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Israel

Grain and Feed

Annual

2009

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Report Highlights:
Israel is almost completely dependent on imports to meet its grain and feed needs. Due to increased supplies of feed wheat from Eastern Europe and the Black Sea Basin (BSB) in 2008/09, the local feed milling industry will shift from corn and sorghum to feed wheat. It is expected that American grain imports in 2008/09 will decrease and the FSU, and Argentine market shares will take over part of the American market share. It is estimated that the domestic economic slowdown will not affect local meat and poultry consumption, and therefore, there will be almost no impact on local feed demand in 2008/09.

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

Executive Summary

Despite the global and local economic slowdown, total grain import demand in MY 2008/09 and 2009/10 is forecast to remain relatively constant at just above 3 million tons, mostly corn (1.1 million tons) and wheat (1.6 million tons).

The main change in MY 2008/09 and 2009/10 is that the local feed milling industry will shift from corn and sorghum to feed wheat.

Due to continued unfavorable rainfall in the southern part of the country, where about 70 percent of the milling wheat is produced, it is estimated that domestic wheat production for MY 2009/10 will be below national average wheat production levels, and will total about 60,000-100,000 MT. A more precise estimate will be available in March-April 2009.

Since it will be necessary to rebuild stocks following the drought reduced crop in MY 2008/09 combined with the expected decrease in local wheat harvest in the current MY, and the increased supplies of wheat from Eastern Europe, wheat imports are forecast to increase to nearly 1.6 million tons in MY 2008/09.

As a result of the increase in milling wheat supplies from the Black Sea Basin (BSB) in MY 2008/09, it is expected that U.S. market share of milling wheat in Israel will decrease from 37 percent in MY 2007/08 to 25-30 percent in MY 2008/09.

Due to rising competition of feed wheat from the BSB in MY 2008/09, corn imports are forecast to decrease by 15-25 percent from the previous MY and reach only 1-1.2 million tons. In addition, it is expected that corn imports from the competitors will increase in 2008/09. Therefore, post estimates that U.S. market share of corn in Israel will decrease from 88 percent in MY 2007/08 to 55-70 percent in MY 2008/09 (about 600-750 TMT of U.S. corn).

Driven by the sharp drop in world prices for corn, combined with the recent announcement made by the Israel Water Authority that Israel is currently facing the worst water supply crisis in 80 years, domestic corn production is expected to decrease dramatically in MY 2009/10 and is forecast at 5,000-6,000 tons (75 percent down compared to the previous year). A more precise estimate will be available in July-August 2009.

Wheat

PS&D TABLE ISRAEL WHEAT										
	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Official	Post	New Post Data	Official	Post	New Post Data	Official	Post	New Post Data	
Area Harvested	67	26	70	50	69	50			60	(1000 HA)
Beginning Stocks	169	110	169	175	140	206			156	(1000 MT)
Production	145	60	145	60	160	60			80	(1000 MT)
MY Imports	1,161	1,530	1,337	1,900	1,490	1,520			1,480	(1000 MT)
TY Imports	1,161	1,530	1,337	1,900	1,490	1,520			1,480	(1000 MT)
TY Imports from U.S.	0	0	319	0	0	230			290	(1000 MT)
TOTAL SUPPLY	1,475	1,700	1,651	2,135	1,790	1,786			1,716	(1000 MT)
MY Exports	0	0	45	0	0	0			0	(1000 MT)
TY Exports	0	0	45	0	0	0			0	(1000 MT)
Feed Consumption	350	710	480	1,000	750	700			660	(1000 MT)
FSI Consumption	950	850	920	950	890	930			910	(1000 MT)
Total Consumption	1,300	1,560	1,400	1,950	1,640	1,630			1,570	(1000 MT)
Ending Stocks	175	140	206	185	150	156			146	(1000 MT)
TOTAL DISTRIBUTION	1,475	1,700	1,651	2,135	1,790	1,786			1,716	(1000 MT)
Yield	2.	2.	2.0714	1.	2.	1.2			1.3333	(MT/HA)
TS=TD			0			0			0	

Local Wheat Production

Israel suffered unfavorable weather conditions in MY 2008/09, including drought in the Negev region, which is the largest wheat growing area in the country, a cold spell in mid-January 2008 and heat waves in April 2008, which brought about substantial crop losses. In MY 2008/09 local wheat production declined approximately 85 thousand tons or 59 percent.

MY 2008/09 was marked as a “sabbatical” year in Israel - Jews are not supposed to consume the crops produced in that year. Therefore, most wheat was sold to the Palestinians and the remainder was sold for animal feed in Israel.

Due to the fact that the wheat was not milled for human consumption in Israel in 2008, the Israeli wheat association did not check the quality parameters (protein level, moisture and gluten index).

While in any given year about 90,000 HA are planted to wheat, only about 75 percent is harvested for milling; the remainder is cut as fodder for livestock feed. Due to unfavorable rainfall in the southern part of the country, where about 70 percent of the milling wheat is produced, it is estimated that wheat production will be below national average levels and is forecast to total about 50,000-80,000 MT in MY 2009/10**.** A more precise estimate will be available in March 2009.

Table 1: Wheat Production, Thousand Metric Tons, Crop Year

MY	Total Production	Percent Change Compared to Previous Year
1998	155	
1999	29	-81.29
2000	96	231.03
2001	162	68.75
2002	179	10.49
2003	187	4.47
2004	128	-31.55
2005	180	40.62
2006	132	-26.67
2007	145	9.80
2008	60	-58.6
2009*	50-80	(-15)-(33)

Source: CBI, Statistical Abstract of Israel, Different Years.
*Forecast: Based on information collected from the Field Crops Organization.

Farm Gate Price for Locally Produced Wheat

As a result of the drought conditions in MY 2008/09, the Ministry of Agriculture declared a drought year in the southern part of the country, which is the main wheat growing area. It was agreed that local wheat growers who suffered from the drought would receive compensation from the Israeli Government. However, the compensation figures were never released.

The price paid to farmers is based on the CBOT price at harvest time. Freight and handling costs are added to construct a landed equivalent. In MY 2008/09, the average base price paid to farmers was $298/ton.

Stocks

Ending stocks in December 2008 are estimated at 165,000 tons**.** Stocks generally decline through the summer, and then begin rebounding again in the fall with the onset of the harvest.

Consumption

Despite the global and local economic slowdown, local consumption is forecast to remain relatively constant at 1.6-1.7 million tons in MY 2008/09. Human consumption is steady at about 900,000 tons annually, so any variation in total annual consumption is a result of changes in wheat for feed use. There are 19 flour mills, and their full capacity is 1.3-1.4 million tons. The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. Due to increased supplies of feed wheat from Eastern Europe and the Black Sea Basin (BSB) in 2008/09, the local feed milling industry will shift to feed wheat.

Trade

MY 2008/09 Outlook - As a result of the expected increase in milling wheat supplies from the BSB in 2009/10, it is expected that U.S. market share of milling wheat in Israel will decrease from 37 percent in 2007/08 to 25-30 percent in 2008/9. Post estimates the U.S. share of milling wheat is projected to remain at 20-35 percent in the forthcoming years.

It is estimated that domestic milling wheat production in MY 2008/09 will be below national average levels, therefore in order to rebuild stocks and meet consumption, milling wheat imports are forecast to increase. On the other hand, due to the sharp decline in local wheat production in 2008/09 combined with “sabbatical” year in Israel, milling wheat imports in MY 2007/08 were 29 percent above the previous MY levels and local consumption was met. It is estimated that milling wheat imports are forecast to total 850-900 tmt, 0-10 percent increase from MY 2007/08.

The local economic slowdown combined with an expected decrease of 5 percent in local milk production (Israel has surpluses in its milk powder stocks) in CY 2009 will decrease slightly the demand for feed wheat. On the other hand, the dramatic decrease in feed wheat prices will push the Israeli feed milling industry to shift from corn and sorghum to feed wheat. Imports of feed wheat are forecast to total about 550-630 tmt in 2008/09, a 15-30 percent increase from the previous year. All feed wheat is imported from the BSB.

MY 2009/10 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If supplies of feed wheat from Eastern Europe and BSB will be the same as in MY 2008/09, imports of feed wheat and milling wheat will not change significantly from MY 2008/09 levels and will total about 1.5 million tons.

MY 2007/8 - As a result of significantly higher prices for feed wheat in the end of CY 2007 and first half of CY 2008, imports of feed wheat in MY 2007/08 decreased by nearly 18 percent compared to MY 2006/07 (from 583 tmt to 481 tmt). On the other hand, as a result of a significant decrease in wheat prices in the second half of CY 2008, imports of feed wheat between January and October 2008 (567 tmt) exceeded the imports of feed wheat during CY 2007 (474 tmt).

Imports of milling wheat in MY 2007/08 increased by 29 percent compared to the previous MY (from 665 tmt to 856 tmt). The increase was due to the “sabbatical” year in Israel, when all local produced wheat was sold to the Palestinians and for animal feed.

Due to limited milling wheat supplies from the Black Sea Region in MY 2007/08, imports of U.S. milling wheat increased by 110 percent (from 152 tmt in 2006/07 to 319 tmt in 2007/08) compared to the previous MY, and as a result, the market share of U.S. milling wheat in Israel increased 61 percent compared to the previous year (from 23 percent market share in 2006/07 to 37 percent market share in 2007/08).

There have been no imports of feed wheat from the U.S. in recent years, and this situation is not expected to change in the future.

Table 2: Imports of Wheat, Country of Purchase, CY, $ Thousand

Country	Value ($ Thousand)			% of Total Imports		
	2005	**2006**	**2007**	**2005**	**2006**	**2007**
France	16,818	17,300	11,540	7.8	7.7	3.5
Netherlands	17,012	26,776	80,793	7.9	11.9	24.5
Austria	2,260	0	6,652	1.0	0.0	2.0
Germany	3,285	10,446	27,230	1.5	4.7	8.2
U.K.	17,234	6,513	10,473	8.0	2.9	3.2
Hungary	3,381	8,255	8,573	1.6	3.7	2.6
Other EU	93	4,795	8,017	0.0	2.1	2.4
Total EU	**60,083**	**74,085**	**153,278**	**27.8**	**33.0**	**46.4**
Switzerland (Major trade center)	67,915	83,414	103,229	31.4	37.2	31.3
Total West Europe	**127,998**	**157,499**	**256,507**	**59.2**	**70.2**	**77.7**
Russia	8,981	1,712	14,598	4.2	0.8	4.4
Ukraine	1,151	1,247	1,445	0.5	0.6	0.4
Bulgaria	2,591	2,878	0	1.2	1.3	0.0
Other East Europe	1,438	33	13	0.7	0.0	0.0
Total East Europe	14,161	5,870	16,056	6.5	2.6	4.9
Total Europe	**142,159**	**163,369**	**272,563**	**65.7**	**72.8**	**82.6**
U.S.	**71,608**	**61,027**	**57,206**	**33.1**	**27.2**	**17.3**
Argentina	2,617	91	270	1.2	0.0	0.1
Others	1	1	54	0.0	0.0	0.0
Total Outside Europe	**74,226**	**61,119**	**57,530**	**34.3**	**27.2**	**17.4**
Grand Total	**216,385**	**224,488**	**330,093**	**100.0**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years. 2008 data unavailable.

* Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, which are large trading centers, appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

Import Trade Matrix Israel Wheat			
Time Period	**MY**	**Units**	**1,000 MT**
Imports for	**2006/07**	Imports for	**2007/08**
U.S.	152	U.S.	319
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	1,096	Others not Listed	1,096
Grand Total	**1,248**	**Grand Total**	**1,337**

Import Trade Matrix Israel Wheat			
Time Period	**CY**	**Units**	**1,000 MT**
Imports for	**2007**	Imports for	**2008**
U.S.	203	U.S.	314
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	996	Others not Listed	1,217
Grand Total	**1,199**	**Grand Total**	**1,531**

Barley

PS&D TABLE ISRAEL BARLEY										
	2007			**2008**			**2009**			
	2007/2008			**2008/2009**			**2009/2010**			
	Market Year Begin: Oct 2007			**Market Year Begin: Oct 2008**			**Market Year Begin: Oct 2009**			
	Official	**Post**	**New Post Data**	**Official**	**Post**	**New Post Data**	**Official**	**Post**	**New Post Data**	
Area Harvested	0	0	0	0	0	0			0	(1000 HA)
Beginning Stocks	24	26	24	44	5	6			10	(1000 MT)
Production	0	0	0	0	0	0			0	(1000 MT)
MY Imports	250	210	202	300	290	270			320	(1000 MT)
TY Imports	250	210	202	300	290	270			320	(1000 MT)
TY Imports from U.S.	0	0	0	0	0	0			0	(1000 MT)
TOTAL SUPPLY	274	236	226	344	295	276			330	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	220	221	210	270	260	255			290	(1000 MT)
FSI Consumption	10	10	10	10	11	11			12	(1000 MT)
Total Consumption	230	231	220	280	271	266			302	(1000 MT)
Ending Stocks	44	5	6	64	24	10			28	(1000 MT)
TOTAL DISTRIBUTION	274	236	226	344	295	276			330	(1000 MT)
Yield	0.	0.	0.	0.	0.	0.			0.	(MT/HA)
TS=TD			0			0			0	

Barley Production, Consumption and Trade

There is a limited amount of barley produced in Israel, but it is all harvested as silage; all barley grain is imported. All barley production is located in the south of Israel. Most of it is sold to the Arab sector for feeding livestock, mainly sheep. Due to non-favorable rainfall in the southern parts of the country, production in crop year 2007/08 totaled about 1,500 tons, 40 percent below crop year 2006/07 levels.

MY 2008/09 Outlook - It is expected that higher supplies from Eastern Europe will increase barley imports in MY 2008/09. On the other hand, competitive prices of feed wheat from the Black Sea Region will moderate barley imports' increase. Therefore, it is estimated that barley imports in 2008/09 will increase 15-35 percent compared to the previous year, and will total about 250-280 TMT. Data for the first quarter of 2008/09 (October-December) show barley imports have increased significantly from the same period one year ago (from 24 tmt to 60 tmt - 150 percent up).

MY 2009/10 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If supplies of feed wheat from Eastern Europe and BSB do not change significantly from MY 2008/09 levels and barley prices are competitive, barley imports will likely remain the same or exceed last MY's levels by 5-20 percent in order to meet the projected slight growth in demand.

MY 2007/8 - In MY 2007/08, due to lower supplies of barley from Eastern Europe, imports of barley decreased 18 percent compared to the previous year (from 246 tmt to 202 tmt).

There have been almost no imports of barely from the U.S. in recent years, and it is not expected to change in the future.

Table 3: Imports of Barley, Country of Purchase, CY, $ Thousand

	Value ($ Thousand)			% of Total Imports		
Country	**2005**	**2006**	**2007**	**2005**	**2006**	**2007**
France	1,618	261	6,163	5.5	0.6	14.1
Netherlands	6,841	13,211	13,188	23.3	30.3	30.1
Austria	0	1,395	0	0.0	3.2	0.0
Germany	934	0	4,086	3.2	0.0	9.3
U.K.	3,824	72	813	13.0	0.2	1.9
Hungary	0	0	1,153	0.0	0.0	2.6
Other EU	3,231	0	1,585	11.0	0.0	3.6
Total EU	**16,448**	**14,939**	**26,988**	**56.0**	**34.3**	**61.5**
Switzerland (Major trade center)	9,244	21,348	15,516	31.5	49.0	35.4
Total West Europe	**25,692**	**36,287**	**42,504**	**87.5**	**83.3**	**96.9**
Russia	3,009	379	0	10.2	0.9	0.0
Ukraine	0	3,671	777	0.0	8.4	1.8
Other East Europe	363	0	0	1.2	0.0	0.0
Total East Europe	**3,372**	**4,050**	**777**	**11.5**	**9.3**	**1.8**
Total Europe	**29,064**	**40,337**	**43,281**	**99.0**	**92.6**	**98.7**
U.S.	**0**	**1,578**	**553**	**0.0**	**3.6**	**1.3**
Total Outside Europe	301	1,635	17	1.0	3.8	0.0
Grand Total	**29,365**	**43,551**	**43,851**	**100.0**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years. 2008 data unavailable.

* Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, U.S.A, which are large trading, centers, appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

Import Trade Matrix Israel Barley			
Time Period	MY	Units	1,000 MT
Imports for	2006/07	Imports for	2007/08
U.S.	0	U.S.	0
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	246	Others not Listed	202
Grand Total	246	Grand Total	202

Import Trade Matrix Israel Barley			
Time Period	CY	Units	1,000 MT
Imports for	2007	Imports for	2008
U.S.	0	U.S.	0
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	188	Others not Listed	238
Grand Total	188	Grand Total	238

Sorghum

PS&D TABLE ISRAEL SORGHUM										
	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Official	Post	New Post Data	Official	Post	New Post Data	Official	Post	New Post Data	
Area Harvested	0	0	0	0	0	0			0	(1000 HA)
Beginning Stocks	25	12	25	12	25	20			10	(1000 MT)
Production	0	0	0	0	0	0			0	(1000 MT)
MY Imports	150	90	171	100	37	65			80	(1000 MT)
TY Imports	150	90	171	100	37	65			0	(1000 MT)
TY Imports from U.S.	137	76	164	0	31	50			80	(1000 MT)
TOTAL SUPPLY	175	102	196	112	62	85			90	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	158	70	168	107	50	67			75	(1000 MT)
FSI Consumption	5	7	8	5	7	8			9	(1000 MT)
Total Consumption	163	77	176	112	57	75			84	(1000 MT)
Ending Stocks	12	25	20	0	5	10			6	(1000 MT)
TOTAL DISTRIBUTION	175	102	196	112	62	85			90	(1000 MT)
Yield	0.	0.	0.	0.	0.	0.			0.	(MT/HA)
TS=TD			0			0			0	

Sorghum Production, Consumption and Trade

There is a limited amount of sorghum produced in Israel, but it is all harvested as silage; all sorghum grain is imported. The level of consumption hinges on price relationships with other grains, primarily corn and feed wheat. In crop year 2007/08, about 1,500 hectares were planted for sorghum silage. The majority of sorghum production is located in the north of Israel. Production in crop year 2007/08 totaled about 20,000 MT, 33 percent below crop year 2006/07 levels.

MY 2008/09 Outlook - Due to the dramatic increase in imports of sorghum in 2007/08 combined with the increase in feed wheat imports from the BSB since August 2008, it is projected that sorghum imports in 2008/09 will decrease by 60 percent compared to the previous MY, and will reach about 65,000 MT.

As a result of the projected decrease in sorghum imports combined with increased supplies of sorghum from the Ukraine, it is expected that sorghum imports from the U.S. will total about 50-55 TMT, and the U.S. market share of sorghum in Israel will decrease to 70-80 percent.

MY 2009/10 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If supplies of feed wheat from Eastern Europe and BSB will not change much from MY 2008/09 levels, total sorghum imports into Israel are expected to reach up to 80,000 MT in 2009/10.

MY 2007/8 - Until July 2008, sorghum replaced feed wheat, however, data from August-December 2008 show sorghum imports have decreased significantly to zero. The dramatic decrease from August-October 2008 resulted from feed wheat replacing sorghum combined with Israeli surpluses in its sorghum stocks. Therefore, sorghum imports in 2007/08 increased 151 percent from the previous MY.

In MY 2007/08, the market share for U.S. sorghum increased 45 percent compared to the previous marketing year, giving it a 96 percent market share. The increase in U.S. market share was due to restricted supplies of sorghum and feed wheat from Eastern European countries.

Table 4: Sorghum Production for Silage, Ton and Ha, Calendar Year

Crop Year	Ha	Yields – Ton	Ton Per Ha
2000	800	12,000	15.0
2001	1,000	13,500	13.5
2002	1,370	18,400	13.4
2003	2,340	30,200	12.9
2004	2,530	36,900	14.6
2005	3,000	45,000	15.0
2006	2,700	39,000	14.5
2007	2,000	30,000	15.0
2008 (according to preliminary figures)	1,500	20,000	13.3

Source: Ministry of Agriculture and Rural Development, 2007 Annual Report.

Table 5: Imports of Grain Sorghum, Country of Purchase, CY, $ Thousand

	Value ($ Thousand)			% of Total Imports		
Country	**2005**	**2006**	**2007**	**2005**	**2006**	**2007**
Netherlands	0	0	722	0.0	0.0	3.4
U.K.	1,287	218	647	18.2	2.8	3.1
Switzerland (Major trading center)	2,539	5,833	16,792	35.9	75.4	79.5
Hungary	1,924	1,683	520	27.2	21.8	2.5
Total Europe	**5,750**	**7,734**	**18,684**	**81.4**	**100.0**	**88.5**
U.S.	**1,316**	**0**	**2,423**	**18.6**	**0.0**	**11.5**
Total Outside Europe	1,316	6	2,429	18.6	0.0	11.5
Grand Total	**7,066**	**7,740**	**21,110**	**100.0**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years. Data unavailable for 2008.
* Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, which are large trading centers, appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

Import Trade Matrix Israel Sorghum			
Time Period	MY	Units	1,000 MT
Imports for	2006	Imports for	2007
U.S.	58	U.S.	164
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	10	Others not Listed	7
Grand Total	68	Grand Total	171

Import Trade Matrix Israel Sorghum			
Time Period	CY	Units	1,000 MT
Imports for	2007	Imports for	2008
U.S.	115	U.S.	93
Others		Others	
Total for Others	0	Total for Others	0
Others not Listed	16	Others not Listed	13
Grand Total	131	Grand Total	106

Corn

PS&D TABLE ISRAEL CORN										
	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Official	Post	New Post Data	Official	Post	New Post Data	Official	Post	New Post Data	
Area Harvested	0	4	3	0	2	1			1	(1000 HA)
Beginning Stocks	128	106	128	102	126	80			36	(1000 MT)
Production	0	45	20	0	26	6			6	(1000 MT)
MY Imports	1,374	1,375	1,412	1,000	1,250	1,200			1,300	(1000 MT)
TY Imports	1,374	1,375	1,412	1,000	1,250	1,200			1,300	(1000 MT)
TY Imports from U.S.	1,207	920	1,246	0	800	750			800	(1000 MT)
TOTAL SUPPLY	1,502	1,526	1,560	1,102	1,402	1,286			1,342	(1000 MT)
MY Exports	0	0	0	0	0	0			0	(1000 MT)
TY Exports	0	0	0	0	0	0			0	(1000 MT)
Feed Consumption	1,300	1,300	1,380	900	1,200	1,150			1,200	(1000 MT)
FSI Consumption	100	100	100	100	110	100			105	(1000 MT)
Total Consumption	1,400	1,400	1,480	1,000	1,310	1,250			1,305	(1000 MT)
Ending Stocks	102	126	80	102	92	36			37	(1000 MT)
TOTAL DISTRIBUTION	1,502	1,526	1,560	1,102	1,402	1,286			1,342	(1000 MT)
Yield	0.	13.	6.6667	0.	13.	6.			6.	(MT/HA)

Corn Production and Consumption

Production: MY 2008/09 was the fifth consecutive year that corn for grain (yellow corn) was grown in Israel. In MY 2008/09 corn production increased dramatically and totaled about 20,000 tons, from 3,000 HA. All local grain corn was non-biotech and was consumed by food manufacturers that export their products to Europe. Driven by the sharp drop in world prices for corn, combined with the recent announcement made by the Israel Water Authority that Israel is currently facing the worst water supply crisis in 80 years, corn production is expected to decrease dramatically in 2009/10. Corn production in MY 2009/10 is forecast at 5,000-6,000 tons (75 percent down compared to the previous year). A more precise estimate will be available in July-August 2009.

Consumption: In MY 2007/08, corn consumption totaled 1.4 million tons, 9 percent higher than in the previous year. The increase was due to a shortage of feed wheat and barley from Eastern Europe. As a result of the increased supplies of feed wheat from the Black Sea Basin, consumption in 2008/09 is forecast to decrease to 1-1.2 million tons.

Trade

MY 2008/09 Outlook - Due to rising competition of feed wheat from the Black Sea Basin in MY 2008/09, corn imports are forecast to decrease by 15-25 percent from the previous MY (about 1-1.2 million tons). It is expected that in the first half on CY 2009, domestic demand for corn will decrease and will rise again in the second half of CY 2009. Data for the first quarter of 2008/09 (October-December) show corn imports have decreased significantly from the same period one year ago (from 469 tmt to 238 tmt - 49 percent drop).

Corn is imported mainly from the U.S. with Argentina, Ukraine and Russia supplying the remainder. Local importers are aware that U.S. corn is a superior livestock feed than corn from the BSB. However, it is expected that corn imports from the competitors will increase in 2008/09. Therefore, post estimates that U.S. market share of corn in Israel will decrease from 88 percent in 2007/08 to 55-70 percent in 2008/09 (about 600-750 tmt of U.S. corn).

MY 2009/10 Outlook - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. If supplies of feed wheat from Eastern Europe and BSB do not change much from MY 2008/09 levels and global corn production stays at MY 2008/9 levels, therefore total corn imports into Israel are expected to reach about 1.1-1.3 million tons in MY 2009/10. In the future, the U.S. is forecast to maintain 50-65 percent market share, with Argentina and Eastern Europe supplying the remainder.

MY 2007/08 - Due to the shortage of feed wheat and barely from Ukraine and Russia in MY 2007/08, imports of U.S. corn reached a seven-year record, with 1.25 million tons, a 72 percent increase from MY 2006/07, and an 88 percent market share. In 2007/08 corn imports totaled 1.4 million tons, a 9 percent increase compared to the previous MY.

Table 6: Imports of Corn, Country of Purchase, CY, $ Thousand

	Value ($ Thousand)			% of Total Imports		
Country	**2005**	**2006**	**2007**	**2005**	**2006**	**2007**
France	2,282	495		1.6	0.3	1.7
Italy	106	203		0.1	0.1	0.2
Netherlands	39,127	12,411		27.1	7.2	12.1
Germany	5,910	0	,236	4.1	0.0	0.5
U.K.	15,000	4,309		10.4	2.5	6.8
Other EU	1,320	3,108		0.9	1.8	0.6
Total EU	**63,745**	**20,526**		**44.1**	**11.8**	**21.9**
Switzerland (Major trading center)	46,649	121,383	88,977	32.3	70.1	37.8
Total West Europe	**110,394**	**141,909**		**76.3**	**81.9**	**59.7**
Russia	1,008	0		0.7	0.0	0.0
Ukraine	1,250	1,848		0.9	1.1	0.0
Other East Europe	3,244	0		2.2	0.0	0.0
Total East Europe	5,502	1,848		3.8	1.1	0.0
Total Europe	**115,896**	**143,757**		**80.1**	**83.0**	
U.S.	**18,895**	**28,234**		**13.1**	**16.3**	**26.9**
Argentina	9,418	216		6.5	0.1	10.7
Others	432	1,030		0.3	0.6	2.7
Total Outside Europe	**28,745**	**29,480**		**19.9**	**17.0**	**40.3**
Grand Total	**144,641**	**173,237**		**100.0**	**100.0**	**100.0**

Source: CBS, Foreign Trade Statistics, Different Years. Data unavailable for 2008.

* Israel's trade statistics are based on "country of purchase" which in many cases is different from the "country of origin". UK, Netherlands and Switzerland, which are large trading centers, appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

Import Trade Matrix Israel Corn			
Time Period	**MY**	**Units**	**1,000 MT**
Imports for	**2006**	**Imports for**	**2007**
U.S.	723	**U.S.**	1,246
Others		**Others**	
Total for Others	0	**Total for Others**	0
Others not Listed	572	**Others not Listed**	166
Grand Total	1,295	**Grand Total**	1,412

Import Trade Matrix Israel Corn			
Time Period	**CY**	**Units**	**1,000 MT**
Imports for	**2007**	**Imports for**	**2008**
U.S.	977	**U.S.**	844
Others		**Others**	
Total for Others	0	**Total for Others**	0
Others not Listed	506	**Others not Listed**	337
Grand Total	1,483	**Grand Total**	1,181

Table 7: Grains Imports to Israel, MY, Thousand Metric Tons

MY[1]	Milling Wheat	Feed Wheat	Total Wheat	Barley	Corn	Sorghum	Total Import
2002	614	666	1,280	460	698	45	2,483
2003	907	181	1,088	493	1,292	194	3,067
2004	730	685	1,415	374	1,040	50	2,879
2005	871	700	1,571	301	1,173	44	3,089
2006	665	583	1,248	246	1,295	68	2,857
2007	856	481	1,337	202	1,412	171	3,122
Average	**774**	**549**	**1323**	**346**	**1152**	**95**	**2,916**

Source: Ministry of Agriculture, Office of Prices and Supply

[1] October-September

Table 8: Import Share of Total Import Quantity, Percent, MY

MY	Milling Wheat	Feed Wheat	Total Wheat	Barley	Corn	Sorghum	Total Import
2002	24.7	26.8	51.6	18.5	28.1	1.8	100.0
2003	29.6	5.9	35.5	16.1	42.1	6.3	100.0
2004	25.4	23.8	49.1	13.0	36.1	1.7	100.0
2005	28.2	22.7	50.9	9.7	38.0	1.4	100.0
2006	23.3	20.4	43.7	8.6	45.3	2.4	100.0
2007	27.4	15.4	42.8	6.5	45.2	5.5	100.0
Average	**26.5**	**18.8**	**45.4**	**11.9**	**39.5**	**3.3**	**100.0**

Source: Ministry of Agriculture, Office of Prices and Supply

Table 9: U.S. Market Share of Total Import Quantity, Percent, MY

MY	Milling Wheat	Feed Wheat	Barley	Corn	Sorghum
2002	58	0	0	39	89
2003	74	0	0	82	89
2004	42	0	0	24	54
2005	30	0	3	52	65
2006	23	0	0	56	85
2007	37	0	0	88	96
Average	**44**	**0**	**0.5**	**57**	**80**

Source: Ministry of Agriculture, Office of Prices and Supply