

Study on The Israeli Plastic Industry



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Figures about Israel

Population (July 2009)	7.44 million
GDP Per Capita in 2008	US\$ 27,224
GDP (current prices) in 2008	US\$ 199 billion
GDP Real Growth Rate (%) in 2008	4.0%
Exports of goods – 2008	US\$ 61.32 billion
Imports of goods – 2008	US\$ 65.17 billion
Average monthly wages per employee post (June 2009)	NIS 8,472
Unemployment Rate – 2008	6.1%
Number of Employed Persons	2.77 million
Inflation Rate	3.8%
US Dollar exchange rate (August 2009)	US \$ 1 = NIS 3.8
Indian Rupee Exchange rate (August 2009)	Re. 1 = NIS 0.078

Sources: Central Bureau of Statistics, Bank of Israel, and Ministry of Industry, Trade and Labor.

A. Brief Overview of the Israeli Economy

At the time of the establishment of the State of Israel in 1948, the economy was largely agriculture-based, seeking to make Israel self-sufficient in food. As water resources were limited and conditions arid/semi-arid, Israel developed technologies to overcome these limitations. Progress in agriculture was quickly followed by emphasis on building industrial infrastructure, particularly in the area of defense-related industries. This provided the base for knowledge-based industries that over the last few years have contributed around 50% of Israel's exports.

Israel has a well developed, economy with incentives offered to export-oriented and R&D-based industries. There are still large government controlled industries – in energy, petroleum, communications, transportation and finance, but these are undergoing a process of gradual privatization. Overall, over the last ten years many structural changes have taken place – increased incentives for innovation and foreign investment, more privatization and reduction in tariffs on imports.

Israel has free trade agreements with USA, Canada, Mexico, Bulgaria, Romania, EU, EFTA, the MercoSur block, Turkey, Egypt and a limited FTA with Jordan.

(Source: Ministry of Industry, Trade and Labor, website: www.moital.gov.il).

B. Overview of India-Israel Bilateral Trade

Since the establishment of diplomatic relations between India and Israel in 1992, bilateral trade and economic relations have progressed rapidly. From a base of US\$ 200 million in 1992 (comprising primarily of diamonds), merchandise trade has diversified and has increased sharply reaching over US\$ 4 billion in 2008. During the months of January till August 2009, the bilateral trade between India and Israel reached over US\$ 1.72 billion.

(Source: Israel Central Bureau of Statistics, www.cbs.gov.il).

India - Israel Bilateral Trade 2005-2009 (in millions of US dollars)

	2005	2006	2007	2008	2009* (Jan- August)
Israel's Import from India	1276.3	1433.3	1688.8	1648.7	690.3
Israel's Export to India	1224.2	1270.4	1606.7	2363.8	1031.8
Total	2500.5	2703.7	3295.5	4012.5	1722.1

(Source: Israel Central Bureau of Statistics, website: www.cbs.gov.il).

C. Marking, Labeling, and Packaging Requirements

i) Israel has strict marking, labeling, and packaging requirements that frequently differ from those of other countries. All imports into Israel must have a label indicating the country of origin, the name and address of producer, the name and address of the Israeli importer, the

contents, and the weight or volume in metric units. In all instances, Hebrew must be used. English may be included in the label, provided that the printed letters are no larger than those in Hebrew.

D. Overview of the Israeli Plastic Industry

i) The Israeli plastic industry is one of the country's most advanced industrial sectors.

It is characterized by innovation, marketplace adaptability, a strong R&D tradition and continued export growth. With advanced production equipment, extensive technical skills and fast turnaround time, Israeli manufacturers compete successfully in markets worldwide. Many Israeli plastic products are sold in large hardware and DIY (Do It Yourself) chains. Moreover, products made by Israeli plastics manufacturers have achieved worldwide acclaim in numerous sectors as described below.

The Israeli Plastic Industry is export oriented. Israeli plastic manufacturers export a variety of products which are being used in the following sectors:

- **Agriculture:**

Drip irrigation systems, an original Israeli development that enables efficient water utilization, are sold throughout the world. Leading companies in this category include **Netafim and Naan-Dan Jain Irrigation** which offer their plastic made irrigation systems to both domestic and global agricultural and municipal users. In green houses, plastic sheet that filters harmful solar radiation has enabled growers to achieve much higher yields. Another Israeli innovation is photo-degradable plastic sheet. Programmed to disintegrate at a predetermined rate after exposure to the sun, the sheet protects crops and eliminates costly retrieval and disposal. Another leading company in this category is **Politiv** which produces a big variety of films for the agriculture and horticulture.

- **Household and consumer:**

Israel produces a wide variety of household plastic products, including garden and lightweight furniture, kitchen and bathroom fittings, shelving and toys. These products are mainly exported to various European countries and the US. A leading company in this category is **Keter Plastic Group** which is renowned for its plastic furniture, storage containers and shelving systems. Other well known companies in this category include

Z.A.G. Industries (now part of U.S. Stanley Works) which produces products for the home, hardware, storage, gardening, and office and **StarPlast** which manufactures housewares & toys made of plastics.

- **Infrastructure and construction:**

Plastics are used in Israel for applications as diverse as linings for water reservoirs and fencing systems. Moreover, large-scale public projects worldwide use Israeli piping systems. Leading companies in this category include **Huliot**, **Plasson**, and **Golan Plastic** which manufacture a comprehensive range of plastic pipes and fittings utilized in a variety of applications including infrastructure, soil, waste, sewage, drainage, water supply, sanitary and plumbing.

- **Packaging:**

Israeli companies are well known for their advanced film processing and lamination. Of particular importance are antistatic films that protect electronic components during handling and storage. Israeli manufacturers are also well known for producing large packaging products by injection molding, including crates for sorting and packaging, processed foods and general manufacturing. Leading companies in this category include: **Shalam Packaging** and **Amraz** which produce plastics packaging for various purposes such as food, chemical, paint and detergent industries. Other leading companies in this category include **Plasto-sac** which specializes in all packaging solutions (e.g. carrier bags, industrial bags, security bags, shrink film, and lamination) and **Ashplast** which produces polyethylene bags, sleeves and sheets.

- **Plastics Raw Materials:**

Polypropylene, polyethylene, polystyrene and PVC are produced in Israel in large volumes, with a wide variety of grades for local consumption as well as for export. The leading Israeli companies that produce plastics raw materials include **Carmel Olefins** (website: www.carmel-olefins.co.il) which produces mainly Polypropylene (about 450,000 ton per year) and polyethylene; **Kafrit** (website: www.kafrit.com) and **Terraflex** (website: www.terraflexhoses.com) which mainly produce PVC related materials, and **Tosaf Compounds** (website: www.tosaf.com) which produces high quality color and additive masterbatches and compounds for the plastics Industry. Nevertheless, in order to meet the

needs of its relatively big local plastic industry, **Israel needs to import about 50% of its plastic raw materials.** Although the US is the major source for importing these materials, Israel imports plastics raw materials from numerous countries including various European countries, Turkey, China, **India**, Taiwan, South Korea, Thailand and more. **It is estimated that Israel imports about one million tones of plastic raw materials per year.** (Source: Israel Industry Portal, Feb 16, 2009, website: www.industry.co.il).

ii) Some of the Israeli manufacturers of plastic products **established factories overseas** in various locations including in East European and South American countries (e.g. Romania, Russia and Chile) in order to cut costs and better serve their clients from different parts of the world. For example, the Keter group, which is one of the biggest Israeli exporters of plastics products, opened already 9 factories in Europe and 3 in the US. (Source: Israel Industry Portal, Feb 16, 2009, www.industry.co.il).

iii) Kibbutzim (rural collectives) are central to the development of Israel's plastic industry. **They account for about 40% of the plastic industry in Israel.** While the primary interest of kibbutzim is plastics and packaging solutions for agriculture, the collectives are also increasingly involved in plastic packaging for the food processing industry and consumer goods.

iv) The Israeli Plastic industry is also supported by the country's world- renowned academic institutions. **Research and development** services are extended to the industry by leading academic Institutions including the **Technion Institute of Technology**, the Hebrew University of Jerusalem, Weizmann Institute, and the **Shenkar College** of Engineering and Design.

v) Selected Statistics on the Israeli Plastic Industry:

- According to the Ministry of Industry, Trade and Labor the **number of employees in the Israeli Plastic industry in year 2008 was 22,805**, a decrease of 4.7% comparing to 2007 (23,930 employees).
- The monthly average salary of an employee in the Israeli Plastic Industry is NIS 8557 (Dec 08), above the national average salary.

- According to the Ministry of Industry, Trade and Labor there are over **450 plastics manufacturers** in Israel. **120** Israeli Plastic factories export over one million dollar each (mainly to the US and EU) per year. In addition, according to the Israeli “Industry” Magazine (September 6, 2009), **10** plastic factories export over US\$ 50 million per year.
- In 2008, **Israel’s imports of HS39** (Plastics and articles thereof) accounted for 3.44% of Israel’s total imports (**US\$ 2.242 billion** out of the total US\$ 65.17 billion). **Israel’s exports** of HS39 in 2008, accounted for 4.18% of Israel’s total exports (**US\$ 2.563 billion** out of the total US\$ 61.32 billion).
- According to the Ministry of Industry, Trade and Labor, **Israeli plastic companies produce each year over US\$ 4 billion of plastics (both products & raw materials). About 48% is exported overseas and 52% is locally consumed.**

vi) Various **plastic exhibitions** are being held each year in Israel, in order to expose Israeli plastic companies to the International business community. In fact, the 12th International Exhibition for Plastics, Rubber & Packaging, **Plasto Ispack 2009**, was held at the Tel Aviv Exhibition Grounds on 7-9 September 2009 (for more information on this exhibition please visit the following website: <http://plastoispak-en.fairs.co.il>). It is important to note that several Asian plastic companies from Taiwan and China participated and rented a booth in Plasto Ispack 2009 exhibition. In addition, representatives from leading Israeli plastic companies attend on a regular basis various international plastics exhibitions overseas including the well known **K-Plastics and Rubber Exhibition** in Dusseldorf, Germany (the 18th K-Plastics exhibition will be held from October 27 till November 3, 2010). According to the Israeli “Industry” Magazine (September 6, 2009, www.industry.co.il), at least 8 Israeli plastic companies have already booked a booth at the exhibition and more are expected to follow. Another well known international exhibition which is attended by Israeli plastic companies is the **NPE** (the International Plastics Showcase in Chicago, Illinois, USA). NPE 2009 was recently held on June 22-26, 2009 in Chicago, and many Israeli plastics companies attended this exhibition (website: www.npe.org).

Sources: *Israeli Export and International Cooperation Institute, website: www.export.gov.il; Ministry of Industry, Trade and Labor, website: www.moit.gov.il, the Israeli Magazine and Portal “Industry”, Feb 16, 2009, website: www.industry.co.il, and Central Bureau of Statistics, website: www.cbs.gov.il.*

E. Impact of the Global Economic Crisis on the Israeli Plastic Industry

i) The Israeli Plastic Industry which grew rapidly in the past decade has been highly affected by the global economic crisis. The industry which is export focused is vulnerable to the changing oil prices and the high prices of plastic raw materials, as well as to the effect of the global crisis on its export markets (mainly the US and the European countries). According to a recent article in the “Calcalist” newspaper (published on July 29, 2009) **over 2,700 employees of the plastic industry lost their jobs during last year.** In order to better cope with the crisis and to cut costs, some companies had to fire between 10%-30% of their work force. Moreover, some plastic factories had to close their gates, while other reduced their working days to only four per week. The article in “Calcalist” newspaper included interviews with six executives of leading Israeli plastic companies who expressed their views regarding the difficulties that the industry has to face these days as well as their forecast for the future. These experts claim that the **unstable prices of plastic raw materials** as well as the large inventories that they got stuck with, fueled with the shrinking export markets, led to some major difficulties that the industry had to face. The executives mentioned that credit companies are not willing to give them sufficient credit at times like this, which is also part of the problem. They have also criticized the Israeli government whom they think “should provide them with sufficient guarantees”. However, all six executives who were interviewed for this article **expressed their optimism about the future of the industry.** In fact, many of them feel that since the second half of 2009, things are getting better and although the crisis has not fully ended yet, **they predict that within the next 6-12 months things will get back to normal.** Also the Israeli magazine “Industry” (September 6, 2009) reported that a real shift in the trend was evident since June 2009. The demand for both plastic products and plastic raw materials had significantly increased and as a result plastic factories began rehiring employees and shifted again to seven working days, using their full capacity.

Sources: Calcalist Newspaper, July 29, 2009, www.calcalist.co.il and Israel “Industry” magazine, September 6, 2009 and Feb 16, 2009, website: www.industry.co.il.

F. Future Trends of the Israeli Plastic Industry

i) Nanotechnology and the Israeli Plastic Industry

In order to improve their competitiveness, Israeli plastic companies recently began **utilizing Nanotechnology**. According to senior industry sources it is expected that about **10% of Israel's major plastic enterprises would begin using nanotechnology within the next few years**. According to the Manufacturers Association of Israel and the Society of Israel Plastics and Rubber Industry, Nanotechnology is being used to make plastic products for homes, agriculture, construction, in packaging, and in the auto, aerospace and medical industries. The Israel Plastics and Rubber Center at the Shenkar School of Engineering and Design which is conducting research and develops plastics materials using Nanotechnology has already accumulated a great deal of know-how in nanotechnology, which is very helpful to the local plastic industry and gives it an important advantage. On February 2009, Shenkar's Department of Plastics Engineering held its **third international conference for "Nano-Technology for the Plastics and Rubber Industries"** in which the R&D activities at Shenkar were described.

Sources: Globes Newspaper, Feb 7, 2006, website: www.globes.co.il, Israel Plastics and Rubber Center (IPRC) website: www.isplrc.co.il, Manufacturers Association of Israel, website: www.Industry.org.il, and Shenkar College of Engineering and Design, website: www.shenkarnews.info.

ii) **Biotechnology and the Israeli Plastic Industry**

In order to achieve advantage in the global market of plastics, Israeli companies are always in the search for new and innovative plastic materials. Intensive research has been conducted in recent years by leading Israeli academic institutions (e.g. the Technion Institute of Technology and the Shenkar College of Engineering and Design) regarding **utilizing biotechnology to create innovative and environment friendly materials made from plants instead of oil**. Several Israeli plastic companies are already involved with **Bio-Plastics** including **Ecojo** which is a subsidiary of the Jolybar group. Ecojo uses **bio-polymers made from starch and cellulose of various plants (e.g. corn, sugar cane, and potatoes)** to produce transparent packing materials, bags of various sizes, disposable tools, trays, plates, cutlery and many other products of varying degrees of degradability from immediately perishable in water to three degrees of degradation in compost.

Sources: Ecojo, website: www.ecojo.co.il, Jolybar, website: www.jolybar.com, Shenkar College of Engineering and Design, www.shenkar.ac.il, Technion Institute of Technology, website: www.technion.ac.il.

G. Overview of Israel's Trade in Plastics

i) In order to support its relatively big plastic industry, **Israel imports various plastic raw materials** from numerous countries including the US, European countries, China, Turkey, South Korea and **India**. Israel imports a variety of plastic raw materials including the following: Polymers of ethylene (HS3901), Polymers of propylene or of other Olefins (HS3902), Polymers of styrene (HS3903), Polymers of vinyl chloride (HS3904), Acrylic polymers (HS3906), Polyacetals, other polyethers & epoxide resins (HS3907), Polyamides (HS3908) and more. **Although, Israel mainly imports plastic raw materials** (HS3901-3915 accounted for 64% of Israel's total import of HS39 in 2008, US\$ 1.435 billion out of the total US\$ 2.242 billion) **it also imports to a lesser degree some plastic products** (HS3916-3926 accounted for 36% of Israel's total import of HS39 in 2008, US\$ 0.807 billion out of the total US\$ 2.242 billion).

ii) Israeli plastic companies **export mostly to the US, Turkey and various European countries and mainly plastic products** including the following: Tableware, kitchenware, other household articles & toilet articles made of plastics (HS3924), Plates, sheets, film, foil and strip, of plastics (HS3920 & HS3921), Articles for the conveyance or packing of goods made of plastics e.g. stoppers, lids, caps and other closures of plastics (HS3923), Tubes, pipes and hoses, and fittings (for example, joints, elbows, flanges) made of plastics (HS3917) and more. **Although, Israel mostly exports plastic products** (HS3916-3926 accounted for 72.7% of Israel's total export of HS39 in 2008, US\$ 1.862 billion out of the total US\$ 2.563 billion) **to a lesser degree, it also exports some types of plastic raw materials** (HS3901-3915 accounts for 27.3% of Israel's total export of HS39 in 2008, US\$ 0.701 billion out of the total US\$ 2.563 billion).

Sources: Ministry of Industry, Trade and Labor, website: www.moit.gov.il, Central Bureau of Statistics, website: www.cbs.gov.il.

H. Trade Statistics

i) Israel's Trade in HS 39 (Plastics and articles thereof)

Israel's Import and Export of HS 39 in millions of US\$:

	2007	2008	Change %
Israel's Import of Plastics	2112.3	2242.5	+ 6.16%
Israel's Export of Plastics	2328.4	2563.8	+10.1%

Source: Central Bureau of Statistics – www.cbs.gov.il

Israel's Import of Plastics (HS 39) in 2008 – Comparing between selected countries:
(in millions of US\$)

US	Belgium	Germany	Italy	S. Korea	China	Turkey	Netherlands	India	UK	Taiwan	Thailand
470.5	242.6	238.2	152.7	116.6	112.2	101.6	93.7	80.77	65.7	57.8	44.6

Source: Central Bureau of Statistics – www.cbs.gov.il

Israel's Export of Plastics (HS 39) in 2008 – Comparing between selected countries:
(in millions of US\$)

USA	Turkey	UK	Italy	Germany	Spain	France	Belgium	Russia	China	India	Japan	S. Korea
382.4	305.7	266.6	245.2	184.4	106.6	101.7	100.03	92.64	25.9	13.53	11.4	6.13

Source: Central Bureau of Statistics – www.cbs.gov.il

ii) Israel-India Bilateral Trade in Plastics (HS39)

Israel –India Bilateral Trade in Plastics (HS 39) in millions of US\$:

	2007	2008	% from Israel's total trade in HS39 (2008 figures)
Israel's Import of Plastics from India	63.024	80.778	Import from India is 3.6% of Israel's total import of HS39
Israel's Export of Plastics to India	12.183	13.533	Export to India is 0.53% of Israel's total export of HS39

Source: Central Bureau of Statistics – www.cbs.gov.il

Israel's Import of Plastics from India (major items by HS 4 digits) in millions of US\$

HS 4 Digits	Description	2007	2008
3901	Polymers of Ethelene	4.1	0.838
3902	Polymers of propylene or of other olefins	19.3	25.63
3903	Polymers of Styrene in primary forms	7.1	5.30
3907	Polyacetals, other polyethers & epoxide resins	20.5	34.50
3911	Petroleum resins, coumarone-indene resins, polyterpe polysulphones, polysulphides.	0.034	0.371
3920	Other plates, sheets, film, foil and strip, of plastics, non-cellular not reinforced, laminated, supported or similarly combined other materials.	4.36	4.14
3921	Other plates, sheets, film, foil and strip, of plastics	5.64	8.20
3923	Articles for the conveyance or packing of goods, of plastics; stop lids, caps and other closures, of plastics.	0.639	0.252
3924	Tableware, kitchenware, other household articles & toilet articles of plastics	0.331	0.224
3926	Other articles of plastics and articles of other materials	0.40	0.51

Source: Central Bureau of Statistics – www.cbs.gov.il

As the above table shows, Israel imports from India both plastic raw materials as well as various products made of plastics. However, Israel's imports of plastics from India is composed **mainly of raw materials**. In fact, **Israel imports from India almost five times more plastic raw materials than plastic products**. Moreover, as the above table shows, five types of plastic raw materials accounted for over 81% of Israel's total import of HS 39 from India in 2007 (US\$ 51.16 million out of the total US\$ 63.02) and over 82% of Israel's total import of HS 39 from India in 2008 (US\$ 66.74 million out of the total US\$ 80.77 millions) in 2008.

Israel's Export of plastics to India (major items by HS 4 digits) in millions of US\$

HS 4 Digits	Description	2007	2008
3901	Polymers of Ethelene	0.749	0.522
3905	Polymers of Vinyl Acetate or other Vinyl Esters	----	0.681
3910	Silicones in primary forms	0.548	0.128
3917	Tubes, pipes and hoses, and fittings therefor (for example, joints, elbows, flanges), of plastics	1.093	1.407

3919	Self-adhesive plates, sheets, film, foil, tape, strip and other flat sheets of plastics, whether or not in rolls	1.668	0.923
3920	Other plates, sheets, film, foil and strip, of plastics, non-cellular and reinforced, laminated, supported or similarly combined with other materials.	5.492	7.101
3921	Other plates, sheets, film, foil and strip, of plastics	0.297	0.586
3923	Articles for the conveyance or packing of goods, of plastics; stoppers, lids, caps and other closures, of plastics.	0.506	0.296
3924	Tableware, kitchenware, other household articles & toilet articles of plastics	0.025	0.248
3925	Builders' ware of plastics, not elsewhere specified or included	0.632	0.226
3926	Other articles of plastics and articles of other materials	0.910	1.188

Source: Central Bureau of Statistics – www.cbs.gov.il

As the above table shows, Israel exports to India both various products made of plastic as well as plastic raw materials. However, Israel's exports of plastics to India is composed **mainly of plastic products**. In fact, in 2008, **Israel exported to India almost eight times more plastic products (US\$ 12.01 million) than plastic raw materials (US\$ 1.52 million)**. Moreover, as the above table shows, five types of plastic products (HS 3917, 3919, 3920, 3921, 3926) accounted for about 83% of Israel's total exports of HS 39 to India in 2008 (US\$ 11.2 million of the total US\$ 13.53 million).

In conclusion, as the above tables show, **Israel both imports and exports HS 39 from and to India. However, in 2008, Israel imported HS 39 from India almost six times more than she exported to India** (HS39 imports from India – US\$ 80.77 million, HS39 exports to India – US\$ 13.53 million). And since Israel imports from India almost **five times more plastic raw materials than plastic products**, this study will mainly focus on Israel's imports of plastic raw materials from India.

I. Market Access

i) Customs Duties on HS 39

Plastics and Articles Thereof require customs duties ranging from 0% to 12%. While the majority of Plastics Articles (products made of Plastics) require customs duties of 8%-12%,

the majority of Plastic Raw Materials do not require any customs duties (full exemption – 0%), as the table below shows.

<i>HS code</i>	<i>Description of Product</i>	<i>% of Customs</i>
3901	Polymers of ethylene, in primary forms	Full Exemption – 0%
3902	Polymers of propylene or of other olefins, in primary forms	Full Exemption – 0%
3903	Polymers of styrene, in primary forms	Full Exemption – 0%
3904	Polymers of vinyl chloride or of other halogenated olefins, in primary forms.	Full Exemption – 0% in all subcategories except: 390421998 – 8% 390422996- 8%
3905	Polymers of vinyl acetate or of other vinyl esters, in primary forms; other vinyl polymers in primary forms.	Full Exemption – 0% in all subcategories except: 390512903 – 8% 390519908-8% 390521904-8% 390530905-8% 390591907-8% 390599900-8%
3906	Acrylic polymers in primary forms	Full Exemption – 0% in all subcategories except: 390690907 -8%
3907	Polyacetals, other polyethers and epoxide resins, in primary forms; polycarbonates, alkyd resins, polyallyl esters and other polyesters, in primary forms.	Full Exemption – 0%
3908	Polyamides in primary forms	Full Exemption – 0%
3909	Amino-resins, phenolic resins and polyurethanes, in primary forms.	Full Exemption – 0%
3910	Silicones in primary forms	Full Exemption – 0%
3911	Petroleum resins, coumarone-indene resins, polyterpenes, polysulphides, polysulphones.	Full Exemption – 0%
3912	Cellulose and its chemical derivatives, not elsewhere specified or included, in primary forms.	Full Exemption – 0%
3913	Natural polymers, and modified natural polymers not else	Full Exemption – 0%

	where specified or included, in primary forms	
3914	Ion-exchangers based on polymers of headings Nos 3901 to 3913, in primary forms.	Full Exemption – 0%

Source: Israeli Customs Authority, Ministry of Finance – website: www.finance.gov.il/customs/eng

ii) Value Added Tax (V.A.T):

In Israel V.A.T is 16.5%, and is applicable on all sales.

J. Comments by Israeli Importers of Plastic Raw Materials

Over 30 Israeli importers of plastic raw materials were interviewed for the purpose of this study. Mentioned below are some of the major difficulties that these importers claim that they have to face when importing plastic raw materials from India.

- **The issue of terms of payment given by Indian suppliers was one of the major issues raised by these Israeli importers.** Many of these importers claim that “while other countries like South Korea, China and Taiwan automatically gives them lenient terms of payment (e.g. +90 days, +120 days and some even +180 days), the Indian supplier provides them with only +30 days or +60 days (in best scenario) and is willing to give these terms of payment only after long negotiations and continuous requests”. Obviously in most cases these importers prefer to get +120 / +90 days of payment from a Korean or Chinese supplier, instead of paying +30 days to an Indian supplier. This is translated to a much higher imports of plastic raw materials from both South Korea (US\$ 116.6 million) and China (US\$ 112.2 million) comparing to India (US\$ 80.7). **Many of the importers who were interviewed claim that if the Indian supplier would have given them at least +90 days as terms of payment, their import from India would have been much higher than it currently is.**
- Another issue raised by many of these importers is the issue of **long delays in the goods delivery.** Some importers reported delays of between one month to three

months after the actual agreed delivery time. They claim that “Indian suppliers many often use different excuses for the long delays ranging from weather conditions (e.g. Monsoon storms) to problems with the Indian railway system”. These importers claim that “the long delays are a result of logistics problems in India. The ports are too crowded. The trains are too slow. Sometimes there is even a shortage of shipping containers and suitable trucks to deliver the goods from the factory to the port”. These importers asserted that they do not have to face this kind of problem when dealing with suppliers from other countries such as South Korea, China, or Taiwan. And since the Israeli plastic industry is very demanding and very sensitive to the issue of delivery time, **some Israeli importers have actually stopped working with Indian suppliers for this specific reason.**

- Some Israeli importers raised the issue of **unattractive prices** offered to them by Indian suppliers. Many of them stated that Indian suppliers at times quote them **higher prices** than offered by either Korean, Chinese, Taiwanese and even American and European suppliers. These importers claim that “when it comes to “Recycled Materials”, there are materials which are offered at good prices while others are offered at relatively high prices. But, when it comes to so called “Virgin Materials” the Indian suppliers most often quote very high and unattractive prices”.
- Some Israeli importers assert that “**the variety of plastic raw materials offered by Indian suppliers is not as diverse as offered by their competitors** such as the South Korean and Chinese suppliers”. Some importers reported that they have tried locating some plastic materials in India with no success, while the same materials were easily available in other countries. For example, one Israeli importer was trying to purchase from India EPS (Styropor Expandable Polystyrene) with no success, and then actually purchased the material from South Korea.
- Some Israeli importers raised the issue of **shipping of goods**. Most Israeli importers prefer working with the national Israeli shipper Zim which is well known worldwide. These importers raised the issue that “although Zim have developed successful routes from Haifa and Ashdod ports to several ports in East Asia (e.g. ports in China and South Korea) the route to major Indian ports is ineffective and much more

expansive”. In fact, “while it usually takes only 9-12 days to deliver goods from China or Korea, it takes a minimum of three weeks and very often one month to deliver goods from India to Israel”.

- Some Israeli importers raised the issue of the **minimal marketing and promotion done by Indian suppliers in Israel**. These importers asserted that “although Taiwanese, Chinese and South Korean suppliers visit Israel at least 2-3 times per year and aggressively market their products, their Indian counterparts do not do much to promote their business in Israel, maybe because they feel that the Israeli market for plastics is too small (although this is not the case)”. Since Israel has a successful and a quite big plastic industry, the market here for raw materials is quite big comparing to the country’s size and very often the Indian suppliers are not aware of that and as a result do not invest their efforts in this market as their competitors do. In fact, representatives from various Asian countries (e.g. China and Taiwan) are actively involved in Plastics exhibitions which are held in Israel (e.g. **Plasto Ispac**) and many often rent booths at the exhibitions in order to market their products to the Israeli market. **Many importers claim that they would like very much to do business with Indian suppliers once they get to know them and what they have to offer.**
- Some importers raised the issue of **getting exclusivity from the Indian supplier**. These importers claim that “although they easily get exclusivity from European or East Asian suppliers, sometimes Indian manufacturers prefer to sale the same materials to several Israeli companies rather than use one agent who will represent them in Israel and will get exclusivity to promote their products here. This has created a situation that different companies import from the same Indian supplier the same materials and then starts a “price war” when they lower their prices in order to compete with each other”. Obviously, no one benefits from this “price war”, and it leaves many frustrated.
- On the other hand, some Israeli importers who did get exclusivity from Indian suppliers and became their agent here raised the issue that “**at times the Indian supplier deals directly with Israeli buyers although by contract everything**

should be done using their agent in Israel". Although, once the Indian supplier get a query from an Israeli buyer he should transfer the query to its agent in Israel, this is not always the case. Some importers have stopped working with the Indian market because of this reason.

- Some Israeli importers raised the issue of the **long response time** of the Indian supplier. These importers asserted that "while the Korean and Chinese suppliers respond to their queries very fast, at times it takes a long time for the Indian supplier to respond to their emails / faxes / telephone calls". Some importers said that it took up to one full month till the Indian supplier replied to their emails and faxes. These importers noted that "the Israeli plastic market is very demanding and very dynamic and if they do not get the reply on time from the Indian supplier, the Israeli buyers have no patience to wait and they approach other suppliers". Because of this reason, some Israeli importers prefer working with Korean, Chinese, Taiwanese, and Thai suppliers who give them the desired information very quickly.
- Some importers raised the issue of **holding very small inventories**. These importers claim that "because of the global economic crisis and in order to save on costs, many Indian manufacturers hold only very small inventories and when the Israeli importer wishes to buy even 1000 tons of a particular material, many times the Indian supplier is not capable of providing the goods on time". According to these importers, in many cases the Indian suppliers hold only 100 tons per material in their inventory, which creates a problem for them when trying to order bigger quantities. These importers also stated that they usually do not have to face this kind of problem when buying from other countries.
- Another issue raised by these importers was the issue of "**unavailable free capacity**". These importers said that "since the local (Indian) plastic market is very big, many times they have encountered Indian suppliers who refused to sell them goods because of "unavailable free capacity". These manufacturers prefer first to provide the needs of the local market, and therefore at times reject export queries because they do not have any available manufacturing capacity left. Moreover, these importers asserted that "the Indian suppliers raise this issue only at times

when the local market is strong, while in times of crisis (when the local market is weak) they have no problems of free capacity, and they woo the Israeli importers". According to these importers, this type of problem is less common in other countries.

- Some importers raised **the issue of the packaging**. These importers complained that sometimes they receive the materials purchased from Indian suppliers in "wooden barrels which are in a less than desired condition. At times, the barrels are very old, defective, wet, distorted, and covered with mold". As a result of these defective barrels, the Israeli customs give these importers hard time.
- Some Israeli importers raised the issue of **the goods` quality**. These importers complained that "at times the plastic raw materials that they purchase from Indian suppliers are **lower in their quality** than materials purchased from other countries (e.g. Taiwan, Korea, and China)". In addition, some importers complained that "the Indian supplier at times delivers lower quality goods when they place their second or third order". One importer reported of receiving two containers of ATH in a very low quality, and in fact now he is stuck with the defective goods with no intention to renew his orders from that Indian supplier.

K. Conclusion

(i) The majority of the Israeli importers of plastic raw materials who were interviewed for the purpose of this study, **would like to either start working with India, or significantly increase their business with India**. Many of these importers believe that it is an achievable goal **to drastically increase the bilateral trade between India and Israel in plastics in a matter of short time**.

(ii) The issue of terms of payment bothers these importers the most. Many importers clearly stated that **"if Indian suppliers will give them +90 days** as they get from other suppliers (e.g. Korean, Chinese, Taiwanese), they will definitely start working with India or dramatically increase their imports from the country". In fact, one importer who used to import from India over US\$10 million per year, stated that "if given better payment terms he can double his business with India in a matter of no time".

(iii) The other issue that bothers these importers the most is the issue of long delays in delivery time. The Israeli plastic industry is quite big compared to the country's size, but very demanding. **Indian suppliers who will put emphasis on short delivery time and response time might find in Israel a market with huge potential.**

(iv) Another important point that came out of this survey is the lack of initiative to promote and market Indian plastic products in Israel. While suppliers from other countries aggressively market their products here, the majority of Indian suppliers rarely visit Israel and do not take the time and effort to explore this market. Indian suppliers who will attend Israeli plastics exhibitions (such as Plasto Ispac) and further explore the Israeli market, will find here great business partners. **In addition, it would be very beneficial to send a delegation of leading Indian plastic suppliers to Israel** so that they can interact one-on-one with the local business community.

(v) The Mission informs on a regular basis the local business community about the forthcoming events in India and the major plastic exhibitions to be held there. However, **it should be considered to sponsor an Israeli delegation to attend major plastics exhibitions in India** as was done recently by Chemexil for the IndiaChem 2008 exhibition in the chemicals sector.

(vi) Since Israel puts a lot of effort on R&D in plastics, it might be very beneficial to companies as well as academic institutions from both countries **to collaborate with each other in their R&D activities** in order to create together new and innovative plastic materials.

(vii) Moreover, since the Israeli plastic industry is export oriented, Indian companies might find it beneficial to cooperate with Israeli exporters which offer unique and world-acclaimed plastic products in order to become **their distributor in the region.**

(viii) In addition, the issue of **establishing Israeli plastic factories in India** as it is currently done in various South American and East European countries in order to save on costs, should be looked at as well.

In conclusion, the Israeli plastic market offers huge potential for Indian companies and additional ways to increase the bilateral trade in plastics should be further explored.

L. *Contact details of leading Israeli Plastic companies*

Given below (as Appendix A-C) are contact details of leading **Israeli importers of plastic raw materials**, major **Israeli manufacturers of plastic raw materials** as well as selected **Israeli manufacturers and exporters of plastic products** (it is important to note that some of these manufacturers import plastic raw materials directly from the supplier rather than using a local agent).

- List of leading Israeli importers of Plastic Raw Materials can be seen at **Appendix A**.
- List of major Israeli manufacturers of Plastic Raw Materials can be seen at **Appendix B**.
- List of selected Israeli manufacturers and exporters of Plastic products can be seen at **Appendix C**.
- List of the sources used for this study can be seen at **Appendix D**.

Appendix A

Leading Israeli Importers of Plastic Raw Materials:

J.D. Polymers:

Contact person: Mr. Ilan Eshkenzi
Tel: 972-3-5594441
Fax: 972-3-5595558
Email: ilan@jdpol.co.il
Website: www.jdpol.co.il

PECO Chemicals Ltd:

Contact person: Mr. Ilan Shtrakman
Tel: 972-9-9553617
Fax: 972-9-9553617
Email: ilan@pecochem.com

Bora Ltd.:

Contact Person: Mrs. Orit Ledrar
Tel: 972-3- 9033334
Fax: 972-3-9032333
Email: orit@bora.co.il
Website: www.bora.co.il

Prizma Industries:

Contact Person: Mrs. Norit Cohen
Tel: 972-8-9308348
Mobile: 972-52-6215976
Fax: 972-8-6360840
Email: nurit@prizma-ind.co.il
Website: <http://prizma-ind.co.il>

Alkazar:

Contact person: Mr. Moshe Hebel
Tel: 972-3-5786888
Fax: 972-3-5786333
Email: hebel@alkazar.co.il

Irit Plastics Raw Materials:

Contact Person: Mrs. Irit Ozen
Tel: 972-3-5345777
Mobile: 972-50-5290423

Fax: 972-3-5342499
Email: irit@iritrm.co.il
irit112@bezeqint.net
Website: www.iritrm.co.il

Toar Plastic Raw Materials:

Contact person: Mr. Leon
Tel: 972-3-9500088
Fax: 972-3-9500090
Email: leon.toar@gmail.com
toar-ltd@zahav.net.il
Website: <http://toar-plast.co.il>

MCM Polymers:

Contact person: Ms. Shavit
Tel: 972-3-5745043
Fax: 972-3-5540946
Email: mcm@netvision.net.il
Website: www.mcm-polymers.co.il

Chemipharm:

Contact person: Mr. Dani Yahav
Tel: 972-8929552
Mobile: 972-50-5204290
Email: dyahav@gadot.com

Sorpol Ltd:

Contact person: Mrs. Lora Soffer
Tel: 972-8-8530020
Fax: 972-8-8530021
Mobile: 972-54-4787805
Email: laura@sorpol.com
Website: www.sorpol.com

Polycad Industries Ltd:

Contact person: Mr. Achia Shilo
Tel: 972-9-9523737
Mobile: 972-52-6033737
Fax: 972-9-9523811
Email: shilo_p@polycad.co.il
Website: www.polycad.co.il

Archem:

Contact person: Mrs. Glenda Harow
Tel: 972-9-9505449
Fax: 972-9-9505465
Email: Glenda.harow@archem.co.il

Polycryl:

Contact person: Mr. Shimon
Tel: 972-3-6830111
Fax: 972-6825114
Website: www.polycryl.co.il

Polybid:

Contact person: Mr. Ronen Halevni
Tel: 972-8-6408542
972-8-6408555
Website: www.polybid.co.il

Arie Guttman:

Contact person: Mr. Arie Guttman
Tel: 972-3-5616560
Email: gtsnn@zahav.net.il

Ripal Chemicals and Plastics:

Contact person: Mr. Miki Keren – Zvi
Tel: 972-3-5754488
Fax: 972-3-5758585
Email: miki@ripal.co.il
Website: www.ripalplastics.co.il

Saipan:

Contact person: Mr. Gil Efrat
Tel: 972-3-7522640
Fax: 972-3-7526360
Email: sales@saipan.co.il

IPS Polymers Services Ltd:

Tel: 972-3-9100600
Fax: 972-3-9100601
Email: service@b2plast.com
Website: www.b2plast.com

Rimoni Plast Ltd:

Contact Person: Dani Rimoni
Tel: 972-3-9221562
Fax: 972-3-9248569
Website: www.rimoni-ind.com

Alexandrovitz:

Contact person: Mr. Micky
Tel: 972-2-9999111
Fax: 972-2-9993420
Email: micky@alexandrovitz.co.il
Website: <http://alexandrovitz.co.il>

Runa Export Import:

Contact person: Mr. Eraz Aharon
Tel: 972-4-8533233
Fax: 972-4-8533144
Email: erez@runa.co.il
Website: www.runa.co.il

Mor Gelem Plastic:

Contact person: Mr. Tamir
Tel: 972-3-9349886
Fax: 972-3-9349891
Email: tberman@netvision.net.il

Mantin Plast:

Contact person: Mr. Alon
Tel: 972-3-5510112
Fax: 972-3-5514985
Email: alon@mantinplast.com

Izik Yahv Plastics Industries:

Contact person: Mr. Itzik Yahav
Tel: 972-3-9522664
Fax: 972-3-9522661
Email: itzikyahav@gmail.com
Website: www.yahav.biz

Nilit:

Contact person: Mr. Shlomo Ben Yacov
Tel: 972-4-6544504

Fax: 972-4-6544619
Email: fabiok@nilit.co.il
Website: www.nilit.com

Geli Plast:

Contact Person: Mr. Reuben
Tel: 972-3-5172014
Fax: 972-3-5173657

Plazit:

Contact person: Mr. Tito Asher
Tel: 972-4-6628888
Fax: 972-4-6765784
Email: plazit@plazit.com
Website: www.plazit.com

Ait Chemicals:

Contact person: Mr. Doron / Shai
Tel: 972-9-8911640
972-54-7618887
Email: shai@ait-chemicals.com

C.L.P. Industries:

Contact person: Mr. Alex
Tel: 972-8-6790320
Fax: 972-8-6722419
Email: alex@clp.co.il
Website: www.clp.co.il

Kidron Plastica – Chemovil:

Contact person: Mr. Max Kisos, Mr. Bondi
Tel: 972-8-8311640
972-8-8694489
Email: max@chemovil.co.il

Uniflex:

Contact person: Ms. Yael Baroch
Tel: 972-4-6419590
Fax: 972-4-6419614
Email: info@uniflex.co.il

Appendix B

List of leading Israeli manufacturers of plastic raw materials:

Carmel Olefins:

Carmel Olefins Ltd. is Israel's leading manufacturer of petrochemical products that are used as raw materials for the plastics industry. **Carmel manufactures standard and special grades of Polypropylene (PP) as well as a broad range of Low Density Polyethylene (LDPE) grades.** Carmel also exports to various countries worldwide. Carmel Olefins Ltd. was founded in 1991 through a merger of existing businesses and is now a private company jointly owned by the Israel Petrochemical Enterprises Ltd. and by the Oil Refineries Ltd. Carmel's production and management center is in the Haifa Bay industrial zone, adjacent to the refinery. Carmel Olefins Ltd. manufactures and sells 165,000 tons per annum Low Density Polyethylene (LDPE) under the name **Ipethene®**. Carmel Olefins Ltd. also manufactures and sells 450,000 ton per annum Polypropylene (PP) under the name **Capilene®**.

Contact person: Mr. Eli Miss
Tel: 972-4-8457371, 972-4-8466013
Fax: 972-4-8466833
Email: sales@caol.co.il
Website: www.caol.co.il

* Information was taken from the company's website.

Kafrit:

KAFRIT Industries is a leading producer of a wide range of Master batches and Compounds for the plastic industry. Actual production capacity: 24,000 metric tons (including 9000 metric tons of PVC compounds).

Contact person: Ms. Osnat Peri
Tel: 972-8-6809845
Fax: 972-8-6809544
Email: kafrit@kafrit.co.il
Website: www.kafrit.com

* Information was taken from the company's website.

Terraflex:

Terraflex Industries is a leading manufacturer of technical hoses, industrial tubing and PVC compounds.

Tel: 972-4-6065110

Fax: 972-4-6065400

Email: export1@terraflex.co.il

Website: www.terraflexhoses.com

* Information was taken from the company's website.

Tosaf Compounds:

TOSAF (founded in 1985) offers a wide range of products for the Plastic Industry. The product range includes additive master batches for many applications, color master batches for most polymers and compounds for different applications. The total production capacity is: 80,000 metric ton per year.

Contact person: Mr. Jacob Shapir

Tel: 972-4-6420419

Fax: 972-4-6420423

Email: tosafcom@tosaf.com

Website: www.tosaf.com

* Information was taken from the company's website.

Appendix C

List of selected Israeli manufacturers / exporters of plastic products:

Keter Group:

Tel: 972-9-9591212

Fax: 972-9-9554990

Email: keter@keter.co.il

StarPlast:

Tel: 972-4-8537307

Fax: 972-4-8527001

Email: head_office@starplast.com

Website: www.starplast.com

Zag Industries:

Tel: 972-3-9020200

Fax: 972-3-9020222

Email: support@zag.co.il

Plasson Industries:

Tel: 972-4-6394711

Fax: 972-4-6394766

Website: www.plasson.co.il

Hanita Coatings:

Tel: 972-4-9859919

Fax: 972-4-9859920

Email: hanita@hanitacoatings.com

Website: www.hanitacoatings.com

Plasto Sac:

Tel: 972-8-9420175

Fax: 972-8-9420185

Website: www.plasto-sac.co.il

NaanDan Jain:

Tel: 972-8-9442187

Fax: 972-8-9442190

Email: ofenf@netvision.net.il

Website: www.naandanjain.com

Netafim:

Tel: 972-8-6474747

Fax: 972-8-6473983

Email: isranet@netafim.com

Website: www.netafim.co.il

MetzerPlas:

Tel: 972-4-6387001

Fax: 972-4-6385385

Email: info@metzerplas.com

Website: www.metzerplas.com

Tefen Plastic:

Tel: 972-4-6395550

Fax: 972-4-6390813

Email: export@tefenplastic.com

Website: www.tefenplastic.com

Ginegar Plastic Products:

Tel: 972-4-6544236

Email: omer@ginegar.co.il

Website: www.ginegar.com

Tama Plastic Industry:

Tel: 972-4-9899600

Fax: 972-4-9892901

Email: info@tama.co.il

Website: www.tama.co.il

Shalam Packaging:

Tel: 972-4-6174000

Fax: 972-4-6276627

Email: mane@shalam.co.il

Website: www.shalam.co.il

Golan Plastic:

Tel: 972-4-6677432

Fax: 972-4-6677451

Email: gavriel@golan-plastic.com

Website: www.golanplastic.com

Polyram Ram-On Industries:

Tel: 972-4-6599900

Fax: 972-4-6499763

Email: sales@polyram.co.il

Website: www.polyram.co.il

Palram:

Tel: 972-4-8459924

Fax: 972-4-8455588

Email: palram@palram.com

Website: www.palram.co.il

Huliot:

Tel: 972-4-6946011

Fax: 972-4-6951444

Email: info@huliot.co.il

Website: www.huliot.co.il

Alfa Plastics Products:

Tel: 972-3-9247247

Fax: 972-3-9229345

Email: alfaer@netvision.net.il

Haogen Plast:

Tel: 972-9-8980112

Fax: 972-9-8980124

Email: anat@haogenplast.co.il

Website: www.haogenplast.co.il

A.A. Politiv:

Tel: 972-3-9007525

Fax: 972-3-9007515

Email: politiv@politiv.co.il

Website: www.politiv.co.il

Ecojo:

Tel: 972-9-8850848

Fax: 972-9-8850849

Email: smadi@jolybar.com

Website: www.ecojo.co.il

Plastopil Hazorea Company Ltd:

Tel: 972-4-9598800

Fax: 972-4-9894250

Email: sales@plastopil.com

Website: www.plastopil.com

Ashplast:

Tel: 972-8-6750210

Fax: 972-8-6750929

Email: zvi@ashplast.com

ashplast@zahav.net.il

Website: www.ashplast.com

Arkal Plastic Products:

Tel: 972-4-6775147

Fax: 972-4-6775472

Email: plastic@arkal.com

Website: www.arkal-plastic.com

Amraz:

Tel: 972-3-9632828

Fax: 972-3-9612436

Email: amraz@amraz.co.il

Website: www.amraz.co.il

Extra Plastic:

Tel: 972-8-6611110

Fax: 972-8-6610899

Email: extrapl@netvision.net.il

Website: www.extra-plastic.com

Sapir Plastics Industries:

Tel: 972-4-6405592

Fax: 972-4-6405596

Email: sapir@sapirplastics.com

Website: www.sapirplastics.com

Salina Industries:

Tel: 972-4-6086600

Fax: 972-4-6575120

Email: salina@salina.co.il

Website: www.salina.co.il

Plastovac:

Tel: 972-3-9610788

Fax: 972-3-9617758

Website: www.plastovack.com

Appendix D

Sources

Israeli Export & International Cooperation Institute – www.export.gov.il

Ministry of Industry, Trade and Labor – www.moital.gov.il

Israel Industry Magazine - www.industry.co.il

Israeli Customs Authority, Ministry of Finance - www.finance.gov.il/customs/eng

Central Bureau of Statistics – www.cbs.gov.il

Federation of Israeli Chambers of Commerce – www.chamber.org.il

Manufacturers Association of Israel - www.industry.org.il

Society of Israel Plastic and Rubber Industries – www.plastic.org.il

Israel web portal for Plastics – www.plastix.co.il

BDI code 2008 – www.bdi.co.il

Bank of Israel – www.bankisrael.gov.il

Israel Plastics and Rubber Center (IPRC) - www.isplrc.co.il

The Economist Magazine – www.economist.com

Plastic web portal – www.daplast.net

Calcalist Newspaper – www.calcalist.co.il

Globes business newspaper – www.globes.co.il

DunsGuide Global – <http://israel-business.dundb.co.il>

Israel Yellow Pages – www.d.co.il

Shenkar College of Engineering and Design - www.shenkarnews.info

DaPlast portal - www.daplast.net