

# Israel - Market



**THE FEDERATION OF ISRAELI  
CHAMBERS OF COMMERCE**

Israel's Organization of the Free Business Sector



# The Israeli economy in the last decade

	2003	2012	% change
<b>GDP (B\$)</b>	118	241	48.8%
<b>Business Product (B\$)</b>	97	174	51.7%
<b>Private Consumption (B\$)</b>	73	138	51.1%
<b>Product Per Capita (PPP)</b>	22,000\$	29,800\$	24.8%



# Sustaining the stability

	2008	2009	2010	2011	2012
<b>Inflation (%)</b>	3.8	3.9	2.7	2.2	1.6
<b>Interest Rate (% end)</b>	2.5	1.0	2.0	2.75	2.0
<b>Exchange rate (end year) New Israeli Shekel / \$</b>	3.8	3.77	3.55	3.82	3.73
<b>New Israeli Shekel / €</b>	5.3	5.44	4.74	4.94	4.92
<b>Unemployment rate</b>	6.1	7.6	6.6	6.8 (*)	6.9 (*)

(\*) After new valuation according to OECD



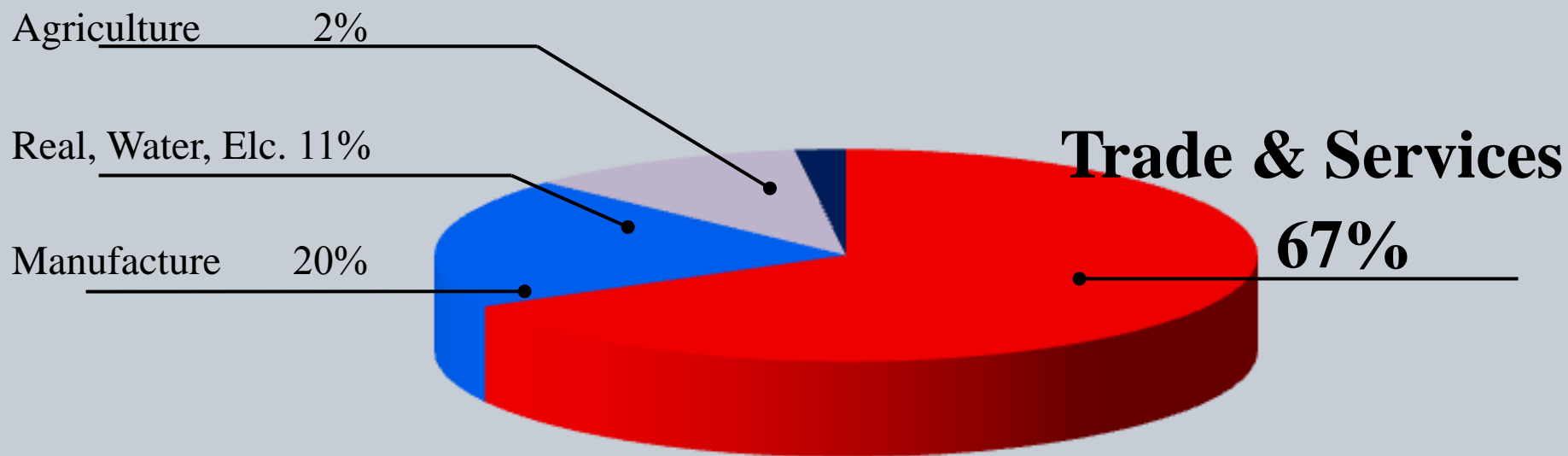
# Sustaining the stability etc.

	<b>2008</b> (%)	<b>2009</b> (%)	<b>2010</b> (%)	<b>2011</b> (%)	<b>2012</b> (%)
<b>Debt to GDP</b>	76.7	79.2	76.1	74.2	73.2
<b>External Debt to GDP</b>	15.3	14.3	12.2	13.4	13.2
<b>Local Debt to GDP</b>	61.4	64.9	63.9	60.8	60.0
<b>Budget Deficit (%GDP)</b>	-2.3	-5.3	-3.4	-3.1	-4.2



# Business Product by sector - 2012

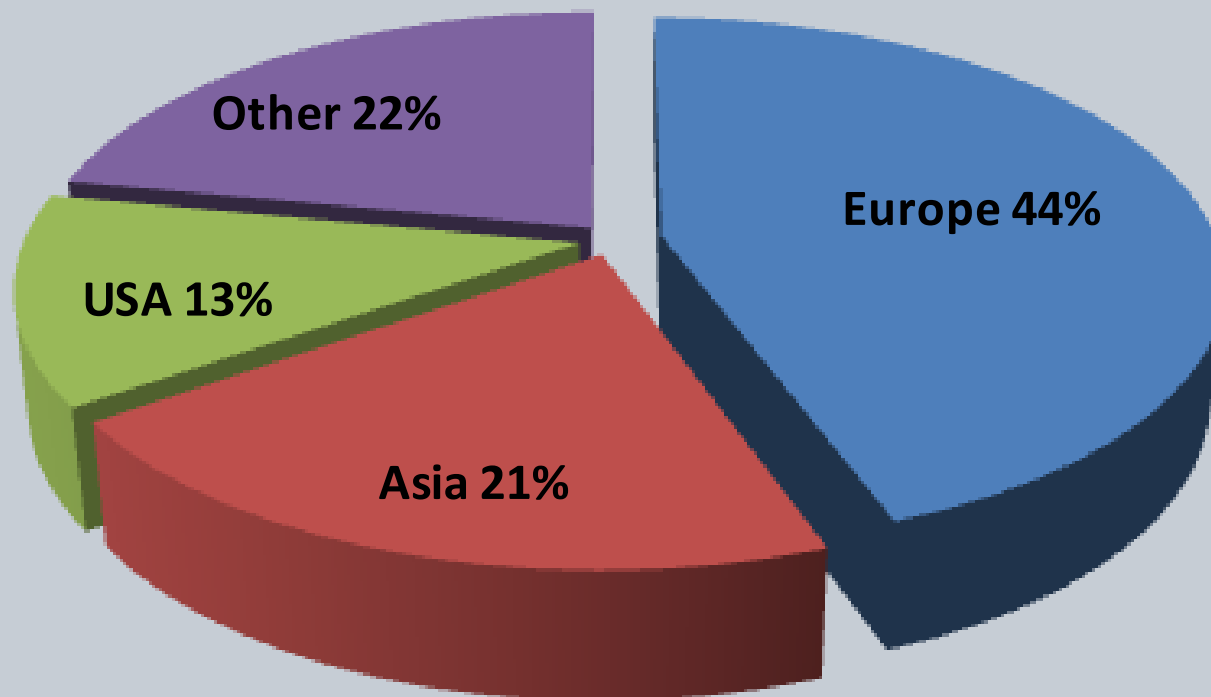
100% = 180BS





# Import<sup>1</sup> of goods by Major Countries 2012

100% = 73.1B\$

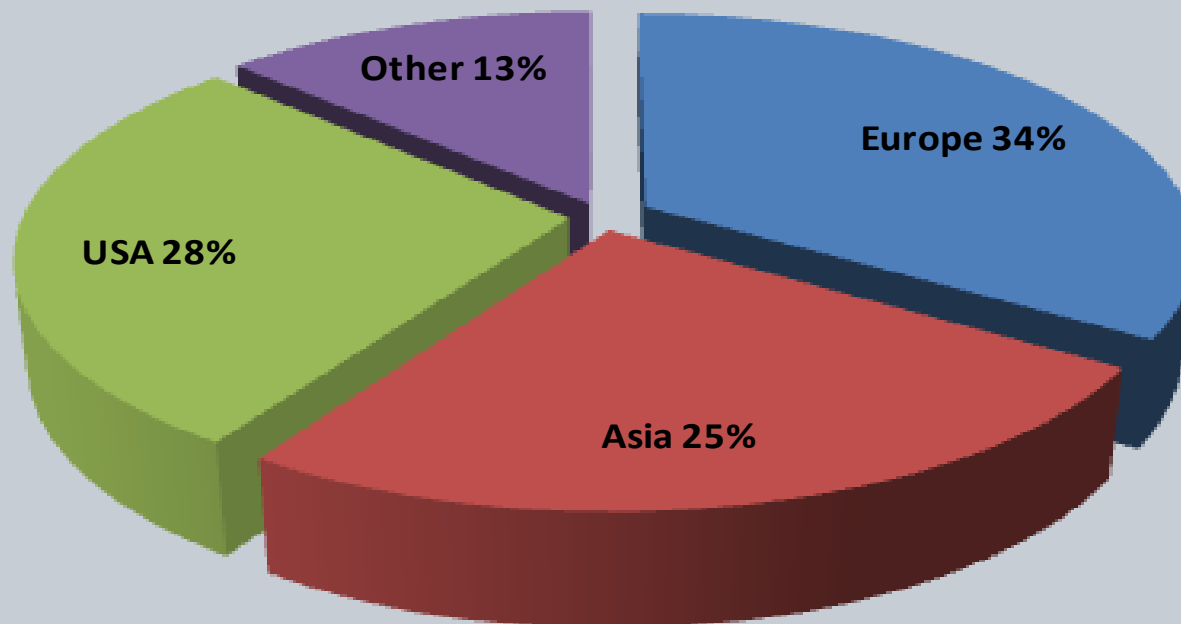


<sup>1</sup> Including Diamonds, excluding defense imports and imports from the Palestinian Authority



# Export<sup>1</sup> of goods by Major Countries 2012

100% = 63.2B \$

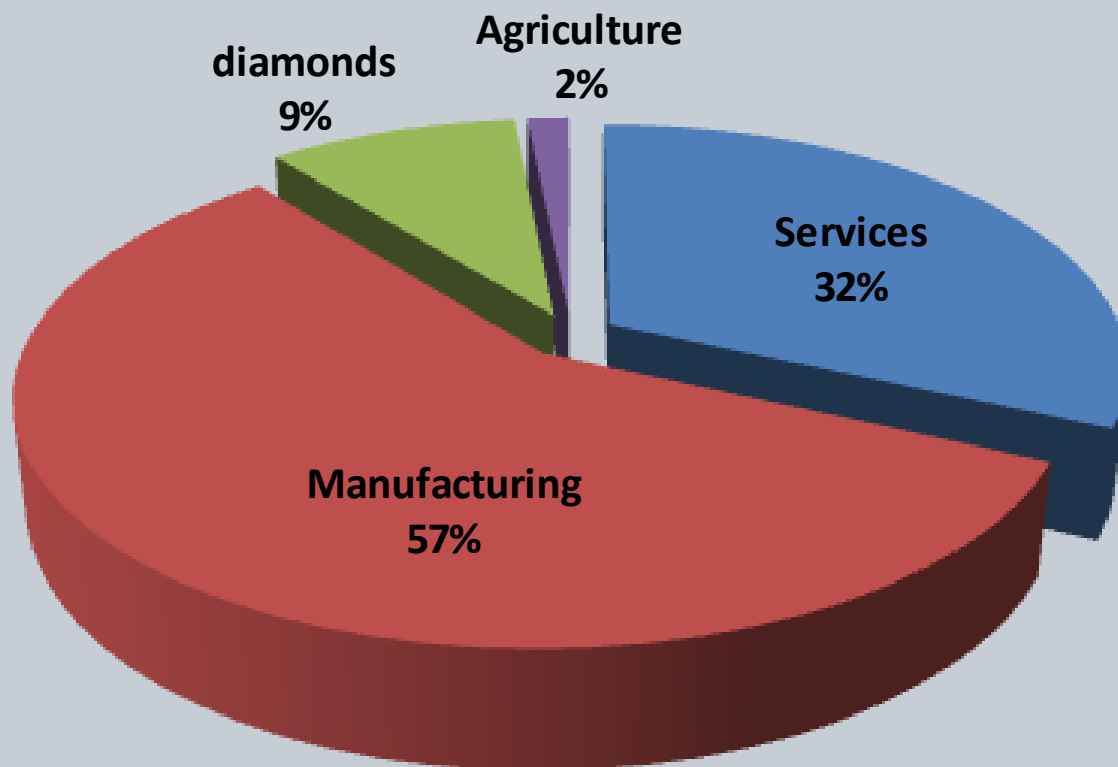


<sup>1</sup> Including Diamonds, excluding partial transactions, and exports to the Palestinian Authority



# Export by Category 2012

100% = 93.9B\$

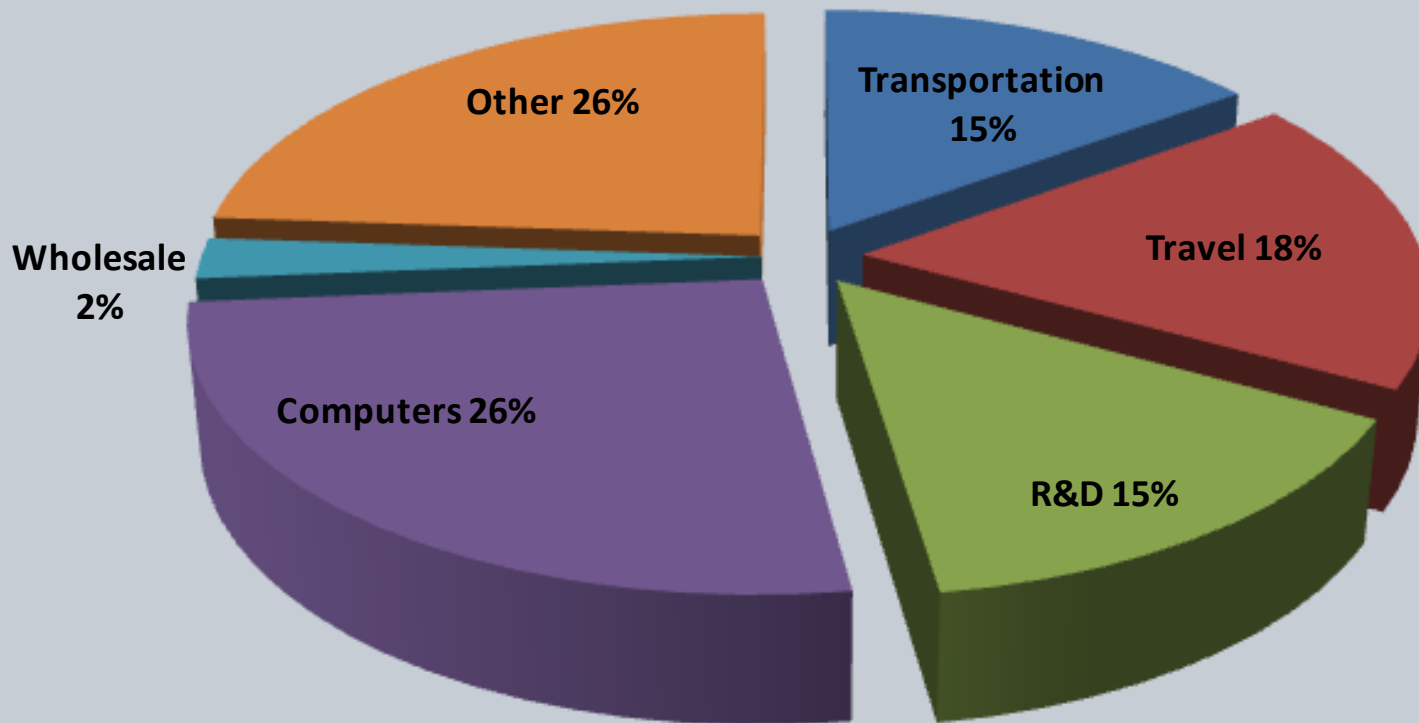






# Export of services by category, 2012

100% = 30.8B \$





# Major Industries

## Traditional Industries:

- Diamonds
- Automotive machinery
- Food Processing
- Chemicals
- Plastics
- Agricultural machinery

## Advanced Industries:

- Pharmaceutical
- Homeland Security
- Electro-optics
- Electronics
- Medical diagnostics
- Biotechnology
- Hi Tech: Computers, Software & Internet



# Service Sector

- Transportation
- Telecommunication
- Travel
- Hotels
- Tourism
- Food
- Entertainment
- Medical services
- Education
- Insurance
- Financial
- Real Estate
- Business Services (copy, courier, security etc.)
- Consulting (Law, Medicine, Agriculture, Accountant etc.)
- Software
- Electronic components



# Israel's trading relationships



**USA**

- As a whole, the EU is Israel's largest trading partner, though the U.S. is the largest single country.



**EFTA**

- Israel pursues FTAs and international economic cooperation, and joined the OECD in 2010.



**Turkey**

- Israel is diversifying its trading relationships with by emphasizing trade with China, Brazil and India.



**Canada**



**Mexico**



**European Union**  
(Association Agreement)

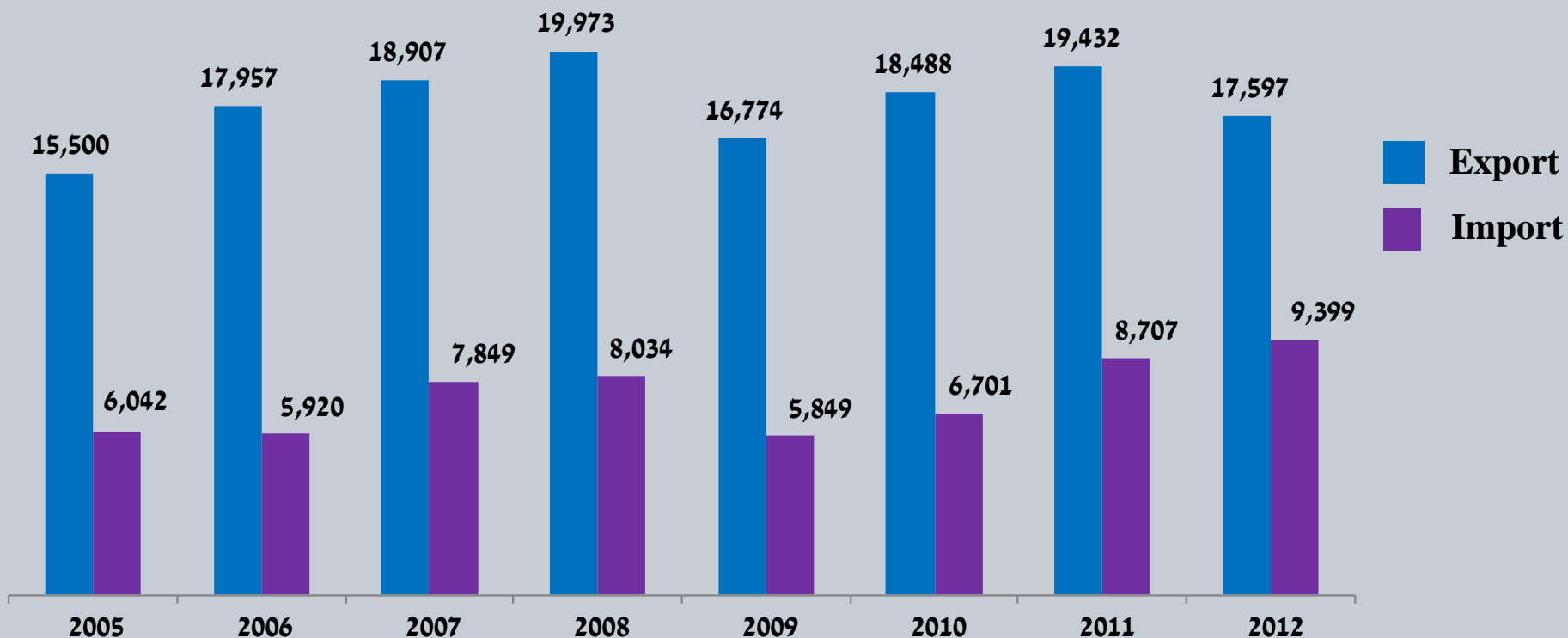


**Mercosur**





# U.S – Israel Trade (M\$)



- The U.S.-Israel Free Trade Agreement was signed in 1985, the first bilateral FTA for Israel.
- Israel is the US's second largest trading partner in the Middle East, and 25th amongst US's global trading partners, even though 95th most populous country.

Including Diamonds

Source: Central bureau of statistics



# Import of goods from Israel to USA 2012

100% = \$17.6B

	Percent	M \$
Diamonds & Jewelry	40%	7,030
Chemicals	25%	4,365
Machinery, electrical equipment	16%	2,818
Optical, medical instruments	7%	1,283
Metals	3%	577
Plastic	2%	423
Others	7%	1,104



# Export of goods from USA to Israel 2012

100% = \$9.4B

	Percent	M \$
Machinery, electrical equipment	37%	3,475
Diamonds & Jewelry	8%	781
Chemicals	12%	1,180
Vehicles	8%	795
Optical, medical instruments	6%	563
Metals	5%	478
Vegetable products	4%	382
Plastic	4%	360
Minerals	6%	605
Others	8%	781





# Import of goods from Israel to EU 2012

100% = \$17.1B

	Percent	M \$
Diamonds & Jewelry	18%	2,997
Chemicals	36%	6,111
Machinery, electrical equipment	18%	3,031
Optical, medical instruments	5%	847
Metals	4%	751
Plastic	7%	1,213
Vegetable products	6%	952
Others	6%	1,198



# Export of goods from EU to Israel 2012

100% = \$25.1B

	<b>Percent</b>	<b>M \$</b>
Machinery, electrical equipment	26%	6,523
Diamonds & Jewelry	11%	2,858
Chemicals	12%	2,970
Vehicles	11%	2,797
Optical, medical instruments	4%	954
Metals	6%	1,424
Vegetable products	2%	588
Plastic	5%	1,159
Minerals	8%	1,902
Foodstuffs, beverages, Tobacco	5%	1,145
Others	10%	2,780



# Export of goods from USA to Israel

## Chemicals:

- Chemical elements for use in electronics
- Pharmaceutical
- Vaccines
- Diagnostic or laboratory reagents
- Photographic plates and film

## Vegetable products:

- Wheat
- Soy beans
- Nuts
- Corn
- Cereal groats
- Apples, pears and quinces



# Export of goods from USA to Israel

## Optical, Medical

### Instruments:

- Medical equipment and machines
- Measuring and checking instruments (chemical, electric, x-ray, etc)
- Optical fibers, lenses
- Automatic regulating or controlling instruments
- Liquid crystal devices, Lasers

### Metals:

- Iron and steel
- Screws, bolts, nuts
- Tubes, pipes and profiles
- Titanium
- Cermets



# Export of goods from USA to Israel

## Machinery

### Electrical Equipment

- Electronic integrated circuits  
(processors, controllers, memories)
- Switches, fuses, relays, connectors
- Wires, cables, electric conductors
- Electronics for telecommunication
- Diodes, transistors and  
semiconductors

### Plastic:

- Polymers of ethylene
- Polymers of propylene
- Packing articles, lids, caps
- Polymers of vinyl
- Other plates, sheets, film,  
foil and strip, of plastics



# IMD<sup>1</sup> 2011 International Israel Ranking

(59 countries)

Expenditure on R&D	1
Flexibility & Adaptability	1
Entrepreneurship	1
Skilled Labor	2
Venture Capital	2
Investment Incentives	2
Attitude Towards Globalization	2
Financial Skills	8

<sup>1</sup> International Institute for Management Development, Switzerland



# Opportunities in Israel

## ➤ Automotive Aftermarket Parts & Equipment

- To service 2.5 million vehicles on the roads
- 600–700 importers of aftermarket products
- 20 local manufacturers



## ➤ Educational Services

- 30% of Israelis are under 15, with high interest in educational excellence.
- 3000 Israeli students took the GMAT in 2008-2009, highest per capita rate in the world.





## ➤ Electricity and Energy

- Wide variety of domestic projects and technology development.
- Israel is a world leader in solar power bio fuels and electrical vehicle systems.
- Independent Power Production (IPPs) expected to increase rapidly over next several years.
- Israel is rapidly developing several world-leading national gas discoveries.
- Of most interest: cogeneration equipment, natural gas infrastructure, power generation, transmission and distribution equipment.



## ➤ Intelligent Transportation Systems (ITS)

- Israel moving towards an all-encompassing computer coordinated transportation system
- Of most interest: traffic safety devices and intelligent transportation systems.



## ➤ Homeland Security and Defense

- Well-developed and sophisticated market, with imports also high: \$700 million, of which 65% is US.
- Often defense procurements made under FMS (Foreign Military Sales), i.e., US security aid.
- One of Israel's fastest growing export industries.
- Of most interest: high-end equipment and components that can be integrated into Israeli systems.



## ➤ Electronic Components

- The Israeli electronics market for the first time almost reached the \$1 billion mark with a market worth of \$997 million.
- As a developed technology market, Israel is always looking for innovative technologies and components to enhance product technical features.



## ➤ Medical Equipment and Instruments

- U.S. equipment already accounts for 1/3 of medical imports.
- Dental care, eye laser surgery and plastic/aesthetic surgery are well-developed private sectors.
- General healthcare and medical tourism
- Imaging, Cardiology, Plastic surgery, Dentistry, technologies for wound and pain management, physiotherapy, as well as single use products, and diagnostics.



## ➤ Telecommunications

- Among the world's highest mobile and household broadband penetration rates
- Over the next five years, the majority of growth in the Israeli telecom market will arise from fixed and mobile broadband, VoIP, and pay-TV.



## ➤ Travel & Tourism

- The US is Israelis' preferred destination; the USA's 16th top tourist-generating country.
- Over 500 travel agents and 20 tour operators in the Israeli outbound travel market.

















