

ISRAEL

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2018

- Maintaining growth.
- Reduce bureaucracy and regulation.
- Decrease the economic gaps.
- Acceleration public sector reforms.
- Improve export performance.

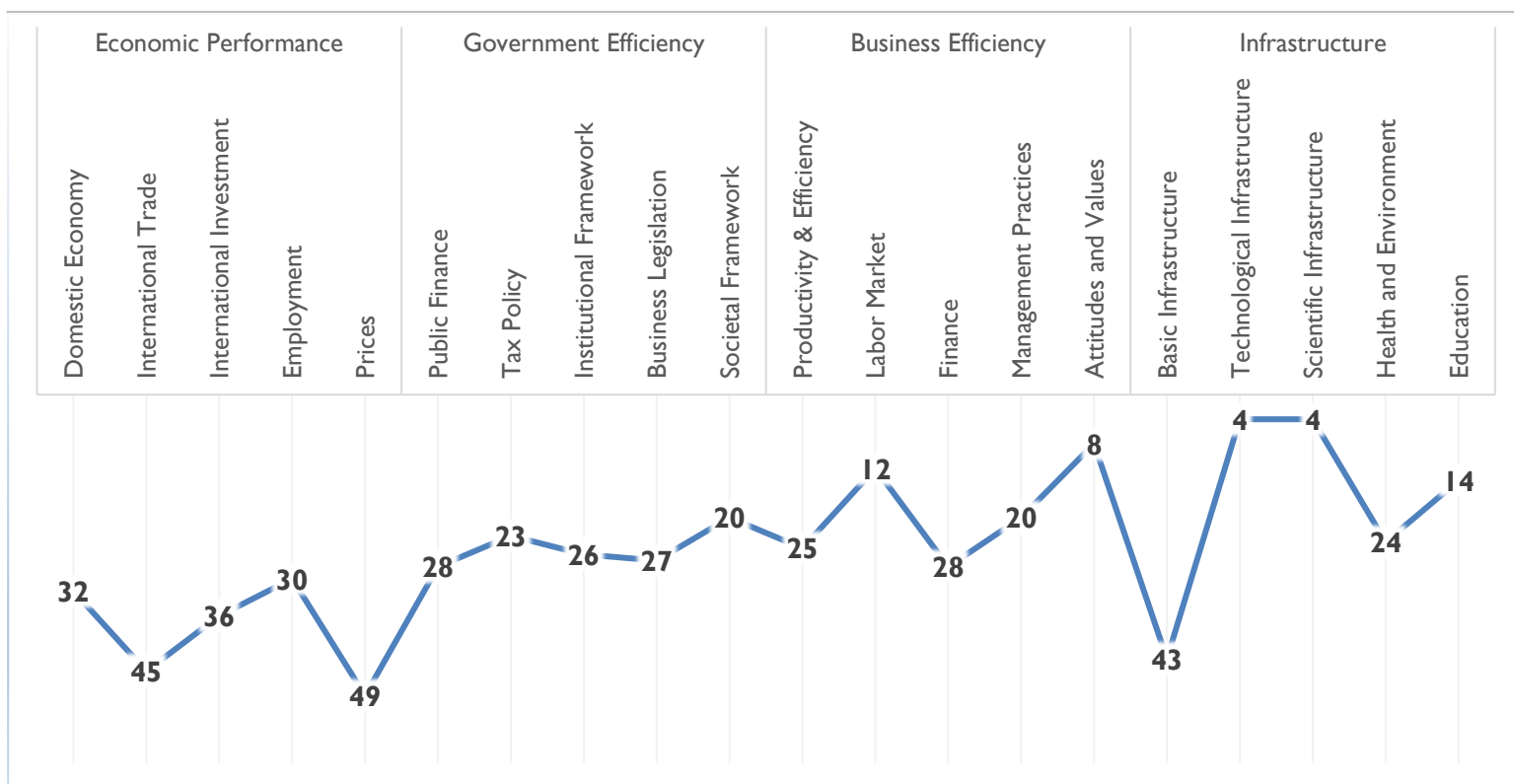
Provided by:

Federation of Israeli Chambers of Commerce, Tel-Aviv

BASIC FACTS

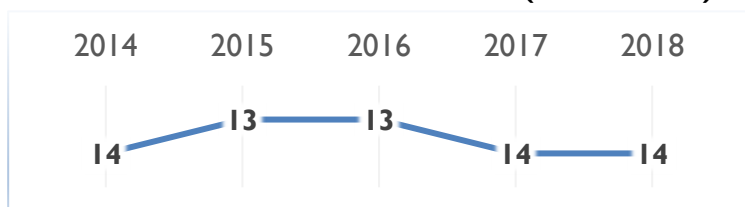
		Rank
Capital	Jerusalem	
Land area (square km '000)	22	2017
Exchange Rate (per \$)	3.600	2017
Population - market size (millions)	8.81	2017 42
Gross Domestic Product (GDP) (US\$ billions)	350.6	2017 30
GDP (PPP) per capita (US\$)	35,927	2017 30
Real GDP growth (%)	3.4	2017 24
Consumer price inflation (%)	0.24	2017 2
Unemployment rate (%)	4.24	2017 17
Labor force (millions)	3.99	2017 43
Current account balance (% of GDP)	3.01	2017 24
Direct investment stocks inward (\$bn)	112.7	2016 40
Direct investment flows inward (% of GDP)	5.41	2017 10

COMPETITIVENESS LANDSCAPE



PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



COMPETITIVENESS EVOLUTION

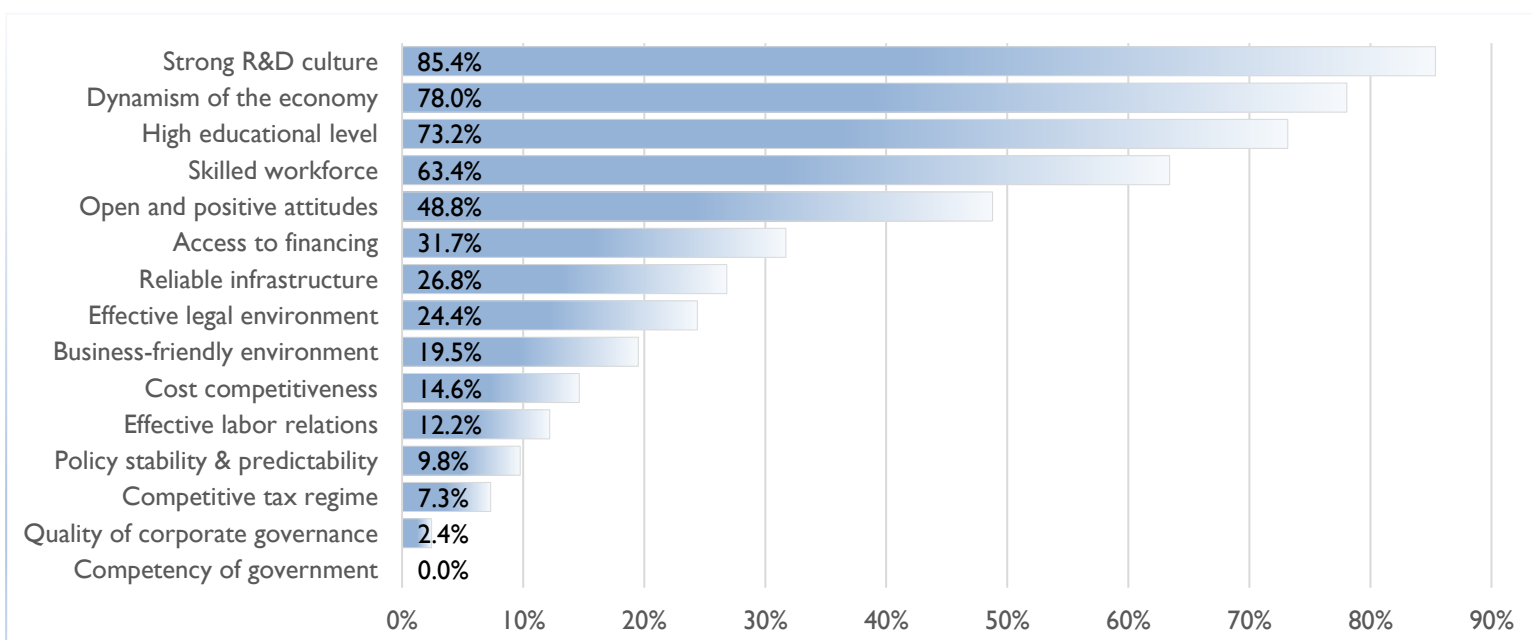
The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

IMPROVEMENTS	WCY	WCY
	2017	2018
2.4.04 Public sector contracts	5.38	6.50
2.5.03 Homicide	1.7	1.4
1.4.07 Long-term unemployment	1.82	1.48
2.4.03 Protectionism	5.02	5.95
1.4.08 Youth unemployment	8.59	7.25
3.3.09 Stock markets	5.33	6.10
2.4.09 Subsidies	5.33	6.10
2.4.01 Tariff barriers	4.50	3.87
3.3.05 Banking and financial services	6.27	7.12
4.2.19 Cyber security	7.82	8.83
1.2.12 Exports of commercial services (\$bn)	34.45	38.88
2.3.07 Foreign currency reserves per capita	11,408	12,829
3.2.24 Competent senior managers	6.04	6.78
3.4.01 Agility of companies	6.27	7.02
1.4.06 Unemployment rate	4.80	4.24

DECLINES	WCY	WCY
	2017	2018
2.3.08 Exchange rate stability	0.018	0.082
1.5.01 Consumer price inflation	-0.55	0.24
4.4.17 Renewable energies (%)	5.3	2.1
1.1.18 Gross fixed capital formation - real growth	10.96	4.53
1.1.15 Real GDP growth per capita	1.92	1.26
3.2.01 Compensation levels	15.18	19.09
1.3.14 Relocation threats of R&D facilities	4.93	3.76
1.2.02 Current account balance	3.89	3.01
2.4.19 Immigration laws	4.74	3.80
4.4.21 Environment-related technologies	0.79	0.64
1.1.14 Real GDP growth	4.0	3.4
4.2.01 Investment in Telecommunications	0.24	0.21
1.2.26 Exchange rates	5.29	4.68
1.5.05 Food costs	14.83	16.43
3.2.04 Remuneration of management	158,657	173,512

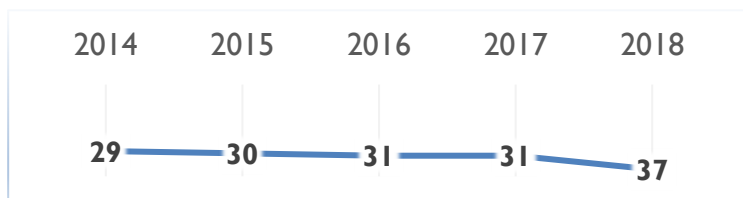
KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



ISRAEL

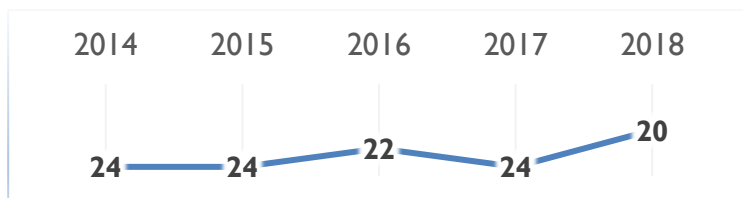
ECONOMIC PERFORMANCE



Sub-Factor Rankings :

	2017	2018
Domestic Economy	21	32
International Trade	38	45
International Investment	28	36
Employment	28	30
Prices	46	49

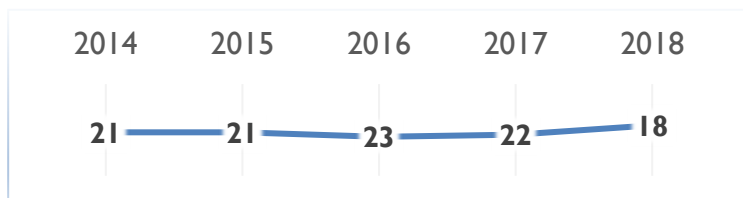
GOVERNMENT EFFICIENCY



Sub-Factor Rankings :

	2017	2018
Public Finance	31	28
Tax Policy	24	23
Institutional Framework	23	26
Business Legislation	28	27
Societal Framework	20	20

BUSINESS EFFICIENCY



Sub-Factor Rankings :

	2017	2018
Productivity & Efficiency	21	25
Labor Market	22	12
Finance	29	28
Management Practices	26	20
Attitudes and Values	9	8

INFRASTRUCTURE



Sub-Factor Rankings :

	2017	2018
Basic Infrastructure	44	43
Technological Infrastructure	10	4
Scientific Infrastructure	4	4
Health and Environment	24	24
Education	28	14

STRENGTHS

Economic Performance	Rank
I.5.01 Consumer price inflation	2
I.1.19 Resilience of the economy	4
I.4.08 Youth unemployment	9
I.3.06 Direct investment flows inward (% of GDP)	10
I.1.13 Diversification of the economy	15
I.4.06 Unemployment rate	17
I.3.05 Direct investment flows inward (\$bn)	20
I.1.20 GDP per capita	22
I.4.07 Long-term unemployment	24
I.1.14 Real GDP growth	24

Government Efficiency	Rank
2.4.01 Tariff barriers	7
2.2.11 Employer's social security contribution rate	8
2.4.18 Unemployment legislation	8
2.3.07 Foreign currency reserves per capita	9
2.3.05 Central bank policy	11
2.5.04 Ageing of society	12
2.4.16 Start-up procedures	13
2.4.07 Investment incentives	13
2.4.09 Subsidies	15
2.1.11 Pension funding	16

Business Efficiency	Rank
3.5.06 Digital transformation in companies	1
3.1.10 Use of digital tools and technologies	2
3.4.08 Use of big data and analytics	2
3.4.10 Entrepreneurship	3
3.5.04 Flexibility and adaptability	3
3.4.03 Opportunities and threats	5
3.5.07 Value system	5
3.4.01 Agility of companies	6
3.3.18 Venture capital	6
3.2.10 Apprenticeships	8

Infrastructure	Rank
4.3.05 Business expenditure on R&D (%)	1
4.3.02 Total expenditure on R&D (%)	1
4.2.18 ICT service exports	1
4.3.10 Researchers in R&D per capita	1
4.2.19 Cyber security	1
4.3.25 Innovative capacity	1
4.3.20 Scientific research	2
4.2.10 Digital/Technological skills	2
4.2.13 Public-private partnerships	2
4.2.15 Funding for technological development	3

WEAKNESSES

Economic Performance	Rank
I.5.06 Gasoline prices	58
I.3.14 Relocation threats of R&D facilities	57
I.5.02 Cost-of-living index	52
I.2.09 Exports of goods (%)	51
I.2.18 Export concentration by product	46
I.1.09 Gross fixed capital formation (%)	45
I.4.02 Employment (%)	45
I.2.26 Exchange rates	45
I.2.23 Trade to GDP ratio	44
I.2.08 Exports of goods (\$bn)	44

Government Efficiency	Rank
2.4.19 Immigration laws	61
2.4.20 Redundancy costs	54
2.3.08 Exchange rate stability	51
2.5.07 Gini coefficient	50
2.5.14 Disposable Income	43
2.4.15 Start-up days	41
2.1.04 Total general government debt (%)	40
2.2.01 Collected total tax revenues	37
2.3.11 Government decisions	37
2.4.14 Creation of firms	36

Business Efficiency	Rank
3.4.06 Corporate boards	55
3.2.13 Labor force (%)	46
3.2.01 Compensation levels	42
3.4.11 Social responsibility	42
3.2.03 Remuneration in services professions	38
3.4.07 Auditing and accounting practices	38
3.2.04 Remuneration of management	37
3.3.15 Shareholders' rights	36
3.2.22 Foreign highly-skilled personnel	35
3.1.03 Labor productivity (PPP)	32

Infrastructure	Rank
4.1.11 Dependency ratio	61
4.2.01 Investment in Telecommunications	59
4.4.17 Renewable energies (%)	55
4.4.16 Exposure to particle pollution	50
4.5.03 Government expenditure on education per student	42
4.5.09 Student mobility inbound	42
4.1.17 Water transportation	35
4.2.03 Mobile Telephone costs	34
4.4.24 Environmental laws	33