



# MARKET BRIEF

## ISRAEL

### ***A High-Tech Haven in the Middle East***

**Israel is a technologically advanced market economy with a highly skilled and well-educated workforce. The United States is Israel's largest trading partner, with \$19 billion in two-way trade. In addition to a vibrant cultural life with crowded restaurants and beaches, there is a lot of business to be done and many opportunities for U.S. exporters.**

## Market Overview

▶ Israel's per capita income is 75% of the average in OECD nations. Israel and the United States are close allies and Israel's commercial relationship with the United States has developed rapidly since the signing of the Israel Free Trade Area Agreement (FTAA) in 1985. Nearly all tariffs on trade between the two countries have been eliminated in the past decade. Despite small declines, growth was a strong 7.2% in 2000. Although GDP was flat in 2003, the economy has begun to grow again in 2004.

▶ As a recognized leader in high-tech industries, Israel's investment in research and development is higher than any single OECD country. In fact, after the United States and Canada, Israel has the most companies listed on the NASDAQ. Hi-tech and defense industries dominate Israel's imports, and Israel remains a global center for high-tech design, research and development, with particular strength in semiconductors, computer software, telecommunications and biotechnology. American companies have invested billions of dollars in Israeli high-tech firms.

▶ Partnering with a good local representative with contacts in the industry, proven reliability, loyalty and technical suitability is a key factor to success in selling and maintaining a continued presence in the Israeli marketplace. The U.S. Commercial Service in Israel, with offices in Tel Aviv and Jerusalem, can help you navigate the Israeli market and determine if your product or service is the right fit, as well as introduce you to qualified buyers and partners.

## Top 5 Sectors

1. Electricity & Gas Equipment
2. Defense Equipment
3. Medical Instruments & Disposables
4. Industrial Chemicals
5. Telecom Equipment

