



Report of the State Comptroller of Israel | November 2024

Systemic Issues

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# **The State's Response to Concentration and Monopolies in the Food and Consumer Goods Sector**





# The State's Response to Concentration and Monopolies in the Food and Consumer Goods Sector

## Background

The cost of living<sup>1</sup> in Israel, including prices in the food and high turnover consumer goods sector, affects every household in the country. Effective approaches to addressing the cost of living include: promoting competition, including reducing the influence of concentration groups on price levels; reducing regulation and the bureaucratic burden on importers, manufacturers, and retailers; investing in research and development for local production; encouraging regulatory reforms that foster competition; promoting free trade between countries; and encouraging informed consumer behavior.

The impact of the cost of living is particularly pronounced among populations of low and middle socio-economic status, as the proportion of their income spent on essential living expenses is significantly higher than that of populations in higher socio-economic brackets.

In 2011, following the rise in food prices, the Committee for Socioeconomic Change, chaired by Prof. Manuel Trajtenberg (the Trajtenberg Committee), analyzed changes in the cost of living in Israel and the key factors underlying these changes. It concluded that three fundamental factors under government control contributed to the increase in the cost of living: (a) a basic and ongoing failure in the economic regulation implemented by the state; (b) a lack of effective exposure to international competition in various sectors of the economy, including numerous import barriers; and (c) the existence of concentrated markets and reduced competitiveness in most economic sectors.

The Kedmi Committee in 2011 and the Lang Committee in 2014 identified additional factors influencing food prices, including government regulation and policies, consumer behavior, input costs, and macroeconomic policy impacts. In the years 2014–2016, several government decisions were made to promote parallel imports of food products through a reform in the importation of regular food products to Israel ("the Cornflakes Reform").

1 "Cost of living is a term that refers to the average cost of household consumption in a given area, required to maintain a certain standard of living. As such, it represents the purchasing power parity in specific countries (or cities), positioning it as having a cardinal impact on the standard and quality of life of citizens in Israel." From the website of the National Digital Israel Initiative on the internet.



Following the publication of the Lang Committee's recommendations, several government decisions were made in the years 2014–2015<sup>2</sup> to promote the parallel import of food products through a reform in the import of regular food items to Israel ("the Cornflakes Reform").

In addition, new laws and legislative amendments were enacted to enhance consumer protection. For example, the Promotion of Competition in the Food Sector Law, 2014 (Food Law)<sup>3</sup> and the Public Health Protection (Food) Law, 2015, were legislated. Amendments were also made to laws such as the Consumer Protection Law, 1981, which establishes provisions for consumers, including prohibitions on misleading practices, labeling goods, and displaying prices; the Price Control of Goods and Services Law, 1996; and the Economic Competition Law, 1988 (formerly called the Restrictive Trade Practices Law until its amendment in 2019) (Economic Competition Law or Competition Law)<sup>4</sup>. In recent years, the State Comptroller's Office published a series of reports highlighting actions that the audited entities must take to combat the high cost of living<sup>5</sup>. In May 2021, the State Comptroller released a report titled Addressing Monopolies and Concentration in the Food Sector (the previous report). This report addressed various issues related to the cost of living, including concentration in supplier and retailer segments, barriers to competition in the food sector, and various import barriers. Furthermore, in 2024, the State Comptroller's Office published a report on price regulation<sup>6</sup>, raising issues related to price supervision under the purview of the Ministry of Finance, the Ministry of Economy and Industry (Ministry of Economy), and the Ministry of Agriculture and Food Security (Ministry of Agriculture).

2 Among others: Government Decision No. 1169: Promoting Parallel Import of Food Products (January 12, 2014); Government Decision No. 1606: Reform in the Import of Regular Food Products to Israel (April 18, 2014); Government Decision No. 338: Removing Barriers to the Import of Regular Food Products (Cornflakes) – Approval of the Ministerial Committee for Social and Economic Affairs' Decision (August 5, 2015); Government Decision No. 1854: Reducing the Cost of Living in the Consumer Goods Sector (August 11, 2016).

3 In July 2024, Amendment No. 8 to the law (Promotion of Competition in the Food Industry (Amendment No. 8 and Temporary Provision), 2024) was approved. This amendment extended the prohibitions and restrictions outlined in Chapter B of the law concerning retailer-supplier relations to include the pharmacy sector starting January 2025 and established regulations concerning geographic competition in this sector. As part of these amendments, the law's title was changed to: The Promotion of Competition in the Food and Pharmacy Sectors Law, 2014.

4 Restrictive Trade Practices Law (Amendment No. 21), 2019.

5 State Comptroller Reports: Handling Monopolies and Concentration in the Food Sector (2021); Competitiveness in the Automotive Sector: Regulation and Import Competition (2022); Price Supervision in the Food Sector (2024).

6 State Comptroller Report: Price Supervision in the Food Sector (2024).



Key Figures

**23%,  
37%**

increase rate in the Food Price Index (excluding fruits and vegetables) and the Fruits and Vegetables Price Index, respectively, in Israel, from 2011 to May 2024, compared to the Consumer Price Index, which rose by only 17%

**up to  
300%**

the purchasing power of Israeli consumers is lower compared to that of consumers in England, France, and the United States in terms of hours worked to purchase the products under consideration

**138  
NIS billion**

private consumption expenditure on food and non-alcoholic beverages in Israel in 2021

**2.9%**

the increase rate in food and consumer goods prices during the first three months of the war, according to the Ministry of Economy's assessment<sup>7</sup>

**3  
Food  
suppliers**

control over more than 85% of total sales in 20 food product categories

**only  
23.4%**

import-to-GDP ratio in Israel compared to 47% on average in OECD countries, as of 2020

**only 6.9%**

average market share of private labels in Israel (which could enable price reductions) compared to 36.1% in selected European countries

**up to  
380%**

price gap for frozen vegetable products in Israel (more expensive) in 2023 compared to European countries

<sup>7</sup> Cumulative weighted change based on weekly averages.



**NIS 38  
million**

aggregate household savings on tuna products following tariff reductions, compared to NIS 11 million in lost state revenue

**4 times  
higher**

increase in pineapple consumption in Israel, with prices dropping by approx. 50% after tariff reductions and the opening of an additional import source

**210  
stores**

out of 848 large stores<sup>8</sup>, have a high geographic concentration ("calculated rate"<sup>9</sup> above 30%) as of 2021

**403%**

maximum price gap for sampled makeup products in 2023 between [the more expensive] Israel and selected European countries, even after the parallel import reform for cosmetics came into effect

## Audit Actions

From August 2023 to March 2024 (the conclusion of the audit), the State Comptroller's Office examined actions taken by government ministries and other entities since the publication of the previous report in 2021 to address the causes of rising food and consumer goods prices and tackle import barriers. The audit reviewed the following areas: examination of the cost of living in Israel; compliance with relevant legislative provisions; international comparisons; assessment of the food and consumer goods market in Israel, including the supplier and retail segments, market trends, the impact of import barriers on the market, the implementation of reforms in food, agricultural, and consumer goods, and the effects of the "Swords of Iron" war. The audit was conducted at the Israel Competition Authority, the Consumer Protection and Fair Trade Authority, the Ministry of Economy and Industry, the Ministry of Agriculture, including the Plant Protection and Inspection Services, the Chief Economist's Department at the Ministry of Finance, the Budget Division at the Ministry of Finance, and the Ministry of Health, including the National Food Service and the Cosmetics Department, as well as the Israel Tax Authority. Additional checks were performed at the Israel Consumer Council, and complementary meetings were held with manufacturers, importers, retailers, application developers, and research institutes within the food and consumer goods market.

8 A store is defined as a retail location for selling food and consumer goods, including online stores, provided it consistently sells fresh fruits and vegetables, dairy products, and cleaning supplies, with over 50% of its sales turnover derived from food sales. A large store is defined as a store with a sales area of at least 250 square meters, excluding online stores.


9 The calculated rate refers to the market share held by a major retailer within a competitive group. It is determined by the ratio of the sales turnover of the major retailer's large stores within the competitive group (including the store under review) to the total sales turnover of all large stores in that competitive group.




## Key Findings

### **Declaration of Monopolies and Concentration Groups by the Competition Authority**

— except for its activity in the tea market in 2023, the Competition Authority did not systematically examine additional categories in the food and consumer goods sector characterized by high concentration levels, particularly regarding suppliers' ability to influence competition and product prices, including categories dominated by direct importers. It was found that in 36 out of 38 food categories, market concentration remains high (over 50% of the market). In 20 food categories, the share of the three dominant companies in the category exceeds 85%, with an average share of approximately 84% across all categories. For example: in the cream category, the three largest companies hold 99% of the market; in the instant coffee category, they hold 93%; in the breakfast cereals category, they hold 87%. Despite the significant concentration of suppliers controlling more than 50% of supply in 36 food categories, as of 2023, the Competition Authority has not examined the necessity of declaring concentration groups in the food sector or instructing their members to take steps to significantly enhance competition in the industry.

 **The Impact of the Iron Swords War on the Cost of Living** – during the war, the workforce in the industrial sector decreased by 18%, and the output of factories in Israel fell by about 50% in the first three months of the Swords of Iron War. Additionally, food prices increased by 2.9% to 6% in food retail chains<sup>10</sup> during the same period. At that time, no legislation existed to enable the Consumer Protection Authority to address price increases that appeared to lack economic justification.

 **Conglomerates<sup>11</sup> in the Food and Consumer Goods Sector** – as of 2023, there are at least 13 companies and commercial groups in Israel identified as conglomerates in the food and consumer goods sector. This means they operate simultaneously in multiple categories within the sector. Some of these companies also hold significant market shares in the categories in which they operate.

- **New Mergers** – when a major supplier of a food product seeks to expand into another category within the food sector through a merger with a supplier in the other category, i.e., a conglomerate merger, the Competition Authority examines the impact of the merger on competition in the other category. Additionally, the

<sup>10</sup> A 2.9% increase in the first three months of the war, according to a study by the Ministry of Economy. A 6% increase in the price of a basket of goods from August 21, 2023, to October 15, 2023, according to the Consumer Protection Authority. An increase of 5% to 5.6% in the price of an average basket of goods ("the thousand-item basket") in October and November 2023 compared to the same months in the previous year, based on a study by the Consumer Protection Authority.

<sup>11</sup> A corporation that controls several different businesses, sometimes unrelated to one another.




Authority evaluates the potential harm to competition in the existing areas in which the acquirer operates. However, mergers of this type, where the parties operate in different sectors, generally do not raise clear concerns of harm to competition, unlike mergers involving suppliers operating in the same sectors. As a result, the Competition Authority faces challenges in quantifying its concerns and substantiating objections to mergers with these characteristics.

- **Previously Approved Mergers** – the food sector also includes conglomerates resulting from past mergers, where the standing of these entities in the categories in which they operate may have since changed. Additionally, there are conglomerates not formed through mergers that hold significant market shares in at least one food category. The Competition Authority does not assess the impact of their activities on competition in other food categories.

 **Supplier Segment Impacting Market Concentration in the Food and Consumer Goods Sector** – the market share of the five largest suppliers in the food and consumer goods sector has slightly declined over the years, with these suppliers holding approximately 37.5% of the market share in Israel's food sector in 2022, compared to 42.7% in 2017. However, according to the Competition Authority, the market remains concentrated, reflecting the high levels of concentration in Israel's food and consumer goods market.

 **Private Label Marketing** – it was found that the share of private label products in the total retail market sales of food and consumer goods increased moderately from 2014 to 2022, reaching only 6.9%. This is significantly lower than the average private label market share in selected European countries, which is five times higher than in Israel (36.1% compared to 6.9%, respectively). Only in 2023 did the Competition Authority begin examining the impact of the strengthening of private labels by large retailers on competition, including the effect on smaller suppliers and their shelf presence with these retailers. The Authority has yet to evaluate the need to invoke Section 11 of the Food Law, which empowers the Commissioner for Competition to issue directives to retailers regarding private labels.

 **Geographical Competition Among Retailers** – it was found that the Food Law does not provide the Competition Authority with tools to address the geographical concentration of large retailers in other areas that may harm competition. This includes the opening of new neighborhood stores not classified as large stores under the Food Law, as well as their expansion into the wholesale market, which turns them into suppliers for small and medium-sized retailers. This could impair the ability of smaller retailers to compete in the same geographical area with the stores of large retailers that also serve as suppliers.





**Examining the Effectiveness of the Food Law** – the Food Law, enacted in 2014, is unique to Israel and aims to enhance competition in the food and consumer goods sector to reduce consumer prices. The law was legislated following the conclusions of the Kedmi Committee and includes provisions regarding the geographic competition of retailers, price transparency, and rules governing the relationship between suppliers and retailers. From the law's enactment until the audit's conclusion, the Ministry of Economy, the Competition Authority, and the Consumer Protection Authority, each within its respective area of responsibility, did not examine the overall impact of the Food Law on consumer prices and competitiveness in the food and consumer goods sector. However, they did explore additional methods to advance the Food Law's objectives.

**The Ministerial Committee for Combating the Cost of Living** – the committee, comprising the Prime Minister and the Ministers of Finance, Economy, Agriculture, Environmental Protection, Energy and Infrastructure, Health, Welfare and Social Security, Religious Services, Construction and Housing, the Negev, Galilee, and National Resilience, Communications, Tourism, and Aliyah and Integration<sup>12</sup>, was established in June 2023. As of the conclusion of the audit, it convened seven times: twice in June 2023, twice in July 2023, twice in September 2023, and once in February 2024. This occurred despite certain importers and suppliers announcing price increases of dozens of percent during its tenure, and despite the economic challenges presented to the public by the Swords of Iron War. Additionally, during a committee meeting<sup>13</sup>, it was decided that the legislative process for the What's Good for Europe is Good for Israel reform would conclude by April 7, 2024. The reform's legislation was completed in July 2024<sup>14</sup>.

**The Agricultural Reform** – the Ministry of Agriculture drafted an amendment to the Plant Protection Regulations; however, following the formation of the new government in 2022, the amendment was not advanced by the Minister of Agriculture. Additionally, no discussion was held regarding the duration of the reform's freeze, its implications, or alternative options should the freeze remain indefinite. Furthermore, prior to the reform's suspension and as part of its components, the Ministry of Finance and the Ministry of Agriculture failed to reach agreements on providing direct support to farmers as compensation for tariff reductions and market liberalization for imports. The reform was halted before completion, and no deliberation was held on the consequences of this decision on the variety, quantity, and prices of agricultural products in the markets. The partial implementation of the reform hindered the anticipated benefits, which could have facilitated fruit and vegetable imports for consumption and reduced the cost of living.

12 The following officials shall be regularly invited to committee discussions: the Director General of the Prime Minister's Office, the Director General of the Ministry of Finance, the Director General of the Ministry of Economy, the Director General of the Ministry of Agriculture, the Head of the National Economic Council, the Head of the Budget Division in the Ministry of Finance, the Head of the Regulatory Authority, the Governor of the Bank of Israel, and the Commissioner for Competition.

13 On February 29, 2024.

14 In July 2024, the law passed its second and third readings.



The lack of direct support for farmers, according to the Ministry of Agriculture, resulted in damage to agricultural production in certain sectors.

**Tariff Reduction** – it was found that the reduction of tariffs on grapes by the Ministry of Finance did not lead to a significant increase in supply. Following the tariff reduction in 2023, 13,607 tons were sold compared to 12,314 tons in 2021, prior to the reduction. This contrasts with findings regarding pineapples, where the tariff reduction was more substantial, and an additional country was opened for imports. These measures likely contributed to an increased supply of the product and a significant price decrease.


**Food Standards** – as of the audit's conclusion, the Ministry of Health had not met the timelines recommended by the Committee for Examining Food Standards and their inclusion in the Fourth Annex to the Standards Law, which would allow the import of products or processes that comply with foreign regulatory requirements. The Ministry of Health failed to present the results of its evaluation regarding the potential inclusion of any of the 15 standards recommended by the committee. Additionally, contrary to Section 313b of the Public Health (Food) Law, the Ministry of Health did not remove the official status of eight standards by January 1, 2024, as mandated by the committee. Import and sale of products subject to these standards are only permitted if they conform to unique Israeli standards, which could unnecessarily restrict imports. Examples of products affected by these restrictions include olive oil, chocolate, honey, and honey products. Furthermore, Israel maintains unique standards relating to shelf-life, such as those that apply to canned fruits and vegetables, pickled or brined vegetables in vinegar or edible acids, canned fish in oil, canned tomato products, and more.


**Adoption of European Standards for Listeria Presence** – adopting European regulations, subject to risk management, could ensure that the regulations are straightforward and clear regarding both requirements and enforcement for regulators and food businesses alike. The Food Service Division of the Ministry of Health has not yet conducted a comprehensive assessment of the possibility of adopting European standards for listeria presence in food in a manner that ensures public health in Israel, nor has it established a timeline for completing this work. Until this assessment is completed, many products marketed in the European Union remain prohibited for import into Israel, not necessarily for justifiable reasons.



### **Import Through the European Path and Approval of Qualified Importers<sup>15</sup>** –

data from the Ministry of Economy indicates that obtaining a shipment release approval from the port under the European import path takes approximately 5 days, compared to 74–111 days under the sensitive food import path, which requires prior approval outside the European path framework. According to the Ministry of Economy, an importer bringing certain dairy products through the European path can save approximately 11% of the retail cost compared to importing through the regular path. However, it was found that approximately 150 major food importers have not transitioned to the European path as qualified importers, and the majority of sensitive food imports continue to follow the regular path, which requires prior import approval and inspections at Israel's entry points. The preference of importers for the more expensive path indicates their ability to pass the additional costs onto consumers and reflects a lack of sufficient competition in the market, with importers not facing adequate competition from rivals. Importers argue that the conditions of the food import reform under the European path do not fully address their needs; for example, the inability to import both products included in the reform and products excluded from it in the same container.

 **The High Cost of Healthy Food** – it was found that barriers to the import of frozen vegetables exist, including barriers stemming from Ministry of Health regulations, regarding the presence of bacteria, that do not align with European standards, as well as tariff barriers. These barriers contribute to price differences of over 100% for most frozen vegetable products sold abroad compared to those sold in Israel. Additionally, frozen vegetables are subject to high tariffs and market concentration with a dominant supplier, which impact consumer prices, resulting in price gaps of up to approximately 161% compared to prices abroad. Furthermore, contrary to the Ministry of Health's recommendations for healthy eating, price controls are applied to white bread but not to whole-grain bread (the healthier option). Price gaps in the bread categories examined between Israel and selected countries amount to 82%. The high price of products considered healthy may also limit their consumption by the public.

 **The High Cost of Cosmetics** – even after the parallel import reform for cosmetics came into effect in January 2023, based on approval of their conformity to referenced cosmetics, makeup products in Israel remain up to 403% more expensive compared to

<sup>15</sup> Any company, corporation, or licensed business registered in Israel may apply for importer registration. For imports intended for the Palestinian Authority territories, the applicant must either hold a Palestinian Authority ID or be a company, corporation, or licensed business registered in the Palestinian Authority territories. The registration certificate includes the names and details of the importers, as well as the information about the warehouse where the imported food will be stored. Importers are required to obtain valid approval for the warehouse from the district health office in the jurisdiction where the warehouse is located. Additionally, the importer must meet one of the following conditions: possess a business license for food storage suitable for storing the products they intend to import, and submit the appropriate documents; enter an agreement with a business providing licensed storage services (for imports into the Palestinian Authority territories, a warehouse is not required). For further details, see the Ministry of Health website. <https://www.gov.il/he/service/non-animal-derived-food-importer-registration>.



selected European countries. For example, a 30 ml Revlon foundation costs an average of NIS 25.4 in the sampled countries, compared to its price in Israel, which is NIS 102.4.



**The Israel Competition Authority's Actions Following the Previous Report's Findings** – the State Comptroller's Office positively notes the enforcement measures taken by the Israel Competition Authority (ICA) in response to the previous report's findings. The ICA analyzed the tea market and identified a company with significant market power that was not classified as a major supplier under the Food Law, leading to its designation as a monopoly in the food sector (tea), the first such declaration in over 20 years. The ICA conducted several surveys to map import barriers; initiated legislative amendments to address anti-competitive practices; examined agreements between suppliers and retailers; investigated public statements made by market players in the food industry; prohibited major suppliers from managing shelf arrangements in large retail chains; and required the submission and review of contracts between direct importers and their suppliers abroad.

**Actions of the Plant Protection and Inspection Services Following the Previous Report's Findings** – the State Comptroller positively notes the proactive measures taken by the Plant Protection and Inspection Services (PPIS), such as developing a service charter to facilitate the import of fruits and vegetables; establishing an internal procedure to regulate imports, and expanding the list of countries permitted to export fruits and vegetables to Israel. These actions have contributed, among other things, to an increase in the volume of pineapple imports and a significant reduction in its consumer price.

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## Key Recommendations



It is recommended that the ministerial committee on combating the cost of living, chaired by the Prime Minister, convene regularly to advance the issues for which it was established and address factors affecting the cost of living. Additionally, the committee should coordinate between relevant bodies by mapping the tools at their disposal and, if necessary, propose additional measures, including legislative amendments, to curb price increases observed since the publication of the previous report and during 2024, which also saw price hikes. The Prime Minister, along with the Ministers of Finance, Economy, Health, Agriculture, and other ministers involved in the committee's work, should monitor the implementation of reforms and their outcomes, including the What's Good for Europe is Good for Israel initiative, and take appropriate action accordingly.



The Competition Authority Should examine whether conditions exist for declaring monopolistic status in additional food and consumer goods categories, including direct



importers, and to take appropriate action against those meeting such conditions, using the tools at its disposal, to prevent the abuse of market power and the resulting increase in the cost of living. It is further recommended that the Competition Authority assess the level of competition among suppliers in food industry categories with high concentration levels and examine barriers to the entry of new competitors or the display of their products on shelves. A systematic review and identification of concentrated sectors and anti-competitive practices could also help map which additional oversight and regulatory tools the Competition Authority requires, thereby aiding in providing recommendations to enhance competition.



The Ministry of Economy, the Competition Authority, and the Consumer Protection and Fair Trade Authority should establish measurable targets (such as the number of suppliers whose products are available on shelves, the number of stores in a given area, and product diversity) to provide decision-makers with an up-to-date picture of the Food Law's impact on competitiveness in the food sector and on food prices.



The Ministries of Finance, Economy, and Agriculture should continue examining the impact of maintaining tariffs on food products on the cost of living, particularly regarding products not produced or grown in Israel. This examination should include, in coordination with the Competition Authority, whether and how the lack of tariff reductions affects consumer prices, market concentration, and the variety of products offered to consumers. This should be done while considering the implications of tariff reductions on local industry and agriculture and the need to preserve them, especially in light of the reality created by emergency events, such as the Covid-19 pandemic and the Swords of Iron War. Furthermore, it is recommended that the Ministries of Finance and Agriculture set a timeline for the freeze on the agricultural reform or propose an alternative plan that addresses the need to reduce the cost of living by opening the market alongside promoting local agriculture.



It is recommended that the Ministry of Health, the Competition Authority, and the Ministries of Economy and Finance examine market conditions, competition, and other relevant aspects concerning the approval process for importing food categories where importers prefer to employ the path requiring prior approval and inspections at Israel's entry points. This preference persists despite the additional costs involved, which ultimately are passed on as added costs to the product, borne by consumers.



Given the high prices of healthy products and the importance of their consumption, it is proposed that the Ministry of Finance monitor the effectiveness of opening quotas and reducing tariffs, in their current scope and levels, on the retail price to consumers, while examining the implications for agricultural production in Israel. It is recommended that the Competition Authority examine competition in the relevant sectors and provide the appropriate authority with recommendations on ways to enhance it. Additionally, it is recommended that the joint price supervision committees of the Ministry of Finance and the Ministry of Economy or Agriculture, in consultation with the Competition Authority and the Ministry of Health, define the categories of healthy foods characterized by the Ministry























of Health, including whole-grain bread, and utilize the tools at their disposal to reduce their market price. If necessary, they should take action to develop additional tools and expand the committees' authority to encourage the public to consume healthy food.



It is recommended that the Ministry of Economy, the Consumer Protection Authority, and the Competition Authority define measures and actions to prevent retailers and suppliers from exploiting states of emergency in Israel to increase their profits.



## Prices of Various Products in Israel and Abroad and Purchasing Power, 2024<sup>16</sup> (in terms of currency and hourly wages)

			Price per kilogram/ liter, excluding VAT, in NIS	Price per kilogram/ liter, including VAT, in NIS	How many kilograms/ liters of products can be purchased in exchange for one hour of work
 Tuna	Israel		33.3	38.9	2
	England		41	41	2.5
	USA		25.6	25.6	5.5
 Coca Cola	Israel		3.9	4.6	16.6
	France		4.2	4.4	23
	USA		4.9	4.9	21.4
 Pasta	Israel		10	11.8	6.5
	France		10.8	11.3	9
	USA		14.2	14.2	9.9
 Milk	Israel		6.1	7.1	10.7
	England		4.5	4.5	23
	USA		3.2	3.2	43.8
 Bread	Israel		8.3	9.7	7.8
	England		4.2	4.2	24.6
	USA		10	10	14.1

According to data from domestic and international retail chains (product prices), the Bank of Israel (exchange rates), and the OECD<sup>16</sup> (wage data<sup>17</sup>), as processed by the State Comptroller's Office.

<sup>16</sup> VAT rate on food products: in Israel – 17% (no VAT on fruits and vegetables); in France – 5.5%; in Britain and the U.S. – 0%. Exchange rates to the shekel: Euro – 3.91, Dollar – 3.62, Pound Sterling – 4.56. Hourly wage in NIS: in Israel Pound Sterling – 4.56 76; in Britain – 104; in France – 102; and in the U.S. – 141.

<sup>17</sup> In each country, annual wage data for 2023 was used. The data was divided by 52 weeks and then further divided by the number of weekly working hours in each country.



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## Summary

The cost of living in Israel is a central issue in the lives of its citizens. Some of the price increases reflect structural problems in Israel's food and consumer goods market, which require attention. These include market concentration, low levels of competition, customs barriers, phytosanitary restrictions, and public health regulations. A balanced approach must be found to reconcile all interests, including the need to maintain the national security minimum of local industrial and agricultural capabilities. Following the audit's conclusion, three legislative amendments were approved, aimed at expanding imports under the What's Good for Europe is Good for Israel reform. The Ministries of Finance, Economy, Agriculture, and Health, along with the Competition Authority and the Consumer Protection Authority, should undertake proactive measures to open the market to competition and reduce concentration levels. Each should leverage its available tools and collaborate across relevant government ministries. If necessary, further legislative amendments should be pursued to enhance the arsenal of tools required.

The Prime Minister, the Ministers of Finance, Economy, Health, and Agriculture, as well as other relevant ministers (Environmental Protection, Energy and Infrastructure, Welfare and Social Security, Religious Services, Construction and Housing, the Negev, Galilee and National Resilience, Communications, Tourism, and Immigration and Absorption), who are members of the Ministerial Committee on the Cost of Living, must supervise the implementation of reforms, ensure their completion and updates as necessary, and verify that government actions to reduce the cost of living are coordinated and up-to-date to effectively address the cost of living and rising food prices.