EXPORT STRATEGY: ISRAEL

FOOD & BEVERAGE AND FOODTECH SECTOR ANALYSIS FOR THE MINISTRY OF FOREIGN AFFAIRS OF THE REPUBLIC OF ESTONIA

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Export Analysis & Strategy: Food & Beverage and FoodTech

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EXPORT ANALYSIS & STRATEGY: FOOD AND BEVERAGE SECTOR IN ISRAEL

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1 EXECUTIVE SUMMARY

Israel relies heavily on imports for key food commodities like sugar, grains, fish, beef, and oils, despite having a strong agricultural sector. However, it is nearly self-sufficient in poultry and turkey production, with minimal dependence on dairy imports. As we explore, Kashrut observance presents additional requirements. The country's FoodTech sector is at the forefront of developing novel ingredients and sustainable alternatives, with alternative proteins among its most advanced and well-funded areas, and with additional strengths in precision agriculture and food waste reduction. In light of these contextual factors, this report explores specific, realistic opportunities for Estonian Food & Beverage and FoodTech companies.

Opportunities for Estonian Food & Beverage and FoodTech Firms

Strategies for Estonian Food & Beverage and FoodTech firms include:

Market Research & Industry Engagement
Estonian companies seeking entry into the Israeli market should engage resources such as The Kitchen Hub FoodTech Landscape and Israel's alternative protein company database by the Good Food Institute to identify potential partners. Reviewing Israeli food company directories and staying updated on regulations, using resources such as Food Compliance International - Israel is crucial for smooth market entry.

Business Development & Networking
Engaging with Israeli industry organisations such as the Federation of Israeli Chambers of Commerce (FICC) can help Estonian companies find tenders and partnership opportunities in areas like fresh produce imports, premium health-focused food products, and alternative proteins. Additionally, the Israel Export Institute and the Food Industries Association of Israel (FIAI) can facilitate strategic business collaborations.

Positioning Estonian Products for the Israeli Market
Estonian firms with premium, organic, and health-conscious products can target high-end retailers. Ensuring compliance with Israeli regulations, particularly for novel foods, is essential.

Collaboration & Joint Ventures
Partnerships with Israeli FoodTech firms can be established through programmes like Horizon Europe, which supports EU-Israel R&D collaboration. Additionally, Estonian firms could provide Israeli startups with production facilities in Estonia, positioning the country as a strategic European hub for scaling FoodTech innovations.

Government Initiatives
The Estonian government can support industry expansion by securing authorisation for fresh produce exports to Israel, organising FoodTech roadshows and delegations, and developing a National Strategy for Alternative Proteins in collaboration with Israel to foster long-term growth.

FOOD AND BEVERAGE & FOODTECH

The traditional Food & Beverage sector comprises livestock products, crop products, other food products, and beverages.

Foodtech refers to the application of advanced technologies, scientific innovation, and data-driven solutions across the food value chain to improve the efficiency, sustainability, safety, and nutritional quality of food systems. This rapidly growing sector encompasses a wide range of domains, including alternative proteins - meat made from plants, cultivated from animal cells, or produced via fermentation.

Figure 1: Food and Beverage sector segments, Civitta and StateUp, 2025.

2 OVERVIEW OF THE FOOD AND BEVERAGE MARKET IN ISRAEL

2.1 BACKGROUND

In 2022, Israel had 2,950 factories in the food production sector and 310 factories for beverages and tobacco products, employing about 69,500 people in the industry. The turnover of food manufacturers in 2022 was approximately 77.9 billion NIS, and for beverage and tobacco manufacturers, it was about 10.1 billion NIS, totalling around 88 billion NIS.[1]

In 2022, the food retail sector in Israel included 2,000 food retailers operating 3,700 stores of various sizes, such as minimarkets and supermarkets. Alongside supermarket chains, there were an estimated 10,000 grocery stores and 7,000 convenience stores.[2]

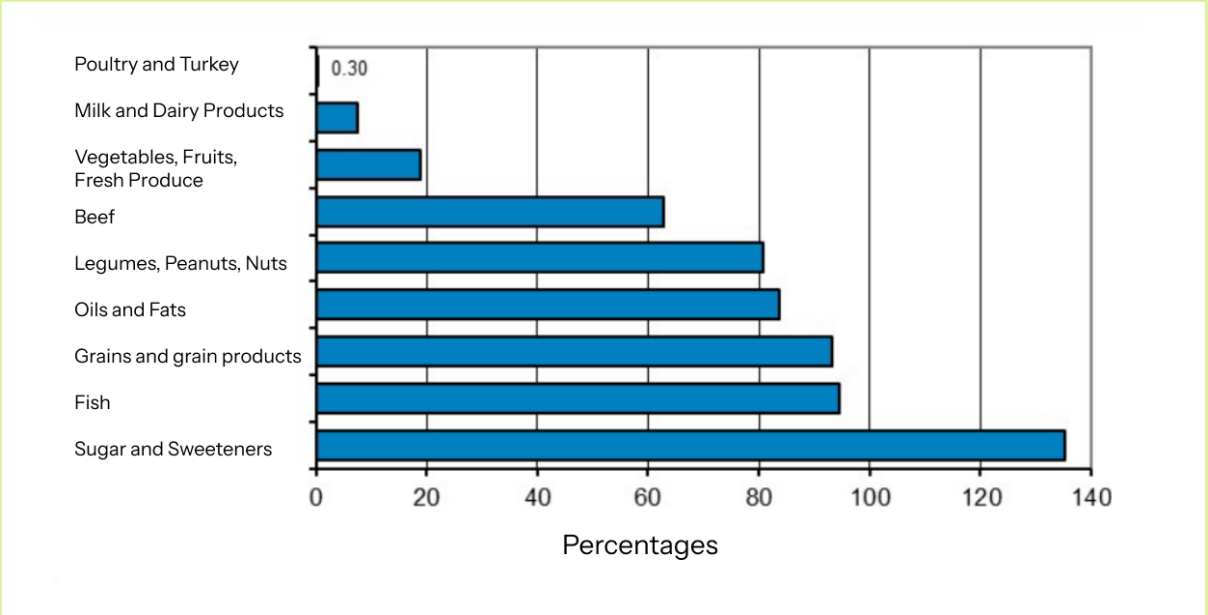
As of December 2023, there were about 2,400 food importers with valid import registration certificates.

Between 2014 and 2022, the food market grew by 24 billion NIS, from 64 billion NIS to 88 billion NIS. The sales volume of the top three retailers increased from 22 billion NIS in 2017 to 24.5 billion NIS in 2022.[3]

Israel's Dependence on Food Imports

Outside poultry and turkey and milk and dairy products, Israel's food supply is heavily influenced by imports, with certain key commodities relying almost entirely on foreign sources. While the country has a strong agricultural sector, local production cannot fully meet demand in several categories, or imports are used to increase competition.

[1] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[2] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[3] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024



**If the import dependence index is higher than 100%, it means that exports rely on imports. Such cases typically occur when a specific component of an exported product is imported. For example, the export of jams depends on the import of raw sugar used in their production.*

Figure 2: Israel's Dependence on the Import of Key Products, 2022. Source: Food Balance Sheet 2022, CBS, 2024.

Israel has a high dependence on the import of sugar, sweets and honey, grains, fish, beef, oils and fats, legumes, peanuts, and nuts. In contrast, Israel produces nearly 100% of the poultry and turkey meat available to the public, and its dependence on imports for milk and dairy products is only 7%.[4]

As of 2022, the top countries importing food to Israel were Switzerland (13% of food imports), the Netherlands (9%), the United States (6%), Turkey (4%), and Italy (4%).[5]

The "Swords of Iron" War has highlighted Israel's heavy reliance on food imports, with over 85% of beef and fish and half of locally produced poultry being imported during this period. Despite this temporary growth in imports in key food subsectors, the war disrupted global trade, with airlines canceling flights and Houthis targeting ships, driving up commodity prices and raising security concerns for food importers. This led to fears of food shortages, prompting industry leaders to urge the government to develop a strategy for securing local production of a significant portion of necessary food. With 90% of food factories located in the northern and southern regions (the main conflict areas during the "Swords of Iron" War), and Israel's population expected to grow significantly by 2050, FoodTech is increasingly being encouraged, providing innovative solutions to ensure a stable food supply. Technologies such as lab-grown meat, alternative protein sources, and more

[4] Central Bureau of Statistics: Food Balance Sheet 2022, 2024

[5] World Integrated Trade Solution: Israel Food Imports by country and region in US$ Thousand 2022

efficient agricultural practices could reduce dependency on imports and help Israel meet its future food needs sustainably.[6]

Consumer Price Index in Israel Over the Past Decade

Food price indices—particularly the fruit and vegetable price index—have risen at a higher rate compared to the overall Consumer Price Index (CPI). Between 2011 and May 2024, the fruit and vegetable price index rose by 26.37%, the dining out price index increased by 34% (which makes up 27.16% of the food price index), and the overall food price index, including fruits and vegetables, rose by 23%. Meanwhile, the overall Consumer Price Index (CPI) increased by 17%[7]. This indicates that the fruit and vegetable price index has risen significantly more than the general CPI, which has sharply impacted the overall food price index, including fruits and vegetables, despite accounting for only about 18% of the total food price index.[8]

In 2021, the monthly household expenditure on food in Israel amounted to 2,241 NIS, with 583 NIS spent on fruits and vegetables. The total expenditure on private consumption of food, beverages, and tobacco was 121 billion NIS in 2021 and 138 billion NIS in 2023.[9]

FoodTech in Israel

Israel has become a key player in FoodTech, with a strong focus on using technology to solve challenges in the food industry. The country's FoodTech sector spans various areas, including alternative proteins, precision agriculture, food waste reduction, and sustainable packaging. This innovation is driven by both local startups and government support, aiming to address global issues like food security, sustainability, and health.

Israeli agrifood tech companies are at the forefront of developing novel ingredients and food products by integrating food science with multidisciplinary expertise. Startups are introducing groundbreaking innovations, such as alternative sugars, cultivated meats, and alternative dairy proteins, to expand the food options available to consumers and provide more sustainable and nutritious alternatives. One of the most advanced and well-funded areas in Israeli FoodTech is alternative proteins, which provide sustainable and ethical substitutes for animal-based products.[10]

FoodTech is emerging in Israel, as elsewhere, and thus is far from a saturated market. However, at present, Israel's FoodTech sector is significantly more advanced than Estonia's, making imports unlikely. As discussed under Strategy, we suggest that collaboration could be advantageous for Estonia in terms of trade and ecosystem development.

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[6] New-Tech Magazine Online: The "Swords of Iron" war as a catalyst for the Israeli FoodTech industry
[7] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[8] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[9] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[10] Israel Innovation Authority and PLANETehch: Israel's State of Climate Tech 2023, 2023

The FoodTech Sector

There were 230 FoodTech companies in Israel in 2022 (see Israel's FoodTech Map in the competitive analysis section).

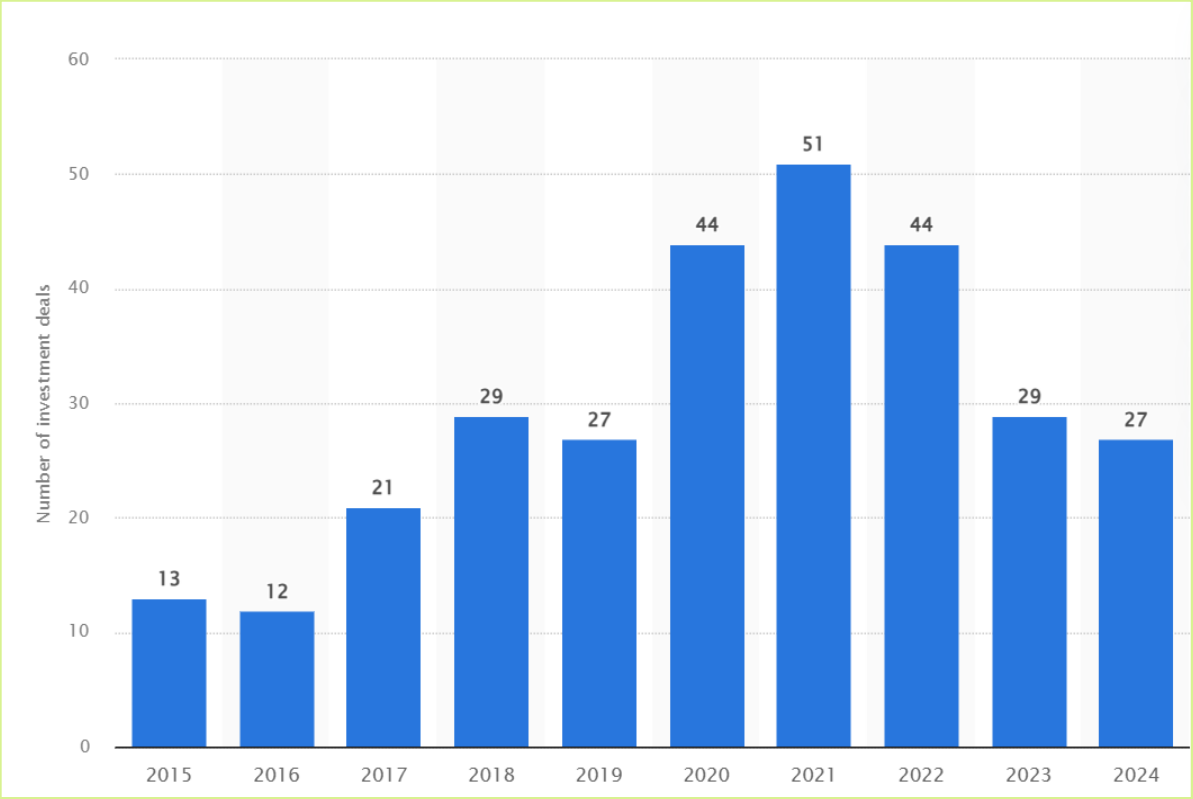

Figure 3: Annual number of investment deals in FoodTech startups in Israel from 2015 to 2024, Source: Statista, 2025.[11]

In 2024, Israeli FoodTech startups secured 27 investment deals totalling approximately $134 million, reflecting a 12% decrease compared to the previous year. This marked a slowdown in the declining investment trend, in line with other parts of the technology sector, that began after the sector's peak in 2021 (with investments nearing $1 billion). The majority of these investments have focused on alternative proteins, followed by novel foods. Notably, the number of investment rounds in 2024 aligned closely with the levels seen in 2019.[12]

2.2 MARKET TRENDS

Trends in Israel's Food & Beverage Industry:

- **Premium and Health-Oriented Products:**

[11] Statista: Annual number of investment deals in foodtech startups in Israel from 2015-2024, 2024

[12] Statista: Annual value of Investments in FoodTech Companies in Israel from 2015-2024, 2024,

  - Growing demand for organic, functional, and fortified foods (e.g., probiotics, protein-enriched products).
  - Increase in plant-based dairy alternatives (oat, almond, and soy milk) due to lactose intolerance and health awareness.
  - Low-sugar and sugar-free products are gaining traction due to regulations limiting sugar content in processed foods.

- **Regulatory & Sustainability Push:**
  - Green packaging initiatives: Government incentives for companies adopting biodegradable or reusable packaging.[13]
  - Restrictions on ultra-processed foods: Front-of-packaging labelling (red warning stickers) continues to impact sales of high-fat, high-sugar, and high-sodium products.[14]
  - Further information on food labelling in the Ministry of Health Website.

- **Growth of Online Food and Consumer Product Sales in Israel:** The online market for food and consumer products in Israel has grown significantly, driven by technological advancements and increased consumer options. Major supermarket chains, along with virtual and category-specific stores, dominate the market. The shift to online sales accelerated in 2020 due to the COVID-19 pandemic and has been further fuelled by expanding geographic coverage. Supermarket chains are continuing to grow their online presence through both expansion and acquisitions, recognising online sales as a key growth driver.[15]

- **Growing Trend: 74% of Israelis Reducing Consumption of Animal-Based Products:** 74% of the Israeli population (ages 18+) are reducing or avoiding animal-based products for health, environmental, or ideological reasons.[16] While the percentage of vegans and vegetarians in Israel remains stable at around 3-4% and 6% respectively, 64% of Israelis have reduced their consumption of these products in the past year. This brings the total to 74%, as the broader trend includes those who are not fully vegan or vegetarian but are still cutting down on meat, poultry, and dairy.[17]

Trends in Israel's FoodTech Sector:

- Developing Innovative Ingredients for Food Manufacturers - Alternative Proteins
  - **Cultivated Meat**: Unlike plant-based alternatives, cultivated (or lab-grown) meat is developed by growing real animal cells in bioreactors, without the

[13] Ministry of Environmental Protection: Bottles, Tires, Packaging, Appliances, Plastic Bags: Extended Producer Responsibility, updated 2024
[14] Efshar Bari, an initiative of the Ministry of Health, the Ministry of Education and the Ministry of Culture and Sports:Regulations for Labeling Harmful Food Products
[15] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[16] Walla News: The growing trend: 64% of Israelis are classified as "reducers", 2023
[17] Walla News: The growing trend: 64% of Israelis are classified as "reducers", 2023

need to raise or slaughter animals. Cultivated meat startups are scaling up production, aiming for regulatory approvals and commercial sales.[18]

- Aleph Farms - In 2018, Aleph Farms introduced the world's first cultivated thin steak.
- Forsea - produces high-quality seafood that meets rigorous taste standards, with the goal of transforming the global seafood market and addressing the critical depletion of wild fisheries and degradation of marine ecosystems.

- **Fermentation-Based Proteins**: This method uses microorganisms (such as yeast, fungi, or bacteria) to produce protein.
  - Remilk - produces milk proteins through a fermentation process that replicates the proteins without the need for animals.
  - Eggmented Reality - specialises in creating plant-based egg alternatives. Their products replicate the taste, texture, and cooking properties of traditional eggs, using innovative ingredients to offer a sustainable, cruelty-free option for consumers.
- **Plant-Based Proteins / Hybrid meat products**: the use of plant-based ingredients to create realistic meat substitutes with the texture and flavour of traditional meat. Plant-Based Proteins and Hybrid meat products (combining plant-based and cultivated ingredients) are gaining interest.
  - Redefine Meat- using 3D printing technology and advanced food science, the company creates realistic meat products that mimic the texture, taste, and appearance of animal-based meat, offering a sustainable and cruelty-free solution for the growing demand for plant-based food options.
  - Oshi has created a plant-based protein alternative, Oshi Salmon, made from legume proteins, algae oils, and extracts. It offers the benefits of fish, including protein and omega 3 and 6, without the harmful chemicals like mercury, helping to reduce pressure on fisheries.

- **Government funding for alternative proteins in Israel:**
  - In June 2023, the government allocated NIS 50 million to establish a precision fermentation contract development and manufacturing organisation (CDMO), reducing costs for pilot and demonstration-scale equipment and expertise for emerging startups. [19]
  - Israel has introduced a new human capital programme to develop expertise in alternative proteins and food technology (alongside other key technology focuses), strengthening the country's research ecosystem and workforce. Estonian companies, universities, and government entities can contact the

[18] Startup Nation Central: Israeli Food Tech Startups are Cooking Up Solutions for Sustainable Foods, 2023
[19] Good Food Institute: State of Global Policy 2023, 2024

selected projects on an individual basis to assess potential for international collaboration at the project-level.
    - The Israel Innovation Authority (IIA) also renewed its joint research grant programme with The Good Food Institute Israel (GFI Israel) for the second consecutive year, providing funding for projects focused on enhancing the sensory qualities and production methods of alternative meat, dairy, and seafood products.

- **Israel's Alternative Protein Collaboration Initiatives**
  In 2023, Israel led international alternative protein collaborations, engaging in several bilateral and multilateral initiatives to co-develop new products and technologies with other countries.
    - One such collaboration, through the Singapore-Israel Industrial R&D Programme (SIIRD), provided joint funding from both nations to a company from each side to develop a 3D-printed cultivated grouper prototype, which was unveiled in 2023.
    - The Binational Industrial Research and Development (BIRD) Foundation, a partnership between Israel and the United States, awarded $1 million to Israel's Oshi and the US company The Better Meat Co. to create mycoprotein-based salmon filets.
    - Israel is also involved in a multilateral effort with Sweden, Switzerland, and Singapore. Through Eureka, these partnerships have offered joint funding to support product development, research, and business relationships between the participating countries and their governments.

- **Israeli Food Tech Startups Enhancing the Supply Chain:** A significant amount of food waste is driven by supply chain inefficiencies, including spoilage from overstocked inventory and improper storage temperatures. Israeli startups are emerging to address these challenges[20]
    - Evigence Sensors is transforming freshness management by using sensors and data analytics to track the real-time quality of food. Their system measures time and temperature exposure, providing precise data on a product's remaining "fresh life," allowing vendors to reduce waste and ensure better inventory management.
    - LiVA is extending the shelf life of fresh produce using beneficial bacteria that prevent spoilage. Their biotechnological approach fights harmful microbes, offering a natural solution that improves food preservation without the need for expensive packaging, while also ensuring the food remains safe and flavourful.

- **Precision Agriculture: Enhancing Farm Efficiency**
  Israeli precision agriculture solutions are transforming farming practices through the use of drones, sensors, and advanced farm management

[20] Startup Nation Central: The Israeli Food Tech Ecosystem, 2024

software. These innovations enable farmers to improve crop health, irrigation, and pest control through data-driven insights, boosting productivity and resource efficiency. Israel's expertise in precision agriculture contributes to the global movement toward more sustainable farming practices.

- CropX- uses soil sensors and data analytics to optimise irrigation and improve crop yields. Their technology helps farmers make data-driven decisions, leading to water savings and enhanced productivity.
- Taranis - provides an AI-powered platform for crop monitoring. Using aerial imagery and machine learning, Taranis helps farmers detect pests, diseases, and other crop issues early, improving yield quality and reducing the need for pesticides.
- ADAMA - originally founded in Israel, is a global leader in crop protection, offering solutions to combat weeds, insects, and diseases to help farmers sustainably feed the world. ADAMA is now a member of the Syngenta Group.

- **Consumer Tech: Revolutionising the Food Experience**
  Israeli startups are developing consumer technologies that enhance how individuals interact with food. From personalised nutrition apps to taste preference analytics, these technologies help consumers make informed choices about their diet, health, and food safety. By catering to the growing demand for sustainable and healthy options, Israeli innovations empower people to take control of their food decisions.
  - Tastewise offers the TasteGPT platform, helping food companies and restaurants analyse market trends and consumer preferences. This data-driven tool enables businesses to optimise inventory, reduce waste, and improve customer satisfaction.
  - EAT ID, personalises restaurant offerings by matching customer preferences to available dishes, ensuring tailored meals that account for allergies and other dietary needs.

2.3 VALUE CHAIN ANALYSIS

Regulatory Bodies

Ministry of Health (MOH) – The National Food Service: The National Food Service is the authority responsible for overseeing all aspects of food regulation in Israel. This responsibility extends from harvesting, slaughtering, receiving milk at dairies, sorting eggs, and inspecting fish after fishing, to monitoring imported food, with oversight concluding at the point of consumption.
Its areas of activity include setting regulatory policies, drafting regulations, orders, and standards, issuing guidelines, ensuring food safety, supervising the transportation of animal-based food products and conducting surveys and research.

The Standards Institution of Israel (ISI): Sets standards for food products (among other consumer and industrial goods).

Ministry of Agriculture and Food Security: responsible for the development and sustainability of Israeli agriculture, as well as ensuring a continuous supply of agricultural products. Its responsibilities include food security and guaranteeing high-quality, healthy, and safe food for the public, with strict oversight of all stages from field to fork. The ministry also regulates the prices of dairy and egg products, conducts economic research in the agricultural sector, implements regulations to reduce the cost of living, promotes sustainable agriculture, protects trees and green spaces, safeguards animal welfare (both livestock and pets), and supports the development of rural agricultural settlements in the country's geographic periphery.

Israel Innovation Authority (IIA): Supports FoodTech innovation and startups.

Ministry of Economy and Industry: Handles trade regulations, import/export policies, and business development.

Israel Competition Authority (ICA): plays a key role in regulating competition in the food and beverage industry, ensuring fair market conditions and preventing monopolistic practices. It enforces the Food Law (2014) and the Economic Competition Law (1988) to curb excessive market concentration and promote consumer welfare. The ICA oversees mergers and acquisitions in the sector, investigates anti-competitive behaviour such as price-fixing and restrictive arrangements, and implements policies to enhance market entry for new players. It has also been involved in reforms aimed at increasing food import competition and reducing the cost of living.

The State Comptroller: The State Comptroller of Israel is responsible for auditing government activities across various sectors, including the food and beverage industry. In this context, the Comptroller examines issues such as market concentration, food price regulation, import barriers, and the effectiveness of competition policies (see Regulation for further detail).

Industry Organisations and Associations

Manufacturers Association of Israel – Food Industries Association:
The Food Industries Association of Israel represents the food and FoodTech sectors in Israel. It is a primary body for over 250 companies that produce around 90% of the country's packaged food. Its membership spans multinational corporates, small and medium-sized producers (making up about 75% of the members), as well as FoodTech startups across various food sectors.
The Food Industries Association of Israel acts as the main advocate for the food and FoodTech industries in their dealings with the government and the parliament. It works to improve the sector's competitiveness, push for balanced regulations that ensure food safety and quality while reducing manufacturer burdens (including adopting European

standards), address the cost-of-living challenges, and ensure food security, all while tackling food waste. The association also plays an active role in the Israeli ecosystem, fostering collaborations with academia, health organisations, innovation centres, and advancing FoodTech.

Estonian food companies looking to enter the Israeli market or identify partnership opportunities should visit the Manufacturers Association of Israel website and make contact as an initial port of call.

Israel Export Institute – Food & Beverage Sector: The Israel Export Institute, through its Foodtech and Food Sector, plays a key role in facilitating global business development, and it can be an invaluable resource for Estonian food and foodtech companies looking to collaborate with Israel. Although the Institute focuses on promoting Israeli exports, its extensive network and experience can help Estonian companies identify opportunities for collaboration within the Israeli market.

FoodTech Nation: A network for food innovation, startups, and R&D.

Israel Agri FoodTech Valley: A voluntary association in the Eastern Galilee region, created to pool resources and efforts in advancing FoodTech and Agritech as key drivers of regional growth.

Farmers Federation of Israel: Founded in 1922, the Farmers Federation is Israel's first settlement movement. It supports farmers through services in land, water, and labour, advocates for their rights, and represents them in key agricultural and business decisions.

Israel's Farmers Federation: (IFA) unites all Israeli farmers, including moshavim, kibbutzim, Arab sector farmers, and agricultural workers. It encompasses professional organisations in vegetables and fruits, livestock, field crops, and other agricultural sectors, along with regional councils and water associations. The federation is the highest representative body for all member organisations before the relevant authorities – including the government, the parliament, and ministries such as agriculture, finance, and justice.

PLANETech: PLANETech is a climate tech community that fosters innovation and collaboration in addressing climate change, with FoodTech being one of its primary areas of focus. The community brings together startups, investors, and organisations dedicated to developing sustainable solutions for the food industry, aiming to reduce its environmental footprint.

The Good Food Institute Israel (GFI Israel): A non-profit organisation promoting alternative proteins, cultivated meat, and plant-based innovation, GFI Israel supports the development and commercialisation of sustainable food technologies.

Retail & Distribution Networks

Major supermarket chains distributing food and beverage products include Shufersal, Rami Levy, Victory, Tiv Taam. Specific retail and distribution networks focused on organic, healthy, and premium brands include Nitzat Haduvdevan, Teva Castel, Anise, Eden Teva Market (part of the Tiv Taam Group), and Shufersal Green (part of the Shufersal Group).

Leading food manufacturers and distributors include Israeli corporates such as Strauss Group and Tnuva, and multinational corporates such as Osem-Nestlé, PepsiCo and Unilever.

FoodTech Incubators, Accelerators and Innovation Hubs

The Kitchen FoodTech Hub (Strauss-backed incubator): a seed investor and incubator for food technologies. It focuses on advancing alternative proteins and food safety innovations, leveraging technical expertise and strategic investment to shape the future of food.

Fresh Start Incubator (Backed by Tnuva and Tempo): A global food tech incubator focused on driving future food innovations, particularly in protein alternatives and waste reduction. With technological support, it plays a central role in Israel's agrifood tech growth.

Tnuva Ventures: Investment arm of Tnuva, investing in alternative proteins and food innovations.

Israel AgriFoodTech Valley: a collaborative initiative in the Eastern Galilee region, bringing together academia, industry, and the public and private sectors to revolutionise FoodTech and agritech. Partners are primarily Israeli given the regional focus, but foreign companies with local entities, such as Merieux NutriSciences, are involved.

The International FoodTech Centre at Margalit Startup City: Located in Kiryat Shmona, the centre unites food and agricultural communities, municipalities, research institutes, multinational manufacturers, and startups. It aims to create new advancements in FoodTech, AgriTech, and ClimateTech.

Pearl Cohen FoodTech Accelerator: A legal and business accelerator specialising in FoodTech startups, offering mentorship, resources, and support to navigate the complexities of the food industry.

IN-VENTech: a startup programme that provides up to $100K in grants, connections to investors and clients, office funding, business development support, mentoring,

community access, and more.

ICL Planet Startup Hub: A platform through which ICL fosters, supports, and accelerates innovation and technology within the AgriFood tech ecosystem.

Israeli VCs and Public Market Funds that Invest in FoodTech

Relevant investors include:

- JVP
- OurCrowd
- Hanaco
- Millennium FoodTech
- Tnuva Ventures
- E44
- Terra Venture Partners
- Capital Nature
- MOREVC
- Milk & Honey Ventures
- Flora Ventures
- NevaTeam Partners

3 FOOD AND BEVERAGE SECTOR STRATEGIES AND POLICIES IN ISRAEL

3.1 REGULATION OF THE FOOD AND BEVERAGE SECTOR IN ISRAEL

Key Milestones in Israel's Food and Beverage Industry and Their Regulatory Impact:

- **2000 and Onward: Consolidation in the Food Industry:** Industry giants such as Tnuva, Strauss, and Osem expanded their portfolios by acquiring smaller companies. For instance, Strauss Group, originally known for dairy products, merged with Elite, a leading confectionery and coffee company, in 2004, forming Strauss-Elite.

- **2005: Shufersal's Acquisition of Clubmarket:** Shufersal, Israel's largest supermarket chain, acquired its competitor Clubmarket, boosting its market share from over 20% to more than 30%.[21]

- **2011: Social Protests and the Trachtenberg Committee:** In the summer of 2011, widespread protests erupted in Israel over the high cost of living and rising food prices, including the "Cottage Cheese Boycott." In response, the government established the Trachtenberg Committee, which recommended gradually reducing import barriers to address public concerns.

- **2011: The Kedmi Committee**: The committee identified key factors affecting food prices in Israel, such as government regulations, import policies, and taxation, and recommended reducing tariffs on agricultural and processed food products with minimal domestic production. It also suggested lowering high tariffs that act as trade barriers to increase market competition and lower food prices. Following these recommendations, the government implemented reforms, including the 2016 "Cornflakes Reform," to facilitate parallel imports and align Israel's regulations with international standards.

- **2013: Enactment of The Anti-Concentration Law:** To tackle economic concentration and promote competition, Israel enacted the Anti-Concentration Law in 2013. This legislation aimed to reduce the dominance of large business conglomerates, particularly in the food and consumer goods sectors and encouraged the entry of new players into the market.

- **2014: The Committee for Increasing Competition and Removing Barriers in the Import Sector (The Lang Committee):** Following the Committee's recommendations new laws were enacted to enhance consumer protection, including The Food Law

[21] Knesset Research and Information Center: Market Power and Economies of Scale in the Food and Consumer Goods Market, 2023

(2014) and The Public Health Protection Law (2015). Other legal amendments addressed price regulation, consumer rights, and market competition.
The Law for Enhancement of Competition in the Food Sector (The Food Law): The Food Law, passed by the Israeli Parliament in March 2014, aimed to boost competition and lower consumer prices. It introduced strict regulations, including prohibitions on large suppliers and retailers from influencing pricing or sales terms, and restrictions on store openings in concentrated areas. The law also banned below-cost sales, conditional sales, and direct payments from suppliers to large retailers, except for lawful price reductions.[22]

- **Amendments to the Food Law were enacted on 6 June 2023, introducing stricter regulations:** including a temporary ban on mergers between large food suppliers, set to expire in January 2025. The amendments also prohibited conditional discounts and raised the maximum fine for violations from 25 million NIS to 40 million NIS. Additionally, a change to the exemption for product shelf arrangements limits it after January 2025 to retailers where over 55% of sales come from small suppliers.

- **2016 and Onward: Retail Sector Turbulence:** The retail sector faced significant upheavals starting in 2016. Mega, once Israel's second-largest retail chain, collapsed, leading to the sale of its branches. Similarly, Co-op faced financial difficulties, resulting in its acquisition by other retailers. These events paved the way for foreign retail chains to enter the Israeli market, intensifying competition and offering consumers a broader range of choices.

- **2017: Tariffs on Food Products**: Tariffs are established under the updated Customs Tariff and Exemptions Order and Purchase Tax on Goods (2017), which refined and modernised earlier regulations. Tariff rates are influenced by international trade agreements to which Israel is a signatory, including multilateral agreements under the World Trade Organisation (WTO). Additionally, Israel has bilateral trade agreements with the United States, EFTA, the European Union (covering Nordic and Baltic EU member states), Canada, Turkey, Mexico, Mercosur, Egypt, Jordan, Colombia, Panama, the United Kingdom, Ukraine, South Korea, Guatemala, the United Arab Emirates, and Vietnam.

- **2021: State Comptroller's Report on Market Concentration:** In May 2021, the State Comptroller published a report on monopolies and market concentration in the food industry, addressing issues such as supplier and retailer concentration, competition barriers, and import restrictions. [23]

- **2023: an amendment to the Economic Competition Law** introduced restrictions on direct importers, prohibiting actions that could limit competition from parallel or

[22] OECD: Competition in the Food Supply Chain – Contribution from Israel, 2024
[23] The State Comptroller of Israel: The treatment of monopolies and concentration in the food industry, 2021

individual imports. This includes measures that reduce industry competition, intentionally restrict parallel imports, or unnecessarily hinder parallel importers.

- **2024: another report by the State Comptroller-** The report focused on price regulation, analysing the government's control over food prices through the Ministry of Finance, the Ministry of Economy and Industry, and the Ministry of Agriculture and Food Security.[24]

- **2025: The Import Reform ("What is Good for Europe is Good for Israel"):**[25]

  The food sector reform commenced on January 1st, 2025.

  The food sector reform focuses on removing regulatory barriers by adopting EU regulations and simplifying the import process. It builds upon the previous reform in 2021, addressing challenges that arose during its implementation.

  Key components of the food reform include:[26]

  - **Adoption of European Regulations**: Forty new regulations have been introduced, enhancing harmonisation with EU laws on food safety, labelling, additives, and more. Public health measures, such as marking high-sugar foods with "red stickers" and implementing a zero-tolerance policy for Listeria, have been included.
  - **Quality and Safety Control Plans**: Importers who demonstrate compliance with European regulations are now required to register as 'proper importers' and maintain a quality and safety control plan based on risk management. Manufacturers have already implemented a HACCP-based system, which will become mandatory by August 2026.
  - **Parallel Imports and Document Flexibility**: The reform has facilitated parallel imports by reducing documentation requirements. Importers no longer need to have direct contact with manufacturers unless managing risks, and local lab tests are not required for each lot if covered by their control plan.

Kosher Food in Israel

In Israel, "kosher" refers to food that adheres to Jewish dietary laws known as kashrut, which include rules about permissible animals, the separation of meat and dairy, kosher slaughter, and the use of kosher ingredients and equipment. Kosher food must be certified by a recognised authority.

[24] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024

[25] Ministry of Economy and Industry: The import reform, "What is good for Europe is good for Israel", 2024

[26] The Ministry of Health: The approval of the food and cosmetics reform, 2024

In 2022, 43.9% of Jews identified as secular, 32.9% as traditional, 11.5% as religious, and 10.9% as ultra-Orthodox. Among them, close to 100% of religious and ultra-Orthodox Jews eat only kosher food. A significant portion of traditional Jews also follow kosher dietary laws, but they don't necessarily need their food to have a kosher certificate. Most secular Jews, on the other hand, observe certain kosher practices but do not necessarily require the certificate. This data is based on individuals aged 20 and above. [27]

The Chief Rabbinate of Israel approves the import of food products based on kosher certification provided by rabbis and kosher organisations from abroad and does not directly grant kosher certification for imported products. **An importer who wishes to import a product as kosher must obtain certified kosher approval recognised by the Chief Rabbinate and get approval from the Import Department for the product.** [28]

It is not mandatory to import a product as kosher. Food importers must make this decision based on the target consumers.

Overview of Tariffs, Licencing & Barriers

Tariffs and Quotas

Most agricultural goods from the EU enter Israel duty-free under the EU–Israel Association Agreement. Sensitive products (e.g. certain cheeses, dairy, meat, wine, fresh produce) still face:

- Tariffs (some exceeding 100% out-of-quota),
- Tariff-Rate Quotas (TRQs) that cap low-tariff volumes.

Recent reforms (2022–2025) are reducing tariffs on many staple foods to lower consumer prices, gradually expanding market access for EU exporters.

Import Licensing & Quota Management

Non-automatic licensing applies to sensitive goods like dairy and eggs, creating delays and entry barriers.

Sanitary and Phytosanitary (SPS) Measures

- Veterinary and phytosanitary certificates are mandatory for animal and plant products.
- Kosher certification is essential for marketability, even if not legally required—adds cost and complexity.

[27] Central Bureau of Statistics: Individuals aged 20 and above, by level of religiosity and selected characteristics, 2023

[28] The Chief Rabbinate of Israel: Import

A new import regime (2025) distinguishes non-sensitive foods (e.g. dry packaged goods), which require only importer self-declaration; and sensitive foods (e.g. meat, fish, dairy), which require prior Ministry of Health approval.

Technical Barriers to Trade (TBT)

- Hebrew-language labeling is mandatory, including:
  - Product details, ingredients, nutrition, expiry, kosher status, etc.
- Some product-specific standards (e.g. fortification, additives, packaging sizes) still diverge from EU norms.

Procedural and Market Barriers

- Multiple agencies (customs, agriculture, health) are involved in import clearance, which can slow shipments.
- High compliance costs (e.g. certification, labeling, licensing) pose challenges, especially for SMEs.
- Market concentration among a few dominant importers limits entry opportunities for new EU exporters.
- Ongoing reforms aim to increase competition and transparency, but full implementation is still in progress.

3.2 REGULATORY FRAMEWORK FOR FOODTECH IN ISRAEL

Regulations for Novel Food

Novel Food: A food or a food ingredient that has not been in extensive use in Israel prior to 2006 and falls under one of the following criteria:

- Of a novel primary molecular structure
- Derived from a novel organism
- Genetically modified organisms
- Novel manufacturing process

In Israel, HACCP (Hazard Analysis and Critical Control Points) and GMP (Good Manufacturing Practices) are mandatory for ensuring the safety and quality of novel foods, specifically those produced through cell-based and fermentation technologies.

- **HACCP is required to identify and control potential hazards** at every stage of production, ensuring that risks related to biological, chemical, and physical contaminants are effectively managed.
- **GMP must be followed to maintain strict hygiene, sanitation, and quality control** throughout the manufacturing process, including equipment maintenance, personnel training, and raw material handling.

To submit a novel food application to the National Food Services, the first step is to verify whether the food is truly novel. This can be done by checking the lists available on the

National Food Services website to confirm that it is not already approved. Once confirmed as a novel food, the submission process follows the steps outlined in the chart below. The approval timeline ranges from 6 to 12 months, depending on whether the food has been pre-approved by recognised regulatory bodies listed on the website. The entire application process is free of charge.

Novel Foods Application Process

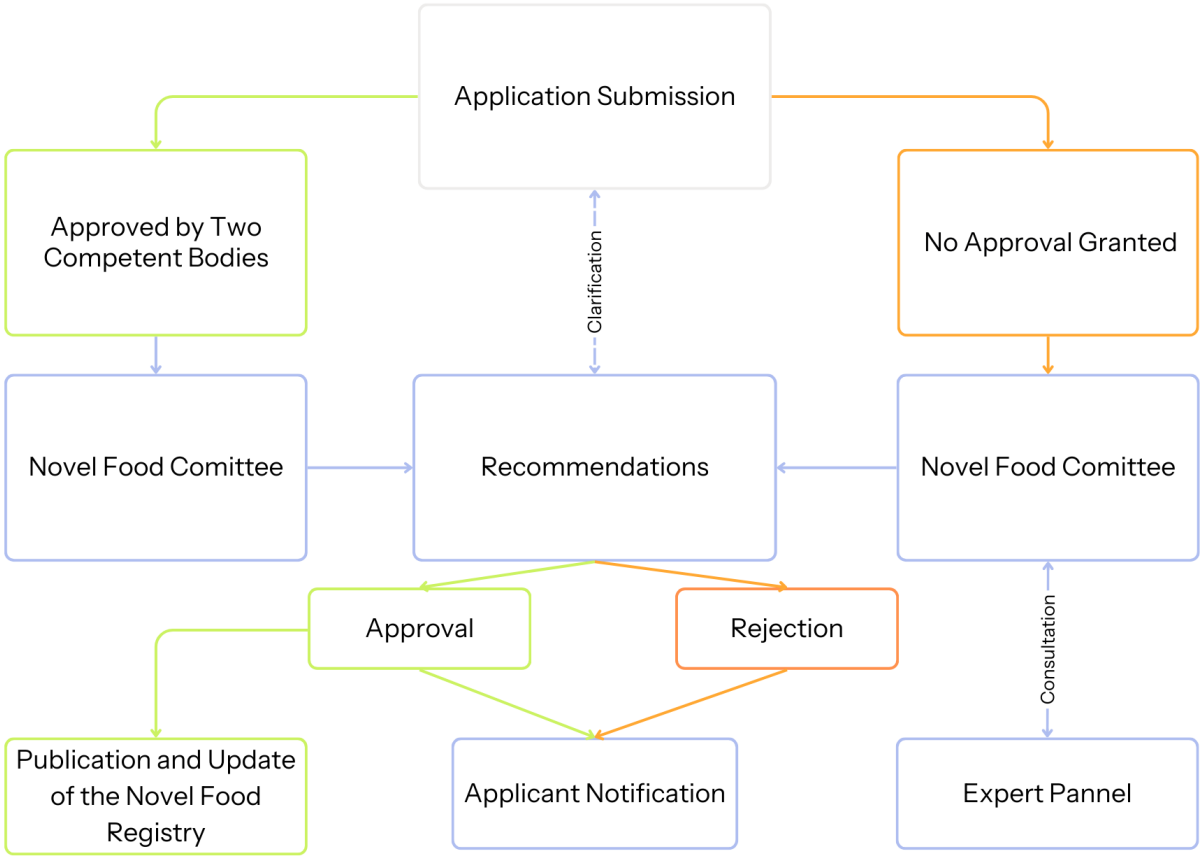

Figure 5: Novel Foods – Application Process, Design: StateUp, Source: Israel Innovation Authority and The National Food Service, 2022.

Examples of FoodTech Regulatory Approvals in Israel

- **Remilk**: In April 2023, ReMilk became the first company in Israel to receive regulatory approval from the Israeli Ministry of Health to market and sell products made with its precision fermentation-derived milk protein.[29]
- **Imagindairy**: In November 2024, Imagindairy secured approval to market its animal-free milk proteins within Israel. This clearance allows the company to collaborate with food manufacturers to produce dairy alternatives such as cream cheese, ice cream, and yogurt. Prior to this, the company had already secured

[29] The Marker: Remilk will market cow milk protein in Israel without the use of animals, 2023

approval from the US Food and Drug Administration (FDA) to sell its products in the US.[30]

- **Aleph Farms**: In January 2024, Aleph Farms received the world's first regulatory approval for cultivated beef. This milestone permits the company to sell its lab-grown steaks in Israel, marking a significant advancement in the cultivated meat sector.

4 FOOD & BEVERAGE EXPORTS FROM ESTONIA TO ISRAEL

4.1 FOOD & BEVERAGE SECTOR OVERVIEW IN ESTONIA[31]

The Food & Beverage sector in Estonia has seen a 10% annual growth in turnover between 2019 and 2023. Since 2021, the growth in turnover has been mostly due to food prices inflation, while production volumes have remained the same or even have fallen slightly (e.g., 5% decrease in production volume 2022 vs 2023).[32] The Other segment accounts for approx. 41% of turnover in 2023, followed by Dairy with 22% and Meat with 16%. Beverages constitute 13% of turnover.

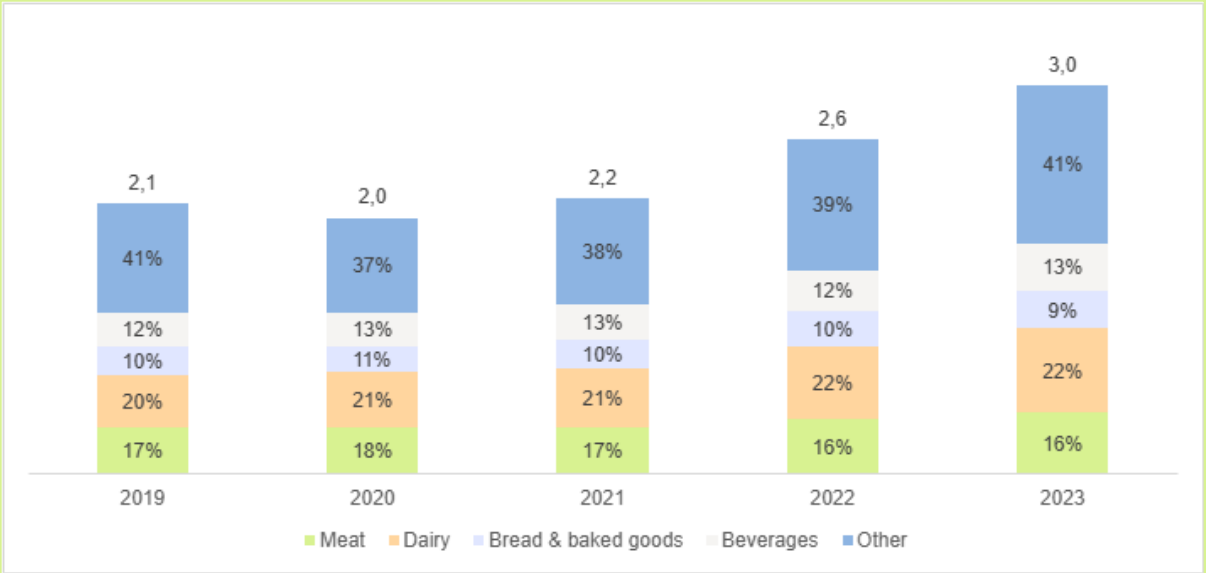

Figure 6: Food & Beverage sector turnover, 2019-2023, in M €

The current focus of the Estonian Food & Beverage sector export strategy is twofold. First, the sector aims to tap into distant, densely populated markets to find larger markets that can support economies of scale through sufficiently large production and diversify client

[30] The Times of Israel: FoodTech startup gets regulatory nod for protein to sell cow-free milk in Israel, 2024

[31] Ministry of Regional Affairs and Agriculture, Statistics Estonia

[32] Estonian Ministry of Agriculture: Agriculture, Fisheries, Rural Affairs and Food Industry Review, 2023

portfolios in response to regional challenges. Markets targeted currently are Asian markets (South Korea, Vietnam, Japan, India, China), MENA (UAE, Saudi Arabia and other Gulf states), USA and Africa (Ghana, South Africa, Nigeria, Kenya).[33] Second, the sector aims to emphasise the export of higher value-added, innovative and sustainable products.[34]

In 2024, Estonia primarily exported cheese and curd products (total exported value of goods was €189M, see Appendix 4) which has stayed one of the most exported food product groups over the last few years. This was followed by milk and cream products (€125M) and wheat and meslin products (€124M) have also held high proportions of food and beverage exports over the years.[35]

Top export markets for Estonian Food industry in 2023 have been the CEE/Nordic markets (Latvia, Finland, Lithuania, Sweden, Poland, Denmark, Norway), with Spain, the Netherlands and Israel also featuring in the top 10.[36]

Exports in the Food & Beverage sector are generally determined by structural factors such as transportation costs (especially for goods with short expiration time and in non-premium segments), customs & import restrictions, quality and other (Kosher/Halal) certifications requirements. Offering a harmonised trade framework and allowing for lower transportation costs, EU countries have been key markets, especially for Food & Beverage companies in relatively early stages, as is the case with multiple Estonian FoodTechs.[37]

€3B	total estimated sector turnover of Estonian Food & Beverage sector in 2024
33%	of Food & Beverage sector output is exported in '23, with **75%** of that to EU
1000+	companies comprise the Estonian Food & Beverage sector in 2023
~10%	projected CAGR of Estonian Food & Beverage sector turnover until 2030[38]

4.2 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
• **Clean & Sustainable:** Estonia has the 2nd cleanest food globally, 4th best air	• **Limited Investment:** Slow modernisation in traditional sectors.

[33] Estonian Food & Agriculture Industry Association, 2024 internal materials
[34] Estonian Food & Agriculture Industry Association, 2024 internal materials
[35] Statistics Estonia - commodity value, euros by flow, commodity (CN), country and year - VKK30
[36] Agriculture, Fisheries, Rural & Food Industry Overview 2023 by Ministry of Regional Affairs and Agriculture
[37] Selected company interviews
[38] Internal estimate considering historical growth & current trends

quality and is 2nd in Europe for organic farming.

- **Innovative Tech:** Estonia has innovative solutions like indoor farming, zero-waste, traceability, freeze-drying.
- **Emerging FoodTech Ecosystem:** R&D from Lallemand, TalTech, Valio.
- **Diverse Product Range:** Meat, dairy, plant-based, organic, beverages enriched foods and value added foods.
- **Export Growth:** Expanding into Asia, MENA, USA, Africa.

- **Few Specialised Investors:** FoodTech less attractive to VCs.
- **Labour Shortages:** Difficulty finding qualified workers.
- **High Costs:** Some expensive raw materials (eg. oilseed and pork) when compared to other CEE countries, logistics, labour.[39]
- **Regulatory Challenges:** Slow certification processes.
- **Profitability Issues:** High taxes, retail price wars.
- **Local Preferences:** Meat & dairy consumers prefer domestic products.

OPPORTUNITIES

- **Increasing Consumer Demand for Healthy and Premium Products**
- **Thriving FoodTech Ecosystem with Government Backing** (In 2022, the Israeli government designated Foodtech as one of its top five national priorities for significant investment over five years.)
- **Growing Interest in Alternative Proteins**
- **Regulatory Alignment for Imported Products from European Countries** ("What's Good for Europe is Good for Israel"), Easing Market Entry
- **Strong Willingness for International Collaboration in FoodTech**

THREATS

- **Strict Regulatory and Kosher Standards** for Certain Consumer Segments
- **Unclear Regulations** for Emerging FoodTech Innovations
- **Intense Competition** from Both Local and Global Brands
- **Cost Sensitivity** Among Consumers Outside Major Cities

[39] Estonian Ministry of Agriculture: Agriculture, Fisheries, Rural Affairs and Food Industry Review, 2023

4.3 SEGMENTS WITH GREATEST POTENTIAL FOR ESTONIAN FIRMS

Premium Healthy and Organic Food Solutions

Opportunities in the Israeli market: The demand for premium healthy food and organic products is stronger among Israelis with higher incomes or those living in large urban areas like Tel Aviv. These consumers are increasingly willing to pay more for high-quality, organic, and sustainably produced food options, driven by growing awareness of health, sustainability, and ethical sourcing. However, despite this willingness to invest in premium food, price sensitivity remains an important factor in Israel, meaning that while there is a market for premium products, they must still be priced competitively.

Estonian value proposition: Estonia is well-known for its organic food production, sustainable agriculture, and clean-label food solutions. The country offers a range of high-quality, sustainably produced foods - from organic grains and vegetables to plant-based protein solutions. Estonia has the 4th best air quality in the world and ranks 2nd in Europe for organic farming (both – '23). According to the UN Food and Agriculture Organisation, Estonia boasts the 2nd cleanest food in the world[40]. Organic Estonia is an organisation promoting the organic sub-segment of the Food sector.

Food Safety, Traceability & Supply Chain Optimisation

Opportunities in the Israeli market: Food safety and supply chain transparency are critical in Israel, especially given the country's reliance on food imports and complex logistics due to geopolitical factors. There is a growing need for digital traceability solutions, food safety monitoring, and cold chain optimisation to ensure food quality and security.

Estonian value proposition: Estonia has extensive expertise in digital solutions, including blockchain applications for food traceability, AI-driven food safety monitoring, and logistics optimisation.

Sustainable Packaging & Food Waste Reduction

Opportunities in the Israeli market: Sustainability is an increasing priority in Israel's food sector, with government and private sector initiatives targeting food waste reduction and eco-friendly packaging solutions. Companies are seeking biodegradable packaging, smart food waste tracking systems, and circular economy solutions to reduce environmental impact.

Estonian value proposition: Estonia has a strong focus on sustainability-driven innovations, including biodegradable materials, smart waste management, and digital solutions for reducing food waste. These solutions can help Israeli food producers, retailers, and hospitality businesses meet sustainability goals.

[40] Trade With Estonia: Gulfood 2021: Estonia – pure air. clean water. fresh food

Alternative Proteins

Opportunities in the Israeli market: Israel is a global leader in alternative proteins, with significant investments in cultivated meat, plant-based proteins, and fermentation-based solutions. The country aims to reduce its dependence on traditional livestock agriculture and create more sustainable food production systems. Israeli startups and research institutions are constantly exploring innovative solutions to enhance food security, improve sustainability, and expand the ecosystem, such as by scaling the production of alternative proteins.

Estonian value proposition: Estonia has a growing alternative protein sector, with startups leveraging advanced fermentation, cellular agriculture, and biomaterials to create next-generation food products. FoodTech ecosystem has recently strengthened in Estonia, with, e.g., Lallemand & TalTech operating an R&D hub for functional molecules and directed evolution, and Valio setting up R&D into lactose-free and digestion-improving food. While still in its nascent stages, these solutions align well with Israel's strong FoodTech ecosystem and the growing consumer demand for sustainable protein sources.

4.4 EXPORT CASE STUDIES

Case study: Estonian Food & Beverage company Scanola Baltic[41] [42]

Scanola Baltic, established in 1999, is an Estonian company specialising in the production of high-protein rapeseed cake and refined rapeseed oil under the Olivia brand. Their products adhere to European quality standards and are primarily distributed in the Baltic and Nordic regions. Notably, Scanola Baltic is part of the Danish Agro group.

The company's entry into the Israeli market was facilitated through a local agent, leading to a significant increase in export volumes. In 2023 the exports to Israel accounted for approximately 25% (€31M) of total sales and in 2022 22% (€29M).[43] To meet Israel's market requirements, Scanola Baltic obtained kosher certification, ensuring compliance with local dietary laws. This certification process involved inspections by the head rabbi, establishing trust and reducing the frequency of subsequent check-ups. Adhering to kosher guidelines was straightforward and crucial for maintaining their market position.

Despite the success in Israel, Scanola Baltic faces challenges such as limited domestic feedstock and concerns about over-reliance on a single market. The company is exploring opportunities in other regions to diversify its portfolio and mitigate risks associated with market dependence. Utilising local agents has been essential for navigating cultural nuances and language barriers, underscoring the importance of

[41] Scanola Baltic

[42] Interview with Scanola Baltic

[43] E-Business Register - AS Scanola Baltic, Annual report 2023

strategic partnerships in international market expansion.

Case study: Estonian Food & Beverage company TFTAK[44] [45]

Established in 2004, TFTAK is a privately owned Estonian research organisation dedicated to accelerating innovation in the food and biotechnology sectors. Leveraging modern analytical methods, systems biology, and synthetic biology principles, TFTAK specialises in bioprocess optimisation and food research. The organisation offers services to enterprises aiming to develop plant-based meat and dairy alternatives, functional foods and beverages, alternative proteins, and bioprocess research.

TFTAK has established itself as a key player in the FoodTech/BioTech sector, focusing on alternative protein research and supporting partners in launching new products and services based on food synthetic biology. The organisation has successfully expanded its presence to Scandinavia, North America, and the Middle East, including the United Arab Emirates and Saudi Arabia.

Case study: How food delivery company Wolt became a household name

Wolt, a Finnish food delivery service founded in 2014 and sold to the US company DoorDash in 2022, entered the Israeli market in 2018. Initially launching in Tel Aviv, it has expanded its operations nationwide, reaching 35 cities and reportedly collaborating with over 9,000 businesses, including restaurants, convenience stores, pharmacies, supermarkets, florists, and bookstores.

Navigating regulation and public sentiment

In May 2023, the Israel Competition Authority fined Wolt NIS 8.5 million (approximately $2.3 million) for violating competition laws by promoting exclusive partnerships with certain restaurants on its platform. Wolt removed the contentious section following the authority's request and acknowledged that its actions could have harmed competition.[46]

In January 2025, Wolt introduced a new pricing system, including a monthly subscription service called Wolt+, which led to public dissatisfaction and calls for boycotts. Customers expressed concerns over increased costs, particularly given the country's high living

[44] TFTAK

[45] Brand Estonia

[46] Israel Competition Authority: Wolt admits that it acted in a manner contrary to the provisions of the Competition Law and undertook to pay NIS 8.5 million as part of an order agreed upon between it and the Competition Commissioner, 2023

expenses and inflation.

Israel as a consumer market

Despite these challenges, as of April 2025, Wolt remains a significant player in Israel's food delivery market. It has proven a point about Israel as a viable consumer market for relatively young, high-growth foreign entities. Lior Eshkol, Wolt Israel CEO, has described how "Israel is a large, strong market for Wolt. It's usual to think of Israel in the context of research and development, but we've proven there is also a significant consumer market here. And the Israeli consumer, when they are given good service, appreciates it."[47]

[47] Globes: "What we order and when", 2024.

5 COMPETITION

5.1 COMPETITOR LANDSCAPE ANALYSIS

Israel is characterised by dynamics in the market for food products and daily consumer goods, with a small number of suppliers and several large retail chain players that have size advantages and market power.

The market share of the top 10 consumption and food suppliers (Tnuva, Strauss, Osem, Central Bottling Company, Diplomat, Unilever, Sano, Huggies Kimberly, Neto, and Shchestowitz) decreased from 53.6% in 2018 to 51% in 2022. According to the Ministry of Finance, Tnuva is the largest supplier with a share of 11.4%. The market share of the top 10 suppliers in Israel is significantly higher compared to developed countries.[48]

Dealing with Monopoly and Market Concentration in the Food Sector

In 2019, the Consumer Protection and Fair Trade Authority conducted a study on the food market structure and concentration across 40 food categories, revealing that a few companies dominate these sectors. In October 2023, the study was updated for 38 categories, showing that in 20 of them, a single company controls over 50% of sales. Additionally, in 33 categories, the top two companies control more than 50% of sales, with the market share of the top three companies in most categories averaging 59.84%.[49]

The food market in Israel is characterised by a small number of food suppliers and an even smaller number of suppliers with nationwide distribution. The table below shows the number of categories in the food industry in which a company or commercial group has a significant market share and a dominant market share.

Company or Commercial Group	Number of Categories Where the Company Has a Significant Market Share	Total Number of Categories Where the Company Has a Dominant Market Share
Diplomat	10	31
Osem / Nestlé	9	27
Tnuva	8	21
Strauss / Elite	8	29
Neto	8	31
Unilever	6	19

[48] Knesset Research and Information Center: Market Power and Economies of Scale in the Food and Consumer Goods Market, 2023

[49] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024

Schestowitz	5	28
Sugat	2	9
Central Bottling Company (Coca-Cola Israel)	2	6
Soglowek	1	7
Maya Foods	1	14
Willi Food	0	29
Taman	0	21

Figure 7: The Number of Categories in the Food and Consumer Goods Industry Where a Company or Commercial Group Has a Significant or Limited Market Share, October 2023. Source: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, Israel State Comptroller, 2024.

The data indicates that there are at least 13 companies and commercial groups in Israel that operate as conglomerates in the food and consumer goods sectors, meaning they are active simultaneously in multiple categories within these industries. Some of these companies also hold a significant market share in the categories in which they operate.[50]
A company's expansion into additional sectors can occur through organic growth or mergers, some of which require approval from the Competition Authority. The authority has the power to oppose a merger if it determines that there is a significant risk of harm to competition or to approve it under conditions that mitigate the competitive concerns.

From 2014 to 2022, the market share of the top 3 retailers dropped from 33% to 28%, the share of the top 5 retailers declined from 40% to 36%, and the share of the top 10 retailers fell from 49% to 44%.[51]

[50] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024
[51] The State Comptroller of Israel: The State's Approach to Addressing Concentration and Monopoly in the Food and Consumer Goods Sector, 2024

6 MARKET ENTRY RECOMMENDATIONS

6.1 MONETARY INVESTMENT REQUIRED FOR MARKET ENTRY

These costs are approximation based on current market data:

Category	Item	Cost (€)
Market Entry	Legal & compliance services	10,000 - 50,000/year
	Regulatory consulting for Israeli market entry	5,000 - 25,000/project
Business Development & Sales	Local representation or sales agents	50,000 - 100,000/year
	Office rental (if required)	50,000 - 200,000/year
Marketing & Branding	Participation in key events	3,000 - 5,000/event
	Digital marketing and PR campaigns	10,000 - 50,000/year
R&D and Integration	Product localisation and tech adaptation	25,000 - 100,000/project
	Custom API development or system integration	50,000 - 150,000/project
Partnership Development	Travel and accommodation for networking trips	2,000 - 5,000/trip
	Hosting or sponsoring industry events	10,000 - 30,000/event

Estonian companies in the Food and Beverage sector may need support in entering the Israeli market. Below are firms that can assist with market entry, business development, and legal requirements in this industry:

- Prosafe Food, a consulting firm, specialises in food safety, helping businesses navigate complex regulatory requirements, enhance product quality, and ensure competitiveness in the food industry.
- Amit, Pollak, Matalon & Co.'s FoodTech and AgriTech department provides legal advisory services to companies and startups in these fields. The department offers ongoing support in areas such as investment fundraising, innovation programme development, strategic agreements, investment deals, and trade, production, and distribution contracts. It advises leading industry startups like Aleph Farms, Redefine Meat, and InnovoPro.
- Herzog Fox & Neeman's Health and Life Sciences Regulatory Department offers advice to Israeli food and supplement distributors and provides expertise in food regulations. The firm regularly represents clients in the food and pharmaceutical sectors before regulatory authorities, maintaining relationships with the Ministry of Health and other government bodies.
- EcoLab, a consulting firm, specialises in food quality and safety, including prevention, improvement, regulatory compliance, and product development.

- Zeidman & Co. Law Firm supports ventures and investors in the life sciences, FoodTech, biotech, pharma, and cannabis sectors.

6.2 GO-TO-MARKET STRATEGY

Suggested steps and activities for Estonian Food & Beverage and FoodTech companies:

Conduct market research

Estonian FoodTech firms seeking to identify potential partners or clients in the Israeli market should conduct research, including through engagement with the following resources:

- The Kitchen Hub FoodTech Landscape: Overview of Israel's FoodTech startups.
- Israel's alternative protein company database by the Good Food Institute: A detailed list of alternative protein companies in Israel.
- Alt Protein Israel: Alternative proteins companies in Israel.

Review Company Listings:

- List of Israeli Food Companies: A directory of Israeli companies in the food sector, including FoodTech enterprises, ingredient suppliers, and manufacturing firms.

Keep Up with Regulatory Updates:

- Food Compliance International - Israel: Insights into Israel's food regulations, including recent policy changes, import regulations, and labelling requirements.
- For further guidance on regulation and market entry, Estonian firms may contact the food consultancies (Prosafe Food and EcoLab) referenced in the Monetary Investment section, or the law firms listed therein.

Engage Israeli industry organisations to identify business opportunities in the Food and Beverage sector

Estonian firms can identify business opportunities and tenders, connect with suppliers and importers, and bid on relevant tenders to establish a presence in the market through exploring the **Federation of Israeli Chambers of Commerce (FICC)** platform, which lists both business opportunities and tenders specific to the Food & Beverage sector.

FICC: Examples of Food Import Opportunities

Fruit and Vegetables

There are instances of Israeli farmers seeking to expand their product range through imports. For example, a current call requests suppliers of blueberries, apples, and endives among other products. Typically, the importer specifies the country or region from which they are looking to import. Estonian suppliers can request contact information for such calls directly via the Federation of Israeli Chambers of Commerce website.

Premium and Unique Food Products
A recent call by an importer with a European representative office seeks to expand the range of health and premium products and other designated products (such as gluten-free products and vegetable drinks) imported into Israel. The products are intended for both the professional and retail markets—from hotels, restaurants, and catering companies to retail chains, nature houses, and delis. The company has more than 2000 sales points all over Israel.

Additionally, Estonian firms can contact the **Food Sector department at the Israel Export Institute** and the **Food Industries Association of Israel (FIAI) of the Manufacturers Association of Israel**. These organisations are well-connected to Israel's food and FoodTech ecosystems, offering expert advice, facilitating connections, and supporting business collaborations.

Focus on promoting Estonian products as healthy, organic, and premium food exports from Estonia to Israel

To successfully market and sell healthy, organic, and premium food products in Israel, focus on positioning them as high-quality, health-conscious choices that cater to affluent consumers in urban centres like Tel Aviv. Highlight certifications such as organic, as well as the health benefits of the product, emphasising its clean-label and premium ingredients.

The potential for selling organic premium Estonian products in Israel's hospitality, hotel, and cafe sector is limited due to the niche market for such items and the higher costs of organic goods. Many establishments in Israel may prioritise more affordable options over premium, imported organic products, restricting the demand for Estonian offerings.

Consider exporting traditional food products from Estonia to Israel

Fish: Fish is a strong export sector for Estonia, and the country is already on the list of nations authorised to export fish to Israel. This is the list of fish species permitted for import into Israel, along with an explanation of how to obtain an import certificate for veterinary products.

Honey: Estonia is known for its high-quality, pure honey, which is produced from its diverse flora. In 2023, Israel's imports were primarily from Turkey (44% of total trade), followed by

Spain (21%), Greece (8%), Poland (6%), Romania (6%), and Ukraine (6%).[52] Peak honey consumption in Israel occurs during the Rosh Hashanah (the Jewish New Year) period and in the winter months, from November to February. The average person in Israel consumes about 650-700 grams of honey annually, compared to Europe, where the average consumption is around 1.5 kilograms per person.[53]
Food importers that won the government tender for 500 ton honey before Rosh Hashanah last year (Sept 2024) are: Carrefour, Osher Ad, Victory, Rami Levy, Yochananof, Mishnat Yosef. [54]

Sweets: The confectionery industry plays an important role in the Estonian economy. The Estonian market is known for producing a wide variety of high-quality sweets, including chocolates, candies, and marzipan. One of the biggest players in the Estonian sweets market is Kalev, the nation's largest and most well-known confectionery company.
In 2023, Israel's sugar confectionery imports were primarily from Spain (25% of total trade value), followed by China (13%), Turkey (12%), the US (10%), the Netherlands (7%), and Germany (5%). Two notable sweets importers to Israel are Diplomat, which imports brands like Oreo, Milka, Toblerone, and Cadbury, and Laiman Shlissel, known for importing Loacker, Hershey's, and Ritter SPORT.

* In April 2024, the Turkish Ministry of Trade issued a restriction on the export of products from 54 categories to Israel. This could present an opportunity for other exporters to fill the gap and expand their presence in the Israeli market.[55]

Verify whether the relevant Estonian food products are classified as novel foods in Israel, and if so, ensure they are approved

Refer to section 3.2 for more information on novel food, and review the guide on how to submit a novel food application in Israel to get a product approved. The application process is free of charge.

Partner with FoodTech Nation to collaborate with the FoodTech programs at academic institutions in Israel

Through these partnerships, Estonian companies can gain access to Israel's leading academic institutions, fostering joint research and development initiatives that focus on innovative food solutions. This collaboration would allow Estonian businesses to leverage

[52] WITS - Israel Natural honey imports by country in 2023
[53] Ministry of Agriculture and Food Security: Rosh Hashanah is approaching, and with it, honey: The Ministry of Agriculture is announcing a competitive process for the import of honey with a customs exemption, 2023
[54] The Marker: The Ministry of Agriculture has published the names of the retailers who won the quotas for importing discounted honey for the holidays, 2024
[55] Calcalist: Turkey is restricting the export of dozens of products to Israel, 2024

Israeli expertise in food technology, while also contributing their own advancements, creating a mutually beneficial exchange of knowledge and technology.

Partner with an Israeli FoodTech startup through Horizon Europe

The European Union's "Horizon Europe" programme aims to create collaboration in research, development, and innovation between Israeli and European entities from industry, academia, research institutes, and both public and private organisations. ISERD, the Israel-Europe R&D Directorate, is responsible for promoting Israeli activity within the European research space and works to make the European Framework Programme accessible to Israeli organisations.[56]

Example: In 2024, ProFuse Technology, a leading Israeli developer of enabling technologies for muscle tissue cultivation, was awarded a €2.4 million grant from the European Innovation Council (EIC) Transition program, which is part of Horizon Europe. This grant acknowledges ProFuse's potential to transform the cultivated meat industry.

Pillar 2 of Horizon Europe is designed for collaborations involving at least three participants, with one being from the EU. This presents a strong opportunity for Israeli and Estonian companies to partner. Estonia and Israel have been involved in joint projects under Horizon Europe, typically within larger consortia that include numerous other European countries.

Estonian firms can contact the food industry leads at ISERD to connect with Israeli FoodTech companies interested in applying for Horizon Europe and seeking European partners.

Establish partnerships or joint ventures between Estonian and Israeli companies

As highlighted in the market trends section, Israel is actively engaged in various international partnerships in alternative proteins, including collaborations with Singapore through the Singapore-Israel Industrial R&D Programme (SIIRD), the United States via the Binational Industrial Research and Development (BIRD) Foundation, and with Sweden and Switzerland through different initiatives that foster product development, research, and business relationships.

Estonia gains from knowledge exchange, profit-sharing opportunities, and enhanced collaboration. Israel benefits not only from access to Estonian expertise and innovative approaches but also from a strategic connection to the EU via Estonia, an EU member state, enabling smoother expansion into European markets. This partnership is particularly advantageous for Israeli companies looking to navigate European regulations and establish a stronger foothold in the region. Moreover, given the current challenges some Israeli companies face with public perception due to recent political events, having a European

[56] ISRED: Introducing Horizon Europe, 2025

entity like Estonia as a front-facing partner can improve credibility and facilitate international engagement.

Collaborate with Israeli FoodTech companies by providing access to facilities in Estonia

Some Israeli FoodTech companies seek production solutions abroad, whether through contract manufacturing or acquiring facilities. For example, Remilk partners with a contract manufacturer in Western Europe[57], while Imagindairy has secured industrial-scale precision fermentation production lines outside Israel. Once you establish relationships with Israeli FoodTech companies, you can present Estonia as a strategic location for their production needs.

Build strategic relationships and networks

- **Engage in incubator, accelerator and innovation programmes**
  Several innovation programmes are supported by leading food companies in Israel, including Tnuva, Strauss, and Tempo.
- **Attend Events**: Below is a list of conferences.

6.3 LIST OF RELEVANT EVENTS

Name	Date	Location	Description
FOOD SEC & TECH ISRAEL	January 14-15, 2025	Sderot, Israel	A premier event dedicated to addressing food security challenges through technological innovation. The conference brings together industry leaders, startups, investors, and policymakers to explore solutions in food production, sustainability, and supply chain resilience.
FoodTech IL 2025	February 5, 2025	Tel Aviv, Israel	Israel's largest food tech conference and startup expo, focusing on the scale-up of the Israeli ecosystem. The event features numerous Israeli startups, exclusive tastings, and a B2B area for one-on-one meetings.
ISRAFOOD 2025	November 18–20, 2025	Tel Aviv	Israel's primary international exhibition for the food and beverage sector. The event features manufacturers, importers, and

[57] Calcalist: Remilk founder: "In the era of climate crisis, the dairy industry has no right to exist", 2023

			industry representatives, facilitating professional and business interactions.
AgroMashov - The Food Security Conference	December 8-10, 2025	Israel	The Food Security Conference addresses the challenges in increasing local food production and ensuring continuous and free transportation of agricultural products to Israel. Key topics include the impact of military conflicts, pandemics, population growth, labour shortages, and the reduction of arable land.
The Annual FoodTech Conference at Tel-Hai College	TBD	Tel-Hai, Israel	Features panel discussions on key topics in FoodTech and provides opportunities to connect with Israeli innovators and industry professionals.

APPENDIX 1. THE FOOD & BEVERAGE SECTOR IN ESTONIA

Estonia focuses on the innovative practices & sustainable technologies in the Food & Beverage industry, boasting the 2nd cleanest food in the world

Estonian producers capture demand for healthy, organic offerings, but the industry faces a range of structural challenges

Sector dynamics

33% of Food industry output is exported in '23, with 75% to EU

1000+ companies in the Food & Beverage industry in '23

20% of export revenue is from Milk, followed by Cereal (15%), Fish (11%) and Meat (11%) in '23

FOOD INDUSTRY TURNOVER, 2019-2023, €B

GROWTH DRIVERS

- The key driver is the **demand for healthy, organic offerings**
- Prices for raw materials, logistics **remain high**; EE has been losing its labour cost advantages
- **Lack of investment capacity** in Food limits scalability & **slow modernisation speed** in the industry at large
- **Systemic growth obstacles**: indirect taxes (VAT, packaging tax, vehicle taxes); retail chains price wars; lack of unified quality certification procedures

Unique value proposition

CLEAN AIR & WATER | Estonia has the 4th best air quality in the world and ranks 2nd in Europe for organic farming (both – '23); according to the UN Food and Agriculture Organisation, Estonia can boast of **the 2nd cleanest food in the world**

INNOVATIVE & SUSTAINABLE PRODUCTS AND TECHNOLOGIES | High-value add, premium food products are the rising stars of EE export strategy; **innovative technologies** and **sustainable practices** are integrated: indoor farming, zero-waste practices, not using growth promoters, traceability of ingredients, freeze-dried manufacturing technologies, FoodTech, etc.

KEY SEGMENTS & PLAYERS

Livestock products	MAAG GRUPP, Nordic Milk, LA MUU
Crop products	Eesti Pagar, LOOV, Vinkymon, BalSnack
Other food products	[redacted], ÄIO, YOOK, SHROOMWELL, CHAGA
Beverages	SIIDRIKODA, Vinkymon, ÖSEL BIRCH, RAW EDGE

Sources: Estonian Food & Agriculture Industry Association

APPENDIX 3. SECTOR COMPETITIVE DYNAMICS (PORTER'S FORCES)

COMPETITION IN SECTOR	**High**	• The Israeli food and beverage industry is highly competitive, with well-established players such as Strauss, Osem-Nestlé, Tnuva, and other multinational corporates dominating the market. • The market has significant consolidation, particularly in dairy, baked goods, and packaged foods, making it difficult for smaller players to gain market share. • Price wars among major supermarket chains (Shufersal, Rami Levy, Victory) put pressure on margins for food producers and distributors. • The FoodTech sector is growing, with startups developing alternative proteins, cultured meat, and sustainable food solutions, creating further competition within the industry.
POTENTIAL OF NEW ENTRANTS	**Moderate / High**	• The food industry has high barriers to entry due to strict regulatory requirements, including food safety and labelling standards set by the Ministry of Health and the Israel Standards Institute. • Large-scale production requires significant capital investment in manufacturing, distribution, and branding. • FoodTech startups receive substantial government support, with incubators like The Kitchen FoodTech Hub and Fresh Start Incubator fostering innovation. • The rise of direct-to-consumer brands and e-commerce platforms makes it easier for niche food businesses to enter the market with unique offerings.
POWER OF SUPPLIERS	**Moderate / High**	• Large food manufacturers rely on domestic agricultural suppliers, but Israel's limited natural resources and reliance on imports for

		raw materials (such as grains and oils) increase supplier power. • Agricultural producers (represented by the Israeli Farmers Federation) have bargaining power, especially in controlled markets like dairy and eggs, which are subject to price regulations. • In FoodTech, ingredient suppliers for plant-based and alternative protein products hold significant influence due to limited availability and high R&D costs.
POWER OF CUSTOMERS	**High**	• Consumers in Israel are highly price-sensitive, with strong reactions to food price hikes, leading to government intervention and public criticism of major food corporates. • Supermarkets and large retail chains have significant bargaining power, dictating terms to suppliers and often preferring established brands with proven sales records. • Growing consumer demand for healthier, sustainable, and alternative food products (e.g., plant-based proteins, sugar-free products) is shaping industry trends and pushing companies to innovate. • In the FoodTech sector, business customers (e.g., international food manufacturers and restaurant chains) play a crucial role in shaping demand for novel food technologies.
THREAT OF SUBSTITUTE PRODUCTS	**High**	• The rise of alternative proteins, plant-based dairy, and cultured meat technologies presents a strong substitution threat to traditional food categories. • Imported food products from Europe and the U.S. offer Israeli consumers more choices, increasing competition for local manufacturers. • Private label products from major supermarket chains provide cheaper alternatives to branded goods. • Advances in FoodTech, such as personalised nutrition and lab-grown ingredients, could disrupt traditional food categories over time.

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