

Israel's Seafood Market, an Opportunity in the Making for U.S. Exporters

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Israel is one of the largest seafood markets in the Middle East, with annual consumption of over 70,000 metric tons. Despite recent growth in domestic aquaculture production, 60 percent of the country's total seafood supply is imported.

Measuring the Market and Competition

In calendar 2003, Israel's seafood imports totaled about \$103 million. Norway is the main import supplier, providing a wide variety of frozen fish products. Other countries supplying Israel's seafood market include Thailand, Kenya and Argentina.

The U.S. market share totaled 1.8 percent in 2003, valued at \$1.8 million, down 60 percent from 1999. The overall decline in U.S. exports is attributed to increasing competition, growth in domestic aquaculture and limited consumer knowledge of the variety and quality of U.S. seafood products. For example, Israeli consumers do not distinguish between U.S. salmon—which is mainly wild caught—and supplies from other countries such as Chile and Norway, which export farmed salmon.

Although the U.S. market share has declined in recent years, there are opportunities on which U.S. exporters could capitalize. For example, the U.S.-Israel Free Trade Area provisions include market access through TRQs (tariff-rate quotas) and elimination of tariffs. In 2004, more than 5,000 metric tons of U.S. frozen



To Be Kosher ...

Fish must have scales, fins and bones.

- **Kosher fish examples:** mackerel, herring, flounder, mullet, tilapia, salmon and sole
- **Nonkosher fish examples:** Shrimp, lobster, calamari, crab, eel and catfish

freshwater and saltwater fish were allowed to enter duty-free under the annual TRQ.

Currently, U.S. exporters face no tariffs on Atlantic and Pacific Ocean salmon or fish fillets or other parts, fresh or chilled. By contrast, other exporters to Israel face duties ranging between 10 and 15 percent, and surcharges of \$555-\$1,000 per metric ton, depending on the products and prevailing exchange rates. In addition, the annual TRQ will increase to

6,800 tons in 2008, which will offer more opportunities for U.S. exporters.

Changing Consumer Base Shifts Market Fundamentals

Although per capita fish consumption in Israel is low at 10.5 kg (1 kilogram=2.2046 pounds) relative to that of other developed countries, total seafood imports are expected to grow faster than the population over the next five years, by as much as 20 percent.

The recent influx of more than 1 million immigrants from the former Soviet Union has brought new consumer tastes into the market and opened new vistas for U.S. exporters of many species of saltwater fish, such as salmon, hake, halibut, mullet and sea bass.

Do Israelis Love Seafood?

Israel's growing interest in seafood has resulted from increased household income, concern about healthy eating and the growing immigrant community. Fresh tilapia and carp are readily available and popular with Israeli consumers. However, consumers are also purchasing more frozen and processed products. Immigrants from the former Soviet Union consume salmon, herring, mackerel, caviar and sardines.

More people are going to restaurants for premium seafood, including shrimp, crab, lobster, calamari, shellfish, salmon and sushi. According to the Household Expenditure Survey conducted by the Israel Central Bureau of Statistics, almost 90 percent of Israeli households consumed some seafood in 2002, and the annual household expenditures for seafood totaled \$296.6 million in 2002, up 84.1 percent from the 1986 level of \$161.1 million.

European Cuisine Style Reigns Supreme

The prevailing fish cooking style is based on Mediterranean cuisine, in which the whole fish is deep-fried or grilled.

Methods for preparing high-quality seafood are very similar to European methods.

Shrimp are often deep-fried or sautéed in butter and garlic or in olive oil and white wine. Calamari is usually deep-fried or grilled, while oysters and mussels are often served with classic sauces.

Business Opportunities in the Fish Market

With the euro getting stronger and making many European products more expensive, it is likely that the demand for U.S. products will increase. The best opportunities for imported fish are during Jewish holidays, including Rosh Hashanah (the New Year) and Sukkoth (the Feast of Tabernacles), which fall in September and October, respectively, and Passover, usually in April, when meals traditionally include all kinds of fish.

With appropriate promotional activities, such as marketing campaigns that address the special tastes of the immigrant community, demand for U.S. fish should grow significantly. Tilapia demand currently exceeds supply, so opportunities for tilapia exporters are especially good. ■

Monthly Average Household Meals Including Seafood

Frequency	Percent
1-3 Meals	27.3
4 Meals	24.6
More than 4 Meals	36.1
Don't Consume Seafood	12.0
Total	100.0

Monthly Average Household Expenditures on Seafood

Category	2002	
	Amount Spent	Percent
Fresh Fish	\$4.04	30.6
Chilled Fish	\$5.04	38.2
Preserved Fish	\$2.60	19.7
Processed Fish	\$1.12	8.5
Fish Paste and Fish Salads	\$0.40	3.0
Total	\$13.20	100.0

Source: Household Expenditure Survey, 2002, Israel Central Bureau of Statistics.

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