

Israel: Tariffs on fruit and veg to be replaced by direct support

"As a result of the negotiations taking place between growers' organizations and the Ministries of Finance and Agriculture, we believe that there will be a change in the current protection system for producers," stated Itzik Cohen, CEO of the Israeli Fruit Growers Association. "According to the new layout, tariffs on agricultural products will be eliminated and replaced by mechanisms of direct support for producers, as is customary in most OECD countries. In this way, the grower can continue to produce, without fear of this or that crisis."

According to the CEO of the Fruit Growers Association, the high prices of agricultural products for the consumer are largely justified, caused by existing distortions in agricultural marketing and high brokerage fees, which result in the producer getting too little and consumers paying too much. Retailers now represent 70% of the total purchases of agricultural products and the other 30% is accounted for by wholesale markets; this is exactly the opposite of 30 years ago.

The government's plans will solve part of the problem because it will allow producers to supply the fruit at lower prices without being negatively affected. According to Itzik Cohen, the second solution is for growers in different regions and sectors to organise a joint marketing model. The creation of marketing networks should give some power back to wholesalers and allow for the creation of alternative channels to reach the consumer directly. All these should be accompanied by the establishment of a large national wholesale market.

In recent years, agriculture is undergoing seemingly contradictory trends, says the CEO of the Association. Producers today are bigger, more efficient, more professional and more focused. On the other hand, there is a big departure from the agricultural production cycle because of the difficult market conditions, high input costs, taxes and various decrees. The price of water is also increasingly higher and every year we discover new pests that badly hurt the crops and threaten the disappearance of fruit varieties. Furthermore, the environmental regulations are becoming stricter.

As a result, there are hardly any small growers left and the younger generation is not interested in farming. Those who are engaged in agriculture have to fight for their livelihoods. We see price crises regularly, such as the rise in tomato prices, caused primarily from the abandonment of greenhouses. We believe that the agreement with the government will help stop these negative trends.

On 29 February, there will be a conference organised by the Israeli Fruit Growers Association which will deal with the fruit industry in the future. The Conference, held on the Agriculture Centre in Bet Dagan, will also serve to showcase technological developments and innovations and will be a platform to talk about threats to the future of the industry.

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