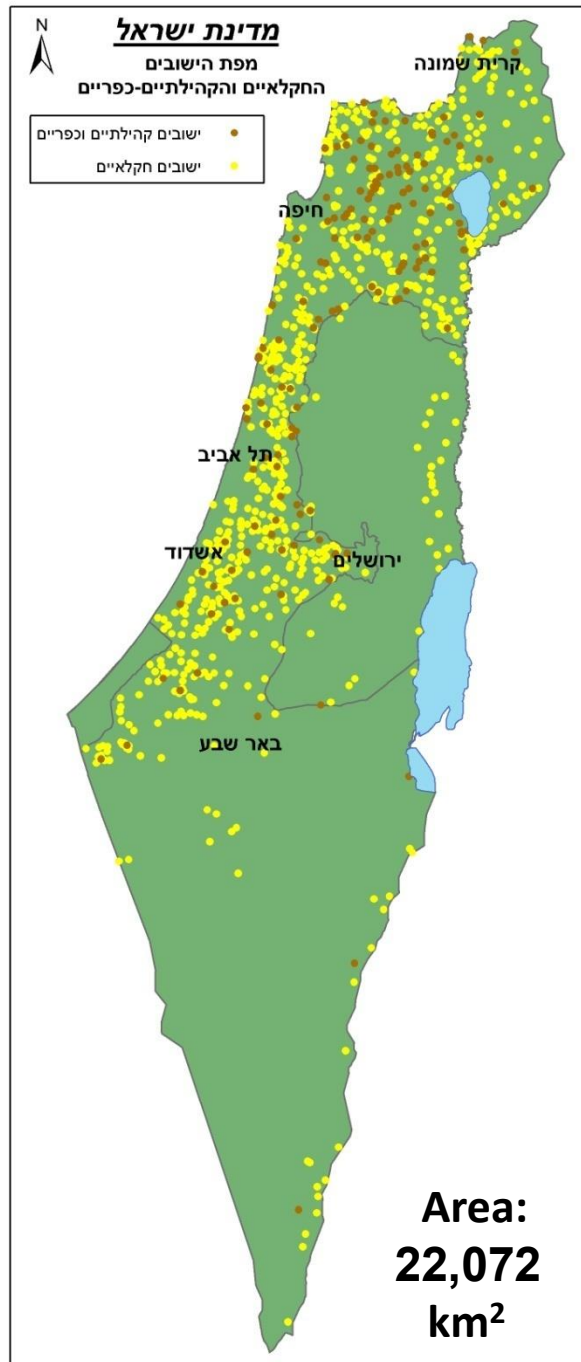
(Total: 29 Billion NIS)



Source: CBS 2015



Israeli Village

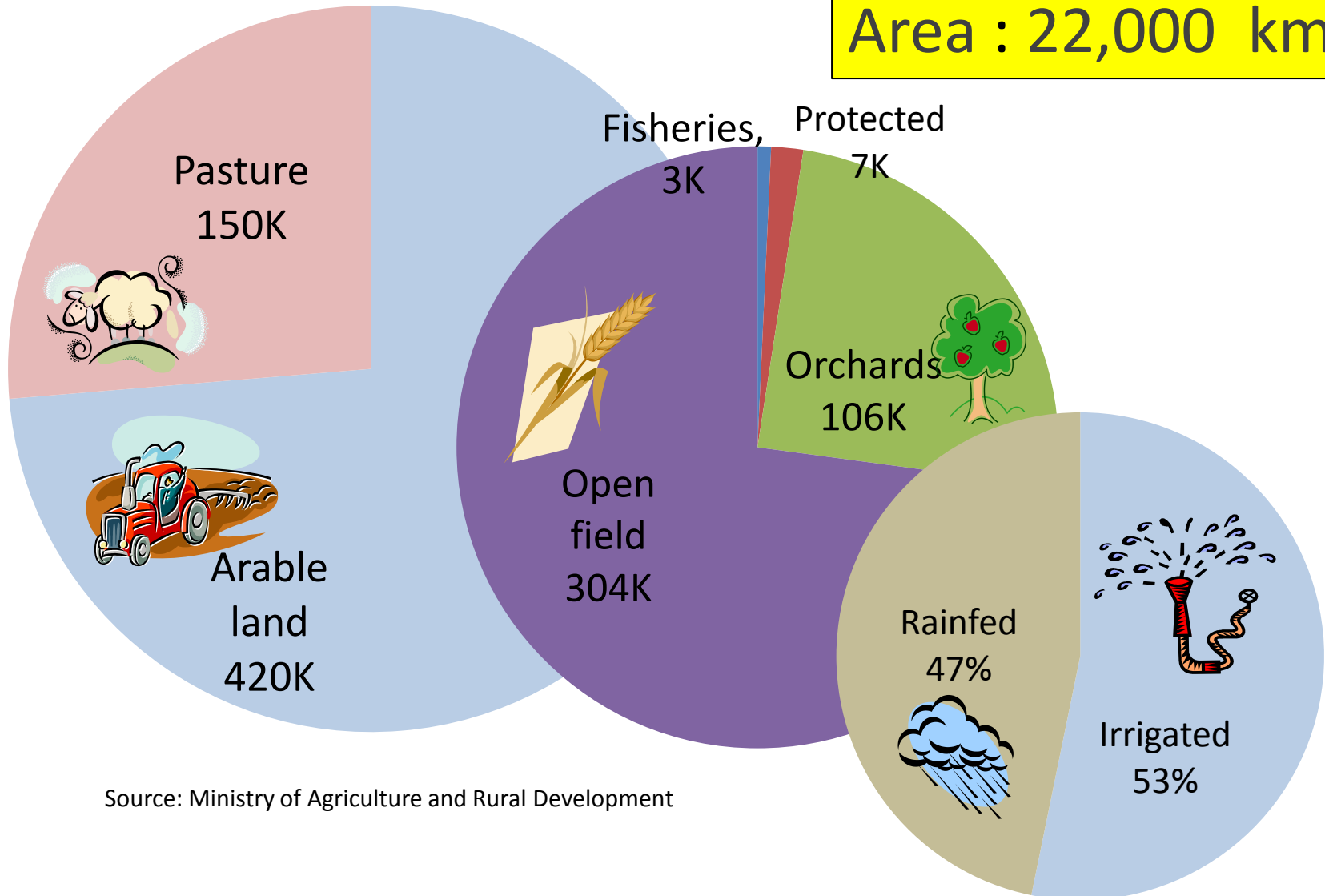


"The Village" by Nachum Gutman

Agricultural Land

In Hectares

Area : 22,000 km²

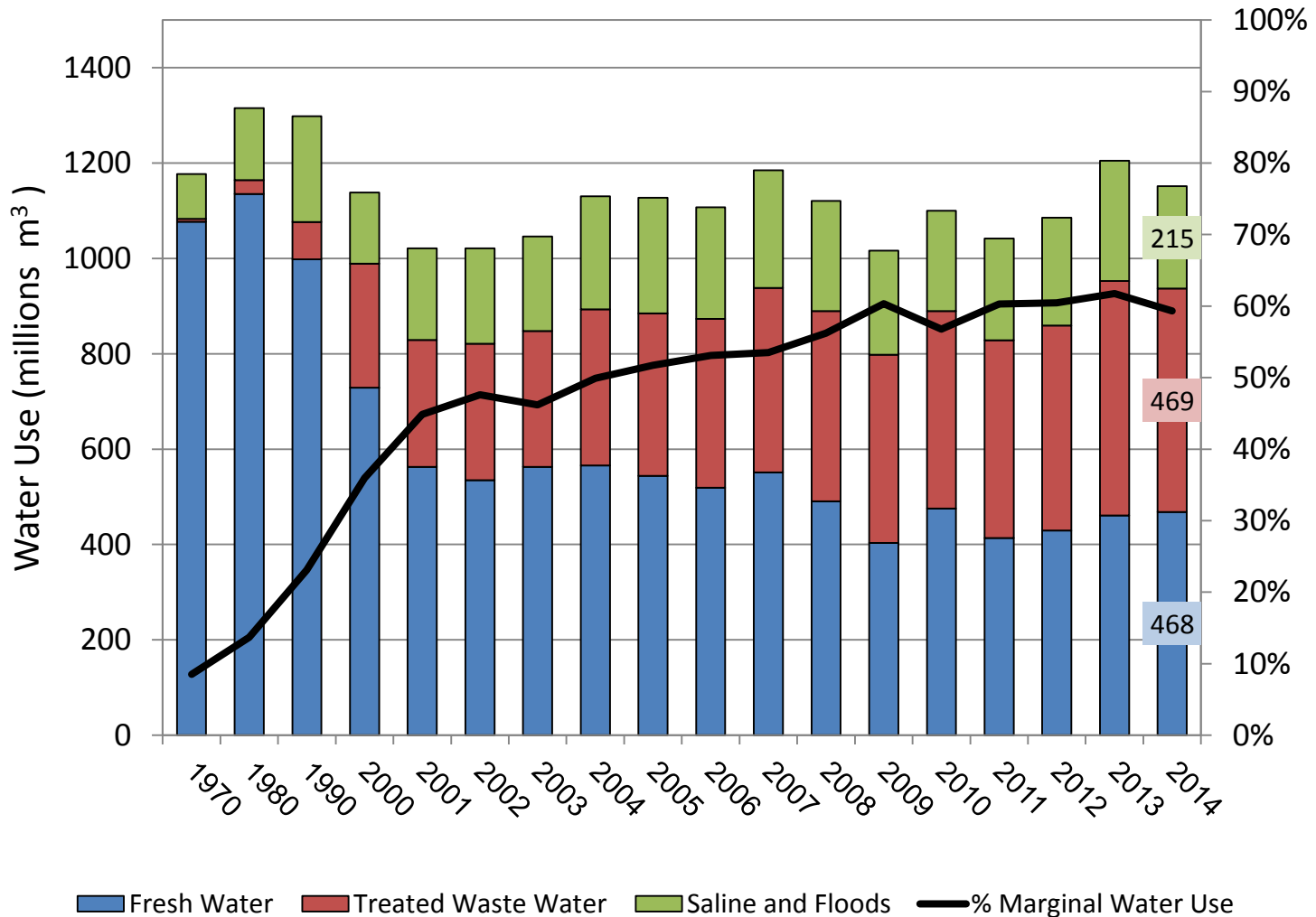


Source: Ministry of Agriculture and Rural Development



Water for Agriculture

Israel is a Pioneer in Water Technology

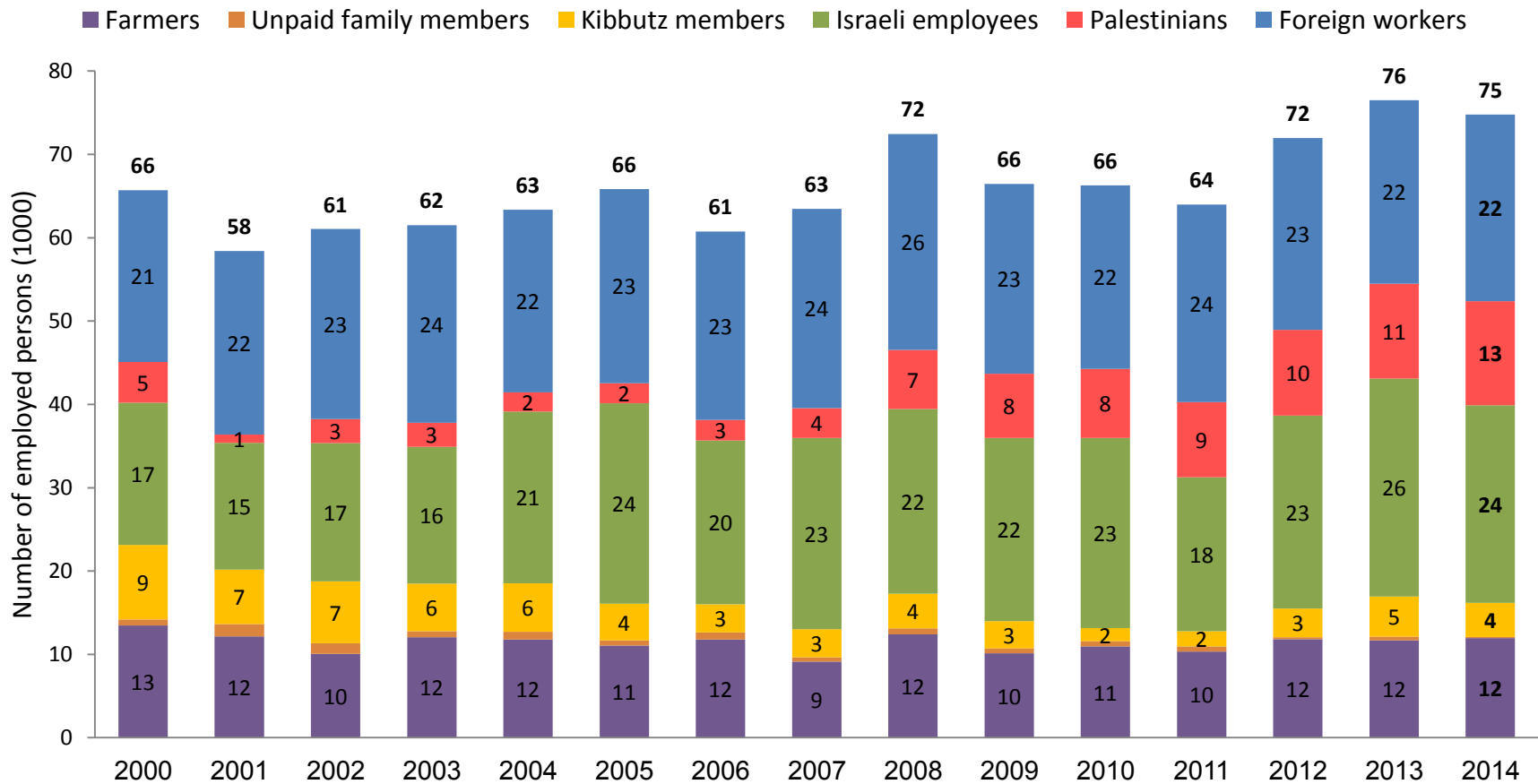


Source: Water Authority, Ministry of Agriculture and Rural Development

Research, Economy and Strategy Division - Ministry of Agriculture and Rural Development



Employment in Agriculture



Source: Central Bureau of Statistics Israel





Support for Farmers

A General Perspective



Apple Harvest Baram, Gil Pitusi, KANAT Competition

Yael Kachel, Seminar ENPARD 18-19.5.2016

Israel - Support for Agriculture (2014)

	Billion NIS	Remarks
Value of Production	30.0	
Producer Support Estimate (PSE)	2.99	10% of gross farm receipts
Market Price Support (MPS) *	2.37	about 80% of PSE
Budgetary Support **	0.62	
General Services Support Estimate (GSSE) ***	0.60	about 18% of TSE
Total Support Estimate (TSE)	3.59	GSSE + PSE

Source: OECD 2015

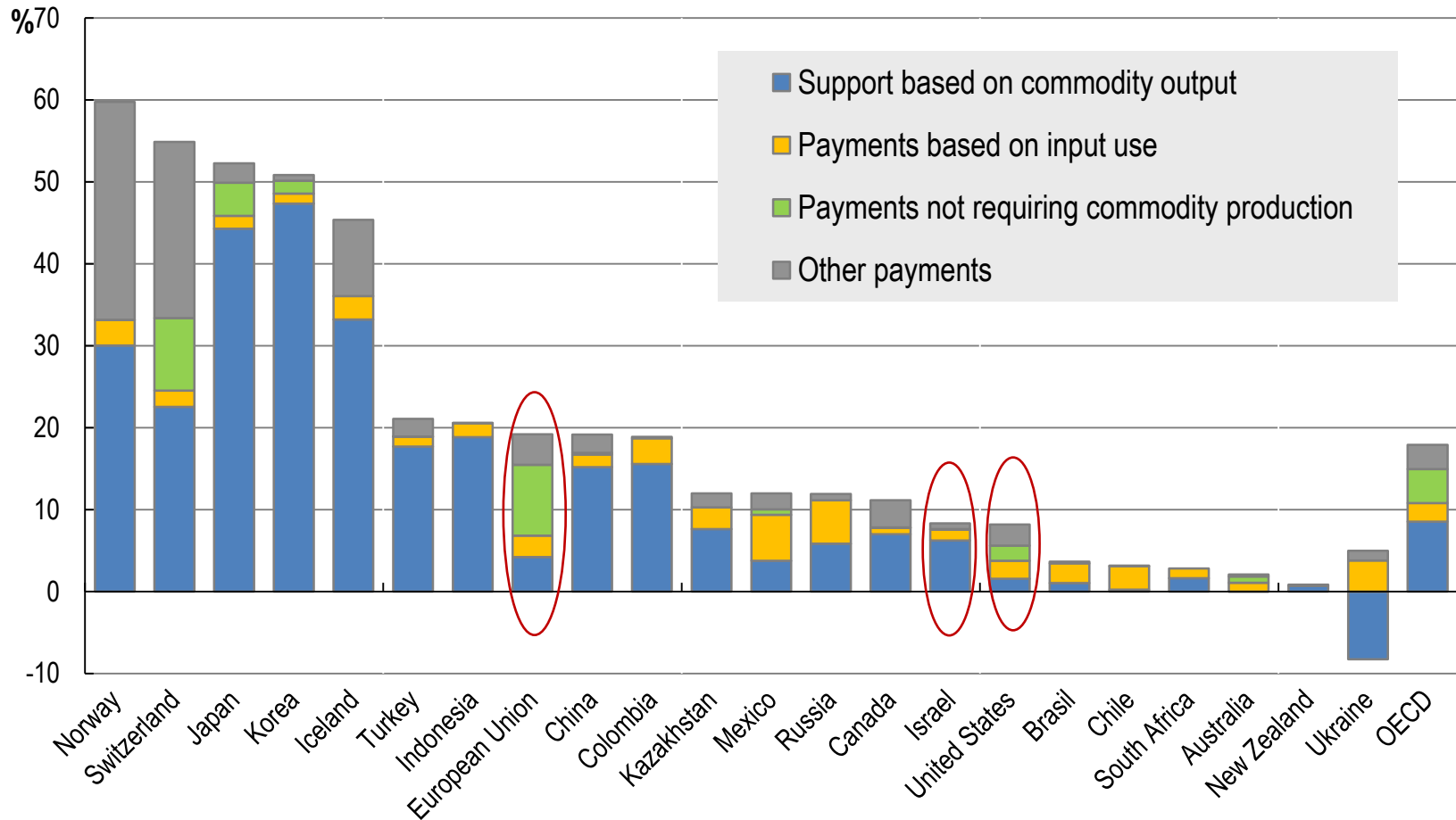
- * mainly milk, beef and veal, sheep, bananas
- ** mainly water, investment support, subsidies for insurance, Galilee law
- *** mainly R&D, infrastructure, inspection services, stockholding

Market price support: mainly in livestock sectors



Composition of Producer Support Estimate by Country, 2012-14

% of gross farm receipts



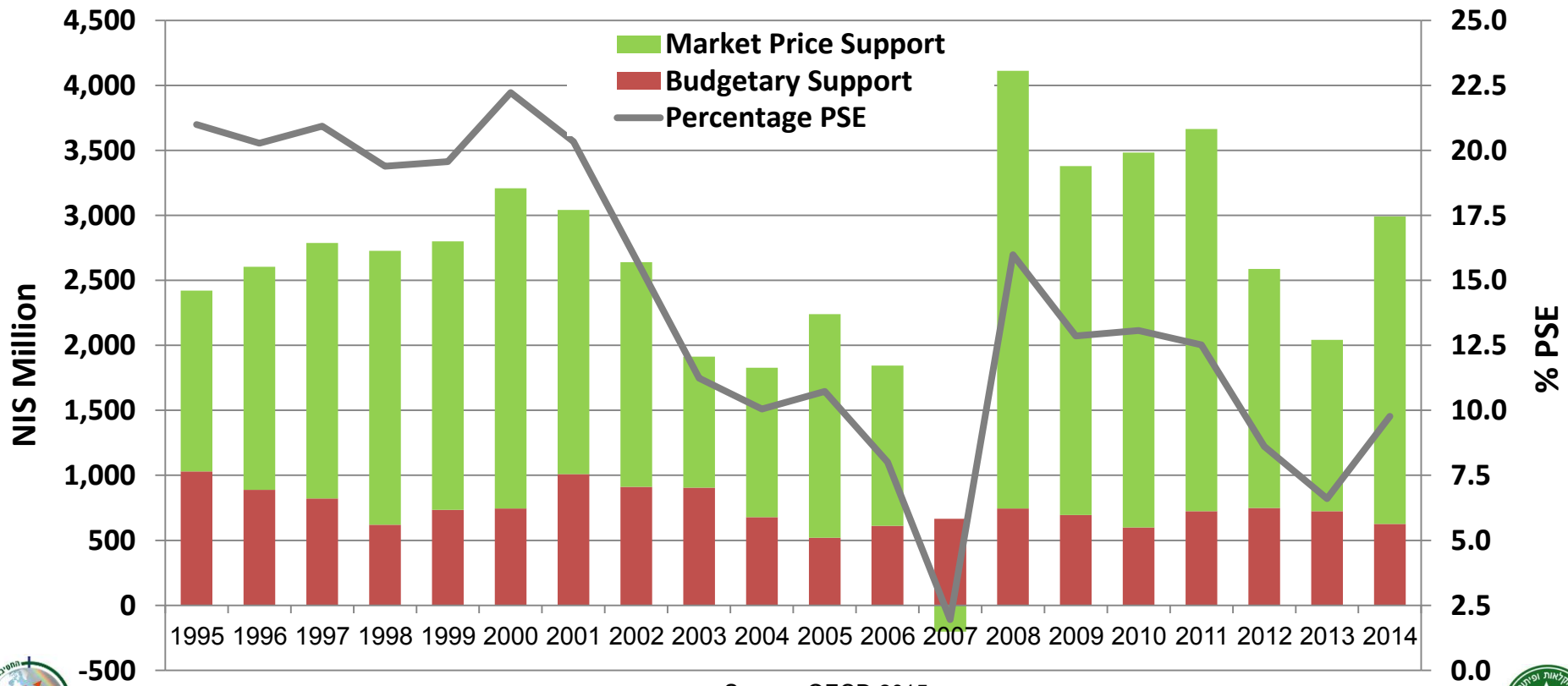
Source: OECD 2015



Support of Farmers in Israel

- Declining support
- Low budgetary support (2.3% of production value, EU 18%, USA 7%)
- About 90% of support: trade and production distorting (mainly MPS)

Israel: Level and composition of Producer Support Estimate, 1995-2014



Source: OECD 2015



Budgetary Subsidies in the EU (FADN data, 2013),

for commercial farms with economic size of 50,000 to 500,000 Euro

	Utilized agricultural area, ha	Total output, 1000 NIS	Total subsidies, 1000 NIS	% as percent of gross farm receipts	Subsidies in NIS / divided by ha
Specialist COP - גד"ש					
(4) 50 000 - < 100 000 EUR	110	547	144	21%	1,316
(5) 100 000 - < 500 000 EUR	260	1,398	346	20%	1,329
Specialist horticulture - ירקות ופרחים					
(4) 50 000 - < 100 000 EUR	6	489	16	3%	2,722
(5) 100 000 - < 500 000 EUR	14	1,306	31	2%	2,218
Specialist wine - יין					
(4) 50 000 - < 100 000 EUR	16	335	24	7%	1,522
(5) 100 000 - < 500 000 EUR	30	999	48	5%	1,638
Specialist orchards - fruits - מטעים					
(4) 50 000 - < 100 000 EUR	16	383	42	10%	2,660
(5) 100 000 - < 500 000 EUR	32	1,011	91	8%	2,841
Specialist olives - זיתים					
(4) 50 000 - < 100 000 EUR	47	227	111	33%	2,356
(5) 100 000 - < 500 000 EUR	103	631	246	28%	2,389
Specialist milk - חלב					
(4) 50 000 - < 100 000 EUR	38	447	87	16%	2,277
(5) 100 000 - < 500 000 EUR	78	1,331	165	11%	2,126

Economic size of an agricultural holding: measured as the total Standard Output (SO) of the holding (in euro).

Exchange rate NIS/Euro: 4.8



Policy Changes in Israel:

Decreasing Protection from Competing Imports

- 2012: Increase of TRQ's with lower custom duties for cheese imports (following Kedmi Committee recommendations)
- 2014: TRQ's for additional milk products, duty-free TRQ for hard cheese
- 2014: Duty-free TRQ for fresh beef meat
- 2016: Duty-free TRQ for imports of 60,000 tons vegetables (without conditions for Passah and Succot, otherwise according to market conditions)
- 2016: Duty-free TRQ's for 3 months for fish, olive oil and frozen vegetables



Policy Goals – Support for Agriculture

Challenges

Economic:

Increase in input prices,
Decrease in exports,
Declining profitability

Environmental:

Limited land for agriculture,
Environmental requirements

Social:

Employment in remote
areas,
Young farmers
High food prices

Policy objectives

1. **Supply** of fresh products mainly from local production, at reasonable prices
2. Provide positive /decrease negative **external effects**
3. Provide **employment** in peripheral areas
4. Strengthen **family farms**
5. High **standards** for food safety and animal welfare

Reform objectives

- Create conditions for **increasing production**
- Ensure the viability of a **profitable** and **diversified** agricultural sector
- Promote **sustainable** agriculture
- Develop **alternative support measures**, parallel to a reduction of distortive support



Objectives of Reform

1. **Create the conditions for increasing production**, based on demand and relative advantages.
2. Ensure the **viability of a profitable agricultural sector** in Israel, on an overall agricultural area at least similar to the current area, and **preserve a diversified agricultural sector** based on family farms and collective farms.
3. **Encourage farming practices that preserve the environment and provide benefits to the public**, promoting sustainable agriculture.
4. **Develop alternative support instruments** that will enable and improve the achievements with regard to the national goals of agriculture (including stable supply of fresh and healthy food, strengthening agricultural settlements, promoting sustainable agriculture, maintaining open spaces), parallel to a **reduction of distortive support measures** (tariffs and quotas).

Concerns

- Budget constraints
- Ability of agricultural sector to adapt to changes (especially family farms)
- Non-competitive sectors
- Increasing concentration of production
- Peripheral areas without alternatives
- Risk – expected increase in price volatility
- Appropriated instruments of support and their effectiveness

Questions for Discussion

1. Rationale of support to agriculture – why support and whom?
2. What support instruments are suitable for Israeli agriculture? (with regard to characteristics of the agricultural sector and the objectives of support)
3. What is the efficiency of different support instruments in providing income support to farmers and decreasing income volatility?

