



RURAL INDUSTRIES RESEARCH
& DEVELOPMENT CORPORATION

Exporting Venison to Israel

A Market Development Test Case

**A report for the Rural Industries Research
and Development Corporation**

by Lynelle Tume
FoodScape Pty Ltd

June 1999

RIRDC Publication No 99/58
RIRDC Project No FPL-1A

© 1999 Rural Industries Research and Development Corporation.
All rights reserved.

ISBN 0 6442 57932 6
ISSN 1440-6845

Exporting Venison to Israel - A Market Development Test Case
Publication no 99/58.
Project no. FPL - 1A

The views expressed and the conclusions reached in this publication are those of the author and not necessarily those of persons consulted. RIRDC shall not be responsible in any way whatsoever to any person who relies in whole or in part on the contents of this report.

This publication is copyright. However, RIRDC encourages wide dissemination of its research, providing the Corporation is clearly acknowledged. For any other enquiries concerning reproduction, contact the Publications Manager on phone 02 6272 3186.

Researcher Contact Details

Lynelle Tume
FoodScape Pty Ltd
16 Martingale Court
Cleveland Qld 4163

Phone: 07 38214200
Fax: 07 38214200
Email: foodscape@redland.net.au

RIRDC Contact Details

Rural Industries Research and Development Corporation
Level 1, AMA House
42 Macquarie Street
BARTON ACT 2600
PO Box 4776
KINGSTON ACT 2604

Phone: 02 6272 4539
Fax: 02 6272 5877
Email: rirdc@netinfo.com.au
Website: <http://www.rirdc.gov.au>

Published in June 1999
Printed on environmentally friendly paper by Canprint

Foreword

From 1996 to 1998, Industry Research and Development priorities in the Deer Program were centred on production and industry development issues. This represented an effort to consolidate infrastructure, strengthen the supply system and implement a Quality Program.

However, a recent re-alignment of Research and Development priorities has seen a re-focusing on market development in both new and traditional markets. While it is difficult to find truly new markets, many traditional and previous export markets are not performing well for a variety of reasons including competitor activity or economic difficulties in the recovering Asian markets.

This report is the result of an investigation of an entirely new and untested market and the opportunity to service it in a less traditional manner. The implications will have wider applicability over a number of markets and the recommendations can be used by the industry generally when approaching new market entry. The lessons learned from this test market research can be the indicators to predict and overcome constraints when entering other new markets.

RIRDC's involvement in this project is part of the Corporation's aim of developing the Emerging New Industries Program and strengthening market development within the Deer Sub-program.

The report is a new addition to our diverse range of over 250 research publications,, most of which are available for viewing, downloading or purchasing online through our website at www.rirdc.gov.au/pub/cat/contents.html

Peter Core

Managing Director
Rural Industries Research and Development Corporation

Contents

Foreword	<i>iii</i>
Executive Summary	<i>v</i>
1. Introduction	1
2. Objectives	2
3. Methodology	
3.1 Initial desk and contact research	2
3.2 Organisation of meetings and schedule	2
3.3 Venison and deer information sessions	3
4. Results	4
5. Implications and Recommendations	
5.1 Specific issues for the Israeli test case	8
5.2 Issues applying to new markets generally	9
6. Intellectual Property	11
7. Communications Strategy	11
8. Appendices	
Appendix 1 Key contacts in Israel	12
Appendix 2 Meat import and purchase data	13
RIRDC Deer Publications	14

Executive Summary

Market Research

Desk and in-market research was undertaken against a background of an overall objective to research and analyse the market potential for Australian deer exports to Israel, and to report on recommendations and strategies appropriate to the development of the market.

Extensive farming of animals is not possible due to the size, geography and climate of the country. The most intensive cattle industry is dairy, which is important both as a domestic food and for wide distribution throughout Europe. While some feedlot operations for beef cattle do exist, much of the beef and sheep meat needs are met through live animal imports, particularly from Australia.

Kashrut, the strict dietary laws means that animals approved for food must be slaughtered under kosher supervision, in a specific manner, and the meat subjected to soaking processes immediately post slaughter. The cost of supervision and other fees and taxes are expensive, and Israeli Government legislation prohibits the import of any non-kosher meat into the country. This effectively prevents countries such as Australia from exporting meat from acceptable animals, including venison, into Israel. Even if Jewish supervision was arranged, it is not possible to slaughter animals here without prior humane stunning and this is prohibited under kosher rules.

Until such time as the increasing number of non-orthodox Jews and the animal welfare movement forces a more flexible approach to slaughter methods (as is the case with Islamic halal slaughter), live export of deer is the only short to medium term option.

Market Demand and Potential

Interest in the import of Australian deer has been initiated by the present clients of a Western Australian company dealing supplying live cattle to Israel. Following meetings with them in Israel and with prospective end users in the food service trade, together with members of the Ministry of Agriculture, it does appear that there is potential for the development of a specialised market for venison from imported animals.

A number of constraints and difficulties exist which will require focused strategies to overcome and to target the different sectors most appropriately. If targeting the hotel, airline and official institutions sector, all product must be strictly kosher (by law). This product will probably be more expensive due to the high costs of the process, and may be of lesser eating quality as a result of the process.

However, the chefs responsible for these establishments are often of European origin, or at least have had some training in European hotels. They are therefore familiar with venison and other game meats and will require less product support. Awareness of the existence of the product will be the primary need.

The secondary food service market, but possibly the most important, is the general restaurant sector which is not required to observe the dietary rules regarding kosher meat and dairy and meat combinations. This includes all the ethnic restaurants, as well as general food outlets and speciality restaurants such as steakhouses. Product for these outlets could be slaughtered in Israel at non-kosher abattoirs and could be of better ultimate eating quality as a result.

Initial information seminars on Australian venison provided brochures and booklets on the standard AUS-MEAT venison cuts, preparation and handling procedures and cooking methods with recipes. Strategies are recommended to follow on with more education and promotional activities as the supply of venison becomes available for distribution. These would be directed at the trade only, but should be combined with a public relations campaign to seek print and general media articles on Australian venison targeting the general consumer who is likely to encounter the product at restaurants.

The initial market will be small and will develop slowly, which could be advantageous given the complex food, culture and religious inter-relationships.

Implications

Issues, which were specific to this project, are applicable to the preferred approach to any new market, but particularly where that market has definite requirements or restrictions based on religious law.

Early market research is important to avoid losses, and establishing the true interest, motives and integrity of the prospective importers is equally important. In addition, consideration of the actual physical feasibility and logistical possibilities of the importing country is the primary requirement when the venture involves the live animal trade. Clarification of all details through extensive early discussions should help to avoid later costly delays caused through lack of completion of entry tasks and pre-requisites.

Production of a simple flow diagram with a pathway checklist, which is agreed and signed off by both exporter and importer, would solve most predictable issues. Ideally, this checklist should be viewed and agreed by the veterinary authorities in each country, though a sign off by them might be difficult to achieve.

Introduction

The initiative for this project came from a company in Western Australia which has extensive deer interests through its co-operative deer farmer involvement, but which is also involved in the live cattle trade to the Middle East. Existing clients in Israel expressed an interest in developing a market for Australian venison in their country, predominantly due to an increasing trend towards sourcing more variety and better quality of meat for the food service trade.

This was a difficult brief which faces many complications and conflicts due to factors of religious and cultural requirements, veterinary issues in Israel, and the lack of consistent rules or a population with homogenous belief in their systems. Investigation of the various conflicts, preferred product format, the best way of achieving that customer specification and evaluation of the potential size and scope of the market, formed the basis of the project objectives.

There are many limitations but some opportunities for the Western Australian deer farming community which this early market research may help to facilitate. Additionally, the lessons learned are not limited to Western Australia, but apply in principle to other deer farming areas. There are some factors specific to the west which make the identification of new markets more urgent. There are currently no export abattoirs in the state with the capability, accreditation or willingness to slaughter red deer. One export abattoir at Katanning is accredited to slaughter fallow deer only on the sheep chain and is an halal approved establishment. During the preparation of this report, export accreditation of this facility was withdrawn making the situation for deer export even more critical. Geographical isolation from the major domestic game meat markets in the east of Australia also compounds the problem for the red deer producers, who make up the majority of the Western Australian industry.

The long involvement and experience with live animal exports out of Fremantle and the knowledge held by some members of the deer producers group of specific requirements for ship transport of animals into the Middle Eastern countries was seen as an opportunity to develop a small but potential growth market which could ultimately extend to other ports around Australia which are currently visited by the Jordanian vessels.

Objectives

1. To test market deer exports to Israel
2. To identify the scope for continuing exports to Israel
3. To provide consumer support for Australian venison in Israel
4. To provide a final report on lessons learned

The overall objective as a result of the background to the project is to research and analyse the market potential in Israel and report on recommendations and strategies appropriate to the development of the market.

Methodology

Following a brief from Salmon River Pty Ltd regarding the original plan to export 150 live deer to Israel, the project work plan was organised into several segments.

Initial Desk and Contact Research

Telephone and facsimile contact was made with the Israeli clients and their associates to gauge their understanding of the expected outcomes of the project and to establish specifications they might have set for the company.

Contact was established with the Austrade office in Tel Aviv, which is a sub-set of the Milan office, and with the Israeli Embassy in Canberra and their trade development group attached to the Sydney Consulate. From these sources, valuable information was received on religious, cultural and protocol matters, which could impact on meat production and the distribution chain. Reference material was searched to clarify the basic laws related to kosher foods and non-kosher trends.

Organisation of Meetings and Schedule

During the visit to Israel, it was possible to meet with several members of the Ministry of Agriculture who advised the statistics for the percentage of the population observing a strict kosher regime and those who followed the dietary rules on an “at home” basis (mainly due to limited availability of non-kosher foods at some supermarkets), but who dined out often at restaurants serving non-kosher food.

Attitudes to and perceptions of the availability and quality of red meats available in the marketplace were sought from these contacts, and were then followed up at personal meetings in Israel. Investigation of the different rules applied to the hotel sector of the food industry (which is Government controlled and strictly kosher), and the restaurant and general food outlet sector will be a key factor in the strategies for the development of a viable market for Australian venison.

Venison and Deer Information Sessions

It proved to be impossible to obtain permission to carry in even a 10 kg sample pack of Australian product with appropriate phyto-sanitary AQIS documents, on the understanding that it was for demonstration purposes only, and therefore all sessions were conducted using the existing material on venison carcass and cuts description and specifications and the preparation and cooking methods developed for Australia, Europe and Asia.

Finally, all benchmark information gathered prior to the visit was compared to information and feedback collected during meetings. Analysis of the trends, constraints and possible market size and segmentation led to the recommendations for development strategies for this market.

Results

- **Import of Australian venison** - The preferred option was for the import of Australian venison packed to specification and ready to distribute. Currently this is not possible because:
 - (1) political and religious control of food imports, through regulations and legislation, prevents any meat which is non-kosher from entering Israel;
 - (2) there are no export slaughter facilities with kosher accreditation in Australia; and
 - (3) our animal welfare requirements will prevent kosher slaughter from occurring in Australia.
- **Argentina exports kosher beef** - Currently, to supplement the Israeli slaughtered beef cattle, Argentina exports kosher beef as a result of visiting Israeli teams supervising all aspects of the processing. The fees, taxes and import charges make this product expensive, and respondents in Israel suggested that this meat, like all kosher processed red meat did not have good eating quality. This was probably due to the requirement for soaking in fresh followed by salt water soon after bleeding and to the freezing regime required.
- **Import the live deer from Australia** - The only option available is therefore to import the live deer from Australia, in much the same way that cattle and sheep are currently transported to the Middle East. While live deer have been successfully transported by air between New Zealand and Australia, Australia and Korea and Australia and Malaysia, there is no history of lengthy sea transport of deer. It is believed that deer respond and adapt to concentrated feed better than cattle, which could be an advantage during sea voyages, and with adequate ventilation and healthy animals, no major difficulties are envisaged.
- **Strict local requirements** - Israeli veterinary authorities are insistent that all quarantine facilities, deer fencing and yards are properly constructed to receive the deer, and it is obvious that more Australian supervision of these tasks will be required before the authorities are satisfied. Issue of permits for entry of deer (at least in any significant numbers) will be contingent on this occurring.
- **Israelis are keen to establish a deer industry** - Although some deer will be slaughtered for meat soon after arrival (as for cattle), there is little doubt that the Israelis are keen to establish a deer industry as a means of rural diversification. The country is generally dry, with extensive areas classified as desert. Horticulture is well developed using the efficient drip irrigation system, in which Australia has played a significant role in development of

technology and infrastructure. As a small, low rainfall country, extensive animal industries are impossible and cattle are farmed in the feed lot system. It seems that deer are likely to be farmed in a semi-intensive system, depending on the climate of the particular region.

Several officers from the Ministry of Agriculture believe that only red deer are capable of adapting to the regional conditions. Although Mesopotamian fallow deer originated in Iran, this is a somewhat larger, higher altitude country, which is significantly cooler generally, with periods of intense cold.

- **Australian red deer will need to be processed at non-kosher facilities** - Any Australian red deer to be slaughtered soon after arrival in Israel, at least in the short term, will need to be processed at non-kosher facilities as no abattoirs are licensed to kill deer. The authorities believe that there could be difficulties with this accreditation process due to animal restraint problems related to the kosher kill. Prior stunning is not permitted, and general animal stress appears more intense, which would be difficult to manage with deer. Because non-kosher facilities kill pigs as well as some cattle and sheep, there is much less interest in overall control of the processing, and pre-slaughter stunning and proper restraint methods would most likely be possible.
- **Locals concerned about animal welfare situation with kosher killing** - Many non-orthodox Jews, particularly those living in the cities and more populated rural areas and those with a higher level of education are becoming increasingly disturbed about the animal welfare situation with kosher killing. Travel and short-term residence in other countries has made them aware of regulations for the humane treatment of animals at slaughter, which exists in other countries. On a more practical level, the reduction in the eating quality of red meat as a result of the kosher processing requirements has also become an issue with both non-orthodox Jews and with the chefs at hotels and restaurants. Dietary laws also prohibit the consumption of the hindquarters because of the large blood vessels present and the difficulty and expense of removing them. This means that many of the premium cuts (most tender and lean) cannot be used and are often sold at lower prices to Arab countries or are supplied to restaurants serving non-kosher food.
- **Many high quality Israeli chefs are European trained** - Many chefs at the major hotels throughout Israel are either European or have been trained in Europe. By law, all hotels in Israel must observe kosher rules and this is a source of frustration for the chefs who are restricted in their choice of menu items, but also in the methods of preparation and the prohibition on the use of any dairy product in any meal containing meat. However, the same rules do not apply to restaurants outside hotels, and many ethnic and general restaurants are

serving shellfish and crustaceans, pork, non-kosher meat and dairy sauces and accompaniments to meat.

- **Kosher facilities need to be modified prior to our marketing** - Venison produced from imported Australian deer cannot be promoted or supplied to any of the hotel sector until such time as kosher facilities are modified and accredited to kill deer. This may not be a market constraint, however, as the quality of non-kosher venison is likely to be significantly better, and focusing on an highly targeted market segment such as up market and ethnic restaurants may ultimately achieve better results in the development of a viable venison market. There was a suggestion from two separate sources in Israel that, if classified as a field animal, all of the deer carcass would be able to be consumed as kosher product, including the hind leg cuts.
- **“Smuggling” of meat into Israel** - The likely importer and distributor of Australian deer had lobbied the Israeli authorities in the early 1990’s, and following an investigation by a high commission, import of non-kosher meat was permitted. However, the Government rescinded this in 1994, which has led to some “smuggling” of meat into Israel. It is apparently relatively simple to land product in Jordan or into the Palestinian areas and simply transport it into Israel itself.
- **A visit was made to the first official Israeli deer farm** - A visit was made to the first official deer farm in Israel which is at Givat-Ada, about 40 minutes drive north of Tel Aviv near Benhamina. A young man with animal husbandry qualifications and a masters degree from an American University has been given a substantial Government grant to establish the deer farm on leasehold property. After making contact with a well-known New Zealand red deer supplier, he was referred to a deer farmer in Scotland. Subsequently, following a three-month period spent by the Israeli farmer on the farm in Scotland, the Scottish farmer visited the Israeli property, supplied the deer fencing and designed and constructed the fences and yards, together with a quarantine area for the deer. In addition, the grant paid for extensive and sophisticated perimeter security systems, irrigation of lower paddocks to provide wet areas for the deer, a hydraulic crush from New Zealand and general farm sheds.
- **One objective of this farm is to be the sole supplier of deer to new deer farmers** - The objective for this venture is to develop an alternative tourist facility, similar to the one in northern Tasmania, with well appointed rustic cabins, a restaurant (eventually serving venison), feed the deer experiences and a general rural getaway not too far from Tel Aviv. The property is hilly and located on top of a high ridge with excellent (360-degree) views. Some 44 deer were in this initial shipment, effectively in two groups from separate farms

with two mature but young stags. Many of the hinds were pregnant. A separate identified objective is to be the sole supplier of deer to new deer farmers entering this fledgling industry. Clarification of any Government role in this, and any conflict that might exist with entry of live deer from Australia would seem to be critical to success of the Australian plans to develop a venison market.

- **Israelis recognise that co-operation with Australia could be useful for them** - The developer of this tourist venture and members of the Ministry of Agriculture were interested in communication and contact with the Australians involved in this project as they recognise that co-operation could be useful for them. Development of a market for venison in Israel, in the years when they have no ability to supply the market themselves, would prove beneficial for them in the longer term, but would also alleviate some shorter term market development problems for the Western Australian industry.

Implications and Recommendations

Specific Issues for the Israeli Test Case

- Support for infrastructure development such as erection of deer fencing, design of functional races and yards, suitable quarantine holding areas and general deer husbandry advice is required from Salmon River Pty. Ltd. as a matter of urgency. This would ideally be through a supervisory visit, but could be achieved by active communication and the use of existing printed instructions of a detailed nature.
- Senior Israeli veterinary authorities have indicated that large numbers of deer from Australia will not be accepted unless adequate, quality fenced yards and races are in place and have been inspected and approved. This follows an unfortunate experience some years ago when a small number of red deer from Ireland were imported to the Northern region of Israel. With limited or no knowledge of deer handling, the deer were unable to be confined and are now wild in that region. Occasionally these deer are hunted to supply wild venison to a speciality restaurant in Tel Aviv. The authorities are understandably concerned about the possible environmental implications posed by the presence of these deer. As the Australian red deer are destined for a property in this region, it is quite likely that the wild deer will come in to the perimeter to the captive deer, which could present an opportunity for their capture.
- Some form of co-operation (either official or unofficial) should be established with the Government sponsored new deer farm / proposed tourist facility near Tel Aviv. The operators of this property have demonstrated a willingness to make contact and co-operate where possible in any market development activities. Australian printed material produced through various RIRDC funded projects was presented to them and there could be scope for some consultancy services to this group in the future.
- Implications of the meetings held with five members of the Ministry of Agriculture are that
 - (1) there is an expressed desire to establish a deer industry in suitable areas of the country
 - (2) there is no knowledge or expertise within the department to offer extension services to prospective deer farmers
 - (3) while they have access through the internet to general deer farming information, advice is required relevant to the specific climatic and geographical conditions of the country

(4) there could be an opportunity for consultancy based services during this establishment phase and perhaps an exchange program. Some lessons could be learned from the Israeli approach to water management and shade tree propagation in what is, effectively, a desert country. An additional benefit could be the fostering of a good relationship with the relevant authorities.

- The clients will address the issue of non-kosher or kosher slaughter, but this will be a key factor in determining the market entry strategies for Australian derived venison. Certainly if kosher slaughter for deer can be accredited, it will offer a much larger potential market segment. However, the market development tasks of initial awareness raising, education and information sharing together with provision of printed resources and promotional and public relations activity will be somewhat magnified and therefore more costly.
- The size of the market for venison in Israel will be small, at least initially. However, the identified target market of end consumers (relatively wealthy, well travelled, adventurous with food and probably non-orthodox) is sufficiently large to justify the marketing exercise. Added to the resident population is the tourist market that has been estimated by the Israeli Tourist Authority recently to rise from a current 2 million per year to 4 million within 2 years.
- While little flow-on can be expected by expanding the market through Israel to other Middle Eastern countries, it is possible that some growth could be promoted in the “friendly” Arab nations of Jordan and Egypt. While Jordan is a relatively wealthy country with the ability to pay for premium products, it is unlikely that Egypt would represent a market for any cut other than bulk trim for mass production of cheaper, commercial doner kebab product.

Issues Applying to New Markets Generally

- Initial desk research is essential to identify statistics, demographics and potential useful contacts.
- Establish contact with trade and diplomatic agencies in Australia and in the proposed market; identify regulatory and legislative requirements at both ends for the proposed product or method of transport.
- Identify any additional constraints or specifications, which relate to religious or cultural needs. This also requires investigation at the Australian end to ensure that systems in place

are acceptable to the importing country. Halal slaughter is a case where some countries require the establishment to be certified by their own Islamic group.

- Approach the proposed test marketing exercise as if it were a Quality Assurance program. This means documenting every stage of the export venture from the time the appropriate animals are drafted for the supply, through each step through to the delivery of product to the final client. If specific requirements are identified at any point, (exit documents, import documents, quota restrictions, tariffs, unusual or excessive taxes or customs clearance fees etc), the appropriate steps can be instigated to avoid delays or rejection at these points.
- Visit the proposed market as soon as possible. This not only establishes a personal relationship with clients, but also gives the opportunity to obtain information to assist in estimating the size and scope of the market. It is also an opportunity to meet authorities who will ultimately control the fate of your product.
- The “up-front” expenditure of time and some finances in the initial research into the market and its specifications could avoid a costly disaster once the product is committed and en-route.
- An objective analysis of all of these factors may trigger a decision not to proceed at that stage, or to proceed only after certain issues are addressed.

Intellectual Property

While support for this market development project from RIRDC was in the nature of a test case, many of the client contacts have been identified and cultivated prior to this work. A full list of the contacts from meetings, interviews and seminars is appended to the report, rather than forming part of the body of the report, as this represents commercial in confidence material.

Communications Strategy

Results of the analysis of the market for deer exports to Israel would have wider applicability to areas of Australia other than Western Australia. The initial demand can be supplied by the west, and given the expertise of the participants in the live animal export requirements, this is most appropriate. However, communication of the general principles and lessons learned as a result of this project would prove beneficial to the wider deer industry.

Aside from this report, a summary can be published in industry newsletters or presentations made at industry meetings of exporters or marketers. Protection of client names would be seen to be appropriate in these communications.

Appendix 1

Key Contacts in Israel

Eitzik Shafran
Ein Hashofet Co.
Live animal buyer / trader
and importer

Nir Ravid
Red Deer Ltd
Breeder /deer importer

Dr. Israel Flamenbaum
Director Extension Service
Ministry Agriculture and Rural
Development

Dr. Meori Rosen
Chief Extension Scientist
Animal production

Dr. Rony Ozery
Veterinary officer responsible
Slaughter facilities

Ronnie Baehr
Hotels Association representative
Co-ordinated chef / restaurant meetings

Eyal Erlich
MeatRael Ltd
Meat / seafood trader, distributor
Live animal trader / importer

Naftaly Cain
Kibbutz Neve-Ur
Breeder / trader

Haim Dayan
President AMBAL
Beef cattle breeders of Israel

Dr. Miki Sheinboume
Chief Import / Export
Veterinary Officer, all food

Rami Eilat
Kibbutz Neve-Ur
Live animal importer / trader

Appendix 2

Meat Import and Purchase Data for Israel

1998 - ban on the import of non-kosher meat made indefinite.

Excludes any minimal allowance for restaurant use.

The Israel Restaurants' Association has lodged a request with the Ministry of Trade and Industry that a quota is re-instated to allow for the import of at least 500 tonnes of non-kosher meat and choice cuts for use solely in restaurants.

- 1.5 million households in Israel
- Average household annual expenditure on food is US\$ 4,750
- Total household food consumption expenditure is US\$ 7.1 billion
- Total meat consumption in 1997 was 127,740 tonnes
- Meat consumption annually per capita is 22.4 kg
- Total poultry consumption in 1997 was 303,000 tonnes
- Poultry consumption annually per capita is 53.1 kg
- Meat purchase preferences show that 37% of Israeli adults buy fresh meat,
37% of Israeli adults buy frozen meat,
18% have no preference for either,
5% buy no meat at all
- Point of purchase data reveals that 30% will usually purchase meat at butchers,
54% will usually purchase meat at supermarkets,
11% will purchase at street markets

Source: U.S. Department of Commerce - National Trade Data Bank, originated from Tel Aviv
February 26, 1999

