



ADVOCACY WORKING GROUP
MARKET STUDIES PROJECT

MARKET STUDIES INFORMATION STORE

JURISDICTION

ISRAEL – Israel Competition Authority

UPDATED: JULY 2020

Information Store

Jurisdiction:	Israel											
Sector:	Health / Insurance											
Market:	Private Health Insurance	Range of Possible Outcomes										
End Date:	Ongoing											
Duration:	2 years	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:	Capital Market, Insurance & Savings Authority											
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>The Israeli private health insurance market grew rapidly over the last decade. The goal of the study is to explore the incentives given by insurance companies to insurance agents, examine their effects on agents and on the insurance policies purchased by consumers.</p> <p>An interim report, which was published in June 2020, mainly includes descriptive statistics. It provides for a broad overview of the private health insurance market during the years 2012-2018.</p>											
Link to report:	Draft for Public Comments – Health Insurance Market Study: Interim Report (June 14 th , 2020) https://www.gov.il/he/departments/publications/reports/draft-healthinsurance (Hebrew)											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Groceries											
Market:	Food Retail	Range of Possible Outcomes										
End Date:	Ongoing											
Duration:	6 months	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:												
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>Economic theory has no clear prediction for the direction of the center-periphery price difference of groceries. The level of prices of groceries in peripheral geographic areas can be higher due to lower level of spatial competition, or lower due to lower willingness to pay. The goal of this study was to measure the direction and magnitude of the price difference of groceries.</p> <p>The study uses a rich database of 580 branches of food chains across Israel, accounting for approx. half of the gross turnover of food retailers in Israel. It demonstrates that, controlling for "basket" composition and retailer identity, food prices in the geographical periphery are 2.5% lower on average than the prices in central areas. The price gap is explained mainly by lower willingness to pay, and not by the lower level of competition in the geographic periphery.</p>											
Link to report:	<p>Draft for Public Comments - Is There a Price Gap in Groceries between the Center and the Periphery? (May 19th, 2020)</p> <p>https://www.gov.il/he/departments/publications/reports/marketresearch-pricesgap (Hebrew)</p>											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Groceries											
Market:	Milk products	Range of Possible Outcomes										
End Date:	May 2020											
Duration:	6 months	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:												
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>The milk industry is one of the most concentrated industries in Israel. The average price of milk products in Israel in 2017 was 100% higher than the corresponding price in the EU. One of the factors contributing to this price gap are requirements put forth by the Israeli Chief Rabbinate in order to obtain kosher certificates. These requirements raise barriers for importers.</p> <p>The study estimates the additional costs that result from the Israeli Chief Rabbinate's requirements. The study found, that the requirement reduces the variety of products imported. For the products that are imported, there is an added cost of 1.4-6.5 percent.</p>											
Link to report:	<p>Draft for public comments The Effect of Chief Rabbinate Requirements on the Profitability of Import and on Competition in the Milk Industry (May 26th, 2020)</p> <p>https://www.gov.il/he/departments/publications/reports/marketresearch-milkisrael (Hebrew)</p>											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Groceries											
Market:	Food Wholesale & Retail	Range of Possible Outcomes										
End Date:	Ongoing											
Duration:	3 years	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:												
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>In 2014 the Israeli parliament enacted the Law to Advance Competition in the Food Sector – 2014, otherwise known as "the "Food Law". A primary component of this legislation stated that suppliers are not allowed to transfer payments, known as vendor allowances, to "big" retailers. However, they are allowed to transfer payments to "small" retailers, all as defined therein.</p> <p>The stated purpose of the Food Law was to reduce retail food prices and increase competition, as vendor allowances were believed to act as an instrument of large suppliers to strengthen their "portfolio effect" and promote their less attractive products.</p> <p>The study uses a difference-in-differences research design, taking advantage of the fact that although the legislation contains several articles, different articles took effect on different dates and different scopes, allowing isolation of the vendor allowance ban effect. The estimation results suggest that the vendor allowance ban reduced wholesale prices by 1.1%. However, of this reduction, only 0.3% was passed through to consumers in the form of lower retail prices.</p>											
Link to report:	<p>Draft for Public Comments – the Effects of Vendor Allowance Contracts - Big Data Evidence from the Israeli Food Retail Market (March 6th, 2020)</p> <p>https://www.gov.il/he/departments/publications/Call_for_bids/marketresearch-foodlaw (Hebrew)</p>											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Finance											
Market:	Brokerage	Range of Possible Outcomes										
End Date:	August 2019											
Duration:		Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:	Capital Market, Insurance & Savings Authority											
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>97% of retail brokerage clients in Israel operate through commercial banks, even though they charge higher commissions than other service suppliers; the commissions paid by the end customer are significantly higher than the commissions charged by the stock market. Regulatory changes in the Israeli capital market over the last few years have created an opportunity to improve the competitive environment of the brokerage services market.</p> <p>The purpose of this study was to examine different suggested solutions for the competitive problems arising in this market and provide recommendations for changes in regulation. A few advantages for banks were identified, among which are the perceived security of banks in comparison to other suppliers and the additional services that banks provide. In addition, it was found, that there is difficulty in comparing commissions and lack of information regarding the alternatives in the market. A set of short and long term solutions are suggested.</p>											
Link to report:	Competition in the Brokerage Retail Market (August 6 th , 2019) https://www.gov.il/he/departments/publications/reports/marketresearch-brokeragefinal (Hebrew)											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Government in markets											
Market:	Government procurement	Range of Possible Outcomes										
End Date:	June 2020											
Duration:	1 year	Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:												
Outcome: (check all relevant boxes)		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>The Israel Competition Authority advises public authorities on competitive aspects of procurement tenders they hold. Particularly, tenders relating to allocation of rights and franchises, which effect downstream markets, and their level of competition.</p> <p>The goal of the study (draft) is to illustrate the main aspects relating to such consultations. The study includes an overview of the tender field of activity, and presents the main considerations to be taken into account concerning the implication of tenders on competition; the study focuses on various possible implications of tenders on the competition in the market whereas the tender is taking place, and on competitive concerns of different kinds, which may be raised as a result of tenders.</p>											
Link to report:	Competitive Considerations in Tenders (June 28 th , 2020) https://www.gov.il/he/departments/legalInfo/tenders-competition (Hebrew)											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Competition Policy											
Market:	Personal Import	Range of Possible Outcomes										
End Date:	August 2018											
Duration:		Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
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Reason for study (what were the underlying problems?):	The study reviews ways in which personal import can enhance competition, and the barriers needed to be lifted for personal import to take place, in delivery services, taxation policy and other regulations.											
Link to report:	Personal Import as a Way to Promote Competition (August 7 th , 2018) https://www.gov.il/he/departments/publications/reports/marketresearch-personalimport (Hebrew)											
Remarks (if any):												

Jurisdiction:	Israel											
Sector:	Groceries											
Market:	Baby formula	Range of Possible Outcomes										
End Date:	January 2018											
Duration:		Competition Enforcement	Consumer Enforcement	Consumer Education	Business Education	Voluntary Business Compliance	Voluntary Business Action	Recommendations to Government for Changes in the Law	Recommendations to Government to Change Market Structure	Recommendations for Changes to Government Policy	Referral to Third Parties	No Problems Found
Source of idea for study:												
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Reason for study (what were the underlying problems?):	<p>The baby formula market was inspected by the Israel Competition Authority in 2013 and was found to be highly concentrated, with two dominant firms holding approx. 90% of the market, alongside entry and growth barriers.</p> <p>The Israel Competition Authority and the firms came to a consent decree that set forth the conditions under which hospitals could contract with the formula producers (the "Consent Decree"). The main instructions set forth limitations on the possibility of exclusive arrangements between formula suppliers and hospitals. The purpose of the Agreed Order was to lower the barriers for small competitors.</p> <p>This market study was conducted in 2018, in order to examine the impact of the Consent Decree on the competition in the market. The main finding is that the market share of a supplier in hospitals is positively correlated with its market share in retail, and that the Consent Decree allowed a small supplier to grow in retail (following its growth in Hospitals).</p>											
Link to report:	Impact Report: Baby Formula Market (January 9th, 2018) https://www.gov.il/he/Departments/publications/reports/draft-babyfoodresearch (Hebrew)											
Remarks (if any):												

Jurisdiction:	Israel										
Sector:	Fuel										
Market:	Gas stations										
End Date:	Range of Possible Outcomes										
Duration:											
Source of idea for study:											
Outcome: (check all relevant boxes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reason for study (what were the underlying problems?):	<p>The Israeli gas stations market suffers from a high level of concentration, with four big players controlling over 80% of the gas stations, and a few small players encountering high barriers to growth, since there is a shortage of lands designated for gas stations.</p> <p>The market study introduces a methodology to define gas station geographic market, and examines the correlation between the level of concentration and gas prices.</p> <p>The study finds that the existence of a small player in a geographical market is correlated with lower prices, both for petrol, which has a price ceiling, and to a higher extent for diesel.</p>										
Link to report:	<p>Draft for Public Comments - Gas Stations Spatial competition: The Connection between Market Structure and Petrol Prices (July 9th, 2017) https://www.gov.il/he/departments/publications/reports/draftmarketres-gasstationsorg (Hebrew)</p> <p>Draft for Public Comments - Gas Stations Spatial competition: The Connection between Market Structure and Diesel Prices (December 26th, 2017) https://www.gov.il/he/departments/publications/reports/draftmarketres-gasstations (Hebrew)</p>										
Remarks (if any):											

Jurisdiction:	Israel
Sector:	Transport
Market:	Shared Transportation
End Date:	Range of Possible Outcomes
Duration:	
Source of idea for study:	
Outcome: (check all relevant boxes)	
Reason for study (what were the underlying problems?):	Shared transportation is limited in Israel due to outdated regulation. The study reviews the shared transportation services provided in other jurisdictions, the ways in which such services could benefit Israeli passengers, as well as sets forth policy recommendations.
Link to report:	Draft for Public Comments – Shared Transport (December 3 th , 2017) https://www.gov.il/he/departments/publications/reports/draft-coopertransportresearch (Hebrew)
Remarks (if any):	