

# Israeli Dairy Industry Current Market Trends

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*The Israeli Dairy School*

Israeli dairy industry prides itself on being on the cutting edge, which means that the industry is always evolving. Whether you're a dairy farmer yourself, a manufacturer interested in the sector, or an investor considering Israeli businesses, here's an overview of the biggest trends.



## The Top Companies in the Dairy Industry

Israel's three biggest processors control 92% of the market [1]. All three have long-lasting Israeli roots and produce a wide range of dairy products. The total number of small Dairies is about 100. Most of them are family own dairies with a small market share.

### Tnuva

Tnuva is a processing cooperative that has been focused on dairy products since it was founded by a group of kibbutzim (collective farms) in 1926. the company continues to source its dairy from a cooperative of kibbutzim and moshavim. However, the company has long since expanded to a wide range of food products and currently controls about half of the Israeli dairy market (dropping from an even larger share). Tnuva alone produces about 850 million liters of milk annually.[2] Tnuva's dairy products have become so representative of the market that in 2011, price changes for its cottage cheese became the subject of price changes.

In 2014, Bright Foods, a Chinese-based multinational food company, purchased a controlling interest in Tnuva, which resulted in Tnuva's value dropping. In June of this year, the 12 kibbutz heads expressed their dissatisfaction with Bright Food's leadership and are considering selling their 26% share in Tnuva.[3] A valuation of the company is underway, and we will have to keep an eye on future developments.

## **Strauss**

Strauss was founded in the 1930s by German Jewish immigrants to Israel as a commercial dairy company. It soon expanded to cheese and later ice cream products and has grown to become Israel's second-largest food and beverage company. Today, Strauss is very popular for its individually packaged desserts, especially its "Dany" and "Milky" lines. In 2004, Strauss merged with Elite, a food company focused on coffee and candy products. In 2005, they acquired Sabra, a New York-based company specializing in Mediterranean spreads, which gave the company a North American presence. Strauss has also partnered with the French brand Danone.



## **Tara Dairy**

Tara Dairy was created by a cooperative of dairy farmers around Tel Aviv in 1942. Today, it is the largest privately-owned dairy producer in Israel. They produce approximately 135 million liters of milk each year, representing 10-13% of the national dairy market. Coca-Cola I Israel purchased Tara in 2004. Tara strictly observes the Sabbath, making it popular in Israel's kosher market. Providing another boost, Tara just received a coveted Badatz kashrut certification from the Eda Haredit sector, a kosher certification that ultra-Orthodox consumers require for their dairy. Prior to this August, Tnuva was Israel's only manufacturer to have the certification. Following this change, it seems likely that Tara will continue to chip away at Tnuva's control of the dairy market.

Another company **Gad Dairies** is the 4th company that has a unique line of products.

## **International Involvement**

As the above section on top Israeli dairy manufacturers should have made clear, international involvement in Israel's dairy industry is growing. This takes the shape of formal international partnerships, but collaboration and education between global dairy communities is another increasing trend. Dairy farmers and manufacturers from around the world are visiting Israel to study the country's advanced breeding techniques, dairy technology, farming strategies,

and dairy farm designs. What began as an informal exchange has begun to take shape as more structured education.

## **Israeli Dairy School**

The Israeli Dairy School is a leader in this burgeoning field, holding a series of seminars and summer workshops that are open both to Israeli farmers and to international visitors. The school takes a hands-on approach that enables learners to see Israeli farms' techniques in action. Seminars cover topics such as goat and sheep farming, herd nutrition, veterinary care, and breeding technologies. These and other seminars provide opportunities for dairy farms around the world to learn from the Israeli dairy industry's unique advancements.



## **Kashruth of Dairy products in Israel**

Kashruth is a set of dietary laws dealing with the foods that Jews are permitted to eat and how those foods must be prepared according to Jewish law. Most of the local production in Israel is keeping the Dairy products Kashruth and holds Kasher certificates.

## **Israeli Dairy Exports**

Because of Israel's efficient productive and stringent quality standards, 37 countries around the world import Israeli dairy products. These products are especially in demand by Jewish populations in different countries who are looking for kosher food products. Just in January this year, Russia began importing dairy products from Israel. Altogether, Israel exports about 7,000 tons of dairy products to Europe, North America, and Asia countries. [4]

## **Top Products**

Three key product categories dominated the Israeli dairy industry in 2021:

- Manufacturers sold 448,987 liters of fluid milk,
- 37,406 tons of hard cheeses,
- Whopping 106,337 tons of soft cheeses from cow milk.

The remainder of the market is made up of fermented milk products and butter. This pattern is continuing through 2017. Israeli consumers show a particular favor for soft cheeses such as cottage cheese, cream cheese, and spreadable white cheese. Recently, manufacturers have focused on creating lines of creamy cheeses with lower fat content (usually 3%) but similar taste.

Israeli manufacturers are also developing an increasing range of creative dairy products using local Israeli milk. These include fruit-flavoured drinks made by Tara Kid, desserts by Janana, and Strauss's Dany and Daniela puddings.

**The sources of the data:**

[1] Israeli Dairy Board, "Israel Dairy: Facts and Figures,"

[2] Israeli Dairy Board, "Facts about the Dairy Industry in Israel,"

[3] Shany Moses, "Kibbutzim Mull Selling Tnuva Stake," *Globes*, June 19, 2017. <http://www.globes.co.il/en/article-kibbutzim-mull-selling-tnuva-stake-1001193137>

[4] Dror Halavy, "Israel to Export Dairy Products to Russia," *Hamodia*, January 13, 2017. <http://hamodia.com/2017/01/13/israel-to-export-dairy-products-to-russia/>