



Programme d'appui à l'initiative

ENPARD
MÉDITERRANÉE



ENPARD SOUTH SUPPORT PROJECT II

FINAL ACTIVITIES REPORT ISRAEL

FROM JULY 2015 TO JUNE 2018

ESSPII team:

Jean-Paul Pellissier, Team Leader
Pascal Bergeret, National Coordinator
Jean-Pierre Rolland, Senior Expert

NOVEMBER 2018

The present publication has been produced with the support of the European Union.
Its contents are the sole responsibility of the CIHEAM-IAMM
and should not be understood as reflecting the views of the Commission.

This national report is an integral part of the second Phase's final report of the ENPARD South Support Project which was implemented from July 2015 to June 2018 in eight Mediterranean countries.

For further information, please contact:

- Jean-Paul Pellissier - pellissier@iamm.fr
- Pascal Bergeret - bergeret@iamm.fr

TABLE OF CONTENTS

NATIONAL ACTIVITIES

- Implementation conditions analysis..... 3**
- Activities summary 3**
 - Reform of Israeli support policy for the agricultural sector 3
 - Unfair Commercial Practices in the Fresh Fruit and Vegetable Sector 5
 - The greening of Israel agricultural policy 7
 - Finding alternatives to Israeli dairy policy 9
 - The geographical indications as an instrument for rural development 10
- Key results..... 11**

IMPLEMENTATION CONDITIONS ANALYSIS

Following the discussions with the European Commission during the agricultural sub-committee in Beit-Dagan in December 2015, the Israeli Ministry of Agriculture and Rural Development requested officially to join the **second phase of the ENPARD South Support Project (ESSPII)**. The Israeli government expressed its interest on mobilizing the ENPARD initiative and to use it as an instrument to support the strategic thinking on the Israeli agriculture support system reform, by taking advantage of the European experiences and expertise in the field of agricultural and rural development policies.

The ESSP II focal point, Dr. Yael KACHEL, Head of the Research Unit in the Research, Economics and Strategy Division of the Ministry of Agriculture, was quickly appointed. The involvement and the effectiveness of the focal point and the Ministry of Agriculture in the planning and the implementation of the activities led to good results. The discussions with different stakeholders were frank and direct. The logistic conditions were also good and the Israeli Ministry of agriculture agreed to take charge of most of local expenses.

During each workshop, field trips were organized to allow the ESSP II team and European experts to understand better the Israeli context and to have direct and informal contact with Farmers.

We must also underline the strong involvement of the EU Delegation in Israel, both during the preparation of the workshops and during the events organized by ESSP II team led by Mr. Pascal BERGERET with the support of Mr. Michel PETIT. The European Union, through its country representatives, has been systematically invited. Their feedback on the activities implemented in Israel was excellent.

ACTIVITIES SUMMARY

A first mission was conducted by Pascal BERGERET and Michel PETIT on February, 15th to 17th, 2016, to specify the ESSP II activities, to define the methodology and stakeholders responsibilities and to finalize the first semester work plan. During the mission, the Israeli Ministry of Agriculture pointed out that the agricultural policy reform, with focus on the reduction of the price support government intervention and the introduction of Direct Payments to farmers, was the priority theme.

HIGH LEVEL SEMINAR: "REFORM OF ISRAELI SUPPORT POLICY FOR THE AGRICULTURAL SECTOR"

A first national seminar was organized, in Tel Aviv, on May from 17th to 19th 2016 on the initiative of the Israeli Ministry of Israeli agricultural policy reform and in particular the transition from price subsidies of Agriculture and with the support of the EU Delegation and ESSP II. The aim was to facilitate a participative thinking on the process system to direct payment system, modelled on the European experience.

In preparation to the workshop, a field trip was organized by the Israeli Ministry of Agriculture to acquaint experts with Israeli agriculture context and to provide an interesting insight into Israeli agriculture diversity as well as the common issues. The visit was an opportunity for farmers to openly express their opinions on the Israeli agriculture support policy reform and to explain their expectations.

The workshop has mobilized different Israeli experts as well as five European specialized experts in a different aspect of European Common Agriculture Policy (CAP) and support to farmer policies:

- Mr. Allan MATTHEWS, Professor Emeritus of European Agricultural Policy, Trinity College Dublin: “The Rationale of Support for Farmers: Lessons of the EU Experience”, an overview of the historical evolution of CAP and the rationale for it.
- Mrs. Sophie TOYER, Montpellier SupAgro: presented “The EU Experience: From Price Support to Direct Income Support”, an in-depth analysis of the causes and consequences of the shift to direct payment in the CAP.
- Mr. Jean-Christophe DEBAR, FARM foundation: Experience in the EU and other countries (US, Canada): “The Changing Landscape of Risk and Crisis Management in Agriculture”, an extensive analyses of measures within the CAP to manage risks and crisis, and of the perspectives of development in that sector.
- Mr. Tomas Garcia AZCARATE ,head of Unit for olive oil and horticultural products in the European Commission, DG AGRI: the Reform of the Fruit and Vegetable Sector, Particularly on How to Strengthen the Role of Co-operatives”, insisting on the importance of support to farmers’ organizations and co-operatives for the sector of fruits and vegetables
- Mr. Trevor DONNELLAN, from Teagasc, Ireland: “Reform of the Israeli Dairy Sector: The Experience of Quota Removal and Price Volatility in the EU”, which dwelled extensively on the factors leading to the removal of dairy quotas in the EU and its consequences for the milk sector.

Debates around different topics concluded these presentations. The workshop was structured into five sessions, each introduced by a presentation by a Ministry of Agriculture official followed by a presentation by a European expert. These sessions concerns a predetermined theme:

- The different approaches to support for farmers’ difficulties illustrated by the CAP and its evolutions;
- Direct payments and agri-environmental subsidies;
- Reduction of fruit and vegetable sector indirect support and alternative support instruments;
- Reform of support to the dairy sector;

- Income insurance and social security.

Presentations by Israeli officials and European experts provided valuable information to keep the debate and discussions with Finance Ministry officials, Israeli academics, WTO representatives and the EU delegation.

Overall, nearly 50 participants attended this workshop. The main conclusions are the following:

- The implementation of direct payment system requires a comprehensive review on payments calculation basis, on the level of decoupling, of the nature of the public goods which has to be produced as a condition to receive them, and of potential regional disparities.
- In the case of fruits and vegetables, the CAP support has been particular as it was managed directly by producers' organizations (POs) which led to reinforce the farmers negotiating power which is currently in favor of the wholesalers and retailers;
- Regarding the Israeli dairy sector, alternative measures to quotas are also considered, especially, direct payments, particular financial instruments, voluntary schemes to reduce production, long term forward pricing, income insurance, etc...

The EU experience shows that in a situation of price volatility, direct payments might not be enough to stabilize farmers' income;

- There is a growing interest and demand on risk management tools in Israel which could be explained by the agricultural sector liberalization and growing capital investment in farms operations.

To conclude the workshop, a public round table with Israeli stakeholders was held to debate with participants on the future reform of agricultural support system, particular, on the direct payments.

The public roundtable gathered around 100 participants in the Ministry of Agriculture and farmers and farmers' organizations were strongly represented. After a summarized presentation by EU experts, a debate was organized during which farmers expressed their concerns about reforms and price support policy abolition.

NATIONAL WORKSHOP ON “UNFAIR COMMERCIAL PRACTICES IN THE FRESH FRUIT AND VEGETABLE SECTOR”

A second workshop was jointly organized by the Ministry of Agriculture and the ESSPII team on September 14th and 15th 2016 on “**unfair trading practices in the fresh fruits and vegetables sector**”. It aimed, on the basis of European experiences, to discuss possible measures to be taken by the government and private regulatory instruments to fight against the unfair trading practices. The workshop was divided into two parts. The first day was

dedicated to the experts' presentations followed by discussions. Then, during the second day, a technical workshop was organized with a limited number of participants representing different sector actors in order to draw conclusions and move towards practical solutions. The meeting brought together more than 80 participants representing different stakeholders of fresh fruit & vegetables value chain (producers, farmers' organizations, trade unions, distributors, wholesalers, Israeli ministries and public agencies ...).

After the introductory speech of Mr. Shlomo BEN ELIYAHU, Director General of the Ministry of Agriculture, three European experts presented relevant European experiences:

- Professor Jean-Marie CODRON analyzed the fresh fruits and vegetables sector specific characteristics (wide heterogeneity of products, constraints due to the “fresh” nature of the products...). He explained the need to maintain a high flexibility to sector actors and to avoid multiple binding rules. The sector actors are facing some rough circumstances to deal with, hence, the need to develop private tools and mechanisms.
- Mr. Raymond TANS, Dutch consultant, presented the European experience, more particularly, the Dutch experience on the fresh fruits and vegetables sector regulation. He explained that the European Commission preferred voluntary approaches, competition respect and public arbitration instead of new unsuitable regulations for the sector. The Dutch experience, where law tradition is closer to that of Anglo-Saxon countries, has demonstrated that private mechanisms are more appropriate to struggle against unfair practices.
- Mr. Yvon AUFFRET, CERAFEL Director, an organization bringing together the Bretagne fresh fruits and vegetables producers associations, focused on the French experience and the difficulties met by the government to implement regulation tools in this particular sector. For Mr. AUFFRET, fighting the unfair trading practices should be based on well-structured and powerful producers' organizations which give them a strong position to negotiate with others actors.

Then, Dr. Yael KACHEL, ESSPII Israel Focal Point, has presented the results of a wide consultation among the fruits and vegetables growers aiming to identify the difficulties they are facing during the negotiations with retailers. This survey revealed the unbalance between producers and retailers, who are said to impose many constraints and conditions on farmers and are often perceived as acting in a discretionary manner. This is exacerbated by the concentration of retailers (large supermarket chains) and the fragmentation of farms.

These presentations were followed by discussions with relevant stakeholders: producers, wholesalers and distributors, academics researchers, Ministry of Agriculture and the Ministry of Consumption Affairs officials. It emerged that the general lack of trust between sector operators requires the establishment, at least temporarily, of negotiations and disputes mediation mechanisms, in which the Ministry of Agriculture must take up the lead, at least till restoring a good level of trust between operators.

The second day of the workshop has enabled to discuss concrete measures to struggle against unfair practices. This technical workshop brought together thirty participants from fresh fruits and vegetables value chain actors in Israel, concerned Ministries and the academic world.

Beyond differences of opinion, the workshop participants agreed on privileged points to address the unfair practices issue which are:

- The need to progress gradually in favor of private mechanisms and tools based on voluntary schemes and to attribute to the Ministry of Agriculture the role of mediator during negotiations and disputes;
- The definition of different quality scales for fresh products in order to facilitate transactions and to maintain the possibility to go to an independent mediation in case of dispute.

Finally, the need to adopt clear trade principles and rules in transactions was underlined. It allows avoiding certain biases on the basis of the following principles:

- Risk sharing between different actors;
- Adoption of written contracts between producers and retailers;
- Approval of clear principles for pricing;
- Provision of evidence of the non-saleable nature of products delivered and immediate information provided to producers;
- More transparency in relations and prohibition of unilateral changes to the contract;
- Elaboration of an actualized regulation on retailers' licenses.

NATIONAL WORKSHOP ON “THE GREENING OF ISRAEL AGRICULTURAL POLICY”

Recently, the environmental impacts of Israeli agricultural production are increasingly at the center of discussions among both agricultural stakeholders and public opinion. Israelis are increasingly concerned about the agriculture negative externalities to the environment and the sustainability of the Israeli agricultural model.

In this context, a third national ESSP II workshop was held from 20th to 22nd June 2017 on "**the greening of Israeli agricultural policy**". The first day was dedicated to several field visits so that European experts can discover different agro-ecological projects and initiatives in the Israeli territory:

- An integrated crop protection project composed of olfactory traps to control insect pests in orchards and therefore reducing the use of pesticides. These tools are coupled with support for producers and trainings in order to achieve a threshold effect on the given perimeter;

- Ramat Hana Div center dedicated to research for the development of a more sustainable and inclusive economy (involvement of the public opinion and local authorities in decision-making);
- The Afikei Emek Hefer wastewater treatment center facilitates the compatibility of a dynamic agricultural activity in a fairly dense habitat. The differentiated wastewater treatments according to the water usage, demonstrates innovative efforts to tackle severe water scarcity...
- The Milky Way dairy farm, an illustration of the reform of the cattle breeding sector in Israel aiming in particular at limiting potential conflicts with citizens (treatment of solid waste, transfer of liquid waste to a biogas unit, management of livestock housing to improve animal welfare, etc.);
- The visit of the last site on the municipality of Emek Hefer provided the opportunity to discuss integrated crop protection based on the participatory collection of data in the plots as well as the rehabilitation of a favorable habitat to wildlife (wetlands, vegetal corridors...);
- The workshop's second day First session was devoted to an open public conference organised by the Directorate of Extension Services of the Ministry, with about 200 participants. The session was introduced by a presentation of agri-environmental projects implemented in Israel (wastewater treatment, desalination, flood waters recovery, pilot projects aiming at harmonious coexistence between farmers and inhabitants while preserving resources) and tools and support systems developed by the Ministry to promote a more eco-responsible agricultural sector.

Then, European experts presented the European experience in agri-environmental policy by addressing the following topics:

- Krzysztof SULIMA, DG Agriculture European Commission, presented the EU's pesticide management and EU agri-environmental policy,
- Karine BARRIÈRE, Corrèze Agriculture Chamber and Yolande Delmas, Ecophyto "farmer", presented the eco-phyto plan in France (DEPHY),
- Sophie THOYER, Sup Agro Montpellier, presented "Agro-environmental measures in the CAP and their impacts" and "The success of agri-environmental programs: lessons from the behavioral economy",
- Pierre SHWARTZ, French Ministry of Agriculture, presented the Agro ecological Project in France,
- Petra BERKHOUT, University of Wageningen, presented "Agro-environmental measures indicators and agri-environmental measures in the Netherlands" and "The sustainable value chain in the dairy sector".

The plenary session, thus, allowed European and Israeli experts to present and discuss agri-environmental projects and policies, their application and their field implications, the limits and difficulties related to practices adoption by farmers and the monitoring of their implementation. In the afternoon a technical roundtable on pesticides gathering about sixty people took place.

The last day was devoted to two round tables, one on agricultural policy alternative approaches to promote sustainable practices (regulatory approaches, incentive approaches, behavioral approaches, etc.) and the other on effectiveness and impact of agri-environmental policies indicators.

NATIONAL WORKSHOP ON "FINDING ALTERNATIVES TO ISRAELI DAIRY POLICY"

The dairy sector is a key sector for Israeli agriculture and enjoys a strong regulatory and support measures. In March 2018, a new law, on dairy sector regulations, in particular on the raw dairy price was, was expected to be published, which resulted many debates on the nature and public support to the sector.

In this context, the fourth national ESSP II workshop on **"finding alternatives to Israeli dairy policy"** was held from 19th to 21st December 2017, bringing together all the Israeli dairy sector actors. Israeli stakeholders wished to take advantage of the European experience in supporting the dairy sector and in especially the recent reforms in this sector (*end of milk quotas in 2015*) and their consequences in different European contexts. On this basis, experts and participants explored and compared possible alternatives to the Israeli Dairy public support policy.

Three European experts were mobilized:

- Christophe PERROT, a French expert from the French Livestock Institute – L'Institut de l'Elevage (a non-profit, non-governmental R&D organization appointed by the French Ministry of Agriculture) to introduce the French experience ;
- Trevor DONNELLAN, an expert from *Teagasc* – the Agriculture and Food Development Authority (the national body providing integrated research, advisory and training services to the agriculture and food industry and rural communities) to introduce the Irish experience;
- Roel JONGENEEL, from the *Wageningen University* to introduce the European experience and the reform of the EU dairy policy, the abolition of milk quotas and its consequences.

Several meetings were held during the workshop, including a public plenary session, as well as a round table, to further discuss the analysis of the Israeli dairy sector and scenarios for the public sector support evolution and the possible adaptation of existing tools to the local context. Two working meetings were also organized with researchers from the Department of Environmental Economics (Faculty of Agriculture, Hebrew University), to continue discussions

and work on this topic and the Ministry of Agriculture representatives to draw conclusions from the workshop. All of these meetings discussed benefits and inconvenient of the reform studied scenarios.

At the end of the workshop, the European position experts were summarized by one of them as follows: *“In the first intention, it appears that the Israeli current system cost is very low at the sight of climate constraints but also geopolitical ones. Going further than a marginal improvement would be a very important risk taking, regarding the 85% of self-sufficiency, stability and control of the situation and a price of fresh dairy barely higher than that found in France”*.

At the End of the seminar, the government's decision tends to confirm experts opinion through:

- Maintaining quotas with softening quota transfer conditions between producers;
- Maintaining the floor price to the producer, but in its lower level;
- Introducing of milk production investments support and gradual opening up to import.

NATIONAL WORKSHOP "THE GEOGRAPHICAL INDICATIONS AS AN INSTRUMENT FOR RURAL DEVELOPMENT"

A final national workshop on "**Geographical Indications as a Rural Development Instrument**" was held in Tel Aviv and two regions (Galilee and Mate Yuda) from 6th to 8th March 2018. The European experience served as a platform to explore implementing geographical indications potential in Israel.

The CIHEAM-IAMM has chosen a panel of experts putting into perspective the European Commission points of view:

- Federico DESIMONI, General Director of Protection Consortium of Balsamic Vinegar of Modena, Deputy General Manager of the Parma Ham Protection Consortium and Member of the Safeguarding and Independence Committee of the Instituto Parma Qualita,
- Yves DIETRICH, French viticulturist, member of the Wine Committee of INAO (National Institute of Appellations of Origin) and Chairman of the Organic Wine Commission of INAO,
- Anne LAUMONIER, Senior Legal Adviser and Referent for Geographical Indications in the European and International Departments of the General Directorate for Economic and Environmental Performance of Enterprises (DGPE) of the French Ministry of Agriculture,
- H el ene ILBERT, Lecturer and Researcher at CIHEAM-IAMM, specializing in the field of Geographic Indications in the Mediterranean,

- Natalie NATHON, International Relations Officer, GI Expert, DG Agriculture and Rural Development of the EC: EU policy framework and developments in the GIs context.

From their side, the Israeli Ministry of Agriculture has invited the Ministry of Justice heads in charge of intellectual property rights, EU Delegation representatives, the French Embassy, as well as public and private operators.

The Israeli Interest on IGs topic was confirmed during the final working session. The Israeli authorities intend to keep the work already started, as the typical products differentiation and protection by GIs are now considered an asset. A pilot project is currently being developing for Upper Judaeen and Lower Judea wines. It should be noted that the work of a student, supervised in 2017, by the CIHEAM-IAMM, on that topic was useful.

KEY RESULTS

The **ESSP II**, at the request of the Israeli government, has joined the Israeli agricultural sector reform support policy efforts. Through a close concertation with the Ministry of Agriculture, agricultural research, other relevant ministries, farmers' organizations and the private sector, ESSP II has promoted an inclusive and frank dialogue framework on Israeli agricultural policy reform. Public debates have opened up this debate to Israeli citizens.

The clear expectations of corresponded to the real country facilitated the the high level expertise incorporated immediately Ministry, in terms of dairy sector or on the and geographical

the Israeli partners that and effective needs of the activities implementation and mobilization. The results could be into the decision-making of the support policy, particularly in the greening of agricultural policy indications.

Overall the project has allowed to:

- Organize **5** national workshops bringing together the main public and private actors.
- Organize field visits to enrich discussions.
- Produce **5** guidance notes, **5** workshop reports and **25** presentations on relevant topics.
- Involve **24** European experts.